



**FY 2012**

**BUDGET SUMMARY  
AND  
ANNUAL PERFORMANCE PLAN**

**U.S. DEPARTMENT OF AGRICULTURE**

# TABLE OF CONTENTS

ITEM	PAGE
<b>PREFACE</b> .....	iii
<b>OVERVIEW BY GOALS</b> .....	1
<b>MISSION AREA/AGENCY DETAILS:</b>	
<b>FARM AND FOREIGN AGRICULTURAL SERVICES:</b>	
Farm Service Agency .....	15
Risk Management Agency .....	30
Foreign Agricultural Service.....	33
<b>RURAL DEVELOPMENT:</b>	
Rural Business-Cooperative Service.....	45
Rural Utilities Service .....	48
Rural Housing Service .....	51
Rural Development Salaries and Expenses.....	55
<b>FOOD, NUTRITION, AND CONSUMER SERVICES:</b>	
Food and Nutrition Service .....	56
<b>FOOD SAFETY:</b>	
Food Safety and Inspection Service .....	65
<b>NATURAL RESOURCES AND ENVIRONMENT:</b>	
Natural Resources Conservation Service .....	71
Forest Service.....	77
<b>MARKETING AND REGULATORY PROGRAMS:</b>	
Animal and Plant Health Inspection Service .....	84
Agricultural Marketing Service.....	89
Grain Inspection, Packers and Stockyards Administration.....	92
<b>RESEARCH, EDUCATION, AND ECONOMICS:</b>	
Agricultural Research Service.....	95
National Institute of Food and Agriculture .....	100
Economic Research Service .....	105
National Agricultural Statistics Service .....	106
<b>OFFICE OF THE SECRETARY</b> .....	107
<b>DEPARTMENTAL ACTIVITIES</b> .....	109
<b>OFFICE OF INSPECTOR GENERAL</b> .....	116

## TABLE OF CONTENTS

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ITEM	PAGE
<b>APPENDIX:</b>	
Budget Authority by Agency, 2010-2012.....	117
Program Level by Agency, 2010-2012 .....	119
Outlays by Agency, 2010-2012.....	121
Discretionary Budget Outlays by Agency, 2010-2012 .....	122
Staff Years by Agency, 2010-2012.....	123
Funding by Strategic Goals.....	124
Fee Proposals .....	129
Proposed Budget-Related Legislation.....	131

## PREFACE

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This Budget Summary and Annual Performance Plan describes the fiscal year (FY) 2012 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 2011 are based on amounts provided by the Continuing Appropriations Act, 2011, as amended. Throughout the Summary, “2008 Farm Bill” and “The Farm Bill” are used to refer to the Food, Conservation, and Energy Act of 2008. In addition, “Recovery Act” is used to refer to the American Recovery and Reinvestment Act of 2009.

The Budget Summary is organized into two sections:

- **Overview** - provides an overview of the 2012 budget by strategic goal and describes changes in budget authority and outlays and identifies key budget proposals.
- **Mission Area/Agency Details** - summarizes agency funding and programs, and performance goals.

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

- **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 that are legally binding. 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.
- **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.
- **Performance Measures** are indicators, statistics, or metrics used to gauge program performance. Program performance measures include outcome, output, and efficiency measures.

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

## **PREFACE**

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is being used. Also, note that the budget authority tables contained in this document reflect operating levels. In addition, performance goals reflect performance levels at ongoing funding levels and do not include the effect of supplemental, including Recovery Act, appropriations.

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.

# OVERVIEW

## Mission Statement

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

## Vision Statement

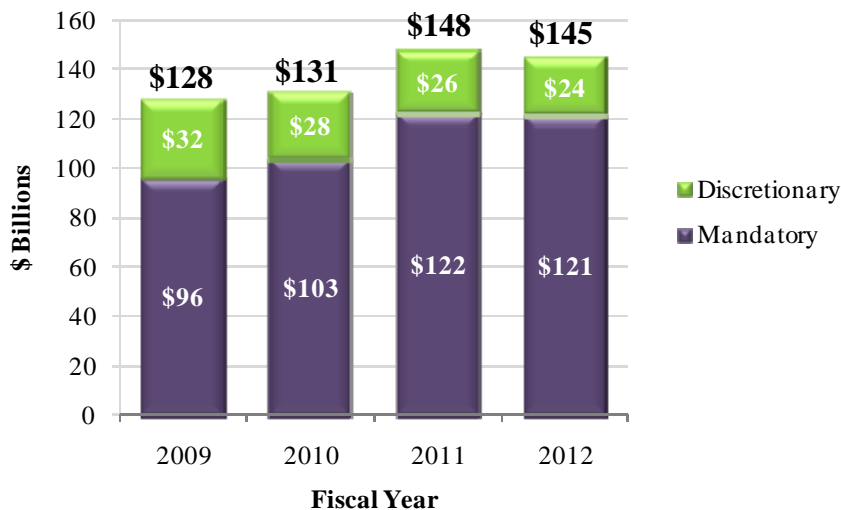
To expand economic opportunity through innovation, helping rural America to thrive; to promote agriculture production sustainability that better nourishes Americans while also helping feed others throughout the world; and to preserve and conserve our Nation's natural resources through restored forests, improved watersheds, and healthy private working lands.

## 2012 Funding Overview

USDA's budget authority totals approximately \$145 billion in 2012. The 2012 discretionary level is \$24 billion, a decrease of about \$2 billion below the 2011 estimate. The decrease reflects the outcome of difficult choices needed to address challenging times and continued investments in key priorities. The budget proposes to reduce or terminate selected programs, achieve savings through administrative efficiencies and eliminate earmarks. The discretionary budget also proposes targeted investments in priority programs and infrastructure to lay a foundation for sustainable economic growth and improve program operations.

Funding for mandatory programs is projected to decrease by about \$300 million. Crop insurance and farm program payments are estimated to decrease as a result of anticipated continued strong commodity prices and Farm Bill provisions that affect the timing of payments. Funding for nutrition assistance programs are expected to increase to fund anticipated participation and food costs.

## USDA Budget Authority

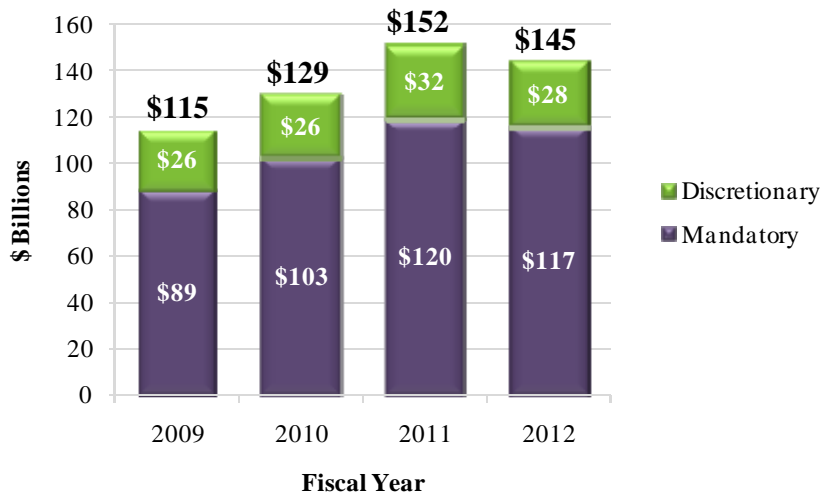


## OVERVIEW

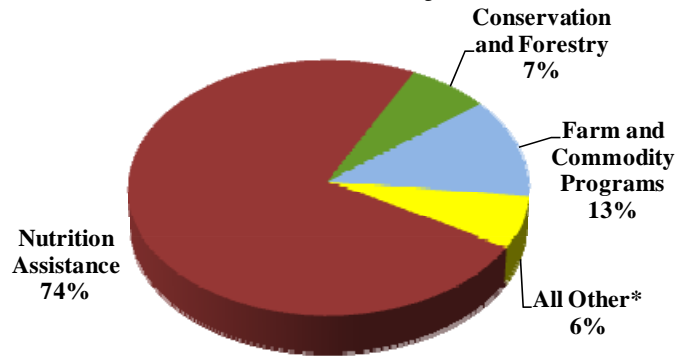
USDA's total outlays for 2012 are estimated at \$145 billion. Roughly 81 percent of outlays, about \$117 billion in 2012, are associated with mandatory programs that provide services as required by law. These include the majority of the nutrition assistance programs, farm commodity programs, crop insurance, export promotion programs and a number of conservation programs. The decrease in mandatory outlays in 2012 is primarily due to crop insurance.

The remaining 19 percent of outlays, estimated at \$28 billion in 2012, are associated with discretionary programs such as 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; animal and plant health; management of National Forests, wildland fire, and other Forest Service activities; and domestic and international marketing assistance.

### USDA Outlays



### 2012 Outlays



\*Includes Rural Development, Research, Food Safety, and Marketing and Regulatory functions

## OVERVIEW

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### **Strategic Plan Framework**

The current USDA Strategic Plan identifies the goals, objectives, management initiatives, and strategies for the Department's efforts to assist the country in addressing today's challenges. For 2012, the Department's budget is organized around four program goals and an overarching management goal to improve collaboration among mission areas and agencies, and to strengthen the effectiveness of USDA programs. This budget presentation reflects the Department's goal-based organizational budget process. It should be noted that although agency programs and associated funding have been aligned with the four program goals, many programs contribute to the achievement of multiple goals.

### **Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving:**

The economic downturn has impacted many sectors and areas of the Nation, including rural America. At this time, there remains high poverty in sparsely populated rural areas, which is reflected in higher mortality rates for children, higher unemployment, and declining populations. Since the beginning of the economic slowdown, rural residents have experienced a greater decline in real income compared to other parts of the Nation. Some factors contributing to this include lower rural educational attainment, less competition for workers among rural employers, and fewer highly skilled jobs in the rural occupational mix. Given these challenges, it is not surprising that over 51 percent of rural counties lost population over the past 20 years and that a majority of farm families rely on a significant amount of off-farm income to meet their needs. However, an energetic and creative citizenry is looking for new ways to spur rural economic activity to create prosperity and strengthen the economic foundations of their communities. Rural communities and businesses are implementing innovative technologies and modernizing infrastructure to create jobs, develop new markets, and increase competitiveness, while conserving the Nation's natural resources and providing a safe, sufficient and nutritious food supply for the country and the world. As a leading advocate for rural America, USDA is at the forefront of developing the technology and tools necessary to transform rural America to take advantage of new opportunities.

The Department supports rural communities and enhances quality of life for rural residents by improving their economic opportunities, community infrastructure, environmental health, and the sustainability of agricultural production. The common goal is to help create thriving rural communities where people want to live and raise families and where the children have economic opportunities and a bright future. USDA will support this goal with actions to support a competitive agricultural system; create livable communities; and enhance rural prosperity. The cornerstone of these efforts include five pillars of success, which are: (1) increasing access to broadband and continuous business creation; (2) facilitating sustainable renewable energy development; (3) developing regional food systems; (4) capitalizing on climate change opportunities; and (5) generating and retaining jobs through recreation and natural resource restoration, conservation, and management. The FY 2012 budget:

- Includes funding to support coordination of regional planning activities and establishes a set-aside that is roughly 5 percent of the funding, about \$171 million, from existing programs



## OVERVIEW

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utilizing existing authority that will be allocated competitively among regional pilot projects tailored to local needs and opportunities.

- Provides \$35 million to expand access to healthy foods for low-income Americans in rural and urban food deserts through the Administration's "Healthy Food Financing Initiative," a key part of the First Lady's *Let's Move!* initiative to combat childhood obesity. USDA will provide grants, loans, loan guarantees, and other assistance to expand retail outlets for farm products in food deserts. With the additional \$35 million and funding from existing programs and authorities USDA expects to provide more than \$150 million in program level to support these efforts.
- Supports USDA's "Know Your Farmer, Know Your Food" activities to facilitate the development of local and regional food systems that better connect consumers with local farms, create new income opportunities for producers and place a greater focus on sustainable agricultural practices and nutritious, local food.
- Requests \$20 million for export expansion and promotion activities as part of the National Export Initiative in order to spur economic growth and job creation in rural America.
- Fully funds the Voluntary Public Access and Habitat Incentive Program, which encourages private landowners to voluntarily open their land to the public for hunting and fishing.
- Maintains a strong agriculture safety net through a system of income support, disaster mitigation, and farm loan programs. Income support programs including direct and counter-cyclical payments and Average Crop Revenue Election (ACRE) payments are expected to total about \$8.5 billion in 2012. As a result of commodity price estimates, no counter-cyclical payments are expected in 2012 for a reduction of \$189 million from 2011. Similarly, 2012 outlays for ACRE payments are estimated at \$28 million, a reduction of about \$419 million from 2011 and outlays for Milk Income Loss Contract (MILC) payments are estimated at \$120 million, a reduction of about \$180 million from 2011.
- Reflects a one-time shift in outlays from 2012 into 2013 for the 2008 Farm Bill provision that eliminated the option for producers to elect to receive advance direct payments in 2012 and future years. Accordingly, outlays for direct payments in 2012 are estimated to be about \$3.9 billion, a reduction of nearly \$1 billion from 2011.
- Proposes a legislative change to target farm payments to those who need, and can most benefit from assistance, providing savings of about \$2.5 billion over 10 years.
- Provides about \$3.2 billion for the Federal crop insurance program, a reduction of nearly \$3.9 billion from 2011. The reduction is due to changes imposed in the 2008 Farm Bill that resulted in one-time shifts in the timing of certain cash-flows.

## OVERVIEW

- Provides \$1 billion for community facility direct loans, more than tripling the program level, at no cost to the Government due to reduced subsidy rates.
- Reduces or eliminates funding for a number of rural housing loan and grant programs, including mutual and self-help housing, very-low income housing repair loans, single family direct housing and guaranteed community facility loans. The reductions total nearly \$400 million below what is provided in the 2011 level.
- Supports the America’s Great Outdoors initiative, generating and maintaining jobs from recreation in rural areas. As part of this initiative, Forest Service (FS) recreation activities will receive an increase of \$5 million. FS will streamline its special-use permit process for guides and programs that increase access for recreation, particularly for youth.
- Eliminates funding for the Resource Conservation and Development (RC&D) and Watershed and Flood Prevention Operations programs.
- Eliminates all Congressional earmarks for research agencies.

**Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving**

**Budget Authority  
(Dollars in Millions)**

Program	2010 Enacted	2011 Estimate	2012 Budget
Farm and Foreign Agricultural Services.....	\$14,789	\$19,890	\$12,529
Rural Development.....	3,343	3,138	2,621
Natural Resources and Environment.....	71	71	5
Marketing and Regulatory Programs.....	702	663	611
Research, Education, and Economics.....	1,451	1,465	1,313
Office of the Secretary.....	0	0	35
Office of the Chief Economist.....	7	7	7
Total.....	\$20,363	\$25,234	\$17,121

**Strategic Goal: Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources:**

A healthy and prosperous America relies on the health of our natural resources, and particularly our forests and agricultural working lands. The health of America’s forests, farms, ranches and grasslands must be nurtured so that they continue to offer environmental benefits as a source of clean air, clean and abundant water, wildlife habitat, and help us mitigate and adapt to climate change. Forests also help generate rural wealth through recreation and tourism, through the

## OVERVIEW

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creation of green jobs, and through the production of wood products and energy. They are a source of cultural heritage and are a national treasure.

USDA plays a pivotal role in the America's Great Outdoors initiative, which has a focus on protecting and restoring these lands while making them more resilient to threats and enhancing our natural resources. USDA partners with private landowners to help protect the Nation's 1.3 billion acres of farm, ranch, and private forestlands. As a public land steward, USDA works to conserve and restore 193 million acres of National Forests and Grasslands in the National Forest System. Through Forest Service programs, USDA partners with other Federal agencies, tribal and State governments and non-governmental organizations to assist land and natural resource managers and to connect people to the Nation's magnificent lands. USDA agencies provide technical, financial, and planning assistance to public and private partners. USDA's data banks, research, and innovations give landowners and managers access to the latest science and technology to make informed decisions and implement conservation practices. USDA also connects forest and farm landowners with emergent markets for ecosystem services so that they can reap the economic and environmental benefits of good stewardship. This goal will be supported with actions to: (1) restore and conserve the Nation's forests, farms, ranches and grasslands; (2) lead efforts to mitigate and adapt to climate change; (3) protect and enhance America's water resources; and (4) reduce risk from catastrophic wildfire and restore fire to its appropriate place on the landscape. The FY 2012 budget:

- Increases funding for financial and technical assistance to support Farm Bill conservation programs to nearly \$5.8 billion that will improve water quality, enroll more than 270,000 additional acres of wetlands for restoration, and reduce nutrient loading in the Chesapeake Bay. Conservation activities will be targeted to priority landscapes through local, state, and Federal partnerships, including the Bay-Delta region in California, and the Mississippi River Basin and Gulf Coast, the Great Lakes, the Everglades, the longleaf pine region in the southeastern U.S., and western states that provide sage-grouse habitat. These efforts will preserve and restore private lands, protect water resources, and mitigate the effects of climate change.
- Requests \$80 million for the Priority Watersheds and Job Stabilization Initiative, through which the Forest Service will assess the condition of all of its watersheds, prioritize them based on stakeholder input and the costs required to improve them, and complete the highest priority projects to improve the condition of those watersheds.
- Provides full funding for both the Collaborative Forest Landscape Restoration Fund (\$40 million) and the Land and Water Conservation Fund (\$900 million of which \$225 million is included in the Forest Service budget) to support the Administration's America's Great Outdoors Initiative. These funds will help accelerate the scale and pace of USDA's forest protection activities and will take advantage of new tools to protect water resources and make forests more resilient to climate change.
- The Administration places a priority upon ensuring clean and safe water supplies and restoring and protecting ecosystems. To do so, Federal agencies must work together and with State and local governments, tribes, industry, and the agriculture sector. These

## OVERVIEW

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integrated efforts lead to improved strategies and results that better protect this vital resource. For example, in the Chesapeake Bay, EPA, USDA, DOI, NOAA, and State and local governments are working together in an unprecedented fashion to reduce pollution and clean up the Nation's largest estuary. We are taking similar integrated approaches to restore other large aquatic ecosystems including the California Bay-Delta, the Everglades, the Great Lakes, and the Gulf Coast. The Administration is committed to continuing such integration across Federal agencies and stakeholders to address the myriad of water resource challenges facing the Nation.

- Includes funding for the reauthorization of Secure Rural Schools within the Forest Service.
- Funds wildland fire activities within the Forest Service at the 10-year average cost of fire suppression.
- Eliminates funding for the Watershed Rehabilitation program and the Grazing Lands Conservation Initiative.
- Includes program terminations and reductions within the Forest Service, including International Forestry Program, roads activities, and major facilities construction. Also reflects savings from reductions in administrative expenses for procurement and travel.
- Eliminates earmarks in the Conservation Operations account in order to support higher priority program initiatives.
- Achieves savings in the Marketing and Regulatory Program area chiefly by reallocating resources from emerald ash borer eradication to those efforts where eradication may be feasible, such as Asian long-horned beetle.

## OVERVIEW

**Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources**

**Budget Authority  
(Dollars in Millions)**

<b>Program</b>	<b>2010 Enacted</b>	<b>2011 Estimate</b>	<b>2012 Budget</b>
Farm and Foreign Agricultural Services.....	\$2,231	\$2,337	\$2,495
Natural Resources and Environment.....	9,917	10,320	10,427
Marketing and Regulatory Programs.....	51	77	60
Research, Education, and Economics.....	423	424	382
Office of the Chief Economist.....	3	3	5
Hazardous Materials Management.....	5	5	5
Total.....	\$12,630	\$13,165	\$13,374

**Strategic Goal: Help America promote agricultural production and biotechnology exports as America works to increase food security:**

Global food insecurity affects people worldwide, and the current economic downturn has exacerbated the problem. Recent estimates from the United Nations Food and Agriculture Organization suggest that more than one billion people around the world are chronically hungry. It is important to note that a significant percentage of that one billion is children. In addition to ensuring that the world’s children have enough to eat, the United States has a strong interest in promoting effective agricultural systems in the developing world, because failing agricultural systems and food shortages fuel political instability and diminish the economic vitality of developing nations. Working with other Federal partners, the Department is working towards reducing global food insecurity and increasing agriculture-led economic growth in developing countries. USDA’s capacity-building, technical assistance and food assistance programs are effective tools for improving the capacity of countries to produce what they need and to make that food accessible to those who need it. In addition, USDA helps American farmers and ranchers use effective technologies, such as biotechnology, to increase agricultural productivity and the nutritional value of foods, which can enhance food security around the world, and help find export markets for their products. Key efforts will: (1) ensure that U.S. agricultural resources contribute to enhanced global food security; (2) enhance America’s ability to develop and trade agricultural products derived from new technologies while supporting grower choice among all segments of agriculture; and (3) promote productive agricultural systems that enable food-insecure countries to feed themselves. The budget:

- Provides over \$2 billion to support foreign food assistance programs that further the Administration’s global food security objectives, including \$201 million for the McGovern-Dole International Food for Education and Child Nutrition Program.
- Includes about \$15 million to support USDA’s participation in agricultural reconstruction and stabilization activities in Afghanistan and Iraq, as well as other food insecure countries.

## OVERVIEW

- Requests \$325 million, an increase of \$62 million over 2011, for competitive grants through the Agriculture and Food Research Initiative which affects all strategic goals. Also, the budget includes an increase of about \$11 million for the Sustainable Agriculture Research and Education (SARE) program aimed at helping farmers and ranchers adopt practices that are profitable, environmentally sound, and beneficial to communities.
- Requests almost \$25 million, compared with about \$13 million in the annualized 2011 continuing resolution, to strengthen regulatory oversight of biotechnology products and prevent regulated genetically engineered products from being co-mingled with non-regulated products.
- Increases funding for the National Organic Program by about \$3 million compared with 2011 to enhance enforcement, ensure the integrity of the organic label, and develop equivalency agreements to expand market access for U.S. organic products.

**Help America promote agricultural production and biotechnology exports as America works to increase food security**

**Budget Authority  
(Dollars in Millions)**

<b>Program</b>	<b>2010 Enacted</b>	<b>2011 Estimate</b>	<b>2012 Budget</b>
Farm and Foreign Agricultural Services.....	\$2,347	\$2,318	\$2,130
Natural Resources and Environment.....	6	6	6
Marketing and Regulatory Programs.....	46	46	60
Research, Education, and Economics.....	360	350	346
Total.....	\$2,759	\$2,720	\$2,542

**Strategic Goal: Ensure that all of America’s children have access to safe, nutritious, and balanced meals:**

A plentiful supply of safe and nutritious food is essential to the well-being of every family and the healthy development of every child in America. Although most American households have access at all times to enough nutritious food for an active and healthy lifestyle, too many households, especially households with children, do not have sufficient resources to ensure this access, especially under the current economic conditions. A November 2010 Economic Research Service report showed that in 2009, 988,000 children simply did not get enough to eat. There were 562,000 in a similar, very-low-food security situation in 2000. Also, too many children have poor diets and gain excessive weight. Centers for Disease Control and Prevention data show that the prevalence of obesity has increased since the early 1970’s. For all children 2 to 19 years of age, obesity increased from 5 percent to 17 percent. The nutrition assistance programs help reduce food insecurity by providing millions access to an adequate diet. These programs are designed to respond to need, so as the economy deteriorated, they grew. In 2012, as employment improves, participation is expected to decrease. The Department will continue to focus on program integrity and implementation of the Healthy, Hunger-Free Kids Act of 2010.

## OVERVIEW

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Updated nutrition standards bringing school meals into conformity with the Dietary Guidelines for Americans will be published in final form in FY 2012 and access to nutrition, fostered by implementation of the Act, will increase.

Foodborne illness is recognized as a significant public health problem in the United States. About 48 million people (1 in 6 Americans) get sick, 128,000 are hospitalized, and 3,000 die each year from foodborne diseases, according to December 2010 estimates from the Centers for Disease Control and Prevention. These diseases can lead to short- and long-term health consequences and, sometimes result in death. USDA and other Federal agencies are working in cooperation to ensure that Americans have increased access to safe and healthy food.

USDA helps keep safe, nutritious food accessible and affordable by preventing the entry and establishment of agricultural pests and diseases and minimizing production losses. Safeguarding animal and plant resources against the introduction of foreign agricultural pests and diseases provides access to a diverse supply of fruits, vegetables, meat, and poultry. The Department detects and quickly responds to new invasive species and emerging agricultural and public health situations. These efforts contribute to the overall agricultural health of the Nation and the world. USDA supports and protects the Nation's agricultural system and the consumers it serves, by safeguarding the quality and wholesomeness of meat, poultry, and egg products; providing nutrition assistance to children and low-income people who need it; and proactively addressing and preventing loss and damage from pests and disease outbreaks. Actions to support this goal include: (1) helping put a healthy diet within reach of every American by increasing access to nutritious food; (2) promoting healthy diet and physical activity behaviors; (3) protecting public health by ensuring food is safe; and (4) protecting agricultural health by minimizing major diseases and pests to ensure access to safe, plentiful, and nutritious food. The budget:

- Fully funds expected participation in nutrition assistance programs.
- Provides for implementation of the Healthy, Hunger-Free Kids Act of 2010, by providing \$10 million for School Breakfast Expansion Grants and \$25 million for State Childhood Hunger Challenge Grants. These two newly authorized programs will further the Administration's efforts to combat childhood hunger.
- Proposes legislation to extend the Recovery Act provision that eliminates the time limits for able-bodied adults without dependents to receive SNAP benefits for an additional year at a cost of \$92 million.
- Provides increases to address recommendations of the President's Food Safety Working Group to expand regulatory sampling, a pathogen prevalence study, and to allow FSIS to more quickly investigate and respond to outbreaks. In addition, the budget request continues investments in the public health data communication infrastructure system and provides funding to initiate sampling for new food safety threats.
- Reflects savings in FSIS achieved by streamlining agency operations, implementing efficiencies, and completing planned lab expansions. Further, given the need for considerable stakeholder engagement and regulatory development before the adoption

## OVERVIEW

and implementation of a catfish inspection program, no funding is proposed in the budget for the catfish inspection program.

- Provides increases to assist animal disease traceability efforts and combat specific agricultural pests (e.g., light brown apple moth, European grapevine moth).

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**Ensure that all of America's children have access to safe, nutritious, and balanced meals**

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**Budget Authority  
(Dollars in Millions)**

Program	2010 Enacted	2011 Estimate	2012 Budget
Food, Nutrition, and Consumer Services.....	\$94,173	\$104,931	\$111,977
Food Safety.....	1,029	1,028	1,020
Marketing and Regulatory Programs.....	1,880	1,814	1,818
Research, Education, and Economics.....	761	762	732
Total.....	\$97,843	\$108,535	\$115,547

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### Management Initiatives

To support achievement of its strategic goals, USDA is working to transform itself into a model organization by transforming its culture into a high-performing and diverse organization. By strengthening management operations and engaging employees, USDA will improve customer services, increase employment satisfaction, and develop and implement strategies to enhance leadership, performance, diversity, and inclusion. The transformation will result in process improvements and increased performance. USDA has identified the following eight management initiatives to support this effort:

- **Engage USDA Employees to Transform USDA into a Model Agency:** USDA will continue to generate opportunities to listen to employees’ concerns and ideas, and to design and implement beneficial systemic changes to processes that affect employee satisfaction and human resources as USDA engages in a Department-wide cultural transformation effort.
- **Provide Civil Rights Services to Agriculture Employees and Customers:** The Department’s leadership continues to address civil rights as one of its top priorities. The Department and its employees are committed to making USDA a model in the Federal Government for respecting the civil rights of its employees and constituents.
- **Coordinate Outreach and Improve Consultation and Collaboration Efforts to Increase Access to USDA Programs and Services:** USDA will ensure that all Americans have equal and fair access to key USDA programs and services.
- **Leverage USDA Departmental Management to Increase Performance, Efficiency, and Alignment:** USDA will expand the use of performance metrics to track areas of success and



## OVERVIEW

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those needing improvement across the Department. This information will allow agency decision makers to align resources to achieve the highest outcome.

- **Optimize Information Technology (IT) Policy and Applications:** The Department is working to improve the effective delivery of programs and services to its constituents, applicants, and customers by deploying broadband, creating an enterprise platform that enables open communication channels, ensuring the protection of mission-critical operations and customer data, and supporting portfolio views for managing across organization and geographic boundaries.
- **Optimize USDA “Green” or Sustainable Operations:** One of the President’s top priorities for all Federal agencies is to establish an integrated strategy to work towards sustainability and to achieve reduction of greenhouse gas emissions. As a steward of natural resources, USDA is committed to achieving these goals and will focus its efforts towards sustainable operations.
- **Enhance USDA Homeland Security and Emergency Preparedness to Protect USDA Employees and the Public:** USDA is working to enhance homeland security and emergency activities to provide a coordinated national effort to protect American agriculture and rural communities from intentional harm.
- **Enhance the USDA Human Resources Process to Recruit and Hire Skilled, Diverse Individuals to Meet the Program Needs of USDA:** USDA is reforming its hiring process to ensure a streamlined, user-friendly environment for both the applicant and the hiring manager, which will lead to the identification and selection of the most talented and competent workforce possible. In doing so, the Department will experience increased diversity while addressing current and future skills gaps.

Key proposals for the 2012 Budget include:

- Expanding the Office of Advocacy and Outreach to increase the accessibility of USDA programs to underserved constituents and to carry out Farm Bill provisions concerning outreach to beginning, small, and socially disadvantaged farmers, ranchers, and rural communities. The funding request of \$7 million will allow USDA to better inform all eligible participants about the Department’s programs, thereby increasing participation and the economic viability and sustainability of historically underserved communities.
- Requesting an increase of \$60 million to support the Department’s multi-agency effort to modernize and upgrade the IT infrastructure. The modernization effort will improve the ability of the Farm Service Agency, Natural Resources Conservation Service, and Rural Development to serve program participants. This funding will allow for the first system-wide refresh of the Common Computing Environment since the infrastructure was implemented in 2000.
- Supporting the Government-wide Contracting and Acquisition Workforce Training initiative to improve USDA’s procurement effectiveness and enhance employee

## OVERVIEW

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capabilities. The \$6.5 million in requested funding will allow USDA to implement training, recruitment, and retention activities for the Department's procurement workforce that is responsible for over \$5 billion in annual procurement for the Department.

- USDA will take a variety of measures to achieve greater efficiencies. Cost savings and avoidances will result from administrative changes to reduce advisory contracts, travel, and printing services. The results of these efficiencies will allow USDA to deliver its programs more effectively throughout the country. The Department will also continue to implement cost savings measures identified by Federal employees as part of the SAVE Award initiative. These SAVE proposals are especially valuable as they have been developed by the employees on-the-ground who know what should be done to improve the effectiveness and efficiency of Government operations. Further, USDA will reduce its space requirements by streamlining Department operations, which will save over \$4 million in 2012. Such efficiencies, and the cost savings and avoidances generated, will allow USDA to deliver its programs more effectively throughout the country.
- Addressing claims of potential discrimination in the delivery of USDA programs will further the Administration's efforts to create a new era of civil rights at USDA. The Department is requesting in the FSA Salaries and Expenses account \$20 million to support the administrative process to settle claims. In addition, \$40 million is requested contingent on authorization from Congress to provide relief to claimants where opportunity for relief under the Equal Credit Opportunity Act has expired.

# **FARM AND FOREIGN AGRICULTURAL SERVICES**

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

The Farm and Foreign Agricultural Services (FFAS) mission area has responsibility for the delivery of programs and services which focus on supporting a sustainable and competitive U.S. agricultural system. According to the Economic Research Service, the U.S. agricultural sector produced \$330 billion worth of farm products in 2009 and total production is forecast at \$355 billion in 2010, providing a major foundation for prosperity in rural areas as well as a critical element of the nation's economy. FFAS also plays an important role in the protection and enhancement of the Nation's natural resource base and environment. Thus, the area contributes to multiple USDA Strategic Goals. Specifically, to assist rural communities create prosperity, the FFAS mission area engages in the following activities: (1) supports a strong farm financial safety net; and (2) promotes the vitality of rural America by improving access to international markets, providing credit guarantees for U.S. farm exports, and supports industry efforts to develop new markets. In support of ensuring private working lands are preserved, the FFAS area: (1) protects watershed health to ensure clean and abundant water; and (2) enhances soil quality to maintain productive working cropland. Finally, in support of agricultural production and biotechnology, it promotes the international acceptance of new technologies, including biotechnology, and promotes sustainable, productive agricultural systems and trade in developing countries to enhance global food security.

