



United States Department of Agriculture

FY 2016

**BUDGET SUMMARY
AND
ANNUAL PERFORMANCE PLAN**

PREFACE

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PREFACE

This Budget Summary and Annual Performance Plan describes the fiscal year (FY) 2016 Budget for the U.S. Department of Agriculture (USDA). All references to years refer to fiscal year, except where specifically noted. Throughout the Budget Summary, “The Farm Bill” or “2014 Farm Bill” are used to refer to the Agricultural Act of 2014. Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, sequestration is included in the numbers for mandatory programs in 2014 and 2015. The sequestration rate for 2014 is 7.2 percent and the rate for 2015 is 7.3 percent.

The Budget Summary is organized into two sections:

- **Overview** - provides an overview of the 2016 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 (BA)** 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 BA to cover the obligation.
- **Outlays** are cash disbursements from the Federal Treasury to satisfy a valid obligation.
- **Program Level (PL)** represents the gross value of all financial assistance USDA provides to the public. This assistance may be in the form of grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.
- **Performance Goal** is the target level of performance at a specified time or period expressed as a tangible, measurable outcome against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate. A performance goal comprises a performance measure with targets and timeframes.
- **Performance Measures** are indicators, statistics, or metrics used to gauge program performance. Program performance measures include outcome, output, and efficiency measures.

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

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is being used. Also, note that the budget authority tables contained in this document reflect operating levels. In addition, performance goals reflect performance levels at ongoing funding levels and do not include the effect of supplemental appropriations. Performance data for 2015 and 2016 are estimates and subject to change.

The 2014 Annual Performance Report which provides performance information concerning USDA achievements in 2014 can be found at <http://www.obpa.usda.gov>. According to the requirement in the GPRA Modernization Act (P.L. 111-352), to address Federal Goals in the agency Strategic Plan and Annual Performance Plan, please refer to <http://www.performance.gov> for information on Federal Priority Goals and the agency's contributions to those goals, where applicable.

The 2016 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.

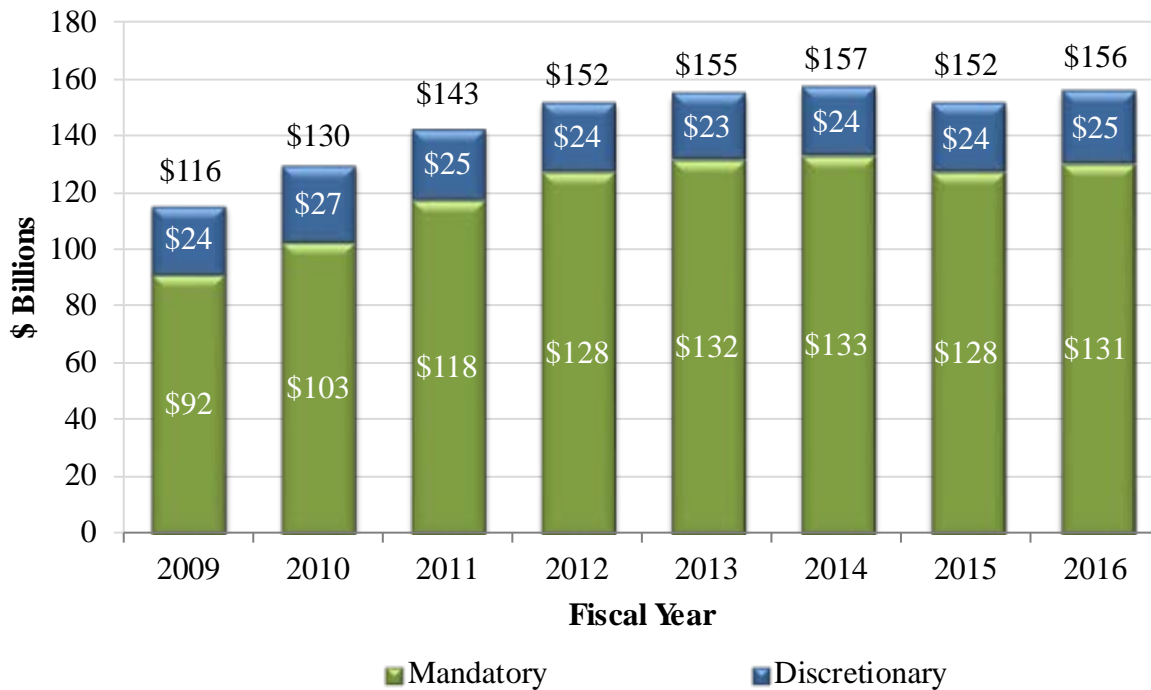
Vision Statement

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.

2016 Funding Overview

The 2016 request for discretionary budget authority to fund programs and operating expenses is \$25 billion, an increase of about \$1 billion above 2015. This includes funding for Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), Rural Development, food safety, Forest Service, research and conservation activities.

USDA Budget Authority



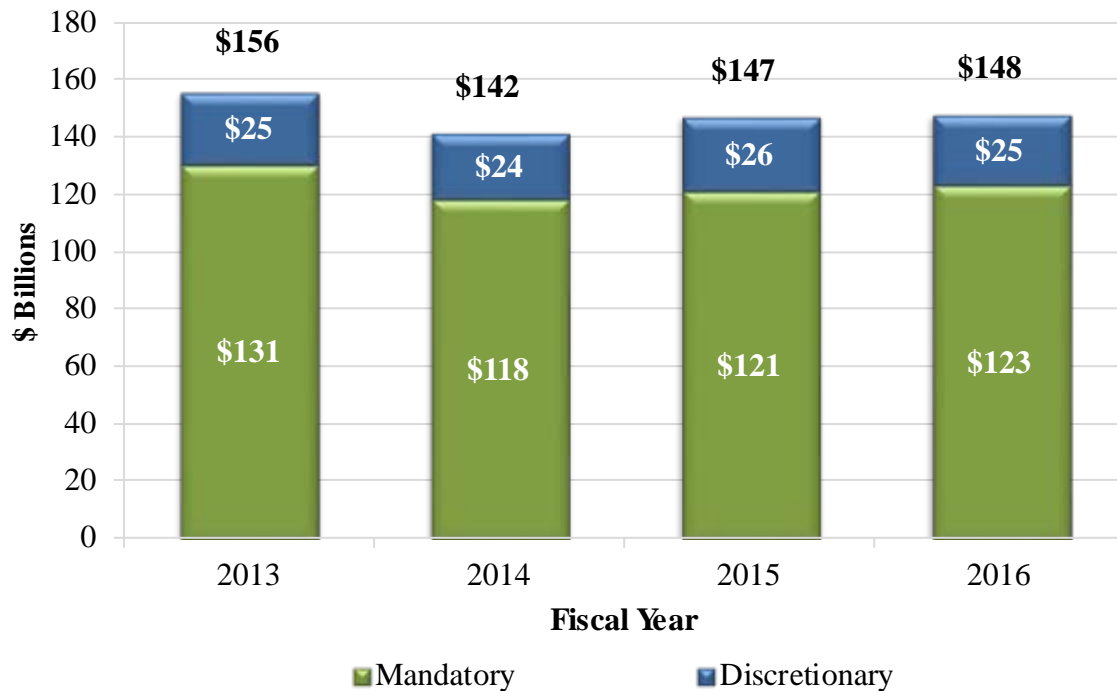
USDA's requested funding levels support WIC participation, invest in economic opportunity, and strengthen conservation efforts among other Administration priorities. The discretionary funding request for 2016 reflects investments in infrastructure and agricultural research.

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Funding for mandatory programs is estimated at \$131 billion, about \$3 billion above 2015. Mandatory funding largely reflects increases in the Commodity Credit Corporation Fund.

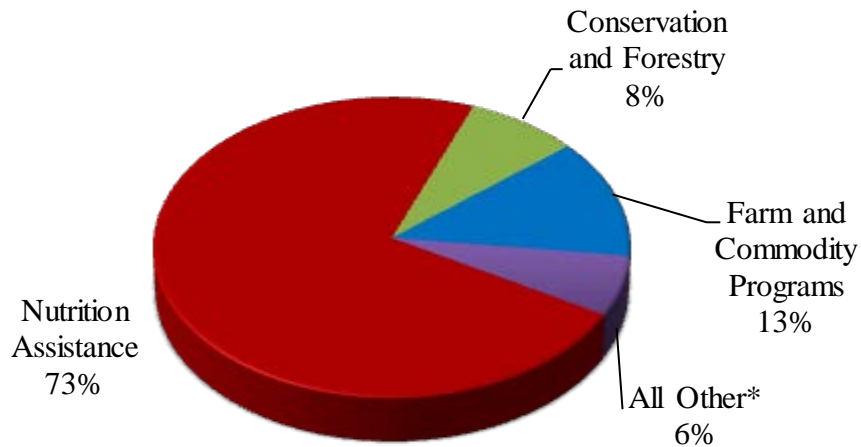
USDA's total outlays for 2016 are estimated at \$148 billion. Roughly 83 percent of outlays, about \$123 billion in 2016, are associated with mandatory programs that provide services as required by law. The majority of these outlays include crop insurance, nutrition assistance programs, farm commodity and trade programs, and a number of conservation programs. The remaining 17 percent of outlays, estimated at about \$25 billion in 2016, 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.

USDA Outlays



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2016 Outlays



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

Strategic Plan Framework

Significant opportunity exists to create thousands of new jobs and drive economic development in rural communities across America. Over the last six 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 11 jobs. However, rural America faces an increasingly challenging, technologically advanced, and competitive environment. Meeting these challenges creates many opportunities for families in rural communities to generate prosperity in new ways while conserving the Nation's natural resources and providing a safe, sufficient, and nutritious food supply for the country and the world. The Department is well positioned to support its constituents in taking advantage of these new opportunities. The USDA Strategic Plan 2014-2018 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 five goals. It should be noted that although agency programs and associated funding have been aligned with the five program goals, many programs contribute to the achievement of multiple goals.

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

Rural America is home to a vibrant economy supported by nearly 50 million Americans. These Americans come from diverse backgrounds and work in a variety of industries, including manufacturing, agriculture, services, government, and trade. Many of the Nation's small

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businesses are located in rural communities and are the engine of job growth and an important source of innovation for the country. Agriculture exports have had the strongest five-year period of growth in our Nation's history and reached an all-time high of \$152.5 billion in 2014.

The 2016 Budget:

- Provides \$8.2 billion for the Federal crop insurance program under current law. This level of support will protect more than \$100 billion in agricultural production from losses.
- Provides over \$6.4 billion for loans to help an estimated 42,600 farmers and ranchers to cover operating costs and purchase or refinance farm property.
- Supports several initiatives to help beginning farmers and ranchers through increased financial literacy, technical assistance for loan customers, and a process through which prequalification for direct farm ownership loans can be established through successful completion of formal training programs provided by partner organizations. Other efforts include individual development accounts; microloans; food safety training to help implement new Federal food safety guidelines enacted under the Food Safety Modernization Act; and research on barriers to entry for beginning farmers and ranchers. Additional funding is also requested to develop educational programming for veterans to develop farming and ranching skills.
- Provides \$6 billion in direct loans to support clean and renewable energy generation, transmission and distribution activities across rural America. This level of funding will provide 5.5 million rural residents with new or improved electric service.
- Makes available funds to support the retail sale of biofuels through the Business and Industry Loan Guarantee Program. These loans will be made available without an upfront or annual fee.
- Provides \$2.2 billion for community facility direct loans. This level of funding will support approximately 840 loans to develop essential facilities such as hospitals, schools, libraries, fire protection, child and adult day care, and other public buildings in rural areas. In addition, an increase of \$37 million in grant funding is provided for place-based community funding.
- Provides \$24 billion for guaranteed single family housing loans and \$900 million for single family housing direct loan program to provide over 170,000 new homeownership opportunities in 2016.
- Provides \$20 million for a Rural Child Poverty initiative that will support demonstration projects aimed at developing innovative strategies to combat rural child poverty. This funding will be made available through grants to local governments and non-profit organizations that have skills to assist rural families in poverty. This effort to mitigate child poverty will be coordinated with other Federal agencies' efforts and the White House Rural Council.

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- Requests \$13 million for loans and grants to support increased access to healthy foods in underserved areas, to create and preserve quality jobs, and to revitalize low-income communities. The initiative will provide financial and technical assistance to support market planning and promotion efforts as well as infrastructure and operational improvements designed to enhance marketing, expand demand and retail outlets for farm products, and increase the availability of locally and regionally produced foods.
- Doubles the amount of funding available for broadband grants and loans to remote rural areas that will be used to pay for hardware and connections for essential emergency services and computers at local libraries or community centers.
- Continues efforts to control feral swine, a harmful and destructive invasive species. The feral swine population is estimated to be responsible for \$1.5 billion in damage annually.
- Helps the 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 an increase of \$80 million for two public-private innovation institutes funded by the National Institute of Food and Agriculture (NIFA). The institutes will engage industry, leverage funding, and facilitate technology transfer. The first institute will focus on biomanufacturing and bioproducts development. The other will focus on development of nanocellulosics from plants, including nanomaterials from agricultural crops and trees to ensure that the United States is the leading global source of commercial cellulosic nanomaterials research, innovation, production, and commercialization.
- Requests a total of \$450 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 focused on development and sustainable production of regionally appropriate biomass feedstocks for production of non-food biobased products, chemical intermediates, or alternative jet fuel. Economic analyses have consistently found that the net social returns from public agricultural research in the United States are high.

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

**Budget Authority
(Dollars in Millions)**

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|---------------------------------------------|-------------------------|--------------------------|------------------------|
| Farm and Foreign Agricultural Services..... | \$19,905 | \$20,662 | \$21,712 |
| Rural Development..... | 2,962 | 2,674 | 2,875 |
| Marketing and Regulatory Programs..... | 828 | 957 | 883 |
| Research, Education, and Economics..... | 1,198 | 1,258 | 1,471 |
| Office of the Chief Economist..... | 14 | 14 | 14 |
| Total..... | \$24,907 | \$25,565 | \$26,955 |

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

A healthy and prosperous America relies on the health of our natural resources, 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 to 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 quality 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 more than \$13 billion annually through visitor spending. They are also a source of cultural heritage and a national treasure. In addition to these national lands, much of America's water, soil, and natural habitat resources are privately owned. To help conserve and protect these resources, USDA performs extensive work with private landowners. USDA provides both technical expertise and financial assistance to install conservation practices that preserve soil health and reduce excess nutrient runoff. In addition to this assistance, USDA also helps landowners to establish easements to protect the current ecological value of their land.

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 wildfires and restore fire to its appropriate place on the landscape. The 2016 Budget:

- Provides \$5.3 billion to effectively implement 2014 Farm Bill conservation programs. This includes funding to enroll an additional 7 million acres per year authorized under the Conservation Stewardship Program and support approximately 24 million acres enrolled under the Conservation Reserve Program.
- Targets conservation activities to priority landscapes through Federal, State, and local, partnerships, including the Bay-Delta region in California, the Mississippi River Basin, the Great Lakes region, the Chesapeake Bay Watershed, the longleaf pine region in the Southeastern States, the Prairie Grasslands covering several Midwestern States, the Columbia River Basin in the Northwest and the Colorado River Basin in the Southwest. In partnership with other agencies, these efforts will preserve and restore private lands, protect water resources, and mitigate the effects of catastrophic weather events.
- Expands Forest Service efforts to encourage youth to visit our national forests and grasslands. The "Every Kid in a Park: Discover America's Public Lands and Waters"

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initiative is a government-wide effort, with the Forest Service alone expecting to serve up to 500,000 youth nationwide. This initiative will enable these children to get to know America's public lands by learning about critical resource issues, climate change, wildlife viewing, and forest management, while having opportunities for play and physical activities.

