



FY 2014

**BUDGET SUMMARY
AND
ANNUAL PERFORMANCE PLAN**

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PREFACE

This Budget Summary and Annual Performance Plan describes the fiscal year (FY) 2014 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 2013 are based on amounts provided by the Continuing Appropriations Resolution, 2013, P.L. 112-175. Therefore, the FY 2013 numbers do not reflect the enacted funding levels for the fiscal year that include the across-the-board reductions for most programs required by sequestration as well as two separate rescissions.** 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 2014 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.

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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 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 2013 and 2014 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 2014 Cuts, Consolidations, and Savings 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.

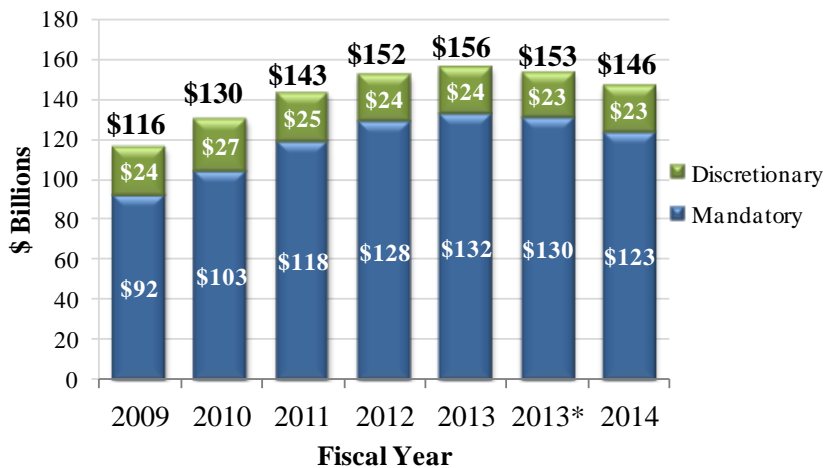
Vision Statement

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.

2014 Funding Overview

USDA's funding for ongoing discretionary operating and program expenses has decreased by over \$1 billion since 2009. USDA agencies have implemented efficiencies to manage a workload that has increased due to a greater number and complexity of programs and higher participation levels. Over the same period, staff resources to manage that increased program level have declined by roughly 5 percent.

USDA Budget Authority



*Enacted level from the Consolidated and Further Continuing Appropriations Act, 2013

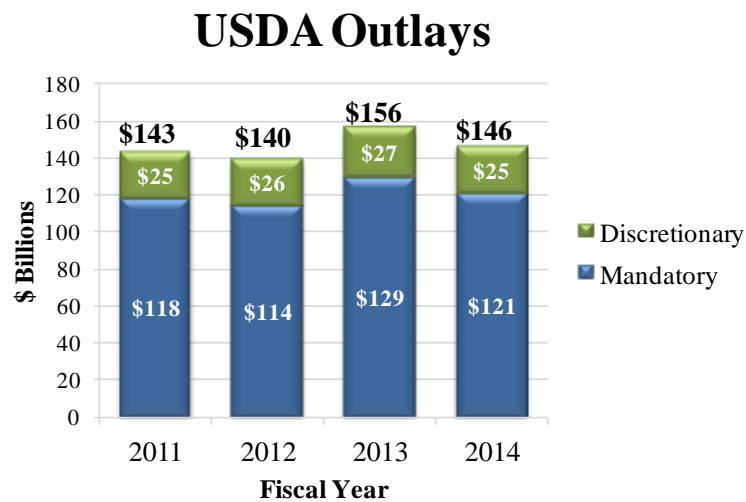
The 2014 request for discretionary budget authority to fund programs and operating expenses is \$23 billion. This includes funding for WIC, Rural Development, food safety, Forest Service, research and conservation activities. Funding is also proposed to replace outmoded poultry disease research facilities. The discretionary funding request for 2014 reflects efforts to reduce administrative costs and streamline operations and proposes to strengthen program integrity efforts. Funding for selected programs is reduced or terminated and resources would be reallocated to fund targeted investments in priority programs and infrastructure to support sustainable economic growth. Further, the Budget proposes to replace \$1.5 billion in funding for P.L. 480 Title II international food assistance with an equivalent amount in three U.S. Agency for International Development (USAID) assistance accounts. The proposed changes will allow

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life-saving assistance to reach well over two million more people in need annually within the same resources. In addition, the reform will reduce mandatory spending by the Department of Transportation - and the deficit - by an estimated \$500 million over a decade.

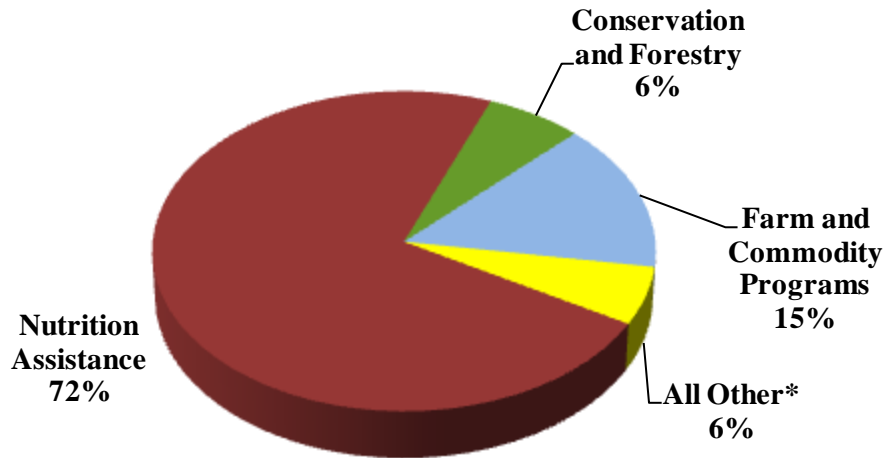
Funding for mandatory programs is estimated at \$123 billion. Decreased mandatory funding largely reflects lower estimated participation in the Supplemental Nutrition Assistance Program and reduced crop insurance expenses.

USDA's total outlays for 2014 are estimated at \$146 billion. Roughly 83 percent of outlays, about \$121 billion in 2014, are associated with mandatory programs that provide services as required by law. The majority of these outlays include crop insurance, nutrition assistance programs, farm commodity and trade programs and a number of conservation programs. The remaining 17 percent of outlays, estimated at about \$25 billion in 2014, are associated with discretionary programs such as WIC; food safety; 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.



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2014 Outlays



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

Proposed Legislation – Farm Programs

The 2014 President’s Budget reflects a number of legislative proposals that produce savings to reduce the deficit while maintaining a strong safety net for American agriculture. The proposed legislation would reduce the deficit by \$38 billion over ten years compared to current baseline spending. The savings would result from eliminating direct farm payments, decreasing subsidies to crop insurance companies and producers, and better targeting conservation funding to high priority areas. The legislation also proposes to extend some disaster assistance programs for the 2014 through the 2018 crops and provides additional support to dairy farmers through expansion of the dairy gross margin insurance program. The Administration remains strongly committed to programs that create jobs, expand markets for existing products, and help develop the next generation of farmers and ranchers. To accomplish these goals the budget proposes an additional \$1.3 billion for renewable energy, organic agriculture, specialty crops, and beginning farmers. Information on the deficit reduction and priority investment proposals can be found in the Appendix.

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 four 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

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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 set three Agency 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. New Agency Priority Goals will be established for 2014 through 2015 as part of USDA's strategic planning process.

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 exports are creating a positive trade balance. Agricultural exports increased by an average of 12 percent per year over the last six fiscal years (FY 2007–FY 2012) and reached \$135.8 billion in FY 2012, representing almost nine percent of the total exports of U.S. goods. At the same time, marketing opportunities in organic agriculture are growing – sales of organic foods rose from \$3.6 billion in 1997 to an estimated \$31 billion in 2011 according to the Organic Trade Association. Sales of locally- and regionally-produced foods are also growing.

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 four years, our crop insurance program has paid out about \$36.4 billion in losses due to natural disasters or price declines. Other programs provided more than 400,000 payments to producers totaling \$4 billion since 2009 to help farmers and ranchers recover from natural disasters. In the past four years, USDA has helped more than 627,000 rural families buy or refinance a home, and provided grants and loans to help over 60,000 small rural businesses create and save over 320,000 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

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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. USDA will continue to support this goal with actions to support a competitive agricultural system; create livable communities; and enhance rural prosperity.

The historic drought in 2012 made clear the importance of a strong safety net to help keep American agriculture profitable and keep farmers on the farm. USDA responded rapidly to the drought, employing all available tools. For example, USDA shortened the time taken to provide Secretarial Disaster Designations and worked with crop insurance companies to provide flexibility to farmers within the Federal crop insurance program. Additionally, USDA opened millions of Conservation Reserve Program acres for emergency haying and grazing thus making an estimated \$200 million in additional forage available for producers while still meeting our conservation goals. USDA lowered the Farm Service Agency (FSA) Emergency Loan interest rate and worked with the Small Business Administration to extend nearly \$7 million in SBA emergency credit for rural small businesses. USDA also purchased over \$170 million of pork, lamb, chicken, and catfish to help relieve pressure on American livestock producers.

The 2014 Budget:

- Proposes to reduce the deficit by \$38 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 budget invests \$1.3 billion in high priority areas, including beginning farmers, bioenergy, specialty crops, and organic agriculture. The President's Budget also proposes to extend selected livestock disaster assistance programs for 2014 through 2018.
- Provides \$9.5 billion for the Federal crop insurance program under current law. This level of support will protect at least \$83.1 billion in agricultural production from losses due to drought, flooding, and other natural disasters or price declines.
- Provides nearly \$5.5 billion for loans to help over 34,000 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 training, infrastructure investment, access to capital, and green jobs throughout rural America.
- Provides \$4 billion in guaranteed loans to support clean and renewable energy generation, transmission and distribution activities across rural America. This level of funding will provide 3.7 million rural residents with new or improved electric service.

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- Provides \$4 billion in guaranteed loans to support clean and renewable energy generation, transmission and distribution activities across rural America. This level of funding will provide 3.7 million rural residents with new or improved electric service.
- Provides \$1.5 billion for community facility direct loans. 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 \$360 million for single family housing direct loan program to provide almost 175,000 new homeownership opportunities including to purchase a home or refinance a loan in 2014.
- Provides funding for increased 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 address feral swine, which have been known to be a harmful and destructive invasive species. The feral swine population is currently expanding and is estimated to be responsible for \$1.5 billion in damage annually.
- Helps our Nation's farmers and ranchers take advantage of emerging marketing opportunities for local and regional foods through on-farm research, support for value-added production and processing, farm-to-school efforts, and venues such as food hubs.
- Provides funding to increase regulatory enforcement under the National Organic Program to ensure the integrity of the organic label, and for developing equivalency agreements to expand market access for U.S. organic products.
- Requests \$383 million for competitive grants through the Agriculture and Food Research Initiative (AFRI), which supports all strategic goals. A portion of this funding will support research to strengthen the sustainability of biomass production and understand its effects on land and water resources, and to identify the socioeconomic impacts of biofuels in rural communities in order to enhance sustainable rural economies. Funding will also support regional projects across 22 states, involving universities, Federal, and industry partners that link research with education programs to create a skilled workforce. Major studies have consistently found that the net social returns from public agricultural research in the United States are high.

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

**Budget Authority
(Dollars in Millions)**

Program	2012 Enacted	2013 Estimate	2014 Budget
Farm and Foreign Agricultural Services.....	\$16,323	\$20,357	\$17,626
Rural Development.....	2,491	2,506	2,289
Marketing and Regulatory Programs.....	804	742	863
Research, Education, and Economics.....	1,217	1,205	1,169
Office of the Chief Economist.....	6	6	6
Total.....	\$20,840	\$24,816	\$21,953

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

A healthy and prosperous America relies on the health of our natural resources, and particularly our forests and agricultural working lands. The health of America’s forests, farms, ranches and grasslands must be conserved so that they continue to offer the environmental benefits of clean air, clean and abundant water, and important wildlife habitat while helping us mitigate and adapt to a changing climate. Protecting America’s supply of clean and abundant water is an important goal for USDA. More than half of our Nation’s freshwater flows from public and private forest lands, with 60 million Americans relying on drinking water originating on the National Forest System. 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. Our national forests and grasslands contribute \$13.6 billion annually through visitor spending. They are also 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, FSA, 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.

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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 have assisted every major region of the country including awarding the largest easement grant to any state to Florida for work in the Everglades; established a new Working Lands for Wildlife partnership with the U.S. Fish and Wildlife Service (FWS) to provide regulatory certainty and combat the decline of seven wildlife species, including Lesser Prairie Chicken, New England Cottontail, Southwestern Willow Flycatcher, Greater Sage-Grouse, Gopher Tortoise, Bog Turtle and Golden-Winged Warbler; 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.

Since 2009, USDA has improved more than 170,000 miles of trails and roads on National Forest System lands and increased the pace of restoration in our National Forests. These actions have supported nearly 450,000 jobs in the timber industry, while helping private landowners sustainably manage almost 4 million acres of private forestland. The threat of wildfire has been reduced for thousands of communities by removing flammable vegetation on 13.7 million acres of forest.

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 is quantifying improvements in water quality by developing and implementing an interagency outcome metric within two pilot watersheds as part of USDA's Agency Priority Goal to improve water quality. The 2014 Budget:

- Provides approximately \$5.3 billion to support a record of more than 378 million acres enrolled through Farm Bill conservation programs.
- Targets conservation activities to priority landscapes through Federal, State, and local, 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 states, 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 for the Voluntary Public Access and Habitat Incentive Program.

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- Funds wildland fire suppression activities within the Forest Service at the 10-year average cost of fire suppression.
- The Budget also provides \$74 million for airtanker fleet modernization further enhancing Agency capacity to fight wildland fire.
- 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 \$757 million for restoration work across the National Forest System through the Integrated Resource Restoration program.
- The Budget also proposes to reauthorize the Secure Rural Schools Act which provides consistent and reliable funding for over 775 rural counties and 4,400 schools located near national forests across the United States. The budget includes \$278 million in mandatory funding for Secure Rural Schools in FY 2014.
- Enhances USDA's response to Asian longhorned beetle (ALB) in Ohio and Massachusetts. Specifically, the Animal and Plant Health Inspection Service will, among other activities, gather substantial survey data with the funding. Such survey data is crucial to an effective and efficient response to ALB.
- Includes \$4 million in funding to support the development and implementation of a USDA-wide framework for managing Earth-system data, which is part of a Federal, interagency Big Earth Data Initiative.
- Requests \$383 million for competitive grants through AFRI, which supports all strategic goals. A portion of this funding will support research focused on developing solutions for water management that link food, water, climate change, energy, and environmental issues. Major studies have consistently found that the net social returns from public agricultural research in the United States are high.

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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	2012 Enacted	2013 Estimate	2014 Budget
Farm and Foreign Agricultural Services.....	\$2,414	\$2,442	\$2,449
Natural Resources and Environment.....	9,889	10,192	9,396
Marketing and Regulatory Programs.....	56	56	48
Research, Education, and Economics.....	379	381	422
Office of the Chief Economist.....	2	2	2
Hazardous Materials Management.....	4	4	4
Total.....	<u>\$12,744</u>	<u>\$13,076</u>	<u>\$12,321</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 about 870 million people around the world are undernourished. 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 \$185 million in discretionary funding for the McGovern-Dole International Food for Education and Child Nutrition Program. This food assistance will benefit as many as 4.3 million women and children in poor countries in 2014.
- Proposes to shift \$1.5 billion previously requested in P.L. 480 Title II to USAID assistance accounts.

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- Includes \$23 million for the Sustainable Agriculture Research and Education Program (SARE) to support systems research and farmers and ranchers projects that address crop and livestock production and marketing, stewardship of soil and other natural resources, economics, and quality of life.
- Requests \$383 million for competitive grants through AFRI, which supports all strategic goals. A portion of this funding will support research, education, and extension activities to improve feed efficiency and extend knowledge to producers to enhance reproductive fertility in food animals. Studies have shown that every dollar invested in agricultural research returns roughly \$20 in economic benefits to the Nation.

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

**Budget Authority
(Dollars in Millions)**

Program	2012 Enacted	2013 Estimate	2014 Budget
Farm and Foreign Agricultural Services.....	\$1,989	\$2,013	\$479
Marketing and Regulatory Programs.....	52	52	52
Research, Education, and Economics.....	476	368	467
Total.....	\$2,516	\$2,433	\$998

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. However, too many adults and children have poor diets and gain excessive weight. Centers for Disease Control and Prevention data show the prevalence of obesity has increased sharply since the early 1970’s, while the prevalence of overweight has been relatively steady, even declining in the past decade. The nutrition assistance programs work to reduce obesity and overweight, both by providing assistance to help ensure access to a healthy diet, and by promoting diets and physical exercise consistent with the *Dietary Guidelines for Americans*.

Meanwhile, 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. The annual Economic Research Service report published September 2012 showed that during 2011, about 17.9 million households in the U.S., representing approximately 33.5 million adults and 16.7 million children, struggled to put enough food on the table. In about 374,000 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. USDA’s nutrition assistance programs help reduce food insecurity by providing millions access to a nutritious diet. The major nutrition assistance programs are

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designed to respond to economic hardship, whether driven by unemployment, recession, disaster, age, or disablement. When a need develops, whether due to a storm, or a local, regional, or national economic down-turn, the programs respond with targeted assistance.

Since 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. 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 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 an agency priority goal for 2012 through 2013 to address nutrition program integrity. By September 30, 2013, USDA will have increased the SNAP payment accuracy rate to 96.22 percent. The 2014 Budget:

- 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 8.9 million individuals expected to participate in the program. WIC is critical to the health of low-income 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 and improving their nutritional intake. Specifically, the 2014 Budget provides \$35 million in school equipment grants to aid in the provision of healthy meals and continued support for other school-based resources.

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- Re-proposes legislation to extend the availability of enhanced SNAP benefits through March 31, 2014. It also includes increased funding to ramp up both retailer and recipient integrity efforts. While the record shows that payment error is at an all time low, new technology and best practices make it possible for us to do much better, and likewise for retailer integrity. We will also re-propose legislation that builds on current work to ensure millionaires cannot receive SNAP.
- Proposes funding to strengthen integrity efforts aimed at reducing improper payments for SNAP, Child Nutrition programs, and The Emergency Food Assistance Program (TEFAP) and WIC.
- Supports the creation of an analytic framework for developing Dietary Guidelines for children birth to two years.
- Reflects estimated savings to be 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 the core food safety mission. 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.
- Enables additional States to participate in the Cooperative Interstate Shipment program, under which small and very-small State inspected establishments are eligible to ship meat and poultry products across state lines.
- Provides increases to assist animal disease traceability efforts while achieving savings in other areas by asking greater cost-sharing on the part of beneficiaries of pest and disease control programs. At the requested budget level, the Animal and Plant Health Inspection Service estimates it will prevent or mitigate about \$1.32 billion in damages as a result of selected plant and animal health monitoring and surveillance efforts.
- Requests \$383 million for competitive grants through AFRI, which supports all strategic goals. A portion of this funding will support ongoing research, education, and extension activities that help ensure Americans have access to safe, nutritious, and balanced meals. Specifically, activities will generate new knowledge on the factors influencing childhood obesity, improve health literacy, enhance understanding of human nutrition requirements, and minimize antibiotic resistance transmission through the food chain.

OVERVIEW

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

Budget Authority (Dollars in Millions)			
Program	2012 Enacted	2013 Estimate	2014 Budget
Food, Nutrition, and Consumer Services.....	\$114,187	\$112,301	\$109,348
Food Safety.....	1,016	1,021	1,019
Marketing and Regulatory Programs.....	1,378	1,370	1,339
Research, Education, and Economics.....	643	646	830
Total.....	\$117,223	\$115,338	\$112,535

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 anticipation of the need to accomplish more with less, in January 2012 USDA announced the beginning of the *Blueprint for Stronger Service*. This effort brings concerted effort and thoughtful analysis to the goal of achieving savings and modernizing USDA. After only a year, USDA's accomplishments under the *Blueprint* include closure of over 250 offices and reductions in several administrative costs such as travel, supplies, and printing. USDA has also focused on leveraging its size and buying power and has increased efforts to centralize purchases in areas such as information technology. Finally, the Department identified opportunities to streamline the provision of administrative services, and successfully implemented improved processes in such areas as security and property management; these efforts included standardizing alarm monitoring, security force management, real property disposal procedures, and real property inventory control procedures. In addition to *Blueprint* efforts, USDA has been focusing on modernizing old, unreliable information technology systems to better serve its customers. For example, FSA's MIDAS (Modernize and Innovate the Delivery of Agricultural Systems) and the NRCS's CDSI (Conservation Delivery Streamlining Initiative) will make it easier for producers to sign-up and participate in farm and conservation programs.

Under Secretary Vilsack's leadership, USDA has made a commitment to provide fair and equal treatment for all and is working to enter a "new era of civil rights" at USDA. Key milestones in this journey were the announcements in 2010 of the settlements of the *Pigford II* and *Keepseagle* lawsuits, brought by African American and Native American farmers, respectively. Additionally, in 2011 USDA announced a voluntary claims process for Hispanic and female farmers and ranchers as an alternative to continuing litigation; lawsuits brought by these groups were not certified as class actions. The open period for claims submission concludes in May 2013. In an effort to improve key administrative processes, USDA has made significant strides towards reforming and streamlining the handling of employee and program complaints. In recognition of the need to support USDA employees, the Cultural Transformation initiative was established to cultivate an environment that fosters growth and ensures provision of high quality services to the public.

OVERVIEW

In light of the surge in consumer demand for locally- and regionally-produced foods, and recognizing the infrastructure barriers facing farmers and ranchers selling locally, the Know Your Farmer, Know Your Food initiative was launched to coordinate and strengthen programs across USDA in order to support expansion of these marketing opportunities.

Finally, in a major effort to improve service delivery, USDA established the Strike Force initiative through which the Department conducts intensive outreach to areas of high poverty. By working with state level staff and local stakeholders and by building partnerships with local community based organizations, USDA has been able to identify barriers to program participation, identify remedies to increase participation, and conduct more effective outreach activities to underserved populations. USDA has seen both increased application for and participation in its programs in Strike Force States.

Through all of these efforts, USDA is realizing its potential of becoming a modern, effective, and just organization.

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 that focus on supporting a sustainable and competitive U.S. agricultural system. According to the Economic Research Service, the value of agricultural sector production was \$418 billion in 2011 and is forecast to be \$436 billion in 2012, 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 2012 reached \$135.8 billion, just \$1.6 billion below last year's record level of \$137.4 billion. USDA estimates that every \$1 billion worth of agricultural exports supports 6,800 jobs and generates an additional \$1.3 billion in economic activity. Exports helped agriculture to be one of the bright spots in the economy.

During 2012, rural families witnessed a historic drought, record heat, and numerous damaging tropical storms. However, existing farm programs helped to mitigate the effects of such disasters, preserving the ability of farmers and ranchers to contribute to American prosperity. Since 2009, USDA has paid out slightly more than \$36 billion in crop insurance indemnities due to natural disasters. As of March 25, 2013, due to the widespread drought conditions during the 2012 growing season, USDA has paid out a record \$16 billion for 2012 losses. Through the 2008 Farm Bill disaster programs, USDA has provided more than 400,000 payments to producers totaling \$4 billion since 2009. In response to the tightening financial market, USDA has expanded the availability of farm credit. In the past four years, USDA provided 134,000 loans totaling \$19 billion to family farmers. In January 2013, USDA launched the microloan program to better serve the unique financial operating needs of beginning, niche and the smallest of family farm operations. Operating under the authorities of the direct operating loan program, the microloan program offers more flexible access to credit and serves as an attractive loan alternative to credit cards for smaller farming operations like specialty crop producers and operators of community supported agriculture (CSA). These smaller farms, including non-traditional farm operations, often face limited financing options. USDA made over 1,000 microloans in the two months since the program's launch. Many of these loans have been made to first-time USDA borrowers.

