



FY 2013

**BUDGET SUMMARY
AND
ANNUAL PERFORMANCE PLAN**

U.S. DEPARTMENT OF AGRICULTURE

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PREFACE

This Budget Summary and Annual Performance Plan describes the fiscal year (FY) 2013 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 2012 are based on amounts provided by the Consolidated and Further Continuing Appropriations Act, 2012. 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 2013 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 is

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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 appropriations. Performance data for 2012 and 2013 are estimates and subject to change.

Per the GPRA Modernization Act, P.L. 111-352, requirement to address Federal Goals in the agency Strategic Plan and Annual Performance Plan, please refer to Performance.gov for information on Federal Priority Goals and the agency's contributions to those goals, where applicable.

The 2013 Cuts, Consolidations, and Savings (CCS) Volume of the President's Budget identifies the lower-priority program activities per the GPRA Modernization Act. The public can access the volume at: <http://www.whitehouse.gov/omb/budget>.

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

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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

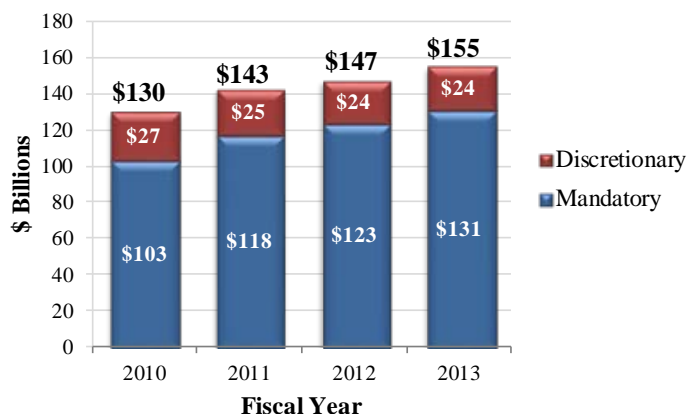
To expand economic opportunity through innovation, helping rural America to thrive; to promote agriculture production sustainability that better nourishes Americans while also helping feed others throughout the world; and to preserve and conserve our Nation's natural resources through restored forests,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

2013 Funding Overview

Between 2010 and 2012, USDA's operating budget was reduced by over 12 percent. Staffing levels have been reduced and USDA has identified a number of areas to reduce costs and streamline operations to increase efficiency while implementing complex programs and increasing performance in a number of areas. The 2013 request for discretionary budget authority to fund programs and operating expenses is about \$24 billion, roughly the same level as provided in 2012. This is partially offset through about \$1 billion of proposed limits on selected mandatory programs and other adjustments. The discretionary funding request for 2013 reflects the Department's continued efforts to innovate, modernize, and be better stewards of the taxpayers' dollars. For 2013, further administrative efficiencies, reductions in staffing levels and other actions are proposed to reduce costs. In addition, the budget proposes to reduce or terminate selected programs and reallocate resources to fund targeted investments in priority programs and infrastructure to provide a foundation for sustainable economic growth.

Funding for mandatory programs is projected to increase in 2013 by almost \$8 billion due primarily to a one-time shift in the timing of certain crop insurance costs mandated by the 2008 Farm Bill. In 2013, rising employment and household income are projected to reduce the need for nutrition assistance through the Supplemental Nutrition Assistance Program (SNAP) and lead to fewer program participants, even as SNAP serves a larger share of those eligible. While participation in the program has increased steadily since its last low point in FY 2000, and sharply in the economic downturn, the rate of increase has been declining since around January 2010.

USDA Budget Authority

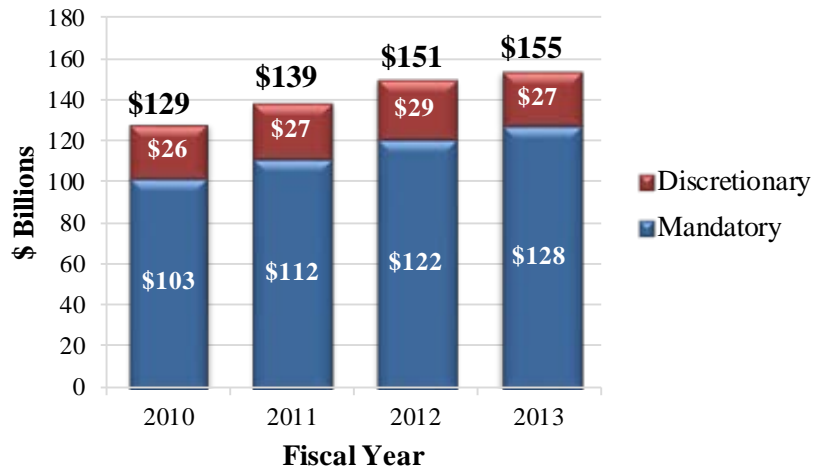


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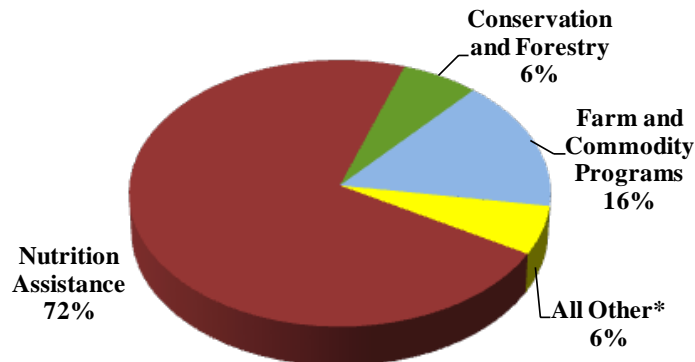
USDA's total outlays for 2013 are estimated at \$155 billion. Roughly 83 percent of outlays, about \$128 billion in 2013, are associated with mandatory programs that provide services as required by law. The majority of these outlays include crop insurance, nutrition assistance programs, and farm commodity programs.

The remaining 17 percent of outlays, estimated at \$27 billion in 2013, 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



2013 Outlays



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

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President's Plan for Economic Growth and Deficit Reduction

The 2013 Budget reflects the President's Plan for Economic Growth and Deficit Reduction. The Administration remains committed to a strong safety net for farmers and will continue its efforts to strengthen aspects of the safety net such as crop insurance and disaster assistance. The President's Plan includes a reduction to the deficit by \$32 billion over ten years through eliminating direct farm payments, decreasing subsidies to crop insurance companies and producers, and better targeting conservation funding to high priority areas. The Plan also proposes to extend disaster assistance programs for the 2013 through the 2017 crops. Information on the individual deficit reduction proposals can be found in the Appendix on page 124.

Strategic Plan Framework

USDA recognizes that there is an incredible opportunity to create thousands of new jobs and drive economic development in rural communities across America by out-innovating and out-competing the rest of the world. In the past three years, the Department has been supporting policies that have made agriculture one of the bright spots in the recovering economy. Family household incomes in rural areas are on the rise, farm sector earnings and agricultural exports have reached record highs, and agriculture accounted for one in 12 jobs. However, rural America faces an increasingly challenging, technologically advanced, and competitive environment. Meeting these challenges creates many opportunities for families in rural communities to generate prosperity in new ways while conserving the Nation's natural resources and providing a safe, sufficient, and nutritious food supply for the country and the world. The Department is well positioned to support its constituents in taking advantage of these new opportunities. The USDA Strategic Plan identifies the goals, objectives, management initiatives, and strategies that will guide the Department's efforts to assist the country in addressing these challenges.

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. The 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. USDA has set three priority goals for 2012 through 2013 that focus on exports, nutrition programs, and water quality. These priority goals contribute to USDA's strategic plan goals.

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

Rural America is home to a vibrant economy supported by nearly 50 million Americans. These Americans come from diverse backgrounds and work in a broad set of industries, including manufacturing, agriculture, services, government, and trade. Many of the Nation's small businesses are located in rural communities and are the engine of job growth and an important source of innovation for the country. For the first time in recent years, the unemployment index indicates that job growth in rural America is on the rise. The agricultural sector alone supports 1.8 million American jobs. Agriculture is one of the few sectors in the U.S. economy in which

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exports are creating a positive trade balance. Agricultural exports increased by an average of 14 percent per year over the last five fiscal years (FY 2007–FY 2011) and reached an all-time high of \$137.4 billion in FY 2011, representing five percent of U.S. exports.

It is the Department's goal to assist the resilient, hard-working residents of rural communities in creating and maintaining prosperity so that they are self-sustaining, growing, and economically thriving. To help keep American agriculture profitable and keep farmers on the farm, USDA maintained a strong safety net. Crop insurance was expanded to include over 130 types of crops. Over the past three years, our crop insurance program has paid out about \$17.6 billion to more than 325,000 farmers with losses due to natural disasters or price declines. Other programs have provided nearly \$3.5 billion in aid to help more than 250,000 farmers and ranchers recover from natural disasters. In the past three years, USDA has helped more than 450,000 rural families buy or refinance a home, and provided grants and loans to help over 50,000 small rural businesses create and save over 260,000 jobs. 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. USDA-led research, education, and extension efforts support all USDA programs and help producers and rural communities prosper. The Department supports scientists that are working on some of the world's most pressing problems. Often, research performed by Federal scientists or supported by the Federal Government is leveraged by the private sector to serve the broader public—creating jobs, spurring economic growth, and enhancing global competitiveness in the U.S. agriculture sector. In response to the President's call to pursue new energy solutions, USDA is working with scientists, farmers, and entrepreneurs to develop a nationwide biofuels economy and create hundreds of thousands of jobs across the countryside. USDA will continue to support this goal with actions to support a competitive agricultural system; create livable communities; and enhance rural prosperity. The 2013 Budget:

- Maintains a strong agriculture safety net through a system of income support, disaster mitigation, and farm loan programs, while achieving the President's goals for deficit reduction. Income support payments including 2012 direct payments and 2013 counter-cyclical payments and Average Crop Revenue Election (ACRE) payments are expected to total about \$4.9 billion in 2013. The Budget reflects the President's Plan to reduce the deficit by \$32 billion over ten years by eliminating direct farm payments, decreasing subsidies to crop insurance companies and producers, and better targeting conservation funding to high priority areas. The Plan also proposes to extend disaster assistance programs for the 2013 through the 2017 crops.
- Provides \$9.3 billion for the Federal crop insurance program, an increase of \$5.7 billion from 2012 to reflect timing shifts made by the 2008 Farm Bill. This level of support will protect about \$98 billion in agricultural production from losses due to drought, flooding, and other natural disasters or price declines.
- Provides nearly \$4.8 billion for loans to help over 29,000 farmers and ranchers to cover operating costs and purchase or refinance farm property.
- Contributes to the job creation and economic growth goals of the White House Rural Council by continuing to fund programs that effectively promote renewable energy, job

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training, infrastructure investment, access to capital, and green jobs throughout rural America.

- Provides \$6.1 billion in direct loans to support clean and renewable energy generation, transmission and distribution activities across rural America. This level of funding will provide 5.6 million rural residents with new or improved electric service.
- Provides \$2 billion for community facility direct loans, an increase of approximately \$700 million over 2012 enacted. This level of funding will support loans to over 1,700 rural communities to develop essential facilities such as hospitals, schools, libraries, fire protection, child and adult day care, and other public buildings.
- Provides \$24 billion for guaranteed single family housing loans and \$653 million for single family housing direct loan program to provide over 184,000 new homeownership opportunities in 2013. Direct loans will be targeted to full time school teachers settling in rural areas and low and very low income individuals eligible for mutual and self-help housing grants.
- Provides increased funding for regulatory enforcement of the Packers and Stockyards Act and assistance to facilitate the marketing of U.S. grain, oilseeds, and related products.
- Enhances efforts to assist small and mid-sized food producers in their marketing efforts through regional food hubs and beginning and transitioning farmers' markets.
- Requests \$325 million, an increase of \$60.5 million over 2012, for competitive grants through the Agriculture and Food Research Initiative, which supports all strategic goals. Major studies have consistently found that the net social returns from public agricultural research in the United States are high, estimated to be at least 35 percent annually.

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

**Budget Authority
(Dollars in Millions)**

Program	2011 Enacted	2012 Estimate	2013 Budget
Farm and Foreign Agricultural Services.....	\$16,539	\$12,864	\$19,125
Rural Development.....	2,795	2,491	2,402
Marketing and Regulatory Programs.....	506	490	419
Research, Education, and Economics.....	1,222	1,217	1,192
Office of the Chief Economist.....	6	6	6
Total.....	\$21,068	\$17,068	\$23,144

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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, particularly our forests and agricultural working lands. The health of America's forests, farms, ranches and grasslands must be conserved 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. Protecting America's supply of clean and abundant water is an important goal for USDA. This precious resource is the foundation for healthy ecosystems and sustainable agricultural production and is essential to the health of the nation and agricultural producers. Improved agricultural production practices generate important environmental benefits for producers and the public, including improvement of ground and surface water, air quality, and soil quality. Forests help generate rural wealth through recreation and tourism, through the 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 of conserving farms, ranches, forests, and our public lands, by 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. The Natural Resources Conservation Service, the Farm Service Agency, and other 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 enters into conservation agreements and easements with producers and landowners that want to maintain or enhance their land to benefit agriculture and the environment. 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.

In the last three years alone, USDA entered into 500,000 conservation agreements and easements with producers and landowners--enrolling a record number of acres in conservation programs. These agreements help to preserve the soil, improve water quality, and promote wildlife diversity. These agreements also add hundreds of millions of dollars to local economies in rural areas and create thousands of jobs for local contracting firms and outdoor recreation operations. USDA's efforts impacted every major region of the country including awarding the largest easement grant to any state to Florida for work in the Everglades; a partnership with Department of the Interior to provide regulatory certainty while protecting the sage grouse; and an innovative approach to the Gulf oil spill and its impact on migratory birds by creating 470,000 acres of temporary wetland habitat.

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 (FS) 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.

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This goal will be supported with actions to: (1) restore and conserve the Nation's forests, farms, ranches and grasslands; (2) protect and enhance America's water resources; and (3) reduce risk from catastrophic wildfire and restore fire to its appropriate place on the landscape. As part of this goal, USDA will also quantify improvements in water quality by developing and implementing an interagency outcome metric within up to four pilot watersheds. USDA has set a priority goal for 2012 through 2013 to accelerate the protection of clean, abundant water resources by implementing high impact targeted practices through Forest Service, Natural Resources Conservation Service, and Farm Service Agency programs on four million acres within critical and/or impaired watersheds. The 2013 Budget:

- Provides approximately \$6.2 billion to support a record 358 million acres through Farm Bill conservation programs.
- Targets conservation activities to priority landscapes through local, state, and Federal partnerships, including Chesapeake Bay, the Bay-Delta region in California, the Mississippi River Basin and Gulf Coast, the Great Lakes, the longleaf pine region in the southeastern U.S., and western states that provide sage-grouse habitat. In partnership with other agencies, these efforts will preserve and restore private lands, protect water resources, and mitigate the effects of climate change.
- Requests \$5 million for NRCS to continue the Voluntary Public Access and Habitat Incentive Program.
- Funds wildland fire activities within the Forest Service at the 10-year average cost of fire suppression.
- Provides full funding for the Collaborative Forest Landscape Restoration Fund (\$40 million). 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.
- Continues to use FS' nationally prioritized parcel listing for planned land acquisition. In support of the America's Great Outdoors initiative, FS will target the acquisition of parcels that would improve public access to currently inaccessible portions of the National Forest System.
- Provides more than \$793 million for restoration work across the National Forest System through the Integrated Resource Restoration program.
- Eliminates funding for the Watershed Rehabilitation program in the Natural Resources Conservation Service.
- Achieves savings in the Marketing and Regulatory Program area by focusing pest and disease programs on areas where a higher likelihood of success may be achieved.

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- Maintains funding for the National Organic Program for regulatory enforcement to ensure the integrity of the organic label, and for developing equivalency agreements to expand market access for U.S. organic products.

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)**

Program	2011 Enacted	2012 Estimate	2013 Budget
Farm and Foreign Agricultural Services.....	\$2,259	\$2,518	\$2,499
Natural Resources and Environment.....	9,903	10,113	9,434
Marketing and Regulatory Programs.....	75	56	44
Research, Education, and Economics.....	395	377	402
Office of the Chief Economist.....	2	2	2
Hazardous Materials Management.....	4	4	4
Total.....	<u>\$12,638</u>	<u>\$13,070</u>	<u>\$12,384</u>

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 indicate that 925 million people around the world are chronically hungry. It is important to note that a significant percentage of those people are 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 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) enhance America's ability to develop and trade agricultural products derived from new technologies while supporting grower choice among all segments of agriculture; (2) ensure that U.S. agricultural resources contribute to enhanced global food security; and (3) promote productive agricultural systems that enable food-insecure countries to feed themselves. The budget:

- Provides \$1.6 billion in discretionary funding for international food assistance programs, including \$184 million for the McGovern-Dole International Food for Education and

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Child Nutrition Program. This food assistance benefits about 46.5 million people in poor countries, with the McGovern Dole program serving as many as 4.3 million women and children in 2013.

- Includes \$5.6 million to support USDA’s participation in agricultural reconstruction and stabilization activities in Afghanistan.
- Includes \$3.5 million for the Sustainable Agriculture Research and Education (SARE) Federal-State Matching Grant Program aimed at helping farmers and ranchers adopt practices that are profitable, environmentally sound, and beneficial to communities.

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

**Budget Authority
(Dollars in Millions)**

Program	2011 Enacted	2012 Estimate	2013 Budget
Farm and Foreign Agricultural Services.....	\$1,758	\$1,913	\$1,798
Marketing and Regulatory Programs.....	46	52	48
Research, Education, and Economics.....	470	476	421
Total.....	\$2,274	\$2,441	\$2,266

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 healthy development of every child in America and to the well-being and productivity of every family. Although most American households have access to enough nutritious food for an active and healthy lifestyle, too many households, especially households with children, do not have sufficient resources to ensure access at all times. A September 2011 Economic Research Service report showed that during 2010, over 17 million households in the United States, representing over 32 million adults and over 16 million children, struggled to put enough food on the table. In over 380,000 households, one or more children did not get enough to eat – they had to cut the size of their meals, skip meals, or even go whole days without food at some time during the year. Also, too many adults and 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. However, data from recent years show the prevalence of obesity has stopped increasing. The nutrition assistance programs support this change, both by providing financial assistance to have access to a healthy diet, and by promoting diets consistent with the Dietary Guidelines. Further, the nutrition assistance programs help reduce food insecurity by providing millions access to a nutritious diet. These programs are designed to respond to need, so if the economy deteriorates they grow. The rate of growth in the Supplemental Nutrition Assistance Program (SNAP) has been declining since January 2010, and by 2013, as employment continues to improve, participation is expected to decrease for the first time in any significant way since

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2000. The Department will continue to focus on program integrity and implementation of the Healthy, Hunger-Free Kids Act of 2010. Updated nutrition standards bringing school meals into conformity with the *Dietary Guidelines for Americans* were published January 26, 2012. Access to nutritious food, fostered by implementation of the Act, is expected to increase.

Foodborne illness is recognized as a significant public health problem in the United States. About 48 million people (one in six Americans) get sick, 128,000 are hospitalized, and 3,000 die each year from foodborne diseases, according to 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.

Since the founding of President's Obama's Food Safety Working Group in 2009, USDA has collaborated extensively with other federal partners to safeguard the food supply, prevent foodborne illnesses and improve consumers' knowledge about the food they eat. USDA is working to strengthen federal efforts and develop short-term and long-term strategies that emphasize a three dimensional approach to prevent foodborne illness: prioritizing prevention; strengthening surveillance and enforcement; and improving response and recovery. Between 2000 and 2010, USDA reached a national goal of reducing *E. coli* rates by 50 percent, largely because of strengthened beef safety policy and enforcement. Stricter *Salmonella* and *Campylobacter* performance standards were implemented to reduce these pathogens in turkeys and young chickens, which are expected to prevent as many as 25,000 foodborne illnesses annually. Also, the recently proposed rule to modernize poultry inspection would focus FSIS inspection resources on the areas of the poultry production system that pose the greatest risk to food safety. By focusing inspectors only on the areas that are crucial to food safety, these changes will not only enhance consumer safety but will improve efficiency.

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. USDA has set a priority goal for 2012 through 2013 to address food security as well as nutrition program integrity. By September 30, 2013, USDA will have increased the SNAP payment accuracy rate to 96.21 percent. The budget:

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- Fully funds expected participation in nutrition assistance programs including requesting over \$7 billion in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) to support the 9.1 million individuals expected to participate in the program. WIC is critical to the health of pregnant women, new mothers, and their infants and young children.
- Supports continued implementation of the Healthy, Hunger-Free Kids Act of 2010, strengthening the child nutrition programs and increasing children’s access to healthy meals and snacks.
- Re-proposes legislation to provide a state option that would suspend time limits on SNAP benefits for able-bodied adults without dependents. In addition, the budget re-proposes to extend the availability of enhanced SNAP benefits through March 31, 2014. It also includes a legislative proposal that builds on USDA’s current work to prohibit millionaires from receiving SNAP.
- Reflects savings realized through the modernization of poultry slaughter inspection. The new inspection system will reduce the risk of foodborne illness by focusing FSIS inspection activities on those tasks that advance our core mission of food safety. By revising current procedures and removing outdated regulatory requirements that do not help combat foodborne illness, the result will be improved food safety and a more efficient and effective use of taxpayer dollars. It will save taxpayers more than \$90 million over three years and lower production costs at least \$250 million per year.
- Provides increases to assist animal disease traceability efforts. The budget also proposes a reallocation of resources from animal and plant pest and disease programs that have achieved success and from those which progress in eradication is not deemed feasible. At the requested budget level, the Animal and Plant Health Inspection Service estimates it will prevent or mitigate about \$1.18 billion in damages as a result of selected plant and animal health monitoring and surveillance efforts.

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

Budget Authority			
(Dollars in Millions)			
Program	2011 Enacted	2012 Estimate	2013 Budget
Food, Nutrition, and Consumer Services.....	\$107,515	\$113,939	\$115,140
Food Safety.....	1,018	1,014	1,006
Marketing and Regulatory Programs.....	1,884	1,779	1,905
Research, Education, and Economics.....	672	644	643
Total.....	\$111,088	\$117,377	\$118,693

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Management Initiatives

Over the past decade, USDA has seen an increase in program complexity and demand for services while experiencing a decrease in staffing. In 2012, under the Blueprint for Stronger Service, USDA reviewed many of its services to identify areas and activities that offered potential for greater efficiencies, including changes to reduce spending for IT, supplies, travel, printing, and other services. In addition, as part of the Administrative Solutions Project, the Department has identified 379 recommendations for improving USDA's office support and operations, which includes ways to streamline the provision of administrative services, such as civil rights, information technology, finance, human resources, homeland security, procurement, and property management. Twenty-seven initial improvements have been identified for first-phase implementation of this project. By implementing these recommendations the Department will realize efficiencies through improved administrative services, as is demonstrated by the consolidation of over 700 cell phone plans down to 10. To realize further efficiencies, USDA plans to close 259 domestic offices, facilities and labs across the country, as well as seven foreign offices. Ultimately, the Blueprint for Stronger Service will create optimal use of USDA's employees, better results for USDA customers, and greater efficiencies for American taxpayers.

Also under the Blueprint for Stronger Service, and 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. Under Cultural Transformation, USDA is focusing on improving several aspects of employee culture, including leadership accountability, employee development, talent management, labor relations forums, customer focus, and diversity of the workforce. By strengthening management operations and engaging employees, USDA will also improve customer services, increase employee satisfaction, and develop and implement strategies to enhance leadership, performance, diversity, and inclusion. These transformations will in turn result in process improvements and increased performance.