- Creates a more sustainable mechanism for funding wildland fire suppression by treating catastrophic fire as a natural disaster. This alternative approach does not rely on fire transfers, which undermine the integrity of the Forest Service's restoration efforts by borrowing from the very programs that make the landscape more resilient and reduce wildland fire hazard in future years. In this proposed approach, the 10-year average for the cost of wildfire suppression is fully funded through a combination of the Forest Service's discretionary budget and additional emergency budget resources to provide the necessary funding for wildland fire suppression, while promoting program integrity within the Forest Service's other, mission critical activities.
- Provides \$60 million for the Collaborative Forest Landscape Restoration Program (CFLRP). Taking an all-lands approach to forest restoration, CFLRP funds multi-year, landscape scale restoration projects on the National Forest System. CFLRP projects are designed to reduce the risk of catastrophic fire, while improving water quality, increasing carbon sequestration, and encouraging the creation of sustainable jobs in rural America. Collaboration with a diversity of partners will increase the pace and scale of restoration while creating a more resilient landscape.
- Provides \$822 million for on-the-ground restoration work across the National Forest System through the Integrated Resource Restoration (IRR) program. Capitalizing on the success of this pilot program between 2012 and 2014, the budget also fully implements IRR across all Forest Service regions. Under IRR the Forest Service has found increased flexibility in funding and integrating planning efforts while benefitting from improved coordination across agency program areas. Under IRR, the Forest Service has increased the volume of timber sold from 2.6 billion board feet (BBF) in 2012 to an anticipated volume sold of 3.2 BBF in 2016.
- Requests \$450 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 could potentially affect health, food, climate, energy, and the environment. Economic analyses have consistently found that the net social returns from public agricultural research in the United States are high.
- Provides the Agricultural Research Service (ARS) an additional \$19 million to address climate change risk to agriculture. The funds will be used to determine the vulnerability of different agronomic systems to production losses associated with climate change and to develop tools for the design of plants to deal with environmental changes. In addition, the Economic Research Service (ERS) will use \$1 million to analyze linkages between shifting water supplies, farming practices, and food production. This will improve our understanding of the range of risk management and adaptive decisions in drought-prone areas, and analyze how farmers might respond to extreme weather events.

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- Provides \$79 million in combined mandatory and discretionary funds for USDA to be utilized in consultation with the Environmental Protection Agency (EPA) and other Federal partners, to build upon 2015 efforts to address the decline of honeybee health with a goal of ensuring the recovery and enhancing the resilience of this critical subset of pollinators.
- Provides \$200 million for Watershed and Flood Prevention Operations (WFPO) to assist individuals and communities as they work to improve climate resilience. The planning assistance provided by WFPO fosters broad community buy-in, leverages other funding sources, and aids in meeting the often competing interests for a given area of land.
- Provides \$900 million in discretionary and mandatory funding for the Land and Water Conservation Fund (LWCF) in 2016 and proposes to authorize permanently \$900 million in annual mandatory funding for the Department of Agriculture and the Department of the Interior by 2017. LWCF provides critical support to States to protect high priority forests from conversion and enhance recreation and support the 880,000 jobs created through recreation, hunting and fishing on public lands. LWCF has invested in every county in the United States providing over 42,000 grants or State and local governments. The 2016 Budget includes \$5 million dedicated to enhancing sportsmen access.
- Invests \$10 million over two years to determine the effects incentive payments and outreach efforts have on farmer’s willingness to adopt conservation practices and improve the efficiency of private lands conservation programs. This multi-year effort will leverage administrative data as well as census and survey data within USDA (and potentially across other agencies) to build rigorous evidence and strengthen conservation implementation at least cost.

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 | 2014 Enacted | 2015 Estimate | 2016 Budget |
|---------------------------------------------|-------------------------|--------------------------|------------------------|
| Farm and Foreign Agricultural Services..... | \$1,709 | \$1,347 | \$1,413 |
| Natural Resources and Environment..... | 10,383 | 9,471 | 9,711 |
| Marketing and Regulatory Programs..... | 62 | 58 | 49 |
| Research, Education, and Economics..... | 415 | 438 | 461 |
| Office of the Chief Economist..... | 3 | 3 | 3 |
| Hazardous Materials Management..... | 4 | 4 | 4 |
| Total..... | \$12,576 | \$11,321 | \$11,641 |

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

Global food insecurity affects people worldwide. Recent estimates from the United Nations Food and Agriculture Organization indicate that about 805 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, USDA 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 2016 Budget:

- Provides \$192 million in discretionary funding for the McGovern-Dole International Food for Education and Child Nutrition Program. This food assistance will benefit approximately 3 million women and children in poor countries in 2016.
- Provides \$20 million for Local and Regional Food Aid Procurement (LRP), to enter into grants or cooperative agreements with eligible organizations to carry out field-based projects of local or regional procurement of eligible commodities to fill nutritional gaps created by food crises and disasters. Independent evaluation of LRP pilot projects authorized in the 2008 Farm Bill demonstrated that locally procured food assistance in emergency situations can provide cost savings and speed delivery time to needy populations.
- Provides \$19 million for Biotechnology Regulatory Services. In recent years, the Animal and Plant Health Inspection Service (APHIS) implemented improvements to the biotechnology petition process. These improvements have started to bear fruit for petition reviews that do not require an environmental impact statement (EIS). Non-EIS petitions are taking on average, 600 fewer days than they did between 2010-2012. In addition to being timelier, the improved process is more predictable, enabling developers to bring products that are no longer regulated to market more quickly and providing growers with more choices and access to new technologies sooner. At the requested budget level for 2016, APHIS estimates that it will result in a cumulative total of 119 deregulated biotechnology products in 2016.

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- Provides an increase of \$5.5 million to enhance the enforcement of the Lacey Act. This funding will be used to make submission of mandated declarations easier for importers, providing law enforcement agencies improved access to declarations, thereby facilitating enforcement.

- Requests \$450 million for competitive grants through AFRI, which supports all strategic goals. A portion of this funding will support research to promote agricultural production through the development of varieties and breeds with improved resilience to climate change, drought, and extreme weather; increased protection of crops and livestock from diseases and pests; and enhanced nutritional composition. Economic analyses have consistently found that the net social returns from public agricultural research in the United States are high.

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

**Budget Authority
(Dollars in Millions)**

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|---------------------------------------------|-------------------------|--------------------------|------------------------|
| Farm and Foreign Agricultural Services..... | \$1,691 | \$1,698 | \$1,654 |
| Marketing and Regulatory Programs..... | 52 | 54 | 60 |
| Research, Education, and Economics..... | 540 | 519 | 629 |
| Total..... | \$2,283 | \$2,271 | \$2,343 |

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. USDA takes several approaches to achieving this goal. 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.

USDA’s nutrition assistance programs help reduce food insecurity, improve nutrition, and reduce obesity by ensuring that children and families have access to healthy diets in schools and child and adult care facilities and that families have the means to purchase food. These programs target the most vulnerable, including those experiencing economic hardship, whether driven by unemployment, recession, disaster, age, or disability. In addition to improving access to healthy foods, USDA provides nutrition education and engages in targeted outreach to ensure Americans are equipped to make healthy choices.

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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 agricultural pests and diseases provides access to a diverse supply of fruits, vegetables, meat, and poultry. The Department detects and quickly responds to emerging agricultural and public health situations. These efforts contribute to the overall health of the Nation, ensuring American children and their families have access to safe foods.

Actions to support this goal include: (1) improving access to nutritious food; (2) promoting healthy diet and physical activity behaviors; (3) protecting public health by ensuring food is safe; and (4) protecting agricultural health by minimizing major diseases and pests to ensure access to safe, plentiful, and nutritious food. The 2016 Budget:

- Provides \$6.6 billion for WIC to fully support projected participation of 8.5 million participants per month in 2016. WIC is critical to the health of low-income pregnant women, new mothers, and their infants and young children.
- Strengthens the child nutrition programs by enhancing children's access to healthy meals and snacks throughout the year. The 2016 Budget provides \$35 million in school equipment grants to ensure schools have the tools they need to serve healthy meals. An estimated 30.3 million children will be served school lunches and over 14.6 million will be served school breakfast each day. To reduce food insecurity and hunger among school children in the summer when school meals are not available, the Budget includes about \$67 million to expand Summer Electronic Benefit Transfer (EBT) demonstration projects.
- Supports employment and training (E&T) programs targeted to participants in the Supplemental Nutrition Assistance Program (SNAP). The 2016 Budget provides \$25 million to enhance States' ability to provide employment and training opportunities to help participants prepare for post-secondary education and in-demand jobs. Another \$1.5 million would strengthen the E&T program by proactively engaging, supporting, and guiding State agencies and their partners in developing innovative, demand-driven training programs that empower SNAP recipients to attain employment.
- Reduces barriers faced by the elderly to SNAP participation. The Budget will propose about \$9 million to facilitate States' ability to improve access to SNAP for low-income elderly. The States would be able to improve access, ease administrative burden, and gain efficiency through the use of data matching in lieu of reporting requirements for these generally stable households. One State operating a related project reports a 55 percent increase in the elderly participation over the past six years.
- Proposes an increase of \$14.5 million in Child Nutrition Programs and \$4 million in SNAP to reduce waste, fraud and abuse and ensure that program resources are targeted to those most in need.
- Provides an additional \$1 million to support the creation of an analytic framework for developing dietary guidelines for children birth to two years, and another \$2.5 million for

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initiatives to help Americans put healthy eating behaviors into practice and prevent chronic disease.

- Reflects estimated savings to be realized through the modernization of poultry slaughter inspection. The new inspection system will reduce the incidence of Salmonella and Campylobacter by up to 5,000 foodborne illnesses annually by focusing Food Safety and Inspection Service (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.
- Supports a Government-wide effort dealing with antimicrobial resistance. The Budget requests an increase of \$17 million for ARS to seek answers to key questions related to antimicrobial resistance in the relationships among microbes and livestock, the environment, and human health. For APHIS, the Budget requests an increase of \$10 million to enhance the monitoring for antimicrobial resistant bacteria among livestock. An additional \$2 million will be used by the National Agricultural Statistics Service (NASS) to enhance survey work related to antimicrobial resistance. NIFA will use an additional \$28 million through AFRI to develop, refine, and disseminate science-based knowledge about animal health management and production practices that can reduce the threat of antimicrobial resistance.
- Includes \$1 million for a new competitive grant program related to farm-to-school efforts supporting placement of volunteers (e.g., AmeriCorps VISTA) in schools throughout the country to build or maintain school gardens, incorporate nutrition education into the schools' culture, and support school food service personnel in procuring or promoting local and regional products for the school meal program.
- Requests \$450 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 will promote nutrition education and obesity prevention strategies and interventions, focusing on low-income groups.

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

| Budget Authority | | | |
|---------------------------------------------|----------------|-----------------|---------------|
| (Dollars in Millions) | | | |
| Program | 2014 | 2015 | 2016 |
| | Enacted | Estimate | Budget |
| Food, Nutrition, and Consumer Services..... | \$114,597 | \$110,381 | \$112,440 |
| Food Safety..... | 1,024 | 1,029 | 1,025 |
| Marketing and Regulatory Programs..... | 1,380 | 1,321 | 1,356 |
| Research, Education, and Economics..... | 697 | 679 | 804 |
| Office of the Chief Economist..... | 1 | 1 | 1 |
| Total..... | \$117,699 | \$113,411 | \$115,626 |

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Strategic Goal: Create a USDA for the 21st Century that is High-performing, Efficient, and Adaptable.

In order to continue delivering the numerous programs and services it provides to the public, the Department is focused on modernizing its administrative and management support structure. To achieve these results, USDA is targeting achievement of three specific objectives to create efficiencies and improve program delivery. These objectives are: to build a modern workforce; to implement a modern workplace; and to exercise good stewardship of the resources entrusted to the Department. Through its Blueprint for Stronger Service, USDA is implementing numerous initiatives to achieve these objectives to deliver results that help modernize the Department.

By building a modern workforce, USDA is expanding the skills and capacities of its nearly 100,000 employees while equipping those employees to better serve the Department's customers and stakeholders. A part of this modernization is ensuring that barriers to efficiency are removed and that value-added enhancements are made through the implementation of process improvements across the entire Department. Through these process improvements, the Department is striving to achieve over one million hours of time savings and efficiencies for the USDA workforce by 2018.

Through the development of a modern workplace, the Department will be able to leverage the latest technologies to enable the public to interact with USDA while ensuring a safe and secure environment in which to conduct business. As the American public embraces new technologies and different methods for interaction and engagement with federal government, USDA is investing in modern technology to better serve its constituents. Such investments will enable producers to better engage with USDA in their own ways and according to their individual schedules.

By increasing focus on the stewardship of the taxpayer resources entrusted to USDA, the Department can more effectively manage its real property, fleet, and financial investments, thereby creating opportunities for further investment in the programs delivered to the public. With over 9,000 locations across the country, USDA has a significant portfolio of leased and owned facilities that it manages and maintains. In addition, with a fleet of over 40,000 vehicles, the Department is responsible for ensuring that vehicles are managed and that the millions of miles driven annually by USDA employees are done effectively and efficiently. Therefore, the Department is implementing strategies to more effectively manage these resources by eliminating duplication or unnecessary expenses while ensuring that program delivery is supported and maintained. Through all of these efforts, USDA is realizing its potential of becoming a modern and more effective organization.

To achieve this goal, the 2016 Budget:

- Requests \$7.6 million to establish a Digital Services team in support of a Government-wide focus to improve management and increase oversight of major IT investments. Through this investment, the Department's Chief Information Officer will be able to build a staff capacity necessary to enhance project planning and implementation activities

OVERVIEW

Department-wide. This added capacity will enable USDA to improve the way IT investments are developed and managed in support of USDA’s programs and customers.

- Requests \$3 million to enhance USDA’s responsiveness to the Digital Accountability and Transparency Act. With these resources, the Department will be better positioned to more timely and authoritatively make information available to the public and Congress that will clearly identify where and in what manner Departmental resources are being spent.
- Requests \$206 million in key infrastructure investments to fully fund USDA’s five highest laboratory construction and renovation needs, including the poultry biosafety and laboratory consolidation in Athens, GA.
- Provides \$60 million for the continuation of modernization efforts at the USDA headquarters complex. Through this investment, the Department will improve the efficiency of its space footprint, thereby enabling a reduction of leased space within the National Capital Region.

Create a USDA for the 21st Century that is high-performing, efficient, and adaptable

**Budget Authority
(Dollars in Millions)**

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|-----------------------------------|-------------------------|--------------------------|------------------------|
| Departmental Activities..... | \$525 | \$362 | \$455 |
| Total, Management Activities..... | \$525 | \$362 | \$455 |

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 a report by the Economic Research Service, the value of agricultural cash receipts was \$401 billion in 2013 and is projected to be \$402 billion in 2014, providing a major foundation for prosperity in rural areas as well as a critical element of the Nation's economy. Sixteen million Americans are employed directly in agriculture, or in agriculturally related industries. Fourteen percent of all manufacturing jobs are related to food processing and food manufacturing.

American agriculture set a new record for exports in 2014, with a level of \$152.5 billion, \$11.5 billion above the previous year's record high. Exports helped agriculture to be one of the bright spots in the economy. U.S. agricultural exports continue to outpace U.S. agricultural imports since 1960, generating a surplus in U.S. agricultural trade. The period of 2010 to 2014 stands as the strongest five-year period for agricultural exports in our nation's history, with a total export value of more than \$675 billion. Compared to the previous five fiscal years, U.S. agricultural exports from 2010 to 2014 increased by a total of more than \$250 billion.

Crop insurance is designed to ensure that farmers and ranchers effectively manage their risk through difficult periods, helping to maintain America's food supply and the sustainability of small, limited resource, socially disadvantaged and other traditionally underserved farmers. Since 2010, farmers have collected approximately \$50 billion in crop insurance indemnities. As of December 30, 2014, USDA has paid out \$5.2 billion for 2014 crop year losses.

Since 2009, USDA has significantly expanded the availability of farm credit and in the process USDA has provided more than 200,000 loans totaling over \$27 billion to family farmers, including beginning, socially disadvantaged, and veteran farmers and ranchers. USDA operates a 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. These smaller farms, including non-traditional farm operations, often face limited financing options. USDA made nearly 5,000 microloans in 2014, with about half of these loans being made to beginning farmers.