The FFAS mission area contributes to multiple USDA Strategic Goals. Specifically, to assist rural communities to create prosperity, the FFAS mission area: (1) supports a strong financial safety net including providing access to credit for farmers and ranchers who are temporarily unable to obtain commercial credit such as beginning farmers and socially disadvantaged farmers and ranchers; 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.

FARM AND FOREIGN AGRICULTURAL SERVICES

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

FARM SERVICE AGENCY (FSA)

FSA supports 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. As part of the Department's *Blueprint for Stronger Service*, in 2012 FSA closed 125 Service Center locations in 32 States but still maintains more than 2,100 Service Centers.

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

Program	2012 Enacted	2013 Estimate	2014 Budget
Discretionary:			
FSA Salaries and Expenses:			
Salaries and Expenses (Direct Appropriation).....	\$1,199	\$1,206	\$1,176
Transfers from Program Accounts.....	293	294	310
Total, Salaries and Expenses.....	1,492	1,501	1,486
Agricultural Credit Insurance Fund Program Account:			
Transfer to FSA Salaries and Expenses.....	(290)	(292)	(307)
Loan Subsidy.....	108	109	92
Loan Program Expenses.....	8	8	8
Total, Agricultural Credit Insurance Fund Program Account.....	116	117	100
State Mediation Grants.....	4	4	4
Grassroots Source Water Protection Program.....	4	4	0
Total, Ongoing Discretionary Programs.....	1,615	1,625	1,590
Other Funding ^{a/} :			
Reforestation Pilot Program.....	1	1	0
Geographically Disadvantaged Farmers and Ranchers.....	2	2	0
Emergency Conservation Program.....	123	15	0
Emergency Forest Restoration Program.....	28	23	0
Total, Other Funding	154	41	0
Total, Discretionary Programs.....	1,769	1,666	1,590
Mandatory:			
Dairy Indemnity Program.....	b/	b/	b/
Agricultural Disaster Relief Fund.....	400	705	c/
Recovery Act:			
Supplemental Agricultural Disaster Assistance.....	2	0	0
Total, Mandatory Programs.....	402	705	0
Total, Farm Service Agency.....	\$2,171	\$2,371	\$1,590

^{a/} Provided through general provisions.

^{b/} Less than \$0.5 million.

^{c/} The President's Budget includes a legislative proposal to extend mandatory disaster assistance.

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	2012		2013		2014	
	<u>Enacted</u>		<u>Estimate</u>		<u>Budget</u>	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Farm Operating Loans:						
Guaranteed Unsubsidized.....	\$1,500	\$26	\$2,207	\$26	\$1,500	\$18
Direct.....	1,050	59	1,068	59	1,224	67
Total, Operating Loans.....	2,550	85	3,275	86	2,724	85
Farm Ownership Loans:						
Guaranteed Unsubsidized.....	1,500	0	1,500	0	2,000	0
Direct.....	475	23	541	23	575	4
Total, Ownership Loans.....	1,975	23	2,041	23	2,575	4
Emergency Loans	0	0	0	0	35	2
Indian Land Acquisition Loans.....	2	0	2	0	2	0
Boll Weevil Eradication.....	100	0	100	0	60	0
Conservation Loans:						
Guaranteed.....	150	0	150	0	150	0
Indian Fractionated Land Loans.....	10	a/	11	a/	10	a/
Total, Farm Loan and Grant Programs.....	\$4,787	\$108	\$5,579	\$109	\$5,555	\$92

a/ Less than \$0.5 million.

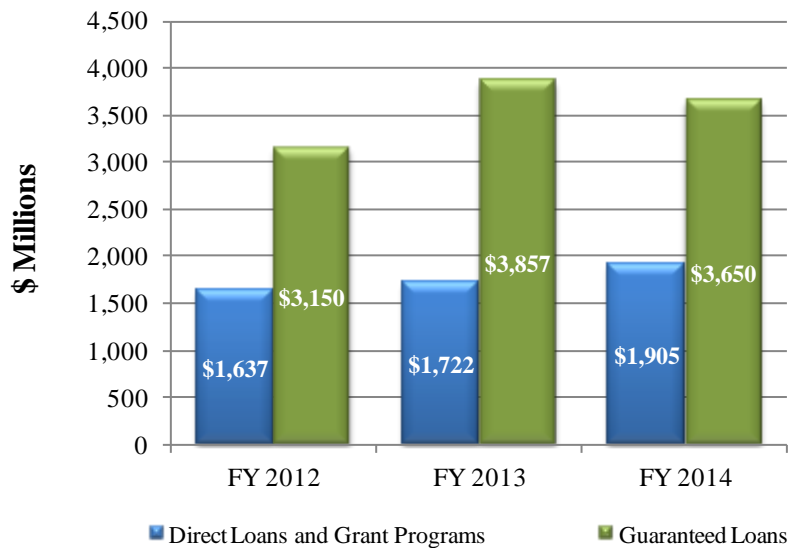
Farm Loan and Grant Programs. The farm loan programs serve as an important safety net for America’s farmers by providing a source of credit when they are temporarily unable to obtain credit from commercial sources. In order to meet the growing demand for farm credit, funding for farm loans hit a record 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 2014 Budget supports an estimated 34,000 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 2014 Budget provides about \$1.2 billion for direct loans and \$1.5 billion for guaranteed loans. The requested loan levels will serve an estimated 26,400 farmers, about 20,000 of whom will receive direct loans and 6,400 of whom will receive guarantees. For farm ownership loans, the 2014 Budget requests

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\$575 million in direct loans and \$2 billion for guaranteed loans. The 2014 loan levels will provide about 7,900 people with the opportunity to either acquire their own farm or keep an existing one; about 3,300 borrowers will receive direct loans and 4,600 will receive guaranteed loans.

**Farm Loan and Grant Programs
Program Level**



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 farmers from various socially disadvantaged groups with farm loans. Therefore, a key performance measure for the farm credit programs is the percentage of funding going to beginning farmers, racial and ethnic minority farmers and women farmers. The target for 2014 will be to increase the proportion of these borrowers that are served by FSA credit programs.

Key Performance Measure	2009	2010	2011	2012	2013	2014
Percentage Direct and Guaranteed lending to Socially Disadvantaged Farmers (SDA)	12.7	12.9	13.1	13.3	13.3	13.4
Percentage Direct and Guaranteed lending to Beginning Farmers	49.5	60.3	64.9	68.8	67.9	68.3

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The 2014 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 2013 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 2013 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 \$3.8 million. These grants are made to States to help support certified programs that provide alternative dispute resolution on a wide variety of agricultural issues. Mediation benefits family farmers, including many low-income and socially disadvantaged farmers who, because of mediation, are often able to resolve credit and other issues and remain on the farm.

Commodity Credit Corporation Budget Authority (Dollars in Millions)

Program	2012 Enacted	2013 Estimate	2014 Budget
Mandatory:			
Commodity Credit Corporation Fund.....	\$7,815	\$9,215	\$8,064
Tobacco Trust Fund.....	939	960	960
Total, Commodity Credit Corporation.....	\$8,754	\$10,175	\$9,024

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	2012 Enacted	2013 Estimate	2014 Budget
Commodity Programs:			
Marketing Assistance Loans and Price Support.....	\$61	\$156	\$60
Direct Payments.....	3,837	4,955	4,936
ACRE.....	11	50	15
Countercyclical Payments.....	10	0	48
Loan Deficiency Payments.....	2	5	5
Milk Income Loss Contract Payments.....	403	370	0
Cotton User Marketing Payments and Cotton Economic Adjustment Assistance Payments.....	60	48	49
Noninsured Crop Disaster Assistance Program.....	254	225	168
Tobacco Payments to Producers <u>a/</u>	953	960	960
Biomass Crop Assistance Program (BCAP).....	16	15	9
Farm Storage Facility Loans.....	0	0	0
Purchases and Sales <u>b/</u>	-35	-14	34
Processing, Storage and Transportation.....	1	1	0
Bio-based Fuel Production.....	0	170	0
Operating Expenses.....	10	10	12
Interest Expenditures <u>b/</u>	-62	-1	-2
Other <u>b/</u>	-139	339	247
Total, Commodity Programs Baseline.....	5,381	7,290	6,541
Conservation Programs:			
Conservation Reserve Program.....	1,913	2,153	2,160
Emergency Forestry Conservation Reserve Program.....	6	6	6
Voluntary Public Access and Habitat Incentive Program.....	7	0	<u>c/</u>
Total, Conservation Programs.....	1,925	2,159	2,165
Export Programs:			
Quality Samples Program.....	1	2	2
Market Access Program (MAP).....	204	193	197
Foreign Market Development (Cooperator) Program.....	34	35	18
Technical Assistance for Specialty Crops Program.....	6	12	8
Technical Assistance and Capacity Building for Brazil.....	147	147	0
FAS IRM Agreements.....	26	42	23
Emerging Markets Program.....	7	11	12
Dairy Export Incentive Program.....	0	0	3

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Commodity Credit Corporation Net Outlays (Dollars in Millions)

Program	2012 Enacted	2013 Estimate	2014 Budget
Food for Progress Program.....	140	179	151
Local and Regional Commodity Procurement Pilot Program....	12	6	0
Export Guarantee Program Account <u>d/</u>	76	66	7
Other.....	1	0	0
Total, Export Programs.....	655	694	423
Subtotal, CCC.....	7,962	10,143	9,129
Pre-credit Reform Loan Repayments.....	-34	-6	-6
CCC Baseline.....	7,928	10,137	9,123
Proposed Legislation: <u>e/</u>			
Extension of Disaster Program.....	0	0	300
Subsidize Dairy Gross Margin Insurance.....	0	0	100
Cap Conservation Reserve Program at 25 million acres.....	0	0	15
Total, CCC.....	\$7,928	\$10,137	\$9,538

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

b/ Negative amounts reflect excess of receipts versus outlays.

c/ Program will be funded by CCC and administered by NRCS in 2014 for \$5 million.

d/ Reflects mandatory funding for a credit reform upward re-estimate in 2012 and 2013.

e/ Further details are provided in the Appendix.

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 \$10.1 billion in 2013, reflecting higher prices for most commodities resulting from increased demand for bioenergy production and strong exports. The 2014 baseline outlays are estimated to drop to \$9.1 billion. 2013 levels were higher than prior years due to Farm Bill provisions that shifted 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 an important 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 were mandated by provisions of the 2008 Farm Bill. The American Taxpayer Relief Act of 2012 (ATRA) extended the authority to operate some programs through 2013. 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 ACRE has been lower than anticipated due, in part, to the complexity of the program. Higher projected commodity prices have reduced the likelihood of receiving a payment under ACRE. About 1.5 million farms participated in the direct and counter-cyclical

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payment programs, while about 140,000 farms were enrolled in ACRE in 2012. ACRE was extended under ATRA for the 2013 crop year. Under the original terms of the 2008 Farm Bill producers who enrolled in ACRE were locked into that program through the 2012 crop year. USDA has determined that the extension of ACRE does not lock producers into that program for the 2013 crop year; rather, producers will be allowed to elect to enroll in either the traditional direct and counter-cyclical payment program or ACRE for the 2013 crop.

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

Program	2012 Enacted	2013 Estimate	2014 Budget
Commodity:			
Feed Grains.....	\$1,783	\$2,325	\$2,294
Wheat.....	905	1,254	1,086
Rice.....	396	374	447
Upland and Extra Long Staple Cotton.....	532	664	702
Tobacco <u>a/</u>	62	1	1
Dairy.....	403	370	37
Soybeans and Products.....	442	571	556
Minor Oilseeds.....	15	19	18
Peanuts.....	71	75	63
Sugar.....	0	0	0
Honey.....	0	0	0
Wool and Mohair.....	0	0	1
Vegetable Oil Products.....	5	41	39
Other Commodities <u>b/</u>	-111	-4	1
Subtotal, Assistance To Farmers.....	4,503	5,690	5,245
Other <u>c/</u>	879	1,599	1,296
Total, Commodity Programs.....	5,381	7,290	6,541

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

b/ Negative amounts reflect excess of receipts versus outlays.

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

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

Program	2012 Enacted	2013 Estimate	2014 Budget
Conservation Reserve Program.....	\$1,969	\$2,107	\$2,160
Emergency Forestry Conservation Reserve Program.....	6	6	6
Voluntary Public Access and Habitat Incentive Program	0	0	a/
Total, Conservation Programs.....	\$1,975	\$2,113	\$2,166

a/ Program will be funded by CCC and administered by NRCS in 2014 for \$5 million.

Conservation Programs. The 2008 Farm Bill provided 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), and 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. CRP is a voluntary program and with strong commodity prices, enrollment levels have declined in recent years. Thus, USDA has adjusted the targets for restored wetland acreage for 2013 and 2014 downward to reflect reduced demand for the program.

Key Performance Measure	2009	2010	2011	2012	2013	2014
CRP restored wetland acreage ¹ (million acres)	2.04	2.05	2.23	2.29	2.25	2.15

¹ Includes accompanying upland buffers.

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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. 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. As of April 2013, 33 States have approved CREP agreements.

CRP enrollment totaled 29.5 million acres at the end of 2012 with approximately 82 percent of the acreage having been enrolled under scheduled general signups. A general signup in 2012 approved 3.9 million acres for enrollment. The American Taxpayer Relief Act extended the authority to operate CRP through 2013. A general sign-up for 2013 has been announced and we project that about 2.8 million acres will enter the program with projected enrollment of about 27.3 million acres at the end of 2013. The 2014 Budget baseline assumes that a general sign-up will be held each year into the foreseeable future. Accordingly, 2014 enrollment is expected to rise slightly, ending at about 27.6 million acres. The baseline projects that enrollment will continue to rise slowly and that by the end of the 10-year baseline period total enrollment will range between 30 and 32 million acres.

Agriculture continues to be a bright spot in the U.S. economy. High commodity prices have contributed to revenue growth and a strong balance sheet for the agriculture sector. However, this revenue growth has also contributed to rising land values and rental rates across the U.S. making CRP increasing costly. The Budget proposes to set the maximum enrollment in the Conservation Reserve Program at 25 million acres by 2018, down from 32 million acres. The program will continue to target acres that deliver high net conservation benefits to ensure the program has maximum positive impact. This proposal will save about \$2.2 billion over 10 years when compared to the baseline.

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 prohibited FSA from operating VPA-HIP in 2012. VPA-HIP was extended by ATRA for 2013; however, funding is subject to appropriation. The 2014 Budget includes \$5 million for VPA-HIP to be administered by NRCS.

The Disaster Relief Appropriations Act of 2013 provided \$15 million for ECP and \$23 million for EFRP for areas affected by Hurricane Sandy that received a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act. For the past several years, these programs have been funded through emergency supplemental appropriations. The Budget proposes no new funding for ECP and EFRP in 2014 since disaster funding needs are difficult to predict in advance. Under ECP, the Department shares the cost of carrying out practices to help farmers to rehabilitate farmland damaged by natural disasters. ECP addresses

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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. 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.

Supplemental Agricultural Disaster Assistance

Outlays

(Dollars in Millions)

Program	2012 Enacted	2013 Estimate	2014 Budget
Supplemental Revenue Assistance Payments	\$567	\$911	\$0
Livestock Indemnity Payments.....	27	0	0
Livestock Forage Disaster Program	85	0	0
Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish....	10	0	0
Tree Assistance Program	7	0	0
Other.....	-4	0	0
Subtotal, Supplemental Agricultural Disaster Assistance	692	911	0
Recovery Act SURE Payments.....	2	0	0
Total, Supplemental Agricultural Disaster Assistance	\$694	\$911	\$0

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. ATRA reauthorized four of the five programs for losses occurring on or before September 30, 2013, including: the Livestock Indemnity Program (LIP), Livestock Forage Disaster Assistance Program (LFP), Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP), and Tree Assistance Program (TAP). However, ATRA did not provide additional mandatory funding for these programs; rather, the authorizations were made subject to appropriations. The Supplemental Revenue Assistance Payments Program (SURE) was the one program not reauthorized. The 2014 budget proposes to extend the mandatory authorization for LIP, LFP, ELAP, and TAP (See the Proposed Legislation section of this Budget Summary), to be funded out of the CCC. The strong need for livestock disaster assistance has been illustrated by the 2012 drought, where crop producers were assisted by insurance, while livestock producers did not have a similar safety net.

FSA administered the 2008 Farm Bill disaster programs; however, unlike prior ad hoc disaster programs, these programs were 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 2014 Budget baseline reflects SURE outlays in 2013 for crop year 2011 losses. The 2008 Farm Bill required that FSA use the

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season average price to determine 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.

Farm Service Agency Staff Years

Program	2012 Enacted	2013 Estimate	2014 Budget
Federal.....	4,488	4,436	4,436
Non-Federal:			
Permanent Full-Time.....	7,850	7,780	7,780
Temporary.....	158	200	200
Total, Non-Federal.....	8,008	7,980	7,980
Total, FSA Staff Years.....	12,496	12,416	12,416

Salaries and Expenses. The 2014 Budget proposes a level of \$1.49 billion. This funding level is adequate to maintain the same staffing level as 2013 and include funds for the operation and enhancement of MIDAS (Modernize and Innovate the Delivery of Agricultural Systems). The 2014 Budget supports 4,436 Federal staff years and 7,980 non-Federal staff years. Since 2003, staffing levels at FSA have declined over 30 percent.

Information Technology (IT) Modernization. FSA is modernizing its information technology systems (hardware and software) and moving away from unreliable, obsolete systems. Billions of dollars of annual farm program payments, conservation payments, and loans to producers mandated by the 2008 Farm Bill and other legislation have been dependent upon antiquated IT systems. 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.

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, 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.

FSA's MIDAS project builds on the progress being made to web-enable program delivery applications. The MIDAS system consists of commercial off the shelf software customized for USDA and integrated with FSA's modernized web-based IT systems, architecture, and infrastructure. The goal of MIDAS is to make it simpler for producers to participate in farm programs and to deliver farm program benefits securely, reliably, and rapidly.

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Key Performance Measure	2009	2010	2011	2012	2013	2014
Maintain or increase percentage of FSA program delivery applications at USDA Service Centers that are web-enabled	51%	57%	68%	72.7%	77%	88%

In 2012, FSA completed development of the first version of MIDAS and began testing the system in preparation for deployment. Training users and preparing for system launch began in 2012 and is continuing. The first version of the MIDAS system (the Initial Operating Capability) will begin to operate in 2013 with subsequent releases of the system in 2014. The first versions of MIDAS will include Acreage Reporting integrated with Geospatial Information Systems (GIS), Farm Records and supporting data, and establishment of common business processes for farm program execution. With this framework in place, MIDAS can be readily expanded to include specific farm programs. The 2014 Budget provides \$65.5 million in funding for the continued development and operation of MIDAS.

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RISK MANAGEMENT AGENCY (RMA)

Program	Program Level (Dollars in Millions)		
	2012 Enacted	2013 Estimate	2014 Budget
SUMMARY OF GOVERNMENT COSTS:			
Discretionary:			
Administrative and Operating Expenses.....	\$75	\$75	\$71
Mandatory:			
Delivery and Other Administrative Expenses <u>a/</u>	1,392	1,252	1,329
Federal Crop Insurance Act (FCIA) Initiatives.....	31	39	39
Programs Related IT.....	20	20	20
Gross Indemnities <u>b/</u>	9,487	17,027	11,012
Underwriting Gains <u>c/</u>	1,670	0	1,261
Farm Bill: Agricultural Management Assistance.....	6	6	6
Subtotal, Crop Insurance Program Level.....	12,606	18,344	13,667
Less: Producer Premium and Administration Fees.....	-5,001	-8,199	-4,164
Total, Current Law.....	7,680	10,220	9,574
Proposed Legislation <u>d/</u>	-75	-75	-513
Total, Government Costs.....	<u>\$7,605</u>	<u>\$10,145</u>	<u>\$9,061</u>

a/ Includes reimbursements to private companies.

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 for 2014. 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).

c/ Payments to private insurance companies. The projected loss ratio for the 2012 crop year is 1.5. As a result, no underwriting gains are projected for fiscal year 2013. The 2014 underwriting gains reflect a projected 1.0 loss ratio for the 2013 crop year.

d/ Good Performance Refund legislative savings are included in 2012 and 2013. The 2014 Budget includes five proposals for program changes to crop insurance.

Discretionary funds for the Federal crop insurance programs cover Federal salaries and related expenses to manage the program. The 2014 Budget includes about \$71 million for these costs.

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.

A key performance measure for the Federal crop insurance programs 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 programs.

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Key Performance Measures	2009	2010	2011	2012	2013	2014
Value of FCIC risk protection coverage provided through FCIC sponsored insurance (\$ Billions)	\$79.6	\$77.9	\$110.9	\$116.2	\$82.4	\$83.1
Normalized value of FCIC risk protection coverage provided through FCIC sponsored insurance (\$ Billions)	\$53.9	\$55.0	\$56.3	\$62.1	\$54.9	\$55.4

For the 2012 crop year, the Federal crop insurance programs provided about \$62.1 billion in (normalized) risk protection which is significantly higher than the 2012 target of \$54.4 billion. The 2013 and 2014 targets reflect historical trends; accordingly, the normalized value of risk protection is expected to decline in crop year 2013 to about \$54.9 billion. In crop year 2014, the normalized value of risk protection is expected to increase slightly to \$55.4 billion. USDA will continue to monitor the performance of the program to determine if the 2012 performance was an anomaly or if targets will need to be adjusted upward in the future to reflect the 2012 performance. In 2012, 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 programs by producers is voluntary; however, participation is encouraged through premium subsidies. In addition, participation in the Federal crop insurance programs is required in order to participate in the supplemental agricultural disaster assistance programs authorized in the 2008 Farm Bill. Federal 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 programs 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 programs is tracked on a crop year basis which may span up to three fiscal years. As a result, the table above 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 programs is strongly influenced by changing commodity prices.

Actual indemnities for fiscal year 2012 reflect crop year 2011 losses, which were paid out in fiscal year 2012, plus the portion of crop year 2012 losses paid out in fiscal year 2012. As of March 25, 2013, based on actual indemnities for crop year 2012 the loss ratio is about 1.44. At this time, the pace of loss claims for the 2012 crop year is beginning to slow; accordingly, current estimates are that the crop year 2012 loss ratio will reach about 1.5.

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Estimated indemnities for fiscal year 2013 reflect the total estimated losses for crop year 2012 and those for fiscal year 2014 are calculated in the same manner as 2013. Estimated losses for crop years 2013 and 2014 reflect the statutory target loss ratio of 1.0.

In fiscal year 2012, the actual total government cost for the Federal crop insurance programs was about \$7.6 billion. Of this amount, about \$4.5 billion was for net indemnities to producers (gross indemnities minus producer paid premiums). The remaining amount of just under \$3.1 billion was for payments to the private insurance companies for delivery expenses and underwriting gains.