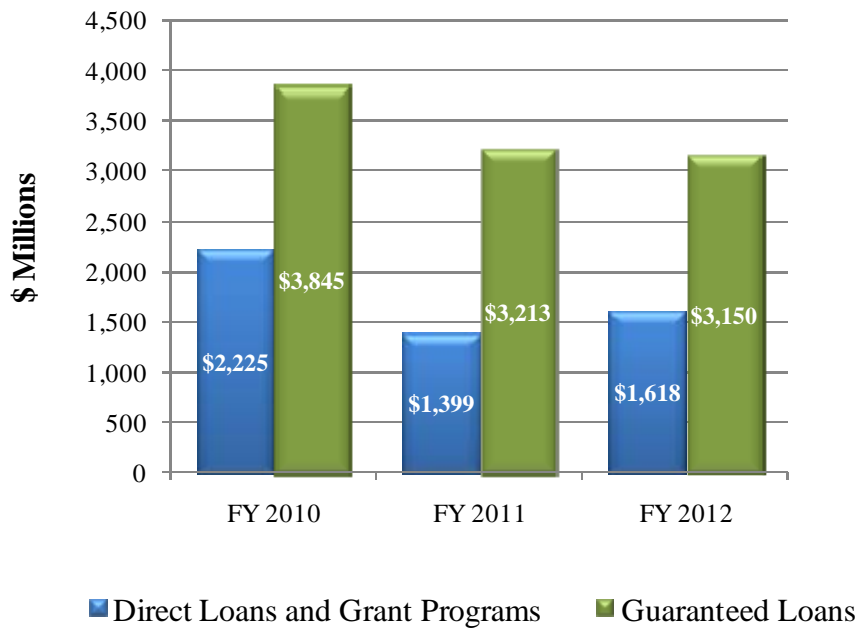
The work of the FFAS mission area is carried out by its three agencies, the Farm Service Agency (FSA), Risk Management Agency (RMA), and Foreign Agricultural Service (FAS).

# FARM AND FOREIGN AGRICULTURAL SERVICES

## FARM SERVICE AGENCY (FSA)

FSA supports the delivery of farm credit, disaster assistance, and commodity and related programs and also administers some of the USDA conservation programs. 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 approximately 2,300 local Service Centers.

### Farm Loan and Grant Programs Program Level



## FARM AND FOREIGN AGRICULTURAL SERVICES

### Farm Service Agency Budget Authority (Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>Discretionary:</b>			
FSA Salaries and Expenses:			
Salaries and Expenses (Direct Appropriation).....	\$1,254	\$1,254	\$1,397
Transfers from Program Accounts.....	(316)	(316)	(316)
<b>Total, Salaries and Expenses.....</b>	<b>(1,570)</b>	<b>(1,570)</b>	<b>(1,713)</b>
Agricultural Credit Insurance Fund Program Account:			
Transfer to FSA Salaries and Expenses.....	313	313	313
Loan Subsidy.....	141	141	111
Loan Program Expenses.....	8	8	8
<b>Total, Agricultural Credit Insurance Fund Program Account.....</b>	<b>462</b>	<b>462</b>	<b>432</b>
State Mediation Grants.....	4	4	4
Grassroots Source Water Protection Program.....	5	5	0
<b>Total, Ongoing Discretionary Programs.....</b>	<b>1,725</b>	<b>1,725</b>	<b>1,833</b>
Other Funding:			
Reforestation Pilot Program.....	1	1	0
Durum Wheat Quality Program.....	3	3	0
Geographically Disadvantaged Farmers and Ranchers.....	3	3	0
Dairy Price Support.....	350	350	0
<b>Total, Other Funding <sup>a/</sup>.....</b>	<b>357</b>	<b>357</b>	<b>0</b>
2010 Supplemental Act:			
Agricultural Credit Insurance Fund (Subsidy and Admin.).....	32	0	0
Emergency Forest Restoration Program.....	18	0	0
<b>Total, Supplemental.....</b>	<b>50</b>	<b>0</b>	<b>0</b>
<b>Total, Discretionary Programs.....</b>	<b>2,131</b>	<b>2,082</b>	<b>1,833</b>
<b>Mandatory:</b>			
Dairy Indemnity Program.....	1	1	<u>b/</u>
Agricultural Disaster Relief Fund.....	1,359	1,943	1,523
Recovery Act:			
Supplemental Agricultural Disaster Assistance.....	578	255	0
<b>Total, Mandatory Programs.....</b>	<b>1,938</b>	<b>2,199</b>	<b>1,523</b>
<b>Total, Farm Service Agency.....</b>	<b>\$4,069</b>	<b>\$4,281</b>	<b>\$3,356</b>

<sup>a/</sup> Provided through general provisions in 2010 and included in the 2011 annualized continuing resolution level as a result of technical calculations.

<sup>b/</sup> Less than \$0.5 million.

## FARM AND FOREIGN AGRICULTURAL SERVICES

**Farm Service Agency**  
**Agricultural Credit Insurance Fund**  
**Farm Loan and Grant Programs**  
**Program Level (P.L.) and Budget Authority (B.A.)**  
**(Dollars in Millions)**

Program	2010		2011		2012	
	<u>Enacted</u>		<u>Estimate</u>		<u>Budget</u>	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Farm Operating Loans:						
Guaranteed Unsubsidized.....	\$1,500	\$35	\$1,506	\$35	\$1,500	\$26
Guaranteed Subsidized.....	170	24	173	24	0	0
Direct.....	1,000	47	782	47	1,050	59
Total, Operating Loans.....	2,670	106	2,461	106	2,550	85
Farm Ownership Loans:						
Guaranteed Unsubsidized.....	1,500	6	1,461	6	1,500	0
Direct.....	650	27	383	27	475	23
Total, Ownership Loans.....	2,150	32	1,844	32	1,975	23
Indian Land Acquisition Loans.....	4	0	4	0	2	0
Boll Weevil Eradication.....	100	0	100	0	60	0
Conservation Loans:						
Guaranteed.....	75	a/	73	a/	150	0
Direct.....	75	1	36	1	0	0
Total, Conservation Loans.....	150	1	109	1	150	0
Indian Fractionated Land Loans.....	10	1	37	1	10	a/
Total, Ongoing Farm Loan Programs.....	5,084	140	4,555	140	4,747	108
Grants:						
Individual Development Accounts.....	0	0	0	0	3	3
Emergency Loans b/.....	36	1	57	6	18	1
Supplemental Appropriations:						
Farm Operating Loans:						
Guaranteed Unsubsidized.....	250	6	0	0	0	0
Guaranteed Subsidized.....	50	7	0	0	0	0
Direct.....	350	17	0	0	0	0
Total, Operating Loans.....	650	30	0	0	0	0
Farm Ownership Loans:						
Guaranteed Unsubsidized.....	300	1	0	0	0	0
Total, Ownership Loans.....	300	1	0	0	0	0
Total, Farm Loan and Grant Programs.....	\$6,070	\$173	\$4,612	\$147	\$4,768	\$111

a/ Less than \$0.5 million.

b/ From funds carried over from prior years.

## FARM AND FOREIGN AGRICULTURAL SERVICES

**Farm Loan and Grant Programs.** The farm loan programs are 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. In order to meet the growing demand for farm credit, funding for farm loans hit a record of \$6 billion in 2010. However, the Administration expects that financial and economic conditions will continue to improve and that commercial lending for agricultural operations will begin returning to prior levels.

The 2012 budget proposes loan levels that reflect the current demand for credit. For farm operating loans, the 2012 budget provides \$1.1 billion for direct loans and \$1.5 billion for guaranteed loans. No funding is requested for guaranteed operating loans with interest assistance due to the high costs associated with such loans. Funding previously associated with such loans has been reallocated to other loan programs to better meet demand. These loan levels will serve an estimated 22,500 farmers, about 15,000 of whom will receive direct loans and 7,500 of whom 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 2012 budget requests \$475 million in direct loans and \$1.5 billion for guaranteed loans. The 2012 levels will provide about 7,100 people with the opportunity to either acquire their own farm or keep an existing one. About 2,800 borrowers will receive direct loans and 4,300 will receive guaranteed loans.

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 the statutory targets vary by loan program and county, on average about 14 percent of loan funds are targeted to socially disadvantaged borrowers. In general, FSA exceeds these statutory targets and, in recent years, FSA has served over 17 percent of the socially disadvantaged groups. Therefore, a key performance measure for the farm credit programs is the percentage of beginning farmers, racial and ethnic minority farmers and women farmers financed by FSA. The target for 2012 will be to further increase the proportion of these borrowers that are served by FSA credit programs.

Key Performance Measure	2007	2008	2009	2010	2011	2012
Percentage of beginning farmers, racial and ethnic minority farmers and women farmers financed by FSA (Percent)	15.9	16.22	17.4	19.1	18.0	18.1

The 2012 budget assumes an \$18 million loan level will be available for emergency loans due to carryover from prior years. The 2012 budget assumes the demand for Indian Land Acquisition loans will be lower as a result of the new Indian Fractionated Land loans program, which will provide \$10 million in loans. Program level funding for the boll weevil eradication loan program is reduced to \$60 million. Eradication efforts have successfully eliminated the boll weevil from many cotton producing areas and as a result it is anticipated that demand for boll weevil eradication loans will decline.

Funding for State mediation grants is maintained at \$4.4 million. These grants are made to States to help support certified programs that provide alternative dispute resolution on a wide

## FARM AND FOREIGN AGRICULTURAL SERVICES

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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.

In addition, the budget provides \$2.5 million for Beginning Farmer Individual Development Accounts (IDA). This level of funding will leverage between \$2.5 million and \$5 million in matching private sector funding. The IDAs were authorized in the 2008 Farm Bill to assist new and beginning farmers and ranchers to purchase farmland, livestock or farm equipment.

### Commodity Credit Corporation Budget Authority (Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>Mandatory:</b>			
Commodity Credit Corporation Fund.....	\$7,410	\$10,113	\$7,490
Tobacco Trust Fund.....	937	960	960
Total, Commodity Credit Corporation.....	\$8,347	\$11,073	\$8,450

**Commodity Credit Corporation.** The Commodity Credit Corporation (CCC) provides funding for commodity programs administered by FSA and many Farm Bill programs such as the 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 are critical components of the farm safety net, serving to expand domestic market opportunities and provide risk management and financial tools to farmers and ranchers. The CCC also handles the Tobacco Trust Fund which provides transition payments to former producers and owners of quotas under the former tobacco price support and quota program.



# FARM AND FOREIGN AGRICULTURAL SERVICES

## Commodity Credit Corporation Net Outlays (Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>Commodity Programs:</b>			
Marketing Assistance Loans and Price Support.....	\$316	\$25	\$21
Direct Payments.....	4,898	4,950	3,879
ACRE.....	0	447	28
Countercyclical Payments.....	903	189	0
Loan Deficiency Payments.....	192	37	7
Milk Income Loss Contract Payments.....	182	300	120
Cotton User Marketing Payments and Cotton Economic Adjustment Assistance Payments.....	104	66	62
Noninsured Crop Disaster Assistance Program.....	99	117	115
Tobacco Payments to Producers <u>a/</u> .....	954	960	960
Biomass Crop Assistance Program (BCAP).....	248	199	201
Farm Storage Facility Loans.....	12	7	0
Purchases and Sales.....	-5	661	99
Processing, Storage and Transportation.....	24	0	1
Operating Expenses.....	14	6	6
Interest Expenditures.....	-29	-1	6
Other.....	-368	335	229
Total, Commodity Programs Baseline.....	7,544	8,298	5,733
<b>Conservation Programs:</b>			
Conservation Reserve Program.....	1,911	1,997	2,142
Emergency Forestry Conservation Reserve Program.....	8	9	8
Voluntary Public Access and Incentives Program.....	0	33	17
Total, Conservation Programs.....	1,919	2,040	2,166
<b>Export Programs:</b>			
Quality Samples Program.....	1	2	2
Market Access Program (MAP).....	202	207	204
Foreign Market Development (Cooperator) Program.....	32	37	35
Technical Assistance for Specialty Crops Program.....	3	7	8
Technical Assistance and Capacity Building for Brazil.....	71	147	147
FAS IRM Agreements.....	20	24	24
Emerging Markets Program.....	9	7	9
Dairy Export Incentive Program.....	20	0	3

## FARM AND FOREIGN AGRICULTURAL SERVICES

### Commodity Credit Corporation Net Outlays (Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Budget
Food for Progress Program.....	117	189	159
Local and Regional Commodity Procurement Pilot Program....	1	39	17
Export Guarantee Program Account <u>b/</u> .....	70	150	6
Other.....	10	0	0
Total, Export Programs.....	558	809	615
Subtotal, CCC.....	10,021	11,146	8,515
Pre-credit Reform Loan Repayments.....	-5	-4	-8
CCC Baseline.....	10,015	11,142	8,507
Proposed Legislation:			
Farm Programs Savings.....	0	0	-1
BCAP Savings <u>c/</u> .....	0	0	-62
Total, CCC.....	\$10,015	\$11,142	\$8,444

a/ CCC payments are offset by receipts from the Tobacco Trust Fund

b/ Reflects mandatory funding for a credit reform upward re-estimate.

c/ BCAP reflects proposed savings for the limitation of matching payments.

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 \$10.0 billion in 2010, reflecting higher prices for most commodities resulting from increased demand for bioenergy production and strong export demand. Outlays in 2010 also reflect the shift in funding for disaster programs from CCC to the Agricultural Disaster Trust Fund (Trust Fund) authorized in the 2008 Farm Bill, as well as lower outlays in dairy support programs and counter-cyclical payments for most commodities. The 2012 estimated baseline outlays decline further, to \$8.5 billion, in part, due to the 2008 Farm Bill provisions which, beginning with the 2012 crop year, eliminate the option for producers to elect to receive advance direct payments. This Farm Bill change results in a shift in outlays from 2012 to 2013.

**Commodity Programs.** Commodity loan and income support programs constitute the majority of CCC outlays. These programs provide a major portion of the farm safety net including protection against adverse market fluctuations; hence outlays for many of these programs vary significantly from year to year as market conditions change. The commodity programs are mandated by provisions of the 2008 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 2008 Farm Bill also provided counter-cyclical payments for producers of the above crops when market prices decline below specified target prices. In addition, the 2008 Farm Bill authorized revenue-based Average Crop Revenue Election payments (ACRE) as an alternative to the traditional price-based counter-cyclical payments. Participation in the new ACRE program has been lower than anticipated at the time

## FARM AND FOREIGN AGRICULTURAL SERVICES

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the Farm Bill was enacted. The lower participation is believed to be due, in part, to the complexity of the ACRE program. In addition, higher projected commodity prices have reduced the likelihood of receiving a payment under ACRE. About 1.4 million farmers participated in the direct and counter-cyclical payment programs.

The 2012 budget proposes statutory reductions in the current cap on direct payments and a three year phased reduction in farm program average Adjusted Gross Income (AGI) eligibility limits for large farmers and wealthy landowners. These adjustments in current program limits would affect only a very small portion of the farm program participants without disturbing the foundation of the current safety net for productive family farmers. The proposals continue key targeting reforms made in the 2008 Farm Bill. These budget proposals, beginning with the 2012 program (crop) year, would further limit payment eligibility by reducing the existing AGI criteria and would reduce the Direct Payment Program (DPP) payment limit. In total, these proposals are projected to save about \$2.5 billion over 10 years. The Department is prepared to work with Congress and stakeholders as these proposals are being considered.

The CCC Marketing Assistance Loan (MAL) 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. When market prices decline, these loans may be repaid at rates below the loan rate thus providing benefits which help offset the effect of lower market returns. The budget proposes to eliminate storage credits for peanuts and cotton. No other commodities receive storage credits and historical data suggests that the existence of storage credits for peanuts and cotton distorts marketing decisions and, in times of low commodity prices, makes it more likely that producers will default on their marketing assistance loan. Due to the high commodity prices projected in this budget, the elimination of storage credits has little budgetary impact.

## FARM AND FOREIGN AGRICULTURAL SERVICES

### Commodity Credit Corporation Commodity Program Net Outlays (Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Budget
Commodity:			
Feed Grains.....	\$2,226	\$2,407	\$1,755
Wheat.....	1,280	1,445	921
Rice.....	535	320	349
Upland and Extra Long Staple Cotton.....	1,662	921	517
Tobacco <u>a/</u> .....	21	3	3
Dairy.....	355	425	222
Soybeans and Products.....	564	552	427
Minor Oilseeds.....	17	30	14
Peanuts.....	103	79	55
Sugar.....	0	0	0
Honey.....	0	0	0
Wool and Mohair.....	8	7	7
Vegetable Oil Products.....	33	55	46
Other Commodities.....	40	547	3
Subtotal, Assistance To Farmers.....	6,845	6,791	4,319
Other <u>b/</u> .....	699	1,507	1,414
Commodity Programs Baseline.....	7,544	8,298	5,733
Proposed Legislation:			
Farm Programs Savings.....	0	0	-1
BCAP Savings.....	0	0	-62
Total, Commodity Programs.....	\$7,544	\$8,298	\$5,670

a/ Reflects impact of offsetting receipts from Tobacco Trust Fund.

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

## FARM AND FOREIGN AGRICULTURAL SERVICES

**Commodity Credit Corporation  
Conservation Programs  
Budget Authority  
(Dollars in Millions)**

Program	2010 Enacted	2011 Estimate	2012 Budget
Conservation Reserve Program.....	\$1,884	\$1,997	\$2,142
Emergency Forestry Conservation Reserve Program.....	8	9	8
Voluntary Public Access and Habitat Incentives Program...	12	22	17
Total, Conservation Programs.....	\$1,904	\$2,028	\$2,166

**Conservation Programs.** The Farm Bill also provides authority for conservation programs. The focus of USDA conservation programs administered by NRCS and FSA is to assist producers in using environmentally sound management systems for agricultural production to meet the food and fiber needs of the Nation. FSA administers the Conservation Reserve Program (CRP), Emergency Forestry Conservation Reserve Program (EFCRP), Voluntary Public Access and Habitat Incentives Program (VPA-HIP), which are CCC programs, in addition to the Emergency Forest Restoration Program (EFRP) and 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 Stewardship Program are administered by NRCS.

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.

Among multiple environmental benefits, a key performance measure for the CRP program is the number of restored wetland acres. Restored wetlands and upland buffers increase prime wildlife habitat and water storage capacity, and lead to a net increase in wetland acres on agriculture land. Wetlands provide multiple environmental functions, including filtering of nutrients, recharging groundwater supplies, and sequestering carbon.

Key Performance Measure	2007	2008	2009	2010	2011	2012
CRP restored wetland acreage <sup>1</sup> (million acres)	2.08	1.98	2.04	2.05	2.05	2.05

<sup>1</sup> Includes accompanying upland buffers from 2009 - 2012.

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 underway since September 1996 with the purpose of enrolling land in filter strips, riparian buffers, and other high priority conservation and environmental enhancement practices.

## FARM AND FOREIGN AGRICULTURAL SERVICES

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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, 33 States have approved CREP agreements.

CRP enrollment totaled 31.4 million acres at the end of 2010 with over 85 percent of the acreage having been enrolled under scheduled general signups. A general signup of 4.3 million acres was held in 2010, the first general signup since 2006. The budget assumes a potential general signup in 2011 could add nearly 4.0 million general signup acres, allowing a cumulative enrollment of 31.9 million CRP acres by the end of 2012. CRP is limited to a maximum of 32 million acres by the 2008 Farm Bill.

The VPA-HIP provides grants to State and tribal governments to encourage owners and operators of privately-held farm, ranch, and forest land to voluntarily make that land available for access by the public for wildlife-dependent recreation, including hunting, fishing, and other compatible recreation and to improve fish and wildlife habitat on their land, under programs administered by State or tribal governments. The 2008 Farm Bill provided \$50 million for VPA-HIP for the 2009-2012 fiscal years. The budget estimates that about \$17 million of that amount will be available for use in FY 2012. No additional funding for VPA-HIP is requested in this budget.

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 represent damage that is unusual and would not recur frequently in the same area and if left untreated would: (1) impair or endanger the land; (2) materially affect the productive capacity of the land; and (3) be so costly to rehabilitate that Federal assistance would be required to return the land to productive agricultural use. 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 2012 since funding needs are difficult to predict in advance.

Similarly, through EFRP the Department provides financial assistance to owners of nonindustrial private forest land to restore land that was damaged by a natural disaster. The FY 2010 Supplemental Appropriations Act provided \$18 million for EFRP, to remain available until expended, for expenses resulting from natural disasters that occurred on or after January 1, 2010. The budget is proposing no new funding for the EFRP in 2012 since funding needs are difficult to predict in advance.

**Biomass Crop Assistance Program (BCAP).** In 2009, the first phase of the BCAP as authorized by the 2008 Farm Bill was implemented through the publication of a Notice of Funding Availability (NOFA). This NOFA provided matching payments for the collection, harvest, storage and transportation (CHST) of biomass material to approved energy conversion facilities. On October 27, 2010, a final rule was published implementing all phases of BCAP including financial assistance for the establishment and maintenance of crops for bioenergy production as well as the CHST payments previously funded through the NOFA. The 2012 budget includes a proposal to cap the amount of funding available for CHST payments at

## FARM AND FOREIGN AGRICULTURAL SERVICES

\$70 million. The proposal would not cap the amount of funding available for the establishment and maintenance of crops for bioenergy production.

### Supplemental Agricultural Disaster Assistance

#### Outlays

(Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Budget
Supplemental Revenue Assistance Payments .....	\$974	\$1,287	\$921
Livestock Indemnity Payments.....	92	77	73
Livestock Forage Disaster Program .....	263	524	474
Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish....	21	50	50
Tree Assistance Program .....	2	5	5
Other.....	7	0	0
Subtotal, Supplemental Agricultural Disaster Assistance .....	1,359	1,943	1,523
Recovery Act SURE Payments.....	578	255	0
Total, Supplemental Agricultural Disaster Assistance .....	\$1,937	\$2,198	\$1,523

**Supplemental Agricultural Disaster Assistance.** The 2008 Farm Bill authorized five new disaster assistance programs. FSA administers the five new disaster programs; however, unlike prior ad hoc disaster programs the new disaster assistance programs are funded through the Trust Fund rather than through CCC. The Trust Fund receives funding equivalent to 3.08 percent of the amounts received under the Harmonized Tariff Schedule of the United States. Actual assistance levels will depend on the extent of producers' qualifying needs.

The Supplemental Revenue Assistance Payments Program (SURE) provides assistance to eligible crop producers whose farms are located in primary and contiguous disaster counties designated by the Secretary of Agriculture or whose farm's actual production is less than 50 percent of the normal production for that year due to weather related losses. The Livestock Indemnity Program (LIP) provides assistance to eligible livestock producers who incurred livestock death losses in excess of normal mortality due to adverse weather during the calendar year. The Livestock Forage Program (LFP) provides assistance to livestock producers who suffer grazing losses due to drought or fire. Fire losses must have occurred on federally managed lands. The Emergency Livestock Assistance Program (ELAP) provides assistance to eligible producers of livestock, honey bees, and farm-raised fish for losses not covered under other disaster assistance programs. The Tree Assistance Program (TAP) provides financial assistance to eligible orchardists and nursery tree growers to replant or rehabilitate trees, bushes or vines damaged by adverse weather.

## FARM AND FOREIGN AGRICULTURAL SERVICES

### Farm Service Agency Staff Years

Program	2010 Enacted	2011 Estimate	2012 Budget
Federal.....	4,989	5,094	4,590
Non-Federal:			
Permanent Full-Time.....	8,641	8,641	8,641
Temporary.....	713	350	350
Total, Non-Federal.....	9,354	8,991	8,991
Total, FSA Staff Years.....	14,343	14,085	13,581

**Salaries and Expenses.** The 2012 budget proposes a level of \$1.713 billion to support 4,590 Federal staff years and 8,991 non-Federal staff years. FSA will implement a structured “buy-out” of 504 Federal employees to meet a proposed 10 percent reduction of FSA’s Federal workforce. This is expected to lead to a net \$27 million reduction in salaries and benefits cost in 2012 and a total savings of \$174 million through 2015. The budget includes funding to support ongoing operational needs based on current programs and the current delivery system, and includes a reduction of \$14.4 million in administrative efficiencies pertaining to advisory contracts, travel expenses, printing and supplies.

**Civil Rights and Tribal Relations.** The budget provides \$60 million for civil rights claims. Of that amount, \$40 million will be used to cover expected Equal Credit Opportunity Act (ECOA) claims, and \$20 million will be for the administration of other civil rights claims. The \$40 million is for the settlement costs associated with ECOA claims where the statute of limitations (SOL) for claims settlement has expired. USDA will submit legislation to extend the SOL for those ECOA claims filed between 1997 and 2009 where the claims were not properly settled or where the SOL has expired. Additionally, the budget proposes \$2.4 million in order to strengthen tribal relations. Of this amount, \$250,000 is proposed for communications and outreach expenses, \$125,000 for the Advisory Council on Native American Farming and Ranching, and \$2 million to open additional sub-offices on tribal reservations.

**Information Technology (IT) Modernization and Stabilization.** The Farm Service Agency relies on one of the oldest information technology systems (hardware and software) within the Department of Agriculture. Billions of dollars of annual farm program payments, conservation payments, and loans to producers mandated by the 2008 Farm Bill and other legislation are dependent upon the continued viability of this antiquated IT system. FSA must upgrade the aging technology infrastructure and equipment which is creating inefficiencies and threatening the delivery of fundamental services to producers.

At present, producers looking to sign up for programs are often confronted by lines, long delays, and inefficiencies. County office personnel are often required to use two computers on different operating systems to sign a producer up for a single program. These two computers, one relying on the outdated legacy system and one relying on a modern web-based system, are unable to communicate with each other, forcing the county office personnel to enter data into multiple



## FARM AND FOREIGN AGRICULTURAL SERVICES

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systems or manually transfer data maintained in one system to the other. This causes sign-up delays and significantly increases the likelihood of data entry errors that can lead to improper payments.

Further, the outmoded IT systems of FSA are highly vulnerable to security breaches because inadequate data storage capacity requires sensitive producer data and financial information to be uploaded into mainframe computers from physical media, sent from county offices across the country rather than electronically. An independent review conducted pursuant to Section 1618 of the 2008 Farm Bill also concluded that “Modernization will bring significant benefits such as improvements in cost efficiency, producer access, fraud mitigation, staff efficiency and morale. More fundamentally, Modernization will replace the aging platforms that are difficult to maintain and incapable of supporting the fiduciary requirements that FSA faces today and will continue to face in the future.”

The 2012 Budget includes an increase of \$122.3 million to fund critical IT replacement and modernization projects to support core FSA operations. Of this amount, \$96.3 million is for continued implementation of MIDAS (Modernize and Innovate the Delivery of Agricultural Systems), which is an ongoing initiative to streamline the existing complicated business processes which support mandated farm programs and provide a modern IT infrastructure to operate the programs. The remaining \$26 million will be used to support the Department’s efforts to modernize and upgrade the Common Computing Environment (CCE) for the Service Center Agencies (SCAs).

The development of MIDAS is an extensive effort which will result in a secure, modern IT system capable of supporting web-based farm program delivery. The system will also provide improved linkages with the Department’s new financial management system. In the summer of 2010, MIDAS moved from the Planning and Acquisition phase to the Implementation phase. FSA has put into place “best practice” management and governance processes to assist the Project Management Office in improving oversight of this large and complex initiative.

For CCE, the \$26 million requested in the FSA budget is part of a \$60 million request for all 3 of the SCAs (FSA, NRCS, and Rural Development). This funding will be used to replace outdated components of the IT infrastructure, many of which have exceeded their expected life cycles, in order to reduce system vulnerabilities to failure and improve the performance and effectiveness of the shared infrastructure. These improvements will allow the SCAs to better serve program participants with a more flexible and reliable IT infrastructure. This funding will allow for the first system-wide refresh of the CCE since the infrastructure was implemented in 2000. In addition, as the components of the CCE are replaced, USDA will implement configuration changes to better support the delivery of current and future programs. As part of this process, the Department will strive to improve system security, reduce the long term cost of infrastructure services, and improve service reliability.

A key performance measure for Modernization efforts is the percentage of program delivery applications at USDA Service Centers that are web-enabled and not utilizing outmoded legacy systems. This will enable more timely, more accurate and reliable delivery of benefits to producers as the newer technologies are phased in. The measure below reflects ongoing

## FARM AND FOREIGN AGRICULTURAL SERVICES

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improvements being made to a broad array of FSA IT systems, including systems for farm program delivery, farm loan programs, disaster assistance, and conservation programs. An increased level of performance will be realized after MIDAS is fully operational.

Key Performance Measure <sup>1</sup>	2007	2008	2009	2010	2011	2012
Maintain or increase percentage of FSA program delivery applications at USDA Service Centers that are Web-enabled	N/A	54%	51%	57%	68%	69%

<sup>1</sup> This measure replaces an earlier, more narrowly focused Farm Programs based Web measure. The new measure reflects improved capability for staff to provide service through multiple program applications for FSA customers at all USDA Service Centers. These applications fall under all of FSA's program areas: Income Support-Disaster Assistance, Farm Loan Programs, Commodity Operations and Conservation

## FARM AND FOREIGN AGRICULTURAL SERVICES

### RISK MANAGEMENT AGENCY (RMA)

#### Risk Management Agency

#### Program Level

(Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>SUMMARY OF GOVERNMENT COSTS:</b>			
<b>Discretionary:</b>			
Administrative and Operating Expenses.....	\$80	\$80	\$82
<b>Mandatory:</b>			
Delivery and Other Administrative Expenses <u>a/</u> .....	1,430	1,393	59
Gross Indemnities <u>b/</u> .....	3,118	7,588	9,964
Underwriting Gains <u>c/</u> .....	2,448	999	0
Farm Bill: Agricultural Management Assistance.....	(6)	(6)	(6)
Subtotal, Crop Insurance Program Level.....	6,996	9,980	10,023
Less: Producer Premium and Administration Fees.....	-2,449	-2,986	-6,881
Total, Government Costs.....	<u>\$4,627</u>	<u>\$7,074</u>	<u>\$3,224</u>

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

b/ The amount of premium subsidy paid by the Federal government is not reflected in the table above. The budget for the Federal Crop Insurance Program assumes a crop year loss ratio (gross indemnities/total premium) of 1.0. However, the fiscal year loss ratio could be higher or lower than 1.0 due to differences in the timing of cash flows and participation rates from year to year. Nevertheless, the amount of premium subsidy may be approximated in the table above by subtracting producer premium and administrative fees from gross indemnities.

c/ Payments to private insurance companies.

Discretionary funds for the Federal Crop Insurance Program cover Federal salaries and related expenses to manage the program. The 2012 budget includes about \$82 million for these costs, about \$2 million above 2011. The increase provides for a one-time increase in Information Technology (IT) maintenance costs associated with the RMA IT modernization initiative. RMA will be required to temporarily maintain both their legacy IT system and their new modern system during implementation of the new system.

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 is a critical component of the farm safety net.

A key performance measure for the Federal Crop Insurance Program is the total value of crops protected or total liabilities. The following table presents both actual liabilities and normalized liabilities which account for the effects of changes in commodity prices. Commodity prices are a key external factor which can significantly affect performance measurements for the crop insurance program.

## FARM AND FOREIGN AGRICULTURAL SERVICES

Key Performance Measures	2007	2008	2009	2010	2011	2012
Value of FCIC risk protection coverage provided through FCIC sponsored insurance (\$ Billions)	\$67.3	\$89.9	\$79.6	\$77.9	\$102.6	\$93.6
Normalized value of FCIC risk protection coverage provided through FCIC sponsored insurance (\$ Billions)	\$50.6	\$51.6	\$51.4	\$51.9	\$52.4	\$52.9

For the 2011 crop year, the Federal Crop Insurance Program is expected to provide about \$102.6 billion in risk protection on almost 294 million acres. This represents about 80 percent of the Nation's acres planted to principal crops. In 2010, about 70 percent of the liabilities were covered under revenue products which provide protection against both a loss of yield and a decline in commodity prices. The value of risk protection is expected to decline in crop year 2012 to about \$93.6 billion due to the expiration of the disaster programs authorized in the 2008 Farm Bill.

Participation in the Federal Crop Insurance Program by producers is voluntary; however, participation is encouraged through premium subsidies. In addition, participation in the Federal Crop Insurance Program is required in order to participate in the supplemental agricultural disaster assistance programs authorized in the 2008 Farm Bill. 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 Standard Reinsurance Agreement (SRA) is the contract between USDA and the private insurance companies which contains many of the financial terms and conditions for participation in the Federal Crop Insurance Program. The 2008 Farm Bill authorized USDA to renegotiate the SRA for the 2011 crop year and every 5 years thereafter. Therefore, in December 2009, USDA announced that it was cancelling the current SRA and began to renegotiate the agreement with the companies for the 2011 crop year. The renegotiation of the SRA was completed in June 2010, prior to the July 1, 2010 start of the 2011 crop year.

The new SRA is estimated to achieve about \$6 billion in savings over 10 years. As was previously announced by USDA, about \$4 billion of the savings will be used to pay down the federal deficit while the remaining \$2 billion will be reinvested in the Federal Crop Insurance Program and the Conservation Reserve Program operated by the Farm Service Agency. Within the Federal Crop Insurance Program, the funding will be used to support the expansion and/or implementation of a number of high priority crop insurance products and the development of a good performance refund (GPR) which will reward participants in the Federal Crop Insurance Program who exhibit favorable loss experience compared to other participants.