The FFAS mission area contributes to multiple USDA Strategic Goals. Specifically, to assist rural communities, 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

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systems and trade in developing countries to enhance global food security. The work of the FFAS mission area is carried out by its three agencies, the Farm Service Agency (FSA), the Risk Management Agency (RMA), and the Foreign Agricultural Service (FAS).

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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. FSA delivers its programs through more than 2,100 Service Centers, 50 State Offices, and an area office in Puerto Rico.

| Budget Authority | | | |
|----------------------------------------------------------------|----------------|-----------------|---------------|
| (Dollars in Millions) | | | |
| <u>Program</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
| | <u>Enacted</u> | <u>Estimate</u> | <u>Budget</u> |
| Discretionary: | | | |
| FSA Salaries and Expenses: | | | |
| Salaries and Expenses (Direct Appropriation)..... | \$1,178 | \$1,200 | \$1,185 |
| Transfer from Program Accounts..... | 314 | 314 | 317 |
| Total, Salaries and Expenses <u>a/</u> | 1,492 | 1,514 | 1,502 |
| Agricultural Credit Insurance Fund Program Account: | | | |
| Transfer to FSA Salaries and Expenses..... | (307) | (307) | (310) |
| Loan Subsidy..... | 90 | 79 | 72 |
| Loan Program Expenses..... | 8 | 8 | 8 |
| Total, Agricultural Credit Insurance Fund Program Account..... | 98 | 87 | 80 |
| State Mediation Grants..... | 4 | 3 | 3 |
| Grassroots Source Water Protection Program..... | 6 | 6 | 0 |
| Total, Ongoing Discretionary Programs..... | 1,600 | 1,610 | 1,585 |
| Other Funding <u>b/</u> : | | | |
| Reforestation Pilot Program..... | 1 | 1 | 0 |
| Geographically Disadvantaged Farmers and Ranchers..... | 2 | 2 | 0 |
| Emergency Conservation Program..... | 0 | 9 | 0 |
| Emergency Forest Restoration Program..... | 0 | 3 | 0 |
| Total, Other Funding..... | 3 | 15 | 0 |
| Total, Discretionary Programs..... | 1,603 | 1,625 | 1,585 |
| Mandatory: | | | |
| Grassroots Source Water Protection Program..... | 5 | 0 | 0 |
| Dairy Indemnity Program..... | 1 | 1 | 1 |
| Agricultural Disaster Relief Fund..... | 32 | 63 | 0 |
| Pima Agriculture Cotton Trust Fund..... | 16 | 16 | 16 |
| Agricultural Wool Apparel Manufacturers Trust Fund..... | 16 | 30 | 30 |
| Total, Mandatory Programs..... | 70 | 110 | 47 |
| Total, Farm Service Agency..... | 1,673 | 1,735 | 1,632 |

a/ In addition, the 2014 Farm Bill provides FSA with \$100 million in FY 2014 for implementation costs and \$10 million in FY 2015 and in FY 2016 contingent upon the implementation of the Acreage Crop Reporting Streamlining Initiative.

b/ Provided through general provisions.

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

| | 2014 | | 2015 | | 2016 | |
|-----------------------------------------|---------|------|----------|------|---------|------|
| | Enacted | | Estimate | | Budget | |
| | P.L. | B.A. | P.L. | B.A. | P.L. | B.A. |
| Farm Operating Loans: | | | | | | |
| Guaranteed Unsubsidized..... | \$1,500 | \$18 | \$1,393 | \$15 | \$1,393 | \$14 |
| Direct..... | 1,196 | 66 | 1,252 | 63 | 1,252 | 54 |
| Total, Operating Loans..... | 2,696 | 84 | 2,645 | 78 | 2,645 | 68 |
| Farm Ownership Loans: | | | | | | |
| Guaranteed Unsubsidized..... | 2,000 | 0 | 2,000 | 0 | 2,000 | 0 |
| Direct..... | 575 | 4 | 1,500 | 0 | 1,500 | 0 |
| Total, Ownership Loans..... | 2,575 | 4 | 3,500 | 0 | 3,500 | 0 |
| Emergency Loans..... | 35 | 2 | 35 | 1 | 35 | 1 |
| Indian Land Acquisition Loans..... | 2 | 0 | 2 | 0 | 2 | 0 |
| Indian Fractionated Land Loans..... | 10 | 0 | 10 | 0 | 10 | 0 |
| Boll Weevil Eradication..... | 60 | 0 | 60 | 0 | 60 | 0 |
| Conservation Loans: | | | | | | |
| Guaranteed..... | 150 | 0 | 150 | 0 | 150 | 0 |
| Total, Ongoing Farm Loan Programs..... | 5,528 | 90 | 6,402 | 79 | 6,402 | 69 |
| Grants:..... | | | | | | |
| Individual Development Grants..... | 0 | 0 | 0 | 0 | 3 | 3 |
| Total, Farm Loan and Grant Programs.... | 5,528 | 90 | 6,402 | 79 | 6,405 | 72 |

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 continued demand for farm credit, the 2016 budget provides \$6.4 billion for farm loans, the same level provided in 2015. FSA anticipates continued strong demand for its farm loan programs in 2016 as a result of relatively high production costs and increased operating capital needs.

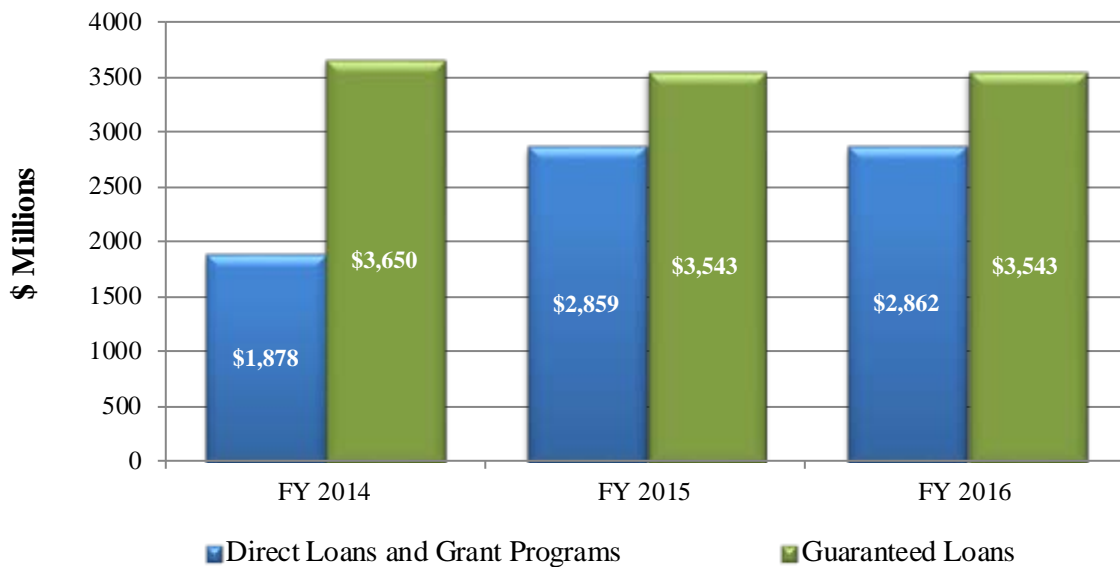
The 2014 Farm Bill gave FSA more flexibility in setting the criteria for types of entities eligible for farm loans. The 2014 Farm Bill also provided more favorable terms for certain farm loans, modified the definition of beginning farmer, raised the maximum loan amount for microloans from \$35,000 to \$50,000, and authorized a re-lending program through qualified intermediaries to assist Native American producers in purchasing fractionated land.

The 2016 Budget supports an estimated 42,600 farmers and ranchers by financing operating expenses and providing 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

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or improving their farming operations, such as purchasing seed, fertilizer, livestock, feed, equipment, and other supplies. For farm operating loans, the 2016 Budget provides about \$1.3 billion for direct loans and \$1.4 billion for guaranteed loans. The requested loan levels will serve an estimated 29,800 farmers, about 24,000 of whom will receive direct loans and 5,800 will receive guarantees. For farm ownership loans, the 2016 Budget requests \$1.5 billion in direct loans and \$2.0 billion for guaranteed loans. The 2016 loan levels will provide about 12,800 people with the opportunity to either acquire their own farm or keep an existing one; about 8,300 borrowers will receive direct loans and 4,500 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 beginning and socially disadvantaged borrowers. Key performance metrics for the farm loan programs measure the programs' success in providing access to credit for beginning farmers, racial and ethnic minority farmers, and women farmers.

| Key Performance Measure | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------------------------------------------------------------|------|------|------|------|------|------|
| Percentage Direct and Guaranteed lending to Socially Disadvantaged Farmers (SDA) | 13.1 | 13.3 | 13.6 | 14.2 | 13.9 | 14.0 |
| Percentage Direct and Guaranteed lending to Beginning Farmers (BF) | 64.9 | 68.8 | 70.0 | 79.2 | 75.5 | 76.5 |

Note: Metric is calculated by dividing the total number of SDA (or BF) borrowers in FSA's loan portfolio at the end of a fiscal year by the total number of SDA (or BF) farmers identified in the 2007 Ag Census that had \$10,000 or more of gross farm sales and any interest expense.

The 2016 Budget includes \$34.7 million loan level for emergency (EM) loans. Demand for EM loans is difficult to predict; accordingly, funding has predominately been provided through

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emergency supplemental appropriations. Funding is requested to ensure that support is available in the event of a natural disaster. The Highly Fractionated Indian Land loan program will continue to be funded at its 2015 program level of \$10 million; however, in keeping with the new authorities provided in the 2014 Farm Bill, the program will be amended to be an intermediary re-lending program rather than a direct loan program. The program level funding for boll weevil eradication loans remains at \$60 million, the same level provided in 2015.

The Consolidated Farm and Rural Development Act authorizes an Individual Development Account (IDA) pilot program to provide for matching-fund savings accounts for beginning farmers or ranchers to be used for certain farm-related expenses. The 2016 budget funds IDAs at \$2.5 million.

Funding for State mediation grants is proposed at \$3.4 million, the same level provided in 2015. 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 | 2014 Enacted | 2015 Estimate | 2016 Budget |
|------------------------------------------|-----------------|------------------|-----------------|
| Mandatory: | | | |
| Commodity Credit Corporation Fund..... | \$9,856 | \$10,808 | \$14,224 |
| Tobacco Trust Fund..... | 1,120 | 327 a/ | 0 |
| Total, Commodity Credit Corporation..... | <u>\$10,976</u> | <u>\$11,135</u> | <u>\$14,224</u> |

a/ The program expired at the end of FY 2014, but funds sequestered in FY 2014 will be restored in FY 2015 and made available for tobacco payments. There is no authorization to collect funds after FY 2015.

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. Net CCC expenditures in 2015 are significantly below the 2014 level primarily as a result of timing differences associated with the 2014 Farm Bill commodity programs. Prior to enactment of the 2014 Farm Bill, the 2015 commodity program payments would have been primarily composed of 2014-crop direct payments and 2013-crop counter-cyclical and average crop revenue election (ACRE) payments. However, the 2014 Farm Bill terminated the direct,

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counter-cyclical, and ACRE program for the 2014 crop and authorized in their place the Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. Under the terms of the 2014 Farm Bill, the 2014 crop ARC/PLC payments cannot be made before October 1, 2015 (i.e. fiscal year 2016). As a result, the 2015 commodity program payments reflect a reduction of about \$4.7 billion for the termination of the direct payment program. The final counter-cyclical and ACRE payments available under the 2008 Farm Bill are reflect in the 2015 commodity program payments and disappear in 2016. In addition, 2015 commodity program payments for Upland Cotton reflected about \$500 million in payments for the 2014 crop year under the Cotton Transition Assistance Payment (CTAP) program for upland cotton. CTAP was authorized in the 2014 Farm Bill to provide payments to growers of upland cotton as they transition from direct payments to the new Stacked Income Protection Plan (STAX) for producers of upland cotton. STAX will be effective for the 2015 and subsequent crop years and will be administered by the Risk Management Agency.

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Net Outlays (Dollars in Millions)

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|------------------------------------------------------------|-----------------|------------------|----------------|
| Commodity Programs: | | | |
| Commodity Payments | | | |
| Direct..... | \$4,726 | 0 | 0 |
| ACRE..... | 214 | \$298 | 0 |
| Loan Deficiency Payments..... | 1 | 107 | \$72 |
| Agricultural Risk Coverage/Price Loss Coverage..... | 0 | 0 | 6,710 |
| Cotton Transition Assistance Program..... | 0 | 500 | 0 |
| Dairy Margin Protection Program..... | 0 | 0 | 104 |
| Other..... | -23 | 767 | 193 |
| Subtotal, Commodity Payments..... | 4,918 | 1,672 | 7,079 |
| Disaster | 3,043 | 2,846 | 573 |
| Noninsured Crop Disaster Assistance Program..... | 141 | 144 | 143 |
| Bio-based Fuel Production..... | 0 | 56 | 60 |
| Biomass Crop Assistance Program (BCAP) | 7 | 27 | 25 |
| All Other a/ | 1,030 | 481 | 389 |
| Total, CCC Commodity Programs | 9,139 | 5,226 | 8,269 |
| Conservation Programs: | | | |
| Conservation Reserve Program..... | 1,732 | 1,808 | 1,834 |
| Emergency Forestry Conservation | | | |
| Reserve Program..... | 5 | 6 | 6 |
| Total, Conservation Programs..... | 1,737 | 1,814 | 1,840 |
| Export Programs: | | | |
| Quality Samples Program | 1 | 3 | 3 |
| Market Access Program (MAP)..... | 184 | 201 | 191 |
| Foreign Market Development (Cooperator) Program..... | 30 | 36 | 33 |
| Technical Assistance and Capacity Building for Brazil..... | 0 | 300 | 0 |
| Technical Assistance for Specialty Crops Program..... | 6 | 11 | 9 |
| Total, Export Programs | 221 | 551 | 236 |
| Total, CCC Fund | 11,097 | 7,591 | 10,345 |
| Other CCC Activities: | | | |
| CCC Export Loans (including Liquidating Account) | 11 | 55 | 6 |
| Tobacco Trust Fund | 1,093 | 278 | 0 |
| Pima Agriculture Cotton Trust Fund | 16 | 16 | 16 |
| Agricultural Wool Apparel Manufacturers Trust Fund | 0 | 41 | 30 |
| Farm Storage Facility Loans | 11 | 9 | 0 |
| Total, Other CCC Activities | 1,131 | 399 | 52 |
| Total, CCC | 12,228 | 7,990 | 10,397 |

a/ Includes minor commodity program costs, reimbursable agreements, interest, working capital, CCC operating expenses, receipts from Tobacco Trust Fund in net outlays, ocean transportation for export donation, and all other miscellaneous expenses.

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Commodity Programs. 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 2014 Farm Bill authorized two new commodity programs, Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC), beginning with the 2014 crop year. All of the owners/operators on a farm must make a one-time selection of either PLC/County ARC or individual ARC. If the PLC/County ARC option is chosen, farmers decide what portion of their base acres will be covered by PLC and what portion will be covered by County ARC. Payments under PLC occur if the U.S. average market price for the crop is less than the reference price set in statute. Payments under County ARC occur when actual crop revenue is below the ARC revenue guarantee for a crop year. Under individual ARC, payments are issued when the actual individual crop revenues, summed across all covered commodities on the farm, are less than ARC individual guarantees summed across those covered commodities on the farm.

Commodity Credit Corporation Fund

Commodity Payments Net Outlays

(Dollars in Millions)

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|-------------------------------------------|-----------------|------------------|----------------|
| Commodity: | | | |
| Feed Grains | \$2,352 | \$282 | \$5,594 |
| Wheat | 1,089 | 140 | 67 |
| Rice | 350 | 81 | 260 |
| Upland and Extra Long Staple Cotton | 607 | 1,138 | 408 |
| Tobacco | -199 | 0 | 0 |
| Dairy | 6 | -50 | 62 |
| Soybeans and Products | 625 | 36 | 217 |
| Peanuts | 46 | 59 | 379 |
| Minor Oilseeds | 18 | 7 | 68 |
| Sugar | 1 | 0 | 0 |
| Honey | -3 | 0 | 0 |
| Vegetable Oil Products | 28 | -7 | 13 |
| Other Commodities | -2 | -14 | 11 |
| Total, Commodity Payments | 4,918 | 1,672 | 7,079 |

Note: Negative amounts reflect excess of receipts versus outlays.