Since the release of his 2009 memorandum on civil rights, Secretary Vilsack has emphasized the vitality of supporting and building a culture of equality and diversity. The Department has made many efforts to ensure that USDA has a diverse workforce committed to fair and equal treatment for all, in both employment practices and program delivery.

USDA has identified the following management initiatives to support these efforts:

- **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.

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- **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 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 2013 Budget:

- Maintain the Office of Advocacy and Outreach’s ability to increase the accessibility of USDA programs to underserved constituents. The funding request will allow USDA to inform eligible participants about the Department’s programs, thereby increasing participation and the economic viability and sustainability of historically underserved communities.
- Maintain funding 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.

OVERVIEW

- Address claims of potential discrimination in the delivery of USDA programs, which will further the Administration's efforts to create a new era of civil rights at USDA. An increase of about \$2 million is requested to continue to improve USDA's handling of civil rights matters such as program investigations and compliance reviews.
- The Budget also requests \$40 million for costs associated with Equal Credit Opportunity Act (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 July 1, 1997 and October 31, 2009 where claims were not properly resolved or where the SOL has expired. The program will be administered by the Office of Civil Rights.

FARM AND FOREIGN AGRICULTURAL SERVICES

MISSION AND RELATIONSHIP TO STRATEGIC GOALS

The Farm and Foreign Agricultural Services (FFAS) mission area has responsibility for the delivery of 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 \$352 billion worth of farm products in 2010 and total production is forecast at \$410 billion in 2011, providing a major foundation for prosperity in rural areas as well as a critical element of the Nation's economy. Agriculture related businesses, accounting for one in 12 jobs in the United States, increased employment between 2008 and 2011, a period when total employment in the United States fell about 3.5 percent. Farm exports in fiscal year 2011 reached a record high of \$137.4 billion, exceeding the previous record by \$22.5 billion. USDA estimates that every \$1 billion worth of agricultural exports supports 8,400 jobs and generates an additional \$1.3 billion in economic activity. Exports helped agriculture be one of the bright spots in the economy.

During 2011, rural families witnessed a record tornado season, a historic drought, record heat, and numerous damaging tropical storms. However, a strong farm safety net helped to mitigate the effects of such disasters, preserving the ability of farmers and ranchers to contribute to American prosperity. Over the past three years, USDA has paid out about \$17.6 billion in crop insurance indemnities to more than 325,000 farmers who lost crops due to natural disasters. Further, USDA helped more than 250,000 farmers and ranchers suffering from natural disasters, providing assistance worth more than \$3.5 billion since 2008. In response to the tightening financial market, USDA has expanded the availability of farm credit, helping struggling farmers refinance loans. In the past three years, USDA provided 103,000 loans totaling \$14.6 billion to family farmers.

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 to create prosperity, the FFAS mission area: (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, FFAS promotes the international acceptance of new technologies, 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 USDA conservation programs. In support of the Department's Blueprint for Stronger Service, in 2012 FSA plans to close 131 Service Center locations in 32 States but still maintain more than 2,100 Service Centers.

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

Program	2011 Enacted	2012 Estimate	2013 Budget
Discretionary:			
FSA Salaries and Expenses:			
Salaries and Expenses (Direct Appropriation).....	\$1,208	\$1,199	\$1,208
Transfers from Program Accounts.....	(308)	(293)	(308)
Total, Salaries and Expenses.....	(1,516)	(1,492)	(1,516)
Agricultural Credit Insurance Fund Program Account:			
Transfer to FSA Salaries and Expenses.....	305	290	305
Loan Subsidy.....	148	108	100
Loan Program Expenses.....	8	8	8
Total, Agricultural Credit Insurance Fund Program Account.....	461	406	413
State Mediation Grants.....	4	4	4
Grassroots Source Water Protection Program.....	4	4	0
Total, Ongoing Discretionary Programs.....	1,677	1,612	1,626
Other Funding <u>a/</u> :			
Reforestation Pilot Program.....	1	1	0
Geographically Disadvantaged Farmers and Ranchers.....	2	2	0
Emergency Conservation Program.....	0	123	0
Emergency Forest Restoration Program.....	0	28	0
Total, Other Funding	3	154	0
Total, Discretionary Programs.....	1,680	1,766	1,626
Mandatory:			
Dairy Indemnity Program.....	<u>b/</u>	<u>b/</u>	<u>b/</u>
Agricultural Disaster Relief Fund.....	1,221	1,264	1,395
Recovery Act:			
Supplemental Agricultural Disaster Assistance.....	236	7	0
Total, Mandatory Programs.....	1,457	1,271	1,395
Total, Farm Service Agency.....	\$3,137	\$3,037	\$3,021

a/ Provided through general provisions.

b/ 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)

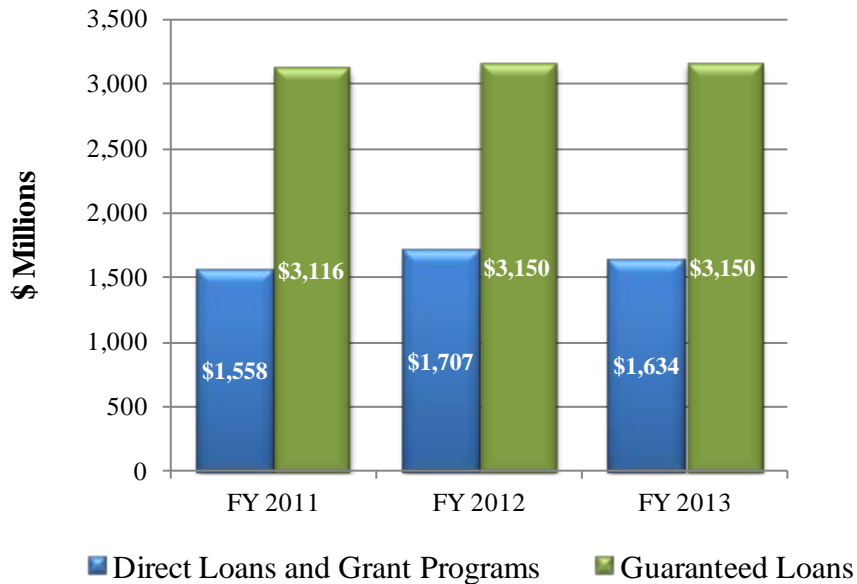
Program	2011		2012		2013	
	<u>Enacted</u>		<u>Estimate</u>		<u>Budget</u>	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Farm Operating Loans:						
Guaranteed Unsubsidized.....	\$1,497	\$35	\$1,500	\$26	\$1,500	\$18
Guaranteed Subsidized.....	122	17	0	0	0	0
Direct.....	948	57	1,050	59	1,050	58
Total, Operating Loans.....	2,567	109	2,550	85	2,550	76
Farm Ownership Loans:						
Guaranteed Unsubsidized.....	1,497	6	1,500	0	1,500	0
Direct.....	474	33	475	23	475	20
Total, Ownership Loans.....	1,971	38	1,975	23	1,975	20
Emergency Loans <u>a/</u>	33	3	70	3	35	1
Indian Land Acquisition Loans.....	4	0	2	0	2	0
Boll Weevil Eradication.....	100	0	100	0	60	0
Conservation Loans:						
Guaranteed.....	0	0	150	0	150	0
Indian Fractionated Land Loans.....	0	0	10	<u>b/</u>	10	<u>b/</u>
Total, Ongoing Farm Loan Programs.....	4,674	151	4,857	112	4,782	98
Grants:						
Individual Development Accounts.....	0	0	0	0	3	3
Total, Farm Loan and Grant Programs.....	\$4,674	\$151	\$4,857	\$112	\$4,784	\$100

a/ Funds for 2011 and 2012 are from prior year balances.

b/ Less than \$0.5 million.

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Loan and Grant Programs Program Level



Farm Loan and Grant Programs. The farm loan programs serve as 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. Despite a strong farm economy, demand for FSA loans remains strong due, in part, to tighter credit standards including higher down-payment requirements.

The 2013 Budget proposes loan levels that reflect the current demand for credit. The requested program level will support an estimated 29,600 farmers and ranchers to finance operating expenses and provide opportunities to acquire a farm or keep an existing one. 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 operating loans, the 2013 Budget provides about \$1.1 billion for direct loans and \$1.5 billion for guaranteed loans. The requested 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. For farm ownership loans, the 2013 Budget requests \$475 million in direct loans and \$1.5 billion for guaranteed loans. The 2013 loan 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.

FARM AND FOREIGN AGRICULTURAL SERVICES

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 18 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 2013 will be to increase the proportion of these borrowers that are served by FSA credit programs.

Key Performance Measure	2008	2009	2010	2011	2012	2013
Percentage of beginning farmers, racial and ethnic minority farmers and women farmers financed by FSA (Percent)	16.2	17.4	19.9	21.0	18.1	18.2

The 2013 Budget includes a \$35 million loan level for emergency (EM) loans. Demand for EM loans is difficult to predict; accordingly, funding has predominately been provided through emergency supplemental appropriations. However, prior supplemental appropriations are expected to be exhausted in 2012 and funding is requested to ensure that support is available in the event of a natural disaster. The Indian Land Acquisition and Indian Fractionated Land loan programs will continue to be funded at their 2012 program levels. Boll weevil eradication efforts have successfully eliminated the pest from many cotton producing areas and, as a result, it is anticipated that demand for boll weevil eradication loans will decline. Accordingly, the program level funding for boll weevil eradication loans is reduced to \$60 million.

Funding for State mediation grants is proposed at \$4.4 million, slightly increased above 2012. These grants are made to States to help support certified programs that provide alternative dispute resolution on a wide variety of agricultural issues. Mediation benefits family farmers, including many low-income and socially disadvantaged farmers who, because of mediation, are often able to resolve credit and other issues and remain on the farm.

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.

FARM AND FOREIGN AGRICULTURAL SERVICES

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

Program	2011 Enacted	2012 Estimate	2013 Budget
Mandatory:			
Commodity Credit Corporation Fund.....	\$7,884	\$7,824	\$8,159
Tobacco Trust Fund.....	932	981	960
Total, Commodity Credit Corporation.....	\$8,816	\$8,805	\$9,119

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	2011 Enacted	2012 Estimate	2013 Budget
Commodity Programs:			
Marketing Assistance Loans and Price Support <u>a</u> /.....	-\$316	\$315	\$28
Direct Payments.....	4,745	3,960	4,958
ACRE.....	431	18	8
Countercyclical Payments.....	124	10	0
Loan Deficiency Payments.....	30	2	5
Milk Income Loss Contract Payments.....	1	180	10
Cotton User Marketing Payments and Cotton Economic Adjustment Assistance Payments.....	77	72	54
Noninsured Crop Disaster Assistance Program.....	71	109	115
Tobacco Payments to Producers <u>b</u> /.....	953	960	960
Biomass Crop Assistance Program (BCAP).....	24	25	11
Farm Storage Facility Loans.....	7	7	0
Purchases and Sales <u>a</u> /.....	417	-9	38
Processing, Storage and Transportation.....	1	1	0
Bio-based Fuel Production.....	0	0	171
Operating Expenses.....	6	6	6
Interest Expenditures <u>a</u> /.....	-59	-8	11
Other <u>a</u> /.....	-224	232	160
Total, Commodity Programs Baseline.....	6,289	5,881	6,534
Conservation Programs:			
Conservation Reserve Program.....	1,891	2,070	2,202
Emergency Forestry Conservation Reserve Program.....	6	7	6
Voluntary Public Access and Habitat Incentive Program <u>c</u> /.....	23	7	0
Total, Conservation Programs.....	1,919	2,083	2,207
Export Programs:			
Quality Samples Program.....	1	2	2
Market Access Program (MAP).....	210	206	200
Foreign Market Development (Cooperator) Program.....	32	34	19
Technical Assistance for Specialty Crops Program.....	4	12	9
Technical Assistance and Capacity Building for Brazil.....	147	147	0
FAS IRM Agreements.....	22	49	30
Emerging Markets Program.....	4	12	9
Dairy Export Incentive Program.....	0	0	3

FARM AND FOREIGN AGRICULTURAL SERVICES

Commodity Credit Corporation Net Outlays (Dollars in Millions)

Program	2011 Enacted	2012 Estimate	2013 Budget
Food for Progress Program.....	130	187	155
Local and Regional Commodity Procurement Pilot Program....	37	20	2
Export Guarantee Program Account <u>d/</u>	132	76	7
Other.....	0	1	0
Total, Export Programs.....	719	747	438
Subtotal, CCC.....	8,928	8,711	9,180
Pre-credit Reform Loan Repayments.....	-16	-1	-5
CCC Baseline.....	8,912	8,710	9,175
Proposed Legislation: <u>e/</u>			
Extension of Disaster Program.....	0	0	516
Cap Conservation Reserve Program at 30 million acres.....	0	0	-11
Total, CCC.....	\$8,912	\$8,710	\$9,680

a/ Negative amounts reflect excess of receipts versus outlays.

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

c/ Program will be funded by CCC and administered by NRCS in 2013.

d/ Reflects mandatory funding for a credit reform upward re-estimate in 2011 and 2012.

e/ The President's Plan for Economic Growth and Deficit Reduction proposes a total savings of \$32 billion over 10 years from certain USDA programs. Further details are provided in the Appendix beginning on page 124.

Changes 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 \$8.7 billion in 2012, reflecting higher prices for most commodities resulting from increased demand for bioenergy production and strong export. The 2013 baseline outlays are estimated to increase to \$9.2 billion primarily due to Farm Bill provisions that shift some outlays from 2012 to 2013 by eliminating the option for producers to receive advance direct payments.

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 2008 Farm Bill provided counter-cyclical payments for producers of program crops (feed grains, wheat, upland cotton, rice, soybeans, other oilseeds, and peanuts) 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 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

FARM AND FOREIGN AGRICULTURAL SERVICES

receiving a payment under ACRE. About 1.6 million farms participated in the direct and counter-cyclical payment programs, while about 140,000 farms were enrolled in ACRE in 2011.

In addition, section 4(e) of the CCC Charter Act authorizes CCC to take action to increase the consumption of agricultural commodities by "... aiding in the development of new and additional markets, marketing facilities, and uses for such commodities." Under this authority, the 2013 Budget includes up to \$171 million in CCC funding to subsidize the production of bio-based jet fuel. Because there is no existing viable commercial source for the large-scale production of such fuel, CCC has entered into an agreement with the Department of Energy and the Department of the Navy to assist in the development of this product.

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

Program	2011 Enacted	2012 Estimate	2013 Budget
Commodity:			
Feed Grains.....	\$2,146	\$1,922	\$2,280
Wheat.....	1,378	1,005	1,099
Rice.....	364	323	431
Upland and Extra Long Staple Cotton.....	678	650	656
Tobacco <u>a/</u>	25	-20	1
Dairy.....	30	180	52
Soybeans and Products.....	523	453	548
Minor Oilseeds.....	25	16	19
Peanuts.....	77	71	71
Sugar.....	0	0	0
Honey.....	0	0	0
Wool and Mohair.....	3	2	5
Vegetable Oil Products.....	94	27	41
Other Commodities.....	199	-16	0
Subtotal, Assistance To Farmers.....	5,542	4,614	5,205
Other <u>b/</u>	747	1,267	1,329
Total, Commodity Programs.....	6,289	5,881	6,534

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

b/ Includes working capital, interest, operating expenses, reimbursable agreements, an adjustment for Food for Progress commodity purchases, and the bio-based fuel program.

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

Program	2011 Enacted	2012 Estimate	2013 Budget
Conservation Reserve Program.....	\$1,939	\$2,070	\$2,202
Emergency Forestry Conservation Reserve Program.....	6	7	6
Voluntary Public Access and Habitat Incentive Program <u>a/</u> ...	18	0	0
Total, Conservation Programs.....	\$1,963	\$2,077	\$2,207

a/ Program will be funded by CCC and administered by NRCS in 2013.

Conservation Programs. The Farm Bill provides authority for conservation programs. The focus of USDA conservation programs administered by FSA and NRCS 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 Incentive Program (VPA-HIP), which are CCC programs. FSA also administers 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 planted in 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 agricultural land. Wetlands filter nutrients, recharge groundwater supplies, and sequester carbon.

Key Performance Measure	2008	2009	2010	2011	2012	2013
CRP restored wetland acreage ¹ (million acres)	1.98	2.04	2.05	2.23	2.23	2.23

¹ Includes accompanying upland buffers.

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

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 31.1 million acres at the end of 2011 with approximately 84 percent of the acreage having been enrolled under scheduled general signups. A general signup of 2.7 million acres was held in 2011. The 2013 Budget baseline assumes a general sign-up will be held in 2012 and that up to 6 million acres will be enrolled. Based on current economic conditions, the baseline assumes that total enrollment will dip below 30 million acres in 2013 and 2014 before rising back to about 32 million acres in 2015.

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 2012 Appropriations Act prohibits FSA from operating VPA-HIP in 2012. The 2013 Budget includes \$5 million for VPA-HIP to be administered by NRCS.

The 2012 Appropriations Act provided \$122.7 million for ECP and \$28.4 million for EFRP for necessary expenses resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The Budget proposes no new funding for ECP and EFRP in 2013 since funding needs are difficult to predict in advance for these disaster response programs. Under ECP, the Department shares the cost of carrying out practices to help farmers to rehabilitate farmland damaged by natural disasters. ECP addresses 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. 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.

Biomass Crop Assistance Program (BCAP). In 2010, a final rule was published implementing all phases of BCAP including financial assistance for the establishment and maintenance of crops for bioenergy production (project areas) as well as the Collection Harvest Storage and Transportation (CHST) payments previously funded through a Notice of Funding Availability (NOFA). On September 15, 2011, an interim rule was published to enable USDA to prioritize the expenditure of program funds in favor of BCAP project areas over CHST. This prioritization was needed to focus BCAP activities on the establishment of the next generation of biomass feedstocks while meeting the Budgetary constraints in 2011. The 2012 Appropriations Act limits BCAP to \$17 million in new obligational authority. The statutory authority to enter into new agreements under BCAP expires at the end of 2012. However, under the project area portion of BCAP, FSA enters into long-term contracts (up to 15 years) with producers to establish and

FARM AND FOREIGN AGRICULTURAL SERVICES

produce next generation biofuel feedstock, such as miscanthus and hybrid poplars. Accordingly, outlays on these long-term contracts are reflected in the 2013 Budget baseline.

Supplemental Agricultural Disaster Assistance

Outlays

(Dollars in Millions)

Program	2011 Enacted	2012 Estimate	2013 Budget
Supplemental Revenue Assistance Payments	\$975	\$985	\$1,393
Livestock Indemnity Payments.....	23	56	0
Livestock Forage Disaster Program	207	198	0
Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish....	8	20	0
Tree Assistance Program	9	5	2
Other.....	-1	0	0
Subtotal, Supplemental Agricultural Disaster Assistance	1,221	1,264	1,395
Recovery Act SURE Payments.....	236	7	0
Total, Supplemental Agricultural Disaster Assistance	\$1,457	\$1,271	\$1,395

Supplemental Agricultural Disaster Assistance. The 2008 Farm Bill authorized five new disaster assistance programs covering losses occurring on or before September 30, 2011. Statutory authority for all five programs expired on September 30, 2011; accordingly, USDA cannot provide assistance through these programs to producers for losses due to natural disasters occurring after that date. (See the Proposed Legislation section of this Budget Summary for a discussion of the Administration’s proposal to extend the authorization for disaster assistance.) FSA has administered these programs; however, unlike prior ad hoc disaster programs the new disaster assistance programs are funded through the Agricultural Disaster Relief 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 depend on the extent of producers’ qualifying needs. The 2013 Budget baseline reflects outlays for crop losses that occurred on or before September 30, 2011. The 2008 Farm Bill requires that FSA use the season average price to determine Supplemental Revenue Assistance Payments Program (SURE) payments. The season average price cannot be determined until the marketing year has ended which is about one year after the crop is harvested. Accordingly, the 2013 SURE outlays reflect payments for crop year 2011 losses which occurred prior to September 30, 2011.

SURE has provided 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) has provided 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) has provided assistance to livestock producers who suffer grazing losses due to drought or fire. Fire losses must have

FARM AND FOREIGN AGRICULTURAL SERVICES

occurred on federally managed lands. The Emergency Livestock Assistance Program (ELAP) has provided 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) has provided financial assistance to eligible orchardists and nursery tree growers to replant or rehabilitate trees, bushes or vines damaged by adverse weather.

Farm Service Agency Staff Years

Program	2011 Enacted	2012 Estimate	2013 Budget
Federal.....	4,918	4,494	4,494
Non-Federal:			
Permanent Full-Time.....	8,591	7,960	7,960
Temporary.....	412	200	237
Total, Non-Federal.....	9,003	8,160	8,197
Total, FSA Staff Years.....	13,921	12,654	12,691

Salaries and Expenses. The 2013 Budget proposes a level of \$1.5 billion, an increase of \$24 million above the 2012 enacted level. The increase will provide resources to support continued modernization of FSA’s IT infrastructure needed for MIDAS (Modernize and Innovate the Delivery of Agricultural Systems). It will also enable FSA to hire 237 temporary staff to provide critical support for peak workload periods, such as major program signups. Using temporary staff for peak workloads will allow FSA to maintain customer service while keeping FSA’s permanent staffing numbers at reduced levels.

The 2013 Budget supports 4,494 Federal staff years and 8,197 non-Federal staff years. Since 2003, staffing levels at FSA have declined over 30 percent, a reduction of about 5,600 employees. Within these constraints, FSA has successfully delivered new and complex 2008 Farm Bill programs. In 2012, further staff reductions will be achieved through voluntary early retirement authority (VERA) and voluntary separation incentive payments (VSIP).

In addition to implementing efficiencies to reduce operating costs, FSA is also proposing to consolidate 131 FSA county offices in 32 States in 2012. More than 2,100 FSA offices would remain throughout the US. Offices recommended for closure are either not staffed or staffed with just one or two employees and within 20 miles of other offices.

Information Technology (IT) Modernization and Stabilization. FSA 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 this antiquated IT system. FSA must continue to upgrade the aging technology infrastructure and equipment in order to provide more efficient and reliable services to producers for programs under the next Farm Bill.

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MIDAS will make it faster and simpler for producers to participate in farm programs. Farm program benefits will be delivered securely, reliably, and rapidly using MIDAS. Currently, in order to sign a producer up for a single program, county office personnel must often use two computers, one relying on the outdated legacy system and one relying on a modern web-based system. The computers are unable to communicate with each other, forcing personnel to enter data into multiple 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.”

FSA has designed the core parts of MIDAS and is building the IT infrastructure, configuring the system, and developing the applications. FSA is connecting MIDAS to the Department’s new financial management system (FMMI) in order to improve program integrity and payment accuracy. In late 2012, the first version of MIDAS will begin to operate. The first version of MIDAS will centralize customer and land data and save time for producers. It will cover core information including farm records, customer data, and acreage reporting with GIS online mapping capabilities. The 2013 Budget includes \$99.8 million for adding more farm programs to MIDAS so that producers can more easily participate in farm programs.

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 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	2008	2009	2010	2011	2012	2013
Maintain or increase percentage of FSA program delivery applications at USDA Service Centers that are web-enabled	54%	51%	57%	68%	73%	76%

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RISK MANAGEMENT AGENCY (RMA)

Program Level (Dollars in Millions)			
Program	2011 Enacted	2012 Estimate	2013 Budget
SUMMARY OF GOVERNMENT COSTS:			
Discretionary:			
Administrative and Operating Expenses.....	\$79	\$75	\$75
Mandatory:			
Delivery and Other Administrative Expenses <u>a/</u>	1,448	79	1,407
Gross Indemnities <u>b/</u>	6,045	11,022	10,822
Underwriting Gains <u>c/</u>	2,272	0	1,257
Good Performance Discount	0	0	75
Farm Bill: Agricultural Management Assistance.....	(6)	(6)	(4)
Subtotal, Crop Insurance Program Level.....	9,765	11,101	13,561
Less: Producer Premium and Administration Fees.....	-3,148	-7,552	-4,043
Total, Current Law.....	6,696	3,624	9,518
Proposed Legislation <u>d/</u>	0	0	-225
Total, Government Costs.....	\$6,696	\$3,624	\$9,293

a/ Includes reimbursements to private companies, FCIA initiatives and program related IT.