## FARM AND FOREIGN AGRICULTURAL SERVICES

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The performance for the Federal Crop Insurance Program is tracked on a crop year basis which spans multiple fiscal years. As a result, the table on page 30 reflects certain assumptions about the fiscal year in which the crop year costs and/or revenues will fall. Furthermore, the amount of liabilities covered by the Federal Crop Insurance Program is strongly influenced by changing commodity prices.

Actual indemnities for fiscal year 2010 reflect crop year 2009 losses, which were paid out in fiscal year 2010, plus the portion of crop year 2010 losses which was paid out in fiscal year 2010. As of early January 2011, actual indemnities for crop year 2010 were on track for a record low loss ratio. This would make it the third straight year of very low losses, with an actual loss ratio of 0.88 for crop year 2008 and an actual loss ratio of 0.53 for crop year 2009.

Estimated indemnities for fiscal year 2011 reflect about 65 percent of the estimated losses for crop year 2010 plus 35 percent of the estimated losses for crop year 2011. Estimated indemnities for fiscal year 2012 are calculated in the same manner as 2011. Estimated losses for crop years 2011 and 2012 reflect the statutory target loss ratio of 1.0.

Historically, there has been a one year lag between crop year underwriting gains and the fiscal year in which they are paid out. Consequently, the underwriting gains for fiscal year 2010 reflect the low loss ratio experienced for crop year 2009. Since the determination of losses for the 2010 crop year is not complete, the underwriting gain total for fiscal year 2011 reflects the assumption of a 1.0 loss ratio in crop year 2010. For fiscal year 2012, the budget shows that no underwriting gains will be paid out. This reflects the provisions of the 2008 Farm Bill which mandated that for fiscal year 2012 and subsequent fiscal years, the underwriting gains that would normally be paid in that fiscal year would be shifted to the following fiscal year. Accordingly, beginning with the 2013 President's budget underwriting gains will reflect a two year lag between the crop year when the underwriting gains are earned and the fiscal year in which they are paid out. No underwriting gains will be paid out in fiscal year 2012 to accommodate this statutory shift in timing.

In fiscal year 2010, the actual total Government cost for the Federal Crop Insurance Program was about \$4.6 billion. Of this amount, about \$0.7 billion was for net indemnities to producers (gross indemnities minus producer paid premiums). The remaining amount of just under \$3.9 billion was for payments to the private insurance companies to deliver the program.

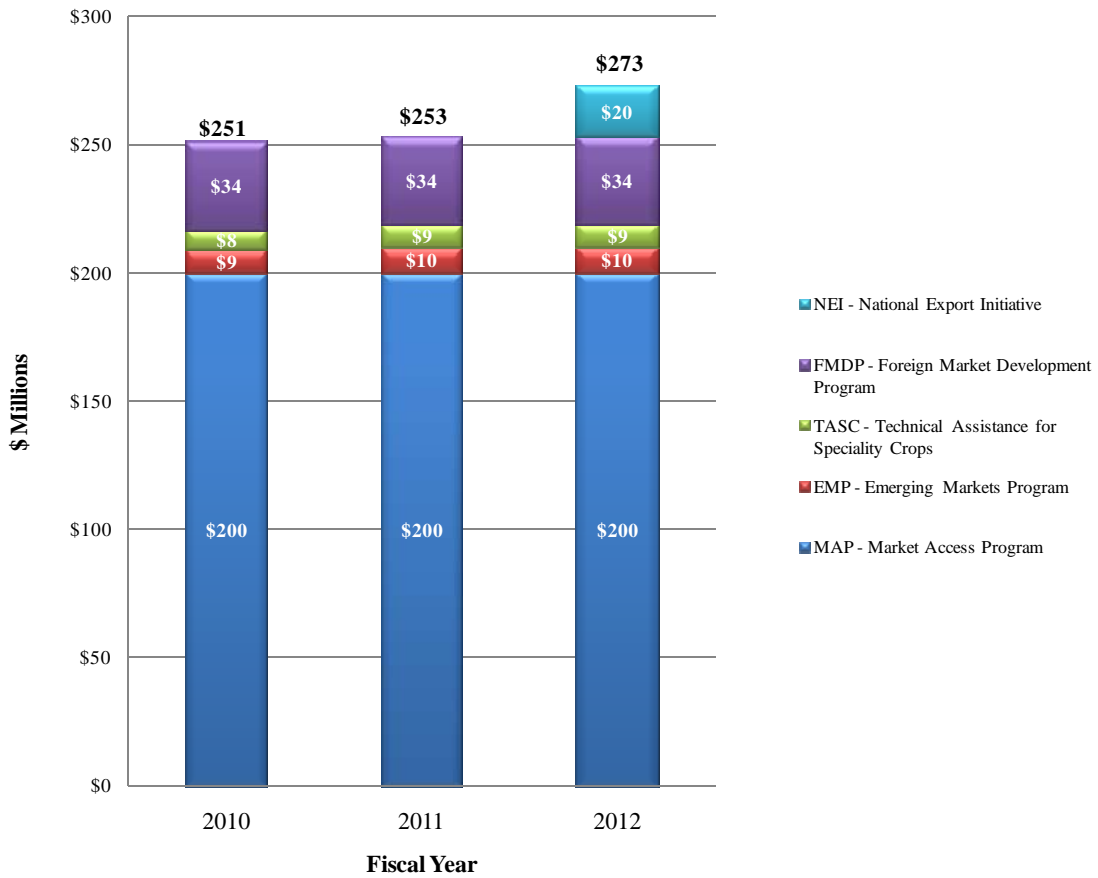
The budget also includes a proposal to reduce the premium rate for catastrophic (CAT) coverage. CAT coverage was first authorized in 1994 and since that time the premium has been fully subsidized by the Federal government. Since its inception, the performance of the CAT policies has consistently exceeded expectations with loss ratios consistently below the statutory target of 1.0. The legislative proposal would require USDA to reduce the calculated premium, thereby reducing the subsidies paid by the Federal government. The cost for producers to participate in the program is not impacted by this proposal; however, savings are realized due to the lower administrative and operating expenses and underwriting gains USDA expects to pay to participating crop insurance companies. Savings from this proposal are expected to be about \$1.8 billion over 10 years.

# FARM AND FOREIGN AGRICULTURAL SERVICES

## FOREIGN AGRICULTURAL SERVICE (FAS)

FAS administers a variety of programs that are designed to facilitate access to international markets and thereby help to support a competitive U.S. agricultural system. FAS also carries out activities that promote productive agricultural systems in developing countries and contribute to increased trade and enhanced global food security. Working bilaterally and with international organizations, FAS encourages the development of transparent and science-based regulatory systems that allow for the safe development and use of agricultural goods derived from new technologies.

### Foreign Market Development Programs



# FARM AND FOREIGN AGRICULTURAL SERVICES

## Foreign Agricultural Service

### Budget Authority (Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>Discretionary:</b>			
FAS Salaries and Expenses:			
Salaries and Expenses (Direct Appropriation).....	\$180	\$180	\$215
Agricultural Reconstruction and Stabilization .....	a/	a/	15
Transfer from CCC Export Credit Program Account.....	(6)	(6)	(6)
Total, FAS Salaries and Expenses.....	(187)	(187)	(236)
Foreign Food Assistance:			
McGovern-Dole International Food for Education Program.....	210	210	201
P.L. 480 Title II Program Account:			
P.L. 480 Title II Donations.....	1,690	1,690	1,690
P.L. 480 Title II Supplemental Funding.....	150	0	0
Total, P.L. 480 Title II Donations.....	1,840	1,690	1,690
P.L. 480 Title I Program Account:			
Transfer to Farm Service Agency Salaries and Expenses.....	3	3	3
Commodity Credit Corporation Export Credit Program Account:			
Transfer to FSA and FAS Salaries and Expenses.....	(7)	(7)	(7)
Total, Discretionary Programs.....	2,233	2,083	2,124
<b>Mandatory:</b>			
Quality Samples Program.....	2	2	2
Farm Bill:			
Market Development Programs:			
Market Access Program.....	200	200	200
Emerging Markets Program.....	9	10	10
Foreign Market Development (Cooperator) Program.....	34	34	34
Technical Assistance for Specialty Crops Program.....	8	9	9
Dairy Export Incentive Program.....	2	0	0
Foreign Food Assistance:			
Food for Progress - CCC Funded .....	146	192	156
Bill Emerson Humanitarian Trust.....	0	b/	b/
Local and Regional Commodity Procurement Pilot Program...	25	25	5
Total, Farm Bill Programs.....	424	470	414
Recovery Act:			
Trade Adjustment Assistance for Farmers.....	90	33	0
Total, Mandatory Programs.....	516	505	416
Total, Foreign Agricultural Service.....	\$2,749	\$2,588	\$2,540

a/ Funded through Departmental Administration at \$13 million.

b/ Assets of the Trust can be released any time the Administrator of the U.S. Agency for International Development determines that P.L. 480 Title II funding for emergency needs is inadequate to meet those needs in any fiscal year.

## FARM AND FOREIGN AGRICULTURAL SERVICES

**Foreign Agricultural Service  
CCC Export Credit Programs  
Program Level (P.L.) and Budget Authority (B.A.)  
(Dollars in Millions)**

Program	2010		2011		2012	
	<u>Enacted</u>		<u>Estimate</u>		<u>Budget</u>	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
GSM-102 Guarantees.....	\$3,090	0	\$5,400	0	\$5,400	0
Facilities Financing Guarantees.....	0	0	100	\$18	100	0
Total, CCC Export Credit.....	\$3,090	0	\$5,500	\$18	\$5,500	0

**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 \$5.5 billion for CCC export credit guarantees in 2012. This estimate reflects the level of sales expected to be registered under the export credit guarantee programs. However, the actual level of programming could vary from this estimate, depending upon program demand, market conditions, and other relevant factors during the course of the year. No budget authority is provided as the program has a negative estimated budget subsidy for 2012.

Of the total program level for export credit guarantees expected to be issued by CCC in 2012, \$5.4 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 \$100 million for facility financing guarantees in 2012. 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.

**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 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, which is carried out under the authority of the CCC Charter Act, provides foreign importers with a better understanding and appreciation of the characteristics of U.S. agricultural products. The budget includes \$2.5 million of funding for the program in 2012.



## FARM AND FOREIGN AGRICULTURAL SERVICES

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Under the Market Access Program (MAP), CCC funds are used to reimburse participating organizations for a portion of the cost of carrying out overseas marketing and promotional activities, such as consumer promotions. MAP participants include nonprofit agricultural trade organizations, State-regional trade groups, cooperatives, and private companies that qualify as small businesses. MAP has a brand promotion component that provides export promotion funding to 600-800 small companies annually and thereby contributes to the National Export Initiative objective of expanding the number of small and medium-sized entities that export. For 2012, the budget provides \$200 million for MAP, consistent with provisions of the 2008 Farm Bill.

The Emerging Markets Program (EMP) 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. For 2012, the budget includes funding of \$10 million for EMP.

The Foreign Market Development (Cooperator) Program provides cost-share assistance 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 MAP, Cooperator Program activities are carried out on a generic commodity basis and do not include brand-name or consumer promotions. Consistent with provisions of the 2008 Farm Bill, a funding level of \$34.5 million is provided for the Cooperator Program in 2012.

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 sanitary, phytosanitary, or related technical barriers to trade. As authorized in the 2008 Farm Bill, the budget maintains funding for TASC at the 2011 level of \$9 million.

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

Based on current market conditions and the continued competitiveness of U.S. dairy exports, the budget assumes that no DEIP bonus payments will be made in 2011 and 2012. However, should conditions warrant, CCC funding can be made available to the program up to the maximum annual level authorized under U.S. commitments to the World Trade Organization.

**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.

## FARM AND FOREIGN AGRICULTURAL SERVICES

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**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. The 2012 budget provides funding of \$200.5 million for the McGovern-Dole program. At this level, the program is expected to assist as many as 5 million women and children in 2012.

**Food for Peace Act (P.L. 480).** Assistance provided under the authority of the Food for Peace Act is a primary means by which the United States provides foreign food assistance. Also known as P.L. 480, the assistance is authorized to be 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 (WFP) of the United Nations. The Title II program is administered by the U.S. Agency for International Development (USAID).

For 2012, the budget provides funding of nearly \$1.7 billion for P.L. 480 Title II food assistance, unchanged from the 2011 level. No funding is requested for Title I credit sales and grants.

**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 2012 budget assumes that \$156 million of CCC funding will be used to support the Food for Progress program, which is expected to support nearly 180,000 metric tons of commodity assistance.

**Bill Emerson Humanitarian Trust.** The Bill Emerson Humanitarian Trust (the Trust) is a commodity and/or monetary reserve designed to ensure that the United States can meet its international food assistance commitments under P.L. 480 Title II. The Trust's assets can be

## FARM AND FOREIGN AGRICULTURAL SERVICES

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released any time the Administrator of USAID determines that P.L. 480 Title II funding for emergency needs is inadequate to meet those needs in any fiscal year.

When a release from the Trust is authorized, the Trust's assets (whether commodities or funds) cover all commodity costs associated with the release. All non-commodity costs, including ocean freight charges; internal transportation, storage, and handling overseas; and certain administrative costs are paid for by CCC.

During 2010, no assistance was provided using the Trust's authority, and none has been provided to date in 2011. As of December 31, 2010, the Trust held \$311 million of cash and no commodities.

**Local and Regional Commodity Procurement Pilot Program.** The 2008 Farm Bill authorizes and provides CCC funding for a limited, field-based pilot program of local and regional procurement of food aid commodities for distribution overseas. Under the program, which is authorized through 2012, grants are provided to private voluntary organizations, cooperatives, and the World Food Program that undertake the procurement activities. During 2010, FAS issued \$24 million of grants for procurement projects in 12 countries in sub-Saharan Africa and Central America. Consistent with provisions of the Farm Bill, the budget provides \$25 million to continue field-based projects in 2011 and \$5 million in 2012 to support an independent third-party evaluation of the projects that were undertaken under the pilot program.

**Trade Adjustment Assistance (TAA) for Farmers.** Under the TAA for Farmers Program, which was originally authorized by the Trade Act of 2002 and extended by the American Recovery and Reinvestment Act of 2009 and more recently the Omnibus Trade Act of 2010, USDA is authorized to provide assistance to eligible producers of raw agricultural commodities and fishermen when production in the most recent marketing year yields less than 85 percent of the average national price, production quantity, value of production, or cash receipts for such commodity for the 3 preceding marketing years, and increases in imports contributed importantly to such declines, as determined by the Secretary.

TAA for Farmers provides producers of raw agricultural commodities and fishermen, who have been adversely affected by import competition, free technical assistance, the reimbursement of certain travel and per diem costs associated with training, and cash benefits of up to \$12,000 linked to the development and implementation of approved business adjustment plans. The program covers farmers, livestock producers, fish farmers, and fishermen competing with like or directly competitive imported products.

During 2010, \$90 million of TAA funding was obligated for the costs of implementing the program, including the costs of providing technical assistance and cash payments to eligible producers. Commodity groups approved for TAA assistance in 2010 included asparagus, catfish, and shrimp. For 2011, the Recovery Act authorized \$22.5 million for the program through December 31, 2010. The recently enacted Omnibus Trade Act of 2010 authorizes the TAA program for the period January 1 through February 12, 2011, and provides \$10.4 million for the program during this period.

## FARM AND FOREIGN AGRICULTURAL SERVICES

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

Program	2010 Enacted	2011 Estimate	2012 Budget
Agricultural Exports.....	\$123	\$123	\$151
New Technologies.....	23	23	25
Food Security.....	38	38	42
Climate Change.....	3	3	3
Agricultural Reconstruction and Stabilization.....	<u>a/</u>	<u>a/</u>	15
Total, Appropriated Programs.....	187	187	236
FAS Computer Facility and Other IRM Costs			
Funded by CCC.....	24	24	19
Development Assistance Programs Funded by			
AID and Other Organizations.....	71	77	73
Agricultural Reconstruction and Stabilization Activities funded			
by USAID and the Dept. of State.....	39	202	36
Other Reimbursable Agreements.....	36	41	29
Total, Reimbursable Program Activity.....	170	344	157
Total, FAS Salaries and Expenses.....	\$357	\$531	\$393

a/ Funded through Departmental Administration at \$13 million.

Agricultural exports make a critical contribution to the prosperity of local and regional economies across rural America through increased sales and higher commodity prices. Every \$1 billion worth of agricultural exports supports an estimated 8,000 jobs and \$1.4 billion in economy activity. Because of this important role, the Department is working to reduce non-tariff trade barriers in five major export markets and increase U.S. agricultural exports by \$2 billion per year in those markets.

A key component of FAS' work to facilitate access to overseas markets 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 Sanitary and Phytosanitary (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.

There can be considerable year-to-year variability in the dollar value of trade preserved, particularly in the case of SPS measures and technical barriers to trade, such as biotechnology-related trade measures. Biotechnology-related measures, in particular, affect major U.S. export

## FARM AND FOREIGN AGRICULTURAL SERVICES

commodities, such as rice, corn, soybeans, and cotton, and the economic significance of a single trade disruption with a major market can be substantial. High commodity prices can also affect the annual level of trade preserved. This variability is evident in the substantially higher value of trade preserved during 2008 and 2009. The threat to U.S. agricultural exports from non-science based SPS barriers continues to grow and can impact billions of dollars of trade. USDA actions in 2008 and 2009 maintained soybean exports to China worth \$6.3 billion in 2008 and \$7.4 billion in 2009.

Key Performance Measure	2007	2008	2009	2010	2011	2012
Dollar value of agriculture trade preserved through trade agreement negotiation, monitoring, and enforcement (\$ Billions)						
Non-SPS Activities	\$0.7	\$0.5	\$0.4	\$0.5	\$0.5	\$0.6
Value of trade preserved annually through USDA staff interventions leading to resolution of barriers created by SPS or Technical Barrier to Trade measures (\$ Billions)						
SPS-Related Activities <sup>a/</sup>	<u>2.5</u> \$3.2	<u>7.3</u> \$7.8	<u>9.5</u> \$9.9	<u>3.6</u> \$4.1	<u>4.0</u> \$4.5	<u>4.3</u> \$4.9

<sup>a/</sup> In 2008 and 2009, includes soybean exports to China.

FAS conducts its activities and programs through offices in Washington, D.C. and at 99 overseas locations. The overseas offices represent and advocate for U.S. agricultural interests; provide reporting on agricultural policies, production, and trade for about 150 countries; assist U.S. exporters, trade groups, and State export marketing officials in their trade promotion efforts; and help to implement technical assistance and trade capacity building programs that contribute to increased food security.

The budget provides an appropriated funding level of \$236 million for FAS activities in 2012, an increase of \$49 million above 2011. Of particular note, increased funding is provided to expand export promotion activities, maintain the agency's overseas presence at current levels, improve information technology (IT) network support at its overseas offices, and support USDA's participation in reconstruction and stabilization activities in Afghanistan, Iraq, and other food insecure countries.

**Export Promotion.** The FAS budget includes \$20 million in discretionary funding for trade expansion and promotion activities as part of the National Export Initiative (NEI). The NEI is a government-wide effort to double U.S. exports over the next five years in order to spur economic growth and employment opportunities. Among its components are the expansion of trade advocacy and promotion activities with a particular focus on assisting small- and medium-sized

## FARM AND FOREIGN AGRICULTURAL SERVICES

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enterprises; improved access to export credit financing; the removal of trade barriers to expand export opportunities; and enhanced enforcement of international trade agreements. With increased funding, FAS will further the NEI's objectives by bolstering its trade compliance monitoring and enforcement activities, expanding its exporter assistance and education efforts, supporting state organized trade missions, and enhancing its in-country market access and promotion activities.

**Overseas Operating Costs.** The budget provides \$9.3 million for increased operating costs at FAS' overseas posts. Of this, \$7.6 million is for increased payments to the Department of State for administrative services provided at overseas posts. FAS has no administrative staff overseas and, therefore, relies on the Department of State and other agencies for the provision of those services.

**Overseas IT Network Support.** An increase of \$4 million is provided for FAS to contract with the Department of State for overseas IT network support and maintenance. This will allow FAS to take advantage of the secure information system infrastructure that is operated and maintained by the State Department and ensure that sensitive agency information is fully protected.

**Cochran and Borlaug Fellowship Programs.** The budget provides increased funding of \$1.5 million for the Cochran and Borlaug Fellowship Programs. These programs provide training and collaborative research opportunities in the United States for foreign agricultural researchers, policy officials, and other agricultural specialists and thereby help to advance U.S. global food security and trade policy objectives. Under these proposals, as many as 600 individuals will be able to participate in and benefit from these programs.

**Agricultural Reconstruction and Stabilization.** The FAS budget also includes \$14.6 million to support the Department's participation in reconstruction and stabilization activities in Afghanistan and Iraq, as well as other food insecure countries. In prior years, this funding was provided to Departmental Management but is now requested in the FAS budget because FAS has assumed full management of the operational and policy components of USDA's reconstruction and stabilization activities. FAS coordinates closely with the Department of State which sets overall operational and administrative policies for activities in those two countries. Transferring the funding for these activities to FAS provides for more efficient operations and is consistent with how the Department is now managing them.

USDA is supporting implementation of the President's strategies for Afghanistan and Iraq by providing technical experts who serve as advisors to key government ministries and serve on civilian-military command units, including Provincial Reconstruction Teams, working with farmers and local agricultural officials throughout the countries. Their work is essential for stabilizing strategic areas of the country, building government capacity, ensuring the successful management of assistance programs, and addressing the issue of food insecurity. Consistent with these efforts, the Department is working to increase the number of Afghan provinces that are deemed "generally food secure" from an annual average of 11 in 2008 to an annual average of 14 by the end of 2011.

## **FARM AND FOREIGN AGRICULTURAL SERVICES**

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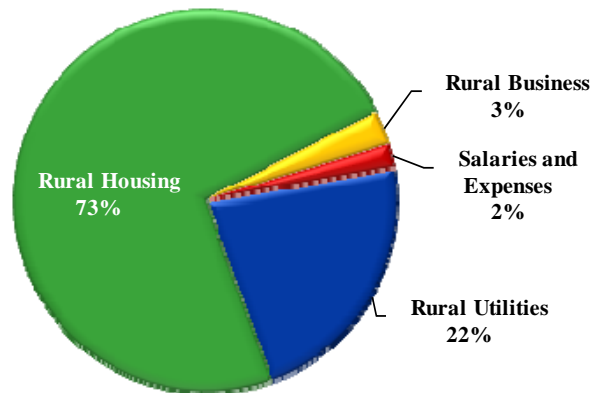
In addition, the budget includes an estimated \$157 million in funding to be made available to FAS through reimbursable agreements. The largest components of this are funding for technical assistance, training, and research activities that FAS carries out overseas on behalf of USAID, foreign governments, and international organizations, and agricultural reconstruction and stabilization activities that are funded by USAID and the Department of State. Although funded by other agencies, these activities are an important component of the Department's efforts to support economic development and enhance food security in developing countries.

# RURAL DEVELOPMENT

## MISSION AND RELATIONSHIP TO STRATEGIC GOAL

Rural communities and businesses are implementing innovative technologies and modernizing infrastructure to create jobs, develop new markets, and increase competitiveness, while conserving the Nation's natural resources and providing a safe, sufficient and nutritious food supply for the country and the world. As a leading advocate for rural America, USDA is at the forefront of developing the technology and tools necessary to transform rural America to take advantage of new opportunities. All of the funding for USDA's Rural Development (RD) programs contributes to the Strategic Goal of assisting rural communities to create prosperity by providing financial and technical assistance to rural residents, businesses, and private and public entities for a broad range of purposes that bring prosperity and better living to Rural America. These programs are grouped within three agencies: (1) the Rural Business-Cooperative Service (RBS), which provides assistance for the development of business and industry, including small businesses, and is currently implementing new loan guarantee and payment programs specifically designed for renewable energy and energy improvement projects; (2) the Rural Utilities Service (RUS), which provides assistance for water and waste disposal, rural electric and telecommunications, including broadband access; and (3) the Rural Housing Service (RHS), which provides assistance for home ownership, multi-family housing and essential community facilities such as health and public safety infrastructure.

**Rural Development**  
2012 Program Level - \$36 Billion



The type of assistance offered includes direct loans, loan guarantees, grants, technical assistance and payments. Some programs provide assistance to intermediaries that make loans or provide technical assistance to the ultimate beneficiaries. Several of the programs require or encourage recipients to contribute their own resources or obtain third-party financing to support the total cost of projects, in which case these programs leverage the Government's support with private sector financing.

The cost of programs that provide direct or guaranteed loans depends upon a number of factors, including what prevailing interest rates are, whether the interest rate on the loans is subsidized by the Government, whether there are fees and how much risk of loss is involved. In the tables, the



## **RURAL DEVELOPMENT**

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budget authority for each program reflects the cost to the Government to support the loan level. Several of the loan programs operate at little or no cost to the Government. These programs account for most of the financial assistance that RD provides. They also impose a responsibility on RD to ensure that these loans are repaid within the parameters reflected in the subsidy rates applied at the time the loans were made.

RD delivers its programs through a network of approximately 450 area offices and 47 State offices, a centralized servicing center and finance office in St. Louis, Missouri, and a national office. The 2012 budget includes about \$2.4 billion in budget authority to support a program level of \$36 billion in loans, grants and other assistance.

## RURAL DEVELOPMENT

### RURAL BUSINESS - COOPERATIVE SERVICE (RBS)

#### Program Level (P.L.) and Budget Authority (B.A.)

(Dollars in Millions)

Program	2010		2011		2012	
	Enacted		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
<b>Discretionary:</b>						
Business and Industry Guaranteed Loans .....	\$993	\$53	\$1,046	\$53	\$823	\$53
Rural Business Enterprise Grants.....	39	39	39	39	30	30
Rural Business Opportunity Grants.....	2	2	2	2	7	7
Delta Regional Authority Grants.....	3	3	3	3	0	0
Intermediary Relending Program.....	34	8	22	8	36	12
Rural Economic Development:						
Direct Loans.....	33	0	33	0	33	0
Grants.....	10	0	10	0	10	0
Rural Microentrepreneur Assistance Program (Sec. 6022):						
Guaranteed Loans.....	12	3	12	3	23	4
Grants.....	3	3	3	3	2	2
Rural Cooperative Development Grants.....	14	14	14	14	16	16
Value-added Ag. Product Market Development .....	20	20	20	20	20	20
Rural Energy for America Program (Sec. 9007):						
Guaranteed Loans.....	144	20	42	20	11	3
Grants.....	20	20	20	20	34	34
Subtotal, RBS Programs.....	1,327	185	1,266	185	1,045	181
Salaries and Expenses.....	5	5	5	5	5	5
Total, Ongoing Programs.....	1,332	190	1,271	190	1,050	186
<b>Mandatory:</b>						
Farm Bill:						
Biorefinery Assistance Guaranteed Loans (Sec. 9003).....	691	245	0	0	0	0
Rural Energy for America Loans (Sec. 9007).....	159	22	73	34	130	34
Rural Energy for America Grants (Sec. 9007).....	38	38	36	36	36	36
Bioenergy for Advanced Biofuels (Sec. 9005).....	55	55	85	85	105	105
Rural Microentrepreneur Assist. Loans (Sec. 6022)....	14	3	9	2	9	1
Rural Microentrepreneur Assist. Grants (Sec. 6022)....	1	1	2	2	2	2
Total, Mandatory Programs.....	958	364	205	159	282	178
Total, RBS Programs.....	\$2,290	\$554	\$1,476	\$349	\$1,332	\$364

RBS administers RD's rural business and cooperative services programs. The primary purpose of these programs is to promote economic development.

**Regional Innovation Initiative.** The 2012 budget strongly supports strategic leveraging of existing resources to strengthen rural communities through the Regional Innovation Initiative (RII). Efforts will focus on the planning and coordination of USDA and other sources of assistance for rural communities. This initiative recognizes that individual communities are

## RURAL DEVELOPMENT

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often affected by linkages to the other communities within regions and that working together can produce more prosperity for all. RD will provide leadership for this initiative.

**Healthy Food Financing Initiative.** This initiative is designed to support local and regional efforts to increase access to healthy foods, particularly for the development of grocery stores and other healthy food retailers in urban and rural food deserts and other underserved areas. Several RD programs are included in this initiative along with Agricultural Marketing Service programs and are expected to be utilized to provide financing for grocery stores and other related infrastructure.

**Business and Industry Guaranteed Loan Program.** The Business and Industry (B&I) guaranteed loan program, the largest program level of the RBS programs, provides protection against loan losses so that lenders are willing to extend credit to establish, expand, or modernize rural businesses. The 2012 budget supports a program level of \$823 million in B&I loan guarantees, a reduction of \$223 million from the 2011 level due to subsidy rate changes. Funding in the B&I program will focus on supporting high priority areas of the Administration such as Regional Innovation and Healthy Food Financing initiatives, local and regional food systems, renewable energy and the expansion of broadband deployment.

**Rural Business Enterprise Grant Program.** The Rural Business Enterprise Grant program provides grants for rural projects that finance and facilitate development of small and emerging rural businesses. The 2012 budget provides \$30 million for grants, a reduction of \$9 million from the FY 2011 level. The program will also provide support to the Regional Innovation and Healthy Food Financing initiatives.

**Rural Business Opportunity Grant Program.** The Rural Business Opportunity Grant program has been the main vehicle used to support the Regional Innovation Initiative. Selected regions will develop comprehensive regional strategies that promote sustainable economic development in rural communities with exceptional needs through training and technical assistance for business development, entrepreneurs, and economic development officials and to assist with economic development planning. The 2012 budget provides \$7.5 million for grants, an increase of \$5 million above the 2011 level. The additional funding is provided in support of RII.

**Intermediary Relending Program.** 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 2012 budget supports a program level of \$36 million in direct loans, an increase of \$14 million from the 2011 level. The program will also provide support for the RII and Healthy Food Financing Initiatives.

**Rural Microentrepreneur Assistance Program.** The Rural Microentrepreneur Assistance Program provides one percent direct loans and grants to microenterprise development organizations (MDOs). The loans will be used to establish reserves for relending to microentrepreneurs, and the grants are made to the MDOs which may relend a portion to provide training, operational support, business planning, and market development assistance. The 2012 budget includes \$5.7 million in discretionary funding. This funding will support about

## RURAL DEVELOPMENT

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\$23 million in loans and \$2.2 million in grants. Including the \$3 million in mandatory budget authority funding, the total funding available in 2012 for this program is \$32 million in loans and \$4 million in grants.

**Rural Cooperative Development Grant Program.** The 2012 budget includes \$15.5 million for this program, a \$1 million increase over the 2011 level. The funding provided will be used to support distribution systems for locally produced products and the development of new cooperatives. The funding level will continue to provide support for rural cooperative centers and provide grants to assist small socially disadvantaged producers at the 2011 level.

**Value-Added Producer Grants.** The 2012 budget maintains the Value-Added Producer Grants program at the 2011 level of \$20 million. The program provides grants for a wide range of value-added projects, including those that change the physical state of agricultural products or the way such products are marketed. Ten percent of the funding is reserved for mid-tier marketing chains. The program will also provide support for the RII.

**Rural Energy for America Program (Section 9007).** RBS has operated a renewable energy loan and grant program for the purchase of renewable energy systems and energy efficiency improvements since the passage of the 2002 Farm Bill. Section 9007 of the Farm Bill implemented the Rural Energy for America Program (REAP). REAP provides similar assistance as its predecessor program, the Renewable Energy and Energy Efficiency Improvement Program; however, REAP can now offer funding for energy audits and feasibility studies. The Farm Bill provides mandatory funding that will support a program level of \$130 million in loans and \$36 million in grants for 2012, about \$57 million in program level above the 2011 level. In addition, the 2012 budget supports a discretionary program level of \$11 million in loan guarantees and \$34 million in grants.

All the funding for RD programs is expected to save or create jobs; however, only the business programs collect data on jobs rather than use a common multiplier to estimate them. The table below reflects performance for 2010 and projections for 2011 and 2012. The projections are subject to change.

Key Performance Measure	2007	2008	2009	2010	2011	2012
Number of jobs created or saved through USDA financing of businesses	72,710	71,100	68,185	68,894	72,873	81,386

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Note: Performance includes other RBS loan and grant programs that were not identified in the text.