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

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|------------------------------------------------------|-----------------|------------------|----------------|
| Conservation Reserve Program..... | \$1,857 | \$1,808 | \$1,834 |
| Emergency Forestry Conservation Reserve Program..... | 11 | 6 | 6 |
| Total, Conservation Programs..... | \$1,868 | \$1,814 | \$1,840 |

Conservation Programs. Conservation programs administered by FSA and NRCS are funded through the CCC. These programs help farmers adopt and maintain conservation systems that protect water and air quality, reduce soil erosion, protect and enhance wildlife habitat and wetlands, conserve water, and sequester carbon.

Conservation Reserve Program (CRP). The purpose of CRP is to cost-effectively assist farm owners and operators in conserving and improving soil, water, air, and wildlife resources by converting highly erodible and other environmentally sensitive acreage normally devoted to the production of agricultural commodities to a long-term resource-conserving cover. CRP participants enroll in contracts for periods from 10 to 15 years in exchange for annual rental payments and cost-share and technical assistance for installing approved conservation practices. Amounts for CRP include financial and technical assistance. In addition to highly erodible cropland, CRP also can enroll cropland and marginal pastureland in areas adjacent to lakes and streams that are converted to buffers, and cropland that can serve as restored or constructed wetlands, cropland contributing to water quality problems, and cropland converted to valuable wildlife habitat.

The 2014 Farm Bill reauthorized CRP through September 30, 2018, and replaced the previous 32 million acre enrollment cap with caps declining to 24 million acres in 2017 and 2018. Also included is authority for up to \$10 million in incentive payments through 2018 to encourage tree thinning and \$33 million for Transition Incentive Payments (TIP) through 2018. TIP provides retiring land owners and operators with an incentive to return land to production on an expiring CRP Contract in a way that preserves established conservation practices. It also provides an opportunity for beginning and socially disadvantaged farmers and ranchers to purchase their own land or rent land. The 2014 Farm Bill also allows enrollment of up to 2 million grassland acres and removes the payment reduction required when lands are hayed or grazed under emergency conditions. CRP enrolls land through general signups and continuous signups, including the Conservation Reserve Enhancement Program (CREP). CREP agreements are Federal/State partnerships designed to address specific environmental objectives. Under general signup provisions, producers compete nationally during specified enrollment periods for acceptance based on an environmental benefits index. Under continuous signup provisions, producers enroll specified high-environmental value lands such as wetlands, riparian buffers, and various types of habitat at any time during the year without competition.

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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 2014 and 2015 downward to reflect reduced demand for the program.

| Key Performance Measure | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------------------------------|------|------|------|------|------|------|
| CRP restored wetland acreage ¹ (million acres) | 2.23 | 2.29 | 2.09 | 2.00 | 1.90 | 1.90 |

¹ Includes accompanying upland buffers.

In 2014, there were CRP contracts expiring on about 1.7 million acres, contracts were extended on about 265,000 expiring acres and 505,000 acres were placed under contract under continuous signup. Total CRP enrollment at the start of 2015 was 24.2 million acres.

Continuous signups are assumed to be held without interruption, with general signups and grassland enrollments assumed to occur in most years. Beginning in 2017, enrollment in any given year is bounded by the amount of acres that are expiring that year, as the 24-million-acre cap is assumed to continue throughout the baseline period.

Supplemental Agricultural Disaster Assistance

Outlays

(Dollars in Millions)

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|---------------------------------------------------------------------------|-----------------|------------------|----------------|
| Livestock Indemnity Payments..... | \$55 | \$58 | \$58 |
| Livestock Forage Disaster Program | 2,988 | 2,719 | 488 |
| Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish..... | 0 | 59 | 19 |
| Tree Assistance Program | 0 | 10 | 8 |
| Total, Supplemental Agricultural Disaster Assistance | \$3,043 | \$2,846 | \$573 |

Supplemental Agricultural Disaster Assistance. The four disaster programs described above were authorized by the 2008 Farm Bill, through September 30, 2011, under the USDA Supplemental Disaster Assistance Program. The 2014 Farm Bill reauthorized these programs under CCC and made payments retroactive for losses from October 1, 2011. Producers are no longer required to purchase crop insurance or non-insured crop disaster assistance program (NAP) coverage to be eligible for these programs (the risk management purchase requirement) as mandated by the 2008 Farm Bill. A fifth disaster program authorized by the 2008 Farm Bill, the supplemental revenue assistance (SURE) program, was not reauthorized.

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The Livestock Indemnity Program (LIP) provides benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather or by attacks by animals reintroduced into the wild by the Federal Government.

The Livestock Forage Disaster Program (LFP) provides compensation to eligible livestock producers that have suffered grazing losses due to drought or fire on land that is native or improved pastureland with permanent vegetative cover or that is planted specifically for grazing.

The Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP) provides emergency assistance to eligible producers of livestock, honeybees and farm-raised fish for losses due to disease (including cattle tick fever), adverse weather, or other conditions, such as blizzards and wildfires, not covered by LFP and LIP. Funds for ELAP are capped at \$20 million for 2012 and each subsequent fiscal year, to remain available until expended. The 2015 outlays for ELAP in the previous table reflect payments for losses since October 1, 2011.

The Tree Assistance Program (TAP) provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines damaged by natural disasters.

Salaries and Expenses. The 2016 Budget proposes a level of \$1.5 billion, about \$12 million below the 2015 enacted level. The Budget reflects FSA operational savings in 2016, including about \$35 million in savings largely as a result of reduced travel, training, postage, and other administrative costs. These savings are offset by increases including about \$5 million for pay costs, about \$15 million for information technology investments, and \$4 million for a new and beginning farmer outreach program.

According to the 2012 Census of Agriculture, 22 percent of all farmers were beginning farmers in 2012. That means one out of every five farmers operated a farm for less than 10 years. Minority and historically under-represented communities were a significant part of the continued growth among new and beginning farmers and ranchers. A \$4 million investment will support increased outreach for new and beginning farmers and ranchers. This investment will support three overarching goals: assisting new producers in overcoming the two most commonly-cited barriers – the inability to access sufficient capital and to acquire land; expanding financial literacy and business training tools to help support the development of financially sustainable operations; and, expanding access and awareness of available resources. Specifically, this investment: supports new regional coordinators to facilitate and coordinate producer outreach and provide support for USDA employees in their region; establishes a process through which beginning producer eligibility for FSA Direct Farm Ownership loans can be prequalified upon completion of formal training programs provided by partner organizations; and, provides cooperative agreement funding to partner organizations, who will provide enhanced technical assistance and loan support to FSA customers, enabling their operational success.

FSA is continuing to modernize its information technology (IT) systems and move away from unreliable, obsolete systems. Billions of dollars of annual farm program payments, conservation payments, and loans to producers have been dependent upon antiquated IT systems. FSA must continue to upgrade its IT infrastructure in order to provide more efficient and reliable services

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to producers. The Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) project is a critical part of FSA’s IT modernization efforts that supports farm program delivery with streamlined business processes and integrated applications that share information and resources efficiently. MIDAS achieved an initial operating capability release in April 2013 that modernized the storage and retrieval structure of current farm records and integrated this information with land use data, land imagery data and producer information. In December 2014, the “Business Partner” release completed MIDAS development efforts. Business Partner improves the accuracy of customer records and reduces improper payments through automated validation of address and tax information and provides program eligibility information through a single consolidated view, eliminating the need for FSA staff to toggle between multiple systems.

With the completion of MIDAS the FSA can begin to focus on other critical IT modernization needs. To that end, the 2016 Budget includes nearly \$15 million in new IT modernization initiatives. This includes, about \$6.4 million for the development of a customer self-service portal (CSSP). FSA will partner with other USDA agencies to leverage resources in the development of a USDA-CSSP. Through the USDA-CSSP farmers and ranchers will be able to access their customer and program information and complete certain program applications online from the comfort of their own home. An increase of about \$6.2 million for expanded customer service to include the development of on-line decision aids and toolkits similar to those developed with University Consortia to assist in the roll out of major new Farm Bill programs.

Farm Service Agency Staff Years

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|-----------------------------|-----------------|------------------|----------------|
| Federal..... | 3,922 | 4,137 | 4,392 |
| Non-Federal: | | | |
| Permanent Full-Time..... | 7,077 | 7,265 | 7,389 |
| Temporary..... | 415 | 1,177 | 200 |
| Total, Non-Federal..... | 7,492 | 8,442 | 7,589 |
| Total, FSA Staff Years..... | 11,414 | 12,579 | 11,981 |

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RISK MANAGEMENT AGENCY (RMA)

| Program Level (Dollars in Millions) | 2014 | 2015 | 2016 |
|------------------------------------------------------------|---------|----------|---------|
| Program | Enacted | Estimate | Budget |
| SUMMARY OF GOVERNMENT COSTS: | | | |
| Discretionary: | | | |
| RMA Salaries and Expenses..... | \$72 | \$75 | \$77 |
| Mandatory: | | | |
| Delivery and Other Administrative Expenses <u>a/</u> | 1,410 | 1,334 | 1,351 |
| Federal Crop Insurance Act (FCIA) Initiatives..... | 55 | 46 | 46 |
| Programs Related IT..... | 5 | 20 | 20 |
| Gross Indemnities <u>b/</u> | 10,668 | 10,317 | 9,230 |
| Underwriting Gains <u>c/</u> | 646 | 1,179 | 1,053 |
| Farm Bill: Agricultural Management Assistance..... | 6 | 4 | 4 |
| Subtotal, Crop Insurance Program Level..... | 12,790 | 12,900 | 11,704 |
| Less: Producer Premium and Administration Fees..... | -4,039 | -3,978 | -3,534 |
| Total, RMA Current Law..... | 8,823 | 8,997 | 8,247 |
| Proposed Legislation <u>d/</u> | 0 | 0 | -1,129 |
| Total..... | \$8,823 | \$8,997 | \$7,118 |

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 2016. 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 2013 crop year is 1.02. The 2016 underwriting gains reflect a projected 1.0 loss ratio for the 2014 crop year.

d/ The 2016 Budget includes two proposals for program changes to crop insurance. See details in Appendix.

Discretionary funds for the Federal crop insurance programs cover Federal salaries and related expenses to manage the program. The 2016 Budget includes about \$77 million for these costs.

Mandatory Funding: 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. Currently, about 80 percent of risk protection is provided by “revenue insurance,” which protects against losses to due low yields, low prices, or a combination of low yields and prices.

Participation in the Federal crop insurance programs by producers is voluntary and is encouraged through premium subsidies. The 2014 Farm Bill expanded coverage and strengthened the farm

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safety net, and also removed the requirement that a producer purchase Federal crop insurance in order to participate in disaster programs administered by FSA. However, the 2014 Farm Bill contains a provision that adds premium subsidies to the list of program benefits that could be lost if a producer is found to produce an agricultural commodity on certain converted wetlands or highly erodible lands without an approved conservation plan or qualifying exemption. New insurance plans authorized by the 2014 Farm Bill and implemented by RMA include Supplemental Coverage Option for multiple crops, Stacked Income Protection for producers of upland cotton, a Whole Farm Revenue Protection plan, revenue coverage for peanuts, and an actual production history yield exclusion option.

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.

A key performance measure for the Federal crop insurance program is the normalized value of risk protection through FCIC sponsored insurance. The normalized value of risk protection uses a five-year baseline to smooth variations caused by commodity price trends or swings. The baseline model uses the most recent crop insurance data, together with other USDA data on market conditions, to develop normalized value projections for major crops.

For the 2014 crop year, the Federal crop insurance programs provided about \$110 billion in risk protection or about \$67.9 billion in (normalized) risk protection. The 2015 and 2016 targets reflect projections from the baseline model assuming current market conditions.

The performance of the Federal crop insurance program is tracked on a crop year basis which spans multiple fiscal years. As a result, the table above reflects certain assumptions about which fiscal year the crop year costs and/or revenues will fall. Furthermore, the amount of liabilities covered by the Federal crop insurance program (table below) is strongly influenced by changing commodity prices.

| Key Performance Measures | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Value of FCIC risk protection coverage provided through FCIC sponsored insurance (\$ Billions) | \$110.9 | \$116.2 | \$122.8 | \$109.5 | \$107.8 | \$100.3 |
| Normalized value of FCIC risk protection coverage provided through FCIC sponsored insurance (\$ Billions) | \$56.3 | \$62.1 | \$66.0 | \$67.9 | \$63.1 | \$63.4 |

Actual indemnities for fiscal year 2014 reflect crop year 2013 losses that were paid out in fiscal year 2014, plus the portion of crop year 2014 losses paid out in fiscal year 2014. As of

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December 30, 2014, based on actual indemnities for crop year 2014 the loss ratio is about 0.52. Estimated losses for crop years 2015 and 2016 reflect the statutory target loss ratio of 1.0.

In 2014, the total cost for the Federal crop insurance programs was about \$8.8 billion. Of this amount, about \$6.6 billion was for net indemnities to producers (gross indemnities minus producer paid premiums). A total of \$2.1 billion was paid to the private insurance companies for delivery expenses and underwriting gains, and \$66 million was used for other initiatives.

The 2016 Budget proposes legislative changes to the Federal crop insurance program (see the Proposed Legislation section of the Appendix). These proposals include reducing premium subsidies to farmers for policies providing revenue protection with harvest price coverage and reforming prevented planting coverage. 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.

Salaries and Expenses. Discretionary funds for the Federal crop insurance programs cover Federal salaries and related expenses to manage the program. The 2016 Budget includes about \$77 million for these costs. This includes an additional \$2.3 million to enhance RMA's compliance efforts with an emphasis on testing and reporting improper payments in response to recent Office of Inspector General and Government Accountability Office recommendations. Due to the high risk nature of RMA crop insurance programs under the Improper Payments Elimination and Recovery Act of 2010, ensuring improper payment rates are lowered is a high priority for RMA. For 2013, RMA reported an improper payment rate of 5.23 percent, and for 2014 it was 5.58 percent. RMA is targeting improper payment rates of 5.20 percent for 2015 and 5.10 percent for 2016. As a result of recent audits, OIG encouraged RMA to request additional funding that would allow improved sampling for improper payments. The overall objective of the additional funding will be to reduce RMA's improper payment rate through enhanced validation and improved process (such as error rate sampling) and oversight.

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FOREIGN AGRICULTURAL SERVICE (FAS)

| Budget Authority | | | |
|-------------------------------------------------------------|-------------------------|--------------------------|------------------------|
| (Dollars in Millions) | | | |
| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
| Discretionary: | | | |
| FAS Salaries and Expenses: | | | |
| Salaries and Expenses (Direct Appropriation)..... | \$178 | \$181 | \$192 |
| Transfer from CCC Export Credit Program Account | (6) | (6) | (6) |
| Total, FAS Salaries and Expenses..... | (184) | (187) | (198) |
| Foreign Food Assistance: | | | |
| McGovern-Dole International Food for Education Program..... | 185 | 192 | 192 |
| Local and Regional Procurement Project..... | 0 | 0 | 20 |
| P.L. 480 Title II Donations..... | 1,466 | 1,466 | 1,400 |
| P.L. 480 Title I Program Account: | | | |
| Transfer to Farm Service Agency Salaries and Expenses..... | 3 | 3 | 3 |
| Commodity Credit Corporation Export Credit Program Account: | | | |
| Transfer to FSA and FAS Salaries and Expenses..... | (7) | (7) | (7) |
| Total, Discretionary Programs..... | 1,833 | 1,842 | 1,807 |
| Mandatory: | | | |
| Quality Samples Program..... | 1 | 3 | 3 |
| Foreign Food Assistance: | | | |
| Food for Progress - CCC Funded | 137 | 135 | 135 |
| Bill Emerson Humanitarian Trust..... | 50 | a/ | a/ |
| Farm Bill Market Development Programs: | | | |
| Market Access Program..... | 184 | 185 | 200 |
| Emerging Markets Program | 9 | 9 | 10 |
| Foreign Market Development (Cooperator) Program | 30 | 32 | 35 |
| Technical Assistance for Specialty Crops Program | 8 | 8 | 9 |
| Agricultural Wool/Pima Agriculture Cotton Trust Funds..... | 32 | 46 | 46 |
| Total, Farm Bill Market Development Programs..... | 264 | 281 | 300 |
| Total, Mandatory Programs..... | 452 | 418 | 437 |
| Total, Foreign Agricultural Service..... | \$2,285 | \$2,260 | \$2,244 |

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

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 7,580 jobs and \$1.22 billion in economic activity. Because of this important role, the Department is working to reduce trade barriers and develop new markets throughout the world.