The 2014 budget proposes legislative changes to the Federal crop insurance program (See the Proposed Legislation section of this Budget Summary). The proposals represent a balanced approach to reducing the cost of the program while maintaining a strong safety net to protect producers from natural disasters and price fluctuations.

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FOREIGN AGRICULTURAL SERVICE (FAS)

Budget Authority
(Dollars in Millions)

Program	2012 Enacted	2013 Estimate	2014 Budget
Discretionary:			
FAS Salaries and Expenses:			
Salaries and Expenses (Direct Appropriation).....	\$176	\$177	\$179
Transfer from CCC Export Credit Program Account.....	(6)	(7)	(6)
Total, FAS Salaries and Expenses.....	(183)	(184)	(185)
Foreign Food Assistance:			
McGovern-Dole International Food for Education Program.....	184	185	185
P.L. 480 Title II Donations.....	1,466	1,475	a/
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.....	1,829	1,840	367
Mandatory:			
Quality Samples Program.....	3	3	3
Farm Bill:			
Market Development Programs:			
Market Access Program.....	200	200	200
Emerging Markets Program	10	10	b/
Foreign Market Development (Cooperator) Program	34	34	b/
Technical Assistance for Specialty Crops Program	9	9	b/
Foreign Food Assistance:			
Food for Progress - CCC Funded	246	255	255
Bill Emerson Humanitarian Trust.....	0	c/	c/
Local and Regional Commodity Procurement Pilot Program.....	5	0	0
Total, Farm Bill Programs.....	504	508	455
Total, Mandatory Programs.....	507	511	458
Total, Foreign Agricultural Service.....	\$2,335	\$2,351	\$824

a/ The FY 2014 budget proposes to replace funding for P.L. 480 Title II food assistance with an equivalent amount in three USAID assistance accounts to maintain robust development and emergency food assistance, improve the effectiveness of responses, and provide assistance to well over two million more people in need annually.

b/ Subject to reauthorization.

c/ Assets of the Trust can be released any time by 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.

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 6,800 jobs and \$1.3 billion in economic activity. Because of this important role, the Department is working to reduce trade barriers and develop new markets throughout the world.

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

FAS works with other USDA agencies, the Office of the United States Trade Representative (USTR), and others in the Federal government to monitor and negotiate new trade agreements and enforce existing trade agreements. 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.

FAS continues to assist with negotiations on the Trans-Pacific Partnership (TPP). In addition to the United States, the current TPP partner countries are Australia, Brunei Darussalam, Canada, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, and Viet Nam. Additional countries, such as Japan, have expressed an interest in joining the TPP; however, as of March 1, 2013 they have not formally joined the negotiations. 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.

The EU is currently our fifth largest agricultural export market with U.S. exports valued at nearly \$9 billion in FY 2012. In recent years, U.S. exports to the EU have not grown as quickly as in other markets. To remedy this, the Administration has agreed with its European counterparts to launch comprehensive trade negotiations to establish a Transatlantic Trade and Investment Partnership. In FY 2013, each side will begin the domestic consultative procedures necessary before actual negotiations begin. As average U.S. and EU tariffs are already low, negotiations will focus on new and innovative approaches to reducing the adverse impact of non-tariff barriers on transatlantic commerce and reducing costs associated with regulatory differences that may unnecessarily impede trade, while continuing to meet legitimate regulatory objectives. Economic studies point to significant benefits from a comprehensive agreement, including gains of tens of billions of dollars in total exports, which support additional U.S. jobs, boost growth, and help strengthen the U.S. for the competitive challenges of the coming decades.

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

Program	2012		2013		2014	
	Enacted		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
GSM-102 Guarantees.....	\$5,500	0	\$5,400	0	\$5,400	0
Facilities Financing Guarantees.....	0	0	100	0	100	0
Total, CCC Export Credit.....	\$5,500	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 2014. 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 2014.

Of the total program level for export credit guarantees expected to be issued by CCC in 2014, \$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 2014. 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.

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 2014.

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.

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Under the **Market Access Program (MAP)**, CCC funds are used to reimburse participating organizations for a portion of the cost of carrying out overseas marketing and promotional activities, such as consumer promotions. MAP participants include nonprofit agricultural trade organizations, State-regional trade groups, cooperatives, and private companies that qualify as small businesses. MAP has a brand promotion component that provides export promotion funding to 600-800 small companies annually and thereby contributes to the National Export Initiative objective of expanding the number of small and medium-sized entities that export. ATRA extended MAP for 2013 and included a \$200 million program level. For 2014, the Budget assumes MAP will be extended in the next Farm Bill and includes a \$200 million program level for MAP, the same level provided in 2013.

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 2014 Budget baseline assumes 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 assumes no funding for the Cooperator Program, due to the expiration of the 2008 Farm Bill.

The **Technical Assistance for Specialty Crops (TASC) Program** is designed to address unique barriers that prohibit or threaten the export of U.S. specialty crops. Under the program, grants are provided to assist U.S. organizations in activities designed to overcome sanitary, phytosanitary, or related technical barriers to trade. Funding for TASC is not assumed in the CCC baseline Budget estimates, due to the expiration of the 2008 Farm Bill.

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 2014 Budget proposes

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\$185 million for the McGovern-Dole program. With this funding, the program is expected to assist as many as 4.3 million women and children in 2014.

P.L. 480. Assistance provided under the authority of P.L. 480 is a primary means by which the United States provides foreign food assistance.

- **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. No funding is requested for Title I credit sales and grants.
- **Title II** provides emergency and development food assistance in foreign countries. No funding is requested for Title II grants.

Food Aid Reform. The 2014 Budget includes a shift of funding previously requested in P.L. 480 Title II to three USAID assistance accounts: International Disaster Assistance (IDA) for emergency food response; Development Assistance (DA) for the Community Development and Resilience Funds (CDRF) to address chronic food insecurity in areas of recurrent crises; and a new Emergency Food Assistance Contingency Fund. The CDRF will be composed of \$330 million, replacing Title II nonemergency resources, including \$80 million in DA from the Bureau for Food Security resources and \$250 million in additional DA, to be implemented by partners that receive Title II funding. These jointly-funded CDRF programs will be managed by USAID's Office of Food for Peace (FFP) and are a critical component of food security, strengthening the ability to address chronic poverty, build resilience, and help prevent food crises. The goal is to make food aid more timely and cost-effective and to improve program efficiencies and performance by shifting resources to programs that will allow the use of the right tool at the right time for responding to emergencies and chronic food insecurity. The range of tools and programs include interventions such as local and regional purchase, purchase of U.S. agricultural commodities and products, cash vouchers and transfers, and cash for work programs. Provided that the proposed food aid reforms are enacted and all the funding previously requested in P.L. 480 Title II is appropriated as described above, at least fifty-five percent of the requested (and appropriated) IDA funding of \$1,416 million for emergency food assistance programs administered by FFP will be used for the purchase and transport of agricultural commodities produced in the United States. The reform will facilitate robust emergency and development programming. (The Budget also shifts \$25 million of the efficiency savings to the Department of Transportation's Maritime Administration for additional targeted operating subsidies for militarily-useful vessels and incentives to facilitate the retention of mariners.)

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.

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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 2014 Budget assumes that \$255 million of CCC funding will be used to support the Food for Progress program, which is expected to support approximately 312,500 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. Trust resources will remain available for use as the food assistance funding is shifted to USAID accounts. 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 2012, no assistance was provided using the Trust's authority, and none has been provided to date in 2013. As of December 31, 2012, 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 was available in 2012 to support an independent third-party evaluation of the projects that were undertaken under the pilot program. Authority for the program expired at the end of 2012 and no funding is requested in 2014 as the program is subject to reauthorization.

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Foreign Agricultural Service Salaries and Expenses (Dollars in Millions)

Program	2012 Enacted	2013 Estimate	2014 Budget
Trade Promotion.....	\$65	\$65	\$66
Trade Policy.....	77	78	78
Capacity Building / Food Security.....	40	41	41
Total, Appropriated Programs.....	183	184	185
Reimbursable Program Activities:			
FAS Computer Facility and Other IRM Costs			
Funded by CCC.....	22	23	23
Development Assistance Programs funded by			
USAID and Other Organizations.....	61	61	61
Agricultural Reconstruction and Stabilization Activities			
funded by USAID and the Dept. of State.....	34	37	37
Other Reimbursable Agreements.....	20	26	26
Total, Reimbursable Program Activities.....	137	147	147
Total, FAS Salaries and Expenses.....	\$320	\$331	\$333

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 160 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, 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

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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	2009	2010	2011	2012	2013	2014
Value of agricultural exports resulting from participation in foreign food and agricultural trade shows (\$ Billions)	\$0.77	\$1.07	\$1.12	\$1.26	\$1.28	\$1.3
Value of trade preserved through resolution of foreign market access issues such as U.S. export detainment, restrictive SPS and TBT issues, and trade regulations (\$ Billions)	NA	4.1	4.1	3.7	3.7	3.7

Under the Department's *Blueprint for Stronger Service*, in 2012 FAS closed two overseas locations. Accordingly, in 2014 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 more than 160 countries; assist U.S. exporters, trade groups, and State export marketing officials in their trade promotion efforts; and help to implement technical assistance and trade capacity building programs that contribute to increased food security. The Budget provides an appropriated funding level of \$185 million for FAS activities in 2014.

In addition, the Budget includes an estimated \$147 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 and guaranteed loans, grants, technical assistance, and other payments. Some programs provide assistance to intermediaries that make loans or provide technical assistance to the ultimate beneficiaries. Several of the programs require or encourage recipients to contribute their own resources or obtain third-party financing to support the total cost of projects, in which case these programs leverage the Government's support with private sector financing.

The subsidy cost of programs that provide direct or guaranteed loans depends upon a number of factors, including default rates, the prevailing interest rates, whether the interest rate is subsidized by the Government, and whether there are fees. Coupled with the subsidy cost, the loan programs all have an administrative cost component as well. 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.

Since 2009, USDA has helped more than 627,000 rural families buy, refinance, or repair a home, and provided over 15,000 grants and loans to help over 60,000 small rural businesses create and save over 320,000 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. Funding has been provided to support access to new or improved broadband service to nearly seven million rural residents and improved or modernized electric service has been provided to nearly twenty five million rural residents.

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. Under the Department's Blueprint for Stronger Service RD has closed 45 office locations since 2012.

RURAL DEVELOPMENT

RURAL BUSINESS - COOPERATIVE SERVICE (RBS)

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

Program	2012 Enacted		2013 Estimate		2014 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Discretionary:						
Business and Industry Guaranteed Loans	\$811	\$45	\$776	\$46	\$741	\$52
Rural Business Enterprise Grants.....	24	24	24	24	0	0
Rural Business Opportunity Grants.....	2	2	2	2	0	0
Delta Regional Authority Grants.....	3	3	3	3	0	0
Rural Business and Cooperative Grants <u>a/</u>	0	0	0	0	55	55
Intermediary Relending Program.....	18	6	19	6	19	4
Rural Economic Development:						
Direct Loans.....	33	0	33	0	33	0
Grants.....	10	0	10	0	10	0
Rural Microentrepreneur Assistance Program (Sec. 6022):						
Direct Loans.....	0	0	0	0	22	1
Rural Cooperative Development Grants.....	9	9	9	9	0	0
Appropriate Technology Transfers to Rural Areas.....	2	2	2	2	2	2
Value-added Ag. Product Market Development	14	14	14	14	15	15
Rural Energy for America Program (Sec. 9007):						
Guaranteed Loans.....	6	2	7	2	45	12
Grants.....	2	2	2	2	7	7
Subtotal, RBS Programs.....	934	109	901	110	949	148
Salaries and Expenses.....	5	5	5	5	4	4
Total, Ongoing Programs.....	939	114	906	115	953	152
Mandatory:						
Farm Bill:						
Biorefinery Assistance Guaranteed Loans (Sec. 9003).....	0	0	0	0	<u>b/</u>	<u>b/</u>
Rural Energy for America Loans (Sec. 9007).....	42	11	46	11	<u>c/</u>	<u>c/</u>
Rural Energy for America Grants (Sec. 9007).....	11	11	11	11	<u>c/</u>	<u>c/</u>
Bioenergy for Advanced Biofuels (Sec. 9005).....	65	65	65	65	<u>b/</u>	<u>b/</u>
Rural Microentrepreneur Assist. Loans (Sec. 6022)....	0	0	0	0	<u>b/</u>	<u>b/</u>
Rural Microentrepreneur Assist. Grants (Sec. 6022)...	0	0	0	0	<u>b/</u>	<u>b/</u>
Total, Mandatory Programs.....	118	87	122	87	<u>b/</u>	<u>b/</u>
Total, RBS Programs.....	\$1,057	\$201	\$1,028	\$202	\$953	\$152

a/ The budget requests the consolidation of grants into a new Rural Business and Cooperative Grant program.

The following grants programs are part of the consolidation: Rural Business Opportunity, Rural Business Enterprise, Rural Microenterprise Investment, Rural Cooperative Development, Grants to Assist Minority Producers, and Rural Community Development Initiative.

b/ Subject to reauthorization.

c/ The budget proposes \$70 million to be distributed between loan guarantees and grants in the Rural Energy for America program reflected in the CCC program area. This funding will provide \$26 million in grants and \$159.5 million in loan guarantees.

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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 2014 Budget supports a program level of \$741 million in B&I loan guarantees. Funding for the B&I program will focus on supporting high priority areas of the Administration such as supporting access to capital markets in rural areas, local and regional food systems, biobased businesses, and renewable energy development.

Rural Business and Cooperative Grant Program. The 2014 Budget includes \$55 million for a new economic development grant program designed to target small and emerging private businesses and cooperatives in rural areas with populations of 50,000 or less. This new program will award funding to grantees that meet or exceed minimum performance targets, and that agree to be tracked against those performance targets. The consolidated rural business and cooperative grant program will allow the Rural Business Service to better promote economic development through regional planning, and by leveraging resources to create greater wealth, improve quality of life, and sustain and grow the regional economy.

The new program is expected to improve the agency's current grant allocation and evaluation process. The consolidated grant program will utilize all existing authorities available under Rural Business Enterprise Grants, Rural Business Opportunity Grants, Rural Cooperative Development Grants, Small/Socially Disadvantaged Producer Grants, Rural Microenterprise Assistance Grants, and Rural Community Development Initiative Grants. Accordingly, the 2014 Budget does not request separate funding for these programs.

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 2014 Budget supports a program level of \$19 million in direct loans.

Value-Added Producer Grants. The 2014 Budget provides \$15 million for the Value-Added Producer Grants Program. 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. The program is designed to assist the development of businesses at all stages of conception. The program assists rural business, increases producer revenues and expands the value added customer base while creating and saving jobs. The level of demand is extremely high due to its impact on farmers and ranchers cooperatives, local food producers and on farm renewable energy producers.

Rural Energy for America Program. The Rural Energy for America Program (REAP) is authorized under the 2002 Farm Bill, as amended. The REAP loan guarantee and grant program provides financing for the purchase of renewable energy systems, energy efficiency improvements, energy audits and feasibility studies. The 2008 Farm Bill provided mandatory funding for REAP through 2012. The 2014 Budget supports a discretionary program level of

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\$45 million in loan guarantees and \$7.4 million in grants and a mandatory level of \$70 million for some combination of grants and up to \$159.5 million in loan guarantees.

All the funding for RD programs is expected to save or create jobs; however, only the business programs collect data on jobs rather than using a common multiplier to estimate them. In 2012, the agency revised the methodology to calculate jobs based on the type of job created by RBS programs; with more emphasis on direct versus indirect employment. The modest increase in performance is attributable to the proposed increase of assistance for rural business programs.

Key Performance Measure	2009	2010	2011	2012	2013	2014
Number of jobs created or saved through USDA financing of businesses	N/A	N/A	64,935	52,468	44,419	48,672

RURAL DEVELOPMENT

RURAL UTILITIES SERVICE (RUS)

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

Program	2012		2013		2014	
	Enacted		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Discretionary:						
Electric Programs:						
Direct Loans.....	\$7,024	\$1	\$7,024	\$1	\$4,000	0
Telecommunications Programs:						
Direct Loans.....	690	0	690	0	690	0
Distance Learning and Telemedicine Programs:						
Grants.....	21	21	21	21	25	\$25
Broadband Programs:						
Direct Loans.....	169	6	64	6	63	8
Grants.....	10	10	10	10	10	10
High Energy Costs Grants	10	10	10	10	0	0
Water and Waste Disposal Programs:						
Direct Loans.....	731	70	873	70	1,200	0
Guaranteed Loans	63	1	95	1	0	0
Grants	432	432	435	435	304	304
Subtotal, Water and Waste.....	1,226	503	1,403	506	1,504	304
Subtotal, RUS programs.....	9,150	551	9,222	554	6,292	347
Salaries and Expenses.....	36	36	37	37	35	35
Total, Ongoing Discretionary Programs.....	\$9,186	\$587	\$9,259	\$591	\$6,327	\$382

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 2014 Budget provides \$4 billion for electric loans. Of this amount, up to \$1 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 \$3 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.

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. USDA has requested levels of funding that are consistent with demand and focused efforts into supporting broader scale energy efficiency activities. The estimated performance information is based on supporting more distribution loans in 2014. If a great number of Generation and Transmission (G&T) loans are provided it is likely that the actual performance number will be adjusted upward as G&T serve a larger number of recipients.

Key Performance Measure	2009	2010	2011	2012	2013	2014
Number of borrowers/subscribers receiving new and/or improved electric facilities (millions)	9.8	9.4	7.1	8.3	6.1	3.7

The 2014 Budget also supports \$690 million in telecommunications loans. These loans are used for the improvement and construction of telecommunication facilities that meet broadband standards, although they are not meant to be used for all broadband purposes. The performance indicator displays performance information for the traditional telecommunications and broadband loan programs. The reduction in performance in 2012 is directly attributed to lower obligations resulting from uncertainty in the telecommunications industry as revisions are underway to the Universal Service Fund fee structure. USDA continues to work with FCC to ensure the impact to rural communities is minimal. The agency is anticipating obligating all of the available program level in 2014.

Key Performance Measure	2009	2010	2011	2012	2013	2014
Number of borrowers/subscribers receiving new or improved telecommunication services (millions)	0.19	0.14	0.18	0.06	0.09	0.15

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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 2014 Budget provides \$8.3 million in budget authority to support \$63 million in broadband loans, \$10 million for Broadband grants and \$25 million for grants under the Distance Learning and Telemedicine Program.

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 2014 Budget provides \$304 million in budget authority for grants for the water and waste disposal program. As a result of low interest rates and historically low levels of defaults, direct loans can be provided at a negative subsidy rate and do not require a request for budget authority. The 2014 Budget authorizes a \$1.2 billion direct loan level for this program. Low interest rates also mean that more communities can afford to service higher levels of debt, reducing the need for grant funds. Accordingly, grant funding is reduced by about \$131 million. Collectively, the 2014 Budget provides a total water and waste disposal program level of \$1.5 billion.

In 2012, the agency revised the performance measure to focus solely on the population served rather than customer receiving assistance. The agency is estimating an increase in performance due to the increased loan level that will be able to support a greater volume of loans, impacting a larger number of rural residents.

Key Performance Measure	2009	2010	2011	2012	2013	2014
Number of population receiving new or improved service from agency funded water facility (millions)	N/A	N/A	N/A	2.5	2.0	2.2

RURAL DEVELOPMENT

RURAL HOUSING SERVICE (RHS)

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

(Dollars in Millions)

Program	2012		2013		2014	
	Enacted		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Discretionary:						
Single Family Housing:						
Direct Loans (Sec. 502).....	\$900	\$43	\$717	\$43	\$360	\$10
Guaranteed Loans (Sec. 502)	24,000	0	24,000	0	24,000	0
Multi Family Housing:						
Direct Loans (Sec. 515).....	64	22	63	22	28	6
Guaranteed Loans (Sec. 538).....	130	0	130	0	150	0
Very Low-Income Repair (Sec. 504):						
Direct Loans	10	1	11	2	26	2
Grants	30	30	30	30	25	25
Farm Labor Housing Grants (Sec. 516).....	7	7	7	7	8	8
Farm Labor Housing Loans (Sec. 514).....	21	7	21	7	24	6
All Other Direct Loans.....	15	0	15	0	15	0
Grants and Payments:						
Rental Assistance (Sec. 502 and 521).....	905	905	910	910	1,015	1,015
Mutual and Self-Help (Sec. 523).....	30	30	30	30	10	10
Multi-Family Housing Revitalization	2	2	2	2	38	20
Multi-Family Housing Voucher program	11	11	11	11	13	13
All Other Grant programs.....	4	4	4	4	0	0
Community Facilities Programs:						
Direct Loans.....	1,300	0	1,300	0	1,500	0
Guaranteed Loans.....	106	5	75	5	0	0
Grants	23	23	24	24	17	17
Subtotal, RHS Programs.....	27,558	1,090	27,350	1,097	27,229	1,132
Salaries and Expenses.....	431	431	433	433	418	418
Total, Ongoing Discretionary Programs.....	\$27,989	\$1,521	\$27,783	\$1,530	\$27,647	\$1,550

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 direct loans is based on the borrower's income and fluctuates with the current Treasury rate and may be subsidized down to one percent interest. Guaranteed loans are limited to borrowers with incomes less than 115 percent of area median

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income. The interest rate on guaranteed loans is negotiated between the borrower and the private lender.

USDA plans to provide single family housing assistance primarily through loan guarantees in 2014 with a \$24 billion loan level. USDA's single family housing direct loan program is funded at \$360 million in program level to specifically support very-low and low-income borrowers. 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 almost 175,000 homeownership opportunities including to purchase a home or refinance a loan in 2014.

The performance measure below displays the number of homeownership opportunities that Rural Development has provided during the fiscal year.

Key Performance Measure	2009	2010	2011	2012	2013	2014
Homeownership opportunities provided	56,613	127,735	140,100	153,027	182,140	174,884

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 15,000 projects that provide housing for about 411,000 households, consisting of approximately 700,000 low-income individuals, many of whom are elderly. Almost 285,000 households receive rental assistance. The average annual income of these tenants is about \$11,000.

The current focus of the multi-family housing program is primarily on portfolio management instead of new construction. Accordingly, the 2014 Budget includes \$20 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. The Budget includes \$28 million for 515 multi-family housing construction loans. The Section 538 multi-family housing loan program currently operates at no subsidy cost; accordingly, no budget authority is required to provide \$150 million in loan level. The Budget does not request funding for the Housing Preservation Grant program due to the increased loan level in Section 538. In addition, the Budget includes \$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 2014 Budget includes over \$1 billion for renewing outstanding contracts on both Section 515 projects and Farm Labor Housing Section 514 and 516 new construction. The Budget also includes legislation to gain authority to have access to the Department of Health and

RURAL DEVELOPMENT

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 supported by a program level of \$150 million in multi-family Section 538 guaranteed loans. New construction will also be supported by Farm Labor housing loans and grants, which will support \$24 million in loans and \$8 million in grants in 2014.

Other Housing Programs. The 2014 Budget funds additional single family housing activities through \$25 million for housing repair grants and \$10 million for mutual and self-help housing grants. The Budget is also funding \$5 million in program level for Section 524 site development and \$10 million in program level for single family housing credit sales of acquired property, as well as \$26 million in loan level for the Section 504 housing repair loan program.

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 2014 Budget provides funding for Community Facilities programs with \$1.5 billion in direct loans, \$13 million in grants and \$4 million for Tribal college grants. 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. No funding is requested for the Rural Community Development Initiative grant program, which will be combined under the Rural Business and Cooperative Grant program to be administered by the Rural Business Service.