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 certain cash flows (see discussion below on estimated indemnities). 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.

d/ The President's Plan for Economic Growth and Deficit Reduction proposes a total savings of \$32 billion over 10 years from certain USDA programs. Further details are provided in the Appendix beginning on page 124.

Discretionary funds for the Federal Crop Insurance Program cover Federal salaries and related expenses to manage the program. The 2013 Budget includes about \$75 million for these costs, the same level available in 2012.

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.

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Key Performance Measures	2008	2009	2010	2011	2012	2013
Value of FCIC risk protection coverage provided through FCIC sponsored insurance (\$ Billions)	\$89.9	\$79.6	\$78.1	\$113.5	\$105.9	\$97.6
Normalized value of FCIC risk protection coverage provided through FCIC sponsored insurance (\$ Billions)	\$51.6	\$53.9	\$55.0	\$56.3	\$54.4	\$54.9

For the 2011 crop year, the Federal Crop Insurance Program provided about \$56.3 billion in (normalized) risk protection. The normalized value of risk protection is expected to decline in crop year 2012 to about \$54.4 billion due to the expiration of the disaster programs authorized in the 2008 Farm Bill. In crop year 2013, the normalized value of risk protection is expected to remain fairly constant at \$54.9 billion. In 2011, about 76 percent of the liabilities were covered under revenue products which provide protection against both a loss of yield and a decline in commodity prices.

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 producer paid premiums), underwriting gains paid to private companies, reimbursements to private companies for delivery expenses and other authorized expenditures.

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 29 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 2011 reflect crop year 2010 losses, which were paid out in fiscal year 2011, plus the portion of crop year 2011 losses which was paid out in fiscal year 2011. As of mid-January 2012, based on actual indemnities for crop year 2011 the loss ratio is about 0.75. Based on historical patterns, it is estimated that crop year 2011 loss ratio will reach about 0.91. This would make it the fourth straight year of low to very low losses, with loss ratios of 0.88 for crop year 2008, 0.53 for crop year 2009, and 0.56 for crop year 2010.

Estimated indemnities for fiscal year 2012 reflect about 65 percent of the estimated losses for crop year 2011 plus 35 percent of the estimated losses for crop year 2012. Estimated indemnities

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for fiscal year 2013 are calculated in the same manner as 2012. Estimated losses for crop years 2012 and 2013 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 2011 reflect the low loss ratio experienced for 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 that 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 fiscal year 2013, underwriting gains 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. Further, since the determination of losses for the 2011 crop year is not complete, the underwriting gain total for fiscal year 2013 reflects the assumption of a 1.0 loss ratio in crop year 2011.

Delivery expense reimbursements are paid to participating insurance companies to defray their costs to deliver the Federal crop insurance program. Like underwriting gains, the 2008 Farm Bill shifted delivery expense reimbursements that would have been paid in fiscal year 2012 into fiscal year 2013.

In fiscal year 2011, the actual total Government cost for the Federal Crop Insurance Program was about \$6.7 billion. Of this amount, about \$2.9 billion was for net indemnities to producers (gross indemnities minus producer paid premiums). The remaining amount of just under \$3.8 billion was for payments to the private insurance companies for delivery expenses and underwriting gains.

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FOREIGN AGRICULTURAL SERVICE (FAS)

Foreign Agricultural Service

Budget Authority (Dollars in Millions)

Program	2011 Enacted	2012 Estimate	2013 Budget
Discretionary:			
FAS Salaries and Expenses:			
Salaries and Expenses (Direct Appropriation).....	\$186	\$176	\$171
Agricultural Reconstruction and Stabilization.....	<u>a/</u>	0	6
Transfer from CCC Export Credit Program Account.....	(6)	(6)	(6)
Total, FAS Salaries and Expenses.....	(192)	(183)	(183)
Foreign Food Assistance:			
McGovern-Dole International Food for Education Program.....	199	184	184
P.L. 480 Title II Donations.....	1,497	1,466	1,400
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.....	1,885	1,829	1,764
Mandatory:			
Quality Samples Program.....	2	2	2
Farm Bill:			
Market Development Programs:			
Market Access Program.....	200	200	200
Emerging Markets Program	10	10	<u>b/</u>
Foreign Market Development (Cooperator) Program	34	34	<u>b/</u>
Technical Assistance for Specialty Crops Program	9	9	<u>b/</u>
Foreign Food Assistance:			
Food for Progress - CCC Funded	162	170	170
Bill Emerson Humanitarian Trust.....	0	<u>c/</u>	<u>c/</u>
Local and Regional Commodity Procurement Pilot Program.....	23	5	0
Total, Farm Bill Programs.....	438	428	370
Trade Adjustment Assistance for Farmers.....	23	0	0
Total, Mandatory Programs.....	463	430	372
Total, Foreign Agricultural Service.....	\$2,348	\$2,259	\$2,136

a/ Less than \$0.5 million.

b/ Subject to reauthorization.

c/ 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.

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

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systems that allow for the safe development and use of agricultural goods derived from new technologies. The number of Free Trade Agreement (FTA) partners has grown from four to 20; most recently, FTA agreements have been ratified with South Korea, Panama, and Colombia. When fully implemented, these agreements could mean more than \$8 billion in trade for the U.S.

FAS continues negotiations on the Trans-Pacific Partnership (TPP). In addition to the United States, the current TPP partner countries are Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, and Viet Nam. The TPP is an opportunity to shape a 21st century trade agreement by addressing not only market access commitments but also non-tariff measures and issues that cut across conventional FTA models. These include behind-the-border issues, regional integration, regulatory coherence, trade facilitation, policy integration, small and medium enterprises, job creation, development, competitiveness, transparency, and social accountability.

Over the past three years, FAS commented on nearly 900 measures proposed by foreign governments that, if implemented, would have significantly affected U.S. exports and/or violated a major World Trade Organization commitment. Through the comment process, USDA not only alerts exporters to expected changes in foreign regulations but also influences their development to minimize the impact on U.S. exports.

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

Program	2011		2012		2013	
	Enacted		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
GSM-102 Guarantees.....	\$4,123	0	\$5,400	0	\$5,400	0
Facilities Financing Guarantees.....	0	0	100	0	100	0
Total, CCC Export Credit.....	\$4,123	0	\$5,500	0	\$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 2013. 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 required to support this level of assistance as the program has a negative subsidy score for 2013, meaning that no taxpayer support is required.

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Of the total program level for export credit guarantees expected to be issued by CCC in 2013, \$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 2013. 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 2013.

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 2013, the Budget includes a \$200 million program level for MAP, the same level provided in 2012.

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. The 2013 Budget baseline provides no funding for EMP, which is subject to reauthorization due to expiration of the 2008 Farm Bill.

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. Similar to EMP, the CCC Budget baseline includes no funding for the Cooperator Program, due to the expiration of the 2008 Farm Bill.

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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. Funding for TASC is not included in the CCC baseline Budget estimates, due to the expiration of the 2008 Farm Bill.

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 2012 and 2013. 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.

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 2013 Budget proposes \$184 million for the McGovern-Dole program, the same level provided in 2012. With this funding, the program is expected to assist as many as 4.3 million women and children in 2013.

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

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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 2013, the Budget provides funding of \$1.4 billion for P.L. 480 Title II food assistance. 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 2013 Budget assumes that \$170 million of CCC funding will be used to support the Food for Progress program, which is expected to support approximately 220,000 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 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 2011, no assistance was provided using the Trust's authority, and none has been provided to date in 2012. As of December 31, 2011, the Trust held \$311 million of cash and no commodities.

Local and Regional Commodity Procurement Pilot Program. The 2008 Farm Bill authorized and provided CCC funding for a limited, field-based pilot program of local and regional procurement of food aid commodities for distribution overseas. Under the program, grants are provided to private voluntary organizations, cooperatives, and the World Food Program that undertake the procurement activities. During 2011, FAS issued \$23 million of grants for procurement projects in Pakistan and six countries in sub-Saharan Africa. Consistent with provisions of the Farm Bill, \$5 million is available in 2012 to support an independent third-party evaluation of the projects that were undertaken under the pilot program. Authority for the program expires at the end of 2012 and no funding is requested in 2013 as the program is subject to reauthorization. Continued support for this program will depend on the results of the independent third-party evaluations.

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Trade Adjustment Assistance (TAA) for Farmers. The TAA for Farmers Program was originally authorized by the Trade Act of 2002, extended by the American Recovery and Reinvestment Act of 2009, and more recently by Title II of Public Law 112-40, the Trade Adjustment Assistance Extension Act of 2011. Under the program, 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 three 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 2011, \$22 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 2011 included blueberries, shrimp, and American lobster. No funding for TAA is available in 2012, and none is requested for 2013.

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Foreign Agricultural Service Salaries and Expenses (Dollars in Millions)

Program	2011 Enacted	2012 Estimate	2013 Budget
Trade Promotion.....	\$68	\$65	\$59
Trade Policy.....	81	77	78
Capacity Building / Food Security.....	43	40	40
Agricultural Reconstruction and Stabilization.....	0	0	6
Total, Appropriated Programs.....	192	183	183
Reimbursable Program Activities:			
FAS Computer Facility and Other IRM Costs			
Funded by CCC.....	22	22	22
Development Assistance Programs funded by			
USAID and Other Organizations.....	60	66	68
Agricultural Reconstruction and Stabilization Activities			
funded by USAID and the Dept. of State.....	105	53	53
Other Reimbursable Agreements.....	23	26	26
Total, Reimbursable Program Activities.....	210	167	169
Total, FAS Salaries and Expenses.....	\$402	\$350	\$352

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 8,400 jobs and \$1.3 billion in economy activity. Because of this important role, the Department is working to reduce trade barriers and develop new markets throughout the world.

FAS partners with other U.S. Government agencies, trade associations, as well as regional and international organizations in a coordinated effort to negotiate trade agreements; establish transparent, science-based standards; and resolve trade barriers. FAS will continue monitoring and enforcing international Sanitary and Phyto-Sanitary (SPS) rules, strengthening the global SPS regulatory framework, and encouraging the adoption of international standards, in the trade policy arena. FAS also promotes the acceptance of crops produced using new technologies and organic standards around the world. The Agency draws on headquarters staff and attachés covering more than 150 countries that negotiate with foreign governments and work with international organizations to develop fair, transparent international standards that will support the use of these new technologies.

Unnecessarily restrictive regulations to address the risks to human and animal health (sanitary) and plant health (phyto-sanitary) are major barriers to the expansion of global agricultural trade. FAS works to improve market access for U.S. agricultural products and reduce the harm to the industry resulting from SPS regulations by monitoring and enforcing international SPS rules,

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strengthening the global SPS regulatory framework, and encouraging the adoption of international standards.

Efforts to reduce disease causing agents, restrict additives and allergen ingredients, and provide additional information to consumers have resulted in a proliferation of labeling, registration, certification, and quality standards requirements for routinely consumed food products, sometimes resulting in unnecessary obstacles to trade. Trade issues concerning such measures are addressed by the WTO Agreement on Technical Barriers to Trade (TBT). FAS monitors and enforces the WTO SPS and TBT agreements to ensure that U.S. agricultural interests benefit from the improved market access opportunities.

FAS supports trade in U.S. agricultural products produced with new technologies by monitoring worldwide developments in technologies including their adoption and regulation by trading partners, and promoting the use of new technologies in support of food security and sustainable agriculture. A proactive stance is critical because the development of divergent regulatory systems for new technologies could bring a virtual halt to trade in some commodities with a potential trade impact reaching billions of dollars.

Key Performance Measure	2008	2009	2010	2011	2012	2013
Dollar value of agriculture trade preserved through trade agreement negotiation, monitoring, and enforcement (\$ Billions)						
Non-SPS Activities	\$0.5	\$0.4	\$0.5	\$0.5	\$0.6	\$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 ^{a/}	<u>7.3</u>	<u>9.5</u>	<u>3.6</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
Total Value of Trade	\$7.8	\$9.9	\$4.1	\$4.5	\$4.6	\$4.6

^{a/} In 2008 and 2009, includes soybean exports to China.

Consistent with the Department's Blueprint for Stronger Service, in 2012 FAS intends to close two overseas locations and reduce staffing at five additional overseas locations. Accordingly, in 2013 FAS will conduct its activities and programs through offices in Washington, D.C. and at 96 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.

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The Budget provides an appropriated funding level of \$183 million for FAS activities in 2013, about the same as the 2012 level.

Agricultural Reconstruction and Stabilization. The FAS Budget includes \$5.6 million to support the Department's participation in reconstruction and stabilization activities in Afghanistan, as well as other countries. FAS coordinates closely with the Department of State which sets overall operational and administrative policies for activities in these countries.

USDA is supporting implementation of the President's strategy for Afghanistan 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.

In addition, the Budget includes an estimated \$169 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 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.

The type of assistance offered includes direct loans, loan guarantees, grants, and technical assistance. 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 subsidy cost of programs that provide direct or guaranteed loans depends upon a number of factors, including the prevailing interest rates, whether the interest rate is subsidized by the Government, whether there are fees and the risk of loss involved. Coupled with the subsidy cost, the loan programs all have an administrative cost component as well. Typically, direct loans incur a higher administrative cost than loan guarantees. In the tables, the Budget authority for each program reflects the subsidy cost to the Government to support the loan level. Several of the loan programs operate at a very low or negative subsidy rate. These less costly loan programs provide the bulk of the financial assistance in RD's loan portfolio.

The 2013 Budget supports strategic leveraging of existing resources to strengthen rural communities through the Regional Innovation Initiative. Efforts will focus on the planning and coordination of USDA and other sources of assistance for rural communities. Loan and grant funding used to support this initiative will leverage private sector funds for regional development strategies. This initiative recognizes that individual communities are often affected by linkages to the other communities within regions and that working together can produce more prosperity for all. Programs like the Rural Microentrepreneur Assistance Program offer support for regional development activities and support for eliminating food deserts. Other programs are available for these activities as well.

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RD delivers its programs through a network of approximately 400 area offices and 47 State offices, a centralized servicing center and finance office in St. Louis, Missouri, and a national office. In order to streamline administrative functions, RD plans to close 43 office locations in 2012. The 2013 Budget includes about \$2.4 billion in Budget authority to support a program level of \$38 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	2011		2012		2013	
	Enacted		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Discretionary:						
Business and Industry Guaranteed Loans	\$814	\$41	\$811	\$45	\$821	\$56
Rural Business Enterprise Grants.....	39	39	24	24	30	30
Rural Business Opportunity Grants.....	3	3	2	2	0	0
Delta Regional Authority Grants.....	3	3	3	3	0	0
Intermediary Relending Program.....	19	7	18	6	19	6
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.....	0	0	0	0	22	3
Rural Cooperative Development Grants.....	11	11	11	11	13	13
Value-added Ag. Product Market Development	19	19	14	14	15	15
Rural Energy for America Program (Sec. 9007):						
Guaranteed Loans.....	5	3	6	2	19	5
Grants.....	2	2	2	2	0	0
Subtotal, RBS Programs.....	958	128	934	109	982	128
Salaries and Expenses.....	5	5	5	5	4	4
Total, Ongoing Programs.....	963	133	939	114	986	132
Mandatory:						
Farm Bill:						
Biorefinery Assistance Guaranteed Loans (Sec. 9003).....	0	0	0	0	<u>a/</u>	<u>a/</u>
Rural Energy for America Loans (Sec. 9007).....	73	34	42	11	<u>a/</u>	<u>a/</u>
Rural Energy for America Grants (Sec. 9007).....	36	36	11	11	<u>a/</u>	<u>a/</u>
Bioenergy for Advanced Biofuels (Sec. 9005).....	85	85	65	65	<u>a/</u>	<u>a/</u>
Rural Microentrepreneur Assist. Loans (Sec. 6022)....	9	2	0	0	<u>a/</u>	<u>a/</u>
Rural Microentrepreneur Assist. Grants (Sec. 6022)...	2	2	0	0	<u>a/</u>	<u>a/</u>
Total, Mandatory Programs.....	205	159	118	87	<u>a/</u>	<u>a/</u>
Total, RBS Programs.....	\$1,168	\$292	\$1,057	\$201	\$986	\$132

a/ Subject to reauthorization.

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

Business and Industry Guaranteed Loan Program. The Business and Industry (B&I) Guaranteed Loan Program, with 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 2013 Budget supports a program level of \$821 million in B&I

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loan guarantees, about \$10 million above the 2012 level. The 2013 Budget proposes a guarantee fee of three percent on B&I guaranteed loans. Funding for the B&I program will focus on supporting high priority areas of the Administration such as supporting local and regional food systems, the Regional Innovation Initiative, and renewable energy development.

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 2013 Budget provides \$30 million for grants, an increase of \$5.5 million above the 2012 level. The program will also provide support to the Regional Innovation Initiative and help reduce the number of food deserts in rural areas.

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 2013 Budget supports a program level of \$19 million in direct loans, an increase of \$1 million above the 2012 level. The program will also provide support to the Regional Innovation Initiative and help reduce the number of food deserts in rural areas.

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 2013 Budget includes \$3.4 million in discretionary funding. This funding will support about \$22.5 million in loans and will support the creation of about 1,500 jobs in 2013. The program will also provide support for the Regional Innovation Initiative and help reduce the number of food deserts in rural areas.

Rural Cooperative Development Grant Program. The 2013 Budget includes \$12.7 million for this program, a \$1.7 million increase over the 2012 level. The funding provided will be used to support distribution systems for locally produced products and the development of new cooperatives. The funding level provides modest increases in funding above the 2012 level for rural cooperative centers and grants to assist small socially disadvantaged producers.

Value-Added Producer Grants. The 2013 Budget provides \$15 million for the Value-Added Producer Grants Program, an increase of \$1 million above the 2012 level. 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 Regional Innovation Initiative and help reduce the number of food deserts in rural areas.

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

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Program; however, REAP can now offer funding for energy audits and feasibility studies. The Farm Bill provides mandatory funding through 2012. The 2013 Budget supports a discretionary program level of \$19 million in loan guarantees. The program will also provide support for the Regional Innovation Initiative.

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.

Key Performance Measure	2008	2009	2010	2011	2012	2013
Number of jobs created or saved through USDA financing of businesses	N/A	N/A	N/A	66,824	42,288	47,245

RURAL DEVELOPMENT

RURAL UTILITIES SERVICE (RUS)

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

(Dollars in Millions)

Program	2011		2012		2013	
	Enacted		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Discretionary:						
Electric Programs:						
Direct Loans.....	\$7,099	\$1	\$7,024	\$1	\$6,100	0
Telecommunications Programs:						
Direct Loans.....	690	0	690	0	690	0
Distance Learning and Telemedicine Programs:						
Grants.....	33	33	21	21	25	\$25
Broadband Programs:						
Direct Loans.....	326	22	169	6	94	9
Grants.....	13	13	10	10	13	13
High Energy Costs Grants	12	12	10	10	0	0
Water and Waste Disposal Programs:						
Direct Loans.....	896	77	731	70	1,000	81
Guaranteed Loans	75	0	63	1	0	0
Grants	439	439	432	432	415	415
Subtotal, Water and Waste.....	1,410	516	1,226	503	1,415	496
Subtotal, RUS programs.....	9,583	597	9,150	551	8,337	543
Salaries and Expenses.....	38	38	36	36	35	35
Total, Ongoing Discretionary Programs.....	9,621	635	9,186	587	8,372	578

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

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also provides funding for electric cooperatives that may be used to support energy conservation and efficiency projects.

The 2013 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, not less than \$4 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 cleaner technologies. Allowing financing for environmental upgrades will support the continued development of a national clean energy strategy. No loan funds are provided for new construction of base load generation from fossil fuels.

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. Electric program funding does not fluctuate much year to year. Industry challenges in 2011 resulted in a decrease in performance.

Key Performance Measure	2008	2009	2010	2011	2012	2013
Number of borrowers/subscribers receiving new and/or improved electric facilities (millions)	8.1	9.8	9.4	7.1	6.1	5.6

The 2013 Budget also supports \$690 million in telecommunications loans, which is the same as 2012 and is 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.

Key Performance Measure	2008	2009	2010	2011	2012	2013
Number of borrowers/subscribers receiving new or improved telecommunication services (millions)	0.78	0.18	0.14	0.18	0.22	0.19

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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.

The 2013 Budget provides \$9 million in Budget authority to support \$94 million in broadband loans, \$13 million for Broadband grants and \$25 million for grants under the Distance Learning and Telemedicine Program. The 2013 Budget does not request funding for grants for analog conversion grants or healthcare services grants.

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 to 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 2013 Budget provides \$496 million in Budget authority to support \$1 billion in direct loans and \$415 million in grants for a total program level of about \$1.4 billion. The program will also support the Regional Innovation Initiative.

Key Performance Measure	2008	2009	2010	2011	2012	2013
Number of borrowers/subscribers receiving new or improved service from agency funded water facility (millions)	4.4	3.4	3.9	4.5	2.4	2.8

RURAL DEVELOPMENT

RURAL HOUSING SERVICE (RHS)

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

(Dollars in Millions)

Program	2011		2012		2013	
	Enacted		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Discretionary:						
Single Family Housing:						
Direct Loans (Sec. 502).....	\$1,119	\$70	\$900	\$43	\$653	\$39
Guaranteed Loans (Sec. 502) <u>a/</u>	24,000	0	24,000	0	24,000	0
Multi Family Housing:						
Direct Loans (Sec. 515).....	69	23	64	22	0	0
Guaranteed Loans (Sec. 538).....	31	3	130	0	150	0
Very Low-Income Repair (Sec. 504):						
Direct Loans	23	4	10	1	28	4
Grants	30	30	30	30	28	28
Farm Labor Housing Grants (Sec. 516).....	10	10	7	7	9	9
Farm Labor Housing Loans (Sec. 514).....	26	10	21	7	26	9
All Other Direct Loans.....	22	1	15	0	0	0
Grants and Payments:						
Rental Assistance (Sec. 502 and 521).....	954	954	905	905	907	907
Mutual and Self-Help (Sec. 523).....	37	37	30	30	10	10
Multi-Family Housing Revitalization	43	30	13	13	67	47
All Other Grant programs.....	10	10	3	3	0	0
Community Facilities Programs:						
Direct Loans.....	290	4	1,300	0	2,000	0
Guaranteed Loans.....	167	7	106	5	0	0
Grants	31	31	24	24	25	25
Subtotal, RHS Programs.....	26,862	1,224	27,558	1,090	27,903	1,078
Salaries and Expenses.....	453	453	431	431	408	408
Total, Ongoing Discretionary Programs.....	\$27,315	\$1,677	\$27,989	\$1,521	\$28,311	\$1,486

a/ Beginning in FY 2011, the program operates under a fee structure similar to HUD with no cost to the government.

Single Family Direct and Guaranteed Loan Programs. The Single Family Housing programs provide 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. Both direct and guaranteed loans are means-tested. Direct loans are limited to families with incomes less than 80 percent of area median income. The interest rate on these loans is based on the borrower's income and fluctuates from the current prevailing Treasury rate to being subsidized down to one percent

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interest. Guaranteed loans are limited to borrowers 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 single family housing guarantees in 2013, the Budget assumes a similar fee structure to that introduced in 2012. The maximum up-front fee on loans will be 2 percent, with an annual fee of 0.4 percent. The updated fee structure continues 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.