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

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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 and others in the Federal government to monitor and negotiate new trade agreements and enforce existing trade agreements. The United States has free trade agreements (FTA) with 20 countries around the world that expand export opportunities for U.S. food and agricultural producers.

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, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. 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 European Union is currently our fifth largest agricultural export market with U.S. exports valued at nearly \$12.7 billion in 2014. The Administration has agreed with its European counterparts to launch comprehensive trade negotiations to establish a Transatlantic Trade and Investment Partnership. The eighth round of negotiations will take place in February 2015.

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

| Program | 2014 | | 2015 | | 2016 | |
|--------------------------------------|---------|------|----------|------|---------|------|
| | 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 2016. 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

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course of the year. Of the total program level for export credit guarantees expected to be issued by CCC in 2016, \$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 (18 months).

The Budget also includes an estimated program level of \$100 million for facility financing guarantees in 2016. 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 (QSP)**, 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 QSP in 2016.

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. In 2014, over 1,000 U.S. companies and organizations participated in 20 USDA endorsed trade shows in 13 countries. On-site sales totaled an estimated \$370 million and 12 month projected sales were estimated to exceed \$1.5 billion.

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 small companies and thereby contributes to the National Export Initiative objective of expanding the number of small and medium-sized entities that export. For 2016, the Budget provides a \$200 million program level for MAP.

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 2016 Budget provides a \$10 million program level for EMP.

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

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Cooperator Program activities are carried out on a generic commodity basis and do not include brand-name or consumer promotions. The CCC baseline provides a \$34.5 million program level for the Cooperator Program.

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 technical barriers to trade. The CCC baseline provides a \$9 million program level for TASC.

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 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. FAS has completed a framework with the U.S. Agency for International Development (USAID) that will strengthen the coordination and leveraging of McGovern-Dole resources with USAID education-focused activities. The framework will encourage strategic planning and stronger communication and will result in McGovern-Dole and USAID programs that have larger impacts on the diets and education of school children. The 2016 Budget proposes \$192 million for the McGovern-Dole program. With this funding, the program is expected to assist 3 million women and children in 2016.

Local and Regional Food Aid Procurement. The 2014 Farm Bill authorized the Local and Regional Food Aid Procurement (LRP) program to provide for local and regional procurement of food aid commodities for distribution overseas to complement existing food aid programs and to fill in nutritional gaps for targeted populations or food availability gaps generated by unexpected emergencies. Under the program, grants are provided to private voluntary organizations, cooperatives, and the World Food Program that undertake the procurement activities. The 2016 Budget proposes \$20 million to support the program, which is expected to support 4,240 metric tons of commodity assistance. Independent evaluation of LRP pilot projects authorized in the 2008 Farm Bill demonstrated that locally procured food assistance in emergency situations can provide cost savings and speed delivery time to needy populations. The program will serve as a complementary tool to support existing food aid program, especially for the McGovern-Dole International Food for Education and Child Nutrition Program.

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.

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- **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.
- **Title II** provides emergency and development food assistance in foreign countries. The 2016 Budget includes \$1.4 billion for P.L. 480 Title II.

Food Aid Reform. The 2016 P.L. 480 Title II request of \$1.4 billion includes \$270 million to be used for development programs in combination with an additional \$80 million requested in the Development Assistance account under USAID's Community Development Fund, bringing the total funding for these types of programs to \$350 million. Together, these resources support development food assistance programs' efforts to address chronic food insecurity in areas of recurrent crises using a multi-sectoral approach to reduce poverty and build resilience. The balance of the Title II request, \$1.13 billion, will be used to provide emergency food assistance in response to natural disasters and complex emergencies.

The request also includes new authority to use up to 25 percent (\$350 million) of the P.L. 480 Title II appropriation in emergencies for interventions such as local or regional procurement of agricultural commodities near crises, food vouchers or cash transfers. The additional flexibility makes emergency food aid more timely and cost effective, improving program efficiencies and performance and increasing the number of people assisted by about two million annually with the same level of resources.

Food for Progress. The Food for Progress Act of 1985 authorizes U.S. agricultural commodities to be provided to developing countries and emerging democracies that have made commitments to introduce and expand free enterprise in their agricultural economies. Food for Progress agreements can be entered into with foreign governments, private voluntary organizations, nonprofit agricultural organizations, cooperatives, or intergovernmental organizations. Agreements currently provide for the commodities to be supplied on grant terms.

The Food for Progress authorizing statute provides for the use of CCC funding for commodity procurement, transportation, and associated non-commodity costs for the program. The 2016 Budget assumes that \$135 million of CCC funding will be used to support the Food for Progress program, which is expected to support approximately 190,000 metric tons of commodity assistance.

Bill Emerson Humanitarian Trust. The Bill Emerson Humanitarian Trust (the Trust) is a commodity and/or monetary reserve designed to ensure that the United States can meet its international food assistance commitments under P.L. 480 Title II. The Trust's assets can be released any time the Administrator of USAID determines that P.L. 480 Title II funding for emergency needs is inadequate to meet those needs in any fiscal year. When a release from the Trust is authorized, the Trust's assets (whether commodities or funds) cover all commodity costs associated with the release. All non-commodity costs, including ocean freight charges; internal transportation, storage, and handling overseas; and certain administrative costs are paid for by CCC.

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In July 2014, at the request of USAID, USDA authorized the release of \$50 million from the Trust to procure 67,400 metric tons of commodities to meet emergency food needs in South Sudan. No assistance has been provided using the Trust's authority to date in 2015. As of December 31, 2014, the Trust held \$261 million of cash and no commodities.

Trust Funds. The 2014 Farm Bill authorized two trust funds for payments to reduce injury to domestic manufacturers resulting from U.S. tariffs on inputs to their manufacturing processes. These include the Agricultural Wool Apparel Manufacturers Trust Fund, which provides CCC funding for up to \$30 million that will be used to reduce injury to domestic manufacturers resulting from tariffs on wool fabric that are higher than tariffs on certain apparel articles made of wool fabric, and the Pima Agriculture Cotton Trust Fund, which provides CCC funding of \$16 million that will be used to reduce injury to domestic manufacturers resulting from tariffs on cotton fabric that are higher than tariffs on certain apparel articles made of cotton fabric. Payments will be made to manufacturers that submit an affidavit certifying that U.S. tariffs caused them injury.

Foreign Agricultural Service Salaries and Expenses (Dollars in Millions)

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|---------------------------------------------|-----------------|------------------|----------------|
| Trade Policy..... | \$75 | \$76 | \$81 |
| Trade Promotion..... | 64 | 65 | 69 |
| Capacity Building / Food Security | 39 | 40 | 42 |
| Total, Appropriated Programs..... | 178 | 181 | 192 |
| Reimbursable Program Activities: | | | |
| FAS Computer Facility and Other IRM Costs | | | |
| Funded by CCC..... | 23 | 23 | 23 |
| USAID and Dept. of State Assistance and | | | |
| Reconstruction and Stabilization..... | 14 | 0 | 0 |
| Other Reimbursable Agreements..... | 32 | 32 | 32 |
| Total, Reimbursable Program Activities..... | 139 | 132 | 129 |
| Total, FAS Salaries and Expenses..... | \$318 | \$313 | \$321 |

FAS headquarters staff and attaches covering more than 160 countries partner 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.

Unnecessarily restrictive regulations to address risks to human, animal, and plant health (SPS) are major barriers to the expansion of global agricultural trade. The proliferation of labeling, registration, certification, and quality standards requirements for routinely consumed food products, driven by efforts to reduce disease causing agents, restrict additives and allergen

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ingredients, and provide additional information to consumers, also results in unnecessary technical barriers to trade (TBT). World Trade Organization (WTO) members are obligated to notify fellow members of changes in SPS, and TBT related measures that may affect trade via the WTO committees on Agriculture, SPS and TBT. FAS reviews notifications to assess their potential impact on trade and challenges measures that are unnecessarily trade restrictive. Since 2009, FAS has helped challenge 1,829 barriers to the export of U.S. agricultural products through this process, helping to spur record exports. Working in concert with other U.S. trade and regulatory agencies and in frequent communication with private sector stakeholders, FAS works to improve market access for U.S. agricultural products and reduce the harm to the industry resulting from unnecessarily restrictive regulations by monitoring and enforcing international rules, strengthening the global regulatory framework, and encouraging the adoption of international standards.

FAS promotes organic standards and 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 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Value of agricultural exports resulting from participation in foreign food and agricultural trade shows (\$ Billions) | \$1.26 | \$1.46 | \$1.48 | \$1.50 | \$1.55 | \$1.60 |
| 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) | 4.1 | 3.7 | 3.8 | 6.4 | 3.9 | 4.1 |

In 2015 FAS will conduct its activities and programs through offices in Washington, D.C. and at 95 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 \$192 million for FAS activities in 2016, including increased funding for Capital Security Cost Sharing, International Cooperative Administrative Support Services, and pay costs, including for locally employed staff.

In addition, the Budget assumes an estimated \$129 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 development assistance activities that are funded by USAID and the Department of State. Although funded by other agencies, these

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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 905,000 rural families buy and/or refinance a home, and provided nearly 21,000 grants and loans to help small rural businesses create and/or save over 418,000 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.

RD delivers its programs through a network of approximately 400 area offices and 47 State offices, a centralized servicing center and finance office in St. Louis, Missouri, and a national office in Washington, D.C.

RURAL DEVELOPMENT

RURAL BUSINESS - COOPERATIVE SERVICE (RBS)

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

(Dollars in Millions)

| Program | 2014 | | 2015 | | 2016 | |
|-----------------------------------------------------|---------|------|----------|------|--------|------|
| | Enacted | | Estimate | | Budget | |
| | P.L. | B.A. | P.L. | B.A. | P.L. | B.A. |
| Discretionary: | | | | | | |
| Business and Industry Guaranteed Loans | \$958 | \$67 | \$920 | \$47 | \$758 | \$31 |
| Rural Child Poverty..... | 0 | 0 | 0 | 0 | 20 | 20 |
| Rural Business Development Grants..... | 0 | 0 | 24 | 24 | 30 | 30 |
| Rural Business Enterprise Grants..... | 25 | 25 | a/ | a/ | a/ | a/ |
| Rural Business Opportunity Grants..... | 2 | 2 | a/ | a/ | a/ | a/ |
| Delta Regional Authority Grants..... | 3 | 3 | 3 | 3 | 0 | 0 |
| Intermediary Relending Program..... | 19 | 4 | 19 | 6 | 10 | 3 |
| Rural Economic Development: b/ | | | | | | |
| Direct Loans..... | 33 | 0 | 33 | 0 | 85 | 0 |
| Grants..... | 10 | 0 | 10 | 0 | 12 | 0 |
| Rural Microentrepreneur Assistance Program: | | | | | | |
| Direct Loans..... | 0 | 0 | 0 | 0 | 23 | 3 |
| Grants..... | 0 | 0 | 0 | 0 | 2 | 2 |
| Rural Business Investment Program: | | | | | | |
| Guaranteed Loans..... | 0 | 0 | 0 | 0 | 41 | 4 |
| Grants..... | 0 | 0 | 0 | 0 | 2 | 2 |
| Healthy Food Financing Initiative..... | 0 | 0 | 0 | 0 | 13 | 13 |
| Rural Cooperative Development Grants..... | 6 | 6 | 6 | 6 | 6 | 6 |
| Small, Socially Disadvantaged Producers Grants..... | 3 | 3 | 3 | 3 | 3 | 3 |
| Appropriate Technology Transfer to Rural Areas..... | 2 | 2 | 2 | 2 | 2 | 2 |
| Value-added Producer Grants..... | 15 | 15 | 11 | 11 | 10 | 10 |
| Rural Energy for America Program: | | | | | | |
| Guaranteed Loans..... | 13 | 4 | 13 | 1 | 76 | 5 |
| Grants..... | 0 | 0 | 0 | 0 | 5 | 5 |
| Subtotal, RBS Programs..... | 1,089 | 131 | 1,044 | 103 | 1,098 | 139 |
| Salaries and Expenses..... | 5 | 5 | 4 | 4 | 4 | 4 |
| Total, Discretionary Programs..... | 1,094 | 136 | 1,048 | 107 | 1,102 | 143 |

RURAL DEVELOPMENT

| Program | 2014 | | 2015 | | 2016 | |
|--------------------------------------------------|---------|-------|----------|-------|---------|-------|
| | Enacted | | Estimate | | Budget | |
| | P.L. | B.A. | P.L. | B.A. | P.L. | B.A. |
| Mandatory: | | | | | | |
| Farm Bill: | | | | | | |
| Rural Microentrepreneur Assist. Loans | 32 | 2 | 6 | 1 | 16 | 2 |
| Rural Microentrepreneur Assist. Grants | 1 | 1 | 2 | 2 | 1 | 1 |
| Value-added Producer Grants | 63 | 63 | 0 | 0 | 0 | 0 |
| Biorefinery Assistance Guaranteed Loans c/ | 241 | 100 | 124 | 30 | 254 | 50 |
| Repowering Assistance Payments | 12 | 12 | 0 | 0 | 0 | 0 |
| Bioenergy for Advanced Biofuels | 15 | 15 | 14 | 14 | 15 | 15 |
| Rural Energy for America Loans | 91 | 25 | 236 | 23 | 379 | 25 |
| Rural Energy for America Grants | 25 | 25 | 25 | 23 | 25 | 25 |
| Total, Mandatory Programs | 480 | 243 | 407 | 93 | 690 | 118 |
| Total, RBS Programs | \$1,574 | \$379 | \$1,455 | \$200 | \$1,792 | \$261 |

a/ Pursuant to the 2014 Farm Bill, the Rural Business Development Grant Program consolidates the Rural Business Opportunity Grants and the Rural Business Enterprise Grants.

b/ Funding for these programs is provided from earnings from electric cooperative investments and fees.

c/ Estimated program levels; depend on specific projects funded.

RBS administers RD's rural business and cooperative services programs. The primary purpose of these programs is to promote economic development in rural areas. The 2016 Budget diversifies funding from a traditional business development focus to a more enhanced macro-economic development effort. It also provides funding to support increased technical assistance and community-based support systems aimed at alleviating poverty and increasing access the healthy foods across rural America. In addition, RBS has been working with industry stakeholders and private financial institutions to develop an increased focus on public private partnerships with lenders to support increased access to capital in rural areas. The 2016 Budget also provides funding to support increased capitalization of rural industries to create equity in rural America.

The President is again asking Congress to revive an authority enabling him to submit fast-track proposals to reorganize or consolidate Federal programs and agencies in order to reduce the size of Government or cut costs. If granted this authority, the President would recommend moving five RBS programs (Business and Industry Guaranteed Loan Program, Rural Business Development Grant Program, Intermediary Relending Program, Rural Microentrepreneur Assistance Program and the Rural Business Investment Program) to a new department dedicated to promoting U.S. competitiveness, exports, and American businesses and jobs.