The performance measure below measures the percent of the approximately 60 million total rural residents who are provided with improved essential community services such as health, safety, and educational facilities.

Key Performance Measure	2009	2010	2011	2012	2013	2014
Percentage of customers who are provided access to new and/or improved essential community facilities –						
Health Facilities						
Safety Facilities	5.4	3.2	5.2	7.3	5.5	5.5
Educational Facilities	5.0	3.2	4.3	3.7	3.7	3.7
Note: Some facility types serve more than one purpose	3.5	3.8	3.8	6.4	4.5	4.5

RURAL DEVELOPMENT

RURAL DEVELOPMENT SALARIES AND EXPENSES

**Budget Authority
(Dollars in Millions)**

Program	2012 Enacted	2013 Estimate	2014 Budget
Salaries and Expenses:			
Appropriation.....	\$182	\$183	\$205
Transfers:			
Rural Electric and Telecomm. Loan Program.....	(36)	(37)	(35)
Rural Housing Insurance Fund Program.....	(431)	(433)	(418)
Rural Development Loan Fund Program.....	(5)	(5)	(4)
Subtotal, Transfers.....	(472)	(475)	(457)
Total, Salaries and Expenses.....	\$654	\$658	\$662

The 2014 Budget provides \$662 million in funding for salaries and expenses needed to carrying out Rural Development (RD) programs. This level of funding will support an estimated staff level of 5,000 in 2014. In addition, the Budget requests that \$32 million of the total funding provided be set aside for information technology investments for the Comprehensive Loan Program. Investing in modernization of this system will ensure that all loan programs are serviced with up to date technology safeguarding the portfolio from cyber threats and upgrading the management capabilities for the agency.

While the staffing levels have been reduced from about 6,200 in 2007 to 5,000 in 2014 the output from this level of staff has significantly increased over the past seven years. In 2007 RD serviced 596,000 outstanding loans totaling about \$98 billion; in 2013 those numbers have increased to nearly 1.1 million and \$183 billion, respectively. Further, the size of the RD portfolio continues to grow at a rate of about \$2 billion in loans outstanding every month.

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.

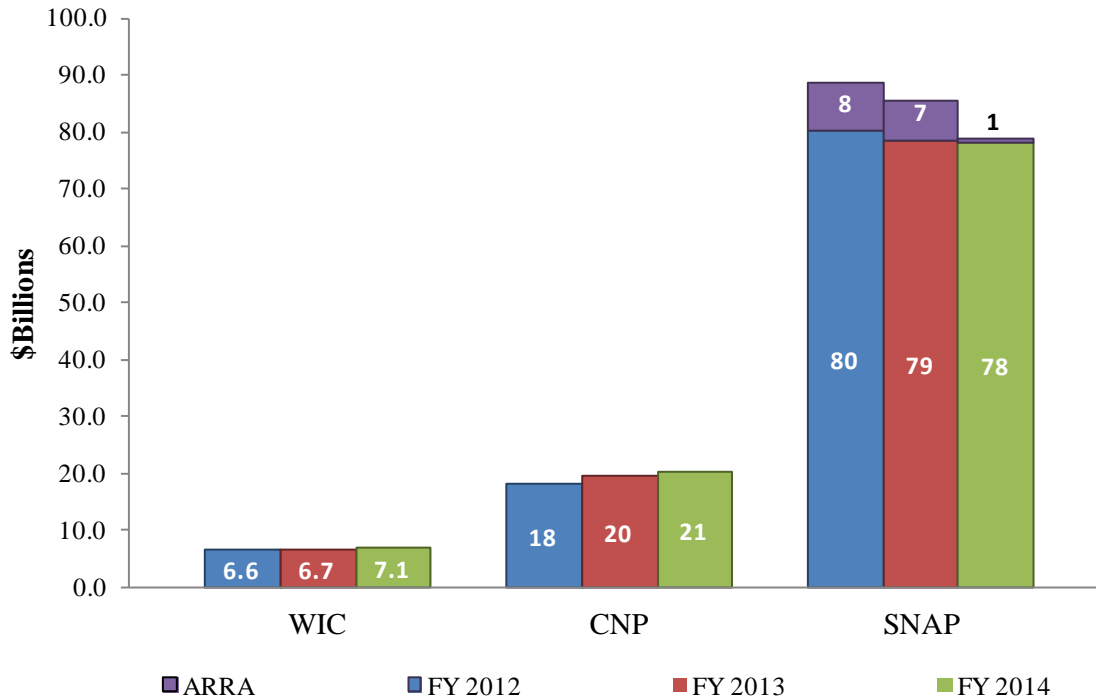
FNS administers USDA's domestic nutrition assistance programs. The mission of FNS is to increase food security and reduce hunger working in partnership with State agencies and other cooperating organizations to help ensure children and low-income people have access to food, a healthful diet and nutrition education in a manner that supports American agriculture and inspires public confidence. 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. 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 Americans.

Federal staff leverage their efforts by working with State and local partners to deliver nutrition assistance through the Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program); the Child Nutrition Programs, including the National School Lunch Program, the 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.

SNAP provides 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 low-income pregnant, breast feeding and post-partum women and their young children to help ensure they get the best start toward a healthy, productive life.

Key performance measures for 2014 are to further improve the historically high SNAP payment accuracy rate; support participation in major nutrition assistance programs for all eligible people who seek assistance; increase the percentage of eligible people participating in SNAP; 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-to-market outlets, primarily farmers markets.

FNS Budget Authority



The President’s 2014 Budget funds anticipated changes in participation and food cost inflation for the major programs. It emphasizes preventing and reducing food insecurity and improving the nutritional status of recipients, as well as improving program access and operations. To support FNS’ aggressive work to root out fraud, waste and abuse in its programs, the Budget increases the investment in program integrity for SNAP, Child Nutrition Programs, WIC and the Emergency Food Assistance Program. Both FNS and 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*. The Budget expands this work with funding to build an analytic framework for a systematic literature review on the food requirements for children from birth to two years. This is in preparation to develop the first *Dietary Guidelines* for the birth-to-two-year population. Obesity has increased dramatically over the past several decades, while the prevalence of overweight has remained about the same. Nearly 36 percent of U.S. adults and about 17 percent of children and adolescents aged 2-19 years are obese. In 2014, USDA will continue to work with the U.S. Departments of Health and Human Services and Education on strategies for improving eating and activity behaviors and addressing overweight and obesity, particularly childhood obesity.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Nutrition Service Budget Authority (Dollars in Millions)

Program	2012 Enacted	2013 Estimate	2014 Budget
Discretionary:			
Special Supplemental Nutrition Program (WIC) <u>a/</u>	\$6,618	\$6,659	\$7,142
Commodity Assistance Program:			
Commodity Supplemental Food Program.....	177	187	203
The Emergency Food Assistance Program (TEFAP), Soup Kitchens, Food Banks.....	48	49	51
TEFAP Disaster Supplemental.....	0	6	0
Farmers' Market Nutrition Program.....	17	17	17
Pacific Island Assistance and Disaster Assistance.....	1	1	1
Nutrition Services Incentive Program.....	2	<u>b/</u>	<u>b/</u>
Total, Commodity Assistance Program.....	245	260	272
Nutrition Programs Administration.....	139	139	147
Subtotal, Discretionary Programs.....	7,002	7,058	7,561
Other Adjustments <u>a/</u>	400	0	0
Total, Discretionary Programs.....	7,402	7,058	7,561
Mandatory:			
WIC: Universal Product Database.....	1	1	1
Supplemental Nutrition Assistance Program (SNAP) <u>c/</u>	80,402	78,683	78,390
Proposed Legislation:			
Extension of SNAP ARRA Benefits <u>d/</u>	0	0	2,264
Child Nutrition Programs <u>c/</u>	18,151	19,357	20,487
Permanent Appropriations.....	154	362	63
Farm Bill:			
Seniors Farmers' Market Nutrition Program.....	21	21	21
Recovery Act:			
Supplemental Nutrition Assistance Program (SNAP).....	8,456	6,819	561
Subtotal, Mandatory Programs.....	107,185	105,243	101,787
Other Adjustments <u>a/</u>	-400	0	0
Total, Mandatory Programs.....	106,785	105,243	101,787
Total, FNS.....	<u>\$114,187</u>	<u>\$112,301</u>	<u>\$109,348</u>

a/ In 2012, USDA transferred 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 and 2014 will be determined at a later date.

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

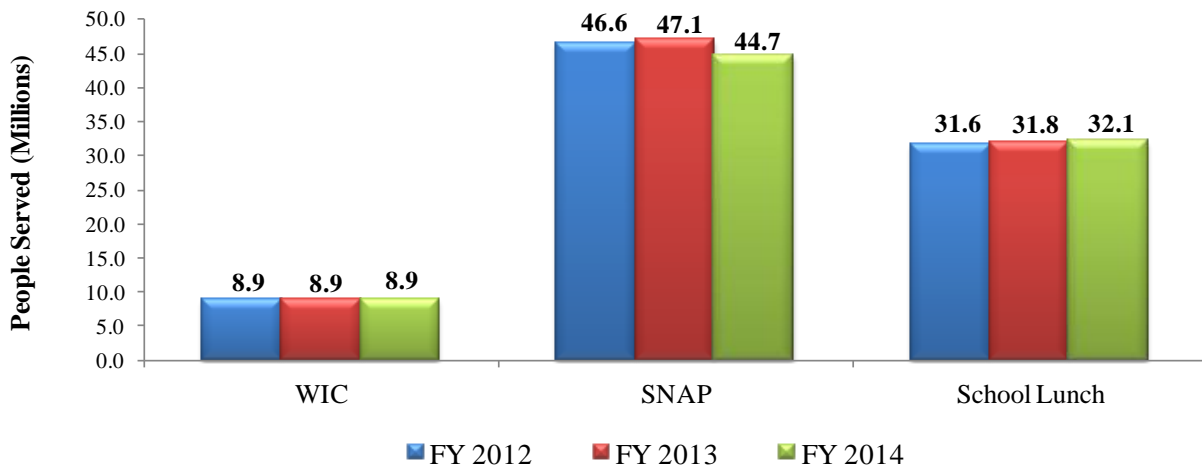
d/ Further details are provided in the Appendix.

FOOD, NUTRITION, AND CONSUMER SERVICES

Over the course of a year, one in four Americans will be served by one of the Department’s 15 programs designed to end hunger, reduce obesity and improve nutrition, and even more will be reached through our nutrition education activities.

Key Performance Measure	2009	2010	2011	2012	2013	2014
Application and usage level of nutrition guidance tools (billions of pieces of nutrition guidance distributed) Baseline: 2006 = 1.5	3.5	1.5	3.0	4.0	4.0	4.0

People Served Through Nutrition Assistance Programs



Supplemental Nutrition Assistance Program (SNAP). For 2014, the Budget anticipates participation falling to an average level of 44.7 million participants per month from 47.1 million in 2013. While the program increased sharply in the economic downturn, the rate at which participation has increased has been declining since around January 2010. Continued gradual improvement in the economy is expected to lead to participation declines in 2014. 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 increased benefits above that amount. The expiration of this special increase was later changed to October 31, 2013. Beginning November 1, 2013, the Department anticipates that a four-person household will see their monthly SNAP benefit decline by \$37 and remain relatively constant through the end of FY 2014. The Budget re-proposes to extend the Recovery Act SNAP benefits through March 31, 2014, providing help to participating households for several additional months.

SNAP will continue to respond immediately to economic need, whether caused by local or national economic conditions or storms or disasters. Efforts to increase program integrity will continue to ensure SNAP resources are targeted to the most vulnerable.

FOOD, NUTRITION, AND CONSUMER SERVICES

Key Performance Measures	2009	2010	2011	2012	2013	2014
Participation rates for the major Federal nutrition assistance programs (millions per month):						
Supplemental Nutrition Assistance Program	28.4	33.5	40.3	46.6	47.1	44.7

USDA is strengthening its program integrity efforts to combat fraud, waste and abuse. The Budget supports additional investments to expand existing SNAP integrity efforts to further reduce payment error, trafficking and other recipient and retailer concerns. While the trafficking rate has declined from 4 percent to 1 percent and the payment error rate has dropped from over 8 percent to approximately 3.8 percent, we aim to do better. Funds would be used for more integrity reviews, management evaluations, and fraud investigations, as well as increased technical assistance to help States identify and reduce fraud. FNS integrity staffing will be increased--including more compliance specialists, investigators, quality assurance and data mining experts, and administrative reviewers--so that SNAP will more effectively identify, prevent and track down abuse, protecting taxpayers' investment in their nutrition safety net. The objective of this effort will be continued improvement in payment accuracy. This will be achieved through working with stakeholders to implement best practices, focusing on error prone areas.

Key Performance Measure	2009	2010	2011	2012	2013	2014
SNAP payment accuracy rate						
Baseline: 2001 = 91.34%	95.60%	96.19%	96.20%	96.21%	96.22%	96.23%

Child Nutrition Programs. The 2014 Budget funds the Child Nutrition Programs at a level that will support anticipated participation, food cost inflation, and the six-cent performance-based reimbursement rate authorized for lunches when meals meet the science-based nutrition standards that went into effect July 1, 2012. When schools right-size meals for each age group, providing more fruits, vegetables and whole grains, and less fat and sodium, they are rewarded with the six-cent per lunch increase in reimbursement. USDA is working with State administering agencies, over 100,000 schools, hundreds of thousands of school food service workers and suppliers, as well as over 50 million children, their parents and teachers to improve all of the foods sold at school. The program seeks to ensure schools and school meals do all they can to meet children's nutritional needs, foster healthy eating habits, reduce overweight and obesity, and safeguard children's health.

Through subsidies for meals that meet nutritional standards, the National School Lunch, School Breakfast, Summer Food Service, and Child and Adult Care Food 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, in turn, helps working families. Most of the funding supports free or reduced price

FOOD, NUTRITION, AND CONSUMER SERVICES

meals served to low-income children, although children from all income levels receive some assistance when they eat a meal that meets program nutrition standards. The Budget projects serving 5.60 billion lunches and snacks and 2.38 billion breakfasts in schools, 2.02 billion meals in child and adult care centers, and 144 million meals through summer programs.

FNS continues to work with State agencies to help ensure the integrity of meals served and to minimize error. Efforts include increased training and technical assistance for the school food service community, and increased Federal oversight of State activities to implement and monitor new nutrition standards. The estimated improper payment rate for school meals programs was 15.53 percent, which suggests a cost of \$1.6 billion in 2014. These estimates rely on data from the *Access, Participation, Eligibility and Certification* study collected in SY 2005-2006 and do not reflect the impacts of program improvements which have occurred since that study was conducted. Nonetheless, improper payments are a continuing, serious concern. An increase of \$3 million is requested to reduce erroneous payments. These funds will be used to establish an administrative review team to help identify and rapidly resolve the most serious Child Nutrition Program management challenges and support enhanced State agency oversight efforts. This is in addition to Coordinated Review, which is funded at \$10 million.

The HealthierUS School Challenge (HUSCC) is a voluntary initiative established in 2004 to recognize National School Lunch Program schools that have created healthier school environments through promotion of nutrition and physical activity. Many schools meet HUSCC standards, having very effectively enhanced school meal quality, nutrition education, and physical activity. HUSCC awards have been given to schools in 49 states and the District of Columbia. Over 5,500 schools are HUSCC certified. The HUSCC is funded at \$1.5 million in 2014 so that USDA can continue to encourage schools to take a leadership role in helping students learn to make healthier eating and lifestyle choices. Likewise, Team Nutrition, another tool for promoting healthy eating, is funded at \$15 million, with an additional \$500,000 to support the Chefs Move to Schools initiative.

One of the key challenges for schools is to modernize cafeteria equipment sufficient to provide attractive, wholesome meals with more whole grain, fruit and vegetables and less fat and saturated fat. To improve the nutritional quality of their meals, it is essential for many schools to enhance the capacity of their cafeteria operations. The Budget includes \$35 million for competitive grants to help purchase equipment to serve healthier meals. The 2014 grants will assist up to 10,000 schools.

Farm to School initiatives are funded at \$7.2 million, with \$2.2 million for the Farm to School Team, and \$5 million provided through the Healthy, Hunger-Free Kids Act of 2010 for Farm to School grants. This ensures continued support of local and regional food systems by facilitating linkages between schools and their local food producers. In 2014, schools will continue to have the option to use the commodity food entitlement to order fresh produce through the Department of Defense contracting and distribution network.

FOOD, NUTRITION, AND CONSUMER SERVICES

Key Performance Measure	2009	2010	2011	2012	2013	2014
Participation levels for the major Federal nutrition assistance programs (millions per day):						
National School Lunch Program	30.9	31.2	31.8	31.6	31.8	32.1
School Breakfast Program	8.7	11.7	12.2	12.8	13.5	14.0

WIC. The WIC Program helps improve the health and nutritional intake of low-income pregnant, breast-feeding and postpartum women, infants and children up to their fifth birthday. WIC serves over half of all babies in the United States. WIC works by providing participants with vouchers redeemable at retail grocery stores for foods dense in nutrients known to be lacking in the diets of eligible groups and by providing nutrition education, breastfeeding counseling and referrals to other important health and social services.

The Budget proposes \$7.1 billion for the WIC Program, continuing the Administration's commitment to serve all eligible individuals seeking WIC benefits. In 2014, 8.9 million low-income women, infants and children are expected to participate in the program. The request includes \$60 million for breastfeeding peer counseling, one of the program's objectives, and \$30 million to help States improve their management information systems and work toward implementation of Electronic Benefits Transfer, which is mandated nationwide by 2020. The Budget also proposes an increase of \$1 million to support program integrity efforts.

Key Performance Measure	2009	2010	2011	2012	2013	2014
Participation levels for the major Federal nutrition assistance programs (millions per month):						
WIC Program (average)	8.7	9.1	9.0	8.9	8.9	8.9

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 emergency food operations that assist households in need of immediate, short-term food assistance. TEFAP includes components of both discretionary and mandatory funding. For 2014, CAP would be funded at \$271.7 million. The request includes a \$2 million increase for TEFAP program integrity, allowing for additional management evaluation reviews, technical assistance to state and local TEFAP operations and dedicated funding for State oversight. State and local program administration would be funded at \$49.4 million, and flexibility to use up to 10 percent of funds provided under section 27 of the Food and Nutrition Act for such administration would continue.

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 2014 Budget proposes \$202.7 million, an amount sufficient to support current caseload and participation.

FOOD, NUTRITION, AND CONSUMER SERVICES

In 2014, \$16.5 million in funding is requested for the Farmers' Market Nutrition Program (FMNP) for women, infants and children. The FMNP provides WIC participants with vouchers to purchase fresh, local fruits, vegetables and herbs directly from farmers, farmers' markets and roadside stands. In 2012, the FMNP provided coupons to 1.8 million WIC participants. The participants redeemed their coupons at over 6,200 authorized farmers' markets and roadside stands, providing revenue to approximately 18,000 small family farmers. The Seniors' FMNP is funded with \$20.6 million from CCC, and in 2012 it provided similar benefits to over 878,000 low-income seniors. In 2012, the Seniors' FMNP involved almost 20,000 farmers at about 4,000 farmers' markets, 3,000 roadside stands and 153 community supported agricultural programs.

Nutrition Programs Administration (NPA). FNS has worked to reduce its costs while maintaining the mission of the agency through the Department's Blueprint for Stronger Service, which plans to modernize and accelerate service delivery while improving the customer experience through use of innovative technologies and business solutions. FNS has closed 32 field offices in 28 States. Over 60 field staff transitioned to alternate work sites, co-located with other USDA agencies, or to full-time telework from their residence. For this effort, the Department realized nearly \$800,000 in annual savings in lease costs for FY2013.

Funding of \$146.6 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 Budget request will 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. The Budget also requests \$2 million to build an analytic framework for the development of the first-ever *Dietary Guidelines* for children birth to two years.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Nutrition Service Key Indicators

	2012	2013	2014
	Actual	Estimate	Budget
Average Participation, Millions:			
Supplemental Nutrition Assistance Program (per month).....	46.6	47.1	44.7
Free School Lunch.....	18.3	19.0	19.2
Total School Lunch (per day).....	31.6	31.8	32.1
Free School Breakfast.....	9.2	9.7	10.7
Total School Breakfast (per day).....	12.8	13.5	14.0
WIC (per month).....	8.9	8.9	8.9
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.....	\$134.22	\$134.50	\$126.92
WIC.....	45.47	46.08	46.98
CSFP: WIC (FNS Funded) <u>a/</u>	25.39	25.98	26.50
CSFP: Elderly (FNS Funded) <u>a/</u>	20.43	20.51	20.93
FDPIR (FNS Funded) <u>a/</u>	64.73	65.92	67.06
Per Meal Subsidies Including Commodities in \$: <u>b/</u>			
School Lunch: <u>c/</u>			
Free	\$3.01	\$3.10	\$3.17
Reduced.....	2.61	2.70	2.77
Paid	0.49	0.50	0.51
School Breakfast:			
Free	1.79	1.84	1.89
Reduced.....	1.48	1.53	1.58
Paid	0.27	0.27	0.28

a/ Excludes bonus commodities. In 2012, an average of \$3.91, \$2.86 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 2013, performance-based enhanced reimbursement of 6 cents per lunch will be available for lunches meeting the new meal standards and are included in these amounts.

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. 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.

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 during FY 2012. Moreover, a new "test and hold" policy was fully implemented in December 2012, requiring facilities to hold product until microbiological testing determined it safe for release into commerce. This policy is expected to reduce consumer exposure to unsafe meat products. Also, the 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 such as verification of Hazard Analysis and Critical Control Point (HACCP) systems, Sanitation Standard Operating Procedures (SSAP) and sample collection for pathogen testing, these changes will enhance consumer safety and 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	2012 Enacted	2013 Estimate	2014 Budget
Discretionary:			
Federal Food Safety and Inspection.....	\$886	\$894	\$889
State Food Safety and Inspection.....	62	63	65
International Food Safety and Inspection.....	18	16	16
Public Health Data Communication Infrastructure System.....	35	35	35
Codex Alimentarius.....	4	4	4
Total, Discretionary Programs.....	1,004	1,011	1,008
Mandatory:			
Trust Funds (Voluntary Inspection Services).....	11	10	10
User Fees (Overtime/Holiday Inspection Services).....	(171)	(153)	(153)
Total, FSIS Programs.....	\$1,016	\$1,021	\$1,019

Organizational Structure. To accomplish its functions, FSIS employees are located at approximately 6,260 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. As part of the Blueprint for Stronger Service Initiative, FSIS streamlined resources by reducing the number of district offices from 15 to 10. This consolidation is anticipated to improve efficiency and consistency by more evenly distributing the establishments and FSIS employees overseen by each district office.

Inspection, Data Infrastructure, and Outbreak Response. To ensure that FSIS can support its approximately 8,700 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 2014 Budget proposes a discretionary funding level of slightly more than \$1 billion. The Budget provides funding to meet regulatory responsibilities, which anticipates the implementation of modernized poultry inspection practices.

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 improves food safety and also results in a more efficient and effective use of taxpayer dollars. 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, 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

FOOD SAFETY

multiple locations, and sampling for pathogenic microorganisms that deserve increased attention in all plants. At this time, FSIS is completing evaluation of comments to the proposed rule.