USDA plans to provide single family housing assistance primarily through loan guarantees in 2013 with a \$24 billion loan level. USDA's single family housing direct loan program is funded at \$653 million in program level, which makes funding available to specifically assist teachers relocating or settling in rural areas and direct loan mortgage credit available for participants in the mutual and self-help housing programs. 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 184,000 homeownership opportunities in 2013.

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	2008	2009	2010	2011	2012	2013
Homeownership opportunities provided	67,420	56,613	127,735	140,100	190,186	184,222

Multi-Family Housing Programs. The Multi-Family Housing program provides financing for rental housing projects and rental assistance payments for the 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 these tenants is about \$8,000.

The current focus of the multi-family housing program is primarily on portfolio management instead of new construction. Accordingly, the 2013 Budget includes \$34 million for preservation activities, which is expected to be leveraged into a greater amount of assistance based on how it is disbursed between the various strategies approved under the multi-family preservation and revitalization (MPR) demonstration program. The Budget also proposes legislation for making the MPR demonstration program permanent. No funding is proposed for 515 multi-family housing construction loans because USDA has found that improving the portfolio can be achieved more efficiently through the MPR strategies rather than 515 rehabilitation loans or housing preservation grants, which are also not funded. In addition, the Budget includes

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\$13 million for the multi-family housing voucher program. 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 2013 Budget includes \$907 million to renew outstanding contracts on both Section 515 projects and Farm Labor Housing and new construction. The Budget also includes legislation to gain authority to have access to the Department of Health and Human Services National Database of New Hires as well as Internal Revenue Service data. This will help to reduce improper payment in Rural Housing Service means-tested programs.

In addition, new construction of multi-family housing projects in rural areas will be provided through a program level of \$150 million in multi-family 538 guaranteed loans. The 2013 Budget proposes a fee structure and targets assistance to projects that receive low-income housing tax credits. These changes will continue to allow the program to operate with a negative subsidy rate in 2013. New construction will also be provided through funding for Farm Labor housing loans and grants, which will support \$26 million in loans and \$9 million in grants in 2013.

Other Housing Programs. The 2013 Budget funds additional single family housing activities through \$28 million for housing repair grants and \$10 million for mutual and self-help housing grants. In addition, the 2013 Budget does not fund certain programs in order to focus resources on more efficient and less costly programs. These programs, such as credit sales of acquired property and compensation for construction defects, had been consistently funded at relatively low levels, and will no longer be available.

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

The 2013 Budget provides increased funding for Community Facilities programs with \$2 billion in direct loans, \$13 million in grants, \$8 million for the Rural Community Development Initiative grants, and \$4 million for Tribal college grants. No funding is provided for loan guarantees. The funding provides an increase of \$700 million in program level above 2012; this will provide essential health, safety and educational facilities for over 9 million rural residents. 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 the approximately 9 million rural residents who are provided with improved essential community services such as health, safety, and educational facilities.

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Key Performance Measure	2008	2009	2010	2011	2012	2013
Percentage of customers who are provided access to new and/or improved essential community facilities –						
Health Facilities	5.3	5.4	3.2	5.2	5.5	5.8
Safety Facilities	2.8	5.0	3.2	4.3	4.7	5.1
Educational Facilities	N/A	3.5	3.8	3.8	4.5	5.2

RURAL DEVELOPMENT

RURAL DEVELOPMENT SALARIES AND EXPENSES

**Budget Authority
(Dollars in Millions)**

Program	2011 Enacted	2012 Estimate	2013 Budget
Salaries and Expenses:			
Appropriation.....	\$192	\$182	\$207
Transfers:			
Rural Electric and Telecomm. Loan Program.....	(38)	(36)	(35)
Rural Housing Insurance Fund Program.....	(453)	(431)	(408)
Rural Development Loan Fund Program.....	(5)	(5)	(4)
Subtotal, Transfers.....	(496)	(472)	(447)
Total, Salaries and Expenses.....	\$688	\$654	\$654

The 2013 Budget maintains funding for salaries and expenses related to carrying out RD programs at the 2012 level of \$654 million. This level of funding will support a staff level of 5,346 in 2013. An increase in the direct appropriation is requested to specifically fund information technology investments; transfers from the agencies are reduced as a result of lower staff levels in 2013.

In 2012 implementation of early out and buy out authority to eligible employees reduced the number of staff years from 5,849 to 5,346. In order to streamline administrative functions in 2012, RD plans to close 43 offices across rural America. In the first quarter of 2012 about 503 staff years were vacated as a result of retirements, under the early out and buy out authority. These retirements include positions from the national office and field offices. In addition, further savings will be realized through administrative efficiencies obtained from the continuation of current information technology system modernization, and reductions in advisory contracts, travel of people, transportation of things, printing, supplies, and equipment.

Staff levels have been reduced from 6,281 in 2007 to 5,849 in 2011, while the output from this level of staff has significantly increased over the past five years. In 2007 RD serviced 596,000 outstanding loans totaling about \$98 billion; in 2011 those numbers had increased to about 943,000 and \$161 billion, respectively.

FOOD, NUTRITION, AND CONSUMER SERVICES

MISSION AND RELATIONSHIP TO STRATEGIC GOAL

The activities and funding of the 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.

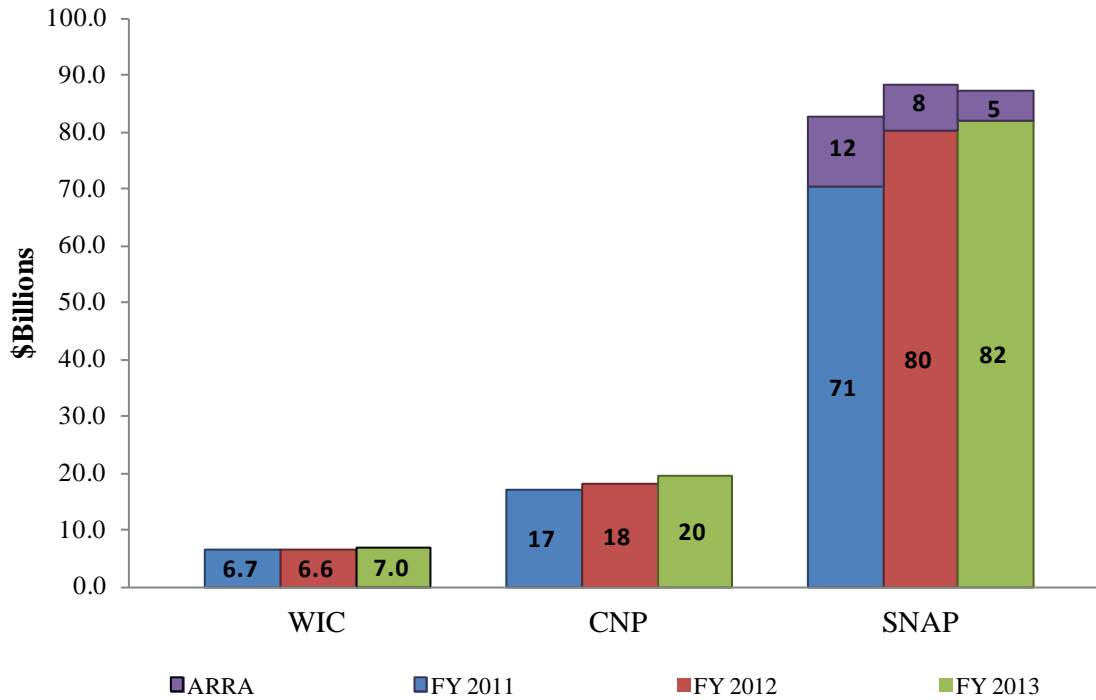
FNS administers USDA's domestic nutrition assistance programs. The mission of FNS is to increase food security and reduce hunger working in partnership with State agencies and other cooperating organizations to help ensure children and low-income people have access to food, a healthful diet and nutrition 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 the knowledge to eat healthy diets and engage in physical activity.

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, including the National School Lunch Program, School Breakfast Program, and the Child and Adult Care Food Program; the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); and other programs serving special groups.

The Supplemental Nutrition Assistance Program (SNAP) provides basic assistance to help ensure eligible low-income households have access to a secure and adequate diet. The other programs target specific groups. For example, the Child Nutrition programs support the provision of balanced meals to children from child care through secondary school. WIC targets pregnant, low-income women and their young children to help ensure they get the best start toward a healthy productive life.

Key performance measures for 2013 are to increase the percentage of eligible people participating in SNAP; improve the historically high SNAP payment accuracy rate; support participation in major nutrition assistance programs for all eligible people who seek assistance; decrease the prevalence of obesity among children and adolescents; increase distribution of nutrition guidance, education and promotion tools; and increase the amount of SNAP benefits redeemed at direct market farmers and farmers markets.

FNS Budget Authority



The 2013 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 use and promotion of MyPlate and the *Dietary Guidelines for Americans*. Data from recent years show that the prevalence of obesity, a statistic that has risen steadily since the early 1970's, has finally stopped increasing. This change suggests that the nutrition assistance programs and associated nutrition promotion are having a positive effect on eating habits. In 2013, USDA will continue to work with the Departments of Health and Human Services and Education to refine and implement plans and strategies for addressing childhood obesity.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Nutrition Service Budget Authority (Dollars in Millions)

Program	2011 Enacted	2012 Estimate	2013 Budget
Discretionary:			
Special Supplemental Nutrition Program (WIC) <u>a/</u>	\$6,734	\$6,618	\$7,041
Commodity Assistance Program:			
Commodity Supplemental Food Program.....	176	177	187
The Emergency Food Assistance Program (TEFAP), Soup Kitchens, Food Banks.....			
Farmers' Market Nutrition Program.....	49	48	49
Pacific Island Assistance and Disaster Assistance.....	20	17	17
Nutrition Services Incentive Program.....	1	1	1
Total, Commodity Assistance Program.....	2	2	<u>b/</u>
Total, Commodity Assistance Program.....	248	245	254
Nutrition Programs Administration.....	148	139	144
Subtotal, Discretionary Programs.....	7,130	7,002	7,439
Other Adjustments <u>a/</u>	0	400	0
Total, Discretionary Programs.....	7,130	7,402	7,439
Mandatory:			
WIC: Universal Product Database.....	1	1	1
Supplemental Nutrition Assistance Program (SNAP) <u>c/</u>	70,613	80,402	81,995
Proposed Legislation - Extend the Able-Bodied Adult provision.....	0	0	376
Child Nutrition Programs <u>c/</u>	17,324	18,151	19,694
Permanent Appropriations.....	154	155	245
Farm Bill:			
Seniors Farmers' Market Nutrition Program.....	21	21	21
Recovery Act:			
Supplemental Nutrition Assistance Program.....	12,272	8,207	5,376
Subtotal, Mandatory Programs.....	100,385	106,937	107,708
Other Adjustments <u>a/</u>	0	-400	0
Total, Mandatory Programs.....	100,385	106,537	107,708
Total, FNS.....	<u>\$107,515</u>	<u>\$113,939</u>	<u>\$115,147</u>

a/ In 2012, USDA expects to transfer funds from SNAP to ensure participation is fully funded in WIC.

b/ Funds are transferred from the Department of Health and Human Services, Administration on Aging. Funds for 2013 will be determined at a later date.

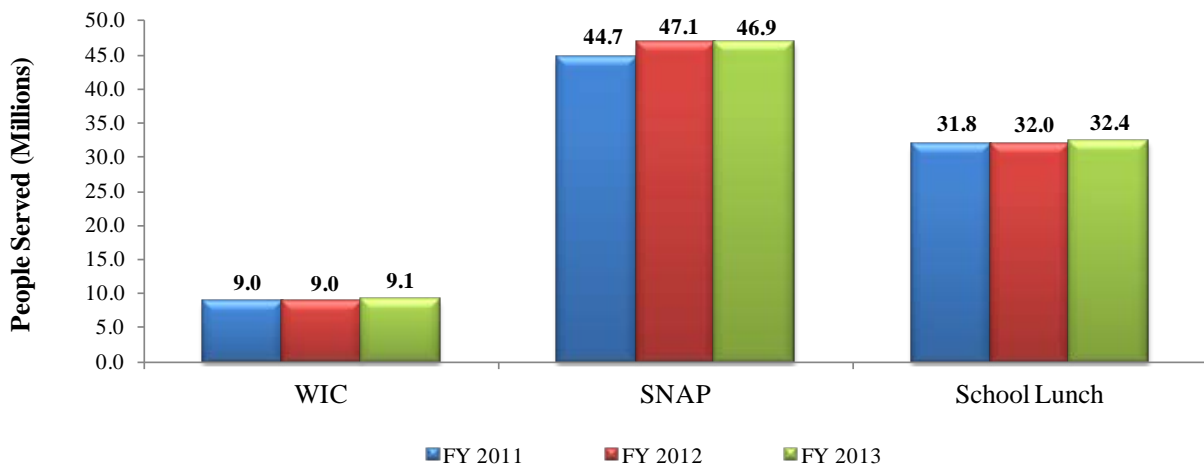
c/ Discretionary and Mandatory appropriations have been consolidated for illustrative purposes.

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.

FOOD, NUTRITION, AND CONSUMER SERVICES

Key Performance Measure	2008	2009	2010	2011	2012	2013
Application and usage level of nutrition guidance tools (billions of pieces of nutrition guidance distributed) Baseline: 2006 = 1.5	3.2	3.5	1.5	3.0	4.0	4.0

People Served Through Nutrition Assistance Programs



Supplemental Nutrition Assistance Program (SNAP). For 2013, the Budget anticipates participation falling slightly to 46.9 million from 47.1 million in 2012. While the program has increased steadily since its last low point in 2000, and sharply in the economic downturn, the rate of increase has been declining since around January 2010. Continued gradual improvement in the economy is expected to lead to participation declines in 2013, even as the proportion of eligibles who participate is increased. The Recovery Act increased the maximum allotment by 13.6 percent, effective April 2009, a level to remain constant until the statutory SNAP thrifty food plan 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 through FY 2013.

The Budget re-proposes a State option to suspend time limits on SNAP for able-bodied adults without dependents (ABAWDS) for an additional year and re-proposes to extend the availability of enhanced SNAP benefits through March 31, 2014, which will increase program costs in 2014.

SNAP will continue to focus on increasing program access and encouraging all eligible persons to take advantage of SNAP benefits, with particular emphasis on reaching underserved populations such as the elderly and Hispanics. For 2013, a total of \$12.4 million is requested to

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improve retailer integrity and reduce trafficking. Funding specifically targeted to improving payment accuracy is increased by about \$2.8 million above 2012 for a total of \$11 million.

Key Performance Measures	2008	2009	2010	2011	2012	2013
Participation rates for the major Federal nutrition assistance programs (millions per month): Supplemental Nutrition Assistance Program	28.4	33.5	40.3	44.7	47.1	46.9

The Department is continuing its efforts to improve payment accuracy. This will be achieved through working harder than ever with stakeholders to implement best practices, focusing particularly on error prone areas.

Key Performance Measure	2008	2009	2010	2011	2012	2013
SNAP payment accuracy rate Baseline: 2001 = 91.34%	94.99%	95.64%	96.19%	96.19%	96.20%	96.21%

Child Nutrition Programs. The 2013 Budget funds the Child Nutrition Programs at a level that will support anticipated participation and food costs, including the changes resulting from the Healthy, Hunger-Free Kids Act of 2010, signed into law in December 2010. USDA is working with State administering agencies, over 100,000 schools participating in the lunch program, hundreds of thousands of school food service workers and suppliers, as well as over 50 million children, their parents and teachers to improve school meals, improve all of the foods sold at school, and help shape child nutritional behaviors to reduce overweight and obesity and help ensure a healthy and productive populace for the future.

Improving the quality of the food available to children, improving child access to food, and improving their eating habits are top priorities. The National School Lunch, School Breakfast, Summer Food Service, and Child and Adult Care Food Programs are central to fostering the change needed to achieve USDA's goal. Through subsidies for meals that meet nutritional requirements, these programs assist State and local governments in serving nutritious, balanced 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 healthier 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 when they eat a program meal.

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 adjusted by extensive public comments to ensure the new standards are achievable in schools across the Nation were

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the basis of the final rule issued January 26, 2012. The final standards, which will go into effect in school year 2012-2013, makes the same kinds of changes that many of us are trying to make in our diets and that some parents are already encouraging at home. They ensure students are offered both fruits and vegetables every day of the week, substantially increase whole grain-rich foods, focus on fat-free or low-fat milk, and set sensible calorie limits based on the age of the children being served. Separate recommendations IOM provided for the needs of pre-schoolers will be addressed in a forthcoming rule. Working with all of the stakeholders, the children, the schools, suppliers, and teachers and 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.

The Healthy, Hunger-Free Kids Act of 2010 provides \$50 million a year for 2012 and 2013 for training and technical assistance necessary for States to implement the Act. Those funds will be allocated to States based on their proportional State administrative expense funding for NSLP. FNS will use \$3 million for Federal administration in the implementation of the new meal patterns. This will help ensure the integrity of meals served, increase training and technical assistance materials for the school food service community, and increase Federal oversight of State activities to implement and monitor the new nutrition standards.

The HealthierUS School Challenge (HUSSC) is a voluntary initiative established in 2004 to recognize those schools participating in the National School Lunch Program that have created healthier school environments through promotion of nutrition and physical activity. Many schools have already accepted HUSSC and very effectively enhanced school meal quality, nutrition education, and physical activity. Since the beginning of HUSSC, awards have been given to schools in 45 States. As of October 20, 2011, there were 2,161 schools certified. For 2013, HUSSC is funded at \$1.5 million so that USDA can continue to encourage schools to take a leadership in helping students learn to make healthier eating and lifestyle choices. Likewise, Team Nutrition, another tool for promoting healthy eating, is maintained at \$15 million.

One of the key challenges for other schools is to modernize cafeteria equipment appropriately to provide attractive, wholesome meals with more whole grain, fruit and vegetables and less fat and saturated fat. Enhancing the necessary capacity for schools to upgrade the nutritional quality of meals served is essential. The Budget includes \$35 million to continue competitive grants to help purchase equipment to serve healthier meals as well as to expand the breakfast program. These 2013 grants will help about 10,000 schools.

Hunger-Free Community grants are funded at \$2.5 million. These competitive grants focus on promotion, outreach, demonstration projects, and technical assistance related to several areas, including community gardens, community supported agriculture projects, and linkages between farmers and local markets.

Funding for Farm to School Team is proposed at \$2.1 million to continue support of 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 contracting and distribution network. This program component has been growing and accounted for \$65 million in fresh produce in 2010-2011.

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Coordinated review is funded at \$10 million, and funds totaling \$6.4 million are sought to reduce erroneous payments in school meal programs. Significant funds would continue to be invested in evaluations to identify mechanisms to improve program outcomes and ensure decision making is informed by up-to-date, high-quality information.

Key Performance Measure	2008	2009	2010	2011	2012	2013
Participation levels for the major Federal nutrition assistance programs (millions per day):						
National School Lunch Program	30.9	31.2	31.6	31.8	32.0	32.4
School Breakfast Program	8.7	11.7	11.6	12.1	12.7	13.1

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. In 2010, WIC infant participation was over 53 percent of births in the United States.

The President's 2013 Budget proposes \$7.0 billion for the WIC Program, an increase of approximately \$423 million above the 2012 appropriation. The Administration is committed to serving all eligible individuals seeking WIC benefits and expects the request to support a monthly average of 9.1 million participants. The funding will support an increase in the cash value vouchers for fruits and vegetables for children from \$8 a month to \$10 a month, consistent with other WIC recipients. Also included in the request is \$60 million for breastfeeding peer counseling to promote one of the top program objectives. Program evaluation is included at \$5 million and \$30 million is allocated specifically to help States improve their management information systems and work toward implementation of Electronic Benefits Transfers, which is mandated by 2020. Further, \$10 million is provided to continue IT oversight and help build program infrastructure. FNS continues to work with States to ensure effective implementation of the new WIC food packages.

Key Performance Measure	2008	2009	2010	2011	2012	2013
Participation levels for the major Federal nutrition assistance programs (millions per month):						
WIC Program (average)	8.7	9.1	9.2	9.0	9.0	9.1

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 2013, State and local program administration would be funded at \$49.4 million, any part of which, at State discretion, may be used to purchase additional commodities. Also, under the

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NAP account, mandatory funding of \$269.5 million is available for TEFAP commodities, of which States have the option to convert up to 10 percent for administrative costs.

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 2013 Budget proposes \$186.9 million, an amount sufficient to support current base caseload and participation.

In 2013, funding is requested for the Farmers' Market Nutrition Program (FMNP) for women, infants and children at \$16.5 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 2010, the FMNP provided coupons to 2.2 million WIC participants. The participants redeemed their coupons at 6,419 authorized farmers' markets and roadside stands, providing revenue to 18,245 small family farmers. The Seniors FMNP, funded by CCC, provided similar benefits to over 800,000 low-income seniors. In 2010, the Seniors FMNP involved 20,106 farmers at 4,601 farmers' markets, 3,681 roadside stands and 163 community supported agricultural programs.

Nutrition Programs Administration (NPA). Funding of \$143.5 million is requested for NPA to support Federal management and oversight of USDA's investment in nutrition assistance programs, including \$2 million for the Congressional Hunger Center. The request includes \$2 million to promote MyPlate and the 2010 *Dietary Guidelines for Americans*. The Budget reflects an increase from the 2012 appropriation to help ensure adequate oversight and program integrity, simplify and improve the programs, improve nutritional outcomes, encourage healthy and nutritious diets and expand the obesity prevention campaign.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Nutrition Service Key Indicators

	2011	2012	2013
	Actual	Estimate	Budget
Average Participation, Millions:			
Supplemental Nutrition Assistance Program (per month).....	44.7	47.1	46.9
Free School Lunch.....	18.3	19.0	19.1
Total School Lunch (per day).....	31.8	32.0	32.4
Free School Breakfast.....	9.2	9.7	10.0
Total School Breakfast (per day).....	12.1	12.7	13.1
WIC (per month).....	9.0	9.0	9.1
Commodity Supplemental Food Program (CSFP):			
WIC (per month).....	0.02	0.02	0.02
Elderly (per month).....	0.57	0.58	0.58
Food Distribution Program on Indian			
Reservations (FDPIR) (per month).....	0.08	0.08	0.08
Average/Person/Month Food Benefit in \$:			
Supplemental Nutrition Assistance Program.....	\$133.84	\$133.62	\$133.62
WIC.....	46.67	45.28	46.50
CSFP: WIC (FNS Funded) <u>a/</u>	26.54	25.19	25.74
CSFP: Elderly (FNS Funded) <u>a/</u>	20.69	19.45	19.86
FDPIR (FNS Funded) <u>a/</u>	60.75	62.01	64.61
Per Meal Subsidies Including Commodities in \$: <u>b/</u>			
School Lunch: <u>c/</u>			
Free	\$2.94	\$3.01	\$3.14
Reduced.....	2.53	2.61	2.74
Paid	0.47	0.49	0.56
School Breakfast:			
Free	1.75	1.79	1.83
Reduced.....	1.44	1.48	1.51
Paid	0.26	0.27	0.27

a/ Excludes bonus commodities. In 2011, an average of \$1.40, \$1.45 and \$0.28 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, performance-based enhanced reimbursement of 6 cents per lunch will be available lunches meeting the new meal standards.