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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 2016 Budget supports a program level of \$758 million in B&I loan guarantees; of this amount, about \$50 million is estimated to be used for loans for infrastructure to enhance the retail sale of biofuels. The total level of B&I funding will create or save 8,950 jobs. 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 Child Poverty Program. Rural childhood poverty rates are at their highest point since 1986. One in four rural children live in poverty, and deep poverty among children is more prevalent in rural areas (12.2 percent) than in urban areas (9.2 percent). The Rural Child Poverty program includes \$20 million to support a demonstration Rural Child Poverty program to address this significant issue. Funding will be used in rural areas experiencing severe economic distress, such as StrikeForce, Promise Zones, and tribal areas and will support innovative strategies to combat rural child poverty. This funding will be implemented through grants made to local government or non-profits that possess skills in assisting rural families living in poverty. These grants will be made for a period of up to three years. This effort to mitigate child poverty is in conjunction with other Federal agency resources targeted at reducing child poverty through the coordination of the White House Rural Council.

Rural Business Development Grant Program (RBDG). RBDG program includes \$30 million to support grants for training, technical assistance, and funding construction, land development, equipment, and capitalization of revolving loan funds to support business startups and working capital needs in rural areas. The 2014 Farm Bill consolidated the authorities of the Rural Business Enterprise Grant Program and the Rural Business Opportunity Grant Program. The proposed level of funding will create or save 8,325 jobs.

Intermediary Relending Program (IRP). The IRP 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 2016 Budget supports a program level of \$10 million in direct loans. This level of funding will support the creation of 7,757 jobs in rural communities.

Rural Economic Development Loans and Grants (REDLG). This program provides zero interest loans to local utilities which, in turn, pass through to local businesses for projects that will create and retain employment in rural areas. The utility is responsible for repayment to the agency. Grant funds are provided to local utility organizations which use the funding to establish revolving loan funds. Loans are made from the revolving loan fund to projects that will create or retain rural jobs. The Budget requests \$97 million for these activities. This program level will create or save approximately 4,200 jobs.

Rural Microentrepreneur Assistance Program (RMAP). This program provides one percent direct loans and grants to microenterprise development organizations (MDOs). The loans will be used to establish reserves for relending to microentrepreneurs, and the grants are made to the MDOs which may relend a portion to provide training, operational support, business planning,

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and market development assistance. The 2016 Budget includes \$5 million in discretionary funding, which will support nearly \$25 million in loans and grants. It is estimated that this amount of funding will create 2,900 jobs. In addition, the 2014 Farm Bill provides \$3 million in mandatory funding each year through 2018 for this program.

Rural Business Investment Program (RBIP). The 2016 Budget requests \$6 million in budget authority for loan guarantees and grants that supports a program level of \$43 million. This program provides loan guarantees to establish equity funds to support business development in rural areas. This funding provides additional access to venture capital type funding. These for-profit investment fund entities use equity raised in capitalizing their funds to make equity investments in small enterprises located in rural areas.

Healthy Food Financing Initiative (HFFI). As authorized in the 2014 Farm Bill, the 2016 Budget supports the HFFI with a request of \$13 million for loans and grants to support increased access to healthy foods in underserved areas, create and preserve quality jobs and to revitalize low income communities. The initiative will provide financial and technical assistance to support market planning and promotion efforts as well as infrastructure and operational improvements designed to enhance marketing and retail outlets for farm products, and increase the availability of locally and regionally produced foods. Efforts will be coordinated with the United States Department of the Treasury through the Community Development Financial Institutions Fund.

Small, Socially Disadvantaged Producers Grant Program. The 2016 Budget requests \$3 million in grants to ensure historically underprivileged rural Americans have opportunities for cooperative development. This program provides funding to rural residents to create new job opportunities, enhanced education and healthcare services, and products that enable them to compete with their urban and suburban counterparts. Funding for this program supports priorities including the StrikeForce and Promise Zones initiatives.

Value-Added Producer Grants (VAPG). The 2016 Budget includes \$10 million for the Value-Added Producer Grants Program. The program provides grants for a wide range of value-added projects. The program is designed to assist the expansion of businesses at all stages of development. The 2014 Farm Bill provides an additional \$63 million in mandatory funding that is available until expended.

Rural Energy for America Program (REAP). The REAP loan guarantee and grant program supports the President's Climate Action plan by providing financing for the purchase of renewable energy systems, energy efficiency improvements, energy audits and feasibility studies. The 2016 Budget supports a discretionary program level of \$81 million in loan guarantees and grants. In addition, the 2014 Farm Bill provides mandatory funding of \$50 million that will support a program level of \$404 million in loan guarantees and grants in 2016.

The performance information is based on discretionary funding from the following programs: the Business and Industry Guaranteed Loan Program, Rural Business Development Grants, Intermediary Relending Program, Rural Economic Development Loans and Grants and the Rural Microentrepreneur Assistance Program.

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| Key Performance Measure | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of jobs created or saved through USDA financing of businesses | 64,935 | 52,468 | 44,419 | 41,202 | 36,624 | 32,132 |

RURAL DEVELOPMENT

RURAL UTILITIES SERVICE (RUS)

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

| Program | 2014 | | 2015 | | 2016 | |
|----------------------------------------------|---------|-------|----------|-------|---------|-------|
| | Enacted | | Estimate | | Budget | |
| | P.L. | B.A. | P.L. | B.A. | P.L. | B.A. |
| Discretionary: | | | | | | |
| Electric Programs: | | | | | | |
| Direct Loans..... | \$5,500 | 0 | \$5,500 | 0 | \$6,000 | 0 |
| Telecommunications Programs: | | | | | | |
| Direct Loans.....) | | | | | 345 | a/ |
| Treasury Loans.....) | 690 | 0) | 690 | 0 | 0 | 0 |
| Direct FFB.....) | | | | | 345 | 0 |
| Distance Learning and Telemedicine Programs: | | | | | | |
| Direct Loans..... | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants..... | 24 | \$24 | 22 | \$22 | 25 | \$25 |
| Broadband Programs: | | | | | | |
| Direct Loans..... | 35 | 5 | 24 | 5 | 44 | 10 |
| Grants..... | 10 | 10 | 10 | 10 | 20 | 20 |
| High Energy Costs Grants..... | 10 | 10 | 10 | 10 | 0 | 0 |
| Water and Waste Disposal Programs: | | | | | | |
| Direct Loans..... | 1,240 | 0 | 1,200 | 0 | 1,200 | 31 |
| Guaranteed Loans..... | 50 | a/ | 50 | a/ | 0 | 0 |
| Grants..... | 452 | 452 | 455 | 455 | 452 | 452 |
| Subtotal, Water and Waste..... | 1,742 | 452 | 1,705 | 455 | 1,652 | 483 |
| Subtotal, RUS programs..... | 8,011 | 501 | 7,961 | 502 | 8,431 | 538 |
| Salaries and Expenses..... | 34 | 34 | 34 | 34 | 35 | 35 |
| Total, Discretionary Programs..... | 8,045 | 535 | 7,995 | 536 | 8,466 | 573 |
| Mandatory: | | | | | | |
| Farm Bill: | | | | | | |
| Water and Waste Programs: | | | | | | |
| Grants..... | 150 | 150 | 0 | 0 | 0 | 0 |
| Total, Mandatory Programs..... | 150 | 150 | 0 | 0 | 0 | 0 |
| Total, RUS Programs..... | \$8,195 | \$685 | \$7,995 | \$536 | \$8,466 | \$573 |

a/ Less than \$500,000.

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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. Loans can be made to electric cooperatives that, in turn, offer rebates or provide loans to their customers for energy conservation and efficiency projects. The Rural Economic Development Loan and Grant (REDLG) program is administered by RBS and also provides funding for electric cooperatives that may be used to support energy conservation and efficiency projects.

To support the President’s Climate Action plan, the 2016 Budget requests \$6 billion for electric loans. Of this amount, up to \$3 billion will be available to support environmental upgrades to existing fossil fuel electric generation facilities to significantly reduce carbon emissions. RUS will work with the Environmental Protection Agency and State Governments to ensure applications adhere to the State’s Clean Power Plan. The remaining funding 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 transition 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. The Budget proposes 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 2016. If a greater number of generation and transmission (G&T) loans to upgrade existing facilities are provided, it is likely that the actual performance number will be adjusted upward as G&T projects serve a larger number of recipients.

| Key Performance Measure | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of borrowers/subscribers receiving new and/or improved electric facilities (millions) | 7.1 | 8.3 | 8.7 | 4.4 | 4.6 | 5.5 |

Telecommunication Loan Program. The 2016 Budget supports \$690 million in telecommunications loans, of which \$345 million is for direct loans and \$345 million is for guaranteed loans through the Federal Financing Bank (FFB). The Budget requests this split because FFB loans can be used to refinance private sector debt as well as finance new indebtedness. Both types of telecommunication loans are used for the improvement and construction of telecommunication facilities that meet broadband standards.

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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 2016 Budget provides \$10 million in budget authority to support \$44 million in broadband loans, \$20 million for Broadband grants, and \$25 million for grants under the Distance Learning and Telemedicine Program. In addition, the Budget doubles the amount of funding for broadband grants. These grants bring broadband to some of the most remote rural areas.

The performance indicator displays performance information for the traditional telecommunications and broadband loan and grant programs.

| Key Performance Measure | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------------------------------------------------------------------------|------|------|------|------|------|------|
| Number of borrowers/subscribers receiving new or improved telecommunication services (millions) | 0.18 | 0.06 | 0.12 | 0.08 | 0.15 | 0.14 |

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 populations less than 5,500 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. However, separate stand-alone grants are provided for solid waste disposal and technical assistance and training.

The 2014 Farm Bill provided \$150 million in additional mandatory funding for existing applications. This funding supported 137 applications in 2014. The 2016 Budget requests \$452 million in budget authority for grants and \$1.2 billion for direct loan programs. Collectively, the 2016 Budget provides a total water and waste disposal program level of nearly \$1.7 billion.

In 2016, the Rural Utilities Service will continue to emphasize providing funding to rural areas with populations of 2,500 or fewer in an effort to assist the smallest rural communities. These projects typically cost more and require more intensive financial support due to their remote location and limited population that will be responsible for repayment. With a small increase in

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the grant loan ratio, the proposed 2016 discretionary funding level will support essentially the same amount of assistance.

| Key Performance Measure | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of population receiving new or improved service from agency funded water facility (millions) | 2.9 | 2.5 | 1.8 | 2.2 | 2.2 | 2.2 |

RURAL DEVELOPMENT

RURAL HOUSING SERVICE (RHS)

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

(Dollars in Millions)

| Program | 2014 | | 2015 | | 2016 | |
|--------------------------------------------|----------|---------|----------|---------|----------|---------|
| | Enacted | | Estimate | | Budget | |
| | P.L. | B.A. | P.L. | B.A. | P.L. | B.A. |
| Discretionary: | | | | | | |
| Single Family Housing (Sec. 502): | | | | | | |
| Direct Loans | \$900 | \$24 | \$900 | \$66 | \$900 | \$61 |
| Guaranteed Loans | 24,000 | 0 | 24,000 | 0 | 24,000 | 0 |
| Multi Family Housing: | | | | | | |
| Direct Loans (Sec. 515)..... | 29 | 7 | 28 | 10 | 42 | 12 |
| Guaranteed Loans (Sec. 538)..... | 150 | 0 | 150 | 0 | 200 | 0 |
| Very Low-Income Repair (Sec. 504): | | | | | | |
| Direct Loans | 26 | 2 | 26 | 4 | 26 | 3 |
| Grants | 29 | 29 | 29 | 29 | 25 | 25 |
| Farm Labor Housing Grants (Sec. 516)..... | 8 | 8 | 8 | 8 | 8 | 8 |
| Farm Labor Housing Loans (Sec. 514)..... | 24 | 5 | 24 | 8 | 24 | 7 |
| All Other Direct Loans..... | 20 | 0 | 20 | 0 | 15 | 0 |
| Grants and Payments: | | | | | | |
| Rental Assistance (Sec. 521)..... | 1,110 | 1,110 | 1,089 | 1,089 | 1,172 | 1,172 |
| Mutual and Self-Help (Sec. 523)..... | 25 | 25 | 28 | 28 | 10 | 10 |
| Multi-Family Housing Revitalization | 38 | 20 | 17 | 17 | 19 | 19 |
| Multi-Family Housing Voucher program | 13 | 13 | 7 | 7 | 15 | 15 |
| All Other Grant programs..... | 3 | 3 | 3 | 3 | 0 | 0 |
| Community Facilities Programs: | | | | | | |
| Direct Loans..... | 2,200 | 0 | 2,200 | 0 | 2,200 | 0 |
| Guaranteed Loans..... | 75 | 4 | 73 | 3 | 0 | 0 |
| Grants | 29 | 29 | 27 | 27 | 62 | 62 |
| Subtotal, RHS Programs..... | 28,679 | 1,279 | 28,629 | 1,299 | 28,718 | 1,394 |
| Salaries and Expenses..... | 415 | 415 | 415 | 415 | 420 | 420 |
| Total, Discretionary Programs..... | \$29,094 | \$1,694 | \$29,044 | \$1,714 | \$29,138 | \$1,814 |

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 families 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.

The USDA single family housing loan guarantee program in 2016 is funded at \$24 billion loan level. USDA's single family housing direct loan program is funded at \$900 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 about 171,000 homeownership opportunities for the purchase of a home or refinancing of a loan in 2016. The 2016 Budget includes two legislative proposals for the single family housing programs. The first is for delegated lender authority for lenders in the guaranteed program and the second would implement a user fee for lenders to access RHS's automated underwriting system. This user fee is expected to generate approximately \$4 million a year towards system maintenance, starting in 2018 and subsequent years. For additional information see the Proposed Legislation section in the Appendix.

| Key Performance Measure | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------|---------|---------|---------|---------|---------|---------|
| Homeownership opportunities provided | 140,100 | 153,027 | 170,055 | 146,388 | 177,366 | 170,544 |

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 14,700 projects that provide housing for about 439,000 households, consisting of approximately 678,000 low-income individuals, many of whom are elderly. About 272,000 households receive rental assistance annually. The average annual income of these tenants is about \$10,250.

The 2016 Budget requests \$1.172 billion for rental assistance payments and proposes new authorities in order to improve the management of the rental assistance program. The proposed level of funding assumes a total of \$20 million in savings from charging a \$50 minimum rent and from eliminating renewals of contracts within a 12 month period. The requested funding level with the savings proposals will be sufficient to renew all expiring contracts in 2016. In addition to these proposals, other new authorities included in the request are: (1) the ability to renew contracts at the discretion of the Secretary; (2) the elimination of a specified time period for the renewed contracts (though funding is based on the assumption that each contract will still be for 12 months); and (3) the ability to verify income through IRS and HHS databases.

Further, the 2016 Budget includes \$19 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. In addition, \$15 million is requested for vouchers to protect the rents of tenants affected by projects leaving the program as a result of prepayment and by projects with loans that are naturally maturing. The Budget also proposes legislation for making the MPR demonstration program permanent. The Budget includes \$42 million for section 515 multi-family housing loans for preservation and rehabilitation activities. The agency will focus on

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preservation activities and modest levels of new construction utilizing existing authorities in the section 515 program as well as the MPR program. About \$15 million will be targeted to support preservation activities focused in StrikeForce areas and Promise Zones. This funding will be utilized to build new multi-family projects, revitalize and preserve existing multi-family projects and incentivize projects to stay in the portfolio. The Section 538 multi-family housing loan guarantee program currently operates at no subsidy cost; accordingly, no budget authority is required to provide the proposed \$200 million in loan level. The Budget does not request funding for the Housing Preservation Grant program due to the available loan level in Section 538. The 2016 Budget also requests \$24 million in loans and \$8 million in grants for Farm Labor housing.

Other Housing Programs. The 2016 Budget funds additional single family housing activities through \$25 million for Section 504 housing repair grants, \$26 million in loan level for the Section 504 housing repair loan program, and \$10 million for mutual and self-help housing grants. The Budget also includes \$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.