The Budget includes approximately \$4.7 million to enable additional States to participate in the Cooperative Interstate Shipment program, under which small and very-small State-inspected establishments are eligible to ship meat and poultry products across State lines. The request will be used to reimburse additional States 60 percent of their overall inspection costs under the program and to fund additional FSIS program management costs. The program is expected to expand from four States that have formally applied, to as many as 20 States during FY 2014.

Combating Foodborne Illness. FSIS is instrumental in helping reduce the level of foodborne illness by targeting common and dangerous pathogens, thereby reducing their prevalence in finished food product. 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 2014, FSIS aims to achieve the following performance measures:

Key Performance Measure	2009	2010	2011	2012	2013	2014
Percent of broiler plants passing the carcass <i>Salmonella</i> Verification Testing Standard ^{1/}	NA	NA	89%	90%	91%	92%
Total illnesses from all FSIS Products ^{2/}	428,280	470,137	491,353	479,621	394,770	384,362
Percent of establishments with a functional food defense plan ^{3/}	62%	74%	75%	77%	81%	85%

^{1/} Revised from FY 2012'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 in FY 2011 to reflect newly published illness estimates from the CDC, new, national Healthy People 2020 goals, and methodological changes.

^{3/} Functional food defense plans are voluntary 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 2014, FSIS estimates it will collect \$163 million through existing user fee and trust fund activities for providing overtime, holiday, and voluntary inspection services. FSIS will submit a legislative proposal for a user fee collected from plants for additional inspections and related activities made necessary due to the failure in performance by the covered establishment. Total annual collections from this proposal are estimated at about \$4 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. America's 193 million acres of national forests and grasslands and 1.3 billion acres of private forest lands, farms, and ranches must be nurtured so that they continue to offer the environmental benefits of clean air, clean and abundant water, and important wildlife habitat while helping us adapt to a changing climate. Farms and forests help generate rural wealth through agriculture, 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.

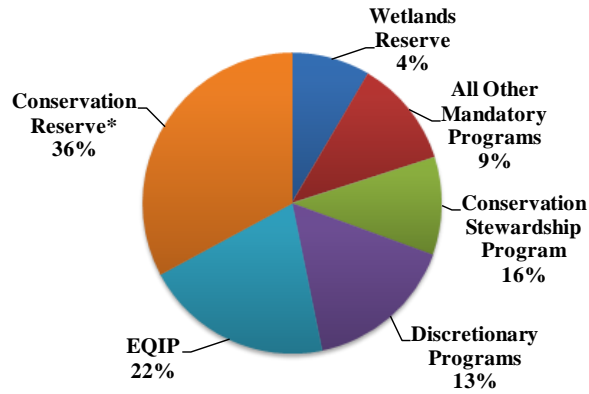
The Natural Resources and Environment (NRE) mission area promotes the conservation and sustainable use of natural resources on the Nation's private lands and sustains production of all the goods and services that the public demands of the national forests and grasslands. The mission area includes two 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 grasslands and private working lands are conserved, restored, and made more resilient to climate change, while enhancing water resources for rural communities. Further, NRCS and FS continue to expand public access to Federal and private lands for hunting, fishing, and other outdoor recreational opportunities. This is accomplished through a variety of programs aimed at preserving and restoring our public and private lands, mitigating the effects of climate change, and making the landscape more resilient to wildfire. NRCS partners with private landowners to provide technical and financial assistance to help protect farm and ranch lands and private forestland. FS partners with State and local government agencies to oversee 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 2014, NRCS will deliver conservation on an additional 26.3 million acres at a total cost of about \$3.9 billion, and achieve a record total cumulative enrollment of about 351 million acres, in addition to over 27.6 million acres administered by the Farm Service Agency for the Conservation Reserve Program.

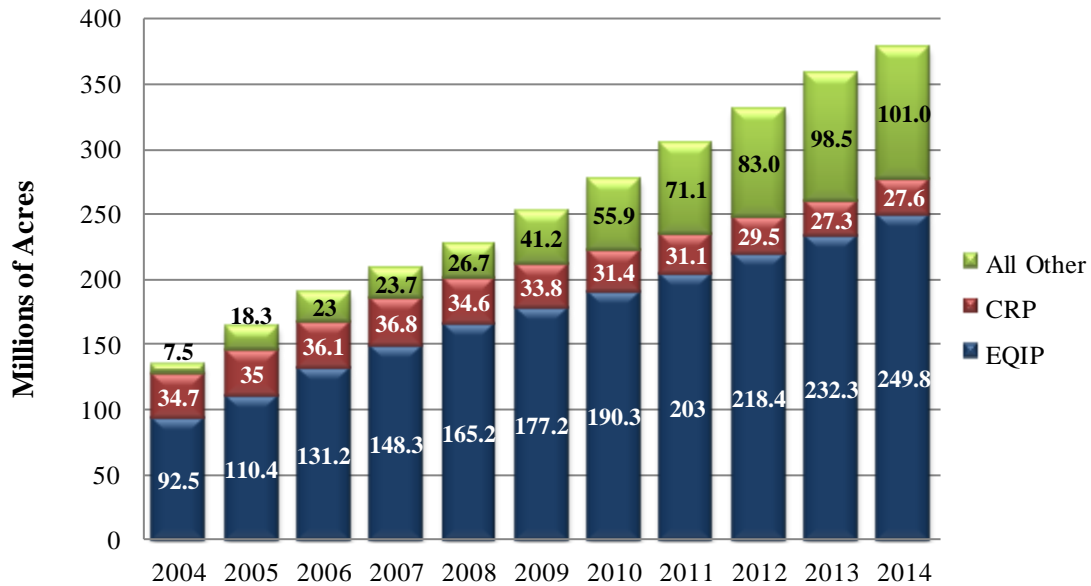
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2014 Conservation Budget Total = \$6.2 Billion



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

Farm Bill Conservation Programs Cumulative Acres Enrolled



NATURAL RESOURCES AND ENVIRONMENT

NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Budget Authority
(Dollars in Millions)

Program	2012 Enacted	2013 Estimate	2014 Budget
Discretionary:			
Private Lands Conservation Operations:			
Conservation Technical Assistance.....	\$729	\$734	\$713
Soil Surveys.....	80	80	77
Snow Surveys.....	9	9	9
Plant Materials.....	9	9	9
Total, Private Lands Conservation Operations (Discretionary).....	828	833	808
Private Lands Conservation Operations (Mandatory).....	(0)	(0)	(695)
Total, Private Lands Conservation Operations.....	(828)	(833)	(1,503)
Voluntary Public Access and Habitat Incentive Program <u>a/</u>	0	0	5
Watershed Rehabilitation Program.....	15	15	0
Water Bank Program.....	8	8	0
Emergency Watershed Protection Program (EWP).....	216	180	0
Total, Discretionary Programs.....	1,067	1,036	813
Mandatory:			
Farm Bill Programs:<u>b/</u>			
Environmental Quality Incentives Program.....	1,373	1,400	1,350
Wetlands Reserve Program.....	588	538	268
Conservation Security Program.....	188	166	134
Conservation Stewardship Program.....	742	768	989
Agricultural Water Enhancement Program.....	59	60	60
Farm and Ranch Lands Protection Program.....	145	150	150
Wildlife Habitat Incentives Program.....	47	50	45
Grassland Reserve Program.....	65	67	0
Healthy Forest Reserve Program.....	10	10	0
Chesapeake Bay Watershed Initiative.....	50	50	50
Agricultural Management Assistance <u>c/</u>	3	3	3
Conservation Reserve Program Tech. Assist. (Reimb.).....	(102)	(96)	(96)
Total, Farm Bill Programs.....	3,270	3,262	3,049
Total, NRCS Programs.....	\$4,336	\$4,297	\$3,862

a/ Prior to 2013, the program was funded through the 2008 Farm Bill and administered by the Farm Service Agency. In 2014, the program will be funded by CCC and administered by NRCS.

b/ The 2014 Budget proposes to show total staff resources necessary to implement the private lands conservation program in the retitled Private Lands Conservation Operations (PLCO) account. PLCO includes the total for discretionary technical assistance and associated science and technology programs provided through the previously-titled Conservation Operations account in addition to the total technical assistance necessary to implement Farm Bill programs.

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

NATURAL RESOURCES AND ENVIRONMENT

The 2014 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 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.

Budget Authority			
(Dollars in Millions)			
	2012	2013	2014
Private Lands Conservation Operations	Enacted	Estimate	Budget
Discretionary:			
Conservations Operations.....	\$828	\$833	\$808
Mandatory:			
Farm Bill Programs (Technical Assistance):			
Environmental Quality Incentives Program.....	373	382	486
Wetlands Reserve Program.....	72	59	34
Conservation Security Program	19	18	19
Conservation Stewardship Program.....	70	73	100
Agricultural Water Enhancement Program.....	11	12	16
Farm and Ranch Lands Protection Program.....	7	7	11
Wildlife Habitat Incentives Program.....	13	14	16
Grassland Reserve Program.....	6	7	0
Healthy Forest Reserve Program.....	1	2	0
Chesapeake Bay Watershed Initiative.....	9	8	12
Agricultural Management Assistance	0	0	1
Conservation Reserve Program Tech. Assist. (Reimbursement).....	(102)	(96)	(96)
Total, Farm Bill Programs (Technical Assistance).....	581	582	695
Total, NRCS Technical Assistance.....	\$1,409	\$1,415	\$1,503

The 2014 Budget proposes to show total staff resources necessary to implement the private lands conservation program in the retitled Private Lands Conservation Operations (PLCO) account. PLCO includes the total for discretionary technical assistance and associated science and technology programs provided through the previously-titled Conservation Operations account in addition to the total technical assistance necessary to implement Farm Bill programs.

Private Lands Conservation Operations (PLCO). The 2014 Budget proposes to retitle the existing “Conservation Operations” account as the “Private Lands Conservation Operations” account. PLCO would for presentation purposes consolidate the discretionary and mandatory Technical Assistance (TA) funding necessary for the Agency to support its core mission of

NATURAL RESOURCES AND ENVIRONMENT

delivering conservation to America's private working lands. The total proposed funding for NRCS TA for 2014 is \$1.503 billion. This includes \$808 million of discretionary funding, which includes \$713 million for conservation technical assistance (CTA) as well as \$95 million for Soil Survey, Snow Survey, and Plant Materials Centers. A total of \$695 million in mandatory TA will be available to support Farm Bill program implementation. In 2014, NRCS will award at least \$25 million to non-Federal conservation partners through a consistent and transparent process that leverages Federal funding to achieve conservation objectives. This funding will maximize the leveraging of technical assistance funds through agreements with traditional partners, which include conservation districts, non-profit organizations, and State and local agencies. This support will expand the unique conservation partnerships that have been so successful in implementing voluntary and locally-led cooperative conservation.

In 2014, NRCS will continue to focus on the highest priority program areas, such as continuing to implement the Blueprint for Stronger Service and improving technical assistance delivery to agricultural producers with continued development of key elements of the Conservation Delivery Streamlining Initiative (CDSI), including the Conservation Desktop and Client Gateway. By 2015, CDSI will use mobile devices to allow NRCS field staff to devote more time working in the field with producers to develop and implement conservation plans. Producers are expected to benefit by a reduced need to visit field service centers in order to participate in NRCS conservation programs. The reduction in office visits is expected to save producers about 150,000 hours per year by 2015. 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. These data will enhance NRCS's ability to effectively target assistance to areas with the greatest need and practices that yield the highest conservation benefits.

Through CTA, NRCS works with land owners and managers to develop conservation plans that outline the specific conservation practices needed to improve farm operation and enhance farm environmental sustainability. In 2014, NRCS will work with land owners and managers to develop plans for up to 44 million acres to address a wide array of conservation challenges. The conservation practices identified in these plans will be applied by land owners and managers over the next several years. Further, NRCS will assist landowners and managers in the application of conservation practices which will result in increased water quality, water conservation, soil quality, nutrient management, and grazing and forest land protected and improved.

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.

NATURAL RESOURCES AND ENVIRONMENT

Key Performance Measure	2009	2010	2011	2012	2013	2014
CTA: Land with conservation applied to improve water quality. (millions of acres)	20.5	22.3	24.0	23.8	22.0	21.0
CTA: Cropland with conservation applied to improve soil quality. (millions of acres)	8.3	7.6	8.2	8.7	8.0	7.6
CTA: Grazing land and forest land with conservation applied to protect and improve the resource base. (millions of acres)	16.0	17.6	17.1	17.1	16.0	15.3

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.

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 2013, \$180 million was provided in response to Hurricane Sandy.

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. EQIP implementation will continue to be targeted to acres with the highest conservation benefit, which are typically on smaller farms. The Agricultural Water Enhancement Program (AWEP), which is operated under EQIP, is funded at \$60 million. AWEP promotes the conservation of ground and surface water and the improvement of water quality. The Conservation Innovation Grant (CIG) program, also operated under EQIP, will be funded in 2014. To date CIG has awarded more than 200 grants nationwide. EQIP program authority was extended through September 30, 2014 with passage of the 2012 Appropriations Act.

NATURAL RESOURCES AND ENVIRONMENT

Key Performance Measure	2009	2010	2011	2012	2013	2014
EQIP: Land with conservation applied to improve water quality. (millions of acres)	14.5	14.2	14.5	13.6	12.8	12.6
EQIP: Cropland with conservation applied to improve soil quality. (millions of acres)	4.8	4.8	4.6	4.6	4.6	4.5
EQIP: Grazing land and forest land with conservation applied to protect and improve the resource base. (millions of acres)	17.2	17.5	16.3	17.2	16.2	16.0
EQIP: Non-Federal land with conservation applied to improve fish and wildlife habitat quality. (millions of acres)	1.2	1.9	1.8	2.6	2.5	2.5

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 expense of restoration. The 2008 Farm Bill authorized the program to enroll up to 3,041,200 acres through the end of FY 2012. WRP is expected to create, restore, or enhance 212,300 acres in 2013. The American Taxpayer Relief Act extended WRP for 2013 and included a \$538 million program level. For 2014, the Budget assumes baseline funding associated with restoration and closing of easements enrolled prior to the program's current expiration at the end of FY 2013. Additionally, the 2014 Budget proposes an Agricultural Conservation Easement Program, which would combine the authorities of the Wetlands Reserve Program, Grasslands Reserve Program and Farm and Ranchland Protection Program and be funded at \$5 billion over ten years.

Key Performance Measure	2009	2010	2011	2012	2013	2014
WRP: Wetlands created, restored or enhanced. (thousands of acres)	106.4	129.1	131.8	188.7	212.3	185.0

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 2014 Budget includes \$134 million for the Conservation Security Program to service existing contracts.

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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 operates under an annual acreage limitation rather than a funding cap. In 2014, CSP is funded at \$989 million. At the proposed funding level, NRCS expects to enroll 12.8 million new acres during 2014. CSP program authority has been extended through September 30, 2014 with the passage of the 2012 Appropriations Act. In FY 2014, the Budget proposes to reduce the annual enrollment cap for the Conservation Stewardship Program to 10,348,000 acres (an annual reduction of 2,421,000 acres from the current baseline) and saves a total of \$440 million over ten years.

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 value of the conservation easement. FRPP is funded at \$150 million in 2014. This will enable NRCS to protect a total of 50,000 acres of prime, unique, or important farmland. FRPP program authority has been extended through September 30, 2014 with the passage of the 2012 Appropriations Act.

Key Performance Measure	2009	2010	2011	2012	2013	2014
FRPP: Prime, unique, or important farmland protected from conversion to non-agricultural uses by conservation easements. (thousands of acres)	38.3	53.9	51.5	45.2	50.0	50.0

Wildlife Habitat Incentives Program (WHIP). The program provides financial and technical assistance to eligible participants to develop habitats for upland and 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. Further, through an historic agreement between NRCS and the U.S. Fish and Wildlife Service in 2012, funding from WHIP will continue to support the Working Lands for Wildlife Initiative which brings regulatory certainty to participating producers who restore habitat for declining wildlife species while restoring the productive capacity of working lands. The Budget proposes funding for WHIP at \$45 million in 2014. With this funding, NRCS will improve fish and wildlife habitat on approximately 600,000 acres of non-Federal land in 2014. WHIP program authority has been extended through September 30, 2014 with the passage of the 2012 Appropriations Act.

Key Performance Measure	2009	2010	2011	2012	2013	2014
WHIP: Non-Federal land with conservation applied to improve fish and wildlife habitat quality. (millions of acres)	0.3	0.9	1.2	0.8	0.7	0.6

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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 the Farm Service Agency (FSA). FSA has lead responsibility for rental agreement administration and financial activities. NRCS has lead responsibility for technical issues and easement administration. The 2014 Budget baseline assumes no funding for GRP, which is subject to reauthorization due to expiration of the 2008 Farm Bill.

Chesapeake Bay Watershed Program (CBWP). CBWP provides producers conservation assistance through several USDA programs and is funded at \$50 million for 2014. 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. The American Taxpayer Relief Act extended CBWP for 2013 and included a \$50 million program level. For 2014, the Budget assumes CBWP will be extended in the next Farm Bill and includes a \$50 million program level.

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 2014 Budget includes \$5 million from the Commodity Credit Corporation for VPA-HIP to be administered by 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 2014 Budget includes \$96.3 million for CRP technical assistance by NRCS. CRP is administered by FSA.

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FOREST SERVICE (FS)

Budget Authority (Dollars in Millions)			
Program	2012 Enacted	2013 Estimate	2014 Estimate
Discretionary Accounts:			
Forest and Rangeland Research.....	\$295	\$297	\$310
State and Private Forestry.....	253	254	240
National Forest System:			
Integrated Resource Restoration <u>a/</u>	0	0	757
Collaborative Forest Landscape Restoration Fund	40	40	40
Recreation, Heritage and Wilderness.....	281	283	261
Other NFS Activities.....	1,233	1,241	498
Total, NFS.....	1,554	1,564	1,556
Wildland Fire Activities:			
Preparedness.....	1,004	1,004	1,058
Suppression:			
Suppression Activities <u>b/</u>	538	535	680
FLAME Fund.....	315	317	315
Total, Suppression.....	853	852	995
Hazardous Fuels Reduction	317	317	201
Fire Transfer Repayment	0	400	0
Other Fire Operations.....	116	116	108
Total, Wildland Fire Activities	2,290	2,689	2,362
Capital Improvement and Maintenance	394	397	329
Capital Improvement and Maintenance, Hurricane Supplemental	0	4	0
Land Acquisition accounts.....	54	54	59
Other Accounts.....	6	6	2
Total, Discretionary Programs	\$4,846	\$5,265	\$4,858

a/ The 2014 Budget proposes a new budget line item, Integrated Resource Restoration, which includes \$118 million from within National Forest System, as well as shifts of \$13 million from Capital Improvement and Maintenance and \$21 million from Wildland Fire Management.

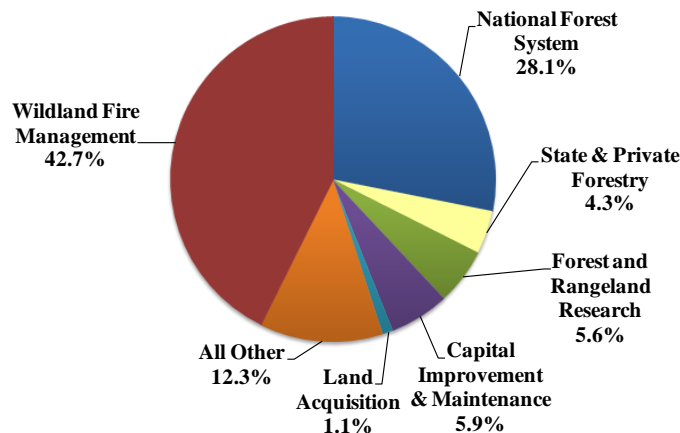
b/ The 2012 level includes \$240 million in suppression carryover directed by the Conference Report to be applied toward 2012.

NATURAL RESOURCES AND ENVIRONMENT

Budget Authority (Dollars in Millions)

Program	2012 Enacted	2013 Estimate	2014 Estimate
Mandatory Programs:			
Permanent Appropriations.....	\$580	\$470	\$235
Leg. Proposal, Secure Rural Schools.....	0	0	278
Trust Funds.....	127	159	163
Transfer from Fed. Interagency Collab. LWCF to S&PF.....	(0)	(0)	(25)
Transfer from Fed. Interagency Collab. LWCF to Land Acq.....	(0)	(0)	(34)
Total, Mandatory.....	707	629	676
Total, Forest Service Budget Authority.....	\$5,553	\$5,894	\$5,534

2014 Forest Service Budget Authority Total = \$5.5 Billion



FS, with 33,278 staff years in 2014, is the largest employer in USDA. For 2014, the total request for FS discretionary activities is \$4.86 billion. The 2014 Budget will continue to support the America's Great Outdoors (AGO) Initiative, conduct landscape scale restoration to make our landscape more resilient to wildland fire, improve water quality in priority landscapes, decommission roads, advance the State and Private Redesign effort to better focus limited resources on the greatest emerging threats to forest health and sustainability, fully fund the ten-year average cost of wildland fire suppression, and create green jobs.

Forest and Rangeland Research. For 2014, \$310 million is proposed for Forest and Rangeland Research. FS maintains the world's largest forest research organization. While its broad mission is to develop knowledge and technology needed to enhance the economic and environmental values of all of the Nation's forests, the program also supports the specific research needs that arise from managing the National Forest System (NFS). The Budget for 2014 will go toward long-term, proactive research, and toward conducting research that responds to currently

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pressing issues, with \$16 million to support priority research, including research on how natural resources are impacted by a changing climate. This priority research will help FS develop innovative management practices to make our forests more resilient to a changing climate while increasing their carbon sequestration potential and capacity to reduce emissions. Further, the 2014 Budget funds a wide range of research activities, including nanotechnology research, at the Forest Products Laboratory (FPL). FPL’s nanotechnology research is finding innovative commercial applications for hazardous woody fuels that will stimulate commercial and industrial utilization of these previously unmerchantable materials. The potential impact could be millions of acres of NFS lands benefitting from lower cost hazardous fuels reduction.

State and Private Forestry (S&PF). Through S&PF programs, FS addresses forest health concerns on Federal, State, and private lands. For 2014, total funding for S&PF programs is proposed at \$240 million. The Budget proposes \$20 million under Landscape Scale Restoration to fund nationally competitive, multi-jurisdictional projects that target issues and landscapes of national importance and require coordination among multiple S&PF programs. The new Stewardship Mapping and Reporting Tool (SMART) will allow for accurate spatial tracking and reporting of accomplishments for landscape scale projects. The Forest Legacy Program (FLP), which cost-shares the purchase of conservation easements to protect nationally prioritized forest lands from development, will be funded at \$60 million in discretionary funding. Additionally, \$24.8 million is proposed for FLP as a transfer from the mandatory Land and Water Conservation Fund (LWCF) program in the Department of the Interior (DOI). LWCF provides funds and matching grants to Federal, State, and local governments to purchase land, water, and wetlands for the benefit of all Americans. In order to provide certainty to USDA and DOI, State and local stakeholders, and Congress, the Budget seeks to create consistency in LWCF funding in future years by proposing legislation which would ensure USDA receives at least 25 percent of available funds and DOI receives at least 65 percent. The Budget also proposes that LWCF funds be available for two years. Further, \$4 million of discretionary funding is proposed for the Community Forest & Open Space Conservation program to cost share fee-simple purchases of land, while thousands of communities nationwide implement urban and community forestry programs with Agency assistance.