FOOD SAFETY

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 (one in six Americans) get sick, 128,000 are hospitalized, and 3,000 die each year from foodborne diseases, according to 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 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, 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. FSIS implemented stricter *Salmonella* and *Campylobacter* performance standards to reduce these pathogens in turkeys and young chickens and announced testing for additional serogroups of *E. coli* in certain raw beef product. Also, the recently proposed rule to modernize poultry inspection would focus FSIS inspection resources on the areas of the poultry production system that pose the greatest risk to food safety. By focusing inspectors only on the areas that are crucial to food safety, these changes will not only enhance consumer safety but will improve efficiency.

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	2011 Enacted	2012 Estimate	2013 Budget
Discretionary:			
Federal Food Safety and Inspection.....	\$895	\$888	\$879
State Food Safety and Inspection.....	63	63	63
International Food Safety and Inspection.....	19	16	16
Public Health Data Communication Infrastructure System.....	26	35	35
Codex Alimentarius.....	4	4	4
Total, Discretionary Programs.....	1,007	1,004	996
Mandatory:			
Trust Funds (Voluntary Inspection Services).....	11	10	10
User Fees (Overtime/Holiday Inspection Services).....	(166)	(152)	(152)
Total, FSIS Programs.....	\$1,018	\$1,014	\$1,006

Organizational Structure. To accomplish its functions, FSIS employees are located at approximately 6,290 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 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 8,400 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 2013 Budget proposes a discretionary funding level of \$996 million, a net decrease of more than \$8 million. The Budget provides the full amount necessary to meet regulatory responsibilities, which reflects implementation of modernized poultry inspection practices in 2013.

The 2013 Budget requests an increase of \$4 million to purchase, install, and maintain time clock hardware and software for employees in 500 industry plants. The funding for the time clock initiative will enable FSIS to generate more accurate records of reimbursable overtime hours worked, including time incurred for putting on and removing special gear (donning and doffing), and will allow the agency to electronically record actual hours at each plant location. Therefore, this time clock initiative will support efforts to ensure that the agency accurately compensates employees and will also support more equitable billing for industry.

In an effort to revise current procedures and remove outdated regulatory requirements that do not help combat foodborne illness, FSIS proposed in January 2012, a new poultry slaughter rule that would result in a more efficient and effective use of taxpayer dollars while improving food safety. The proposed rule would provide for a new inspection system for young chicken and turkey slaughter establishments that would replace the current Streamlined Inspection System,

FOOD SAFETY

the New Line Speed Inspection System, and the New Turkey Inspection System. The proposed new inspection system will facilitate the reduction of pathogen levels in poultry products by permitting FSIS to better focus off-line resources at critical process points such as verification of Hazard Analysis and Critical Control Point systems, verification of the production process at multiple locations, and sampling for pathogenic microorganisms that deserve increased attention in all plants. This would also result in a reduction of \$12.9 million for 2013 due to efficiencies from the proposed rule.

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.

With the funding requested for 2013, FSIS aims to achieve the following performance measures:

Key Performance Measure	2008	2009	2010	2011	2012	2013
Percent of broiler plants passing the carcass <i>Salmonella</i> Verification Testing Standard ^{1/}	NA	NA	NA	89%	90%	91%
Total illnesses from all FSIS Products ^{2/}	457,797	428,280	470,137	491,353	405,178	394,770
Percent of establishments with a functional food defense plan ^{3/}	46%	62%	74%	75%	76%	81%

^{1/} Revised from last year's measure of "Overall public exposure to *Salmonella* from boiler carcasses" as FSIS implemented a new, stricter *Salmonella* performance standard for broilers and turkeys on July 1, 2011.

^{2/} Recalculated from last year's figures to reflect newly published illness estimates from the CDC, new, national Healthy People 2020 goals, and methodological changes.

^{3/} Functional 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.

User Fees and Trust Funds. In 2013, FSIS estimates it will collect \$162 million through existing user fee and trust fund activities for providing overtime, holiday, and voluntary inspection services. As proposed in the 2012 Budget, FSIS will submit legislative proposals for two user fees in 2013; a user fee collected from plants for additional inspections and related activities made necessary due to the failure in performance by the covered establishment, and a food safety services user fee that would recover a part of the cost of providing FSIS related services at covered establishments and plants, as determined by the Secretary and which would be based on the facility size. Total annual collections from these proposals are estimated at about \$13 million.

NATURAL RESOURCES AND ENVIRONMENT

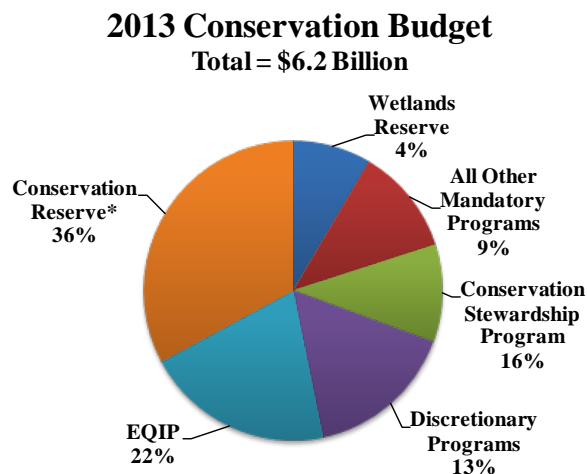
MISSION AND RELATIONSHIP TO STRATEGIC GOALS

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 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 private landowners, providing technical and financial assistance to help protect farm and ranch lands and private forestland. FS partners with State and local government agencies and oversees the management of the National Forest System.

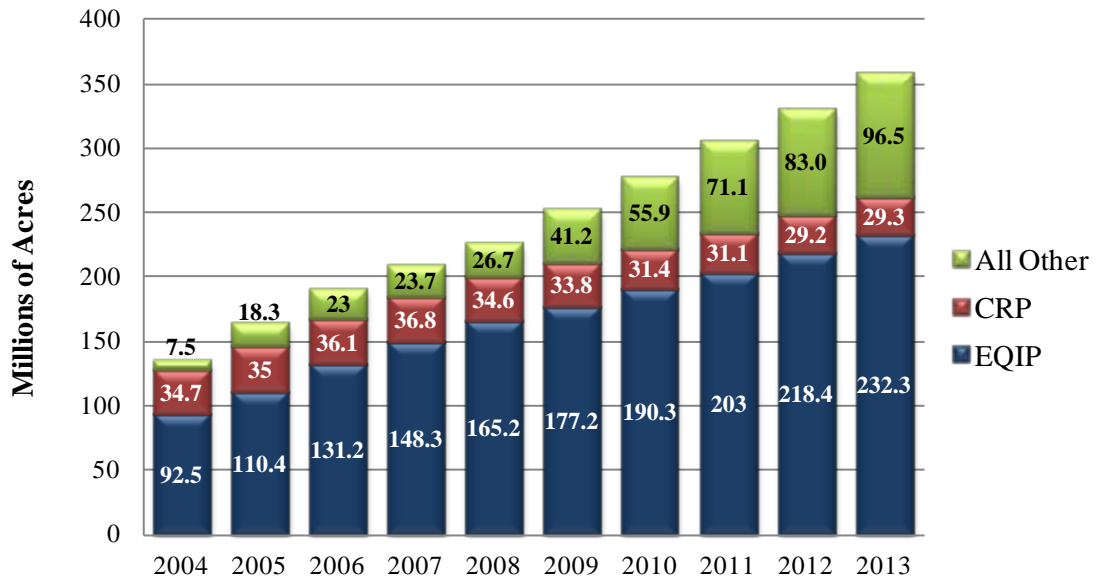
The NRE mission area, primarily through NRCS, also has responsibility for implementing most of the Conservation Title of the 2008 Farm Bill. In 2013, NRCS will deliver conservation on an additional 27 million acres at a total cost of about \$3.9 billion, and achieve a record total cumulative enrollment of about 329 million acres, in addition to over 29 million acres administered by the Farm Service Agency for the Conservation Reserve Program.



*The Conservation Reserve Program is administered by the Farm Service Agency

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Farm Bill Conservation Programs Cumulative Acres Enrolled



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NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Budget Authority (Dollars in Millions)

Program	2011 Enacted	2012 Estimate	2013 Budget
Discretionary:			
Conservation Operations:			
Conservation Technical Assistance.....	\$755	\$729	\$729
Soil Surveys.....	94	80	80
Snow Surveys.....	11	9	9
Plant Materials.....	11	9	9
Total, Conservation Operations.....	871	828	828
Voluntary Public Access and Habitat Incentive Program <u>a/</u>	0	0	5
Watershed Rehabilitation Program.....	18	15	0
Water Bank Program.....	0	8	0
Emergency Watershed Protection Program (EWP).....	0	216	0
Total, Discretionary Programs.....	888	1,067	833
Mandatory:			
Farm Bill Programs:			
Environmental Quality Incentives Program.....	1,238	1,400	1,403
Wetlands Reserve Program.....	611	707	224
Conservation Security Program	204	197	182
Conservation Stewardship Program.....	601	769	972
Agricultural Water Enhancement Program.....	74	60	60
Farm and Ranch Lands Protection Program.....	175	150	200
Wildlife Habitat Incentives Program.....	85	50	73
Grassland Reserve Program.....	79	67	5
Healthy Forest Reserve Program.....	10	10	0
Chesapeake Bay Watershed.....	72	50	50
Agricultural Management Assistance <u>b/</u>	15	10	10
Conservation Reserve Program Tech. Assist. (Reimb.).....	(123)	(80)	(108)
Total, Farm Bill Programs.....	3,164	3,469	3,179
Total, Current Law.....	4,052	4,536	4,012
Proposed Legislation <u>c/</u>	0	0	-100
Total, NRCS Programs.....	\$4,052	\$4,536	\$3,912

a/ Prior to 2013, the program was funded through the 2008 Farm Bill and administered by the Farm Service Agency. In 2013 the program will be funded by CCC and administered by NRCS.

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

c/ The President's Plan for Economic Growth and Deficit Reduction proposes a total savings of \$32 billion over 10 years from certain USDA programs. Further details are provided in the Appendix beginning on page 124.

The 2013 Budget for NRCS continues to support programs that provide direct conservation financial and technical assistance to landowners and users through NRCS offices, USDA Service Centers, and local conservation districts. With the goal of improving efficiency and optimizing

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all available resources, especially its technical field staff, NRCS will strategically target funding to address high priority conservation goals for improving water quality and water availability, land conservation, wildlife habitat, and wetland protection. Funding provides for conservation programs that focus on priority landscapes most in need of protection, emphasize partnering with local constituents to efficiently implement programs and initiatives, and help create jobs and strengthen the rural economy.

Conservation Operations (CO). The 2013 Budget proposes \$828 million for CO, which includes \$729 million for conservation technical assistance (CTA) as well as \$99 million for other CO activities including Soil Survey, Snow Survey, and Plant Materials Centers. The CO Budget is maintained at nearly the 2012 level and will protect the agency's foundation for fulfilling its core mission of delivering conservation to land users. In 2012, NRCS began a re-evaluation of its current staffing levels and office locations, and a reassessment of its customer needs to ensure that current employees are located in areas where the need is greatest. In 2013 NRCS will continue efforts to maximize the leveraging of technical assistance funds through agreements with its traditional partners, such as conservation districts, as well as with non-profit organizations and State and local agencies. This will continue the unique partnerships that have been developed and have been successful in implementing locally-led cooperative conservation on the ground.

In 2013 NRCS will continue to focus on the highest priority program areas, such as improving and streamlining technical assistance delivery to farmers, and updating the IT infrastructure, or Common Computing Environment (CCE). NRCS will continue the Conservation Effects Assessment Project (CEAP), which will form the basis for demonstrating the benefits derived from conservation programs and identify opportunities to better target USDA's private lands conservation efforts. CEAP will 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. This data will enhance NRCS's ability to effectively target assistance to areas with the greatest need and practices that can yield the highest benefits.

Through CTA, NRCS works with land owners and managers to develop plans that outline the conservation practices needed for the farm operation. In 2013, NRCS will work with land owners and managers to develop conservation plans for 38 million acres to address soil quality, water quality, water conservation and nutrient management. The conservation practices identified in these plans will be applied by land owners and managers over the next several years. In 2013, NRCS will assist landowners and managers in the application of conservation practices which will result in increased water quality, soil quality, and grazing and forest land protected and improved.

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The CTA performance measures identified below reflect acres with conservation practices applied with non-Federal funds. Conservation practices are also applied with Federal funds as described in the EQIP section.

Key Performance Measure	2008	2009	2010	2011	2012	2013
Land with conservation applied to improve water quality (millions of acres)	8.7	20.5	22.3	24.0	20.0	19.8
CTA: Cropland with conservation applied to improve soil quality (millions of acres)	8.3	7.6	8.2	8.2	7.3	7.1
CTA: Grazing land and forest land with conservation applied to protect and improve the resource base (millions of acres)	16.0	16.0	17.6	17.1	15.1	14.7

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.

Water Bank Program (WBP). The 2012 Appropriations Act provided \$7.5 million for WBP. The program is currently being implemented in the Northern Pothole States of North Dakota, South Dakota, and Minnesota and will focus technical and financial assistance on flooded lands, especially flooded cropland. No funding is requested for this program for 2013.

Emergency Watershed Protection Program (EWP). The purpose of EWP is to undertake emergency measures, including the purchase of flood plain easements, for runoff retardation and soil erosion prevention to safeguard lives and property from floods, drought, and the products of erosion on any watershed whenever fire, flood or any other natural occurrence is causing or has caused a sudden impairment of the watershed. Funding for EWP is typically provided through emergency supplemental funding rather than annual appropriations. In 2012, \$215.9 million was provided in response to major disasters declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

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 2013 Budget reflects the President's Plan for Economic Growth and Deficit Reduction. The President's Plan reduces the deficit by better targeting conservation funding to high priority areas. Consistent with the initiative to focus efforts in high priority areas, EQIP implementation will be targeted to acres with the highest conservation benefit, which are typically on smaller farms. 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, same as the level authorized in the 2008 Farm Bill for 2012.

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AWEP promotes the conservation of ground and surface water and the improvement of water quality.

EQIP

Key Performance Measure	2008	2009	2010	2011	2012	2013
Land with conservation applied to improve water quality (millions of acres)	14.8	14.5	14.2	14.5	16.0	16.0
Cropland with conservation applied to improve soil quality (millions of acres)	5.6	4.8	4.8	4.6	4.8	4.8
Grazing land and forest land with conservation applied to protect and improve the resource base (millions of acres)	16.9	17.2	17.5	16.3	16.2	16.2
Non-Federal land with conservation applied to improve fish and wildlife habitat quality (millions of acres)	4.8	5.2	6.0	4.8	5.0	5.0

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 conservation 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 2011, WRP enrolled 200,186 acres and funding for 2012 will allow up to an additional 185,800 acres to be enrolled. The 2013 Budget request includes \$224 million, which will allow the servicing of existing contracts. The enrollment of new acres is subject to reauthorization.

Key Performance Measure	2008	2009	2010	2011	2012	2013
WRP: Wetlands created, restored or enhanced (thousands of acres)	128.9	106.4	129.1	131.8	175.0	75.0

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 resources. The program was not reauthorized in the 2008 Farm Bill; the 2013 Budget includes \$182 million for the Conservation Security Program to service existing contracts.

Conservation Stewardship Program (CSP). 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

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operates under an annual acreage limitation rather than a funding cap. The Budget proposes nearly \$1.0 billion, an increase of over \$200 million compared to 2012. At this level, CSP will enroll 12 million new acres during 2013 in addition to servicing prior year contracts.

Farm and Ranch Lands Protection Program (FRPP). FRPP provides matching funds to help purchase development rights to keep productive farm and rangeland in agricultural uses. NRCS partners with State, Tribal, or local governments and non-governmental organizations to acquire conservation easements or other interests in land from landowners. USDA provides up to 50 percent of the fair market easement value of the conservation easement. FRPP is funded at \$200 million in 2013, \$50 million above the 2012 level. This will enable NRCS to protect a total of 60,000 acres, an increase of 15,000 acres, of prime, unique, or important farmland.

Key Performance Measure	2008	2009	2010	2011	2012	2013
FRPP: Prime, unique, or important farmland protected from conversion to non-agricultural uses by conservation easements (thousands of acres)	27.4	38.3	53.9	51.5	45.0	60.0

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, 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 2013, an increase of \$23 million over 2012. With this funding, NRCS will increase the number of acres of non-Federal land for fish and wildlife habitat under this program to approximately 1.1 million acres during 2013.

Key Performance Measure	2008	2009	2010	2011	2012	2013
WHIP: Non-Federal land with conservation applied to improve fish and wildlife habitat quality (millions of acres)	0.3	0.3	0.9	1.3	0.7	1.1

Grassland 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 FSA. FSA 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

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the program and capped it at 1.2 million additional acres. GRP is funded at \$5 million for 2013, which will allow the servicing of existing contracts.

Chesapeake Bay Watershed Initiative. The Chesapeake Bay Watershed Initiative provides producers conservation assistance through several USDA programs and is funded at \$50 million for 2013, which is the same level authorized for 2012. 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, National Oceanic and Atmospheric Administration, the National Association of Conservation Districts, Ducks Unlimited, and others.

Voluntary Public Access and Habitat Incentive Program (VPA-HIP). VPA-HIP was established by the Food Security Act of 1985, as amended by the 2008 Farm Bill. VPA-HIP encourages private landowners to voluntarily open their land to the public for hunting and fishing. It provides environmental, economic and social benefits including, but not limited to, enhanced wildlife habitat, improved wildlife populations, increased revenue for rural communities, and expanded opportunities for re-connecting Americans with the great outdoors. The 2008 Farm Bill provided \$50 million for VPA-HIP for fiscal years 2009-2012, and the program was administered by FSA. No funds are available for the program in 2012. The 2013 Budget includes \$5 million from the Commodity Credit Corporation for VPA-HIP to be administered NRCS.

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 2013 Budget includes \$108 million for CRP technical assistance by NRCS. CRP is administered by FSA. The program status for 2013 is described on page 24.

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FOREST SERVICE (FS)

Program	Budget Authority (Dollars in Millions)		
	2011 Enacted	2012 Estimate	2013 Estimate
Discretionary Accounts:			
Forest and Rangeland Research.....	\$307	\$295	\$293
State and Private Forestry.....	278	253	251
National Forest System:			
Integrated Resource Restoration <u>a/</u>	661	660	793
Collaborative Forest Landscape Restoration Fund <u>b/</u>	15	40	40
Recreation, Heritage and Wilderness.....	282	281	267
Other NFS Activities.....	584	573	524
Total, NFS.....	1,542	1,554	1,624
Wildland Fire Activities:			
Preparedness.....	674	1,004	1,001
Suppression:			
Suppression Activities.....	996	538	616
FLAME Fund.....	290	315	315
Total, Suppression.....	1,286	853	931
Hazardous Fuels Reduction	340	317	242
Other Fire Operations.....	158	116	112
Total, Wildland Fire Activities	2,458	2,290	2,286
Capital Improvement and Maintenance	473	394	346
Land Acquisition.....	34	54	59
Other Accounts.....	6	6	2
Total, Discretionary Programs	\$5,098	\$4,846	\$4,861

a/ The 2013 Budget proposes a new budget line item, Integrated Resource Restoration, which includes a shift of \$45 million from Capital Improvement and Maintenance and \$76 million from Wildland Fire Management.

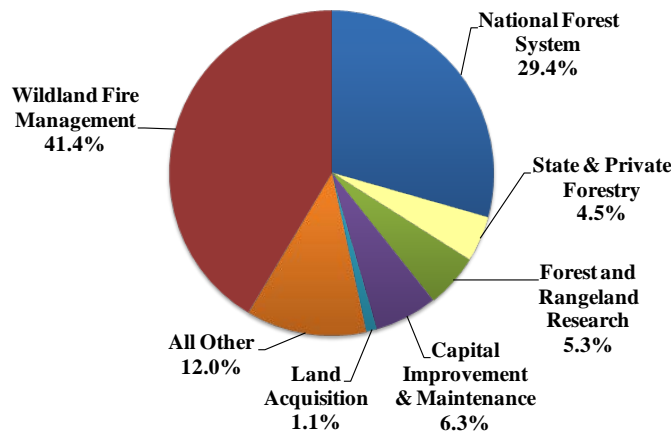
b/ In addition, for 2011, \$10 million is available for the Collaborative Forest Landscape Restoration Fund from Wildland Fire Management.

NATURAL RESOURCES AND ENVIRONMENT

Budget Authority (Dollars in Millions)

Program	2011 Enacted	2012 Estimate	2013 Estimate
Mandatory Programs:			
Permanent Appropriations.....	\$604	\$599	\$235
Perm. Approps, Leg. Proposal, Payments to Communities...	0	0	294
Trust Funds.....	149	132	132
Total, Mandatory.....	753	731	661
Total, Forest Service Budget Authority.....	\$5,851	\$5,577	\$5,522

2013 Forest Service Budget Authority Total = \$5.5 Billion



The Forest Service (FS), with approximately 33,600 staff years in 2013, is the largest employer in USDA. For 2013, the total request for FS discretionary activities is \$4.86 billion, an increase of \$15 million from the 2012 enacted level, which includes \$240 million in prior year balances directed to be used in the Wildland Fire Management account. The 2013 Budget will support the America's Great Outdoors (AGO) Initiative, restore large landscapes, improve water quality in priority landscapes, decommission roads, advance the State and Private Redesign effort, fully fund the ten-year average cost of fire suppression, and create green jobs. Through targeted administrative savings, FS will reduce its administrative (specifically cost pool) expenditures by \$60 million and reallocate those funds to accomplish more project work.

Forest and Rangeland Research. For 2013, \$293 million is proposed for Forest and Rangeland Research, a \$2.5 million reduction from 2012, which will be accomplished by focusing 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). The Budget for 2013 will go toward

NATURAL RESOURCES AND ENVIRONMENT

long-term, proactive research, and toward conducting research that responds to currently pressing issues. For example, FS is pioneering new uses for wood through nanotechnology research, but also is developing tools to combat invasive species that have recently been introduced into our Nation's forests.

State and Private Forestry (S&PF). Through S&PF programs, FS addresses forest health concerns on Federal, State, and private lands. For 2013, total funding for S&PF programs is proposed at \$251 million, a decrease of \$2 million below the 2012 level. The Budget proposes \$18 million to establish a new Landscape Scale Restoration Budget line item that would be used to fund nationally competitive, multi-jurisdictional projects that target issues and landscapes of national importance and require coordination among multiple S&PF programs. The Forest Legacy program—a program that cost-shares the purchase of conservation easements to protect nationally prioritized forest lands from development—will be funded at \$60 million. Further, \$4 million is also proposed for the Community Forest & Open Space Conservation program to cost share fee-simple purchases of land. The Budget proposes to shift funding for the Forest Resources Inventory and Analysis program to the Forest Inventory and Analysis Budget line item in the Forest and Rangeland Research account.

National Forest System (NFS). FS manages over 193 million acres of public land in 44 States and Puerto Rico, collectively known as the NFS. These lands 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, and re-establishing vibrant local economies.

For 2013, total funding for NFS is proposed at approximately \$1.6 billion, about \$70 million above the 2012 level. This increase is a result of shifting other FS programs (\$76 million from Wildland Fire Management and \$45 million from Capital Improvement & Maintenance) into a new line item, Integrated Resource Restoration (IRR) that would be created within the NFS account. This proposal would build on the pilot began in 2012 and implement IRR Forest Service-wide to avoid duplicative accounting. IRR combines the Vegetation & Watershed Management, Wildlife & Fisheries Habitat Management, Forest Products, Legacy Roads and Trails, the non-Wildland-Urban Interface portion of Hazardous Fuels, and the decommissioning portion of Roads Budgets into a single line item. In particular, it will help address restoration activities associated with the impact of the western bark beetles. The Collaborative Forest Landscape Restoration Fund, proposed for funding at \$40 million, would remain a separate Budget line item.