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 2016 Budget provides funding for Community Facilities programs with \$2.2 billion in direct loans, \$50 million in grants, \$8 million for Tribal college grants and \$4 million for the Rural Community Development Initiative. Funding is provided for direct rather than guaranteed loans due to the higher subsidy cost of the guaranteed program. Grant funding is increased by \$37 million which is specifically provided for place-based community funding. This funding in conjunction with increased public-private partnerships and initiatives aimed at reducing child poverty, including targeted investments in economically depressed areas will provide needed support for these rural areas. RHS will continue to participate in public private partnerships aimed at leveraging USDA funding with private sector capital on large scale community facility projects.

The performance measure below measures the percent of the approximately 50 million total rural residents who are provided with improved essential community services such as health, safety, and educational facilities.

| Key Performance Measure | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Percentage of customers who are provided access to new and/or improved essential community facilities – | | | | | | |
| Health Facilities | 5.2 | 7.3 | 5.4 | 6.8 | 4.5 | 4.5 |
| Safety Facilities | 4.3 | 3.7 | 3.4 | 3.7 | 3.7 | 2.7 |
| Educational Facilities | 3.8 | 6.4 | 9.3 | 6.2 | 4.5 | 4.5 |

Note: Some facility types serve more than one purpose

RURAL DEVELOPMENT

RURAL DEVELOPMENT SALARIES AND EXPENSES

Budget Authority
(Dollars in Millions)

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|------------------------------------------------|-------------------------|--------------------------|------------------------|
| Salaries and Expenses: | | | |
| Appropriation..... | \$204 | \$225 | \$227 |
| Transfers: | | | |
| Rural Electric and Telecomm. Loan Program..... | (34) | (34) | (35) |
| Rural Housing Insurance Fund Program..... | (415) | (415) | (420) |
| Rural Development Loan Fund Program..... | (5) | (4) | (4) |
| Subtotal, Transfers..... | (454) | (453) | (459) |
| Total, Salaries and Expenses..... | <u>\$658</u> | <u>\$678</u> | <u>\$686</u> |

The 2016 Budget provides \$686 million in funding for salaries and expenses needed to carry out RD programs. This level of funding will support an estimated staff level of 5,046 in 2016. Funding is requested to hire 20 additional staff for a pilot called Rural Corps that will place economic development professionals in 10 high-need areas to provide technical assistance and hands-on support at the local level. This model will increase the likelihood that investments in infrastructure and economic development are strategic, creating jobs and long-term economic benefits within the region. Additionally, this pilot will enable RD to move towards a more modern, mobile work force and better enable RD to leverage its resources with other Federal agencies.

The Budget also includes \$19.5 million for information technology investments for the Comprehensive Loan Program (CLP). This amount of funding will complete the capital investment portion of CLP and will fund modernization effort that will be carried out through 2017 when CLP is fully functional. Investing in modernization of CLP will ensure that all loan programs are serviced with up-to-date technology, safeguarding the portfolio from cyber threats and upgrading the management capabilities of the agency.

FOOD, NUTRITION, AND CONSUMER SERVICES

MISSION AND RELATIONSHIP TO STRATEGIC GOAL

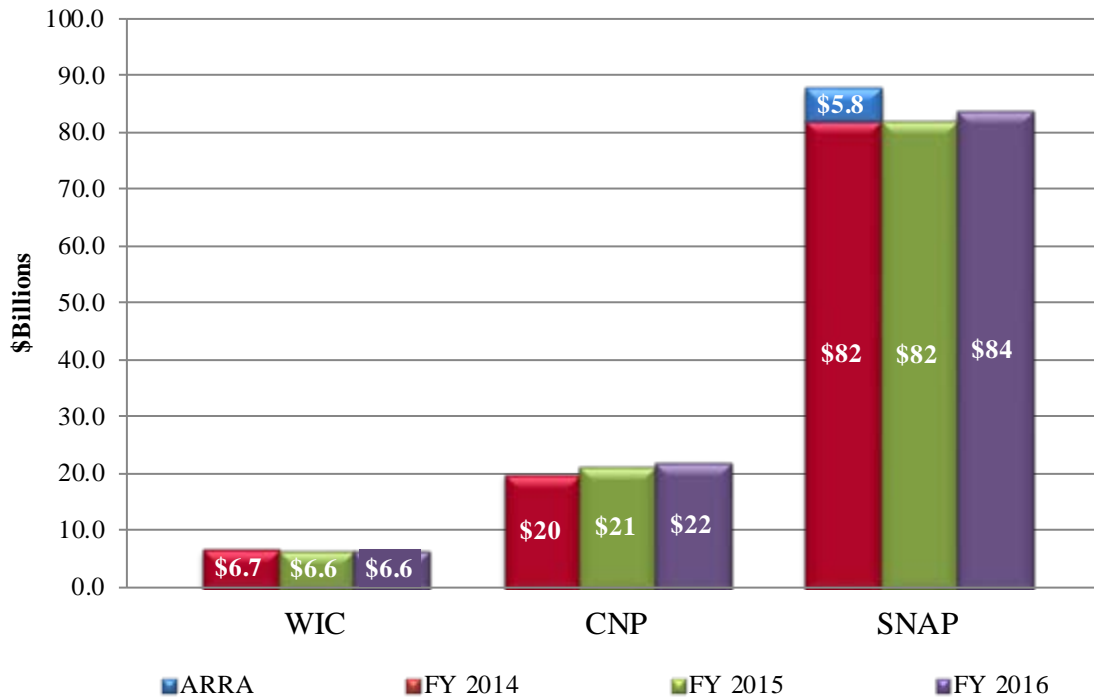
The programs and funding of Food, Nutrition, and Consumer Services (FNCS), including the Food and Nutrition Service (FNS) and the Center for Nutrition Policy and Promotion (CNPP), support the USDA Strategic Goal to ensure that all of America’s children have access to safe, nutritious, and balanced meals. FNS and CNPP contribute significantly to two objectives under this strategic goal: (1) improving access to nutritious food; and (2) promoting a healthy diet and physical activity behaviors.

FNS administers USDA’s domestic nutrition assistance programs. Working in partnership with State agencies and other cooperating organizations, FNS helps ensure children and other low-income Americans have access to sufficient food, nutritious diets, and education to inform healthy choices. CNPP improves the health of Americans by developing and promoting dietary guidance that links the best evidence-based, scientific research to the nutrition needs of Americans. Over the course of a year, one in four Americans will be served by one of USDA’s 15 nutrition assistance programs designed to end hunger and reduce obesity, and even more will be reached through the Department’s nutrition education activities. FNCS is committed to continually improving the performance, efficiency, and integrity of these programs.

Federal staff leverage their efforts by working with State and local partners to deliver nutrition assistance through the Supplemental Nutrition Assistance Program (SNAP); Child Nutrition Programs, including the National School Lunch Program, the School Breakfast Program, Summer Food Service Program, and the Child and Adult Care Food Program; the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); The Emergency Food Assistance Program; and several other programs. SNAP provides nutrition assistance to millions of eligible low-income individuals, helping them put food on the table. As the cornerstone of our nutrition assistance programs, SNAP kept over 5 million people, including nearly 2.2 million children, out of poverty in 2013. Other programs target the specific dietary needs of participant groups. For example, the Child Nutrition Programs work with local agencies to provide balanced meals to children from child care through high school and WIC provides nutritious foods to low-income pregnant, breastfeeding and post-partum women and their young children.

| Key Performance Indicator | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Prevalence of food insecurity in households with children | 20.6% | 20.0% | 19.5% | 19.4% | 19.1% | 18.8% |

FNS Budget Authority



The President’s 2016 Budget provides funding for the major nutrition assistance programs, accounting for projected program participation and food cost inflation. It emphasizes preventing and reducing food insecurity and improving the nutritional status of recipients, as well as improving program access and operations. The Budget increases WIC contingency funds should unexpected needs develop. To address the large number of low-income children at risk of food insecurity during the summer, the Budget supports the expansion of the successful summer EBT demonstration projects. The Budget also increases funding for the SNAP Employment and Training Program. These funds will be used to expand employment and training programs for certain able-bodied SNAP recipients to help them prepare for and secure employment so they can better meet their basic needs. The 2016 Budget provides \$35 million in school equipment grants to ensure schools have the equipment they need to serve healthy meals.

To support FNS’ aggressive work to identify and eliminate fraud, waste, and abuse, the Budget provides strategic increases in resources to strengthen program integrity efforts. The Budget includes \$4 million to build upon existing efforts which have yielded historically high payment accuracy rates for SNAP. The Budget also provides funds to support systems to reduce improper payments in Child Nutrition Programs.

FOOD, NUTRITION, AND CONSUMER SERVICES

Budget Authority (Dollars in Millions)

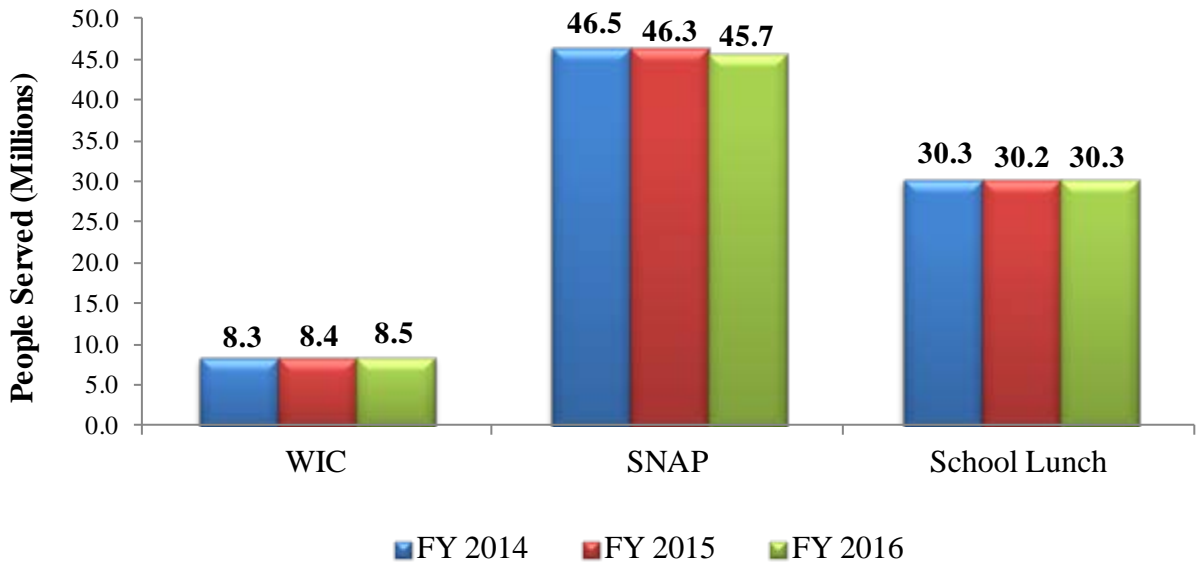
| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|-------------------------------------------------------------|-----------------|------------------|----------------|
| Discretionary: | | | |
| Special Supplemental Nutrition Program (WIC) | \$6,716 | \$6,623 | \$6,623 |
| Commodity Assistance Program: | | | |
| Commodity Supplemental Food Program..... | 203 | 212 | 221 |
| The Emergency Food Assistance Program (TEFAP), | | | |
| Soup Kitchens, Food Banks..... | 49 | 49 | 49 |
| Farmers' Market Nutrition Program..... | 17 | 17 | 17 |
| Pacific Island Assistance and Disaster Assistance..... | 1 | 1 | 1 |
| Nutrition Services Incentive Program..... | 3 | 3 | a/ |
| Total, Commodity Assistance Program..... | 273 | 282 | 288 |
| Nutrition Programs Administration..... | 143 | 151 | 156 |
| Total, Discretionary Programs..... | 7,132 | 7,056 | 7,067 |
| Mandatory: | | | |
| WIC: Universal Product Database..... | 1 | 1 | 1 |
| Supplemental Nutrition Assistance Program (SNAP) b/ c/..... | 87,959 | 81,829 | 83,692 |
| Child Nutrition Programs b/..... | 19,279 | 21,297 | 21,475 |
| Permanent Appropriations..... | 186 | 178 | 184 |
| Farm Bill: | | | |
| Seniors Farmers' Market Nutrition Program..... | 20 | 20 | 21 |
| Retailer and Participant Trafficking..... | 15 | 0 | 0 |
| Fruits and Vegetables Pilot..... | 5 | 0 | 0 |
| Total, Mandatory Programs..... | 107,465 | 103,325 | 105,373 |
| Total, FNS..... | \$114,597 | \$110,381 | \$112,440 |

a/ Funds are transferred from the Department of Health and Human Services, Administration on Aging.
Funds for 2016 will be determined at a later date.

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

c/ Includes \$5.8 billion in funding from the American Recovery and Reinvestment Act in 2014.

People Served Through Nutrition Assistance Programs



Supplemental Nutrition Assistance Program (SNAP). SNAP will continue to respond to economic need. For 2016, the Budget estimates that participation will fall to an average level of 45.7 million participants per month from 46.3 million in 2015. Continued improvement in the economy coupled with the re-imposition of time limits on certain able-bodied SNAP recipients without children are expected to lead to declines in participation.

As a cornerstone of the Nation’s nutrition assistance safety net, SNAP strives to serve all those that are eligible and wish to participate. The participation rate among those eligible for SNAP has reached 83 percent in 2012. USDA’s targets reflect its goal to maintain the rate, even as economic conditions improve and the number of eligible people declines.

However, participation rates among elderly individuals have historically been much lower than average, in large part as a result of administrative complexities associated with applying and recertifying for SNAP. Based on the success of several State demonstrations in increasing elderly participation in SNAP, the Budget proposes creating a State option to improve SNAP access for low-income elderly individuals (\$9 million in 2016). The State option would allow States the option to adopt a set of policies to streamline and simplify SNAP application, reporting requirements, and recertification for low-income elderly individuals.

| Key Performance Indicator | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual percentage of eligible people participating in SNAP* | 79.0 | 83.0 | 83.0 | 83.0 | 83.0 | 83.0 |

*Data are available with a two year lag.

FOOD, NUTRITION, AND CONSUMER SERVICES

The Administration has also worked hard to continually improve program integrity in SNAP and ensure that Program resources are used most effectively to reduce food insecurity. SNAP has one of the most rigorous quality control systems of any public benefit program. The SNAP payment accuracy rate is among the best in the Federal government and is projected to increase in 2016.

| Key Performance Indicator | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| SNAP payment accuracy rate | 96.2 | 96.6 | 96.8 | 96.2* | 96.3 | 96.4 |

*The 2014 Farm Bill lowered the threshold level for reporting errors.

Through the quality control process, FNS measures payment error by requiring States to randomly sample cases to verify that individuals who received benefits were eligible and received the correct amount. To better ensure a high level of compliance with quality control procedures and data reporting, the Budget requests an additional \$4 million in 2016 to ensure that States are meeting the highest standards of program integrity in administering SNAP through additional training, oversight and monitoring of State quality control processes.

Under SNAP rules, able-bodied adults without dependents (ABAWDs) are subject to time-limited participation—3 months of SNAP benefits in a 36 month period—if they are not working or participating in a qualifying employment and training or workfare program at least 20 hours a week. When unemployment is high or there are not enough jobs available, States can request to waive the time limits. In 2014, 42 States and the District of Columbia received a waiver for at least part of the State. Of those, 33 States had statewide waivers. As the economy continues to improve, fewer States will qualify for waivers; it is estimated that in 2016, 26 States will no longer qualify for Statewide waivers. Despite the economic recovery, many of the individuals that will be subject to time limits still face significant barriers to employment. The Budget provides \$25 million for States transitioning off waivers to help them bolster employment and training programs for those subject to time limits. Participation in employment and training programs will help recipients prepare for employment and receive nutrition assistance while they are doing so.

The Budget also provides \$1.5 million to fund the SNAP Employment and Training (E&T) Center for Excellence. FNS is committed to strengthening the SNAP E&T program by proactively engaging, supporting and guiding State agencies and their partners in developing innovative, demand-driven training programs that empower SNAP recipients to attain self-sufficiency. With this additional investment, FNS will identify and share with States proven strategies for connecting SNAP participants to and preparing them for work.