## RURAL DEVELOPMENT

### RURAL UTILITIES SERVICE (RUS)

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

Program	2010		2011		2012	
	Enacted		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
<b>Discretionary:</b>						
Electric Programs:						
Direct Loans.....	\$7,100	0	\$6,600	0	\$6,100	0
Telecommunications Programs:						
Direct Loans.....	690	0	690	0	690	0
Distance Learning and Telemedicine Programs:						
Grants.....	38	\$38	38	\$38	30	\$30
Broadband Programs:						
Direct Loans.....	400	29	519	29	0	0
Grants.....	18	18	18	18	18	18
High Energy Costs Grants .....	18	18	18	18	0	0
Water and Waste Disposal Programs:						
Direct Loans.....	1,022	77	898	77	770	74
Guaranteed Loans .....	75	0	75	0	12	a/
Grants .....	474	474	474	474	415	415
Subtotal, Water and Waste.....	1,571	551	1,447	551	1,197	489
Subtotal, RUS programs.....	9,835	654	9,330	654	8,035	537
Salaries and Expenses.....	40	40	40	40	40	40
Total, Ongoing Discretionary Programs.....	9,875	694	9,370	694	8,075	577

a/ Less than \$0.5 million.

**Electric and Telecommunications Programs.** 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 holds a lien. There are a number of ways USDA's electric program can be used to support energy conservation and efficiency projects. The 2008 Farm Bill amended the Rural Electrification Act (REA) to make electric program funding available for these purposes. Loans can be made to electric cooperatives that, in turn, offer rebates or provide loans to their customers for energy conservation and efficiency projects. There is also a provision in the REA to provide deferments on certain electric loans for these purposes. The Rural Economic Development Loan and Grant (REDLG) program that is administered by RBS also provides funding for electric cooperatives that may be used to support energy conservation and efficiency projects.

## RURAL DEVELOPMENT

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The 2012 budget provides \$6.1 billion for electric loans. Of this amount up to \$2 billion will be available to support environmental upgrades to existing fossil fuel electric generation facilities to significantly reduce carbon emissions. Of the remaining funds, \$4.0 billion will be used for generation, transmission, and distribution of renewable energy. Loan funds can also be used to purchase or construct peaking units at electric generating plants in conjunction with an electric generating plant that produces electricity from solar, wind or other intermittent source of energy. Funding can be used to support the transformation from fossil fuels to renewable technologies. Allowing financing for environmental upgrades will support the continued development of a national renewable strategy. No loan funds are provided for new construction of base load generation from coal or natural gas. Loans for nuclear power generation will continue to be handled by the Department of Energy.

The electric program performance indicator identifies the number of borrowers/subscribers receiving new and/or improved electric service. This measure includes the improvement of existing facilities, as many facilities are improved several times over their estimated useful life, which results in a larger number of people being served than actually live in the service territories.

Key Performance Measure	2007	2008	2009	2010	2011	2012
Number of borrowers/subscribers receiving new and/or improved electric facilities (millions)	5.8	8.1	9.8	9.4	6.1	5.6

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The 2012 budget also supports \$690 million in telecommunications loans, which is the same as 2011 and also expected to be sufficient to meet demand. These loans are used for the improvement and construction of telecommunication facilities that meet broadband standards, although they are not meant to be used for all broadband purposes.

The performance indicator displays performance information for the traditional telecommunications and broadband loan programs. The increase in performance related to fiscal year 2009 is a direct result of funding provided by the Recovery Act for broadband projects.

Key Performance Measure	2007	2008	2009	2010	2011	2012
Number of borrowers/subscribers receiving new or improved telecommunication services (millions)	0.36	0.78	0.18	0.14	0.30	0.13

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**Broadband, Distance Learning and Telemedicine.** The Broadband program provides financing to support new or improved broadband access across rural America. The Distance Learning and Telemedicine Grant Program is designed specifically to assist rural communities that would otherwise be without access to learning and medical services over the Internet.

## RURAL DEVELOPMENT

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The 2012 budget does not provide funding for broadband loans as significant carryover balances are available as a result of USDA focusing on implementing the Recovery Act programs over the last two years. About \$1.221 billion in loan funds will be available from these carryover balances. The 2012 budget includes \$18 million for Broadband grants and \$30 million for grants under the Distance Learning and Telemedicine program. The overall reduction of \$37 million in funding from 2011 reflects termination of the grants for analog conversion, healthcare services grants and no funding for broadband loans.

**High Energy Cost Grants.** The intent of this program is to provide funding for energy and other rural development purposes in areas that have high energy costs. No funding is provided for this program because only a limited number of States can qualify and the purposes of the program can be met through other RD programs.

**Water and Waste Disposal Program.** The Water and Waste Disposal Program provides financing for rural communities to establish, expand or modernize water treatment and waste disposal facilities. These facilities provide safe drinking water and sanitary waste disposal for residential users, and help communities thrive by attracting new business. Projects are designed to improve the energy efficiency of the water and waste facilities and to improve water conservation efforts.

Eligibility is limited to communities of 10,000 or less in population that are unable to obtain credit elsewhere. In addition, financing is available only to those communities with low median household income levels. Priority is given to public entities serving areas with less than 5,500 population and applying for loans to restore a deteriorating water system or improve, enlarge or modify an inadequate waste facility. Grants are limited to a maximum of 75 percent of project costs. 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 and user costs. Grants are also provided for solid waste disposal and technical assistance and training.

The 2012 budget provides \$489 million in budget authority to support \$770 million in direct loans, \$12 million in guaranteed loans, and \$415 million in grants for a total program level of about \$1.2 billion.

<b>Key Performance Measure</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Number of borrowers/subscribers receiving new or improved service from agency funded water facility (millions)	1.3	4.4	3.4	3.9	1.4	1.2

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## RURAL DEVELOPMENT

### RURAL HOUSING SERVICE (RHS)

#### Program Level (P.L.) and Budget Authority (B.A.)

(Dollars in Millions)

Program	2010		2011		2012	
	Enacted		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
<b>Discretionary:</b>						
Single Family Housing:						
Direct Loans (Sec. 502).....	\$1,122	\$41	\$650	\$41	\$211	\$10
Guaranteed Loans (Sec. 502) <u>a/</u> .....	11,962	173	24,000	173	24,000	0
Multi Family Housing:						
Direct Loans (Sec. 515).....	70	19	56	19	95	32
Guaranteed Loans (Sec. 538).....	129	1	15	1	0	0
Very Low-Income Repair (Sec. 504):						
Direct Loans .....	34	4	23	4	0	0
Grants .....	32	32	32	32	12	12
All Other Direct Loans.....	21	<u>b/</u>	11	<u>b/</u>	0	0
Grants and Payments:						
Rental Assistance (Sec. 502 and 521).....	980	980	980	980	907	907
Mutual and Self-Help (Sec. 523).....	42	42	42	42	0	0
Multi-Family Housing Revitalization .....	48	43	63	43	16	16
All Other Grant and Loan programs.....	14	14	14	14	0	0
Farm Labor Housing Program:						
Direct Loans (Sec. 514).....	27	10	26	10	27	9
Grants (Sec. 516).....	10	10	10	10	10	10
Community Facilities Programs:						
Direct Loans.....	295	4	291	4	1,000	0
Guaranteed Loans.....	206	7	168	7	0	0
Grants .....	44	44	44	44	38	38
Subtotal, RHS Programs.....	15,036	1,424	26,425	1,424	26,316	1,034
Salaries and Expenses.....	469	469	469	469	412	412
Total, Ongoing Discretionary Programs.....	<u>\$15,505</u>	<u>\$1,893</u>	<u>\$26,894</u>	<u>\$1,893</u>	<u>\$26,728</u>	<u>\$1,446</u>

a/ Beginning in FY 2011, the program operates under a fee structure similar to HUD with no cost to the government. The 2011 CR maintains the 2010 BA, but this program does not need BA.

b/ Less than \$0.5 million.

**Single Family Direct and Guaranteed Loan Programs.** The Single Family Housing program provides direct and guaranteed loans to low and moderate income families in rural areas. RHS is the only Federal agency that provides direct loans for this purpose. Direct loans are limited to families with incomes less than 80 percent of area median income. The interest rate on these



## RURAL DEVELOPMENT

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loans may be subsidized down to one percent interest. Guaranteed loans are limited to families with incomes less than 115 percent of area median income.

The interest rate on these loans is negotiated between the borrower and the private lender. For 2012, the budget assumes a fee structure for the single family housing guarantees to be more consistent with that of HUD's FHA guaranteed loan program. The up-front fee on new purchase loans will be 2 percent, but an annual fee of .3 percent will be added to both new and refinanced loans. The up-front fee for refinanced loan guarantees will continue to be 1 percent. The new fee structure serves to reduce the overall subsidy cost of the loans without adding significant burden to the borrowers, given that the up-front fee may be financed and repaid over a long period. The introduction of an annual fee will be a nominal amount added to the monthly payment.

Due to a less labor-intensive process and larger loan levels, the guaranteed loan program provides greater impact on a National level. Demand for these loans has increased, as demonstrated by the rapid increase of guaranteed loan level by \$20 billion in the last five years. Accordingly, USDA plans to provide single family housing assistance primarily through loan guarantees in 2012 with a \$24 billion loan level. USDA's single family housing direct loan program is funded at \$211 million, which will now be targeted for various initiatives within the Administration's priorities. Combined, these funds will ensure that support will continue for rural residents who seek access to mortgage credit. The direct and guaranteed loan programs are expected to provide over 173,000 homeownership opportunities in 2012.

The performance measure below displays the number of homeownership opportunities that Rural Development has provided during the fiscal year. In the past, these programs have received additional funding through supplemental appropriations for disaster relief efforts that affected the performance information.

Key Performance Measure	2007	2008	2009	2010	2011	2012
Homeownership opportunities provided	43,942	67,420	56,613	127,735	186,015	173,817

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## RURAL DEVELOPMENT

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**Multi-Family Housing Programs.** The Multi-Family Housing program provides financing for rental housing projects and rental assistance payments for low-income tenants of those projects. The portfolio currently includes about 16,000 projects that provide housing for about 449,000 low-income tenants, many of whom are elderly. The average annual income of tenants is about \$8,000.

The 2012 budget fully funds only the direct multi-family housing loan programs, which reach lower income families. The guaranteed loan program has proven to be redundant with similar HUD programs and has had higher costs than anticipated. Accordingly, the 2012 budget includes program level of \$95 million in multi-family direct loans, an increase of \$39 million over 2011. The 2012 budget proposes to terminate funding for the Section 538 guaranteed loans. Farm Labor housing loans and grants are maintained at approximately the same program levels as in 2011.

The multi-family housing voucher program would be continued at a level of \$16 million. This program provides one-year vouchers to protect the rents of tenants affected by projects leaving the program.

Most multi-family housing projects that are financed with direct loans also receive Rental Assistance Payments. The payments are used to reduce the rents of low-income families to no more than 30 percent of their income. These payments are made through contracts with project sponsors. The 2012 budget includes \$907 million to renew about 204,000 expiring contracts and provide new contracts on both Section 515 and Farm Labor Housing.

**Other Housing Programs.** The 2012 budget funds single family housing activities primarily through the Section 502 single family housing guaranteed loan program. Correspondingly, RHS's very small loan program is not being funded in 2012. This will allow the RHS staff to focus on the programs that most effectively achieve USDA's housing goals. The programs that are not funded include: housing repair loans; self-help housing loans; self-help housing grants; housing assistance grants (except housing repair grants which is reduced to \$11.5 million); and loans to deal with inventory property referred to as "credit sales".

**Community Facilities Loan and Grant Programs.** RHS also administers the Community Facilities program that provides funding for a wide range of essential Community Facilities. Priority is given to health and public safety facilities and in 2012 to education facilities. The program serves rural communities of up to 20,000 in population.

The 2012 budget provides increased funding for Community Facilities programs with \$1 billion in direct loans, \$30 million in regular grants, and \$8.4 million for rural Community Development Initiative grants. No funding is provided for the loan guarantees. The funding provides an increase of \$536 million in program level from 2011. Funding is provided for direct rather than guaranteed loans due to the higher subsidy cost of the guaranteed program.

The performance measure below measures the percent of rural residents who are provided with improved essential community services such as health, safety, and educational facilities. Program funding and performance is relatively consistent from year to year.

## RURAL DEVELOPMENT

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<b>Key Performance Measure</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Percentage of customers who are provided access to new and/or improved essential community facilities –						
Health Facilities	5.2	5.3	5.4	3.2	3.2	5.4
Safety Facilities	2.7	2.8	5.0	3.2	3.2	5.0
Educational Facilities	N/A	N/A	3.5	3.8	3.0	3.5

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## RURAL DEVELOPMENT

### RURAL DEVELOPMENT SALARIES AND EXPENSES

**Budget Authority**  
**(Dollars in Millions)**

<b>Program</b>	<b>2010 Enacted</b>	<b>2011 Estimate</b>	<b>2012 Budget</b>
Salaries and Expenses:			
Appropriation.....	\$202	\$202	\$234
Transfers:			
Rural Electric and Telecomm. Loan Program....	(40)	(40)	(40)
Rural Housing Insurance Fund Program.....	(468)	(468)	(412)
Rural Development Loan Fund Program.....	(5)	(5)	(5)
Subtotal, Transfers.....	<u>(513)</u>	<u>(513)</u>	<u>(457)</u>
Total, Salaries and Expenses.....	<u><u>\$715</u></u>	<u><u>\$715</u></u>	<u><u>\$691</u></u>

The 2012 budget provides a total of \$691 million for salaries and expenses related to carrying out RD programs, a \$24 million reduction in funding from the 2011 level. This level of funding will support a staff level of 5,850 in 2012, a 250 staff year reduction from the 6,100 staff level in 2011. Staff year reductions are expected to be realized through normal attrition.

The 2012 budget includes \$9 million for refresh of the Common Computing Environment (CCE) for the Service Center Agencies (SCAs). This funding will be used to continue the replacement of outdated components of the CCE, many of which have exceeded their expected life cycles, to reduce system vulnerabilities to failure and improve the performance and effectiveness of the shared infrastructure. These improvements will allow the SCAs to better serve program participants with a more flexible and reliable IT infrastructure. These IT upgrades will provide Rural Development with increased ease of program operations and will encourage efficiencies in business operations throughout the mission area.

The staff year reduction results from the elimination and reduction of some Rural Housing Insurance Fund (RHIF) programs. The decrease will be realized through the reduction of 250 staff years in headquarters and the field and will be managed through attrition, hiring controls, and the reduction of temporary staff, if necessary. In addition, further savings will be realized through administrative efficiencies obtained from the continuation of current information technology (IT) system modernization, reductions in advisory contracts, travel of people and things, printing, supplies, and equipment.

## **FOOD, NUTRITION, AND CONSUMER SERVICES**

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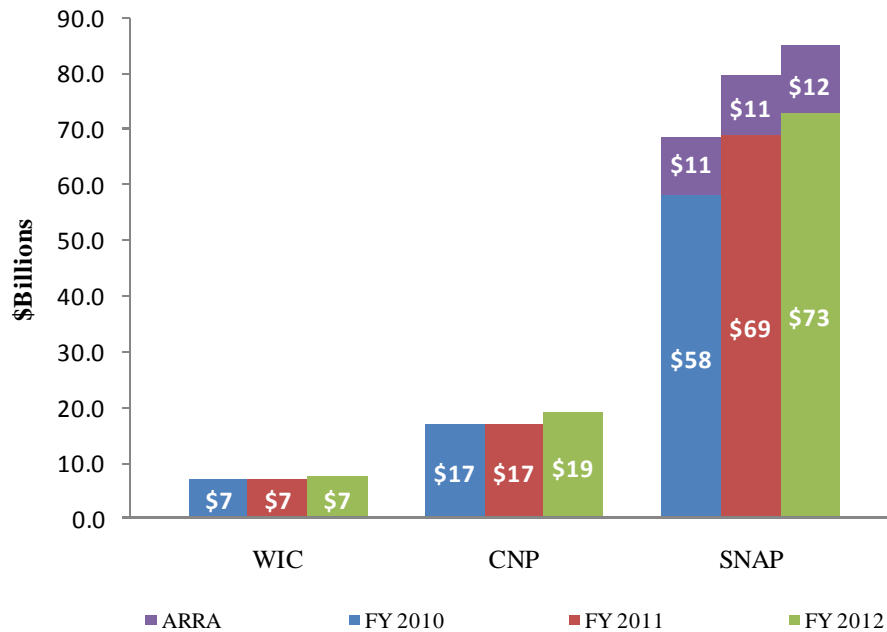
### **MISSION AND RELATIONSHIP TO STRATEGIC GOAL**

A plentiful supply of safe and nutritious food is essential to the well-being of every family and the healthy development of every child in America. Although most American households have access at all times to enough nutritious food for an active and healthy lifestyle, too many households, especially households with children, do not have sufficient resources to ensure this access, particularly under the current economic conditions. A November 2010 Economic Research Service report on 2009 showed that 988,000 children lived in households where one or more children do not get enough to eat, they had to cut the size of their meals, skip meals or even go whole days without food at sometime during the year. There were 562,000 in a similar, very-low-food security situation in 2000. In addition, too many children have poor diets and gain excessive weight. The Centers for Disease Control and Prevention latest available data shows that the prevalence of obesity has increased from the early 1970's to 2008. For all children 2 to 19 years of age, obesity increased from 5 percent 17 percent.

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 the USDA Strategic Goal to ensure that all of America's children have access to safe, nutritious, and balanced meals. FNS contributes significantly to two activities under this strategic goal, including: (1) increasing access to nutritious food; and (2) promoting healthy diet and physical activity behaviors. FNS is committed to increasing performance, efficiency, and alignment of USDA 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 in a manner that supports American agriculture and inspires public confidence. The mission of CNPP is to improve the health of Americans by developing and promoting dietary guidance that links the best evidence-based scientific research to the nutrition needs of consumers. In addition to providing access to nutritious food, FNS works to empower program participants with knowledge of the link between diet and health. FNS administers the Department's domestic nutrition assistance programs. Federal staff leverage their efforts by working with State and local partners to deliver nutrition assistance through the Supplemental Nutrition Assistance Program (formerly the Food Stamp Program); the Child Nutrition Programs – National School Lunch Program, School Breakfast Program, and the Child and Adult Care Food Program; and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); and other programs serving specialized needs. The Supplemental Nutrition Assistance Program provides basic assistance to help ensure low-income households have access to a secure and adequate diet. The other programs target specific groups of people with specialized needs or in special settings. Key performance measures for 2012 are to decrease the number of households with very low food security among children; increase the percentage of eligible people participating in the Supplemental Nutrition Assistance Program; increase the percentage of school children participating in the National School Lunch Program; decrease the prevalence of obesity among children and adolescents; and increase the amount of Supplemental Nutrition Assistance Program benefits redeemed at farmers markets.

### FNS Budget Authority



The 2012 budget provides funds for anticipated changes in participation and food cost inflation for the major programs. It emphasizes improving access and operations and improving the nutritional status of recipients. Both FNS and the 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*. Also, in 2012, USDA will coordinate with the Departments of Health and Human Services and Education to implement revised plans and strategies for addressing the problem of childhood obesity based on the *Dietary Guidelines for Americans* updated in 2010.

## FOOD, NUTRITION, AND CONSUMER SERVICES

### Food and Nutrition Service Budget Authority (Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>Discretionary:</b>			
Special Supplemental Nutrition Program (WIC).....	\$7,252	\$7,252	\$7,390
Commodity Assistance Program:			
Commodity Supplemental Food Program.....	171	171	177
The Emergency Food Assistance Program (TEFAP), Soup Kitchens, Food Banks.....			
	50	50	50
Infrastructure Grants.....			
	6	6	0
Farmers' Market Nutrition Program.....			
	20	20	20
Pacific Island Assistance and Disaster Assistance.....			
	1	1	1
IT Modernization and Support.....			
	0	0	2
Nutrition Services Incentive Program <u>a/</u> .....			
	3	0	0
Total, Commodity Assistance Program.....	251	248	250
Nutrition Programs Administration.....	148	148	170
Other Funding:			
Performance Bonus Payments to State Agencies.....	5	5	0
Bill Emerson Bill Emerson and Mickey Leland Hunger Fellowships.....	3	3	0
Child Nutrition Pilots.....	143	143	0
Total, Other Funding <u>b/</u> .....	151	151	0
Total, Discretionary Programs.....	7,802	7,799	7,810
<b>Mandatory:</b>			
Special Supplemental Nutrition Program (WIC).....	0	1	1
Supplemental Nutrition Assistance Program (SNAP) <u>c/</u> .....	58,278	68,893	73,184
Proposed Legislation - Extend the Able-Bodied Adult provision.....	0	0	92
Child Nutrition Programs <u>c/</u> .....	16,891	17,473	18,959
Farm Bill:			
Seniors Farmers' Market Nutrition Program.....	21	21	21
Recovery Act:			
Supplemental Nutrition Assistance Program.....	10,781	10,744	11,910
Supplemental:			
SNAP State Administrative Expenses <u>c/</u> .....	400	0	0
Total, Mandatory Programs.....	86,371	97,132	104,167
Total, FNS.....	\$94,173	\$104,931	\$111,977

a/ Funds are transferred from the Department of Health and Human Services, Administration on Aging. Funds for FY2012 cannot currently be determined and will be available in FY2012.

b/ Provided through general provisions in 2010 and included in the 2011 annualized continuing resolution level as a result of technical calculations.

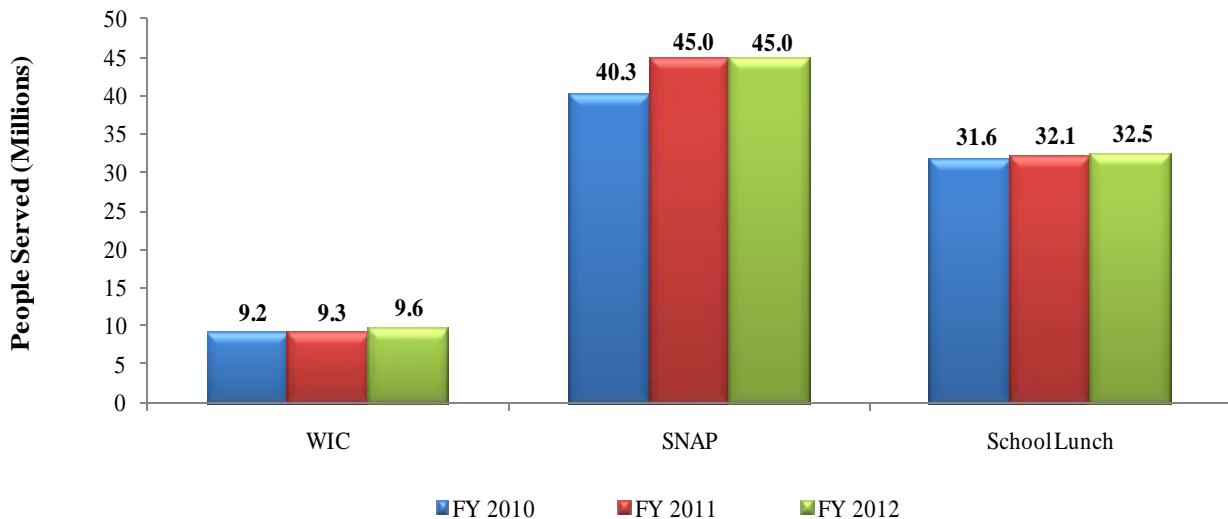
c/ Discretionary and Mandatory appropriations have been consolidated for illustrative purposes.

## FOOD, NUTRITION, AND CONSUMER SERVICES

The nutrition assistance programs work in concert to improve scores on cross-cutting performance measures of improved diet for the children and low-income people they serve.

Key Performance Measure	2007	2008	2009	2010	2011	2012
Application and usage level of nutrition guidance tools (billions of pieces of nutrition guidance distributed) Baseline: 2006 = 1.5	2.6	3.2	3.5	1.5	3.0	4.0

### People Served Through Nutrition Assistance Programs



**Supplemental Nutrition Assistance Program (SNAP).** For 2012, the budget anticipates participation leveling out at 45 million in 2011 and declining slightly in 2012, although still rounding to 45 million, owing to a gradually improving economy. The Recovery Act increased the maximum allotment by 13.6 percent, effective April 2009, a level to remain constant until the statutory SNAP benefit COLA would increase benefits above the Recovery Act levels, or October 31, 2013, whichever comes first. Consequently, the Department anticipates that the average per person benefit will remain relatively constant from 2010 through 2012. While State administrative costs are expected to grow from 2010 to 2011, the projected funding requirement for 2012 is expected to be similar to the 2011 levels.

Legislative language will be provided to extend the Recovery Act provision that eliminates the time limits for able-bodied adults without dependents for an additional year for a one-time cost of \$92 million. Additionally, the budget proposes to restore the SNAP benefit cuts included in the Healthy, Hunger-Free Kids Act of 2010, P.L. 111-296, which accelerated the sunset date of SNAP Recovery Act benefits to Oct. 31, 2013. This proposal would revert the sunset date back



## FOOD, NUTRITION, AND CONSUMER SERVICES

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to March 31, 2014 - the date these benefits would have expired prior to the enactment of P.L. 111-296.

SNAP will continue to 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. For 2012, \$9 million is included to improve application timeliness and integrity and \$7.5 million is requested specifically to help improve payment accuracy.

Key Performance Measure	2007	2008	2009	2010	2011	2012
Participation levels for the major Federal nutrition assistance programs (millions per month):						
Supplemental Nutrition Assistance Program	26.5	28.4	33.7	40.3	45.0	45.0

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The Department is continuing its efforts to improve payment accuracy, seeking to reach a payment accuracy rate of 96 percent in 2012. This will be achieved through working with stakeholders to implement best practices, focusing particularly on error prone areas.

Key Performance Measure	2007	2008	2009	2010	2011	2012
Improve SNAP payment accuracy rate						
Baseline: 2001 = 91.3%	94.4%	95.0%	95.6%	95.6%	95.6%	96.0%

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**Child Nutrition Programs.** Passage of the Healthy, Hunger-Free Kids Act of 2010, also provides opportunities to reform the school lunch and breakfast programs and improve the critical nutrition and hunger safety net for millions of children. This budget funds the changes as they become effective in 2012. Improving access to food for children and improving their eating habits are top priorities. The National School Lunch, School Breakfast, Summer Food Service, Special Milk, and Child and Adult Care Food Programs are central to fostering the change needed to achieve USDA's goal. Via subsidies for meals that meet nutritional requirements, these programs assist State and local governments in serving healthful, appealing meals and snacks to children in school and child care settings. The meals provided at child care centers and family daycare homes not only ensure access to nutritious foods and foster effective eating behavior, they also help support child care which helps working families with children. Most of the funding supports free or reduced price meals served to low-income children, although children from all income levels receive some assistance.

To further improve the nutritional quality of reimbursable meals served in school and child care, the Department contracted with the National Academies' Institute of Medicine (IOM) to recommend nutrition standards that would make program meals consistent with the *Dietary Guidelines for Americans*. IOM's recommendations for school programs were the basis of a

## **FOOD, NUTRITION, AND CONSUMER SERVICES**

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proposed rule issued January 13, 2011. Separate recommendations IOM provided for the needs of pre-schoolers will be addressed in a proposed rule in 2012. Working with all of the stakeholders, the children, the schools, and the parents, important changes can be made that ensure schools and school meals do all they can to meet children's nutritional needs, foster healthy eating habits, and safeguard children's health. Many schools have already stepped forward, taken the HealthierUS Schools Challenge and very effectively enhanced school meal quality, nutrition education, and physical activity.

The Healthy, Hunger-Free Kids Act of 2010 reiterates the Nation's commitment to improving dietary intake of children, ending hunger, improving eating habits and reducing obesity. The Administration is now focusing on implementing that Act, particularly school meal improvements, and expansion of breakfast and child care feeding. The new reauthorization is key in the effort to eliminate childhood hunger by 2015.

For 2012, the Child Nutrition Programs are funded at a level that will support anticipated participation and food costs and allow for the initiation of changes in the reauthorization bill. Team Nutrition will be funded at \$15 million, the coordinated review effort at \$10 million, and the new school breakfast expansion grants and state childhood hunger challenge grants funded at \$10 million and \$25 million, respectively.

An increase of \$2 million is sought for a Farm to School Tactical Team, for both FNS and AMS staff that will support local and regional food systems by facilitating linkages between schools and their local food producers. Schools will be able to continue to use commodity food entitlement to order fresh produce through the Department of Defense (DOD) contracting and distribution network. This program component has been growing and accounted for \$65 million in fresh produce in 2009-2010. An increase of \$8 million is included to measure erroneous payments in school meal programs to determine the progress made reducing erroneous payments. Also, \$8 million is sought for a study of school lunch and breakfast meal costs. This study is conducted every few years to ensure that decisions on reimbursement levels are informed by up-to-date, high-quality information on the cost of producing meals and the sources and levels of revenues to cover those costs.

The \$5 million for Hunger-Free Communities under Section 4405 of the Farm Bill will continue in 2012. Grants will continue to focus on promotion, outreach, demonstration projects and technical assistance to support communities in exploring a significantly broader array of local strategies to prevent hunger, primarily among children. HealthierUS School Challenge will be increased to \$1.5 million in FY 2012, so that work to encourage schools to take a leadership role in helping students learn to make healthier eating and lifestyle choices will be strengthened. Existing funds will also continue to help ensure the integrity of meals served, increase training and technical assistance materials for the school food service community, and increase Federal oversight of meals served.

## FOOD, NUTRITION, AND CONSUMER SERVICES

Key Performance Measure	2007	2008	2009	2010	2011	2012
Participation levels for the major Federal nutrition assistance programs (millions per day):						
National School Lunch Program	30.5	30.9	31.2	31.6	32.1	32.5
School Breakfast Program	8.3	8.7	11.0	11.6	12.4	12.9

**WIC.** The WIC Program, USDA’s largest discretionary 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 the diets of eligible groups and by providing nutrition education and referrals to other important health and social services. Over half of those born in the United States receive WIC benefits.

The President’s 2012 budget request proposes \$7.4 billion for the WIC Program, an increase of approximately \$138 million above the 2011 level. The Administration is committed to serving all eligible individuals seeking WIC benefits and expects the request to support a monthly average of 9.6 million participants. Included in the request is \$83 million for breastfeeding peer counseling plus \$10 million for breastfeeding performance bonuses for States. Program evaluation is included at \$15 million and \$60 million is allocated specifically to help States improve their management information systems and work toward implementation of EBT, which is mandated by 2020. Further, \$10 million is provided to continue support for IT oversight and infrastructure and \$5 million is provided to improve coordination with other programs.

FNS continues to work with States to ensure effective implementation of the new WIC food packages, as required in 2010, and will work to continue to improve overall nutritional intakes consistent with the 2010 *Dietary Guidelines for Americans* and increase breastfeeding rates.

Key Performance Measure	2007	2008	2009	2010	2011	2012
Participation levels for the major Federal nutrition assistance programs (millions per month):						
WIC Program (average)	8.3	8.7	9.1	9.2	9.3	9.6

**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 2012, State and local program administration would be funded at \$50 million, any part of which, at State discretion, may be used to purchase additional commodities. Also, under the Supplemental Nutrition Assistance Program account, mandatory funding of \$249 million is available for commodities which States have the option to convert up to 10 percent for administrative costs.

## FOOD, NUTRITION, AND CONSUMER SERVICES

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CAP includes funding for the Commodity Supplemental Food Program (CSFP) which provides commodities to low-income elderly and pregnant, postpartum and breastfeeding women, infants and children up to age six. The 2012 budget proposes \$176.8 million, sufficient to support current participation.

In 2012, funding is requested for the Farmers' Market Nutrition Program (FMNP) for women, infants and children at the authorized level of \$20 million. The FMNP provides WIC participants with vouchers to purchase fresh, local fruits, vegetables and herbs directly from farmers, farmers' markets and roadside stands. In 2009, the FMNP provided coupons to 2.2 million WIC participants. The participants redeemed their coupons at 6,297 authorized farmers' markets and roadside stands, providing revenue to 17,543 small family farmers. The Seniors FMNP, funded by CCC, provided similar benefits to over 800,000 low-income seniors. In 2009, the Seniors FMNP involved over 18,794 farmers at 6,604 farmers' markets, roadside stands and community supported agricultural programs.

**Nutrition Programs Administration (NPA).** Funding of \$170 million is requested for NPA, to support Federal management and oversight of USDA's investment in nutrition assistance programs. The budget includes an increase \$5.2 million to enhance the Federal investment in program administration, grantee oversight and protection of the integrity of program operations. Demand for FNS programs has increased significantly since 2000: SNAP is estimated to increase from just over 17 million recipients per month in 2000 to about 45 million in 2012; participation in WIC has grown from 7.2 million participants a month in 2000 to 9.6 million in 2012; and the proportion of school meals reimbursed at free or reduced price rates has increased from 57 percent to 69 percent within that same period. In addition, FNS staff totaled 1,333 in 2010 to manage a budget over \$100 billion, well below the 1,800 on board in 2000 when the FNS budget was \$32.6 billion.

The request includes \$9 million to foster more effective nutrition education efforts in schools and communities, and build and maintain education tools and systems that Americans can use to adopt behaviors that lead to more healthful eating and active lifestyles. The 2010 *Dietary Guidelines for Americans* and an enhanced MyPyramid will be central to this effort.