Key Performance Measures	2009	2010	2011	2012	2013	2014
Number of communities with urban and community forestry programs resulting from Forest Service assistance. (number of communities)	6,853	7,103	7,172	7,499	7,200	7,150

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 2014, total funding for NFS is proposed at approximately \$1.556 billion. The Budget will continue to build on the Integrated Resource Restoration (IRR) pilot begun in 2012 and implement IRR Forest Service-wide to provide administrative efficiencies in the implementation of NFS management priorities. IRR combines funding from the Vegetation & Watershed

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Management, Wildlife & Fisheries Habitat Management, Forest Products, Legacy Roads and Trails, the non-Wildland Urban Interface (WUI) 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, remains a separate Budget line item. The Budget's support for Forest Products will result in the sale of approximately 2.4 billion board feet of timber, down approximately 400 million board feet from 2013 sale volumes.

Key Performance Measures	2009	2010	2011	2012	2013	2014
Annual acres of public and private forest lands restored or enhanced. (millions of acres)	N/A	4.777	4.925	4.425	4.322	3.517
Volume of timber sold. (MMBF)	2,415	2,592	2,533	2,644	2,800	2,380

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 2014, total funding for these activities is proposed at \$2 billion, about the same as 2013. The Budget funds the 10-year average cost of fire suppression and continues to focus on risk-based decision-making when responding to wildfires to better inform decision makers on the risks and trade-offs associated with wildfire management decisions. The Budget provides \$74 million for airtanker fleet modernization, further enhancing Agency capacity to fight wildland fire. The Budget also furthers efforts to focus hazardous fuels treatments in the WUI in areas that are identified in Community Wildfire Protection Plans and are highest priority, with plans to reduce the risk of catastrophic fire in almost 700,000 WUI acres.

Key Performance Measures	2009	2010	2011	2012	2013	2014
Acres of WUI fuels treated to reduce the risk of catastrophic fire. (millions of acres)	2.189	1.955	1.611	1.867	1.100	0.685
Percentage of acres treated in the WUI that have been identified in Community Wildfire Protection Plans.	41.0%	44.8%	60.8%	93.0%	75.0%	90.0%

Capital Improvement and Maintenance. The Capital Improvement and Maintenance account funds construction and maintenance of buildings, recreation sites, facilities, roads, and trails. For 2014, total funding for this work is proposed at \$329 million. According to the Agency, FS currently manages, under the National Forest Roads System, 372,000 miles of roads and 6,200 bridges. With the available funding, FS will maintain 14,000 miles of "high clearance" roads and 30,000 miles of passenger car roads.

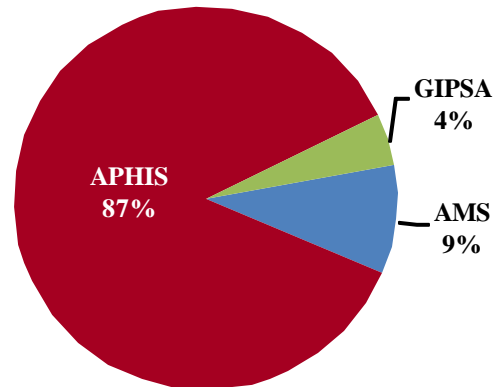
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Land Acquisition. The Land Acquisition program protects resources, decreases administrative costs by connecting disconnected NFS parcels and minimizing boundary lines, protects important habitat for at-risk and game species, and increases visitor access 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 or lands in the proximity of NFS boundaries. For 2014, the Budget proposes \$59 million for this program, plus a request for \$34 million as a transfer from the mandatory LWCF program. This funding will advance AGO efforts to further locally supported planning initiatives to prevent forest fragmentation while making more outdoor areas available for public enjoyment. The Budget proposes to continue funding for the “Longleaf Pine” and “Crown of the Continent: Northern Rockies Montana Legacy Completion” projects which protect important landscapes. The Budget also proposes to fund two new projects, “California Southwest Desert” and the “National Scenic and Historic Trails”. Up to \$2.5 million of the discretionary funding will support the FS’ initiative to target specific parcels that increase the public’s access to NFS lands.

MARKETING AND REGULATORY PROGRAMS

MISSION AND RELATIONSHIP TO STRATEGIC GOALS

2014 MRP Discretionary Budget Authority Total = \$926 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	2012 Enacted	2013 Estimate	2014 Budget
Discretionary:			
Safeguarding and Emergency Preparedness/Response:			
Animal Health:			
Animal Health Technical Services.....	\$33	\$33	\$38
Aquatic Animal Health.....	2	2	2
Avian Health.....	52	52	50
Cattle Health.....	99	100	92
Equine & Cervid Health.....	5	5	4
Sheep & Goat Health.....	17	17	14
Swine Health.....	23	23	20
Veterinary Diagnostics.....	32	32	32
All Other Animal Health.....	28	28	29
Total, Animal Health.....	291	293	281
Plant Health:			
AQI.....	28	28	25
Cotton Pests.....	18	18	9
Field Crop & Rangeland Ecosystems Pests.....	9	9	9
Specialty Crop Pests.....	154	155	147
Tree & Wood Pests.....	56	56	48
All Other Plant Health.....	48	48	48
Total, Plant Health.....	312	314	287
Wildlife Services:			
Wildlife Damage Management.....	73	73	85
Wildlife Services Methods Development.....	18	18	18
Total, Wildlife Services.....	91	91	104
Regulatory Services:			
Animal & Plant Health Regulatory Enforcement.....	16	16	16
Biotechnology Regulatory Services.....	18	18	18
Total, Regulatory Services.....	34	34	34
Emergency Management:			
Contingency Fund.....	1	1	2
Emergency Preparedness & Response.....	17	17	17
Total, Emergency Management.....	18	18	19
Total, Safeguarding and Emergency Preparedness.....	746	750	725

MARKETING AND REGULATORY PROGRAMS

Budget Authority (Dollars in Millions)

Program	2012 Enacted	2013 Estimate	2014 Budget
Discretionary: (continued)			
Safe Trade and International Assistance:			
Animal Agriculture Import/Export.....	13	13	14
Overseas Technical & Trade Operations.....	20	20	20
Total, Safe Trade and International Assistance.....	33	34	34
Animal Welfare.....	28	28	29
Agency Management.....	10	10	10
Total, Salaries and Expenses.....	817	821	797
Buildings and Facilities.....	3	3	3
Total, Ongoing Activities.....	820	825	801
Emergency Funding (CCC).....	18	0	0
Total, APHIS Discretionary Programs.....	839	825	801
Mandatory:			
Agricultural Quarantine Inspection (AQI) Fees <u>a/</u>	199	208	211
Trust Funds and User Fees	10	9	9
Farm Bill:			
National Clean Plant Network	5	0	<u>b/</u>
Plant Pest and Disease Management.....	50	50	50
Total, Farm Bill Programs.....	55	50	50
Total, Mandatory Programs.....	264	267	270
Total, APHIS Programs.....	\$1,103	\$1,092	\$1,071

a/ Total estimated collections are \$548 million in 2012, \$558 million in 2013 and \$567 million in 2014. Of the total, \$349 million, \$350 million and \$356 million are transferred to the Department of Homeland Security in 2012, 2013 and 2014, respectively.

b/ Subject to appropriation.

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

The APHIS 2014 Budget proposes a discretionary appropriation of about \$801 million, of which approximately \$798 million is for programmatic operations and about \$3 million for the Buildings and Facilities account. As part of USDA's Blueprint for Stronger Service, APHIS is consolidating locations with the closure of 15 offices domestically and five offices internationally. More than 560 APHIS domestic offices and 55 APHIS international offices will remain open.

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

MARKETING AND REGULATORY PROGRAMS

otherwise hinder agricultural production. This outcome is measured as the value of damage prevented and mitigated annually as a result of APHIS activities.

Key Performance Measure	2009	2010	2011	2012	2013	2014
Value of damage prevented and mitigated annually as a result of selected plant and animal health monitoring and surveillance efforts (\$ Billions)	1.05	1.07	1.11	1.19	1.26	1.32

Safeguarding and Emergency Preparedness/Response. The 2014 Budget includes discretionary appropriations of \$725 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 \$281 million to protect the health of livestock, poultry, and other animals. The Budget includes an increase 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 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 discontinuation of an ineffective option under the Scrapie Flock Certification Program under the Sheep and Goat Health. The majority of the changes under Cattle Health are due to amending statistical methods related to cattle health surveillance efforts.
- **Plant Health.** The Budget includes a total of about \$287 million to protect plant and forest health. The Budget includes decreases to the funding provided by the Federal Government for Tree and Wood Pests and Specialty Crop Pests programs. Those cooperators who directly benefit from program activities will need to increase contributions to achieve the same level of program operations. The requested funding level includes funding to enhance surveillance for European Grapevine Moth. The requested funding level also includes an enhanced response to Asian longhorned beetle (ALB) in Ohio and Massachusetts. Specifically, the Animal and Plant Health Inspection Service will, among other activities, gather substantial survey data with the funding. Such survey data is crucial to an effective and efficient response to ALB. The Budget includes a decrease stemming from successes in reducing acreage infested with cotton pests, although APHIS continues to address the smaller remaining infested areas.

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- **Wildlife Services.** About \$104 million is requested for Wildlife Services. This includes a proposal to implement a national control program for feral swine, which are spreading and are associated with an estimated \$1.5 billion in damages. APHIS will work cooperatively with the 38 States that are currently experiencing issues with feral swine. This increase is partially offset by reductions in lower priority program activities, while maintaining focus on critical, higher priority program activities. The budget also requests greater contributions from cooperators.
- **Regulatory Services.** A total of about \$35 million is requested. Biotechnology Regulatory Services activities are being largely preserved as they 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, including an increase in contingency funds to ensure sufficient resources are available to implement emergency, short-term activities.

Safe Trade and International Technical Assistance. The Budget includes a total of almost \$34 million to facilitate safe U.S. agricultural trade. This includes funding to implement the Lacey Act amendments included in the 2008 Farm Bill related to preventing importation of products derived from illegally harvested timber. The Budget proposes a decrease in the amount of funding provided to cooperating governments and international organizations, while increasing capacity building efforts and providing for additional risk analyses for imports. Cooperative efforts against high risk diseases, such as foot-and-mouth disease, will be maintained.

Animal Welfare. The 2014 Budget proposes \$29 million for Animal Welfare activities. This includes funding to fully implement the retail pet stores rule, which will offer welfare protections to dogs and certain other animals sold as pets through non-traditional means.

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 \$211 million in 2014. 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.

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Key Performance Measure	2009	2010	2011	2012	2013	2014
Cumulative number of genetically engineered plant lines reviewed by USDA and found safe for use in the environment	78	81	87	93	99	108

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	2012 Enacted	2013 Estimate	2014 Budget
Discretionary:			
Marketing Services:			
Market News.....	\$33	\$33	\$33
Egg Surveillance and Standardization.....	7	8	8
Market Protection and Promotion.....	36	36	32
Wholesale, Farmers, and Alternative Market Development and Transportation Services.....	6	6	10
Total, Marketing Services.....	82	83	83
Payments to States and Possessions.....	1	1	1
Total, Discretionary Programs.....	83	84	84
Mandatory:			
Funds for Strengthening Markets, Income, and Supply (Section 32):			
Commodity Program Expenses.....	795	744	886
Section 32 Administrative Funds:			
Marketing Agreements and Orders (MA&O).....	20	20	20
Commodity Purchase Services.....	28	28	35
Total, Section 32 Administrative Funds.....	48	48	55
Total, Section 32 Funds.....	843	792	941
User Fees:			
Perishable Agricultural Commodities Act.....	12	11	11
Commodity Grading Services.....	146	148	155
Total, User Fee Funded Programs.....	158	159	166
Farm Bill:			
Specialty Crop Block Grants (Sec. 10109).....	55	55	<u>a/</u>
Farmers Market Promotion Program (Sec. 10106).....	10	0	<u>a/</u>
Agricultural Mgmt Assistance, Organic Cost-Share (Sec. 2801).....	(2)	(2)	(2)
Total, Farm Bill Programs.....	65	55	0
Total, Mandatory Programs.....	1,066	1,006	1,107
Total, AMS Programs.....	\$1,149	\$1,090	\$1,191

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

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consumer demands, changing domestic and international marketing practices, and new technology.

The AMS 2014 Budget proposes a discretionary appropriation of about \$84 million. This is similar to the 2013 level, given elimination of the Microbiological Data Program and the Pesticide Recordkeeping Program and increases for the National Organic Program and food hub efforts.

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 2014 Budget includes about \$9 million for the National Organic Program (NOP), which includes enhanced regulatory enforcement and improved ability to monitor existing and develop new international equivalency agreements. This is especially important as consumer demand for organically produced goods has grown rapidly for well over a decade. Separately, in an effort to assist in the collection of organic data, the Risk Management Agency is creating organic “types” for all commodities insured under the Federal crop insurance program. This action will facilitate the collection of data pertaining to organic farming practices. In turn, this will allow RMA to improve crop insurance coverage for organic producers and producers transitioning to organic production, so they will have viable and effective risk management options available to them.

The Budget also includes \$33 million for Market News to support the continuation of data collection and reporting of commodity information.

AMS is requesting \$15 million to conduct the Pesticide Data Program (PDP). 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 \$10 million for Transportation and Market Development, which includes funding to support the development of food value chains such as food hubs and other marketing outlets for locally- and regionally-produced food where data, infrastructure and technology gaps limit producers’ marketing opportunities and consumers’ access. These efforts will support the USDA strategic goal to assist rural economies to create prosperity by better connecting consumers with local producers.

AMS will discontinue the Pesticide Recordkeeping Program (PRP) and the Microbiological Data Program (MDP) to focus on its core mission.

Payments to States and Possessions. Under the Federal-State Marketing Improvement Program (FSMIP), AMS provides matching funds to State Departments of Agriculture for

MARKETING AND REGULATORY PROGRAMS

projects aimed at improving marketing efficiency, reducing marketing costs for producers, and lowering food costs for consumers. The 2014 Budget requests a total of about \$1.4 million for the program. Included in this funding is initiative to help address production and marketing needs related to implementation of the Food Safety Modernization Act.

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 2014 Budget also requests a total of about \$35 million for administration of commodity purchasing, including an increase to upgrade the Web-based Supply Chain Management commodity acquisition, distribution and tracking system. The upgrade is expected to extend the life of the system until 2024. In addition, authority is requested to help small businesses participate in the Federal food procurement program.

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 2014, \$20 million 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	2012 Enacted	2013 Estimate	2014 Budget
Discretionary:			
Salaries and Expenses:			
Grain Regulatory Program.....	\$16	\$17	\$18
Packers and Stockyards Program.....	21	21	23
Total, Salaries and Expenses.....	38	38	41
Mandatory:			
Inspection and Weighing User Fees.....	(48)	(50)	(50)
Total, GIPSA Programs.....	\$38	\$38	\$41

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 2014, the Budget includes a total budget authority for GIPSA of \$91 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 \$23 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 2014 Budget requests an increase to facilitate compliance with the Packers and Stockyards Act. The 2014 Budget also requests an increase to facilitate the marketing of U.S. grain, oilseeds, and related products. Specifically, the increase will be used to purchase quality measuring equipment. In 2012, GIPSA facilitated the marketing of \$43 billion of export grains, oilseeds, and related products.

MARKETING AND REGULATORY PROGRAMS

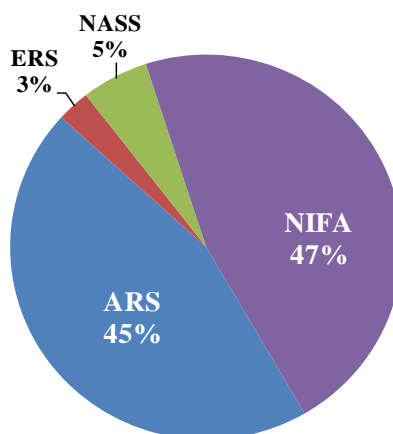
GIPSA supports the Department’s strategic goal to assist rural communities to create prosperity, by, among other activities, promoting fair trade practices, financial integrity, and competitive livestock, meat, and poultry markets. This outcome is measured as the percent of industry compliance with the Packers and Stockyards Act. GIPSA was able to achieve a level of 87 percent industry compliance in FY 2012. GIPSA expects that the level of compliance in FY 2013 and FY 2014 will return to the target level of 81 percent, even with the increased funding. Industry compliance can vary because of a variety of economic conditions.

Key Performance Measure	2009	2010	2011	2012	2013	2014
Percent of industry compliance with the Packers and Stockyards Act	80	80	76	87	81	81

RESEARCH, EDUCATION, AND ECONOMICS

MISSION AND RELATIONSHIP TO STRATEGIC GOALS

2014 REE Budget Authority Total = \$2.8 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 approximately 6 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 2014 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

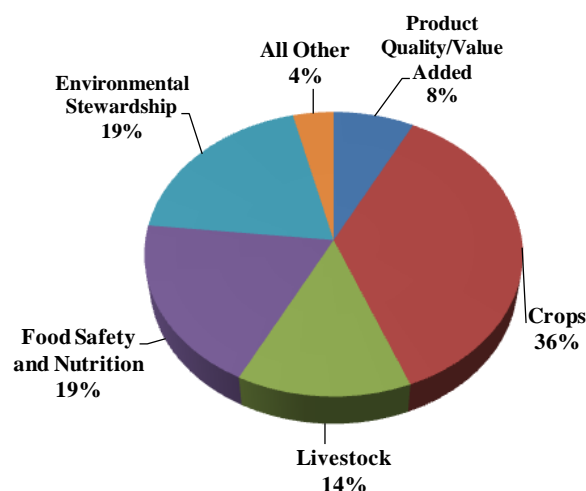
AGRICULTURAL RESEARCH SERVICE (ARS)

Budget Authority (Dollars in Millions)			
Program	2012 Enacted	2013 Enacted	2014 Budget
Discretionary:			
New Products/Product Quality/Value Added.....	\$101	\$101	\$85
Livestock Production.....	76	77	73
Crop Production.....	229	230	229
Food Safety.....	106	107	119
Livestock Protection.....	76	77	80
Crop Protection.....	194	195	179
Human Nutrition.....	85	86	95
Environmental Stewardship.....	189	190	219
Total, Research Programs.....	1,056	1,063	1,080
National Agricultural Library.....	21	21	26
Repair and Maintenance of Facilities.....	17	17	17
Total, Research and Information Activities.....	1,095	1,101	1,124
Buildings and Facilities.....	0	0	155
Total, Discretionary Programs.....	1,095	1,101	1,279
Mandatory:			
Trust Funds.....	30	30	24
Total, ARS.....	\$1,125	\$1,131	\$1,303

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.

RESEARCH, EDUCATION, AND ECONOMICS

2014 ARS Research and Information Budget Authority
Total = \$1.124 Billion



The 2014 Budget requests approximately \$1.3 billion for ARS research, information, and buildings and facilities funding. The Budget proposes a reallocation from lower priority programs and new funding that results in a net increase of \$23 million. Also proposed is \$155 million to fund the replacement of the agency's Southeast Poultry Disease Research Laboratory in Athens, Georgia. 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. The 2014 Budget requests a total of \$85 million for this research program. Emphasis will be placed on improving the economic viability of bioenergy, with reallocations from ongoing, lower priority projects.

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. A total of \$73 million is requested in the 2014 Budget, with increases and reallocations for research to improve feed efficiency, identify and analyze animal genomic data to improve health and performance, and other initiatives.

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

RESEARCH, EDUCATION, AND ECONOMICS

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. The 2014 Budget proposes \$229 million, with increases and reallocations of lower priority projects to focus on initiatives to improve agricultural sustainability, enhance floral and nursery research, accelerate crop yields, and improve crop genetic resource capacity.

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 detection and control of toxin producing and/or pathogenic bacteria and fungi, parasites, chemical contaminants, and plant toxins. The President's Budget requests \$119 million to improve detection technologies for crops at high risk of infestation (e.g., aflatoxin), reduce pathogens and evaluate alternatives to antibiotics, and develop better identification and characterization of pathogens.

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, with emphasis on methods and procedures to control animal diseases. A total of \$80 million is requested in the 2014 Budget to develop alternatives to antibiotics to combat antibiotic resistance in livestock and to establish a Veterinary Insect Genomics Information Center that will increase our understanding of how insects transmit pathogens or harm food animals.

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 2014 Budget proposes \$179 million for the crop protection program, with an emphasis on plant disease management, invasive pest control, and other initiatives which are offset by reallocations from lower priority projects.

Human Nutrition. As deficiency diseases are replaced by excessive consumption as a primary public health concern, the ARS human nutrition research program has increasingly focused on research studying the maintenance of health throughout the lifespan along with prevention of obesity and chronic diseases via food-based recommendations. The 2014 Budget requests a total of \$95 million to support initiatives to develop the evidence base used to set food policy and administer USDA food assistance programs, and to strengthen nutrition monitoring programs.

Environmental Stewardship. ARS research programs in environmental stewardship support Federal, State, and private sector 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 2014 Budget requests a total of

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\$219 million for this program. Emphasis is given to initiatives that provide long-term, landscape level, interdisciplinary research that will improve our understanding of how key agricultural system components interact; enhance plant productivity and tolerance to environmental stress; improve conservation programs outcome monitoring; enhance agricultural sustainability; reduce the vulnerability of agriculture to climate change; and expand capacity in the earth sciences.

Earth Sciences Priority Initiatives. The 2014 Budget requests \$40 million to be allocated across ARS' research programs for priority initiatives in programs in the earth sciences area, including: \$10 million to expand programs that will improve production efficiency by developing crops that use minimal inputs, develop alternative and inexpensive sources of protein, and improve the efficiency of animal protein production; \$10 million for research to develop farming strategies and practices to help mitigate climate change impacts, and to develop on a regional basis crops that can better adapt to future changes in climate; \$6 million for food safety to improve detection methods for crops at high risk of infestation; \$5 million to continue progress in developing sustainable bioenergy to meet the Administration's long-term alternative fuels production goals; \$5 million for other earth sciences programs; and \$4 million for Department Earth Observation and Environmental Data Activities. This latter initiative is part of the Federal interagency Big Earth Data Initiative. This initiative will: 1) maximize the accessibility of the large and varied amount of Earth system observations, data, and information; 2) facilitate the transformation of Earth systems data into useable information; and 3) encourage the development and use of uniform tools and practices for handling Earth system data across Federal agencies. This will strengthen USDA scientists' abilities to conduct accurate modeling to predict emerging crises, such as the spread of human diseases, crop infestations, or drought conditions, and offer policymakers information that can be used to address high priority issues in our food, agriculture, and human health systems.

National Agricultural Library (NAL). The NAL is the primary agricultural information resource of the United States. The Library is the premier library for collecting, managing, and disseminating agricultural knowledge. It provides services directly to the staff of USDA and to the public, primarily via the NAL web site: www.nal.usda.gov. The 2014 Budget requests a total of \$26 million to continue library and information services, support the Department Earth Observation and Environmental Data Activities initiative, and develop and provide unified and accessible data infrastructure capacity to source, store, manage, and disseminate information for public use. Included are databases, research findings, scientific collections, and scholarly publications across research sites and disciplines. This infrastructure will enable ARS to facilitate research collaboration on interdisciplinary agricultural problems among government agencies, industry, and academia.