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 2013, total funding for these activities is proposed at \$2.3 billion, about the same as 2012. The Budget funds the 10-year average cost of fire suppression and focuses on risk-based decision-making when responding to wildfires, as called for in the recently completed, interagency "Cohesive Strategy." This document, prepared by the Department of the Interior and USDA, outlines the Federal government's approach to addressing wildland fire for the next ten years. Though the majority of the inexpensive locations have now been treated to reduce hazardous fuels, FS is also furthering its efforts to focus its hazardous fuels treatments in the Wildland-Urban Interface in areas that are identified in Community Wildfire Protection Plans and are highest priority.

NATURAL RESOURCES AND ENVIRONMENT

Key Performance Measures	2008	2009	2010	2011	2012	2013
Acres of WUI fuels treated to reduce the risk of catastrophic fire. (millions of acres)	1.944	2.190	1.955	1.600	1.200	1.000
Percentage of acres treated in the WUI that have been identified in Community Wildfire Protection Plans.	36%	41%	45%	61%	75%	75%

Key Performance Measures	2008	2009	2010	2011	2012	2013
Cumulative Acres in NFS that are in a desired condition relative to fire regime. (millions of acres)	58.3	58.5	58.8	59.6	60.1	60.6

Capital Improvement and Maintenance. The Capital Improvement and Maintenance account funds construction and maintenance of buildings, recreation sites, facilities, roads, and trails. For 2013, total funding for these programs is proposed at \$346 million, which reflects a shift of about \$50 million to IRR. Within the total, \$148 million is provided for road maintenance and reopening. Of the Roads funding, \$9 million will be used to construct 4-6 miles of new roads for public access in Alaska. These 4-6 miles of roads are the only new roads FS is proposing to build in 2013 with the exception of possibly building a limited number of roads to support the agency's bark beetle efforts. These roads would be funded under the program that reflects the primary purpose for the project. The Legacy Roads and Trails program would be placed in NFS. The program has set a target of decommissioning 2,028 miles of roads in 2013.

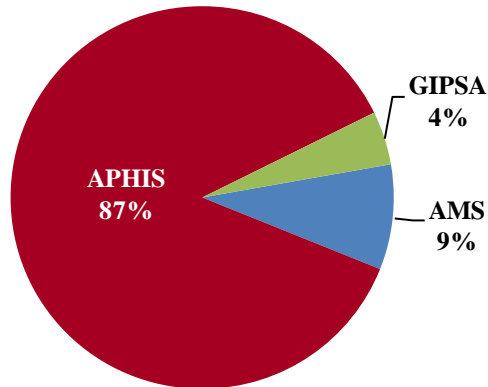
Land Acquisition. The Land Acquisition program protects resources, decreases administrative costs, and increases visitor access to the national forests and grasslands by acquiring parcels of land for inclusion in the NFS. The parcels acquired through this program are usually in-holdings. For 2013, the Budget proposes \$59 million in total funding for this program. Up to \$5 million of this funding will support FS' initiative to target specific parcels that increase the public's access to NFS lands.

Key Performance Measure	2008	2009	2010	2011	2012	2013
Acres protected from conversion through easements and fee-simple purchases. (thousands of acres)	1,727	1,924	2,225	2,494	2,828	2,792

MARKETING AND REGULATORY PROGRAMS

MISSION AND RELATIONSHIP TO STRATEGIC GOALS

2013 MRP Discretionary Budget Authority Total = \$884 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 also helps 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

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).

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

Budget Authority			
(Dollars in Millions)			
Program	2011 Enacted	2012 Estimate	2013 Budget
Discretionary:			
Safeguarding and Emergency Preparedness/Response:			
Animal Health:			
Animal Health Technical Services.....	\$30	\$33	\$38
Aquatic Animal Health.....	5	2	3
Avian Health	50	52	50
Cattle Health	112	99	90
Equine & Cervid Health.....	19	5	4
Sheep & Goat Health.....	19	17	14
Swine Health.....	26	23	20
Veterinary Diagnostics.....	29	32	31
All Other Animal Health.....	31	28	28
Total, Animal Health.....	321	291	279
Plant Health:			
AQI.....	26	28	25
Cotton Pests.....	21	18	9
Field Crop & Rangeland Ecosystems Pests.....	11	9	9
Specialty Crop Pests	150	154	151
Tree & Wood Pests.....	76	56	44
All Other Plant Health.....	48	47	45
Total, Plant Health.....	332	312	283
Wildlife Services:			
Wildlife Damage Management.....	76	73	68
Wildlife Services Methods Development.....	18	18	17
Total, Wildlife Services.....	94	91	84
Regulatory Services:			
Animal & Plant Health Regulatory Enforcement.....	14	16	16
Biotechnology Regulatory Services.....	14	18	17
Total, Regulatory Services.....	28	34	33
Emergency Management:			
Contingency Fund.....	2	1	2
Emergency Preparedness & Response.....	20	17	17
Total, Emergency Management.....	22	18	19
Total, Safeguarding and Emergency Preparedness.....	798	746	698

MARKETING AND REGULATORY PROGRAMS

Budget Authority (Dollars in Millions)

Program	2011 Enacted	2012 Estimate	2013 Budget
Discretionary: (continued)			
Safe Trade and International Assistance:			
Animal Agriculture Import/Export.....	13	13	13
Overseas Technical & Trade Operations.....	20	20	18
Total, Safe Trade and International Assistance.....	33	33	31
Animal Welfare.....	23	28	25
Agency Management.....	10	10	9
Total, Salaries and Expenses.....	864	817	762
Buildings and Facilities.....	4	3	3
Total, Ongoing Activities.....	867	820	765
Emergency Funding (CCC).....	11	0	0
Total, APHIS Discretionary Programs.....	878	820	765
Mandatory:			
Agricultural Quarantine Inspection (AQI) Fees <u>a/</u>	216	215	216
Trust Funds and User Fees	9	12	12
Farm Bill:			
National Clean Plant Network	5	5	<u>b/</u>
Plant Pest and Disease Management.....	50	50	50
Total, Farm Bill Programs.....	55	55	50
Total, Mandatory Programs.....	280	282	278
Total, APHIS Programs.....	\$1,158	\$1,102	\$1,043

a/ Total estimated collections are \$535 million in 2011, \$540 million in 2012 and \$545 million in 2013. Of the total, \$319 million, \$325 million and \$329 million are transferred to the Department of Homeland Security in 2011, 2012 and 2013, respectively.

b/ Subject to reauthorization.

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

The APHIS 2013 Budget proposes an appropriation of about \$765 million, of which approximately \$762 million is for salaries and expenses and about \$3 million for buildings and facilities. The total is a net decrease of about \$55 million compared to 2012.

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

MARKETING AND REGULATORY PROGRAMS

Key Performance Measure	2008	2009	2010	2011	2012	2013
Value of damage prevented and mitigated annually as a result of selected plant and animal health monitoring and surveillance efforts (\$ Billions)	1.38	1.05	1.07	1.11	1.15	1.18

Safeguarding and Emergency Preparedness/Response. The 2013 Budget includes discretionary appropriations of \$698 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 \$279 million to protect the health of livestock, poultry, and other animals. The Budget includes an increase of about \$5.3 million for Animal Health Technical Services that support the improved animal disease traceability system, which has been developed using stakeholder input. The Budget includes a decrease for Equine and Cervid Health activities of about \$1.3 million to eliminate Federal contributions towards addressing chronic wasting disease since States are best positioned to continue managing the disease through voluntary herd certification programs and local surveillance. While USDA will strive to use remaining resources as effectively as possible, States and Tribes may assume greater responsibility for financial support for the program. The Budget includes a decrease of \$2.6 million for Sheep and Goat Health activities by discontinuing an ineffective option under the Scrapie Flock Certification Program. Cattle Health activities reflect a \$9.0 million reduction, the majority of which is due to amending statistical methods related to cattle health surveillance efforts.
- **Plant Health.** The Budget includes a total of about \$283 million to protect plant and forest health. The request includes a decrease of \$11.7 million for Tree and Wood Pest activities. APHIS would further reduce its role in addressing the emerald ash borer, scaling back activities to manage an outreach program, provide national coordination and oversight, and continue developing methods development, as there are limited tools currently available. The Budget includes a decrease of \$8.9 million stemming from successes in reducing acreage infested with cotton pests, although APHIS continues to address the smaller remaining infested areas. APHIS is also requesting a decrease of \$2.8 million within Specialty Crop Pests, primarily to pilot an initiative for commercial growers to assume more financial responsibility for pest treatments on their property.
- **Wildlife Services.** About \$84 million is requested for Wildlife Services. This includes a decrease of about \$4.3 million for wildlife damage management as APHIS reduces lower priority program activities, while maintaining focus on critical, higher priority program activities.

MARKETING AND REGULATORY PROGRAMS

- **Regulatory Services.** A total of about \$33 million is requested. APHIS has identified and implemented several process improvements which are expected to yield efficiencies, which allows for a decrease of \$1.3 million for biotechnology regulation activities. APHIS will concentrate on further improving the petition process and strengthening NEPA documentation as well as enhancing its compliance program. These activities support 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 \$19 million is requested, representing a \$1 million increase. The Budget includes an increase in contingency funds to restore the funding to its previous level and ensure sufficient resources are available to implement emergency, short-term activities.

Safe Trade and International Technical Assistance. The Budget includes a total of almost \$31 million to facilitate a safe U.S. agricultural trade. This includes an increase to implement the Lacey Act amendments included in the 2008 Farm Bill related to preventing importation of products derived from illegally harvested foreign timber. This also includes a decrease in the amount of funding provided to cooperating governments and international organizations. Cooperative efforts against high risk diseases, such as foot-and-mouth disease, will be maintained.

Animal Welfare. The 2013 Budget proposes \$25 million, about \$3 million below 2012, for Animal Welfare activities, including \$0.5 million for enforcement of the Horse Protection Act. APHIS will achieve the decrease by gaining efficiencies, eliminating unfilled positions and attrition, and prioritizing inspections based on determination of risks, among other efforts.

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 (CBP); APHIS plans to retain \$216 million in 2013. Among the many activities conducted by this retained funding, APHIS assesses the risks associated with international trade and develops regulations to protect agricultural health; inspects and quarantines, imported plant propagative materials; trains agricultural inspectors and detector dog teams; and provides the scientific support necessary to carry out these activities and those carried out by CBP. APHIS will also submit legislative proposals to authorize the collection of about \$9 million in user fees for Animal Welfare activities, about \$7 million in user fees for Veterinary Biologics activities, and \$4 million in user fees for Biotechnology Regulatory Services activities. 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.

MARKETING AND REGULATORY PROGRAMS

Key Performance Measure	2008	2009	2010	2011	2012	2013
Cumulative number of genetically engineered plant lines reviewed by USDA and found safe for use in the environment	78	80	81	85	91	99

Buildings and Facilities. The Budget maintains funding for general repairs and maintenance of APHIS buildings.

MARKETING AND REGULATORY PROGRAMS

AGRICULTURAL MARKETING SERVICE (AMS)

Budget Authority
(Dollars in Millions)

Program	2011 Enacted	2012 Estimate	2013 Budget
Discretionary:			
Marketing Services:			
Market News.....	\$33	\$33	\$33
Egg Surveillance and Standardization.....	8	8	8
Market Protection and Promotion.....	40	36	30
Wholesale, Farmers, and Alternative Market Development and Transportation Services.....	6	6	7
Total, Marketing Services.....	87	82	78
Payments to States and Possessions.....	1	1	1
Total, Discretionary Programs.....	88	83	79
Mandatory:			
Funds for Strengthening Markets, Income, and Supply (Section 32):			
Commodity Program Expenses.....	939	880	1,044
Section 32 Administrative Funds:			
Marketing Agreements and Orders (MA&O).....	19	20	20
Commodity Purchase Services.....	34	28	28
Total, Section 32 Administrative Funds.....	53	48	48
Total, Section 32 Funds.....	992	928	1,092
User Fees:			
Perishable Agricultural Commodities Act.....	10	11	11
Commodity Grading Services.....	158	149	150
Total, User Fee Funded Programs.....	168	160	161
Farm Bill:			
Specialty Crop Block Grants (Sec. 10109).....	55	55	<u>a/</u>
Farmers Market Promotion Program (Sec. 10106).....	10	10	<u>a/</u>
Agricultural Mgmt Assistance, Organic Cost-Share (Sec. 2801).....	(2)	(2)	(2)
Total, Farm Bill Programs.....	65	65	0
Total, Mandatory Programs.....	1,225	1,153	1,253
Total, AMS Programs.....	\$1,313	\$1,237	\$1,332

a/ Subject to reauthorization.

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 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.

MARKETING AND REGULATORY PROGRAMS

The AMS 2013 Budget proposes a discretionary appropriation of about \$78 million. This is a net decrease of about \$5 million from 2012, primarily due to elimination of the Microbiological Data Program and the Pesticide Recordkeeping Program.

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 2013 Budget includes about \$7 million for the National Organic Program (NOP), the same funding level as in 2012, for regulatory enforcement and review and development of NOP regulations. NOP will also continue to respond to requests for international equivalency agreements.

In addition, \$32.9 million is included for Market News to support the continuation of data collection and reporting of commodity information. This is the same funding level as in 2012. Market News plans to direct savings realized from staffing reductions to continue organic reporting within available appropriations and, as feasible, respond to mandates for reporting on wholesale pork cuts and operation of an electronic reporting system for dairy products.

AMS is requesting \$15.3 million to conduct the Pesticide Data Program (PDP), the same funding level as in 2012. PDP is the main supplier of data needed to prepare realistic pesticide dietary exposure assessments. PDP works collaboratively with the Environmental Protection Agency and the Centers for Disease Control and Prevention to target residue data collection from high risk commodities and vulnerable populations.

The Budget includes \$6.7 million for Transportation and Market Development, an increase of \$1 million, in part to stimulate the development of regional food hubs and marketing outlets for locally and regionally grown food where gaps are present in food availability and food access. These efforts will support, among other items, the development of two new activities that will focus on outlets for local and regional products: “Technical Assistance to Regional Food Hubs to Support Agriculture of the Middle” and “Technical Assistance to Beginning and Transitioning Farmers’ Markets.”

AMS will discontinue the Pesticide Recordkeeping Program (PRP) and the Microbiological Data Program (MDP) to focus on its core mission. Elimination of these programs will save \$6.0 million in 2013.

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 2013 Budget requests a total of \$1.3 million for the program, an increase of \$133,000 to restore grants funding to 2011 levels. The new funding

MARKETING AND REGULATORY PROGRAMS

would emphasize value-added projects that spotlight local and regional food marketing initiatives.

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 2013 Budget also requests a total of about \$28 million for administration of commodity purchasing, the same as in 2012.

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. For 2013, \$20 million, the same as in 2012, will be 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 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.

MARKETING AND REGULATORY PROGRAMS

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION (GIPSA)

Budget Authority (Dollars in Millions)			
Program	2011 Enacted	2012 Estimate	2013 Budget
Discretionary:			
Salaries and Expenses:			
Grain Regulatory Program.....	\$18	\$17	\$18
Packers and Stockyards Program.....	22	21	22
Total, Salaries and Expenses.....	40	38	40
Mandatory:			
Inspection and Weighing User Fees.....	(48)	(49)	(50)
Total, GIPSA Programs.....	\$40	\$38	\$40

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 2013, the Budget includes a total Budget authority for GIPSA of \$90 million, of which \$50 million is from existing inspection and weighing user fees. Of the discretionary appropriation request, about \$18 million is allocated to the Federal Grain Regulatory Program including standardization, compliance, and methods development activities; and about \$22 million is for the Packers and Stockyards Program. Separately, GIPSA will submit legislative proposals 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 2013 Budget requests an increase of about \$1.2 million to facilitate compliance with the Packers and Stockyards Act. The 2013 Budget also requests an increase of about \$1.3 million to facilitate the marketing of U.S. grain, oilseeds, and related products. Specifically, the increase will be used to purchase quality measuring equipment. In 2011, GIPSA facilitated the marketing of \$48.8 billion of export grains, oilseeds, and related products.

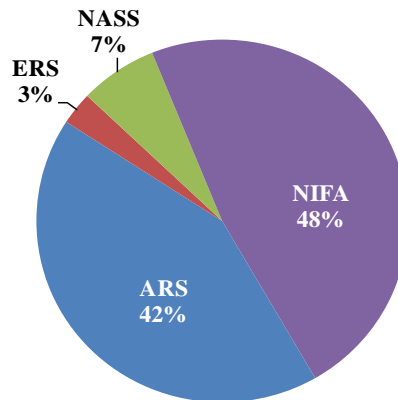
MARKETING AND REGULATORY PROGRAMS

Key Performance Measure	2008	2009	2010	2011	2012	2013
Percent of industry compliance with the Packers and Stockyards Act	80	80	80	76	81	81

RESEARCH, EDUCATION, AND ECONOMICS

MISSION AND RELATIONSHIP TO STRATEGIC GOALS

2013 REE Budget Authority
Total = \$2.6 Billion



Whether measured as crop yield per acre, milk and meat yield per animal, or average output per farm worker, the productivity of U.S. agriculture is among the highest in the world. Economic analysis finds strong and consistent evidence that investment in agricultural research has yielded high returns per dollar spent with net social returns in the United States estimated to be at least 35 percent annually. These returns include benefits not only to the farm sector but also to the food industry and consumers in the form of more abundant commodities at lower prices. In 1929, over 19 percent of a family's income went to paying for food consumed in the home. By 2010, this amount stood at 6.4 percent of the average American's family income. With reduced food costs, families have the resources to spend on other goods and other sectors. Continued investments in research will ensure sustainable agricultural production, economic growth for growers and greater choice for consumers.

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 2013 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 (ARS) conducts intramural research in the area of natural and biological sciences; the Economic Research Service (ERS) performs intramural economic and social science research; the National Agricultural Statistics Service (NASS) 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 (NIFA) 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

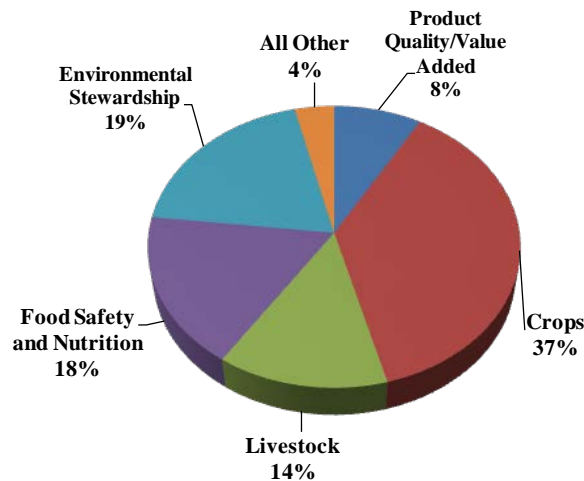
AGRICULTURAL RESEARCH SERVICE (ARS)

Budget Authority (Dollars in Millions)

Program	2011 Enacted	2012 Enacted	2013 Budget
Discretionary:			
New Products/Product Quality/Value Added.....	\$105	\$101	\$93
Livestock Production.....	81	76	71
Crop Production.....	232	229	229
Food Safety.....	107	106	108
Livestock Protection.....	79	76	78
Crop Protection.....	203	194	184
Human Nutrition.....	85	85	84
Environmental Stewardship.....	201	189	214
Total, Research Programs.....	1,094	1,056	1,061
National Agricultural Library.....	21	21	21
Repair and Maintenance of Facilities.....	17	17	20
Total, Discretionary Programs.....	1,133	1,095	1,103
Mandatory:			
Trust Funds.....	31	31	27
Total, ARS.....	\$1,164	\$1,126	\$1,130

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

2013 ARS Research and Information Budget Authority
Total = \$1.1 Billion



RESEARCH, EDUCATION, AND ECONOMICS

The 2013 Budget requests approximately \$1.1 billion for ARS research and information funding, a net increase of \$8 million. This includes an increase of \$25 million to address environmental challenges facing agricultural production and \$3 million to maintain its laboratory infrastructure, offset by the elimination of \$20 million in lower priority extramural projects. Additionally, ARS proposes program reallocations totaling \$50.4 million to address the Nation's most critical research needs. ARS research highlights include:

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.

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 2013 Budget includes a reallocation of \$4 million for research to develop integrated, sustainable production systems that will improve food production efficiency and quality and protect the environment. ARS will harness the expanding body of genomic information on ruminants and fish to improve feed and production efficiency thereby reducing feed inputs and waste outputs.

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 2013 Budget proposes to reallocate \$3.2 million for an integrated research initiative for floral and nursery crops, collectively the third largest farm crop in the United States. Research will focus on improving environmental and resource management strategies, developing superior pest control strategies, and refining production systems. The Budget also reallocates \$0.6 million to expand activities to identify, acquire, and secure unprotected genetic resources of plants. 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 our agricultural future will be safely stored and backed-up.

Food Safety. Ensuring 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

RESEARCH, EDUCATION, AND ECONOMICS

detection and control of toxin producing and/or pathogenic bacteria and fungi, parasites, chemical contaminants, and plant toxins. The 2013 Budget proposes to reallocate \$4.1 million for research to develop specific post-harvest pathogen reduction strategies while ensuring that these treatments do not adversely impact product quality. The Budget also includes a reallocation of \$1.1 million to develop and evaluate alternatives to antibiotics in food animals as well as evaluate the role of management practices and the environment on the prevalence of antimicrobial resistance and emerging pathogens in food animals.

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, 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 a reallocation of \$4.1 million for improved animal protection research which will enhance food production and security. Projects will focus on the detection and elimination of tumor and enteric viruses affecting U.S. poultry production as well as emerging exotic diseases of poultry. Additionally, ARS will expand its research on detection methods and countermeasures to foreign animal diseases thereby reducing the probability of catastrophic losses from these diseases.

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 2013 Budget includes a reallocation of \$7.6 million for research to enhance plant health by developing management tools for soil-borne plant pathogenic microbes and nematodes. Specific research will focus on creating and maintaining an environment of soil microbes which will be unfavorable to the establishment or survival of plant pathogens and pathogenic nematodes. By deciphering the complex interactions among microbial populations, ARS will develop consistent and effective biocontrol of soil-borne pathogens in a variety of cropping systems and soils. The Budget also proposes to reallocate \$3 million to protect crops from invasive pests. Research will develop molecular and state-of-the-art technologies to control key invasive arthropods of row crops, fruits and vegetables; methods to disrupt insect vectored plant diseases through technologies that reduce arthropod survival; and biologically-based invasive plant control strategies that require minimal inputs and can be used as a component of IPM or a standalone approach. ARS will also develop technologies to prevent new invasive species introductions that could reduce crop production and profitability as well as expand the capacity of its Overseas Biological Control Laboratories to discover, assess and export biocontrol agents that can be integrated into domestic agricultural systems. Finally, the Budget proposes to reallocate \$4.6 million to improve the control of diseases attacking small fruits, nursery crops, potatoes, wheat, beans and other crops through the development of resistant varieties and disease management strategies.

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. ARS' research program also actively studies bioactive components of foods that have no known requirement but have health promoting activities. The 2013 Budget proposes to reallocate \$2.9 million for research on nutrition and

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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 reallocation will strengthen ARS' nutrition monitoring programs by enhancing the infrastructure of USDA's "gold-standard" food nutrient database and National food consumption survey. This initiative will allow the development of tools that will link ARS nutrition surveillance data with the DGA and associated policies.