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 Nutrition Program Administration funds.

## FOOD, NUTRITION, AND CONSUMER SERVICES

### Food and Nutrition Service Key Indicators

	2010 Actual	2011 Estimate	2012 Budget
<b>Average Participation, Millions:</b>			
Supplemental Nutrition Assistance Program (per month).....	40.3	45.0	45.0
Free School Lunch.....	17.4	18.6	19.3
Total School Lunch (per day).....	31.6	32.1	32.5
Free School Breakfast.....	8.7	9.4	9.9
Total School Breakfast (per day).....	11.6	12.4	12.9
WIC (per month).....	9.2	9.3	9.6
Commodity Supplemental Food Program (CSFP):			
WIC (per month).....	0.02	0.02	0.02
Elderly (per month).....	0.50	0.58	0.59
Food Distribution Program on Indian Reservations (FDPIR) (per month).....			
Reservations (FDPIR) (per month).....	0.08	0.09	0.09
<b>Average/Person/Month Food Benefit in \$:</b>			
Supplemental Nutrition Assistance Program.....	\$133.79	\$135.04	\$136.22
WIC.....	42.17	42.43	43.06
CSFP: WIC (FNS Funded) <u>a/</u> .....	25.97	26.19	26.39
CSFP: Elderly (FNS Funded) <u>a/</u> .....	18.77	19.06	19.04
FDPIR (FNS Funded) <u>a/</u> .....	57.25	58.20	59.63
<b>Per Meal Subsidies Including Commodities in \$: <u>b/</u></b>			
<b>School Lunch: <u>c/</u></b>			
Free .....	\$2.88	\$2.92	\$2.97
Reduced.....	2.48	2.52	2.57
Paid .....	0.45	0.46	0.47
<b>School Breakfast:</b>			
Free .....	1.72	1.74	1.77
Reduced.....	1.41	1.43	1.46
Paid .....	0.26	0.26	0.26

a/ Excludes bonus commodities. In 2010, an average of \$1.03, \$1.13 and \$0.31 per month was added in bonus commodities for each participant monthly for CSFP/WIC, CSFP/elderly and FDPIR respectively.

b/ Excludes bonus commodities.

c/ Beginning October 1, 2012, the first day of FY 2013, performance-based enhanced reimbursement of 6 cents per lunch will be available for lunches meeting the new meal standards.

## **FOOD SAFETY**

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

Foodborne illness is recognized as a significant public health problem in the United States. About 48 million people (1 in 6 Americans) get sick, 128,000 are hospitalized, and 3,000 die each year from foodborne diseases, according to December 2010 estimates from the Centers for Disease Control and Prevention. These diseases can lead to short- and long-term health consequences and, sometimes, can result in death. USDA and other Federal agencies are working in cooperation to ensure that Americans have increased access to safe and healthy food.

The Food Safety mission area is the public health mission area of USDA that is responsible for ensuring that the Nation's commercial supply of meat, poultry and processed egg products is safe, wholesome, and properly labeled and packaged. This includes products produced domestically in Federally-inspected establishments, as well as products imported from foreign countries. Funds for the Food Safety mission area support the USDA Strategic Goal to ensure that all of America's children have access to safe, nutritious, and balanced meals.

The mission area includes the activities of the Food Safety and Inspection Service (FSIS), which provides for Federal inspection of meat, poultry and processed egg products establishments; support for similar establishments under State inspection programs; development and implementation of the Public Health Information System to enhance science-based, data-driven inspections; and determination of international equivalence of foreign systems. FSIS coordinates the development of its policies with other USDA agencies and other Federal agencies, including the Food and Drug Administration (FDA), the Environmental Protection Agency, the Centers for Disease Control and Prevention, as well as foreign governments and international organizations, to ensure an integrated farm-to-table approach to food safety. Furthermore, the Secretary of Agriculture is the co-chair of the President's Food Safety Working Group (FSWG), created in March 2009, which brings together cabinet secretaries and senior officials to advise the President on issues pertaining to food safety.

In addition to FSIS, the Food Safety mission area includes the general oversight of the Office of the U.S. Manager of Codex, which is the major international mechanism for encouraging fair international trade in food while promoting the health and economic interests of consumers.

## FOOD SAFETY

### Budget Authority (Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>Discretionary:</b>			
Federal Food Safety and Inspection.....	\$904	\$905	\$889
State Food Safety and Inspection.....	64	64	63
International Food Safety and Inspection.....	19	19	16
Public Health Data Communication Infrastructure System.....	28	26	39
Codex Alimentarius.....	4	4	4
Total, Discretionary Programs.....	1,019	1,019	1,011
<b>Mandatory:</b>			
Trust Funds (Voluntary Inspection Services).....	10	9	9
User Fees (Overtime/Holiday Inspection Services).....	(145)	(141)	(141)
Total, FSIS Programs.....	\$1,029	\$1,028	\$1,020

**Organizational Structure.** To accomplish its functions, FSIS employees are located at approximately 6,278 slaughtering and processing establishments and import houses, and other Federally-regulated facilities. Headquarters personnel are responsible for overseeing administration of the program and ensuring that scientific and technological developments are incorporated into inspection procedures. The Codex Office reports to the Under Secretary of Food Safety, and coordinates all government and non-government participation in the activities of the Codex Alimentarius Commission.

**Inspection, Data Infrastructure, and Outbreak Response.** To ensure that FSIS can support its approximately 8,600 Federal in-plant and other frontline personnel, the Federal share of State inspection programs, and continue to improve the data infrastructure supporting the Nation’s food safety system, the 2012 budget proposes a discretionary funding level of slightly more than \$1 billion. The budget provides the full amount necessary to meet regulatory responsibilities.

The 2012 budget requests an increase of \$16.6 million to continue the deployment and enhancement of the FSIS public-health information infrastructure. The additional funds will allow for the purchase of critical equipment; the expansion of telecommunications and broadband bandwidth capacity; the improvement of information gathering systems to enhance access of inspection personnel to centralized, mission critical systems; and new staffing requirements associated with the implementation of the Public Health Information System (PHIS). These new investments are critical to fully leverage the PHIS recently developed by FSIS to enhance the agency’s ability to collect, analyze and present data to allow decision making based on relevant, timely product and process data, utilizing the best science available.

In response to key findings of the President’s FSWG, an increase of \$4.3 million is requested for the inter-agency Federal-State Foodborne Disease Outbreak Response Team to allow FSIS to more quickly investigate and respond to outbreaks, including faster detection of outbreaks and removal of products from commerce to prevent further illnesses. Using these funds, additional

## FOOD SAFETY

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staff will be hired to support illness investigation, outbreak/response coordination, collaboration on multi-State investigations, and proactive public health partner communication outreach. In addition, these new staff will support a Unified Incident Command System to facilitate communication and decision-making in an emergency, a goal of the President's FSWG. Taken together, this initiative will enhance detection of outbreaks, and likely allow for earlier detection of outbreaks, which would result in more timely FSIS actions to prevent further illnesses.

Also consistent with findings of the President's FSWG, the 2012 budget proposes an increase of \$5.5 million to expand regulatory sampling for key pathogens and conduct an additional baseline study. Expanded sampling will help FSIS better estimate food safety risks and focus its resources most effectively and efficiently. In addition, FSIS will conduct an additional baseline study to estimate prevalence of an additional pathogen. Currently, FSIS conducts two traditional baseline studies a year.

Motivated by increasing awareness that strains of non-O157:H7 shiga-toxin producing E.coli (non-O157 STECs) are causing human illnesses, the budget includes an increase of \$0.7 million to support testing for non-O157 STECs. These pathogens cause more than three-quarters of the illnesses associated with the non-O157 STEC group.

The budget includes several proposals to reduce costs by streamlining agency operations, achieving efficiencies, and reducing unneeded lab expenses given completion of planned lab expansions. In total, these efforts are estimated to save about \$34 million by restructuring and eliminating certain positions, adopting an employee's SAVE award to minimize sample shipping costs, and reducing lab expenses as certain labs move into a maintenance and operation stage following expansion. Pursuant to the 2008 Farm Bill, FSIS is developing new regulations to implement mandatory inspection for catfish. Given the need for considerable stakeholder engagement and regulatory development before the adoption and implementation of a catfish inspection program, no funding is proposed in the budget for the catfish inspection program.

**Combating Foodborne Illness.** FSIS is instrumental in helping reduce the level of foodborne illness by targeting common and dangerous pathogens for control. In addition to its work ensuring safe and wholesome products are available to the consumer, FSIS also conducts public education campaigns to inform consumers about safe food handling methods to decrease the likelihood of foodborne illness from products that were improperly stored, handled, and/or prepared.



## FOOD SAFETY

With the funding requested for 2012, FSIS expects to achieve the following performance measures:

Key Performance Measure	2007	2008	2009	2010	2011	2012
Overall public exposure to <i>Salmonella</i> from broiler carcasses <sup>1/</sup>	73%	83%	82% in Category 1	83.6% in Category 1	92% in Category 1	94% in Category 1

Total illnesses from all FSIS Regulated Products	598,087	656,702	615,014	584,335	571,406	565,691
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Percent of establishments with a functional food defense plan <sup>2/</sup>	39%	46%	62%	73.6%	74%	76%
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<sup>1/</sup> Category 1 represents establishments that have achieved 50 percent or less of the performance standard or baseline guidance, for two consecutive FSIS sample sets. Category 1 represents the highest measure attainable by establishments. As more establishments reach Category 1 status, it is expected that fewer people will be exposed to *Salmonella* from classes of raw products regulated by FSIS.

<sup>2/</sup>Food Defense plans are written procedures that food processing establishments should follow to protect the food supply from intentional contamination with chemicals, biological agents or other harmful substances.

FSIS continues to make improvements in its food safety policies and inspection of meat, poultry, and processed egg products. For example, FSIS implemented its new bench trim sampling program for *E. coli* O157:H7 to detect the pathogen with greater confidence in ground beef. FSIS has also developed new pathogen reduction performance standards for control of *Salmonella* and *Campylobacter* bacteria in response to recommendations of the President's FSWG. To measure the success of these food safety programs, FSIS is collaborating with FDA and other FSWG members to develop performance metrics so that all the Federal agencies are consistently measuring success of their food safety programs.

**User Fees and Trust Funds.** In 2012, FSIS estimates it will collect \$150 million through existing user fee and trust fund activities for providing overtime, holiday, and voluntary inspection services. Separately, FSIS will submit legislative proposals for two user fees in 2012; a user fee that would be collected from plants that have sample failures or require additional inspection activities stemming from a pattern of regulatory non-compliance, and a food safety services user fee to recover part of the estimated costs of services (such as risk assessments, hazard analyses, inspection planning, compliance review and enforcement, information technology support, and risk communication) that FSIS ordinarily incurs in addition to on-line inspection costs at a covered establishment and plant. Total collections from these proposals are estimated at \$11 million.

# NATURAL RESOURCES AND ENVIRONMENT

## MISSION AND RELATIONSHIP TO STRATEGIC GOALS

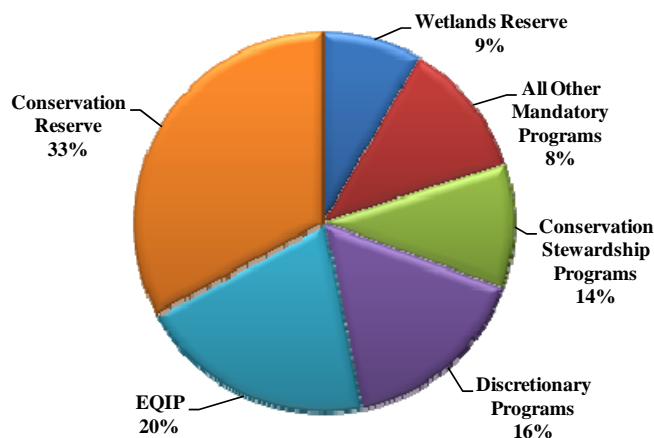
A healthy and prosperous America relies on the health of our natural resources, and particularly our forests and agricultural working lands. The health of America's 193 million acres of National Forests and Grasslands and 1.3 billion acres of farm, ranch, and private forest lands must be nurtured so that they continue to offer environmental benefits as a source of clean air, clean and abundant water, and wildlife habitat. America's forests, farms and ranches supply communities with clean abundant water, shelter wildlife, and help us mitigate and adapt to climate change. Forests help generate rural wealth through recreation and tourism, through the creation of green jobs, and through the production of wood products and energy. Our forests, farms and ranches have contributed to our cultural heritage as well.

The Natural Resources and Environment (NRE) mission area promotes the conservation and sustainable use of natural resources on the Nation's private lands and sustains production of all the goods and services that the public demands of the national forests. The mission area includes two agencies, the Natural Resources Conservation Service (NRCS) and the Forest Service (FS).

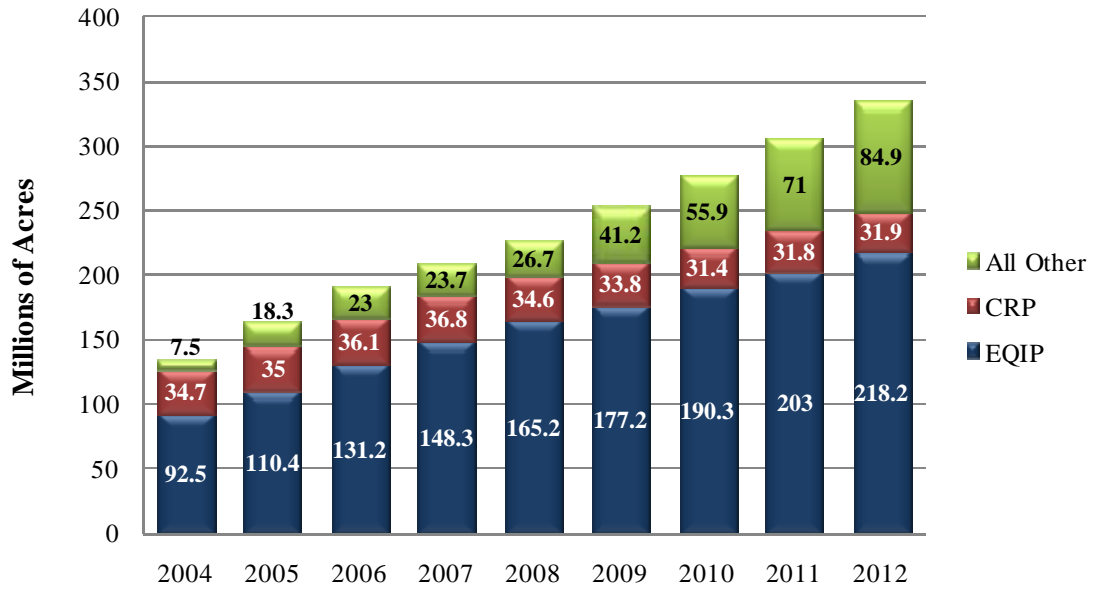
NRCS and FS are the primary contributors to achieving the Strategic Goal that ensures our National Forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing water resources. This is accomplished through a variety of programs aimed at preserving and restoring our public and private lands, protecting our water resources, mitigating the effects of climate change, and reducing the risk from catastrophic wildfires. NRCS partners with state and local government agencies and private landowners and provides technical and financial assistance to help protect farm and ranch lands and private forestland. FS oversees the management of the National Forest System.

The NRE mission area, primarily through NRCS, also has responsibility for implementing most of the Conservation Title of the 2008 Farm Bill. In 2012, NRCS will deliver conservation on an additional 29 million acres at a total cost of about \$3.6 billion, and achieve a total cumulative enrollment of about 335 million acres.

**2012 Conservation Budget**  
**Total = \$6.689 Billion**



### Farm Bill Conservation Programs Cumulative Acres Enrolled



# NATURAL RESOURCES AND ENVIRONMENT

## NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

### Budget Authority (Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>Discretionary:</b>			
Conservation Operations:			
Conservation Technical Assistance.....	\$762	\$762	\$783
National Carbon Inventory & Accounting System <u>a/</u> .....	1	1	0
All Other Conservation Operations Programs.....	126	126	116
Total, Conservation Operations.....	889	889	899
Watershed and Flood Prevention Operations.....	30	30	0
Watershed Rehabilitation Program.....	40	40	0
Resource Conservation and Development.....	51	51	0
Total, Ongoing Discretionary Programs.....	1,010	1,010	899
<b>Mandatory:</b>			
<b>Farm Bill Programs:</b>			
Environmental Quality Incentives Program.....	1,174	1,180	1,408
Wetlands Reserve Program.....	630	726	785
Conservation Security Program.....	222	203	197
Conservation Stewardship Program.....	390	601	788
Agricultural Water Enhancement Program.....	72	74	60
Farm and Ranch Lands Protection Program.....	150	175	200
Wildlife Habitat Incentives Program.....	83	85	73
Grassland Reserve Program.....	100	117	67
Healthy Forest Reserve Program.....	8	10	10
Chesapeake Bay Watershed.....	43	72	50
Agricultural Management Assistance <u>b/</u> .....	15	15	10
Conservation Reserve Program Tech. Assist. (Reimb.).....	(60)	(124)	(124)
Total, Farm Bill Programs.....	2,887	3,258	3,648
Total, NRCS Programs.....	\$3,897	\$4,268	\$4,547

a/ Provided through general provisions in 2010 and included in the 2011 annualized continuing resolution level as a result of technical calculations.

b/ Total AMA program also includes funds provided to RMA and AMS.

The 2012 budget for NRCS strategically targets funding to high priority areas and effectively supports improvements in water quality and water availability, land conservation, wildlife habitat improvement, and wetland protection. Funding is provided for conservation programs that focus on addressing the needs of priority landscapes most in need of protection, emphasize partnering with local constituents to efficiently implement programs and initiatives, and contribute to efforts that address energy conservation, renewable energy production and greenhouse gas emissions.

## NATURAL RESOURCES AND ENVIRONMENT

NRCS will continue to direct financial and technical assistance programs to land owners and users through the USDA Service Centers and through local conservation districts.

**Conservation Operations (CO).** The 2012 budget proposes \$899 million for CO, which includes \$783 million for conservation technical assistance (CTA) as well as \$116 million for other CO activities including Soil Surveys, Snow Surveys, and Plant Materials Centers. At this level, the agency 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.

The 2012 request will enable NRCS to focus on the highest priority program areas such as improving and streamlining technical assistance delivery to farmers, implementing Strategic Watershed Action Teams (SWAT) to target high priority watersheds in the most need of protection, and updating the IT infrastructure, or Common Computing Environment (CCE). Through CTA, the budget projects that 1,350 comprehensive nutrient management plans will be developed. These conservation plans will include practices to improve soil quality on an estimated 7.3 million acres, and protect an estimated 15.1 million acres of grazing and forest land. The budget request also reflects the elimination of Congressional earmarks (-\$37.4 million) with these funds being redirected to higher priority areas within CTA. Finally, the elimination of the Grazing Lands Conservation Initiative will save an additional \$9.9 million as these activities will be carried out through ongoing programs.

Key Performance Measure	2007	2008	2009	2010	2011	2012
CTA: Comprehensive nutrient management plans applied (number of plans)	1,911	1,745	1,485	1,349	1,350	1,350
CTA: Cropland with conservation applied to improve soil quality (millions of acres)	7.3	8.3	7.6	8.2	7.7	7.3
CTA: Grazing land and forest land with conservation applied to protect and improve the resource base (millions of acres)	12.2	16.5	16.0	17.6	15.6	15.1
CTA: Priority landscapes with high impact targeted conservation practices applied to improve water quality (millions of acres)	N/A	N/A	N/A	1.9	2.0	1.8

## NATURAL RESOURCES AND ENVIRONMENT

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Within the CTA request, the budget includes \$15 million for the SWAT initiative. The development and deployment of SWATs will greatly improve the environmental cost effectiveness of NRCS technical and financial assistance programs. With these funds, NRCS will be able to strategically invest in conservation and better target the Agency's financial and technical assistance programs. Not only will SWATs provide significant planning, education and program implementation assistance, they will also help ensure that NRCS programs are strategically targeted and effectively integrated on a farm or ranch as well as in watersheds.

The CTA budget also includes \$25 million for NRCS to support the Department's efforts to modernize and upgrade the CCE for the Service Center Agencies (SCAs). This funding will be used to replace outdated components of the CCE, many of which have exceeded their expected life cycles, in order to reduce system vulnerabilities to failure and improve the performance and effectiveness of the shared infrastructure. These improvements will allow the SCAs to better serve program participants with a more flexible and reliable IT infrastructure and enable the first system-wide refresh of the CCE since the infrastructure was implemented in 2000. In addition, as the components of the CCE are replaced, USDA will implement configuration changes to better support the delivery of current and future programs. As part of this process, the Department will strive to improve system security, reduce the long term cost of infrastructure services, and improve service reliability.

Other CTA increases include \$11.3 million to improve and streamline the delivery of conservation assistance. These funds will make participation in USDA's conservation programs easier for customers and the delivery of programs less complex for employees, increase efficiencies by streamlining and integrating processes across business lines, and ensure the continued science-based delivery of technically sound conservation products and services. The budget also includes an increase of \$7 million for the Conservation Effects Assessment Project (CEAP) to form the basis for demonstrating outcomes from conservation programs and improve the reliability and accuracy of data sources for national, regional and watershed-scale assessments and allow for more accurate and useful measurement of conservation accomplishments. CEAP enhances NRCS's ability to effectively target assistance to areas with the greatest need.

**Watershed and Flood Prevention Operations (WFPO).** WFPO provides technical and financial assistance to local communities and sponsoring organizations to construct flood protection, water supply, and water quality improvement projects. The 2012 budget proposes to terminate funding for this activity, because WFPO funds are almost entirely earmarked which prevents NRCS from prioritizing these projects on their merits.

**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. Although constructed initially with Federal assistance, the continued maintenance of these dams is the responsibility of local and State governments thus, the budget does not provide funding for this program.

**Resource Conservation and Development (RC&D).** As part of the Administration's continued commitment to fiscal responsibility, the budget proposes to eliminate the RC&D program.

## NATURAL RESOURCES AND ENVIRONMENT

**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. The 2012 budget proposes \$1.41 billion for EQIP, an increase of \$228 million over 2011, which will enable nearly 48,000 new contracts for participants in the program. The program will continue to emphasize land management practices such as the application of comprehensive nutrient management plans. Consistent with the initiative to focus efforts in high priority areas, EQIP enrollment acres are expected to fall due to targeting acres with the highest conservation benefit which are typically on smaller farms. Despite this reduction in acreage enrollment, NRCS anticipates being able to maintain its key performance measures for EQIP (see table below). The Agricultural Water Enhancement Program (AWEP), which is operated under EQIP, is funded at \$60 million, the level authorized in the 2008 Farm Bill. AWEP promotes the conservation of ground and surface water and the improvement of water quality.

### EQIP

Key Performance Measure	2007	2008	2009	2010	2011	2012
Comprehensive nutrient management plans developed (number of plans)	2,490	2,520	2,019	1,739	1,500	1,500
Cropland with conservation plans developed to improve soil quality (millions of acres)	5.3	5.6	4.8	4.8	4.8	4.8
Grazing land and forest land with conservation plans developed to protect and improve the resource base (millions of acres)	16.5	16.9	17.2	17.5	15.7	16.2

**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 2008 Farm Bill authorized the program to enroll up to 3,041,200 acres through the end of FY 2012. During 2010, WRP enrollment reached its highest one year level of 272,762 acres and funding for 2011 will allow up to an additional 250,000 acres. The 2012 budget request includes \$785 million to enroll an estimated 271,158 acres in 2012.

Key Performance Measure	2007	2008	2009	2010	2011	2012
WRP: Wetlands created, restored or enhanced (thousands of acres)	149.3	128.9	106.4	129.1	125.0	140.0

**Conservation Security Program.** The Conservation Security Program was established in the 2002 Farm Bill and 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

## NATURAL RESOURCES AND ENVIRONMENT

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resources. The program was not reauthorized in the 2008 Farm Bill. The budget includes \$197 million for the Conservation Security Program in 2012 in order to service existing contracts.

**Conservation Stewardship Program.** The 2008 Farm Bill replaced the Conservation Security Program with a new Conservation Stewardship Program which is distinguished from the old program in that it encourages participants to undertake new conservation activities in addition to maintaining and managing existing conservation activities. Also, the new program operates under an annual acreage limitation rather than a funding cap. The budget proposes \$788 million, an increase of \$187 million over 2011, for the program to enroll 12 million new acres during 2012 and to service prior year contracts.

**Farm and Ranch Lands Protection Program (FRPP).** Through this program, the Federal Government facilitates and provides funding for the purchase of conservation easements or other interests in land for the purpose of protecting agricultural use and related conservation values by limiting nonagricultural uses of the land. FRPP is carried out through existing State, Tribal, and local governments, non-governmental organizations and local farmland protection programs. FRPP is funded at \$200 million in 2012, an increase of \$25 million over 2011. For 2012, NRCS has set a target to protect 45,000 acres of prime, unique, or important farmland from conversion via FRPP.

Key Performance Measure	2007	2008	2009	2010	2011	2012
FRPP: Prime, unique, or important farmland protected from conversion to non-agricultural uses by conservation easements (thousands of acres)	38.5	27.4	38.3	53.4	45.0	45.0

**Wildlife Habitat Incentives Program (WHIP).** The program provides financial and technical assistance to eligible participants to develop habitats for upland wildlife, wetland wildlife, threatened and endangered species, and fish and other types of wildlife. The purpose of the program is to create needed wildlife habitat that supports wildlife populations with local, State, and national significance. The budget proposes funding for WHIP at \$73 million in 2012, a reduction of \$12 million from 2011. WHIP is estimated to contribute to the improvement of nearly 900,000 acres of non-Federal land for fish and wildlife habitat during 2012.

Key Performance Measure	2007	2008	2009	2010	2011	2012
WHIP: Non-Federal land with conservation applied to improve fish and wildlife habitat quality (thousands of acres)	388.8	316.9	335.4	876.9	1,000.0	900.0



## NATURAL RESOURCES AND ENVIRONMENT

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**Grasslands Reserve Program (GRP).** GRP was authorized in the 2002 Farm Bill as a voluntary program to help landowners and operators restore and protect grassland, including rangeland, pastureland, and certain other lands, while maintaining the lands' suitability for grazing. Participants can enroll acreage in rental agreements with varying lengths or in long-term or permanent easements. The program is jointly administered by NRCS and the Farm Service Agency (FSA), which has lead responsibility for rental agreement administration and financial activities. NRCS has lead responsibility for technical issues and easement administration. The 2008 Farm Bill reauthorized the program for 2009-2012 and capped it at 1.2 million additional acres. GRP is funded at \$67 million for 2012 to enroll an additional 203,515 acres.

**Chesapeake Bay Watershed Initiative.** The Chesapeake Bay Watershed Initiative provides producers conservation assistance through several USDA programs, and is funded at \$50 million for 2012, the level authorized in the 2008 Farm Bill. This program helps agricultural producers improve water quality and quantity, and restore, enhance, and preserve soil, air, and related resources in the Chesapeake Bay watershed through the implementation of conservation practices. The Chesapeake Bay Management Board leads the coordination among agencies from the Department of Agriculture, Environmental Protection Agency, Department of Defense, State departments of environment, NOAA, the National Association of Conservation Districts, Ducks Unlimited and others.

**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 2012 budget includes \$124 million for CRP technical assistance. CRP is administered by FSA. The program status for 2012 is described on page 24.

## NATURAL RESOURCES AND ENVIRONMENT

### FOREST SERVICE (FS)

**Budget Authority  
(Dollars in Millions)**

Program	2010 Enacted	2011 Estimate	2012 Estimate
<b>Discretionary Accounts:</b>			
Forest and Rangeland Research.....	\$312	\$312	\$296
State and Private Forestry.....	308	308	341
National Forest System:			
Integrated Resource Restoration:			
Priority Watersheds and Job Stabilization.....	0	0	80
Collaborative Forest Landscape Restoration Fund <u>a/</u> .....	0	0	40
Legacy Roads and Trails <u>b/</u> .....	0	0	75
Restoration and Management of Ecosystems.....	668	668	659
Total, Integrated Resource Restoration.....	668	668	854
Recreation, Heritage and Wilderness.....	285	285	290
Other NFS Activities.....	598	598	561
Total, NFS.....	1,551	1,551	1,705
Wildland Fire Activities:			
Preparedness.....	675	1,008	1,006
Suppression:			
Suppression Activities.....	998	665	539
FLAME Fund.....	413	413	316
Total, Suppression.....	1,411	1,078	855
Hazardous Fuels Reduction .....	340	340	254
Other Fire Operations.....	91	91	100
Total, Wildland Fire Activities.....	2,517	2,517	2,215
Cancellation of prior year balances Wildland Fire.....	0	0	-192
Capital Improvement and Maintenance <u>c/</u> .....	538	545	338
Land Acquisition.....	65	65	91
Other Accounts.....	6	6	3
Subtotal, Ongoing Discretionary .....	5,297	5,304	4,797
Secure Rural Schools.....	0	0	328
Total, Discretionary .....	\$5,297	\$5,304	\$5,125

a/ \$10 million available for Collaborative Forest Landscape Restoration Fund from Wildland Fire Management in each of 2010 and 2011.

b/ \$90 million available for Legacy Roads and Trails in Capital Improvement and Maintenance in each of 2010 and 2011.

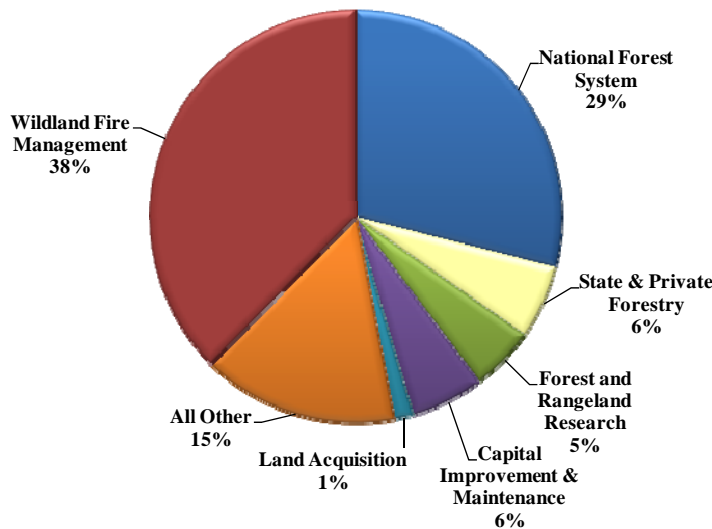
c/ Includes discretionary change to a mandatory program in 2011 of -\$11 million and 2012 of -\$12 million.

## NATURAL RESOURCES AND ENVIRONMENT

### Budget Authority (Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Estimate
Mandatory Programs:			
Permanent Appropriations.....	\$181	\$231	\$214
Secure Rural Schools P.L. 110-28 as amended by P.L. 110-343.....	483	450	408
Trust Funds.....	136	144	144
Total, Mandatory.....	800	825	766
Total, Forest Service Budget Authority.....	\$6,097	\$6,129	\$5,891

### 2012 Forest Service Budget Authority Total = \$5.9 Billion



The Forest Service (FS), with over 35,000 staff years in FY 2010, is the largest employer in USDA. For 2012, the total request for FS discretionary activities is \$5.1 billion, a decrease of \$179 million from 2011. This budget will support the America's Great Outdoors (AGO) Initiative, restore longleaf pine habitat, improve water quality in priority landscapes, decommission roads, implement travel management plans, and create green jobs. Through targeted administrative savings in travel expenditures and procurement procedures, FS will save \$44 million in expenditures.

**Forest and Rangeland Research.** For 2012, \$296 million is proposed for Forest and Rangeland Research, a \$16 million reduction from 2011, which reflects a refocusing of research priorities. 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, the program also supports the specific research needs that arise from managing the National Forest System (NFS). Approximately 53 percent of the budget for 2012

## NATURAL RESOURCES AND ENVIRONMENT

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will go toward long-term, proactive research, and approximately 47 percent will go toward conducting research that responds to currently pressing issues. For example, FS is using tools developed by this program to update traditional fire growth models, but also working on treatments for sudden oak death and new uses for wood through nanotechnology.

**State and Private Forestry (S&PF).** Through S&PF programs, FS addresses forest health concerns on Federal, State, and private lands. For 2012, total funding for S&PF programs is proposed at \$341 million, a net increase of \$33 million above the 2011 level. In line with the AGO recommendation to fully fund the Land and Water Conservation Fund, a \$59 million increase is proposed in the Forest Legacy program—a program that cost-shares the purchase of conservation easements to protect nationally prioritized forest lands from development. Further, an increase of \$4.5 million is also proposed for the Community Forest & Open Space Conservation program to cost share fee-simple purchases of land, as authorized by the 2008 Farm Bill. The budget proposes to eliminate funding for the Economic Action Programs, International Forestry program and Forest Resources Inventory and Analysis program.