Southeast Poultry Disease Research Laboratory. Scientific research facilities, like all physical infrastructures, deteriorate over time. Some of ARS' deteriorating facilities, built decades ago, cannot be repaired and need to be replaced. In order to sustain USDA's research laboratory infrastructure and capacity to address long-term research priorities, the FY 2014 Budget requests \$155 million to fully replace the Southeast Poultry Disease Research Laboratory (SEPRL) in Athens, Georgia. In 2012, a review of ARS facilities was completed (Capital Investment Strategy) that highlighted facilities with aging infrastructure and identified SEPRL as the highest priority facility recommended for modernization. SEPRL has Biological

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Safety Level 2 Laboratory and 3 Ag facilities that were constructed in 1964 and 1976, and whose facility limitations now prevent critical, cutting edge research from being conducted. Construction of a new facility will enable USDA scientists to more adequately address emerging or exotic poultry diseases which threaten not only the Nation's poultry industry but also the health of Americans. SEPRL has conducted crucial research over the past 20 years on exotic poultry diseases and has the only USDA program that provides research support to USDA's Food Safety and Inspection Service and Animal and Plant Health Inspection Service, the Centers for Disease Control, and the Food and Drug Administration on diseases such as the Avian Influenza, velogenic Newcastle disease, and West Nile virus in the New England States.

RESEARCH, EDUCATION, AND ECONOMICS

NATIONAL INSTITUTE OF FOOD AND AGRICULTURE (NIFA)

Budget Authority (Dollars in Millions)			
Program	2012 Enacted	2013 Enacted	2014 Budget
Discretionary:			
Research and Education Activities.....	\$706	\$710	\$801
Extension Activities.....	475	478	459
Integrated Activities a/.....	21	22	28
Native American Endowment Fund Interest.....	5	5	5
Total, Ongoing Discretionary Programs.....	1,207	1,214	1,293
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 c/.....	40	0	26
Organic Agriculture Research and Education Initiative.....	20	0	b/
Beginning Farmer and Rancher Development Program.....	19	0	b/
Specialty Crop Research Initiative.....	50	0	b/
Biodiesel Fuel Education Program d/.....	(1)	0	b/
Community Food Projects e/.....	(5)	(5)	(5)
Total, Farm Bill Programs.....	129	0	26
Total, Mandatory Programs.....	146	17	53
Total, NIFA.....	\$1,353	\$1,231	\$1,346

a/ The 2014 Budget proposes consolidating and transferring pest management programs from Research and Extension Activities to Integrated Activities (Section 406-Crop Protection).

b/ Mandatory funding for Farm Bill programs expired September 30, 2012. Subject to reauthorization in FY 2014.

c/ The 2014 Budget proposes \$26 million for the Biomass Research and Development Program, funded by the Commodity Credit Corporation and administered by NIFA.

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

e/ Non-add. The Community Food Project program 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 researchers. Federal funds are distributed to enhance capacity at 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, EDUCATION, AND ECONOMICS

Research Initiative, which supports investigator-initiated research with strong potential to contribute to major breakthroughs in the food, agricultural, natural resource, and human sciences.

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

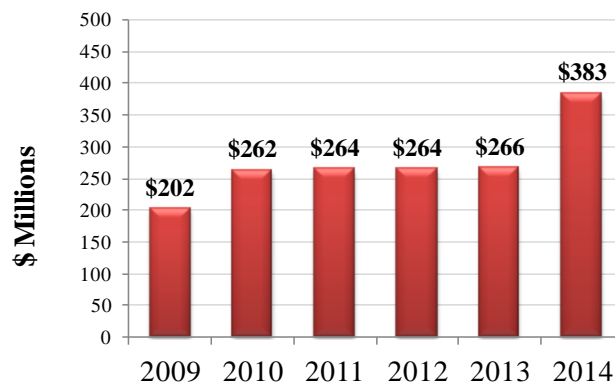
Program	2012 Enacted	2013 Enacted	2014 Budget
Formula Grants:			
Smith-Lever 3 (b&c).....	\$294	\$296	\$294
Hatch Act.....	236	238	236
1890 Research and Extension.....	93	94	93
McIntire-Stennis Cooperative Forestry.....	33	33	33
Animal Health and Disease Research.....	4	4	0
Total, Formula Grants.....	661	665	657
Agriculture and Food Research Initiative.....	264	266	383
Integrated Activities - Section 406 Organic Transition.....	4	4	4
Integrated Activities - Section 406 Water Quality.....	4	5	0
Pest Management/Crop Protection Activities.....	32	32	29
Sustainable Agriculture Research and Extension.....	19	19	23
Higher Education Programs.....	46	47	37
Native American Endowment Fund Interest.....	5	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.....	14	14	14
Electronic Grants Administration System.....	5	5	8
Food and Ag. Defense Initiative (Regional Diagnostic Network).....	6	6	6
Veterinary Medical Services Act.....	5	5	5
Agriculture in the Classroom.....	1	1	0
Extension-Risk Management Education	0	0	1
Children, Youth, and Families at Risk	8	8	8
Other Research, Extension and Integrated Programs.....	39	37	18
Total, Discretionary Programs.....	1,207	1,214	1,293

The 2014 Budget requests approximately \$1.3 billion in discretionary funding for NIFA. The Department continues to focus on the use of capacity funds and competitive grants to generate the solutions to the Nation’s most critical food and agriculture problems.

RESEARCH, EDUCATION, AND ECONOMICS

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 2014 Budget proposes funding of \$383.4 million for AFRI. Major initiatives include: 1) a new food, agricultural, natural resources, and human sciences initiative that will support schools and colleges across America in the development of the food and agriculture-related workforce; 2) water and water resources research to develop solutions for water resource management that will ensure water security, improve nutrient management in agricultural landscapes, and reduce the impacts of chemicals of emerging concern and environmental pathogens; 3) research, education, and extension efforts for food security that will achieve increased food availability through sustainable food systems; 4) nutrition and obesity prevention research, education, and extension efforts that promote the consumption of healthy foods and further expand knowledge on the impacts of outside factors on childhood food choices and obesity; 5) an integrated food safety research program that will continue to focus on minimizing antibiotic resistance transmission through the food chain and minimizing microbial food safety hazards of fresh and fresh-cut fruits and vegetables; 6) a targeted program to strengthen the sustainability of biomass production, understand its effects on land and water resources, and expand knowledge on the socioeconomic impacts of biofuels in rural communities in order to enhance sustainable rural economies; 7) ongoing research to develop strategies that help farmers manage and mitigate the impacts of climate change on agricultural and natural resource systems; and 8) a new Critical Agricultural Research and Extension (CARE) Competition as part of AFRI's Foundational Research programs, which 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. The Budget also provides funding for the continued development of interagency collaborations through its Foundational and Challenge Area programs that can leverage resources and engage communities of scientists beyond USDA to address challenging agricultural issues.

Agriculture and Food Research Initiative



Science, Technology, Engineering, and Math (STEM). As part of a reorganization of STEM programs to use existing resources more effectively and in a more streamlined manner, the Administration has consolidated six STEM programs into the Department of Education and the

RESEARCH, EDUCATION, AND ECONOMICS

National Science Foundation. Programs that have been consolidated in centrally-funded government-wide programs include: Higher Education Challenge Grants, Graduate and Postgraduate Fellowship Grants, the Higher Education Multicultural Scholars Program, Women and Minorities in STEM Program, Agriculture in the Classroom, and Secondary and Postsecondary Challenge Grants (SPECA).

Risk Management Education Program. The 2014 Budget requests \$500,000 to establish a program that will strengthen risk management tools to help farmers access credit. This program will support stakeholder outreach and provide funding for assessment tools that Farm Service Agency loan officers can use to assess the financial viability of nontraditional enterprises. USDA serves as the lender of first opportunity for producers who are unable to access the traditional commercial credit that is often key to the establishment of a farm business. As local and regional markets grow to accommodate direct-marketing or other consumer-oriented business models, the tools and training supported by these funds will help FSA better serve young, beginning, specialty crop, and local food producers and increase farmers' chances of success when they borrow.

Crop Protection Program. The 2014 Budget requests \$17.1 million for the Crop Protection Program, which focuses on Integrated Pest Management (IPM) strategies that are affordable and minimize environmental and human health risks. This program reflects a consolidation of separate efforts, including the Expert IPM Decision Support System, IPM and Biological Control, Pest Management Alternatives, Smith-Lever 3(d) Pest Management, and Regional Pest Management Centers programs. The Crop Protection Program will promote a more integrated and coordinated approach to the development of pest management strategies. The Program will provide support for projects that respond to pest management challenges with coordinated State-based, region-wide and national research, education, and extension programs and promote further development and use of IPM approaches. Although the Minor Crop Pest Management Program will be administered as a stand-alone program, it will be closely coordinated with the Crop Protection Program.

Hispanic-Serving Institutions (HSI): The 2008 Farm Bill authorized the establishment of an endowment fund for Hispanic Serving Agricultural Colleges and Universities. The 2014 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 2014 Budget proposes \$23 million to fund the SARE program, which includes a consolidation of the sustainable agriculture research and education program, and extension program into one unified program. The SARE program increases knowledge of and helps farmers and ranchers to adopt practices that are profitable, environmentally sound, and good for communities. Grants will support projects that address crop and livestock production and marketing, stewardship of soil and other natural resources, agricultural economics, and quality of life. Increased funding will support development of technical guides and handbooks, education, and training for Cooperative Extension System agents and other professionals in the

RESEARCH, EDUCATION, AND ECONOMICS

university system or other government agencies who are involved in the education and transfer of technical information for sustainable agriculture.

Children, Youth, and Families at Risk (CYFAR) Program. The 2014 Budget proposes \$8 million in CYFAR funding. NIFA allocates funding to land-grant university extension services for 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. Funding supports the promotion of positive, productive, and secure environments for America's children, youth, and families through projects on child care, science and reading literacy, and program and community capacity-building.

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 2014 Budget proposes \$8 million to 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	2012 Enacted	2013 Enacted	2014 Budget
Economic Research Service.....	\$78	\$78	\$79

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. ERS' highly trained economists and social scientists continue to conduct research, analyze food and commodity markets, produce policy studies, and develop economic and statistical indicators that will meet the information needs of USDA, other policy officials, and the research community. ERS is the primary source of statistical indicators that gauge the health of the farm sector (including farm income estimates and projections), assess the current and expected performance of agricultural industry and trade, and provide measures of food security in the United States and abroad.

The 2014 budget requests approximately \$78.5 million, which continues to fund ERS' core program of research, data analysis, and market outlook, and includes a new initiative to spur research innovations that will improve policy effectiveness. The 2014 Budget includes \$2.5 million for improving policy effectiveness, which is offset by reductions in lower priority programs. This initiative will focus on the application of behavioral economics and the statistical use of administrative data to address critical information gaps that hinder program and policy effectiveness. For example, better understanding the decisions made by farmers to participate in risk management programs and the nutrition choices by consumers will improve USDA's ability to meet rural America's needs and measure performance accurately. Results of the initiative will provide science-based evidence that informs decision making by policy makers and program managers at USDA, and across the Federal and State Governments.

RESEARCH, EDUCATION, AND ECONOMICS

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

Budget Authority (Dollars in Millions)			
Program	2012 Enacted	2013 Enacted	2014 Budget
Discretionary:			
Agricultural Estimates.....	\$117	\$118	\$117
Census of Agriculture.....	42	42	42
Total, Discretionary Programs.....	\$159	\$160	\$159

The mission of NASS is to provide timely, accurate, and useful statistics in service to U.S. agriculture. NASS statistics provide the information necessary for producers, agribusinesses, farm organizations, commodity groups, economists, public officials, and others for decision-making in agricultural marketing and investing. NASS data also keeps agricultural markets stable, efficient, and fair by ensuring accessible and objective data are available to both commodity market buyers and sellers. Since 2011 NASS has made enhancements within its programs and operations to deliver improved results, including opening a National Operations Center that centralizes data collection and service. The 2014 Budget requests \$159 million in program funding. Highlights include:

Census of Agriculture. The 2014 Budget includes approximately \$42.3 million, to complete 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.

- **Current Industrial Reports.** The 2014 Budget includes a request for approximately \$1.3 million in new funding to maintain production of four, priority Current Industrial Reports (CIR) out of approximately forty-seven reports that were formerly produced by the U.S. Census Bureau. These reports are the only source of critical information to support estimation requirements for USDA agencies, including NASS and the Census of Agriculture, Economic Research Service, World Agricultural Outlook Board, and the Office of the Chief Economist. The reports are also used by private industry to monitor the effect of international trade on domestic production, evaluate the relationship between company and industry performances, analyze markets and current business conditions, and plan future operations.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL STAFF OFFICES

Budget Authority (Dollars in Millions)			
Program	2012 Enacted	2013 Estimate	2014 Budget
Discretionary:			
Office of the Secretary.....	\$16	\$16	\$17
Office of the Chief Economist.....	11	11	13
National Appeals Division.....	13	13	13
Office of Communications.....	8	8	8
Office of the General Counsel <u>a/</u>	39	40	45
Total, Discretionary Programs.....	87	88	96
Mandatory:			
Farm Bill:			
Biodiesel Fuel Education Program.....	1	<u>b/</u>	<u>b/</u>
Office of the Secretary:			
Trust Fund.....	1	0	0
Total, Departmental Staff Offices.....	\$89	\$88	\$96

a/ Approximately \$3.4 million and 27 staff years for the Office of Ethics has been transferred from Departmental Administration.

b/ Subject to reauthorization.

Departmental staff offices provide legal counsel, economic analysis, communications coordination, and program appeal hearings for the Department's program activities. By providing economic analyses, legal counsel, and other support to the Department's policy officials and decision makers, these offices are vital to USDA's success in all of its endeavors. The 2014 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 2014 Budget requests \$17.3 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, global climate change, environmental services markets, sustainable development, agricultural labor, and new uses of agricultural products. The 2014 Budget requests

DEPARTMENTAL ACTIVITIES

\$12.9 million for OCE to continue its support of USDA policy officials and continue the dissemination of agricultural economic information. This includes additional support for development of regional climate change information as well as the development of scientifically defensible protocols for quantifying the environmental services produced by conservation practices.

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 2014 Budget requests \$12.9 million for NAD to continue activities to ensure the fairness of program delivery by these Service Center Agencies.

The **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 2014 Budget requests \$8.1 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 40 employees or approximately 13 percent since 2010; however, this decrease has not been accompanied by a commensurate decline in the amount or scope of OGC's work, as the office is the primary source of legal support for all USDA programs and activities. The passage of a five-year Farm Bill would also increase demand for OGC's legal services, and inadequate staffing could cause delays in implementation. The 2014 Budget requests \$45 million, including funding for OGC to increase legal resources to remain effective in delivering legal services to the Department and increase computerized legal research and training. The Office of Ethics provides guidance and support to the Department, and has been transferred from Departmental Management to OGC. The request includes \$3.5 million for the Office of Ethics, of which \$25,000 is to expand ethics training and distance learning through improvements to its website.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL MANAGEMENT

**Budget Authority
(Dollars in Millions)**

Program	2012 Enacted	2013 Estimate	2014 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	11
Office of the Chief Information Officer.....	44	44	44
Departmental Administration <u>a/</u>	24	24	23
Office of Homeland Security and Emergency Coordination..	1	1	2
Agriculture Buildings and Facilities.....	230	232	233
Hazardous Materials Management.....	4	4	4
Total, Discretionary Programs.....	319	321	324
Mandatory:			
Farm Bill:			
Biobased Markets Program.....	2	b/	b/
Proposed Legislation:			
Outreach for Socially Disadvantaged Farmers.....	20	b/	b/
Total, Farm Bill Programs.....	22	b/	b/
Total, Departmental Management.....	\$341	\$321	\$324

a/ Approximately \$3.4 million and 27 staff years for the Office of Ethics was transferred to the Office of the Office of the General Counsel in FY 2014.

b/ Subject to reauthorization.

The offices and programs under Departmental Management are essential to the smooth functioning and necessary support for all other activities of the Department. From finance to outreach to information technology to property management, these offices provide essential support, without which other Departmental agencies and programs would be severely hindered in their ability to carry out their duties.

In recognition of both the importance of administrative services and previously untapped opportunities to achieve efficiencies and savings, USDA established the streamlining effort titled the *Blueprint for Stronger Service*. This effort is key to making USDA a modern and efficient service organization that is closely in tune with the long-term vitality of rural America and the success of American agriculture. Savings initiatives under the *Blueprint for Stronger Service* have included increased focus on strategically sourcing goods and services whereby USDA can leverage its considerable size and buying power. Other efforts have included targeting information technology acquisition and management for consolidation opportunities, and identification of areas for potential cross servicing in administrative functions. Through these and other initiatives under the *Blueprint for Stronger Service*, the Department will continually strive to accomplish more with less and provide the greatest return for each taxpayer dollar.

DEPARTMENTAL ACTIVITIES

The 2014 Budget proposes funding to provide satisfactory service delivery by Departmental Management, to continue implementation of the initiatives under the *Blueprint for Stronger Service*, and address 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.

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; 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. OAO has also administered the Outreach to Socially Disadvantaged Farmers and Ranchers Grant Program (section 2501 Program) which was funded through 2012 under the 2008 Farm Bill. The 2014 Budget requests \$1.2 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 2014 Budget requests \$6.2 million for OCFO to continue its leadership and oversight of the Department's financial management processes, 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 2014 Budget requests \$11.1 million for OBPA for the continued delivery of analyses and support to USDA policy officials. Included in this request is \$2 million to support establishment of a Chief Evaluation Officer within USDA to work closely with program offices and agencies to develop and implement evaluation agendas and priorities set by 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 2014 Budget requests \$44.2 million for OCIO to fund on-going activities, and increase efforts for strategic sourcing for IT investments.

DEPARTMENTAL ACTIVITIES

Departmental Administration (DA) provides overall direction, leadership and coordination for the Department's management of human resources, 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 2014 Budget requests \$23 million for DA to maintain critical support activities and oversight for the Department. Approximately \$3.4 million and 27 staff years for the Office of Ethics were transferred from the DA account to the Office of the General Counsel.

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. One key way in which the Office of Human Resources Management is monitoring the Department's performance is through the number of veterans who are hired. 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.

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 2014 Budget requests \$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 2014 is \$233.1 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 2014 Budget includes \$164.5 million for GSA rental payments, \$54.8 million for building operations and maintenance, and \$13.8 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 2014 Budget requests \$3.6 million for the HMM program.

OFFICE OF CIVIL RIGHTS

OFFICE OF CIVIL RIGHTS

**Budget Authority
(Dollars in Millions)**

Program	2012 Enacted	2013 Estimate	2014 Budget
Office of Civil Rights.....	\$21	\$21	\$22

The **Office of Civil Rights (OCR)** provides policy guidance, leadership, coordination and training, and complaint prevention and processing for the Department and the agencies. Under Secretary Vilsack’s leadership, USDA has done important work to move into a new era for civil rights, illustrated in part by record-low program complaints under FSA from pre-2009 levels. In addition, through Cultural Transformation, USDA has worked to improve inclusion and diversity, and the *Blueprint for Stronger Service* streamlining efforts have improved complaints processing and increased efficiency. 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 2014 Budget requests \$21.6 million to meet the Administration’s commitment to improving USDA’s handling of civil rights matters such as program investigations and compliance reviews. This includes support for improvements to the Civil Rights Enterprise System and increased program complaint investigations.

OFFICE OF INSPECTOR GENERAL

OFFICE OF INSPECTOR GENERAL

**Budget Authority
(Dollars in Millions)**

Program	2012 Enacted	2013 Estimate	2014 Budget
Office of Inspector General.....	\$86	\$86	\$90

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 2014 Budget requests \$89.9 million for OIG for audit and investigation review of the Department’s programs. This funding also includes resources 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.

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Budget Authority

AGENCY/PROGRAM	2012 Enacted	2013 Estimate	2013 Enacted <u>1/</u>	2014 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES				
Farm Service Agency:				
Discretionary Programs.....	\$1,769	\$1,666	\$1,570	\$1,590
Mandatory Programs (excluding CCC).....	400	705	841	0
Recovery Act.....	2	0	0	0
Commodity Credit Corporation Programs (mandatory).....	8,754	10,175	9,797	9,024
Total, Farm Service Agency.....	10,925	12,546	12,208	10,614
Risk Management Agency:				
Discretionary Programs.....	75	75	69	71
Mandatory Programs.....	7,606	10,220	10,217	9,504
Total, Risk Management Agency.....	7,681	10,295	10,286	9,575
Foreign Agricultural Service:				
Discretionary Programs (excluding P.L. 480).....	360	363	344	364
Mandatory CCC Programs.....	(507)	(511)	(511)	(458)
P.L. 480 (discretionary).....	1,469	1,477	1,359	3
Total, Foreign Agricultural Service.....	1,829	1,840	1,703	367
Total, Farm and Foreign Agricultural Services.....	20,435	24,681	24,197	20,556
RURAL DEVELOPMENT				
Rural Utilities Service:				
Discretionary Programs.....	587	591	553	382
Rural Housing Service:				
Discretionary Programs.....	1,521	1,530	1,408	1,550
Rural Business - Cooperative Service:				
Discretionary Programs.....	114	115	118	152
Mandatory Programs.....	87	87	83	0
Total, Rural Business - Cooperative Service.....	201	202	201	152
Rural Development Salaries and Expenses:				
Discretionary Programs.....	182	183	192	205
Total, Rural Development.....	2,491	2,506	2,354	2,289
FOOD, NUTRITION, AND CONSUMER SERVICES				
Food and Nutrition Service:				
Discretionary Programs.....	7,402	7,058	6,905	7,561
Mandatory Programs.....	98,329	98,424	97,574	101,226
Recovery Act.....	8,456	6,819	6,819	561
Total, Food, Nutrition, and Consumer Services.....	114,187	112,301	111,298	109,348
FOOD SAFETY				
Food Safety and Inspection Service:				
Discretionary Programs.....	1,004	1,011	977	1,008
Mandatory Programs.....	11	10	10	10
Total, Food Safety.....	1,016	1,021	987	1,019
NATURAL RESOURCES AND ENVIRONMENT				
Natural Resources Conservation Service:				
Discretionary Programs.....	851	856	780	813
Mandatory Programs.....	3,270	3,262	3,381	3,049
Emergency Watershed Protection.....	216	180	244	0
Total, Natural Resources Conservation Service.....	4,336	4,297	4,405	3,862

APPENDIX

(Dollars in Millions)

Budget Authority				
AGENCY/PROGRAM	2012 Enacted	2013 Estimate	2013 Enacted ^{1/}	2014 Budget
Forest Service:				
Discretionary Programs.....	4,846	5,265	4,935	4,858
Mandatory Programs.....	707	629	591	676
Total, Forest Service.....	5,553	5,894	5,526	5,534
Total, Natural Resources and Environment.....	9,889	10,191	9,931	9,396
MARKETING AND REGULATORY PROGRAMS				
Animal and Plant Health Inspection Service:				
Discretionary Programs.....	820	825	761	801
Emergency Funding.....	18	0	0	0
Mandatory Programs.....	264	267	253	270
Total, Animal and Plant Health Inspection Service.....	1,103	1,092	1,014	1,071
Agricultural Marketing Service:				
Discretionary Programs.....	83	84	74	84
Mandatory Programs.....	1,066	1,006	1,148	1,107
Total, Agricultural Marketing Service.....	1,149	1,090	1,222	1,191
Grain Inspection, Packers and Stockyards				
Administration:				
Discretionary Programs.....	38	38	37	41
Total, Marketing and Regulatory Programs.....	2,289	2,220	2,273	2,302
RESEARCH, EDUCATION, AND ECONOMICS				
Agricultural Research Service:				
Discretionary Programs.....	1,095	1,101	1,017	1,279
Mandatory Programs.....	30	30	30	24
Total, Agricultural Research Service.....	1,125	1,131	1,047	1,303
National Institute of Food and Agriculture:				
Discretionary Programs.....	1,207	1,214	1,147	1,293
Mandatory Programs.....	146	17	17	53
Total, National Institute of Food and Agriculture.....	1,353	1,231	1,164	1,346
Economic Research Service:				
Discretionary Programs.....	78	78	71	79
National Agricultural Statistics Service:				
Discretionary Programs.....	159	160	167	159
Total, Research, Education, and Economics.....	2,714	2,600	2,448	2,887
OTHER ACTIVITIES				
Departmental Activities:				
Discretionary Programs.....	427	430	455	442
Mandatory Programs.....	24	0	0	0
Total, Departmental Activities.....	451	430	455	442
Office of Inspector General:				
Discretionary Programs.....	86	86	82	90
Total, Departmental Activities.....	537	516	537	532
USDA SUB-TOTAL.....	\$153,557	\$156,035	\$154,025	\$148,329
Offsetting Receipts, Rescissions & Other Adjustments.....	-1,768	-1,080	-1,080	-2,481
USDA TOTAL.....	\$151,789	\$154,955	\$152,945	\$145,848

^{1/} FY 2013 Enacted includes reductions from sequestration and two across-the-board rescissions.