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 2013 Budget proposes an increase of \$25 million to conduct research that will enhance American agriculture's adaptability to environmental challenges and help respond to recommendations in a report (July 2011) released by the President's Council of Advisors on Science and Technology (PCAST), calling for improved accounting of ecosystem services and greater protection of the Nation's environment. A sustainable, continent-wide infrastructure to assess the condition and trends of the Nation's agroecosystems will be organized and enhanced on the foundation of ARS' existing research watersheds and rangelands. ARS will also partner with NOAA to establish a Regional Integrated Science and Assessments program in the Nation's heartland to conduct science and technology development; and enhance the ongoing international agricultural modeling improvement research being conducted in partnership with NASA and U.S. universities. Funding will also be used to conduct crop improvement research to develop crops with altered root architecture to enhance water and nutrient use and minimize resource losses and environmental impacts. The 2013 Budget also proposes to reallocate \$2.1 million for research to ensure the availability of water through improved management. Research will also improve modeling systems to predict crop responses to changing conditions and enhance projections of food insecurity around the world. The Budget also proposes to reallocate \$5.3 million to enhance the quantity and quality of water resources available for agriculture and through the integration of information and technologies leading to enhanced productivity, efficiency, and natural resource stewardship for American farmers and ranchers. Finally, the Budget proposes to reallocate \$3.6 million to develop economically viable agricultural production systems for food, feed, and bioenergy crops that will enhance ecosystems services over long periods and on large scales.

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. The Budget proposes to reallocate \$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

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not include funding for construction of new laboratories/facilities or their modernization, but requests an increase of \$3 million to repair and maintenance of existing facilities.

NATIONAL INSTITUTE OF FOOD AND AGRICULTURE (NIFA)

Budget Authority (Dollars in Millions)			
Program	2011 Enacted	2012 Enacted	2013 Budget
Discretionary:			
Research and Education Activities.....	\$699	\$706	\$733
Extension Activities.....	479	475	462
Integrated Activities <u>a/</u>	37	21	44
Native American Endowment Fund Interest.....	4	5	5
Total, Ongoing Discretionary Programs.....	1,219	1,207	1,244
Mandatory:			
Risk Management Education.....	5	5	5
Native American Endowment Fund.....	12	12	12
Hispanic-Serving Ag-Colleges Endowment Fund.....	0	0	10
Farm Bill:			
Biomass Research and Development.....	30	40	<u>b/</u>
Organic Agriculture Research and Education Initiative.....	20	20	<u>b/</u>
Healthy Urban Enterprise Development Center.....	1	0	<u>b/</u>
Beginning Farmer and Rancher Development Program.....	19	19	<u>b/</u>
Specialty Crop Research Initiative.....	50	50	<u>b/</u>
Biodiesel Fuel Education Program <u>c/</u>	(1)	(1)	<u>b/</u>
Community Food Projects <u>d/</u>	(5)	(5)	(5)
Total, Farm Bill Programs.....	120	129	0
Total, Mandatory Programs.....	137	146	27
Total, NIFA.....	\$1,356	\$1,353	\$1,271

a/ The 2013 Budget proposes consolidating and transferring pest management programs from Research and Extension Activities to Integrated Activities (Section 406-Crop Protection.)

b/ Subject to reauthorization.

c/ The Biodiesel Fuel Education Program is a Farm Bill program funded by the Commodity Credit Corporation and administered by NIFA.

d/ The Community Food Projects is authorized by the Food and Nutrition Act and was amended by the 2008 Farm Bill. The program is funded by the Food and Nutrition Service and administered by NIFA.

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, as well as individual

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researchers. 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.

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

Program	2011 Enacted	2012 Enacted	2013 Budget
Formula Grants:			
Smith-Lever 3 (b&c).....	\$294	\$294	\$292
Hatch Act.....	236	236	235
1890 Research and Extension.....	93	93	93
McIntire-Stennis Cooperative Forestry.....	33	33	33
Animal Health and Disease Research.....	3	4	0
Total, Formula Grants.....	660	661	654
Agriculture and Food Research Initiative.....	264	264	325
Integrated Activities - Section 406 Organic Transition.....	4	4	4
Integrated Activities - Other Section 406 <u>a/</u>	22	6	0
Pest Management/Crop Protection Activities <u>a/</u>	29	30	29
Sustainable Agriculture Federal-State Matching Grants.....	0	0	4
Sustainable Agriculture Research and Extension.....	19	19	19
Higher Education Programs.....	48	47	48
Native American Endowment Fund Interest.....	4	5	5
Federally-Recognized Tribes Extension Program.....	3	3	3
1890 Facilities.....	20	20	20
Extension Services at 1994 Institutions.....	4	4	4
Expanded Food and Nutrition Education Program (EFNEP).....	68	68	68
Federal Administration.....	15	13	15
Data Information Systems (REEIS) <u>b/</u>	3	3	0
Electronic Grants Administration System <u>b/</u>	2	2	0
Grants Management Systems <u>b/</u>	0	0	8
Food and Ag. Defense Initiative (Regional Diagnostic Network).....	6	6	6
Veterinary Medical Services Act.....	5	5	5
Other Research, Extension and Integrated Programs.....	43	47	27
Total, Discretionary Programs.....	1,219	1,207	1,244

a/ The 2013 Budget proposes consolidating and transferring pest management programs from Research and Extension Activities to Integrated Activities (Section 406-Crop Protection.)

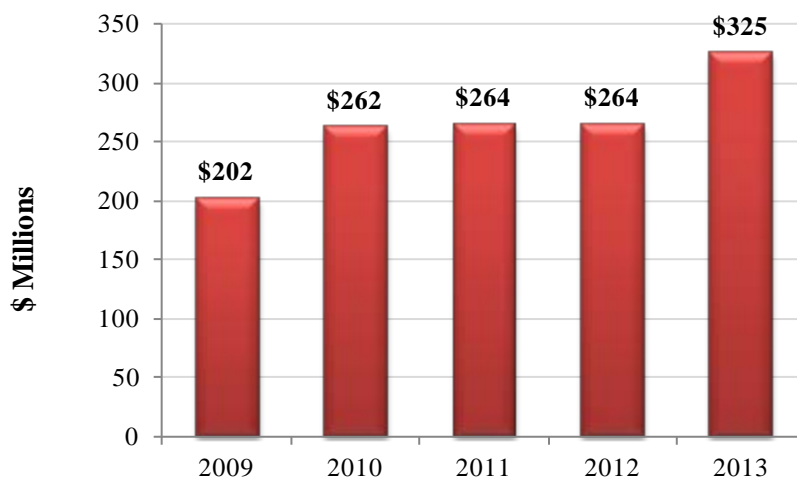
b/ Budget proposes consolidating Data Information Systems and Electronic Grants Management Systems to one budget line under Grants Management Systems.

RESEARCH, EDUCATION, AND ECONOMICS

The 2013 Budget requests approximately \$1.244 billion in discretionary funding for NIFA, an increase of \$37 million over 2012. 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 2013 Budget proposes funding of \$325 million for AFRI, an increase of \$60.5 million. Major initiatives include an increase of \$30 million for the Department's alternative and renewable energy research initiative to develop high-quality, cost-effective feedstocks for biofuel production, conduct targeted research on enhanced value co-products and land-use changes resulting from feedstock production and conversion, and identify the socioeconomic impacts of biofuels in rural communities in order to enhance rural economies; \$3.7 million for research to address the adaptation of production systems to climate variables; \$7.2 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; \$2.2 million for an integrated food safety research program which will minimize antibiotic resistance transmission through the food chain and minimize microbial food safety hazards of fresh and fresh-cut fruits and vegetables; \$7.2 million in nutrition and obesity prevention research; and \$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 \$3.2 million for AFRI's Foundational Research programs. These programs address priority areas needed to continue building a foundation of knowledge in fundamental and applied food and agricultural sciences critical for solving current and future societal challenges.

Agriculture and Food Research Initiative



RESEARCH, EDUCATION, AND ECONOMICS

Higher Education Programs. The 2013 Budget proposes an increase of \$1.8 million to strengthen training programs in the food and agricultural sciences. Through the Graduate Fellowships Grants Program, Institution Challenge Grants Program, and the Multicultural Scholar Program, NIFA will support the recruitment of highly promising individuals to research and teaching careers, strengthen institutional capacities, and increase the ethnic and cultural diversity of the workforce in the food and agricultural sciences.

Hispanic-Serving Institutions (HSI): The 2008 Farm Bill authorized the establishment of an endowment fund for Hispanic Serving Agricultural Colleges and Universities. The 2013 Budget proposes an increase of \$10 million to establish the fund that 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 2013 Budget proposes an increase of \$3.5 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. NIFA estimates that nearly 14,000 farmers and ranchers will gain a benefit from a change in practice learned by participating in a SARE project.

Children, Youth, and Families at Risk (CYFAR) Program. The 2013 Budget proposes an increase of \$0.8 million for CYFAR funding to assist Land-Grant universities and Cooperative Extension systems in developing educational community-based programs for at-risk children and their families. Since its inception, CYFAR has supported programs in more than 600 communities in all States and territories and provided access to educational resources, and essential technological skills for youth and adults in at-risk environments.

Grants Management Systems. 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 2013 Budget proposes an increase of \$3.2 million improve and consolidate its 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.

RESEARCH, EDUCATION, AND ECONOMICS

ECONOMIC RESEARCH SERVICE (ERS)

Budget Authority (Dollars in Millions)			
Program	2011 Enacted	2012 Enacted	2013 Budget
Economic Research Service.....	\$82	\$78	\$77

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 2013 Budget requests approximately \$77 million in program funding, which includes the termination of \$0.3 million in low-priority programs. ERS' highly trained economists and social scientists will continue to conduct research, analyze food and commodity markets, produce policy studies, and develop economic and statistical indicators which will meet the information needs of USDA, other public policy officials, and the research community.

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

Budget Authority (Dollars in Millions)			
Program	2011 Enacted	2012 Enacted	2013 Budget
Discretionary:			
Agricultural Estimates.....	\$123	\$117	\$117
Census of Agriculture.....	33	42	63
Total, Discretionary Programs.....	\$156	\$159	\$179

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 2013 Budget requests approximately \$179 million in program funding. Included is an increase of \$3.4 million for the county estimates program which is offset by operational efficiencies and the opening of the National Operations Center. Highlights include:

County Estimates Program. NASS' programs provide a comprehensive set of unbiased data covering most agricultural commodities as well as economic, environmental, and rural demographic data. This includes county-level statistics for selected commodities that impact billions of dollars of government payments. The Budget proposes to reallocate \$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

RESEARCH, EDUCATION, AND ECONOMICS

protection against unstable growing conditions, as well as crop revenue support programs, emergency assistance payments, and the Conservation Reserve Program.

Census of Agriculture. The 2013 Budget includes \$63 million, an increase of \$20.9 million, to support the 2012 Census of Agriculture. 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. This increase supports the normal increase in activity levels due to the cyclical nature of the 5-year Census program. FY 2013 funding for the Census will be the peak year of the 5-year cycle. Funding will be used to secure contract services for significant data collection and processing activities to occur in 2013.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL STAFF OFFICES

Budget Authority
(Dollars in Millions)

Program	2011 Enacted	2012 Estimate	2013 Budget
Discretionary:			
Office of the Secretary.....	\$17	\$16	\$17
Office of the Chief Economist.....	12	11	12
National Appeals Division.....	14	13	14
Office of Communications.....	9	8	9
Office of the General Counsel.....	41	39	45
Total, Discretionary Programs.....	93	87	97
Mandatory:			
Farm Bill:			
Biodiesel Fuel Education Program.....	1	1	<u>a/</u>
Total, Departmental Staff Offices.....	\$94	\$88	\$97

a/ Subject to reauthorization.

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 2013 Budget proposes funding to ensure that these offices maintain the staffing levels needed to provide leadership, oversight, and coordination.

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 2013 Budget requests \$17.2 million for OSEC to fund on-going policy leadership, Tribal consultation, and cross-cutting trade and biotechnology activities.

The **Office of the Chief Economist (OCE)** advises the Secretary and Department officials on the economic implications of Department policies, programs and proposed legislation; and serves as the focal point for the Department’s economic intelligence, analysis and review related to domestic and international food and agriculture markets. OCE also provides advice and analysis on bioenergy, new uses of agricultural products, sustainable development, agricultural labor, global climate change, and environmental services markets. The 2013 Budget requests \$12 million for OCE to continue its support of USDA policy officials and continue the dissemination of agricultural economic information.

DEPARTMENTAL ACTIVITIES

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 2013 Budget requests \$14.2 million for NAD to continue activities to ensure the fairness of program delivery by the Service Center Agencies.

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 2013 Budget requests \$9 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. OGC's staffing has declined by 32 employees or approximately 10percent since 2008; however, this decrease has not been accompanied by a commensurate decline in the amount, breadth, and scope of OGC's work, as the office is the primary source of legal support for all USDA programs and activities. The 2013 Budget requests \$45.1 million, an increase of \$5.7 million above the 2012 enacted level for OGC to increase staffing levels, which is critical to achieving the agency's objective of providing effective legal services. This increase also supports information technology improvements, which would increase OGC's efficiency and responsiveness to its clients.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL MANAGEMENT

**Budget Authority
(Dollars in Millions)**

Program	2011 Enacted	2012 Estimate	2013 Budget
Discretionary:			
Office of Advocacy and Outreach.....	\$1	\$1	\$1
Office of the Chief Financial Officer.....	6	6	6
Office of Budget and Program Analysis.....	9	9	9
Office of the Chief Information Officer.....	40	44	44
Departmental Administration.....	30	24	30
Office of Homeland Security and Emergency Coordination..	1	1	1
Agriculture Buildings and Facilities.....	246	230	244
Hazardous Materials Management.....	4	4	4
Total, Discretionary Programs.....	337	319	339
Mandatory:			
Farm Bill:			
Biobased Markets Program.....	2	2	a/
Outreach for Socially Disadvantaged Farmers.....	20	20	a/
Total, Farm Bill Programs.....	22	22	a/
Total, Departmental Management.....	\$359	\$341	\$339

a/ Subject to reauthorization.

A major goal for USDA is to transform itself into a high-performing and diverse model organization. Under Cultural Transformation, USDA is focusing on improving several aspects of employee culture, including leadership accountability, employee development, talent management, labor relations forums, customer focus, and diversity of the workforce. By strengthening management operations and engaging employees, USDA will also improve customer services, increase employee satisfaction, and develop and implement strategies to enhance leadership, performance, diversity, and inclusion. These transformations will in turn result in process improvements and increased performance.

In a related effort, USDA has also begun the Administrative Solutions Project, which is identifying ways to streamline the administrative areas of civil rights, information technology, finance and Budget, human resources, homeland security, procurement, and property management. Of the 379 recommendations identified, 27 initial improvements are being implemented as part of the first-phase implementation of this project.

Departmental Management (DM) is leading the Department's implementation of Cultural Transformation and other management initiatives to:

DEPARTMENTAL ACTIVITIES

- 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 improves program delivery and internal and external communications capabilities.
- 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 2013 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, information technology security, and capital investment. These efforts are critical to making the Department an efficient, effective, and discrimination-free organization that delivers the best return on taxpayers' investments.

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 2013 Budget requests \$1.4 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.

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 2013 Budget requests \$6.2 million for OCFO to continue its leadership and oversight of the Department's financial management processes,

DEPARTMENTAL ACTIVITIES

implementation of the Federal Funding Accountability and Transparency Act and 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 2013 Budget requests \$9 million for OBPA for the continued delivery of analyses and support 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 2013 Budget requests \$44 million for OCIO to fund on-going activities, especially the Department's cyber security program.

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 2013 Budget requests \$29.6 million for DA to maintain critical support activities and oversight for the Department.

USDA is committed to building an inclusive, diverse workforce that allows for an improved work environment, increased performance, and enhanced customer service. Under the Cultural Transformation Initiative, the Department is addressing these issues through many avenues. Two key ways in which the Office of Human Resources Management is monitoring the Department's performance are through the number of veterans who are hired and the diversity of its workforce. These measures help the Department to better honor and support the sacrifices and service of Veterans as well as to build a workforce more reflective of the Nation it serves.

Key Performance Measures	2008	2009	2010	2011	2012	2013
Percent of all new hires that are veterans	N/A	N/A	N/A	7%	17%	17%
Percent of new hires who are minorities	N/A	N/A	N/A	21%	35%	35%

The **Office of Homeland Security and Emergency Coordination (OHSEC)** provides a central homeland security oversight and assistance capability within USDA. OHSEC is responsible for providing oversight and coordination of the Department's preparation and response to matters of homeland security importance. In addition, OHSEC is responsible for providing the protective services for the Secretary and Deputy Secretary of Agriculture. The 2013 Budget requests

DEPARTMENTAL ACTIVITIES

\$1.5 million for OHSEC to provide leadership and coordination of Departmental security matters and to ensure that USDA is prepared for potential threats or emergency situations.

The request for **Agriculture Buildings and Facilities (Ag B&F) and Rental Payments** for 2013 is \$244.1 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 2013 Budget includes \$175.7 million for GSA rental payments, \$54.9 million for building operations and maintenance, and \$13.5 million to DHS for building security.

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 2013 Budget requests \$4 million for the HMM program.

OFFICE OF CIVIL RIGHTS

OFFICE OF CIVIL RIGHTS

**Budget Authority
(Dollars in Millions)**

Program	2011 Enacted	2012 Estimate	2013 Budget
Office of Civil Rights.....	\$23	\$21	\$23
Proposed Legislation <u>a/</u> :			
Equal Credit Opportunity Act.....	0	0	40
Total, Office of Civil Rights.....	\$23	\$21	\$63

a/ The 2013 Budget also requests \$40 million for costs associated with Equal Credit Opportunity Act (ECOA) claims where the statute of limitations (SOL) for claims settlement has expired.

The **Office of Civil Rights (OCR)** provides 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 2013 budget requests \$22.7 million, an increase of \$1.7 million to meet the Administration’s commitment to improving USDA’s handling of civil rights matters such as program investigations and compliance reviews.

The Budget also requests \$40 million for costs associated with Equal Credit Opportunity Act (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 July 1, 1997 and October 31, 2009 where claims were not properly resolved or where the SOL has expired. The program will be administered by OCR.

OFFICE OF INSPECTOR GENERAL

OFFICE OF INSPECTOR GENERAL

**Budget Authority
(Dollars in Millions)**

Program	2011 Enacted	2012 Estimate	2013 Budget
Office of Inspector General.....	\$89	\$86	\$89

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 2013 Budget requests \$89 million for OIG for audit and investigation review of the Department’s programs. This funding includes an increase of \$0.47 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 include \$0.16 million to support mandatory training requirements and \$2.5 million to enhance audit and investigations oversight of USDA’s programs.

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Budget Authority

AGENCY/PROGRAM	2011 Enacted	2012 Estimate	2013 Budget	Change 2012 to 2013
FARM AND FOREIGN AGRICULTURAL SERVICES				
Farm Service Agency:				
Discretionary Programs.....	\$1,680	\$1,766	\$1,626	-\$140
Mandatory Programs (excluding CCC).....	1,221	1,264	1,395	131
Recovery Act.....	236	7	0	-7
Commodity Credit Corporation Programs (mandatory).....	8,816	8,805	9,119	314
Total, Farm Service Agency.....	11,953	11,842	12,140	298
Risk Management Agency:				
Discretionary Programs.....	79	75	75	0
Mandatory Programs.....	6,620	3,489	9,517	6,028
Total, Risk Management Agency.....	6,699	3,564	9,592	6,028
Foreign Agricultural Service:				
Discretionary Programs (excluding P.L. 480).....	385	360	361	0
Mandatory CCC Programs.....	463	430	372	-58
P.L. 480 (discretionary).....	1,500	1,469	1,403	-66
Total, Foreign Agricultural Service.....	2,348	2,259	2,136	-123
Total, Farm and Foreign Agricultural Services.....	20,999	17,665	23,868	6,203
RURAL DEVELOPMENT				
Rural Utilities Service:				
Discretionary Programs.....	635	587	578	-9
Rural Housing Service:				
Discretionary Programs.....	1,677	1,521	1,486	-35
Rural Business - Cooperative Service:				
Discretionary Programs.....	133	114	132	18
Mandatory Programs.....	364	87	0	-87
Total, Rural Business - Cooperative Service.....	497	201	132	-69
Rural Development Salaries and Expenses:				
Discretionary Programs.....	192	182	207	25
Total, Rural Development.....	3,001	2,491	2,403	-88
FOOD, NUTRITION, AND CONSUMER SERVICES				
Food and Nutrition Service:				
Discretionary Programs.....	7,130	7,402	7,439	37
Mandatory Programs.....	88,113	98,330	102,325	3,995
Recovery Act.....	12,272	8,207	5,376	-2,831
Total, Food, Nutrition, and Consumer Services.....	107,515	113,939	115,140	1,201
FOOD SAFETY				
Food Safety and Inspection Service:				
Discretionary Programs.....	1,007	1,004	996	-9
Mandatory Programs.....	11	10	10	0
Total, Food Safety.....	1,018	1,014	1,006	-9
NATURAL RESOURCES AND ENVIRONMENT				
Natural Resources Conservation Service:				
Discretionary Programs.....	888	851	833	-18
Mandatory Programs.....	3,246	3,469	3,079	-390
Emergency Watershed Protection.....	0	216	0	-216
Total, Natural Resources Conservation Service.....	4,134	4,536	3,912	-624

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Budget Authority				
AGENCY/PROGRAM	2011 Enacted	2012 Estimate	2013 Budget	Change 2012 to 2013
Forest Service:				
Discretionary Programs.....	5,098	4,846	4,861	15
Mandatory Programs.....	753	731	661	-70
Total, Forest Service.....	5,851	5,577	5,522	-55
Total, Natural Resources and Environment.....	9,985	10,113	9,434	-679
MARKETING AND REGULATORY PROGRAMS				
Animal and Plant Health Inspection Service:				
Discretionary Programs.....	867	820	765	-55
Emergency Funding.....	11	0	0	0
Mandatory Programs.....	280	282	278	-4
Total, Animal and Plant Health Inspection Service.....	1,158	1,102	1,043	-59
Agricultural Marketing Service:				
Discretionary Programs.....	88	83	79	-5
Mandatory Programs.....	1,225	1,153	1,253	100
Total, Agricultural Marketing Service.....	1,313	1,237	1,332	96
Grain Inspection, Packers and Stockyards				
Administration:				
Discretionary Programs.....	40	38	40	2
Total, Marketing and Regulatory Programs.....	2,511	2,377	2,416	39
RESEARCH, EDUCATION, AND ECONOMICS				
Agricultural Research Service:				
Discretionary Programs.....	1,133	1,095	1,103	8
Mandatory Programs.....	31	31	27	-4
Total, Agricultural Research Service.....	1,164	1,126	1,130	4
National Institute of Food and Agriculture:				
Discretionary Programs.....	1,219	1,207	1,244	37
Mandatory Programs.....	137	146	27	-119
Total, National Institute of Food and Agriculture.....	1,356	1,353	1,271	-82
Economic Research Service:				
Discretionary Programs.....	82	78	77	0
National Agricultural Statistics Service:				
Discretionary Programs.....	156	159	179	21
Total, Research, Education, and Economics.....	2,758	2,715	2,657	-58
OTHER ACTIVITIES				
Departmental Activities:				
Discretionary Programs.....	453	427	459	32
Mandatory Programs.....	23	23	0	-23
Total, Departmental Activities.....	476	450	459	9
Office of Inspector General:				
Discretionary Programs.....	89	86	89	3
Total, Departmental Activities.....	565	536	548	12
USDA SUB-TOTAL.....	\$148,153	\$150,855	\$157,484	\$6,629
Offsetting Receipts, Rescissions & Other Adjustments.....	-7,476	-3,321	-2,818	503
USDA TOTAL.....	\$140,677	\$147,534	\$154,666	\$7,132