**National Forest System (NFS).** 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-use basis. The Agency has placed a focus on restoring forests for the benefit of watersheds, restoring longleaf pine habitat, conducting inventories needed to revise Land Management Plans (LMPs), and re-establishing vibrant local economies.

For 2012, total funding for NFS is proposed at approximately \$1.7 billion, a \$154 million increase from the 2011 level. Most of this increase is a result of transfers of other FS programs and activities into a new line item, Integrated Resource Restoration (IRR), that would be created within the NFS account. IRR combines the Vegetation & Watershed Management, Wildlife & Fisheries Habitat Management, Forest Products, Legacy Roads and Trails, the non-WUI portion of Hazardous Fuels, and the decommissioning portion of Roads budgets into a single line item. This new structure better characterizes the scope of the work that the Agency intends to perform in 2012, and will foster integration among the programs. It will also better integrate timber management, forest restoration, biomass production and other stewardship activities on National Forest System lands and will support similar activities funded from other sources on adjacent Federal, State and tribal lands. This will be vital to addressing the forest health crisis and creating a vibrant forestry sector. In particular, it will help address restoration activities associated with the impact of the western bark beetle. IRR is funded at \$854 million, and includes:

- \$40 million for the Collaborative Forest Landscape Restoration Fund. This fund will be used for ecological treatments authorized by the Forest Landscape Restoration Act of 2009, contributing to significantly improving watershed conditions, creating landscapes that are more resilient to climate change, and reducing fire risk. These funds will be leveraged with local and private resources, magnifying the benefits of Federal funding across forest landscapes.
- \$80 million for the Priority Watersheds and Job Stabilization initiative. Under this initiative, watershed assessments will be finalized for all NFS lands, integrating State forest resource assessments into the process. Forest Service will use public support as a

## NATURAL RESOURCES AND ENVIRONMENT

factor to prioritize watershed improvement work, and a monitoring program will be established to track changes in watershed condition.

- \$28 million to support the June 28, 2010 Memorandum of Understanding signed by the Department of Defense, the Department of the Interior, and USDA committing the Departments to an ambitious longleaf pine restoration effort.

An increase of \$5 million in Recreation is also provided within the NFS account for implementation of several AGO recommendations and travel management plans.

<i>Key Performance Measures</i>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Acres of HIT practices implemented on NFS and private lands in priority landscapes to protect clean, abundant water. (millions of acres)	N/A	N/A	N/A	.41	.60	1.50
Annual economic contribution of recreation on NFS lands (thousands of jobs).	N/A	238	238	238	238	238

**Wildland Fire Activities.** Through the Wildland Fire 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. For 2012, total funding for these activities is proposed at over \$2.2 billion, which represents a decrease of \$302 million below the 2011 level. Because the last fire season was relatively inexpensive, the budget cancels \$192 million in the carryover balance for Suppression. Some wildfires provide benefits to the forest. In FY 2010, the percentage of NFS acres that were burned by wildfires and provided a net benefit to resources consistent with agency objectives was 57 percent, a 10 percent increase from FY 2009. The budget funds the 10-year average cost of fire suppression.

<i>Key Performance Measures</i>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Acres of WUI fuels treated to reduce the risk of catastrophic fire. (millions of acres)	1.138	1.944	2.190	1.955	1.600	1.200
Percentage of acres treated in the WUI that have been identified in Community Wildfire Protection Plans.	25%	36%	41%	45%	75%	75%

## NATURAL RESOURCES AND ENVIRONMENT

<i>Key Performance Measures</i>	2007	2008	2009	2010	2011	2012
Cumulative Acres in NFS that are in a desired condition relative to fire regime. (millions of acres)	N/A	58.323	58.500	58.770	59.611	60.089

**Capital Improvement and Maintenance.** The Capital Improvement and Maintenance account funds construction and maintenance of buildings, recreation sites, facilities, roads, and trails. For 2012, total funding for these programs is proposed at \$338 million, which includes a shift of \$75 million to IRR and represents a net decrease of \$207 million from 2011, most of which comes from funding for Roads activities. Within the total \$158 million is provided for road maintenance and reopening, and \$9 million will be used to construct 4-6 miles of new roads for public access on the Tongass National Forest in Alaska. These 4-6 miles of roads are the only new roads FS is proposing to build in 2012. The Legacy Roads and Trails program has been transferred to NFS, but has set a target of decommissioning 2,185 miles of roads. In line with FS' commitments through AGO, funding is provided for piloting the use of new technologies to address the road maintenance backlog.

**Land Acquisition.** The Land Acquisition program protects resources, decreases administrative costs, and increases visitor access to the National Forests and Grasslands by acquiring parcels of land for inclusion in the NFS. The parcels acquired through this program are usually inholdings. For 2012, the budget proposes \$91 million in total funding for this program. The \$26 million increase from 2011 will help support full funding of the Land and Water Conservation Fund. In 2012, FS will continue to nationally prioritize the parcels it is considering for acquisition both for planned acquisitions and for opportune critical inholdings. Moreover, as part of AGO, FS will pilot a land exchange program on its National Grasslands to dramatically reduce the checkerboard pattern of landownership.

<i>Key Performance Measure</i>	2007	2008	2009	2010	2011	2012
Acres protected from conversion through easements and fee-simple purchases. (thousands of acres)	1,574	1,727	1,924	2,225	2,494	2,828

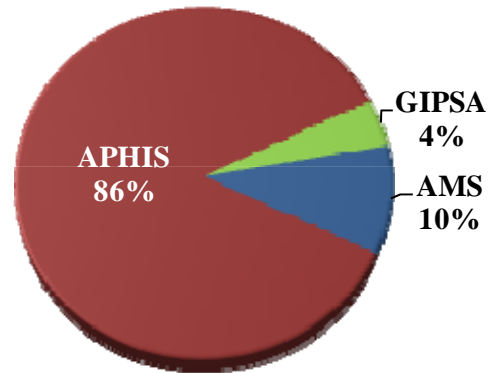
**Secure Rural Schools.** The Secure Rural Schools and Community Self-Determination Act of 2000 (P.L. 106-393) provides temporary payments to counties impacted by the reduction of shared receipts stemming from lower levels of timber harvesting on Federal lands. The original Act expired in 2006, but Congress extended it for an additional year under Public Law 110-28. In 2008, Congress authorized and appropriated an additional four years of payments through the Emergency Economic Stabilization Act of 2008 (P.L. 110-343). In FY 2012, the budget reauthorizes the Secure Rural Schools program for five years, but it is funded as a discretionary account. A total of \$328 million is requested for FY 2012 and this amount will decrease every year for the life of the program. The Administration is open to working with Congress to fund this program through either discretionary or mandatory appropriations.

## MARKETING AND REGULATORY PROGRAMS

### MISSION AND RELATIONSHIP TO STRATEGIC GOALS

#### 2012 MRP Discretionary Budget Authority

Total = \$979 Million



The economic vitality and quality of life in rural America and the U.S. economy at large depends on a competitive, efficient, and productive agricultural system. U.S. agricultural producers are not simply farmers and ranchers; they are often small business owners trying to survive and support their families and rural communities in a challenging global, technologically advanced, and competitive business environment. In an era of market consolidation and intense competition, these producers rely on fair and open access to markets and control over their decisions to thrive. Agricultural producers also need to safeguard animal and plant resources against the introduction of foreign agricultural pests and diseases.

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. Because these programs provide the basic infrastructure to improve agricultural market competitiveness for the overall benefit of consumers and producers of American agriculture, this mission area contributes to all of USDA's Strategic Goals.

USDA plays a critical role in increasing prosperity and sustainability in our Nation's agricultural system and rural communities. Among other efforts, MRP conducts oversight activities to protect producers from unfair competition and unfair business practices, and partners with the Department of Justice to help prevent anti-competitive behaviors for regulated entities. MRP also assists producers in management and marketing by providing market trend analysis and business and marketing tools. This assistance includes developing and overseeing national standards for the production and handling of agricultural products, including products labeled as organic (National Organic Program), among other items. MRP programs also help increase the competitiveness of the agricultural sector by working to protect the Nation's agriculture from pests and diseases, and to increase the efficiency of production and domestic and international marketing of U.S. commodities.

## **MARKETING AND REGULATORY PROGRAMS**

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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)

**Budget Authority  
(Dollars in Millions)**

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>Discretionary:</b>			
Safeguarding and Emergency Preparedness/Response:			
Animal Health:			
Animal Health Technical Services.....	\$32	\$32	\$38
Aquatic Animal Health.....	6	6	2
Avian Health.....	71	71	56
Cattle Health.....	115	115	99
Equine, Cervid & Small Ruminant Health.....	39	39	22
Swine Health.....	26	26	23
Veterinary Diagnostics.....	30	30	33
All Other Animal Health.....	30	30	31
Total, Animal Health.....	349	349	304
Plant Health:			
AQI.....	29	29	26
Cotton Pests.....	23	23	9
Field Crop & Rangeland Ecosystems Pests.....	13	13	9
Specialty Crop Pests.....	151	151	155
Agriculture Pest Facility a/.....	3	3	0
Tree & Wood Pests.....	77	77	60
All Other Plant Health.....	50	50	48
Total, Plant Health.....	346	346	307
Wildlife Services:			
Wildlife Damage Management.....	79	79	69
Wildlife Services Methods Development.....	19	19	16
Total, Wildlife Services.....	98	98	85
Regulatory Services:			
Animal & Plant Health Regulatory Enforcement.....	14	14	17
Biotechnology Regulatory Services.....	13	13	25
Total, Regulatory Services.....	27	27	42
Emergency Management:			
Contingency Fund.....	2	2	2
Emergency Preparedness & Response.....	20	20	18
Total, Emergency Management.....	22	22	20
Total, Safeguarding and Emergency Preparedness.....	842	842	758

## MARKETING AND REGULATORY PROGRAMS

### Budget Authority (Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>Discretionary: (continued)</b>			
Safe Trade and International Assistance:			
Animal Agriculture Import/Export.....	13	13	14
Overseas Technical & Trade Operations.....	20	20	21
Total, Safe Trade and International Assistance.....	33	33	35
Animal Welfare.....	23	23	29
Agency Management.....	10	10	10
Total, Salaries and Expenses.....	908	908	832
Buildings and Facilities.....	5	5	5
Total, Ongoing Activities.....	913	913	837
Emergency Funding (CCC).....	36	0	0
Total, APHIS Discretionary Programs.....	949	913	837
<b>Mandatory:</b>			
Agricultural Quarantine Inspection (AQI) Fees <sup>b/</sup> .....	252	189	192
Trust Funds.....	18	17	17
Farm Bill:			
National Clean Plant Network.....	5	5	5
Plant Pest and Disease Management.....	45	50	50
Total, Farm Bill Programs.....	50	55	55
Total, Mandatory Programs.....	320	261	264
Total, APHIS Programs.....	\$1,269	\$1,174	\$1,101

<sup>a/</sup> Provided through general provisions in 2010 and included in the 2011 annualized continuing resolution level as a result of technical calculations.

<sup>b/</sup> Total estimated collections are \$507 million in 2011 and \$515 million in 2012. Of the total, \$318 million and \$323 million are transferred to the Department of Homeland Security in 2011 and 2012 respectively.

APHIS works cooperatively with State and local agencies, private groups, and foreign governments to protect the safety of the Nation's agriculture.

The APHIS 2012 budget proposes an appropriation of about \$837 million, of which approximately \$832 million is for salaries and expenses and about \$5 million for buildings and facilities. The total is a net decrease of about \$76 million compared to the annualized 2011 continuing resolution. In general, the budget proposes a reallocation of resources from programs that have achieved success (e.g., cotton pests and screwworm) and for those which progress in eradication is not deemed feasible (e.g., emerald ash borer), to those efforts where success in eradication may be feasible (e.g., Asian long-horned beetle, light brown apple moth, and the European grape vine moth). The budget also proposes the elimination of about \$27 million in earmarks. Finally, the budget is being restructured to shift from specific pest and

## MARKETING AND REGULATORY PROGRAMS

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disease line items to a structure that focuses on commodity protection. This restructuring should improve APHIS' ability to respond to new situations and concentrate resources within similar programs to address the most significant problems.

APHIS supports, among others, the Department's strategic goal to ensure children have access to safe, nutritious, and balanced meals. Specifically, APHIS and other agencies protect agricultural health by minimizing major diseases and pests. This outcome is measured as the value of damage prevented and mitigated annually as a result of APHIS activities.

Key Performance Measure	2007	2008	2009	2010	2011	2012
Value of damage prevented and mitigated annually as a result of selected plant and animal health monitoring and surveillance efforts (\$ Billions)	1.37	1.38	1.05	1.07	1.11	1.15

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**Safeguarding and Emergency Preparedness/Response.** The 2012 budget includes discretionary appropriations of \$758 million for safeguarding and emergency preparedness and response. To combat any sudden, urgent and unforeseen pest and disease outbreaks, the Secretary retains authority to transfer funds from the CCC or other USDA accounts. The budget provides technical and financial support to help control or eradicate a variety of animal and plant health threats:

- **Animal Health.** The budget includes a total of about \$304 million to protect the health of livestock, poultry, and other animals. The budget includes just over \$14 million, an increase of about \$8.9 million for the improved animal disease traceability system, which has been developed using stakeholder input. It also includes an increase for operations at the National Centers for Animal Health (NCAH). Without this increase, core functions of the NCAH, such as diagnosing animal diseases, would need to be reduced to cover recurring utility costs. The budget includes a decrease of about \$17 million in the chronic wasting disease program within Equine, Cervid, & Small Ruminant Health line. APHIS will continue to have the role of national coordinator regarding chronic wasting disease though surveillance and indemnity costs will be shifted to States and Tribes as they are expected to assume greater financial support for the program. The budget includes a reduction of about \$15 million from the Avian Health line due in part to having completed the stockpile of emergency response supplies and achieving efficiencies from an increased knowledge of the avian influenza viruses. The revised level of funding would continue to protect avian health. As APHIS has been successful in driving the screwworm south in recent years, a decrease of \$7.5 million within the Cattle Health line is possible due to the full operation of a new sterile screwworm production facility closer to the present range of the pest. The cattle health line also reflects reductions in the Johne's and Tuberculosis programs.
- **Plant Health.** The budget includes a total of about \$307 million to protect plant and forest health. This includes an increase of \$10 million to address the light brown apple

## MARKETING AND REGULATORY PROGRAMS

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moth and a reduction from focusing efforts in the glassy-winged sharpshooter program within the Specialty Crop Pest line item. The request also includes a net decrease of \$16.7 million within the Tree and Wood Pest line. Among other changes are an increase of almost \$12 million to address the Asian longhorned beetle and a decrease of about \$24 million within the emerald ash borer (EAB) program. The EAB program is reduced due to the limited eradication methods available and the need to devote limited resources to other pests where the likelihood of success is greater. APHIS will continue survey work under a management strategy, but not the costly tree removal that has been the center of the EAB eradication strategy. Methods development work will continue in 2012 with the possibility of developing an effective means of slowing and reversing the spread of the EAB. The budget includes a decrease of about \$14 million stemming from successes in reducing acreage infested with cotton pests. Eradication of both the boll weevil and pink bollworm is projected by the end of FY 2013. APHIS will focus fruit fly detection activities on those areas presenting the greatest risk of introduction.

- **Wildlife Services.** About \$84.6 million is requested, including an increase of \$1.4 million for safety improvements and a decrease of \$6.1 million by focusing resources in the rabies and wildlife research programs. In addition to a reduction in earmarks, additional contributions from cooperators of Wildlife Damage Management programs will be sought.
- **Regulatory Services.** A total of about \$42.4 million is requested. The budget includes an increase to enhance enforcement efforts against alleged violators of APHIS regulations. The budget also includes an additional \$12 million for biotechnology regulation activities. As the number and complexity of proposed biotechnology products increase, additional staff will be required to provide sufficient and timely review. This increase supports the Department's strategic goal of helping promote agricultural production and biotechnology exports by increasing the number of genetically engineered plant lines that are found to be safe by APHIS.
- **Emergency Management.** A total of almost \$20 million is requested, a \$2 million reduction stemming from the completion of projects and simplification of administration of the emergency management programs.

**Safe Trade and International Technical Assistance.** The budget includes a total of almost \$35 million to facilitate U.S. plant and animal product foreign trade. This includes an increase of \$1.5 million to implement the Lacey Act amendments included in the 2008 Farm Bill related to preventing importation of products derived from illegally harvested foreign timber. The budget also includes an increase of \$0.6 million to assist developing countries in strengthening their regulatory capacity to detect and address pests and diseases. Aiding potential export markets to develop regulatory structures similar to our own should aid U.S. exporters in meeting foreign regulatory requirements.

**Animal Welfare.** The 2012 budget proposes \$29 million for Animal Care activities, an increase of about \$6 million for increased investigation of problematic dog breeders and dealers. The

## MARKETING AND REGULATORY PROGRAMS

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budget requests a total of \$0.9 million for greater enforcement of the Horse Protection Act.

**User Fees.** In addition to discretionary funding, APHIS collects user fees to cover costs related to agricultural quarantine and inspections that occur at ports of entry. These collections are shared with the Department of Homeland Security's Customs and Border Protection; APHIS plans to retain \$192 million in 2012. APHIS will also submit legislative proposals to authorize the collection of about \$9 million in user fees for Animal Welfare activities, about \$6.8 million in user fees for Veterinary Biologics activities, and \$3.8 million in user fees for Biotechnology Regulatory Services activities in 2012. As recipients of these services are the direct beneficiaries of many of the services provided by the respective division of APHIS, the proposed user fee will place the cost of providing these services on the recipient rather than the U.S. taxpayer.

<b>Key Performance Measure</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Cumulative number of genetically engineered plant lines reviewed by USDA and found safe for use in the environment	73	78	80	81	85	91

**Buildings and Facilities.** The budget requests \$4.7 million for general repairs and maintenance of APHIS buildings. This amount will be used for critical repairs at APHIS facilities.

## MARKETING AND REGULATORY PROGRAMS

### AGRICULTURAL MARKETING SERVICE (AMS)

<b>Budget Authority</b>				
<b>(Dollars in Millions)</b>				
	<b>2010</b>	<b>2011</b>	<b>2012</b>	
<b>Program</b>	<b>Enacted</b>	<b>Estimate</b>	<b>Budget</b>	
<b>Discretionary:</b>				
Marketing Services:				
Market News.....	\$34	\$34	\$34	
Egg Surveillance and Standardization.....	8	8	8	
Market Protection and Promotion.....	43	43	45	
Wholesale, Farmers, and Alternative Market Development.....	3	3	5	
Transportation Services.....	3	3	3	
Methamphetamine Inhibitor Grant Program <u>a/</u> .....	1	1	0	
Total, Marketing Services.....	92	92	95	
Payments to States and Possessions:				
Payments to States.....	1	1	3	
Total, Payments to States and Possessions.....	1	1	3	
Total, Discretionary Programs.....	93	93	98	
<b>Mandatory:</b>				
Funds for Strengthening Markets, Income, and Supply (Section 32):				
Commodity Program Expenses.....	1,011	1,018	1,031	
Section 32 Administrative Funds:				
Marketing Agreements and Orders (MA&O).....	20	20	20	
Web-based Supply Chain Management.....	10	15	15	
Commodity Purchase Services.....	12	12	13	
Total, Section 32 Administrative Funds.....	42	47	48	
Total, Section 32 Funds.....	1,053	1,065	1,079	
User Fees:				
Perishable Agricultural Commodities Act.....	7	12	12	
Commodity Grading Services.....	156	149	150	
Total, User Fee Funded Programs.....	163	161	162	
Farm Bill:				
Specialty Crop Block Grants (Sec. 10109).....	55	55	55	
Farmers Market Promotion Program (Sec. 10106).....	5	10	10	
Agricultural Mgmt Assistance, Organic Cost-Share (Sec. 2801).....	(2)	(2)	(2)	
Total, Farm Bill Programs.....	60	65	65	
Total, Mandatory Programs.....	1,276	1,291	1,306	
Total, AMS Programs.....	\$1,369	\$1,384	\$1,404	

a/ Provided through general provisions in 2010 and included in the 2011 annualized continuing resolution level as a result of technical calculations.

The mission of AMS is to facilitate the competitive and efficient marketing of agricultural products in domestic and international markets, while ensuring fair trading practices. AMS

## MARKETING AND REGULATORY PROGRAMS

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programs benefit producers, traders, and consumers of U.S. food and fiber products by promoting a strategic marketing perspective that adapts product and marketing decisions to consumer demands, changing domestic and international marketing practices, and new technology.

AMS programs will play key roles in two initiatives. The Transportation and Market Development Program (a combination of the former Transportation Services line item with the Wholesale Farmers, and Alternative Market Development line item), together with programs conducted by Rural Development, will be part of the Government-wide Healthy Food Financing Initiative. This initiative supports local and regional efforts to increase access to healthy food in urban and rural food deserts and other underserved areas, particularly through the development of grocery stores and other healthy food retailers. In a related effort, “Know Your Farmer, Know Your Food” will facilitate the development of local and regional food systems that better connect consumers with local farms, create new income opportunities for farmers, and place a greater focus on sustainable agricultural practices and nutritious, local food. Increases are proposed for the Transportation and Market Development Program and the Federal-State Marketing Improvement Program to help accomplish the initiatives. In addition, the 2008 Farm Bill provides funding for the Farmers Market Promotion Program. AMS activities (funded from Section 32) in support of the Food and Nutrition Service’s Farm to School Team will also enable AMS to better link local and regionally grown foods to school feeding programs.

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

The 2012 budget includes about \$10 million for the National Organic Program (NOP), an increase of \$3 million, which will accelerate the review and development of NOP regulations, and strengthen enforcement capacity to protect the integrity of the organic label. In addition, it will enable the program to respond to requests for international equivalency agreements.

In addition, \$33.5 million is included for Market News to support the continuation of data collection and reporting of commodity information, including the information on organic commodities initiated with \$3.5 million that AMS received in 2008 Farm Bill funding. AMS will also respond to new mandates for reporting on wholesale pork cuts and expanded dairy price reporting, while implementing efficiencies in Market News to obtain cost savings.

AMS will also realize efficiencies in its Country of Origin Labeling (COOL) Program. Once the agency’s COOL database is completed in 2011, development costs will not be needed in 2012. The budget includes \$9.6 million for COOL activities.

## MARKETING AND REGULATORY PROGRAMS

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AMS will continue providing assistance to organic producers in specific states through the Agricultural Management Assistance Organic Certification Cost-Share program, and for organic producers and handlers nationally through the National Organic Certification Cost-Share Program using funds from the 2008 Farm Bill. Cost-share assistance is at a rate of 75 percent of certification costs up to a maximum of \$750 per year.

The budget includes \$7.7 million for Transportation and Market Development, in part to improve access to local and regionally produced foods by stimulating the development of regional food hubs that will enhance community capacity to improve local food access, among other activities. These efforts will support Administration priorities such as “Know Your Farmer, Know Your Food” and the Healthy Food Financing Initiative.

Funds are also included to enhance sampling under the Microbiological Data Program (\$5.0 million) and to increase funding for State sampling and testing activities under the Pesticide Data Program to maintain effective testing levels of foods and drinking water (about \$16.6 million).

**Payments to States and Possessions.** Under the Federal-State Marketing Improvement Program (FSMIP), 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 2012 budget requests a total of almost \$3 million for the program. The new funding would be targeted to grants that focus on local food marketing opportunities, and would help achieve “Know Your Farmer, Know Your Food” objectives.

**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 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 2012 budget requests a total of \$27.7 million for administration of commodity purchasing, which includes \$14.5 million of Section 32 funds for operations and maintenance of the Web-based Supply Chain Management System, a modern, integrated Internet-based system for commodity acquisition, distribution, and monitoring replacing the Processed Commodity Inventory Management System (PCIMS). In addition, \$13.2 million is included for Commodity Purchase Services, which will allow current purchase program administrative functions to be continued and also allow AMS to work with the Food and Nutrition Service’s Farm to School Team to better link local and regionally grown foods to school feeding programs.



## **MARKETING AND REGULATORY PROGRAMS**

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 (\$20 million) are used to finance Federal oversight activities for marketing agreements and orders at the national level.

**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. AMS also offers certification services to verify contract specifications on quantity and quality, acceptance and condition inspection services for all agriculture commodities upon request, and export certification services for a number of commodities. AMS' audit verification services review production and quality control systems, and verify industry marketing claims. In addition, AMS enforces the Perishable Agricultural 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.

**2008 Farm Bill.** In addition to organic certification cost-sharing, the 2008 Farm Bill provided funding for other efforts. The Specialty Crop Block Grant Program provides funds to States solely to enhance the competitiveness of specialty crops. Specialty crops are defined as fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture). The Farm Bill made \$55 million available for 2012. Under the Farmers' Market Promotion Program, competitive grants are awarded to help improve and expand domestic farmers' markets, roadside stands, community-supported agriculture programs, agro-tourism activities, and other direct producer-to-consumer market opportunities. The Farm Bill made \$10 million available for the Farmers Market Promotion Program in 2012.

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

<b>Budget Authority</b>			
<b>(Dollars in Millions)</b>			
<b>Program</b>	<b>2010 Enacted</b>	<b>2011 Estimate</b>	<b>2012 Budget</b>
<b>Discretionary:</b>			
Salaries and Expenses:			
Grain Regulatory Program.....	\$18	\$18	\$18
Packers and Stockyards Program.....	24	24	26
Total, Salaries and Expenses.....	42	42	44
<b>Mandatory:</b>			
Inspection and Weighing User Fees.....	(42)	(50)	(50)
Total, GIPSA Programs.....	\$42	\$42	\$44

## **MARKETING AND REGULATORY PROGRAMS**

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GIPSA establishes the official U.S. standards and quality assessment methods for grain and related products, regulates handling practices to ensure compliance with the U.S. Grain Standards Act and Agricultural Marketing Act of 1946, and manages a network of Federal, State, and private laboratories that provide impartial, user-fee funded official inspection and weighing services. 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 economic viability and sustainability of rural and farm economies.

For 2012, the budget proposes a program level for salaries and expenses of about \$94 million, of which \$50 million is from existing inspection and weighing user fees. Of the appropriations request of \$44 million, about \$18 million is devoted to the Grain Regulatory Program including standardization, compliance, and methods development activities and nearly \$26 million to the Packers and Stockyards Program. Separately, GIPSA will submit a legislative proposal to authorize the collection of 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.

The 2012 budget requests an increase of approximately \$2.2 million to further strengthen enforcement and promote greater voluntary compliance of the Packers and Stockyards Act. The increase would enable GIPSA to perform approximately 500 additional inspections and compliance reviews and increase industry compliance with the Packers and Stockyards Act to 84 percent.

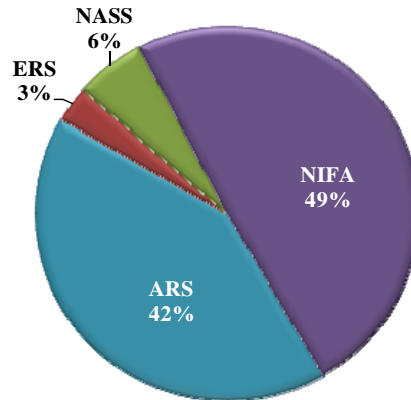
<b>Key Performance Measure</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Percent of industry compliance with the Packers and Stockyards Act	75	80	80	80	81	84

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# RESEARCH, EDUCATION, AND ECONOMICS

## MISSION AND RELATIONSHIP TO STRATEGIC GOALS

**2012 REE Budget Authority**  
Total = \$2.7 Billion



Investments in food, agricultural, and natural resource science are catalysts for economic growth and ultimately lead to increased profitability for farmers, reduced food costs and greater choice for consumers, and improved management of the natural-resource base. Agriculture is a key contributor to productivity growth in the U.S. economy. While production agriculture represents only about 1.8 percent of U.S. gross domestic product, agricultural productivity from 1970 to 2000 made an oversized contribution of 12 percent to overall U.S. productivity growth. Furthermore, U.S. public agricultural research and development has accounted for about half of that agricultural productivity growth. The average social rate of return from public agricultural research in the United States is estimated to be at least 35 percent annually. This investment in research has helped American agriculture maintain a \$2 billion a month trade surplus despite a worldwide economic downturn.

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 research and statistics. REE, through its intramural and competitive grant programs and by strengthening the capacity of institutions of higher education, supports all of USDA's Strategic Goals. The 2012 REE budget serves to ensure a safe, sustainable and competitive U.S. food, fuel and fiber system and healthy individuals and communities.

REE responsibilities are carried out by four agencies: the Agricultural Research Service conducts intramural research in the area of natural and biological sciences; the Economic Research Service performs intramural economic and social science research; the National Agricultural Statistics Service 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; and the National Institute of Food and Agriculture partners with land grant and non-land grant colleges and universities in carrying out extramural research, higher education, and extension activities.

## RESEARCH, EDUCATION, AND ECONOMICS

### AGRICULTURAL RESEARCH SERVICE (ARS)

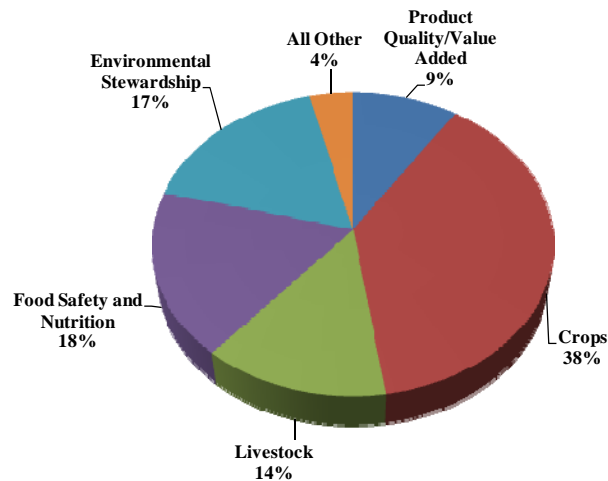
**Budget Authority  
(Dollars in Millions)**

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>Discretionary:</b>			
New Products/Product Quality/Value Added.....	\$105	\$105	\$107
Livestock Production.....	81	81	75
Crop Production.....	234	234	236
Food Safety.....	108	108	114
Livestock Protection.....	79	79	80
Crop Protection.....	203	203	197
Human Nutrition.....	86	86	89
Environmental Stewardship.....	202	202	196
Total, Research Programs.....	1,098	1,098	1,094
National Agricultural Library.....	22	22	23
Repair and Maintenance of Facilities.....	18	18	21
Total, Ongoing Programs.....	1,138	1,138	1,138
Earmarked Projects.....	42	42	0
Total, Research and Information Activities.....	1,180	1,180	1,138
Buildings and Facilities.....	71	71	0
Total, Discretionary Programs.....	1,251	1,251	1,138
<b>Mandatory:</b>			
Trust Funds.....	14	18	18
Total, ARS.....	\$1,265	\$1,269	\$1,156

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 information data. The agency includes the National Agricultural Library, the Nation's major information resource on food, agriculture and natural resource sciences.

## RESEARCH, EDUCATION, AND ECONOMICS

2012 ARS Research and Information Budget Authority  
Total = \$1.1 Billion



The 2012 budget requests approximately \$1.14 billion for ARS research and information funding, a net decrease of \$42 million. This reduction is achieved through the elimination of Congressional earmarks and other lower priority projects that total about \$101 million. These reductions help fund program increases totaling \$58.7 million to conduct research and maintain ARS laboratories in order to address the Nation's most critical research needs, including:

**New Products/Product Quality/Value Added.** ARS has active research programs directed toward: (1) improving the efficiency and reducing the cost for the conversion of agricultural products into biobased products and biofuels, (2) developing new and improved products to help establish them in domestic and foreign markets, and (3) providing higher quality, healthy foods that satisfy consumer needs in the United States and abroad. The 2012 budget provides an increase of \$6 million for research at Regional Biofuels Feedstocks Research and Demonstration Centers. The five Centers will be managed by ARS and will coordinate efforts for research conducted by other agencies and departments to accelerate the development and deployment of dedicated energy feedstocks, including perennial grasses, and sustainable feedstock production systems for advanced biofuels best suited for different regions across the Nation.

**Livestock Production.** ARS' livestock production program is directed toward: (1) safeguarding and utilizing animal genetic resources, associated genetic and genomic databases, and bioinformatic tools, (2) developing a basic understanding of the physiology of livestock and poultry, and (3) developing information, tools, and technologies that can be used to improve animal production systems. The research is heavily focused on the development and application of genomics technologies to increase the efficiency and product quality of beef, dairy, swine, poultry, aquaculture, and sheep systems. The 2012 budget includes an increase of \$4 million for research to develop integrated, sustainable management systems that will improve food production and security, and protect the environment. ARS will harness the expanding body of genomic information on ruminants, swine and fish to improve feed and production efficiency and animal health. Information on the relationships between health, nutrients, growth, and feed efficiency can be used to reduce inputs to animal production and

## RESEARCH, EDUCATION, AND ECONOMICS

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optimize animal health and animal product quality characteristics. The proposed research will have a wide range of applications, including the selection of animals with improved growth efficiency and disease resistance. The budget additionally includes an increase of \$0.5 million for ARS to expand activities to identify, acquire, and secure unprotected genetic resources of animals, insects, and veterinary associated microbes. A broad spectrum of genetic diversity in the form of viable and well documented germplasm will be conserved. Vulnerable or threatened genetic resources vital to national security will be safely stored and backed-up in secure facilities.