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Program Level			
AGENCY/PROGRAM	2012 Enacted	2013 Estimate	2014 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency:			
Farm Loan and Grant Programs.....	\$4,787	\$5,579	\$5,555
Conservation and Other Programs.....	1,975	2,113	2,165
Disaster Assistance.....	694	911	0
Commodity Programs.....	12,202	15,103	14,126
Commodity Credit Corporation Programs.....	(18,995)	(23,350)	(22,645)
Salaries and Expenses.....	1,492	1,501	1,486
Total, Farm Service Agency.....	21,149	25,207	23,333
Risk Management Agency:			
Administrative and Operating Expenses.....	75	75	71
Crop Insurance Fund.....	7,606	10,220	9,504
Total, Risk Management Agency.....	7,681	10,295	9,575
Foreign Agricultural Service:			
Export Credit Guarantees.....	5,500	5,500	5,500
Market Development Programs.....	253	253	200
Foreign Food Assistance.....	246	255	255
Salaries and Expenses.....	183	184	185
Total, Foreign Agricultural Service.....	6,182	6,192	6,140
Total, Farm and Foreign Agricultural Services.....	35,012	41,694	39,049
RURAL DEVELOPMENT			
Rural Utilities Service:			
Loans and Grants.....	9,186	9,259	6,327
Rural Housing Service:			
Loans and Grants.....	27,989	27,783	27,647
Rural Business - Cooperative Service:			
Loans and Grants.....	1,057	1,028	953
Salaries and Expenses.....	654	658	662
Total, Rural Development.....	38,886	38,728	35,589
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service:			
Supplemental Nutrition Assistance Program.....	88,858	85,502	81,215
Child Nutrition Programs.....	18,305	19,719	20,550
Women, Infants and Children (WIC).....	6,619	6,660	7,143
All Other.....	405	420	440
Total, Food, Nutrition, and Consumer Services.....	114,187	112,301	109,348
FOOD SAFETY			
Food Safety and Inspection Service.....	1,016	1,021	1,019

APPENDIX

(Dollars in Millions)

Program Level			
AGENCY/PROGRAM	2012 Enacted	2013 Estimate	2014 Budget
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service:			
Conservation Operations.....	828	833	808
Farm Security and Rural Investment Programs.....	3,270	3,262	3,049
All Other.....	239	202	5
Total, Natural Resources Conservation Service.....	4,336	4,297	3,862
Forest Service:			
National Forest System.....	1,554	1,564	1,556
Forest and Rangeland Research.....	295	297	310
State and Private Forestry.....	253	254	240
Wildland Fire Activities.....	2,290	2,689	2,362
Capital Improvement and Maintenance.....	394	401	329
Land Acquisition.....	54	54	59
All Other.....	6	6	2
Total, Discretionary Accounts.....	4,846	5,265	4,858
Mandatory.....	707	629	676
Total, Forest Service.....	5,553	5,894	5,534
Total, Natural Resources and Environment.....	9,889	10,191	9,396
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service:			
Salaries and Expenses.....	817	822	798
Emergency Funding.....	18	0	0
Mandatory.....	264	267	270
Buildings and Facilities.....	3	3	3
Total, Animal and Plant Health Inspection Service.....	1,102	1,092	1,071
Agricultural Marketing Service.....	306	298	250
Section 32 Funds.....	843	792	941
Grain Inspection, Packers and Stockyards			
Administration.....	38	38	41
Total, Marketing and Regulatory Programs.....	2,289	2,220	2,302
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service.....	1,125	1,131	1,303
National Institute of Food and Agriculture.....	1,353	1,231	1,346
Economic Research Service.....	78	78	79
National Agricultural Statistics Service.....	159	160	159
Total, Research, Education, and Economics.....	2,714	2,600	2,887
OTHER ACTIVITIES			
Office of the Secretary.....	16	16	17
Departmental Management.....	341	321	324
Departmental Staff Offices.....	73	72	79
Office of Civil Rights.....	21	21	22
Office of Inspector General.....	86	86	90
Total, Other Activities.....	537	516	532
USDA Sub-Total.....	\$204,530	\$209,271	\$200,122
Receipts and Loan Repayments and Other Adjustments.....	-1,768	-1,080	-1,080
USDA TOTAL.....	\$202,762	\$208,191	\$199,042

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE

Outlays (Dollars in Millions)

AGENCY	2012 Actual	2013 Estimate	2014 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency.....	\$2,307	\$3,902	\$1,615
Commodity Credit Corporation Programs.....	7,929	10,137	9,828
Risk Management Agency.....	4,887	10,216	9,275
Foreign Agricultural Service.....	477	427	439
P.L. 480.....	1,295	1,405	503
RURAL DEVELOPMENT			
Salaries and Expenses.....	227	189	194
Rural Utilities Service.....	-5	570	75
Rural Housing Service.....	2,042	2,429	1,058
Rural Business - Cooperative Service.....	267	281	192
Rural Empowerment Zones/Enterprise Communities.....	0	0	0
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service.....	105,944	110,568	104,290
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service.....	3,793	4,012	3,982
Forest Service.....	6,068	6,295	5,939
FOOD SAFETY			
Food Safety and Inspection Service.....	996	1,020	1,015
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service.....	1,176	1,212	1,194
National Institute of Food and Agriculture.....	1,376	1,484	1,856
Economic Research Service.....	80	82	88
National Agricultural Statistics Service.....	164	163	176
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service.....	1,133	1,306	1,080
Agricultural Marketing Service.....	300	341	293
Section 32 Funds.....	837	819	941
Grain Inspection, Packers and Stockyards Administration.....	40	42	14
DEPARTMENTAL ACTIVITIES			
Office of the Secretary.....	15	23	22
Common Computing Environment.....	0	1	0
Departmental Administration.....	64	192	86
Agriculture Buildings and Facilities.....	250	266	233
Hazardous Waste Management.....	4	19	4
Office of Civil Rights.....	20	23	22
Office of the General Counsel.....	40	40	45
Office of Inspector General.....	86	99	90
Office of Communications.....	8	8	8
Executive Operations:			
Office of the Chief Economist.....	12	12	14
National Appeals Division.....	13	13	13
Working Capital Fund.....	-95	244	69
Gifts and Bequests.....	1	1	1
Subtotal.....	141,751	157,841	144,654
Offsetting Receipts.....	-2,029	-1,791	-1,007
Net Interest.....	-5	-5	-5
TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....	\$139,717	\$156,045	\$143,642

APPENDIX

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

AGENCY	2012 Actual	2013 Estimate	2014 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency.....	\$1,622	\$1,815	\$1,799
Risk Management Agency.....	77	0	72
Foreign Agricultural Service.....	436	380	437
P.L. 480.....	1,661	1,649	709
RURAL DEVELOPMENT			
Salaries and Expenses.....	227	189	194
Rural Utilities Service.....	1,554	1,892	1,635
Rural Housing Service.....	1,815	1,768	1,568
Rural Business - Cooperative Service.....	93	132	112
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service.....	7,327	7,160	7,360
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service.....	1,026	548	434
Forest Service.....	5,269	5,526	5,242
FOOD SAFETY			
Food Safety and Inspection Service.....	986	1,010	1,009
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service.....	1,153	1,184	1,168
National Institute of Food and Agriculture.....	1,269	1,363	1,768
Economic Research Service.....	80	82	88
National Agricultural Statistics Service.....	164	163	176
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service.....	892	1,016	830
Agricultural Marketing Service.....	97	-213	-78
Grain Inspection, Packers and Stockyards Administration.....	37	38	41
DEPARTMENTAL ACTIVITIES			
Office of the Secretary.....	15	23	22
Departmental Administration.....	56	192	87
Agriculture Buildings and Facilities.....	250	266	233
Hazardous Waste Management.....	4	19	4
Office of Civil Rights.....	20	23	22
Office of the General Counsel.....	40	40	45
Office of Inspector General.....	86	99	90
Office of Communications.....	8	8	8
Executive Operations:			
Office of the Chief Economist.....	12	12	14
National Appeals Division.....	13	13	13
Common Computing Environment.....	0	1	0
Working Capital Fund.....	-95	244	69
Subtotal.....	26,194	26,642	25,171
Offsetting Receipts.....	-94	267	-201
TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....	\$26,100	\$26,909	\$24,970

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Staff Years

Agency	2012 Actual	2013 Estimate	2014 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	4,488	4,436	4,436
Risk Management Agency	470	455	455
Foreign Agricultural Service	1,017	967	967
RURAL DEVELOPMENT			
Rural Development	5,193	5,000	5,000
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service	1,314	1,424	1,509
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	11,277	11,154	10,617
Forest Service	33,921	34,385	33,278
FOOD SAFETY			
Food Safety and Inspection Service	9,460	9,468	9,230
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	7,596	7,596	7,596
NIFA (previously CSREES)	405	410	417
Economic Research Service	375	386	386
National Agricultural Statistics Service	1,052	1,210	1,190
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service	7,453	7,720	7,710
Agricultural Marketing Service	2,741	2,845	2,851
Grain Inspection, Packers & Stockyards Administration	686	679	672
DEPARTMENTAL ACTIVITIES			
Office of the Secretary/Under and Assistant Secretaries.....	122	124	127
Office of the Chief Economist	49	53	56
National Appeals Division	86	92	92
Office of Homeland Security.....	55	55	57
Office of Budget and Program Analysis	47	49	53
Office of Advocacy and Outreach	50	53	53
Office of the General Counsel	281	271	310
Office of the Inspector General	558	558	558
Office of the Chief Information Officer	969	979	1,030
Office of the Chief Financial Officer	1,231	1,244	1,289
Departmental Administration	564	528	529
Office of Civil Rights	123	134	134
Office of Communications	77	80	94
Total, USDA Federal Staffing	91,660	92,355	90,696
FSA, Non-Federal Staffing	8,008	7,980	7,980
Total, USDA Staffing	99,668	100,335	98,676

APPENDIX

Strategic Goal

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

Budget Authority (Dollars in Millions)

Program	2012 Enacted	2013 Estimate	2014 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES:			
Farm Service Agency.....	\$8,248	\$9,741	\$7,708
Foreign Agricultural Service.....	395	396	344
Risk Management Agency.....	7,680	10,220	9,574
Total, FFAS.....	16,323	20,357	17,626
RURAL DEVELOPMENT:			
Rural Business Service.....	203	204	154
Rural Housing Service.....	1,687	1,697	1,738
Rural Utilities Service.....	601	605	397
Total, RD.....	2,491	2,506	2,289
MARKETING AND REGULATORY PROGRAMS:			
Animal and Plant Health Inspection Service.....	118	119	133
Agricultural Marketing Service.....	648	585	690
Grain Inspection, Packers and Stockyards Administration..	38	38	41
Total, MRP.....	804	742	863
RESEARCH, EDUCATION, AND ECONOMICS:			
Agricultural Research Service.....	334	336.313	316
National Institute of Food and Agriculture.....	700	685	673
Economic Research Service.....	28	29	29
National Agricultural Statistics Service.....	154	155	152
Total, REE.....	1,217	1,205	1,169
DEPARTMENTAL STAFF OFFICES:			
Office of the Chief Economist.....	6	6	6
Total, Staff Offices.....	6	6	6
Total.....	\$20,840	\$24,816	\$21,953

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	2012 Enacted	2013 Estimate	2014 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES:			
Farm Service Agency.....	\$2,414	\$2,442	\$2,449
Total, FFAS.....	2,414	2,442	2,449
NATURAL RESOURCES AND ENVIRONMENT:			
Natural Resources Conservation Service.....	4,336	4,298	3,862
Forest Service.....	5,553	5,894	5,534
Total, NRE.....	9,889	10,192	9,396
MARKETING AND REGULATORY PROGRAMS:			
Animal and Plant Health Inspection Service.....	56	56	48
Total, MRP.....	56	56	48
RESEARCH, EDUCATION, AND ECONOMICS:			
Agricultural Research Service.....	189	190	219
National Institute of Food and Agriculture.....	178	179	188
Economic Research Service.....	11	11	11
National Agricultural Statistics Service.....	1	1	4
Total, REE.....	379	381	422
DEPARTMENTAL STAFF OFFICES:			
Office of the Chief Economist.....	2	2	2
Hazardous Materials Management.....	4	4	4
Total, Staff Offices.....	6	6	6
Total.....	\$12,744	\$13,076	\$12,321

APPENDIX

Strategic Goal

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

**Budget Authority
(Dollars in Millions)**

Program	2012 Enacted	2013 Estimate	2014 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES:			
Foreign Agricultural Service.....	\$1,989	\$2,013	\$479
Total, FFAS.....	1,989	2,013	479
MARKETING AND REGULATORY PROGRAMS:			
Animal and Plant Health Inspection Service.....	52	52	52
Total, MRP.....	52	52	52
RESEARCH, EDUCATION, AND ECONOMICS:			
Agricultural Research Service.....	140	140	138
National Institute of Food and Agriculture.....	317	208	309
Economic Research Service.....	19	19	19
Total, REE.....	476	368	467
Total.....	\$2,516	\$2,433	\$998

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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	2012 Enacted	2013 Estimate	2014 Budget
FOOD, NUTRITION, AND CONSUMER SERVICES:			
Food and Nutrition Service.....	\$114,187	\$112,301	\$109,348
FOOD SAFETY:			
Food Safety and Inspection Service.....	1,016	1,021	1,019
MARKETING AND REGULATORY PROGRAMS:			
Animal and Plant Health Inspection Service.....	877	865	838
Agricultural Marketing Service.....	501	505	501
Total, MRP.....	1,378	1,370	1,339
RESEARCH, EDUCATION, AND ECONOMICS:			
Agricultural Research Service.....	462	464	629
National Institute of Food and Agriculture.....	158	159	177
Economic Research Service.....	19	19	20
National Agricultural Statistics Service.....	4	4	4
Total, REE.....	643	646	830
Total.....	\$117,223	\$115,338	\$112,535

APPENDIX

Management Activities (Dollars in Millions)

Program	2012 Enacted	2013 Estimate	2014 Budget
Departmental Activities.....	\$525	\$504	\$520
Total, Management Activities.....	\$525	\$504	\$520

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User Fee Proposals (Dollars in Millions)

Agency and Program	2014 Budget Authority
Food Safety	
Food Safety and Inspection Service:	
User Fee Proposal	0
<ul style="list-style-type: none">A performance based fee would 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 are estimated to be about \$4 million, which will reduce appropriation needs in future years.	
Marketing and Regulatory Programs	
Animal and Plant Health Inspection Service:	
User Fee Proposals.....	0
<ul style="list-style-type: none">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 2014, which include \$9 million for animal care, \$7 million for veterinary biologics, and \$4 million for Biotechnology Regulatory Services (BRS). The BRS user fee would enable APHIS to maintain improved biotechnology reviews in the face of an expected increase in workload. Collections under the Animal Welfare Act and Virus-Serum-Toxin Act will reduce appropriation needs in future years; the BRS fee would supplement appropriations.	
Grain Inspection, Packers and Stockyards Administration:	
User Fee Proposal	0
<ul style="list-style-type: none">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 in receipts in 2014 (\$5 million and \$22 million, respectively),	

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which will reduce appropriation needs in future years.

Natural Resources and Environment

Natural Resources Conservation Service:

Fees for conservation planning in Conservation Technical Assistance (CTA): Requires all producers who receive CTA for conservation planning pay \$150 per plan..... 0

- The Budget includes a user fee 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 this proposal are estimated to be \$22 million, which will reduce appropriation needs in future years.

Forest Service:

National Forest System (NFS): Enables the Agency to assess an administrative fee on cattle to offset the cost of processing of grazing permits and leases..... 5

- The Budget proposes that \$5.0 million be made available for the processing of grazing permits and leases, to remain available until expended. Further, the Forest Service will collect an administrative fee of \$1.00 per head of cattle per month, credited to this appropriation, to reduce costs.

Special Use Fee Retention: A permanent extension of program authority for five years..... 44

- Establishes permanent authority to retain and spend 40 percent of land use fee revenue from special use authorizations issued under any statute available for the purpose of authorizing special uses on National Forest System lands.

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	2014 Budget Authority
Rural Development	
Rural Housing Service:	
Multi-Family Housing Revitalization Demo: Pursue permanent Authorities to revitalize rural multi-family housing.....	0
<ul style="list-style-type: none">• 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
<ul style="list-style-type: none">• The Budget authorization to access the databases to help reduce improper payments in means-tested housing programs.	
Food, Nutrition, and Consumer Services	
Food and Nutrition Service:	
SNAP: Increase SNAP benefits authorized by ARRA through March 2014.....	2,264
<ul style="list-style-type: none">• 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.	
SNAP: Prohibit millionaires from receiving SNAP benefits.....	0
<ul style="list-style-type: none">• 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 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.	

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Natural Resources and Environment

Forest Service:

Secure Rural Schools: 278

- The Budget also proposes to reauthorize the Secure Rural Schools Act which provides consistent and reliable funding for over 775 rural counties and 4,400 schools located near national forests across the United States. The budget includes \$278 million in mandatory funding for Secure Rural Schools.

Land and Water Conservation Fund: 59

- The Department of the Interior proposes mandatory funding from the Land and Water Conservation Fund. The Forest Service would receive transfers of \$25 million to Forest Legacy and \$34 million to Land Acquisition, for purchase of strategic interagency landscape-scale conservation projects. This will allow the Forest Service to respond to locally supported planning efforts to protect intact critical ecosystems before fragmentation occurs.

Stewardship Contracting: 0

- 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 10-year authorization expires on September 30, 2013.

Proposed Legislation – Farm Programs

The 2014 President’s Budget reflects a number of legislative proposals that produce savings to reduce the deficit while maintaining a strong safety net for American agriculture. 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 disaster assistance and dairy gross margin insurance protection. The proposed legislation would reduce the deficit by \$38 billion over ten years compared to current baseline spending. The savings would result from eliminating direct farm payments, decreasing subsidies to crop insurance companies and producers, and better targeting conservation funding to high priority areas. The legislation also proposes to extend some disaster assistance programs for the 2014 through the 2018 crops, and provides additional support to dairy farmers through expansion of the dairy gross margin insurance program. The Administration remains strongly committed to programs that create jobs, expands markets for existing products, and help develop the next generation of farmers and ranchers. To accomplish these goals the budget proposes an additional \$1.3 billion for renewable energy, organic agriculture, specialty crops, and beginning farmers, and invests in high priority areas including beginning farmers, bioenergy, specialty crops, and organic agriculture.

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Farm and Foreign Agricultural Service

Farm Service Agency:

Eliminate Direct Payments..... 0

- 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 about \$30 billion over 10 years compared to the 2014 Budget baseline.

Cap the Conservation Reserve Program acreage 15

- The Budget proposes to set the maximum allowable acreage enrollment in the Conservation Reserve Program at 25 million acres by 2018, down from 32 million acres under current law. The program will continue to target acres that deliver high net conservation benefits to ensure the program has maximum positive impact. This proposal will save about \$2.2 billion over 10 years when compared to the 2014 Budget's baseline.

Extend mandatory disaster assistance 300

- 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 Budget proposes to extend LIP, LFP, ELAP, and TAP, to cover losses through the 2018 crop year. The programs have provided financial assistance to producers when they suffer a 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. This proposal will cost \$3 billion over 10 years when compared to the 2014 Budget baseline.

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Expand Dairy Gross Margin Coverage	100
• The Administration supports a strong safety net for dairy producers. While row crop producers are experiencing record or near record prices for the corn and soy beans they raise, the profits of dairy producers are being squeezed by rising feed costs. Dairy gross margin insurance, available through the Federal crop insurance program, would allow producers to purchase insurance coverage to protect their profitability. Federal support for livestock insurance products, including dairy gross margin insurance, is currently capped at \$20 million per year. This proposal would provide an additional \$100 million per year, from the funds of the Commodity Credit Corporation, to support the dairy gross margin insurance program available through the Federal crop insurance program.	
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 rate of return (ROR) should be around 12 percent, but that it is currently expected to be 14 percent. The Administration is proposing to lower the crop insurance companies' ROR to meet the 12 percent target. This proposal is expected to save about \$1.2 billion over 10 years.	
Reduce the reimbursable 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 few years, but not harming the delivery system. The Administration, therefore, proposes setting the cap at \$0.9 billion adjusted annually for inflation. This proposal is expected to save about \$2.8 billion over 10 years.	
Decrease the premium subsidy paid on behalf of producers by 3 percentage points	-294
• The proposal would reduce the premium subsidy levels by 3 percentage points for those policies that are currently	

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subsidized by more than 50 percent. This proposal is expected to save about \$4.2 billion over 10 years.

Decrease the premium subsidy paid on behalf of producers by 2 percentage points on policies where the producer elects policies that provide protection against price increase..... -219

- This reduction is in addition to the 3 percentage point reduction on policies currently subsidized by more than 50 percent. These policies provide upward price protection which provides a higher indemnity if the commodity prices are higher at harvest time than when the policy was purchased. This proposal is expected to save about \$3.2 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 performance of the catastrophic portfolio. The proposal is expected to save about \$292 million over 10 years.

Natural Resources and Environment

Natural Resources Conservation Service:

Cap to the Conservation Stewardship Program (CSP): Institutes a cap for program enrollment in 2014 and subsequent years..... -5

- The Budget proposes that CSP enrollments in 2014 and subsequent years be capped at 10.4 million acres, down from 12.8 million acres under current law. The proposal is expected to save about \$2 billion over 10 years when compared to the 2014 Budget's baseline.

Consolidation of agricultural easement programs: Consolidates all easement programs into the Agricultural Conservation Easement Program (ACEP)..... 48

- The Budget proposes to consolidate the Wetlands Reserve Program, the Grassland Reserve Program, and the Farmland Protection Program, bringing together agricultural land easements and wetlands easements under a single program, the ACEP. ACEP will be funded at \$500 million per year. The proposal is expected to cost about \$2.4 billion over 10 years when compared to the 2014 Budget's baseline.