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Program Level				
AGENCY/PROGRAM	2011 Enacted	2012 Estimate	2013 Budget	Change 2012 to 2013
FARM AND FOREIGN AGRICULTURAL SERVICES				
Farm Service Agency:				
Farm Loan and Grant Programs.....	\$4,674	\$4,857	\$4,784	-\$72
Conservation and Other Programs.....	1,963	2,077	2,207	131
Disaster Assistance.....	1,457	1,271	1,395	124
Commodity Programs.....	14,726	13,894	15,244	1,350
Commodity Credit Corporation Programs.....	(21,427)	(22,080)	(23,860)	(1,779)
Salaries and Expenses.....	1,516	1,492	1,516	25
Total, Farm Service Agency.....	24,336	23,590	25,147	1,558
Risk Management Agency:				
Administrative and Operating Expenses.....	79	75	75	0
Crop Insurance Fund.....	6,620	3,753	9,387	5,634
Total, Risk Management Agency.....	6,699	3,828	9,462	5,634
Foreign Agricultural Service:				
Export Credit Guarantees.....	4,123	5,500	5,500	0
Market Development Programs.....	255	255	202	-53
Foreign Food Assistance.....	1,891	1,834	1,764	-71
Trade Adjustment Assistance for Farmers.....	23	0	0	0
Salaries and Expenses.....	192	183	183	0
Total, Foreign Agricultural Service.....	6,484	7,772	7,649	-123
Total, Farm and Foreign Agricultural Services.....	37,519	35,190	42,258	7,068
RURAL DEVELOPMENT				
Rural Utilities Service:				
Loans and Grants.....	9,621	9,186	8,372	-814
Rural Housing Service:				
Loans and Grants.....	27,316	27,989	28,315	326
Rural Business - Cooperative Service:				
Loans and Grants.....	1,921	1,059	986	-73
Salaries and Expenses.....	688	654	654	0
Total, Rural Development.....	39,546	38,888	38,327	-561
FOOD, NUTRITION, AND CONSUMER SERVICES				
Food and Nutrition Service:				
Supplemental Nutrition Assistance Program.....	82,885	88,609	87,740	-869
Child Nutrition Programs.....	17,478	18,306	19,939	1,633
Women, Infants and Children (WIC).....	6,735	6,619	7,042	423
All Other.....	417	405	426	21
Total, Food, Nutrition, and Consumer Services.....	107,515	113,939	115,147	1,208
FOOD SAFETY				
Food Safety and Inspection Service.....	1,018	1,014	1,006	-9

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Program Level				
AGENCY/PROGRAM	2011 Enacted	2012 Estimate	2013 Budget	Change 2012 to 2013
NATURAL RESOURCES AND ENVIRONMENT				
Natural Resources Conservation Service:				
Conservation Operations.....	871	828	828	-1
Farm Security and Rural Investment Programs.....	3,246	3,469	3,179	-290
All Other.....	18	238	-95	-333
Total, Natural Resources Conservation Service.....	4,134	4,536	3,912	-624
Forest Service:				
National Forest System.....	1,542	1,554	1,624	70
Forest and Rangeland Research.....	307	295	293	-2
State and Private Forestry.....	278	253	251	-2
Wildland Fire Activities.....	2,458	2,290	2,286	-4
Capital Improvement and Maintenance.....	473	394	346	-48
Land Acquisition.....	34	54	59	5
All Other.....	6	6	2	-4
Total, Discretionary Accounts.....	5,098	4,846	4,861	15
Mandatory.....	753	731	661	-70
Total, Forest Service.....	5,851	5,577	5,522	-55
Total, Natural Resources and Environment.....	9,985	10,113	9,434	-679
MARKETING AND REGULATORY PROGRAMS				
Animal and Plant Health Inspection Service:				
Salaries and Expenses.....	863	817	762	-55
Emergency Funding.....	11	0	0	0
Mandatory.....	280	282	278	-4
Buildings and Facilities.....	4	3	3	0
Total, Animal and Plant Health Inspection Service.....	1,158	1,102	1,043	-59
Agricultural Marketing Service.....	321	308	239	-69
Section 32 Funds.....	992	928	1,093	165
Grain Inspection, Packers and Stockyards				
Administration.....	40	38	40	2
Total, Marketing and Regulatory Programs.....	2,511	2,377	2,416	40
RESEARCH, EDUCATION, AND ECONOMICS				
Agricultural Research Service.....	1,164	1,126	1,130	4
National Institute of Food and Agriculture.....	1,356	1,353	1,271	-82
Economic Research Service.....	82	78	77	0
National Agricultural Statistics Service.....	156	159	179	21
Total, Research, Education, and Economics.....	2,758	2,715	2,657	-58
OTHER ACTIVITIES				
Office of the Secretary.....	17	16	17	1
Departmental Management.....	359	341	339	-2
Departmental Staff Offices.....	77	72	80	8
Office of Civil Rights.....	23	21	63	42
Office of Inspector General.....	89	86	89	3
Total, Other Activities.....	565	536	588	52
USDA Sub-Total.....	\$201,417	\$204,772	\$211,833	\$7,061
Receipts and Loan Repayments and Other Adjustments.....	-7,476	-3,321	-2,818	503
USDA TOTAL.....	\$193,941	\$201,451	\$209,015	\$7,564

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE

Outlays
(Dollars in Millions)

AGENCY	2011 Actual	2012 Estimate	2013 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency.....	\$3,194	\$3,153	\$4,134
Commodity Credit Corporation Programs.....	8,912	8,710	9,685
Risk Management Agency.....	6,464	3,829	9,162
Foreign Agricultural Service.....	504	652	380
P.L. 480.....	1,249	1,512	1,164
RURAL DEVELOPMENT			
Salaries and Expenses.....	248	191	218
Rural Utilities Service.....	-452	1,330	1,280
Rural Housing Service.....	1,813	2,006	1,082
Rural Business - Cooperative Service.....	363	372	227
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service.....	102,164	112,316	110,538
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service.....	3,829	4,268	4,168
Forest Service.....	6,339	6,707	6,089
FOOD SAFETY			
Food Safety and Inspection Service.....	1,043	1,013	995
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service.....	1,286	1,238	1,176
National Institute of Food and Agriculture.....	1,214	1,871	1,723
Economic Research Service.....	88	88	86
National Agricultural Statistics Service.....	146	183	178
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service.....	1,175	1,219	1,125
Agricultural Marketing Service.....	273	338	311
Section 32 Funds.....	987	951	1,092
Grain Inspection, Packers and Stockyards Administration.....	36	31	13
DEPARTMENTAL ACTIVITIES			
Office of the Secretary.....	20	21	24
Common Computing Environment.....	5	0	0
Departmental Administration.....	130	177	112
Agriculture Buildings and Facilities.....	213	303	244
Hazardous Waste Management.....	8	15	9
Office of the General Counsel.....	40	42	45
Office of Inspector General.....	91	89	92
Office of Communications.....	10	8	9
Office of Civil Rights.....	16	25	54
Executive Operations:			
Office of the Chief Economist.....	12	12	13
National Appeals Division.....	13	13	14
Working Capital Fund.....	43	126	-1
Subtotal.....	141,476	152,809	155,441
Offsetting Receipts.....	-2,074	-2,123	-933
Net Interest.....	-6	-7	-7
TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....	\$139,396	\$150,679	\$154,501

APPENDIX

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

AGENCY	2011 Actual	2012 Estimate	2013 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency.....	\$1,830	\$1,854	\$1,764
Risk Management Agency.....	77	76	0
Foreign Agricultural Service.....	470	568	379
P.L. 480.....	1,576	1,826	1,440
RURAL DEVELOPMENT			
Salaries and Expenses.....	248	191	218
Rural Utilities Service.....	1,146	1,591	1,876
Rural Housing Service.....	1,902	1,754	1,642
Rural Business - Cooperative Service.....	194	134	155
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service.....	7,475	7,656	7,807
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service.....	1,201	1,192	828
Forest Service.....	5,651	5,933	5,380
FOOD SAFETY			
Food Safety and Inspection Service.....	1,031	1,003	998
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service.....	1,264	1,210	1,148
National Institute of Food and Agriculture.....	1,153	1,770	1,571
Economic Research Service.....	88	88	86
National Agricultural Statistics Service.....	146	183	178
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service.....	944	937	863
Agricultural Marketing Service.....	93	86	82
Grain Inspection, Packers and Stockyards Administration.....	40	31	40
DEPARTMENTAL ACTIVITIES			
Office of the Secretary.....	20	21	24
Departmental Administration.....	124	155	113
Agriculture Buildings and Facilities.....	213	303	244
Hazardous Waste Management.....	8	15	9
Office of the General Counsel.....	40	42	45
Office of Civil Rights.....	16	25	54
Office of Inspector General.....	91	89	92
Office of Communications.....	10	8	9
Executive Operations:			
Office of the Chief Economist.....	12	11	13
National Appeals Division.....	13	13	14
Common Computing Environment.....	5	0	0
Working Capital Fund.....	43	126	-1
Subtotal.....	27,124	28,891	27,071
Offsetting Receipts.....	-103	-139	-266
TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....	\$27,021	\$28,752	\$26,805

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Staff Years

Agency	2011 Actual	2012 Estimate	2013 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	4,918	4,494	4,494
Risk Management Agency	505	505	505
Foreign Agricultural Service	1,052	1,052	1,002
RURAL DEVELOPMENT			
Rural Development	5,849	5,346	5,346
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service	1,370	1,367	1,367
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	11,712	11,131	10,698
Forest Service	35,089	33,824	33,597
FOOD SAFETY			
Food Safety and Inspection Service	9,573	9,648	9,148
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	8,159	7,924	7,924
NIFA (previously CSREES)	397	410	410
Economic Research Service	402	386	386
National Agricultural Statistics Service	1,085	1,210	1,471
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service	7,929	7,836	7,682
Agricultural Marketing Service	2,838	2,838	2,838
Grain Inspection, Packers & Stockyards Administration	721	715	705
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	118	126	124
Office of the Chief Economist	52	53	53
National Appeals Division	92	90	102
Office of Homeland Security	49	64	64
Office of Budget and Program Analysis	48	48	48
Office of Advocacy and Outreach	40	59	59
Office of the General Counsel	293	282	314
Office of the Inspector General	608	577	577
Office of the Chief Information Officer	1,022	1,111	1,119
Office of the Chief Financial Officer	1,257	1,393	1,499
Departmental Administration	530	578	589
Office of Civil Rights	128	134	134
Office of Communications	85	86	90
Total, USDA Federal Staffing	95,921	93,287	92,345
FSA, Non-Federal Staffing	9,003	8,160	8,197
Total, USDA Staffing	104,924	101,447	100,542

APPENDIX

Strategic Goal

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

Budget Authority			
(Dollars in Millions)			
Program	2011 Enacted	2012 Estimate	2013 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES:			
Farm Service Agency.....	\$9,444	\$8,847	\$9,272
Foreign Agricultural Service.....	400	393	335
Risk Management Agency.....	6,696	3,624	9,518
Total, FFAS.....	16,539	12,864	19,125
RURAL DEVELOPMENT:			
Rural Business Service.....	294	203	134
Rural Housing Service.....	1,852	1,687	1,675
Rural Utilities Service.....	649	601	593
Total, RD.....	2,795	2,491	2,402
MARKETING AND REGULATORY PROGRAMS:			
Animal and Plant Health Inspection Service.....	114	118	109
Agricultural Marketing Service.....	352	334	270
Grain Inspection, Packers and Stockyards Administration..	40	38	40
Total, MRP.....	506	490	419
RESEARCH, EDUCATION, AND ECONOMICS:			
Agricultural Research Service.....	345	335	325
National Institute of Food and Agriculture.....	698	701	666
Economic Research Service.....	30	28	28
National Agricultural Statistics Service.....	149	153	173
Total, REE.....	1,222	1,217	1,192
DEPARTMENTAL STAFF OFFICES:			
Office of the Chief Economist.....	6	6	6
Total, Staff Offices.....	6	6	6
Total.....	\$21,068	\$17,068	\$23,144

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

Budget Authority (Dollars in Millions)

Program	2011 Enacted	2012 Estimate	2013 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES:			
Farm Service Agency.....	\$2,256	\$2,516	\$2,496
Foreign Agricultural Service.....	3	3	3
Total, FFAS.....	2,259	2,518	2,499
NATURAL RESOURCES AND ENVIRONMENT:			
Natural Resources Conservation Service.....	4,052	4,536	3,912
Forest Service.....	5,851	5,577	5,522
Total, NRE.....	9,903	10,113	9,434
MARKETING AND REGULATORY PROGRAMS:			
Animal and Plant Health Inspection Service.....	75	56	44
Total, MRP.....	75	56	44
RESEARCH, EDUCATION, AND ECONOMICS:			
Agricultural Research Service.....	201	189	214
National Institute of Food and Agriculture.....	182	177	177
Economic Research Service.....	11	11	11
National Agricultural Statistics Service.....	1	1	1
Total, REE.....	395	377	402
DEPARTMENTAL STAFF OFFICES:			
Office of the Chief Economist.....	2	2	2
Hazardous Materials Management.....	4	4	4
Total, Staff Offices.....	6	6	6
Total.....	\$12,638	\$13,070	\$12,384

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Strategic Goal

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

**Budget Authority
(Dollars in Millions)**

Program	2011 Enacted	2012 Estimate	2013 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES:			
Foreign Agricultural Service.....	\$1,758	\$1,913	\$1,798
Total, FFAS.....	1,758	1,913	1,798
MARKETING AND REGULATORY PROGRAMS:			
Animal and Plant Health Inspection Service.....	46	52	48
Total, MRP.....	46	52	48
RESEARCH, EDUCATION, AND ECONOMICS:			
Agricultural Research Service.....	144	140	137
National Institute of Food and Agriculture.....	306	317	264
Economic Research Service.....	20	19	19
Total, REE.....	470	476	421
Total.....	\$2,274	\$2,441	\$2,266

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Strategic Goal			
Ensure that all of America's children have access to safe, nutritious, and balanced meals			
Budget Authority			
(Dollars in Millions)			
Program	2011 Enacted	2012 Estimate	2013 Budget
FOOD, NUTRITION, AND CONSUMER SERVICES:			
Food and Nutrition Service.....	\$107,515	\$113,939	\$115,140
FOOD SAFETY:			
Food Safety and Inspection Service.....	1,018	1,014	1,006
MARKETING AND REGULATORY PROGRAMS:			
Animal and Plant Health Inspection Service.....	923	876	843
Agricultural Marketing Service.....	961	903	1,062
Total, MRP.....	1,884	1,779	1,905
RESEARCH, EDUCATION, AND ECONOMICS:			
Agricultural Research Service.....	475	462	454
National Institute of Food and Agriculture.....	170	158	163
Economic Research Service.....	20	19	19
National Agricultural Statistics Service.....	7	5	6
Total, REE.....	672	644	643
Total.....	<u>\$111,088</u>	<u>\$117,377</u>	<u>\$118,693</u>

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Management Activities (Dollars in Millions)

Program	2011 Enacted	2012 Estimate	2013 Budget
Departmental Activities.....	\$553	\$524	\$576
Total, Management Activities.....	\$553	\$524	\$576

APPENDIX

User Fee Proposals
(Dollars in Millions)

Agency and Program	2013 Budget Authority
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Food Safety

Food Safety and Inspection Service:

User Fee Proposals.....	0
<ul style="list-style-type: none">• 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 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 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 \$13 million, which will reduce appropriation needs in future years.	

Natural Resources and Environment

Natural Resources Conservation Service:

User Fee Proposal.....	0
<ul style="list-style-type: none">• 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.	

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Marketing and Regulatory Programs

Animal and Plant Health Inspection Service:

User Fee Proposals..... 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 \$20 million in 2013, which include \$9 million for animal care, \$7 million for veterinary biologics, and \$4 million for Biotechnology Regulatory Services. Collections will reduce appropriations needs in future years.

Grain Inspection, Packers and Stockyards Administration:

User Fee Proposal 0

- The Budget proposes to establish a fee for grain standardization and a Packers and Stockyards license fee. The proposal would result in approximately \$27 million (\$5 million and \$22 million, respectively), which will reduce appropriation needs in future years.

Departmental Management

Departmental Administration:

User Fee Proposal 0

- The Budget includes 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

Proposed Budget-Related Legislation
(Dollars in Millions)

Agency and Program	2013 Budget Authority
Natural Resources and Environment	
Forest Service	
Enhancing FS Administration of Rights-Of-Way and Land Uses authority.....	0
<ul style="list-style-type: none"> • This proposal would provide permanent authority for the recovery of the costs for processing Special Use Authorization (SUA) applications. Permanent authority enables FS to accept new applications to expand support for local and regional economies. Special Uses enable a wide range of public services that support thousands of jobs from large-scale energy and communication transmission to small-scale outfitters and guides. Recovered funds remain at the local office of collection to enable more-timely service to permit holders and applicants. The existing authority expires September 30, 2012. 	
Interpretive Associations.....	0
<ul style="list-style-type: none"> • This proposed language would authorize the Secretary to enter into agreements with cooperators—including scientific and historical societies, educational institutions, and organizations—for interpretive programs, services, materials, and products to enhance visitor awareness and knowledge of the Nation's natural resources and cultural heritage. This proposed language would also authorize agreements with cooperators for developing, producing, publishing, distributing, or selling educational materials and products pertaining to the National Forest System. 	
Stewardship Contracting permanent authority.....	0
<ul style="list-style-type: none"> • This proposal would provide the agency flexibility to accomplish collaborative restoration work on a landscape scale. The agency is seeking permanent authority to enter into stewardship contracts. The current authority expires on September 30, 2013. 	
Payments to States	\$294
<ul style="list-style-type: none"> • This Budget includes a proposal to reauthorize the Secure Rural Schools and Community Self-Determination Act of 	

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2000 and funds payments from mandatory funding. The proposal revises the allocation split between the Schools and Roads, Economic Investment and Forest Restoration/Protection, and Fire Assistance portions of the program. Allocations also change within portions over time.

Rural Development

Rural Housing Service:

Multi-Family Housing Revitalization Demo: Pursue permanent authorities to revitalize rural multi-family housing 0

- The Budget proposes to make the demonstration program permanent. The program has been administered as a demonstration for more than ten years.

New Hires Database: Gain authorities to access the HHS National Database of New Hires as well as IRS data 0

- The Budget proposes authorization to access the databases to help reduce improper payments in means-tested programs.

Food, Nutrition, and Consumer Services

Food and Nutrition Service:

Supplemental Nutrition Assistance Program (SNAP): Eliminate time limits for able-bodied working adults 376

- The Budget re-proposes a state option to suspend time limits on SNAP benefits for able-bodied adults without dependents for an additional year.

SNAP: Increase SNAP benefits authorized by ARRA through March 2014 0

- The American Recovery and Reinvestment Act (ARRA) increased the maximum allotment by 13.6 percent, effective April 2009, a level to remain constant until the statutory SNAP thrifty food plan would increase benefits above the Recovery Act levels, or October 31, 2013, whichever comes first. The Budget re-proposes to extend these enhanced benefits through March 31, 2014, which increases outlays by \$1.3 billion in 2014.

SNAP: Prohibit millionaires from receiving SNAP benefits 0

- This proposal would reinforce FNS' current program integrity efforts to restrict those with income or assets of \$1 million or more from receiving SNAP benefits, in support of efforts to ensure that millionaires do not receive

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Federal subsidies. Providing SNAP assistance to households that do not need assistance undermines the credibility of the program and distracts attention from the real needs of millions of low-income Americans who turn to SNAP to put food on the table.

President’s Plan for Economic Growth and Deficit Reduction

The 2013 Budget reflects the President’s Plan for Economic Growth and Deficit Reduction. The Administration remains committed to a strong safety net for farmers and will continue its efforts to strengthen aspects of the safety net such as crop insurance and disaster assistance. The President’s Plan includes a reduction to the deficit by \$32 billion over ten years by eliminating direct farm payments, decreasing subsidies to crop insurance companies, and better targeting conservation funding to high priority areas. The Plan also proposes to extend disaster assistance programs for the 2013 through the 2017 crops. The President’s plan includes proposals that would impact the following mission areas within USDA:

Farm and Foreign Agricultural Services

Farm Service Agency:

Eliminate Direct Payments.....	0
<ul style="list-style-type: none">• The direct payment program provides producers fixed annual income payments for covered commodities based upon historical planted acres and yields. Payments are made regardless of whether the farmer is currently producing those crops. Direct payments do not vary based upon actual production or prices. As a result, landowners receive direct payments during times of record profitability, yet the direct payments may not provide an adequate safety-net during difficult times. This proposal will save over \$30 billion over 10 years compared to the 2013 Budget baseline.	
Cap the Conservation Reserve Program acreage	-\$11
<ul style="list-style-type: none">• To reduce the deficit, the Budget proposes to reduce conservation funding by \$2 billion over 10 years by better targeting conservation funding to the most cost-effective and environmentally-beneficial programs and practices, while preserving the most important agricultural conservation programs. This proposal would cap the maximum allowable acreage enrollment in the Conservation Reserve Program at 30 million acres. This cap will save about \$977 million over 10 years when compared to the 2013 Budget's baseline.	

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Extend mandatory disaster assistance	+516
• The Food, Conservation, and Energy Act of 2008 provided producers with mandatory disaster assistance programs for the 2008 to 2011 crops. The programs were: the Supplemental Revenue Assistance Payments Program (SURE); the Livestock Indemnity Program (LIP); the Livestock Forage Program (LFP); the Emergency Livestock Assistance Program (ELAP); and the Tree Assistance Program (TAP). The programs have provided financial assistance to producers when they suffer actual losses in farm revenue, loss of livestock or the ability to graze their livestock, loss of trees in an orchard, and other losses due to diseases or adverse weather. The Budget proposes to extend these programs, or similar types of disaster assistance that are of a similar cost, to cover losses through the 2017 crop year. This proposal will cost over \$8 billion over 10 years when compared to the 2013 Budget baseline.	
Risk Management Agency:	
Establish a reasonable rate of return to participating crop insurance companies	0
• A USDA commissioned study found that when compared to other private companies, crop insurance companies return on investment (ROI) should be around 12 percent, but that it is currently expected to be 14 percent. The Budget proposes to lower the crop insurance companies' ROI to meet the 12 percent target. This proposal is expected to save about \$1.2 billion over 10 years.	
Reduce the reimbursement rate of administrative and operating expenses	0
• The current cap on administrative expenses to be paid to participating crop insurance companies is based on the 2010 premiums, which were among the highest ever. A more appropriate level for the cap would be based on 2006 premiums, neutralizing the spike in commodity prices over the last four years, but not harming the delivery system. The Budget, therefore, proposes to set the cap at \$0.9 billion adjusted annually for inflation. This proposal is expected to save about \$2.9 billion over 10 years.	

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Decrease the premium subsidy paid on behalf of producers by 2 percentage points -225

- The proposal would reduce the premium subsidy levels by 2 percentage points for those policies that are currently subsidized by more than 50 percent. This proposal is expected to save about \$3.3 billion over 10 years.

Reduce the premium rate on catastrophic coverage to better reflect historical performance 0

- This proposal would require that USDA reset premium rates to more accurately reflect the historical performance of the catastrophic portfolio. The proposal is expected to save about \$255 million over 10 years.

Natural Resources and Environment

Natural Resources Conservation Service

Environmental Quality Incentives Program..... -100

- The Budget proposes to reduce conservation funding by better targeting conservation funding to the most cost-effective and environmentally-beneficial programs and practices, while preserving the most important agricultural conservation programs. This proposal would reduce annual expenditures by \$100 million per year from currently authorized levels and is expected to save about \$1 billion over 10 years.