**Crop Production.** ARS' crop production program focuses on developing and improving ways to reduce crop losses while protecting and ensuring a safe and affordable food supply. The research program concentrates on effective production strategies that are environmentally friendly, safe to consumers, and compatible with sustainable and profitable crop production systems. Research activities are directed at safeguarding and utilizing plant genetic resources and their associated genetic, genomic, and bioinformatic databases that facilitate selection of varieties and/or germplasm with significantly improved traits. To further these goals the 2012 budget provides an increase of \$4.7 million for crop breeding to enhance food production and security. The proposed research will expand ARS' capacity to improve complex traits, such as developing high seed yields in perennial grains, as well as integrating disease resistance and weather stress tolerance. Perennial grains that have a longer growing season and deeper rooting depths will use water and nutrients more efficiently, reduce erosion, and preserve soil carbon. The budget also includes an increase of \$3.3 million to expand activities to identify, acquire, and secure unprotected genetic resources of plants, insects, and crops and associated microbes. A broad spectrum of genetic diversity in the form of viable and well-documented germplasm will be conserved. Vulnerable or threatened genetic resources vital to national security will be safely stored and backed-up in secure facilities.

**Food Safety.** Assuring that the United States has the highest levels of affordable, safe food requires that the food system be protected at each stage from production through processing and consumption from pathogens, toxins, and chemical contaminants that cause diseases in humans. ARS' current food safety research is designed to yield science-based knowledge on the safe production, storage, processing, and handling of plant and animal products, and on the detection and control of toxin producing and/or pathogenic bacteria and fungi, parasites, chemical contaminants, and plant toxins. The 2012 budget includes an increase of \$7 million to enhance research on non-traditional agents and their possible use in food. Additionally, an increase of \$1 million will be used to develop the most effective and rapid detection and sensing technologies for pathogens, toxins and chemical residues which can be used at the earliest possible stage in the food safety continuum thus avoiding the need for possible recalls and reducing the public health impact. Also, the budget includes an increase of \$1.4 million to develop and evaluate alternatives to antibiotics in food animals as well as evaluate the impact of changes in current policies for antibiotic use. In addition, an increase of \$1.3 million will be used to conduct epidemiological and ecologic studies to determine how pathogens are introduced into the environment.

**Livestock Protection.** ARS' animal health program is directed at protecting and ensuring the safety of the Nation's agriculture and food supply through improved disease detection,

## RESEARCH, EDUCATION, AND ECONOMICS

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prevention, control, and treatment. Basic and applied research approaches are used to solve animal health problems of high national priority. Emphasis is given to methods and procedures to control animal diseases. The budget includes an increase of \$3.6 million for improved animal protection which will enhance food production and security. Research will focus on the development of preventive measures to combat priority infectious diseases of livestock and poultry. Specific projects include the development of new measures to control bovine tuberculosis and bovine respiratory diseases, and eradicate cattle tick fever from wild ungulates and cattle in South Texas. Furthermore, research will be conducted on countering biological threats for African Swine Fever, Classical Swine Fever, and Foot and Mouth Disease thereby preventing catastrophic losses from emerging diseases. USDA has principal responsibility for safeguarding the Nation's insect systematics collections which are needed for developing pest management strategies. Therefore, the budget includes an increase of \$0.5 million to enhance the animal and microbial collection's capacity, as well as conserve insect germplasm.

**Crop Protection.** ARS research on crop protection is directed toward epidemiological investigations to understand pest and disease transmission mechanisms, and to identify and apply new technologies that increase understanding of virulence factors and host defense mechanisms. The 2012 budget includes an increase of \$3.3 million for research to combat crop diseases. Specific projects will focus on improving citrus germplasm to protect from citrus greening; discover and deploy genetic mechanisms that block rusts of dry beans and legumes; and develop new genetic and management systems to protect corn from aflatoxin accumulation. Disease protection research will also expand and strengthen cereal pathology in order to identify new sources of genetic resistance to emerging cereal pathogens. Additionally, advanced genetic tools will be developed to accelerate the breeding and protection of grain crops. The budget also includes an increase of \$1.7 million for research on the Department's scientific collections which are needed for developing pest management strategies, identifying new pollinators and the testing of natural enemies needed for biological control of insects and weeds. Through this research, crops will be better protected from pests through biological control, plant resistance and the development of other management tools.

**Human Nutrition.** Maintenance of health throughout the lifespan along with prevention of obesity and chronic diseases via food-based recommendations are the major emphasis of the ARS human nutrition research program. These health-related goals are based on the knowledge that deficiency diseases are no longer important public health concerns. This is reflected by increased emphasis on prevention of obesity from basic science through intervention studies to assessments of large populations. ARS' research program also actively studies bioactive components of foods that have no known requirement but have health promoting activities. The 2012 budget proposes an increase of \$7.5 million for research on nutrition and health. Obesity prevalence among adults and children in the U.S. has tripled in the last 30 years. During this time, the *Dietary Guidelines for Americans* (DGA) have been issued by USDA in partnership with the Department of Health and Human Services. Despite the DGA forming the basis for Federal food and nutrition policy and the requirement of USDA nutrition assistance programs to provide meals that meet the DGA, few Americans have diets that come close to the recommendations. The proposed increase will fund a study to identify barriers and facilitators to following the DGA in multiple locations nationwide, in children and adults, and in various ethnic groups, and in urban versus rural locales. New methods to

## RESEARCH, EDUCATION, AND ECONOMICS

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motivate behavior change in eating and physical activity will result from this research. In addition, ARS will demonstrate that the consumption of fruit, vegetables, nuts and whole grain products, which are recommended in the DGA, have benefits and will determine the amount needed in a standard diet. Studies will also determine the actual nutrient requirements based in the needs of children, rather than using the current standard of extrapolating from adult values. Also, the increased funding will be used to enhance the nutrition information available through [www.Nutrition.gov](http://www.Nutrition.gov). ARS will significantly increase information about children's healthy weight gain during growth and ways by which obesity can be prevented.

**Environmental Stewardship.** ARS research programs in environmental stewardship support scientists at more than 70 locations. Emphasis is given to developing technologies and systems that support profitable production and enhance the Nation's vast renewable natural resource base. The 2012 budget proposes an additional \$4 million to conduct research that will enhance American agriculture's adaptability to a changing global climate. ARS will increase the resilience of crops so they thrive in variable and extreme environments, as well as focus on mitigating the effects of climate change by ensuring the availability of water through improved management. Research will also develop production systems that will provide a sustainable balance of crop production, carbon soil sequestration, and net greenhouse gas emissions. The budget also proposes an increase of \$4.5 million for research which will develop sustainable agricultural practices through the integration of information and technologies leading to enhanced productivity, profitability, energy efficiency, and natural resource stewardship for American farmers and ranchers. New practices will be developed that utilize on-farm resources and natural processes which reduce the need for inputs and reduce production costs and risks. The development of these improved agricultural systems will increase the long-term financial viability, competitiveness, and sustainability of farms and rural communities, and increase food and fiber security for the U.S. and the world.

**National Agricultural Library (NAL).** The NAL is the largest and most accessible agricultural research library in the world. It provides services directly to the staff of USDA and to the public, primarily via the NAL web site: [www.nal.usda.gov](http://www.nal.usda.gov). The budget proposes an increase of \$1.5 million for developing and providing unified and accessible sustainability and environmental databases for the scientific community including data sets on carbon sequestration and greenhouse gas emissions, tillage and management studies, and conservation program benefits.

**Buildings and Facilities.** ARS has over 100 research facilities throughout the U.S. and abroad, many collocated with other USDA agencies and university partners. The budget does not include funding for ARS building modernization projects but requests an increase of \$3 million to address high priority needs for existing facilities. In addition, under ARS' Buildings and Facilities account, the budget proposes to cancel \$224 million in unobligated balances from construction projects that were not requested in prior budget requests, partially-funded facility projects, and unobligated balances from completed projects.



## RESEARCH, EDUCATION, AND ECONOMICS

### NATIONAL INSTITUTE OF FOOD AND AGRICULTURE (NIFA)

<b>Budget Authority (Dollars in Millions)</b>			
<b>Program</b>	<b>2010 Enacted</b>	<b>2011 Estimate</b>	<b>2012 Budget</b>
<b>Discretionary:</b>			
Research and Education Activities.....	\$792	\$792	\$708
Extension Activities.....	495	495	467
Integrated Activities.....	60	60	30
Native American Endowment Fund Interest.....	4	4	5
Total, Ongoing Discretionary Programs.....	1,351	1,351	1,210
<b>Mandatory:</b>			
Risk Management Education.....	5	5	5
Native American Endowment Fund.....	12	12	12
Hispanic-Serving Ag-Colleges Endowment Fund.....	0	0	10
<b>Farm Bill:</b>			
Biomass Research and Development.....	28	30	40
Organic Agriculture Research and Education Initiative.....	20	20	20
Healthy Urban Enterprise Development Center.....	1	1	0
Beginning Farmer and Rancher Development Program.....	19	19	19
Specialty Crop Research Initiative.....	50	50	50
Biodiesel Fuel Education Program.....	(1)	(1)	(1)
Community Food Projects.....	(5)	(5)	(5)
Total, Farm Bill Programs.....	118	120	129
Total, Mandatory Programs.....	135	137	156
Total, NIFA.....	\$1,486	\$1,488	\$1,366

NIFA 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. NIFA provides funding for projects conducted in partnership with the State Agricultural Experiment Stations, the 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. NIFA is responsible for administering USDA's primary competitive research grants program, the Agriculture and Food Research Initiative, which supports investigator-initiated research with strong potential to contribute to major breakthroughs in agricultural science.

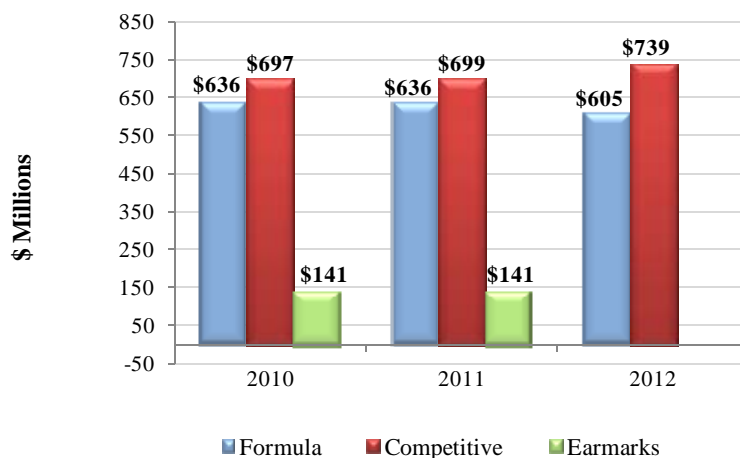
# RESEARCH, EDUCATION, AND ECONOMICS

## National Institute of Food and Agriculture Budget Authority (Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>Discretionary:</b>			
Formula Grants:			
Smith-Lever 3 (b&c).....	\$298	\$298	\$283
Hatch Act.....	215	215	204
1890 Research and Extension.....	91	91	91
McIntire-Stennis Cooperative Forestry.....	29	29	27
Animal Health and Disease Research.....	3	3	0
Total, Formula Grants.....	636	636	605
Agriculture and Food Research Initiative.....	262	262	325
Integrated Activities - Section 406 Organic Transition.....	5	5	5
Integrated Activities - Other Section 406.....	40	40	0
Pest Control/Management Activities.....	26	26	26
Sustainable Agriculture Federal-State Matching Grants.....	0	0	10
Sustainable Agriculture Research and Extension.....	19	19	20
Higher Education Programs.....	48	48	43
Native American Endowment Fund Interest.....	4	4	5
Federally-Recognized Tribes Extension Program.....	3	3	8
1890 Facilities.....	20	20	20
Extension Services at 1994 Institutions.....	4	4	5
Expanded Food and Nutrition Education Program (EFNEP).....	68	68	68
Federal Administration.....	18	18	18
Electronic Grants Administration System.....	2	2	5
Regional Diagnostic Network.....	10	10	10
Veterinary Medical Services Act.....	5	5	5
Other Research, Extension and Integrated Programs.....	36	36	32
Subtotal, Ongoing Discretionary.....	1,206	1,206	1,210
Earmarked Projects and Grants.....	141	141	0
Improved Nutritional Delivery of Food Assistance Grants <sup>a/</sup> .....	4	4	0
Total, Discretionary Programs.....	1,351	1,351	1,210
<b>Mandatory:</b>			
Risk Management Education.....	5	5	5
Native American Endowment Fund.....	12	12	12
Hispanic-Serving Ag-Colleges Endowment Fund.....	0	0	10
Farm Bill Programs.....	118	120	129
Biodiesel Fuel Education Program.....	(1)	(1)	(1)
Community Food Projects.....	(5)	(5)	(5)
Total, NIFA.....	\$1,486	\$1,488	\$1,366

<sup>a/</sup> Provided through general provisions in 2010 and included in the 2011 annualized continuing resolution level as a result of technical calculations.

## 2012 NIFA Budget Authority



\*Does not include endowment funds

The 2012 budget requests approximately \$1.2 billion in discretionary funding for NIFA, a decrease of \$141 million from 2011. The budget eliminates \$141 million in Congressional earmarks as well as makes selective reductions in ongoing program initiatives. The Department continues to move toward the use of competitive grants to generate the solutions to the Nation’s most critical problems. High-priority research initiatives include the following:

**Agriculture and Food Research Initiative (AFRI).** AFRI 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 2012 budget proposes funding of \$325 million for AFRI, an increase of \$62 million. Included in this amount is funding which will support the activities of the Graduate Fellowship and Institution Challenge Grants Programs under AFRI. This will allow alignment of the medium and long-term research goals with scientific training opportunities at the undergraduate and graduate level. Specific projects include an increase of \$8.2 million for the Department’s alternative and renewable energy research initiative to develop high-quality, cost-effective feedstocks for biofuel production; \$4.7 million for global climate change research to develop mitigation capabilities and adaptive capacities for agricultural production; \$11.8 million for international food security to expand research, education and extension efforts on sustainable plant and animal production systems as well as plant and animal diseases that threaten public health and agricultural production; \$8.2 million for an integrated food safety research program which will improve our understanding of disease-causing microorganisms, their products and naturally occurring contaminants in meats, poultry, seafood, and fresh fruits and vegetables; \$8.2 million in nutrition and obesity prevention research; \$5.2 million for the NIFA Fellows program which directly supports graduate education in priority research programs through AFRI. Finally the budget includes an increase of \$15.8 million in the congressionally established foundational research programs.

## RESEARCH, EDUCATION, AND ECONOMICS

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**Extension and Education on Tribal Lands and at 1994 Institutions.** The Federally-Recognized Tribes Extension Program supports extension agents who establish programs in agriculture, community development, families and societal issues facing Native Americans. The budget proposes an increase of \$5 million to more than double the number of tribes being served by extension and will be used to develop and deploy sustainable production practices. Additionally, the budget proposes an increase of \$1 million for Extension Services at the 1994 Institutions to conduct an Expanded Food and Nutrition Education Program (EFNEP) pilot in a number of Native American communities through a competitive grant process. The 1994 Institutions, which have demonstrated initial success in providing nutrition education, would partner with 1862 Institutions with a strong EFNEP or other innovative program to provide culturally relevant nutrition education. Finally, an increase of \$0.3 million is requested for the Tribal Colleges Education Equity Grants Program which is designed to promote and strengthen higher education instruction in the food and agricultural sciences at the 34 Tribal Colleges.

**1890 Capacity Building Grants Program (CBG).** The 2012 budget proposes an increase of \$1.8 million to strengthen teaching, research and extension programs in the food and agricultural sciences by building the institutional capacities of the 1890 Land-Grant Institutions. The CBG program supports curriculum design and materials and faculty development. CBG also supports projects that strengthen research and extension programs in the areas of experimentation and extension program development.

**Hispanic-Serving Institutions (HSI):** The 2012 budget proposes an increase of \$0.9 million for the Hispanic-Serving Institutions Education Partnership Grants Program. This funding will support the establishment of alliances among HSIs to strengthen STEM education programs in the food and agricultural sciences through the funding of innovative teaching enhancement projects with the potential for regional or national impact. The 2008 Farm Bill authorized the establishment of an endowment fund for Hispanic Serving Agricultural Colleges and Universities. The 2012 budget proposes an increase of \$10 million to establish the fund which will lead to significant and measurable advancement of Hispanic students in the food and agricultural sciences. Funding will come from the annual interest generated by the Endowment.

**Sustainable Agriculture Research and Education (SARE) Program.** SARE advances agricultural innovations that improve profitability, environmental stewardship and quality of life. The 2012 budget proposes an increase of \$10 million for the creation of a new Federal-State Matching Grant SARE Program to assist in the establishment and enhancement of State sustainable agriculture research, education and extension programs. The matching requirement will leverage State or private funds and build the capabilities of American agriculture in becoming more productive and sustainable. Additionally, an increase of \$0.76 million is proposed to support research and extension that will improve soil quality and carbon sequestration, save energy and mitigate climate change as well as provide education and training for Cooperative Extension, the Natural Resources Conservation Service and other agriculture professionals. These increases will bring total SARE funding to \$30 million.

## RESEARCH, EDUCATION, AND ECONOMICS

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**Electronic Grants Administration.** With increased funding for AFRI, a significant rise in the number of applications is anticipated requiring increased efficiency of the grant-making processes and systems. Additionally, the breadth and types of grants made will increase requiring the development of new grant management tools. The 2012 budget proposes an increase of \$3 million for improved grants management systems which will substantially lower the transaction costs of applying for an AFRI or other NIFA competitive grant, while increasing proposal receipt and acceptance speeds and accuracy.

**Secondary Education, Two-Year Postsecondary Education Program:** The 2012 budget proposes an increase of \$2.5 million for the Secondary Education, Two-Year Postsecondary Education, and Agriculture in the K-12 Classroom Challenge Grants (SPECA) program. These funds will be used to promote and strengthen secondary education and two-year postsecondary education in agriscience and agribusiness in order to help ensure the existence in the United States of a qualified workforce to serve the food and agricultural sciences system.

## RESEARCH, EDUCATION, AND ECONOMICS

### ECONOMIC RESEARCH SERVICE (ERS)

**Budget Authority  
(Dollars in Millions)**

Program	2010 Enacted	2011 Estimate	2012 Budget
Economic Research Service.....	\$82	\$82	\$86

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. The 2012 budget requests approximately \$86 million in program funding, an increase of \$8.4 million in program initiatives which is offset by \$4.9 million in terminations of low-priority programs.

**Center of Excellence for Behavioral Economics:** The 2012 budget requests \$2.4 million to fund a new research initiative on behavioral economics. The new Center would extend the approach the agency is currently using in its analysis of food and nutrition programs to gain a better understanding of the current and potential policy and program outcomes of the Department’s land conservation, climate change, and rural prosperity initiatives. USDA and its customers will benefit from this analysis as it informs how programs are designed for cost efficiencies and greater effectiveness.

**Community Access to Local Foods.** The availability of fresh, healthy, local foods depends to a large extent on the local food environment and community characteristics. Food choices are critically important to health outcomes, and these choices are shaped or significantly influenced by these factors. Therefore, the budget proposes an increase of \$2 million to develop data and conduct economic research on the access to affordable and nutritious local foods in low-income communities. With USDA playing a key role in developing policies that address diet and health, this initiative will lead to a better understanding of how the Department can better support sustainable and healthy communities.

**Data Improvement.** As part of a government-wide data improvement program, the 2012 budget includes an increase of \$4 million to strengthen the Department’s statistical protocols and tools. This includes a \$2 million initiative to establish a structure among statistical agencies, with ERS providing project management, to improve data access, develop tools for data processing, and increase the utility of Federal data. The 2012 budget also includes an increase of \$2 million for an administrative data pilot project. Administrative data, information collected in conjunction with administering government programs, provide an opportunity for increasing the statistical ability to understand and address critical policy issues. The goal of this initial project will be to understand: (1) how nutrition assistance and other government programs work together to provide a social safety net and (2) how nutrition assistance and health care policy work together to improve dietary and health outcomes.

## RESEARCH, EDUCATION, AND ECONOMICS

### NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

Budget Authority (Dollars in Millions)			
Program	2010 Enacted	2011 Estimate	2012 Budget
<b>Discretionary:</b>			
Agricultural Estimates.....	\$124	\$124	\$123
Census of Agriculture.....	38	38	42
Total, Discretionary Programs.....	\$162	\$162	\$165

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 consistency for all users of agricultural statistics. The 2012 budget requests approximately \$165 million in program funding. This includes an increase of nearly \$12 million in initiatives which is offset by \$8.3 million in terminations of low-priority programs, which includes eliminating a land tenure survey largely comprised of farm operators that are accounted for in the Agricultural Resource Management Survey.

**County Estimates Program.** The agricultural estimation program provides a comprehensive set of unbiased data covering most agricultural commodities as well as economic, environmental, and rural demographic data. As part of this program NASS has produced county-level statistics for selected commodities that impact billions of dollars of government payments. The budget includes an increase of \$3.4 million to improve the data quality of the County Estimates program which is used within the Department to administer crop insurance programs that provide U.S. farmers a safety net ensuring protection against unstable growing conditions, as well as crop revenue support programs, emergency assistance payments, and the Conservation Reserve Program.

**Census of Agriculture.** The 2012 budget includes full funding to support the third year of the 2012 Census of Agriculture's five year cycle. The Census of Agriculture provides comprehensive data on the agricultural economy with national, State, and county level details. The census data are relied upon to measure trends and new developments in the agricultural sector.

## OFFICE OF THE SECRETARY

### OFFICE OF THE SECRETARY

**Budget Authority  
(Dollars in Millions)**

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>Discretionary:</b>			
Office of the Secretary.....	\$17	\$17	\$18
Healthy Food Financing Initiative.....	0	0	35
<b>Mandatory:</b>			
Trust Funds.....	1	1	1
Total, OSEC.....	\$18	\$18	\$54

The **Office of the Secretary (OSEC)**, assisted by the Deputy Secretary, the Subcabinet, 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 2012 budget requests \$18 million for OSEC to fund on-going policy leadership, tribal consultation, and cross-cutting trade and biotechnology activities.

In addition to the on-going activities, the request also includes \$35 million for the **Healthy Food Financing Initiative (HFFI)**. As part of the HFFI, USDA will increase the availability of affordable, healthy foods in underserved urban and rural communities, particularly through the development or equipping of grocery stores and other healthy food retailers. To support this initiative, the Departments of Agriculture, Health and Human Services, and Treasury have partnered to make available financial and technical assistance to community development financial institutions, other nonprofits, public agencies, and businesses with sound strategies for addressing the healthy food needs of communities. These organizations will use Federal grants, below-market rate loans, loan guarantees and tax credits to attract private sector capital for an even greater investment in projects that increase access to fresh produce and other healthy foods. In addition, accounts in the Rural Development and Marketing and Regulatory Program mission areas will provide support for the initiative; a total of more than \$150 million in program level assistance will be provided. The goal is to substantially reduce the number of food deserts in our nation over the next several years.

Food deserts are communities in which residents do not have access to affordable and healthy food options. Instead of supermarkets and grocery stores, these communities are typically served by fast food restaurants and convenience stores that offer few if any healthy options. This lack of access contributes to a poor diet and can lead to higher levels of obesity and other diet-related diseases, such as diabetes and heart disease. Most often, these communities are economically distressed and less attractive, under conventional financing, to retailers of healthy food. But effective local programs have shown that well-targeted financing and technical assistance can create viable business outcomes and access to healthier food options. Targeting federal financial assistance to these areas will not only increase the supply of healthy foods and create new



## OFFICE OF THE SECRETARY

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markets for farmers, but also create jobs and support broader development efforts to revitalize distressed communities.

Through the initiative, funds will be made available from a number of loan, grant, promotion, and other programs to provide financial and technical assistance to support market planning and promotion efforts as well as infrastructure and operational improvements designed to stimulate consumer demand, enhance marketing, expand demand and retail outlets for farm products, and increase availability of locally and regionally produced foods.

## DEPARTMENTAL ACTIVITIES

### DEPARTMENTAL MANAGEMENT

**Budget Authority  
(Dollars in Millions)**

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>Discretionary:</b>			
Office of Advocacy and Outreach.....	\$2	\$2	\$7
Assistant Secretary/Office of Civil Rights.....	25	25	26
Office of the Chief Financial Officer.....	7	7	7
Office of Budget and Program Analysis.....	9	9	9
Office of the Chief Information Officer.....	62	62	64
Departmental Administration.....	28	28	29
Contracting and Acquisition Workforce Training.....	0	0	7
Agricultural Reconstruction and Stabilization.....	13	13	<u>a/</u>
Office of Homeland Security and Emergency Coordination..	2	2	4
Agriculture Buildings and Facilities.....	277	293	255
Hazardous Materials Management.....	5	5	5
Total, Discretionary Programs.....	430	446	413
<b>Mandatory:</b>			
Farm Bill:			
Biobased Markets Program.....	2	2	2
Outreach for Socially Disadvantaged Farmers .....	20	20	20
Total, Farm Bill Programs.....	22	22	22
Total, Departmental Management.....	\$452	\$468	\$435

a/ Requested to be funded within the Foreign Agricultural Service.

Departmental Management (DM) is responsible for providing coordination of all administrative functions and support for policy activities of the Department. DM is leading the Department's implementation of Management Initiatives to:

- Transform USDA into a model Federal agency for effective program delivery by enhancing leadership, encouraging employee inclusion, and focusing on improving customer and employee satisfaction.
- Provide civil rights leadership to USDA employees, applicants, and customers by increasing the use of an early resolution process, a form of alternative dispute resolution, for civil rights and equal employment opportunity complaints, reducing the inventory of program civil rights complaints, and analyzing field operations for systemic improvements.

## DEPARTMENTAL ACTIVITIES

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- Coordinate outreach efforts to increase access to USDA programs and services among women and minority farmers.
- Use resources more effectively by incorporating into the Department's current management practices, new strategies and policies that increase performance and encourage efficiency and alignment of activities to the Department's strategic goals.
- Implement modern information technology systems and policies in a cost effective manner that improve program delivery along with internal and external communications capabilities to better serve USDA constituents.
- Maximize USDA "green" operations by increasing the use of bio-preferred products and alternative energy, increasing recycling, and decreasing water and energy usage at USDA facilities.
- Improve Departmental emergency preparedness and security measures to protect USDA employees and the public to ensure the continued delivery of USDA products and services.
- Enhance human resources policies and practices to develop a USDA workforce that is more representative of the National population and has the necessary skills to ensure the continued and improved delivery of services by the Department.

The 2012 budget proposes funding to continue implementation of these initiatives and to provide adequate service delivery by Departmental Management while addressing key policy issues related to outreach, human resources, procurement system improvements, financial management, and information technology security and capital investment. The budget also emphasizes major efforts planned by USDA to create additional efficiencies in the management of Departmental real property and leased space to support the Department's deficit reduction activities. Through these efforts and other administrative and management improvements, USDA expects to achieve a seven percent reduction in funding for rental payments to the General Services Administration and buildings operations and maintenance activities.

The **Office of Advocacy and Outreach (OAO)** was established by the 2008 Farm Bill to increase the accessibility of USDA programs to underserved constituents. OAO activities include overseeing the Advisory Committees on Minority Farmers and Beginning Farmers and Ranchers; administering the Outreach to Socially Disadvantaged Farmers Grant Program (section 2501 Program); overseeing the activities of the Office of Small Farms Coordination and the Farm Worker Coordinator; managing the 1994, 1890, and Hispanic Serving Institutions (HSI) Programs; and coordinating/conducting other outreach functions. The 2012 budget requests \$7 million for OAO to carry out these responsibilities and the provisions of the Farm Bill related to outreach to beginning, small, and socially disadvantaged farmers, ranchers, and rural communities. Of this amount, \$4 million is requested for agricultural labor grants authorized under section 14204 of the 2008 Farm Bill. This program was initially funded through Rural Development in 2010 at the same level. OAO will operate this program in 2012 to assist agricultural employers and farm workers by improving the supply, stability, safety, and training of the agricultural labor force. In addition to the requested funding, OAO will

## DEPARTMENTAL ACTIVITIES

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administer \$20 million provided by the 2008 Farm Bill for the 2501 Grants Program and an estimated \$6 million in reimbursements for programs previously managed by the Office of Civil Rights (1890 and 1994 Programs) and the Agricultural Research Service (Hispanic-Serving Institutions Program).

The **Assistant Secretary for Civil Rights** and the **Office of Civil Rights (OCR)** provide policy guidance; leadership; 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; and 4) offer alternative dispute resolution services. The 2012 budget requests \$26 million for OCR to meet the Administration's commitment to improving USDA's handling of civil rights matters. In addition to the funding provided to OCR, the budget also requests \$60 million in the Farm Service Agency (FSA) to administer settlement of outstanding civil rights complaints and to resolve discrimination cases where the statute of limitations have expired under the Equal Credit Opportunity Act. Additional information on these proposals can be found in the FSA section of this document.

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. The 2012 budget requests \$7 million for OCFO to continue its leadership and oversight of the Department's financial management process, and implementation of the Federal Funding Accountability and Transparency Act; the Improper Payments Information Act; and Departmental travel and debarment and suspension policies.

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. OBPA also serves the key functions of providing information to the Office of Management and Budget and the Appropriations Committees related to the USDA budget and coordinating the Department's implementation of the Farm Bill, including providing relevant implementation and mandatory spending information to the Authorizing Committees. The 2012 budget requests \$9 million for OBPA for the continued delivery of analyses and support provided to USDA policy officials.

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 2012 budget requests \$64 million for OCIO to fund on-going activities, including efforts to improve the Department's cyber security posture. This request includes \$3 million to support implementation of USDA's Enterprise Data Center (EDC) consolidation plan. As part of this plan, USDA is reducing the number of data centers used by its agencies from 46 in FY 2010 to 7 by FY 2015. The consolidation will increase USDA's cyber and physical security; improve the Department's

## DEPARTMENTAL ACTIVITIES

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energy efficiency; and create operating efficiencies and cost avoidances through the use of improved technologies, such as cloud computing. The intended result of these improvements is a USDA information technology system that is more secure, efficient, and cost-effective.

**Departmental Administration (DA)** provides overall direction, leadership and coordination for the Department's management of human resources, ethics, property, procurement, 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 2012 budget requests \$29 million for DA, including a \$3 million increase to implement a human resources initiative in USDA that will build the capabilities of the Department's workforce through leadership development and veteran hiring. In addition, the budget requests a decrease in DA of \$13 million to reflect the transfer of the agriculture reconstruction and stabilization activities in Afghanistan and Iraq to FAS. As these efforts support implementation of Presidential strategies by providing technical experts who serve as advisors to key government ministries and serve on civilian-military command units, including Provincial Reconstruction Teams, these international activities are best managed through FAS.

DA also manages the BioPreferred Program as authorized in section 9002 of the Farm Bill, as amended by the 2008 Farm Bill. As part of this program, DA manages the USDA Certified Biobased Label for manufacturers and vendors of qualifying biobased products. In support of the program's implementation, the budget requests \$0.3 million to ensure the integrity and enforce compliance with the USDA Certified Biobased Labeling Program. This funding will be used to establish an audit program through which DA can monitor the use of the biobased label in the market to ensure that vendors and manufacturers of biobased products are utilizing the label in accordance with program regulations. In addition to the funding request, USDA is also seeking legislative authority to assess monetary penalties for violations of the Biobased Labeling regulations to further ensure the program's integrity and public trust in the label.

In addition, the 2012 budget requests \$6.5 million to support a Government-wide Contracting and Acquisition Workforce Training initiative. The requested funding will allow USDA to implement training, recruitment, and retention activities for the Department's procurement workforce that is responsible for over \$5 billion in annual procurement. These workforce efforts, along with procurement system improvements, will allow USDA to achieve substantial cost savings and avoidances in the contracting and acquisition activities across all agencies.

The **Office of Homeland Security and Emergency Coordination (OHSEC)** provides a central homeland security oversight and assistance capability within USDA. OHS is responsible for providing oversight and coordination of the Department's preparation and response to matters of homeland security importance. In addition, OHS is responsible for providing the protective services for the Secretary and Deputy Secretary of Agriculture. The 2012 budget requests \$4 million for OHS to provide leadership and coordination of Departmental security matters to ensure that USDA is prepared for potential threats or emergency situations. This request includes a \$2 million shift in funding resulting from the transfer of the Office of Security Services out of DA and into OHSEC.

## DEPARTMENTAL ACTIVITIES

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The request for **Agriculture Buildings and Facilities (Ag B&F) and Rental Payments** for 2012 is \$255 million. The account provides funding for the rental payments to the General Services Administration (GSA) and security services payments to the Department of Homeland Security (DHS). This account 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 2012 budget includes \$164 million for payments to GSA for rent, \$77 million for building operations and maintenance, and \$14 million to DHS for building security.

The budget for Ag B&F includes a \$4 million reduction for rental payments to GSA as USDA strives to reduce its leased space around the country by being more efficient with its space allocations. Such efficiencies will enable the Department to support deficit reduction activities while continuing to deliver critical programs to the Nation.

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 2012 budget requests \$5 million for the HMM program to conduct cleanup and remediation activities; to seek repayment from polluters for hazardous materials cleanup responsibilities; and to assist the Department in meeting Federal environmental laws.

## DEPARTMENTAL ACTIVITIES

### DEPARTMENTAL STAFF OFFICES

<b>Budget Authority</b>			
<b>(Dollars in Millions)</b>			
<b>Program</b>	<b>2010 Enacted</b>	<b>2011 Estimate</b>	<b>2012 Budget</b>
<b>Discretionary:</b>			
Office of the Chief Economist.....	\$13	\$13	\$15
National Appeals Division.....	15	15	15
Office of Communications.....	10	10	10
Office of the General Counsel.....	44	44	46
Total, Discretionary Programs.....	82	82	86
<b>Mandatory:</b>			
Farm Bill:			
Biodiesel Fuel Education Program.....	1	1	1
Total, Mandatory Programs.....	1	1	1
Total, Departmental Staff Offices.....	\$83	\$83	\$87

The Departmental Staff Offices provide legal and economic support, communications coordination, and program appeal hearings for the Department's program activities. These offices are vital to USDA's success in creating opportunities for America's farmers, ranchers, and rural communities by providing economic analyses and legal counsel to the Department's policy officials and decision makers. The 2012 budget proposes funding to ensure that these offices maintain the staffing levels needed to provide leadership, oversight, and coordination.

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, sustainable development, agricultural labor, global climate change, and environmental services markets. The 2012 budget requests \$15 million for OCE to continue its support of USDA policy officials, the dissemination of agricultural economic information. Also included in this funding level is a \$2 million increase for the Office of Environmental Markets which will support the development of technical guidelines to quantify the benefits of environmental services being practiced by farmers, ranchers, and forest landowners.

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 2012 budget requests \$15 million for NAD to continue activities to increase the fairness of program delivery by the Service Center Agencies.

## DEPARTMENTAL ACTIVITIES

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The Department's **Office of Communications (OC)** provides leadership and coordination for the development of communication strategies for the Department and plays a critical role in disseminating information about USDA's programs to the general public. The 2012 budget requests \$10 million for OC to continue to develop effective communications strategies that make USDA programs and operations more open and transparent to the public.

The **Office of the General Counsel (OGC)** provides legal oversight, counsel, and support to the Department's agencies. The 2012 budget requests \$46 million for OGC, an increase of \$2 million above 2011 for OGC to increase its legal support services in critical areas, including civil rights settlement oversight and fraud prevention, and the National Organic Program, and to help implement the Healthy, Hunger-Free Kids Act.



**OFFICE OF INSPECTOR GENERAL**

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**OFFICE OF INSPECTOR GENERAL**

**Budget Authority  
(Dollars in Millions)**

<b>Program</b>	<b>2010 Enacted</b>	<b>2011 Estimate</b>	<b>2012 Budget</b>
<b>Discretionary:</b>			
Ongoing Appropriations.....	\$89	\$89	\$91

The **Office of Inspector General (OIG)** conducts and supervises audits and investigations 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 criminal activity involving the Department’s programs and personnel. The 2012 budget requests \$91 million for OIG for audit and investigation review of the Department’s programs. This funding includes an increase of \$0.5 million to support the Council of the Inspectors General for Integrity and Efficiency, established under the authority of the Inspector General Reform Act of 2008 to coordinate Federal efforts to improve program delivery. Additional increases of \$0.1 million support mandatory training requirements, \$0.8 million to enhance audit tools, and expand the scope of existing audits to assist in projecting the full dollar value of potential improper payments, and \$0.6 million to enhance audit and investigations oversight of USDA’s international programs.

# APPENDIX

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

Budget Authority				
AGENCY/PROGRAM	2010 Enacted	2011 Estimate	2012 Budget	Change 2011 to 2012
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>				
<b>Farm Service Agency:</b>				
Discretionary Programs.....	\$2,082	\$2,082	\$1,833	-\$248
Mandatory Programs (excluding CCC).....	1,360	1,944	1,523	-421
Recovery Act.....	578	255	0	-255
Other Supplementals.....	50	0	0	0
Commodity Credit Corporation Programs (mandatory).....	8,347	11,073	8,450	-2,623
Total, Farm Service Agency.....	12,416	15,354	11,806	-3,548
<b>Risk Management Agency:</b>				
Discretionary Programs.....	80	80	82	2
Mandatory Programs.....	4,547	6,994	3,142	-3,852
Total, Risk Management Agency.....	4,627	7,074	3,224	-3,850
<b>Foreign Agricultural Service:</b>				
Discretionary Programs (excluding P.L. 480).....	390	390	430	41
Mandatory CCC Programs.....	(426)	(472)	(416)	-56
Recovery Act.....	90	33	0	-33
P.L. 480 (discretionary).....	1,693	1,693	1,693	0
P.L. 480 (supplemental appropriations).....	150	0	0	0
Total, Foreign Agricultural Service.....	2,323	2,116	2,124	7
Total, Farm and Foreign Agricultural Services.....	19,366	24,544	17,154	-7,390
<b>RURAL DEVELOPMENT</b>				
<b>Rural Utilities Service:</b>				
Discretionary Programs.....	694	694	577	-117
<b>Rural Housing Service:</b>				
Discretionary Programs.....	1,893	1,893	1,446	-447
<b>Rural Business - Cooperative Service:</b>				
Discretionary Programs.....	190	190	186	-4
Mandatory Programs.....	364	159	178	19
Total, Rural Business - Cooperative Service.....	554	349	364	15
<b>Rural Development Salaries and Expenses:</b>				
Discretionary Programs.....	202	202	234	32
Total, Rural Development.....	3,343	3,138	2,621	-517
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>				
<b>Food and Nutrition Service:</b>				
Discretionary Programs.....	7,802	7,799	7,810	11
Mandatory Programs.....	75,190	86,388	92,257	5,869
Recovery Act.....	10,781	10,744	11,910	1,166
Other Supplementals/Rescissions.....	400	0	0	0
Total, Food, Nutrition, and Consumer Services.....	94,173	104,931	111,977	7,046
<b>FOOD SAFETY</b>				
<b>Food Safety and Inspection Service:</b>				
Discretionary Programs.....	1,019	1,019	1,011	-8
Mandatory Programs.....	10	9	9	0
Total, Food Safety.....	1,029	1,028	1,020	-8
<b>NATURAL RESOURCES AND ENVIRONMENT</b>				
<b>Natural Resources Conservation Service:</b>				
Discretionary Programs.....	1,010	1,010	899	-111
Mandatory Programs.....	2,887	3,258	3,648	390
Total, Natural Resources Conservation Service.....	3,897	4,268	4,547	279

# APPENDIX

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

Budget Authority				
AGENCY/PROGRAM	2010 Enacted	2011 Estimate	2012 Budget	Change 2011 to 2012
<b>Forest Service:</b>				
Discretionary Programs.....	5,297	5,304	5,125	-179
Mandatory Programs.....	800	825	766	-59
Total, Forest Service.....	6,097	6,129	5,891	-238
Total, Natural Resources and Environment.....	9,994	10,397	10,438	41
<b>MARKETING AND REGULATORY PROGRAMS</b>				
<b>Animal and Plant Health Inspection Service:</b>				
Discretionary Programs.....	913	913	837	-76
Emergency Funding.....	36	0	0	0
Mandatory Programs.....	320	261	264	3
Total, Animal and Plant Health Inspection Service.....	1,269	1,174	1,101	-73
<b>Agricultural Marketing Service:</b>				
Discretionary Programs.....	93	93	98	5
Mandatory Programs.....	1,276	1,291	1,306	15
Total, Agricultural Marketing Service.....	1,369	1,384	1,404	20
<b>Grain Inspection, Packers and Stockyards</b>				
<b>Administration:</b>				
Discretionary Programs.....	42	42	44	2
Total, Marketing and Regulatory Programs.....	2,680	2,600	2,549	-51
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>				
<b>Agricultural Research Service:</b>				
Discretionary Programs.....	1,251	1,251	1,138	-113
Mandatory Programs.....	14	18	18	0
Total, Agricultural Research Service.....	1,265	1,269	1,156	-113
<b>National Institute of Food and Agriculture:</b>				
Discretionary Programs.....	1,351	1,351	1,210	-141
Mandatory Programs.....	135	137	156	19
Total, National Institute of Food and Agriculture.....	1,486	1,488	1,366	-122
<b>Economic Research Service:</b>				
Discretionary Programs.....	82	82	86	4
<b>National Agricultural Statistics Service:</b>				
Discretionary Programs.....	162	162	165	3
Total, Research, Education, and Economics.....	2,995	3,001	2,773	-228
<b>OTHER ACTIVITIES</b>				
<b>Departmental Activities:</b>				
Discretionary Programs.....	529	545	552	7
Mandatory Programs.....	24	24	24	0
Total, Departmental Activities.....	553	569	576	7
<b>Office of Inspector General:</b>				
Discretionary Programs.....	89	89	91	2
Total, Departmental Activities.....	642	658	667	9
USDA SUB-TOTAL.....	\$134,222	\$150,296	\$149,199	-\$1,097
Offsetting Receipts.....	-3,239	-2,634	-3,841	-1,207
<b>USDA TOTAL.....</b>	<b>\$130,983</b>	<b>\$147,662</b>	<b>\$145,358</b>	<b>-\$2,304</b>

# APPENDIX

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

Program Level				
AGENCY/PROGRAM	2010 Enacted	2011 Estimate	2012 Budget	Change 2011 to 2012
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>				
<b>Farm Service Agency:</b>				
Farm Loan and Grant Programs.....	\$6,070	\$4,612	\$4,768	\$155
Conservation and Other Programs.....	1,904	2,028	2,166	138
Disaster Assistance.....	1,937	2,198	1,523	-675
Commodity Programs.....	16,239	16,406	14,692	-1,714
Commodity Credit Corporation Programs.....	(22,390)	(24,579)	(22,884)	(-1,695)
Salaries and Expenses.....	1,570	1,570	1,713	143
Total, Farm Service Agency.....	27,719	26,815	24,862	-1,952
<b>Risk Management Agency:</b>				
Administrative and Operating Expenses.....	80	80	82	2
Crop Insurance Fund.....	6,996	9,980	10,023	43
Total, Risk Management Agency.....	7,076	10,060	10,105	45
<b>Foreign Agricultural Service:</b>				
Export Credit Guarantees.....	3,090	5,500	5,500	0
Market Development Programs.....	253	255	255	0
Dairy Export Incentive Program.....	2	0	0	0
Foreign Food Assistance.....	2,221	2,117	2,052	-65
Trade Adjustment Assistance for Farmers.....	90	33	0	-33
Salaries and Expenses.....	187	187	236	50
Total, Foreign Agricultural Service.....	5,842	8,091	8,043	-48
Total, Farm and Foreign Agricultural Services.....	40,638	44,966	43,011	-1,956
<b>RURAL DEVELOPMENT</b>				
<b>Rural Utilities Service:</b>				
Loans and Grants.....	9,875	9,370	8,075	-1,295
<b>Rural Housing Service:</b>				
Loans and Grants.....	15,505	26,894	26,728	-166
<b>Rural Business - Cooperative Service:</b>				
Loans and Grants.....	2,290	1,476	1,332	-144
Salaries and Expenses.....	202	202	234	32
Total, Rural Development.....	27,872	37,942	36,369	-1,573
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>				
<b>Food and Nutrition Service:</b>				
Supplemental Nutrition Assistance Program.....	69,459	79,637	85,186	5,549
Child Nutrition Programs.....	17,034	17,616	18,959	1,343
Women, Infants and Children (WIC).....	7,257	7,257	7,390	133
All Other.....	423	421	442	21
Total, Food, Nutrition, and Consumer Services.....	94,173	104,931	111,977	7,046
<b>FOOD SAFETY</b>				
Food Safety and Inspection Service.....	1,029	1,028	1,020	-8

# APPENDIX

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

Program Level				
AGENCY/PROGRAM	2010 Enacted	2011 Estimate	2012 Budget	Change 2011 to 2012
<b>NATURAL RESOURCES AND ENVIRONMENT</b>				
<b>Natural Resources Conservation Service:</b>				
Conservation Operations.....	889	889	899	10
Watershed Programs.....	70	70	0	-70
Resource Conservation and Development.....	51	51	0	-51
Farm Security and Rural Investment Programs.....	2,887	3,258	3,648	390
Total, Natural Resources Conservation Service.....	3,897	4,268	4,547	279
<b>Forest Service:</b>				
National Forest System.....	1,551	1,551	1,705	154
Forest and Rangeland Research.....	312	312	296	-16
State and Private Forestry.....	308	308	341	33
Wildland Fire Activities.....	2,517	2,517	2,023	-494
Capital Improvement and Maintenance.....	538	545	338	-207
Land Acquisition.....	65	65	91	26
All Other.....	6	6	331	325
Total, Discretionary Accounts.....	5,297	5,304	5,125	-179
Mandatory.....	800	825	766	-59
Total, Forest Service.....	6,097	6,129	5,891	-238
Total, Natural Resources and Environment.....	9,994	10,397	10,438	41
<b>MARKETING AND REGULATORY PROGRAMS</b>				
<b>Animal and Plant Health Inspection Service:</b>				
Salaries and Expenses.....	908	908	832	-76
Emergency Funding.....	36	0	0	0
Mandatory.....	320	261	264	3
Buildings and Facilities.....	5	5	5	0
Total, Animal and Plant Health Inspection Service.....	1,269	1,174	1,101	-73
<b>Agricultural Marketing Service.....</b>	<b>1,327</b>	<b>1,337</b>	<b>1,356</b>	<b>19</b>
Section 32 Funds.....	42	47	48	1
<b>Grain Inspection, Packers and Stockyards</b>				
<b>Administration.....</b>	<b>42</b>	<b>42</b>	<b>44</b>	<b>2</b>
Total, Marketing and Regulatory Programs.....	2,680	2,600	2,549	-51
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>				
<b>Agricultural Research Service.....</b>	<b>1,265</b>	<b>1,269</b>	<b>1,156</b>	<b>-113</b>
<b>National Institute of Food and Agriculture.....</b>	<b>1,486</b>	<b>1,488</b>	<b>1,366</b>	<b>-123</b>
<b>Economic Research Service.....</b>	<b>82</b>	<b>82</b>	<b>86</b>	<b>4</b>
<b>National Agricultural Statistics Service.....</b>	<b>162</b>	<b>162</b>	<b>165</b>	<b>3</b>
Total, Research, Education, and Economics.....	2,995	3,001	2,773	-229
<b>OTHER ACTIVITIES</b>				
Office of the Secretary.....	18	18	54	36
Departmental Management.....	452	468	435	-33
Departmental Staff Offices.....	83	83	87	4
Office of Inspector General.....	89	89	91	2
Total, Other Activities.....	642	658	667	9
USDA Sub-Total.....	\$180,023	\$205,522	\$208,803	\$3,281
Receipts and Loan Repayments and Other Adjustments.....	-3,239	-2,634	-3,841	-1,207
<b>USDA TOTAL.....</b>	<b>\$176,784</b>	<b>\$202,888</b>	<b>\$204,962</b>	<b>\$2,074</b>

# APPENDIX

## UNITED STATES DEPARTMENT OF AGRICULTURE

### Outlays

(Dollars in Millions)

AGENCY	2010 Actual	2011 Estimate	2012 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency.....	\$4,632	\$4,605	\$4,146
Commodity Credit Corporation Programs.....	10,015	11,202	8,445
Risk Management Agency.....	4,784	7,069	3,417
Foreign Agricultural Service.....	399	424	442
P.L. 480.....	1,251	1,549	1,612
<b>RURAL DEVELOPMENT</b>			
Salaries and Expenses.....	231	256	239
Rural Utilities Service.....	-1,671	1,659	795
Rural Housing Service.....	1,749	2,035	1,215
Rural Business - Cooperative Service.....	268	244	199
Rural Empowerment Zones/Enterprise Communities.....	15	0	0
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service.....	93,829	105,309	106,907
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service.....	3,156	3,743	3,915
Forest Service.....	6,006	8,036	6,048
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service.....	1,028	1,028	1,022
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service.....	1,275	1,357	1,294
National Institute of Food and Agriculture.....	1,137	1,656	1,725
Economic Research Service.....	68	92	92
National Agricultural Statistics Service.....	159	180	170
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service.....	1,197	1,222	1,126
Agricultural Marketing Service.....	277	323	329
Section 32 Funds.....	1,086	1,084	1,079
Grain Inspection, Packers and Stockyards Administration.....	37	42	43
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary.....	19	22	58
Common Computing Environment.....	9	4	0
Departmental Administration.....	178	171	174
Agriculture Buildings and Facilities.....	210	295	255
Hazardous Waste Management.....	3	25	5
Office of the General Counsel.....	47	48	46
Office of Inspector General.....	96	95	94
Office of Communications.....	10	11	10
Executive Operations:			
Office of the Chief Economist.....	13	13	16
National Appeals Division.....	14	15	15
Working Capital Fund.....	17	-1	0
Gifts and Bequests.....	1	1	1
Subtotal.....	131,545	153,814	144,934
Offsetting Receipts.....	-2,080	-1,985	-775
Net Interest.....	-5	-6	-7
<b>TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....</b>	<b>\$129,460</b>	<b>\$151,823</b>	<b>\$144,152</b>

# APPENDIX

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

AGENCY	2010 Actual	2011 Estimate	2012 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency.....	\$2,121	\$2,279	\$1,810
Risk Management Agency.....	78	80	82
Foreign Agricultural Service.....	395	390	436
P.L. 480.....	1,661	1,847	1,892
<b>RURAL DEVELOPMENT</b>			
Salaries and Expenses.....	231	256	239
Rural Utilities Service.....	709	2,029	1,794
Rural Housing Service.....	2,097	2,019	1,773
Rural Business - Cooperative Service.....	258	147	-49
Rural Empowerment Zones/Enterprise Communities.....	15	0	0
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service.....	7,095	8,552	7,940
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service.....	1,209	1,088	656
Forest Service.....	5,227	7,253	5,346
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service.....	1,019	1,019	1,013
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service.....	1,256	1,337	1,276
National Institute of Food and Agriculture.....	1,110	1,549	1,581
Economic Research Service.....	67	92	92
National Agricultural Statistics Service.....	159	180	170
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service.....	970	948	862
Agricultural Marketing Service.....	108	108	105
Grain Inspection, Packers and Stockyards Administration.....	41	43	43
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary.....	19	22	58
Departmental Administration.....	174	146	152
Agriculture Buildings and Facilities.....	210	295	255
Hazardous Waste Management.....	3	25	5
Office of the General Counsel.....	47	48	46
Office of Inspector General.....	96	95	94
Office of Communications.....	10	11	10
Executive Operations:			
Office of the Chief Economist.....	13	12	15
National Appeals Division.....	14	15	15
Common Computing Environment.....	9	4	0
Working Capital Fund.....	17	-1	0
Subtotal.....	26,438	31,888	27,711
Offsetting Receipts.....	-62	-107	-139
<b>TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....</b>	<b>\$26,376</b>	<b>\$31,781</b>	<b>\$27,572</b>

## APPENDIX

### UNITED STATES DEPARTMENT OF AGRICULTURE Staff Years

Agency	2010 Actual	2011 Estimate	2012 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency .....	4,989	5,094	4,590
Risk Management Agency .....	501	568	568
Foreign Agricultural Service .....	992	1,006	1,006
<b>RURAL DEVELOPMENT</b>			
Rural Development .....	6,057	6,100	5,850
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service .....	1,333	1,393	1,403
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service .....	11,446	13,023	12,219
Forest Service .....	35,639	35,256	33,437
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service .....	9,513	9,699	9,737
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service .....	8,282	8,282	8,100
NIFA (previously CSREES) .....	388	410	385
Economic Research Service .....	401	401	406
National Agricultural Statistics Service .....	1,110	1,150	1,210
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service .....	8,004	7,858	7,615
Agricultural Marketing Service .....	2,828	2,842	2,845
Grain Inspection, Packers & Stockyards Administration .....	713	715	715
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary .....	96	114	114
Office of the Chief Economist .....	52	59	60
National Appeals Division .....	91	103	103
Office of Homeland Security.....	3	49	50
Office of Budget and Program Analysis .....	48	58	58
Office of Advocacy and Outreach .....	0	60	65
Office of the General Counsel .....	309	318	327
Office of the Inspector General .....	593	600	600
Office of the Chief Information Officer .....	959	1,079	1,089
Office of the Chief Financial Officer .....	1,195	1,382	1,382
Departmental Administration .....	503	524	518
Office of Civil Rights .....	132	134	134
Office of Communications .....	86	94	94
<b>Total, USDA Federal Staffing .....</b>	<b>96,263</b>	<b>98,371</b>	<b>94,680</b>
FSA, Non-Federal Staffing .....	9,354	8,991	8,991
<b>Total, USDA Staffing .....</b>	<b>105,617</b>	<b>107,362</b>	<b>103,671</b>



## APPENDIX

**Strategic Goal**  
**Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving**

<b>Budget Authority</b>			
<b>(Dollars in Millions)</b>			
<b>Program</b>	<b>2010 Enacted</b>	<b>2011 Estimate</b>	<b>2012 Budget</b>
<b>FARM AND FOREIGN AGRICULTURAL SERVICES:</b>			
Farm Service Agency.....	\$9,694	\$12,405	\$8,898
Foreign Agricultural Service.....	468	411	406
Risk Management Agency.....	4,627	7,074	3,224
<b>Total, FFAS.....</b>	<b>14,789</b>	<b>19,890</b>	<b>12,529</b>
<b>RURAL DEVELOPMENT:</b>			
Rural Business Service.....	556	350.7	367
Rural Housing Service.....	2,075	2,075	1,657
Rural Utilities Service.....	712	712	597
<b>Total, RD.....</b>	<b>3,343</b>	<b>3,138</b>	<b>2,621</b>
<b>NATURAL RESOURCES AND ENVIRONMENT:</b>			
Natural Resources Conservation Service.....	71	71	5
<b>Total, NRE.....</b>	<b>71</b>	<b>71</b>	<b>5</b>
<b>MARKETING AND REGULATORY PROGRAMS:</b>			
Animal and Plant Health Inspection Service.....	122	123	114
Agricultural Marketing Service.....	538	498	453
Grain Inspection, Packers and Stockyards Administration..	42	42	44
<b>Total, MRP.....</b>	<b>702</b>	<b>663</b>	<b>611</b>
<b>RESEARCH, EDUCATION, AND ECONOMICS:</b>			
Agricultural Research Service.....	403	417	337
National Institute of Food and Agriculture.....	865	865	789
Economic Research Service.....	30	30	31
National Agricultural Statistics Service.....	153	153	156
<b>Total, REE.....</b>	<b>1,451</b>	<b>1,465</b>	<b>1,313</b>
<b>DEPARTMENTAL STAFF OFFICES:</b>			
Office of the Secretary.....	0	0	35
Office of the Chief Economist.....	7	7	7
<b>Total, Staff Offices.....</b>	<b>7</b>	<b>7</b>	<b>42</b>
<b>Total.....</b>	<b>\$20,363</b>	<b>\$25,234</b>	<b>\$17,121</b>

## APPENDIX

### Strategic Goal

**Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources**

<b>Budget Authority</b>			
<b>(Dollars in Millions)</b>			
<b>Program</b>	<b>2010 Enacted</b>	<b>2011 Estimate</b>	<b>2012 Budget</b>
<b>FARM AND FOREIGN AGRICULTURAL SERVICES:</b>			
Farm Service Agency.....	\$2,228	\$2,334	\$2,492
Foreign Agricultural Service.....	3	3	3
Total, FFAS.....	2,231	2,337	2,495
<b>NATURAL RESOURCES AND ENVIRONMENT:</b>			
Natural Resources Conservation Service.....	3,820	4,191	4,536
Forest Service.....	6,097	6,129	5,891
Total, NRE.....	9,917	10,320	10,427
<b>MARKETING AND REGULATORY PROGRAMS:</b>			
Animal and Plant Health Inspection Service.....	51	77	60
Total, MRP.....	51	77	60
<b>RESEARCH, EDUCATION, AND ECONOMICS:</b>			
Agricultural Research Service.....	207	208	196
National Institute of Food and Agriculture.....	204	204	174
Economic Research Service.....	11	11	11
National Agricultural Statistics Service.....	1	1	1
Total, REE.....	423	424	382
<b>DEPARTMENTAL STAFF OFFICES:</b>			
Office of the Chief Economist.....	3	3	5
Hazardous Materials Management.....	5	5	5
Total, Staff Offices.....	8	8	10
Total.....	\$12,630	\$13,165	\$13,374

## APPENDIX

### Strategic Goal

**Help America promote agricultural production and biotechnology exports as America works to increase food security**

#### Budget Authority (Dollars in Millions)

Program	2010 Enacted	2011 Estimate	2012 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES:</b>			
Foreign Agricultural Service.....	\$2,347	\$2,318	\$2,130
Total, FFAS.....	2,347	2,318	2,130
<b>NATURAL RESOURCES AND ENVIRONMENT:</b>			
Natural Resources Conservation Service.....	6	6	6
Total, NRE.....	6	6	6
<b>MARKETING AND REGULATORY PROGRAMS:</b>			
Animal and Plant Health Inspection Service.....	46	46	60
Total, MRP.....	46	46	60
<b>RESEARCH, EDUCATION, AND ECONOMICS:</b>			
Agricultural Research Service.....	163	151	143
National Institute of Food and Agriculture.....	177	179	182
Economic Research Service.....	20	20	21
Total, REE.....	360	350	346
Total.....	\$2,759	\$2,720	\$2,542

## APPENDIX

<b>Strategic Goal</b>			
<b>Ensure that all of America's children have access to safe, nutritious, and balanced meals</b>			
<b>Budget Authority</b>			
<b>(Dollars in Millions)</b>			
<b>Program</b>	<b>2010 Enacted</b>	<b>2011 Estimate</b>	<b>2012 Budget</b>
<b>FOOD, NUTRITION, AND CONSUMER SERVICES:</b>			
Food and Nutrition Service.....	\$94,173	\$104,931	\$111,977
<b>FOOD SAFETY:</b>			
Food Safety and Inspection Service.....	1029	1,028	1,020
<b>MARKETING AND REGULATORY PROGRAMS:</b>			
Animal and Plant Health Inspection Service.....	1,049	928	866
Agricultural Marketing Service.....	831	886	952
Total, MRP.....	1,880	1,814	1,818
<b>RESEARCH, EDUCATION, AND ECONOMICS:</b>			
Agricultural Research Service.....	492	493	480
National Institute of Food and Agriculture.....	240	240	221
Economic Research Service.....	21	21	23
National Agricultural Statistics Service.....	8	8	8
Total, REE.....	761	762	732
Total.....	\$97,843	\$108,535	\$115,547

## APPENDIX

### Management Activities (Dollars in Millions)

<b>Program</b>	<b>2010 Enacted</b>	<b>2011 Estimate</b>	<b>2012 Budget</b>
Departmental Activities.....	\$627	\$643	\$615
Total, Management Activities.....	\$627	\$643	\$615

## APPENDIX

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### Marketing and Regulatory Programs

#### Animal and Plant Health Inspection Service:

- User Fee Proposal ..... 0
- The budget proposal authorizes the Secretary of Agriculture to prescribe, adjust and collect fees to cover the costs incurred for activities in relation to the review, maintenance and inspections connected to licensing activities associated with the Animal Welfare Act, Virus Serum Toxin Act, and the Plant Protection Act. The estimated fees would result in receipts of \$19.5 million in 2012, which include \$9 million for animal care, \$6.75 million for veterinary biologics, and \$3.75 million for Biotechnology Regulatory Services, which will reduce appropriation needs in future years.

#### Grain Inspection, Packers and Stockyards Administration:

- User Fee Proposal ..... 0
- The budget would establish a fee for grain standardization and a Packers and Stockyards license fee. The proposal would result in approximately \$27 million (\$3 million and \$24 million, respectively), which will reduce appropriation needs in future years.

### Departmental Management

#### Departmental Administration:

- User Fee Proposal ..... 0
- The budget will include a proposal to assess penalties for misuse of the BioPreferred label and to authorize the collection of user fees for applicants of the labeling program.

**APPENDIX**

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

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Agency and Program	2012 Budget Authority
<b>Farm and Foreign Agricultural Services</b>	
Farm Service Agency:	
Equal Credit Opportunity Act (ECOA) claims.....	+\$40
<ul style="list-style-type: none"><li>• USDA will submit legislation to extend the statute of limitations (SOL) for those ECOA claims filed between 1997 and 2009 where the claims were not properly settled or where the SOL has expired.</li></ul>	
Commodity Credit Corporation:	
Payment Limitation.....	0
<ul style="list-style-type: none"><li>• The 2012 budget proposes to utilize the existing payment limitations from the 2008 Farm Bill, but adjust the limits within them to achieve significant savings over 10 years. Specifically, the proposal would reduce the cap on Direct Payments, and reduce the Adjusted Gross Income limitations. USDA estimates that the sum of the above changes may save the government a total of roughly \$2.5 billion over 10 years. Savings are projected to begin in 2013.</li></ul>	
Commodity Storage Payments.....	-1
<ul style="list-style-type: none"><li>• This proposal would eliminate cotton and peanut storage credits. The credits allow producers to store their cotton and peanuts at the Government's cost until prices rise. Therefore, storage credits have a negative impact on the amount of commodities on the market. Because storage is covered by the Government, producers may store their commodities for longer than necessary.</li></ul>	

**APPENDIX**

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Risk Management Agency .....	-161
<ul style="list-style-type: none"><li>• This proposal reduces the premium charged for catastrophic (CAT) coverage in the Federal crop insurance program. Losses on CAT have consistently been significantly lower than the statutory loss ratio for the program signifying that the policies are overpriced. Because the Federal government fully subsidizes the producer cost of purchasing a CAT policy the proposal does not impact producers; however, the proposal will reduce the government’s costs by reducing payments to insurance companies for delivery expenses and underwriting gains which are driven by the price of the policy. The proposal is expected to save about \$1.8 billion over 10 years.</li></ul>	
 <b>Food, Nutrition, and Consumer Services</b>	
Food and Nutrition Service:	
Supplemental Nutrition Assistance Program .....	92
<ul style="list-style-type: none"><li>• The budget proposes to add \$92 million to suspend the benefit time limits for certain working-age adults for an additional year.</li></ul>	
Supplemental Nutrition Assistance Program .....	0
<ul style="list-style-type: none"><li>• The budget proposes to maintain the increase for SNAP benefits authorized by the American Recovery and Reinvestment Act funds through March 2014.</li></ul>	
 <b>Natural Resources and Environment</b>	
Forest Service	
Secure Rural Schools .....	328
<ul style="list-style-type: none"><li>• The budget proposes a 5-year reauthorization of Secure Rural Schools to authorize payments to communities to benefit public schools, roads and other purposes; to fund projects that enhance forest ecosystems, restore and improve land health and water quality, and increase economic activity; and to fund fire prevention and county fire planning activities. Funds are included in the Forest Service budget request.</li></ul>	



**APPENDIX**

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

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Agency and Program	2012 Budget Authority
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**Food Safety**

Food Safety and Inspection Service:

User Fee Proposals..... \$0

- Two user fees associated with the Food Safety and Inspection Service are proposed. The first, a mandatory fee, would recover part of the estimated costs of services (such as risk assessments, hazard analyses, inspection planning, compliance review and enforcement, information technology support, and risk communication) that FSIS ordinarily incurs in addition to on-line inspection costs at a covered establishment and plant. The second would be a performance based user fee to recover the costs incurred for additional inspections and related activities made necessary due to the performance of the covered establishment and plant. Examples of the increased costs for which a performance based user fee could be charged include food safety assessments, follow-up sampling, and additional investigations due to the outbreak of disease. Total collections from these proposals are estimated to be about \$11 million, which will reduce appropriation needs in future years.

**Natural Resources and Environment**

Natural Resources Conservation Service:

User Fee Proposal ..... 0

- The budget includes a user fee proposal that would authorize NRCS to collect fees to cover the costs of providing technical assistance for completing a conservation plan for a producer or landowner. Total collections from these proposals are estimated to be \$22 million, which will reduce appropriation needs in future years.

## APPENDIX

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### Marketing and Regulatory Programs

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(Dollars in Millions)

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