To support the Program's role in providing nutrition education and promotion programs for low-income or disadvantaged groups, the Budget includes \$2 million to continue the SNAP Nutrition Education Center for Excellence which promote innovation in education and obesity prevention. In addition, the Budget provides an increase of \$1.2 million to support technical assistance for States implementing SNAP nutrition education. This funding will be used for additional monitoring, oversight and technical assistance for States as they develop and implement their SNAP Nutrition Education Plans aimed at providing the public with nutrition education and obesity awareness. The Budget also provides \$1.5 million to support important

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formative research and evaluation of the *Dietary Guidelines for Americans*. This research and evaluation will target low-income parents, low-income older adults and selected low-income ethnic audiences to explore motivators and barriers related to achieving a healthy weight and reducing disease risk among these groups.

The Budget requests a \$5 million discretionary funding increase to support the National Health and Nutrition Examination Survey (NHANES). This is the only nationally representative survey of food intake by consumers in the United States. The data are essential to understanding food choice and nutritional and health status of nutrition assistance program participants. NHANES findings are the basis for national standards for such measurements as height, weight, and blood pressure. Funding for the survey has not increased in over 20 years, reducing resources to the point where the surveys continued functioning is jeopardized. With additional funding, additional data collected through NHANES could be used to assess nutritional status and its association with health promotion and disease prevention.

Investments to increase SNAP benefits redeemed at farmers markets and direct marketing farmers are paying off with the amount redeemed increasing over the last several years.

| Key Performance Indicator | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|
| SNAP benefits redeemed at farmers markets and direct marketing farmers annually (millions) | \$11.7 | \$16.6 | \$17.4 | \$18.8 | \$19.7 | \$20.7 |

Child Nutrition Programs. Through subsidies for meals that meet nutritional standards, the National School Lunch (NSLP), School Breakfast, Summer Food Service (SFSP), and Child and Adult Care Food Programs assist State and local governments, and private non-profit organizations in ensuring that children in schools and child care – and adults in adult day care programs – receive meals that meet their nutritional needs, foster healthy eating habits, reduce the number of overweight and obese children, and safeguard their health. The 2016 Budget funds the Child Nutrition Programs at a level that will support anticipated increases in participation, food cost inflation, and the six-cent performance-based reimbursement rate authorized under the Healthy, Hunger-Free Kids Act of 2010 for lunches in schools. The Budget projects serving 5.38 billion lunches and snacks (an increase of 52.3 million over the current estimate for 2015) and 2.50 billion breakfasts in schools, 2.04 billion meals in child and adult care centers, and 177.4 million meals through SFSP.

The main driver for the expected participation increase in school meals is the community eligibility provision (CEP), a key provision of the Healthy, Hunger-Free Kids Act of 2010. CEP provides an alternative to household applications for free and reduced price meals and reduces the burden of collecting funds and maintaining accounts for the students who pay for school meals. The provision improves access to nutritious meals for low-income students while reducing administrative burdens for households and schools. In school year 2014-15, 51.5 percent of eligible schools are participating in CEP. This means that nearly 14,000 schools in more than 2,000 school districts across the country are easing the ability for more than 6.4 million students to obtain nutritious meals.

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| Key Performance Indicator | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------------------------------------------|------|------|------|------|------|------|
| Annual percentage of eligible people participating in NSLP | 58.0 | 57.6 | 55.6 | 54.8 | 57.2 | 58.0 |

FNS continues to work with State agencies to help improve the integrity of Child Nutrition Programs and to minimize error. To help with this effort, the Budget provides a \$2 million increase to develop and manage a framework by which to evaluate the new Administrative Review process for schools. This new process includes approaches to reduce improper and erroneous payments and strives to ensure proper implementation of the school meals. With the implementation of the new Administrative Review process for school meal programs, FNS and State and Local Educational Agencies will have access to new information to inform areas of program improvement. To support this effort, the Budget also includes an additional \$500,000 to enhance the reporting capabilities in this area.

The Budget also provides a \$2 million increase in funding for Child Nutrition State Exchange activities. The primary goal of the Child Nutrition State Exchange is to develop a framework to allow States to exchange information, resources, tools and forms, in a secure, reliable and sustainable manner. Child Nutrition State Exchange activities are expected to lead to increased coordination among States which will result in improved compliance and efficiency in program delivery, compliance, and reduced error and abuse.

To further enhance program integrity, the Budget provides an additional \$10 million in funding for grants to States for purposes of developing or improving current automated information systems used to operate and manage Child Nutrition Programs. Funds will improve program accountability, data accuracy, program performance measurement, and the capacity to identify and target error-prone areas.

USDA is working with State administering agencies, about 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 the school food environment. Outdated food service equipment can be a barrier to serving healthier meals on a large scale. Therefore, the Budget includes \$35 million in grants to help schools purchase needed equipment to prepare and serve healthier meals. In the coming school year, FNS will continue to support schools' implementation of the new "Smart Snacks in School" rule to ensure that children have more nutritious food choices across their school campus throughout their school day, helping to make the healthy choice the easy choice for students.

Whereas more than 21 million children receive free or reduced price meals on school days, only about 3.7 million receive free meals when school is not in session. USDA has been working to reduce food insecurity and hunger among school children in the summer. In 2014, 187 million meals were served during the summer, an increase of over 14 percent since 2009.

As part of this effort to reduce child food insecurity during the summer months, the Department is continuing to conduct the Summer Electronic Benefit Transfer (EBT) for Children

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demonstration projects with promising results. The projects have shown that providing a benefit through SNAP and WIC EBT systems during the summer to low-income households with school-aged children can reduce severe food insecurity among children. To further address the large number of low-income children at risk of food insecurity during the summer, the Budget provides about \$67 million to continue the Summer EBT program in several States, expanding 2015 efforts.

| Key Performance Indicator | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------------------------------------------------------------------------------------------------------------------|------|------|------|------|------|------|
| Annual percentage of children participating in the free/reduced price school lunch program that participate in summer feeding programs | 15.5 | 15.5 | 16.0 | 17.5 | 18.5 | 18.9 |

The HealthierUS School Challenge (HUSSC) is a voluntary initiative established in 2004 to recognize NSLP schools that have created healthier school environments through promotion of nutrition and physical activity. HUSSC awards have been given to schools in 49 States and the District of Columbia. Over 6,700 schools are HUSSC certified. Funding for the HUSSC is maintained at \$1.5 million so that USDA can continue to encourage schools to take a leadership role in helping students learn to make healthier eating and lifestyle choices. Team Nutrition, a tool for promoting healthy eating through training, technical assistance and education, is funded at \$15.5 million, including \$500,000 for the Chefs Move to Schools initiative, which supports educational partnerships between chefs and schools.

Farm to School initiatives are funded at \$8.3 million, with \$3.3 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. In fiscal year 2015, Farm to School grants were awarded to 82 projects in 42 States and the U.S. Virgin Islands. These grants ensure continued support of local and regional food systems by facilitating linkages between schools and their local food producers. In 2016, the Budget includes a \$1 million increase for a competitive program to further FNS' goal of increasing the number of schools that source foods locally and provide complementary educational activities to students that emphasize food, farming and nutrition.

WIC. WIC helps improve the health and nutritional intake of low-income pregnant, breastfeeding and postpartum women, infants and children up to their fifth birthday. WIC serves over half of all babies in the United States. It provides participants with vouchers, redeemable at certified WIC retailers, for foods dense in nutrients known to be lacking in the diets of eligible groups. The program also provides nutrition education, breastfeeding counseling, and referrals to critical health and social services.

The Budget provides \$6.6 billion for WIC, continuing the Administration's commitment to serve all eligible individuals seeking WIC benefits. In 2016, 8.5 million low-income women, infants and children are expected to participate in the program. The Budget includes \$60 million for breastfeeding peer counseling to help increase breastfeeding rates and \$55 million to help States improve their management information systems and work toward implementation of EBT systems, which are mandated for nationwide rollout by 2020. The Budget also includes an

FOOD, NUTRITION, AND CONSUMER SERVICES

increase of \$25 million to ensure the contingency fund is adequate in case of unanticipated increases in program costs or participation.

Commodity Assistance Program (CAP). For 2016, the Budget provides \$288 million for CAP, including about \$10 million to support services in the seven States added in 2015 to the Commodity Supplemental Food Program (CSFP), which provides commodities to low-income elderly individuals. The request level will support maintaining the current number of elderly individuals served (adjusting for increased food costs) in addition to expanding caseloads.

The Budget continues funding of \$16.5 million for the Farmers' Market Nutrition Program (FMNP) for women, infants and children through CAP. The FMNP provides WIC participants with vouchers to purchase fresh, local fruits, vegetables and herbs directly from farmers, farmers' markets and roadside stands. The Seniors' FMNP is funded with about \$21 million from the Commodity Credit Corporation.

Nutrition Programs Administration (NPA). The Budget provides \$155.6 million for NPA to support Federal management and oversight of USDA's investment in nutrition assistance programs, an increase of approximately \$5 million over 2015. This will help ensure adequate oversight and program integrity, simplify and improve the programs, and encourage healthy and nutritious diets. The Budget includes a \$1 million increase to support the development of the first-ever dietary guidelines for children from birth to two years and pregnant women, including development of the evidence-base for the guidelines and initiation of a web-based system to allow for public input throughout the project. Another \$1 million increase would be used to research and implement strategies to target vulnerable populations with programming designed to improve eating and physical activity behaviors, with additional sums for other NPA needs. The Budget includes \$2 million in continued funding for the Congressional Hunger Center.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Nutrition Service

Key Indicators

| | 2014 Enacted | 2015 Estimate | 2016 Budget |
|----------------------------------------------------------------------------------|-----------------|------------------|----------------|
| Average Participation, Millions: | | | |
| Supplemental Nutrition Assistance Program (per month)..... | 46.5 | 46.3 | 45.7 |
| Free School Lunch..... | 19.1 | 19.6 | 19.9 |
| Total School Lunch (per day)..... | 30.3 | 30.2 | 30.3 |
| Free School Breakfast..... | 10.4 | 11.0 | 11.5 |
| Total School Breakfast (per day)..... | 13.5 | 14.0 | 14.6 |
| WIC (per month)..... | 8.3 | 8.4 | 8.5 |
| Commodity Supplemental Food Program (CSFP): | | | |
| WIC (per month)..... | 0.01 | 0.01 | 0.00 |
| Elderly (per month)..... | 0.56 | 0.60 | 0.61 |
| Food Distribution Program on Indian Reservations (FDPIR) (per month)..... | | | |
| | 0.08 | 0.10 | 0.11 |
| Average/Person/Month Food Benefit in \$: | | | |
| Supplemental Nutrition Assistance Program..... | \$125.37 | \$127.82 | \$129.23 |
| WIC..... | 43.42 | 45.99 | 47.57 |
| CSFP: WIC (FNS Funded) <u>a/</u> | 23.82 | 27.07 | 27.85 |
| CSFP: Elderly (FNS Funded) <u>a/</u> | 19.24 | 22.31 | 22.95 |
| FDPIR (FNS Funded)..... | 67.59 | 73.60 | 74.33 |
| Per Meal Subsidies Including Commodities in \$: <u>a/</u> | | | |
| School Lunch: <u>b/</u> | | | |
| Free | \$3.24 | \$3.30 | \$3.37 |
| Reduced..... | 2.84 | 2.90 | 2.96 |
| Paid | 0.58 | 0.59 | 0.61 |
| School Breakfast: | | | |
| Free | \$1.89 | \$1.93 | \$1.97 |
| Reduced..... | 1.59 | 1.63 | 1.67 |
| Paid | 0.28 | 0.28 | 0.28 |

a/ Excludes bonus commodities.

b/ Effective 2013, performance-based enhanced reimbursements of 6 cents per lunch was 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 the latest 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. Building on this coordination, the President is seeking broad reorganization authority in the 2016 Budget. With this authority, the Administration is proposing to consolidate the FSIS and the food safety components of the Food and Drug Administration to create a single new agency within the Department of Health and Human Services. The new agency would be charged with pursuing a modern, science-based food safety regulatory regime drawing on best practices of both agencies, with strong enforcement and recall mechanism, expertise in risk assessment, and enforcement and research efforts across all food types based on scientifically supportable assessments of threats to public health.

FSIS continues to improve the public health effectiveness of its testing programs through new and expanded sampling programs for regulated products in an effort to reduce *Salmonella* contamination. FSIS has started testing of comminuted chicken and turkey product and additional beef products for *Salmonella*. FSIS has also developed new draft performance standards for *Salmonella* and *Campylobacter* for chicken parts and comminuted poultry. Additionally, FSIS announced that it will implement new traceback procedures when it finds raw ground beef or bench trim presumptive positive for *Escherichia coli* O157:H7. This new recall policy will better protect the public from consumption of contaminated product because it will better ensure that source materials that are contaminated are removed from commerce. FSIS has seen consistent declines in FY 2014 in the total number of illnesses attributed to FSIS regulated products as measured by the overall All-Illness Measure estimates. The total number of illnesses attributed to FSIS-regulated products fell 10 percent between fiscal years 2013 to 2014, which equates to almost 41,000 avoided illnesses. Finally, FSIS is moving forward with a

FOOD SAFETY

new inspection system for young poultry slaughter establishments that would facilitate public health-based inspection. By revising current procedures and removing outdated regulatory requirements that do not help combat foodborne illness, the result will be a more efficient and effective use of taxpayer dollars that will reduce the risk of foodborne illness by focusing FSIS inspection activities on those tasks that advance FSIS' core mission of food safety.

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

Budget Authority (Dollars in Millions)

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|------------------------------------------------------------|-----------------|------------------|----------------|
| Discretionary: | | | |
| Federal Food Safety and Inspection..... | \$894 | \$900 | \$895 |
| State Food Safety and Inspection..... | 63 | 61 | 61 |
| International Food Safety and Inspection..... | 16 | 16 | 17 |
| Public Health Data Communication Infrastructure System.... | 35 | 35 | 35 |
| Codex Alimentarius..... | 4 | 4 | 4 |
| Total, Discretionary Programs..... | 1,011 | 1,016 | 1,012 |
| Mandatory: | | | |
| Trust Funds (Voluntary Inspection Services)..... | 13 | 13 | 13 |
| User Fees (Overtime/Holiday Inspection Services)..... | (190) | (180) | (180) |
| Total, FSIS Programs..... | \$1,214 | \$1,209 | \$1,205 |

Organizational Structure. To accomplish its functions, FSIS employees are located at over 6,400 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 U.S. government and non-government participation in the activities of the Codex Alimentarius Commission.

Inspection, Data Infrastructure, and Outbreak Response. The 2016 Budget proposes discretionary funding of \$1.01 billion, over \$4 million below 2015. This is a result of savings from the implementation of the New Poultry Inspection System (NPIS) and program efficiencies. With these funds, FSIS will support its approximately 8,200 Federal in-plant and other frontline personnel and the Federal share of State inspection programs, and continue to improve the data infrastructure supporting the Nation's food safety system. The Budget provides funding to meet regulatory responsibilities, including the implementation of modernized poultry inspection practices and the Siluriformes inspection program.

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In an effort to revise current procedures and remove outdated regulatory requirements that do not help combat foodborne illness, FSIS will implement NPIS that will improve food safety and result in a more efficient and effective use of taxpayer dollars. FSIS anticipates NPIS will prevent up to 5,000 illnesses from *Salmonella* and *Campylobacter* annually.

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 2016, FSIS aims to achieve the following performance measures:

| Key Performance Measure | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|---------|---------|
| Percent of broiler plants passing the carcass <i>Salmonella</i> Verification Testing Standard ^{1/} | 89% | 90% | 90% | 92% | 94% | 95% |
| Total illnesses from all FSIS Products ^{2/} | 491,353 | 479,621 | 427,171 | 386,265 | 373,955 | 363,547 |
| Percent of establishments with a functional food defense plan ^{3/} | 75% | 77% | 83% | 84% | 90% | 90% |

^{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 2016, FSIS estimates it will collect \$193 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 to be 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.

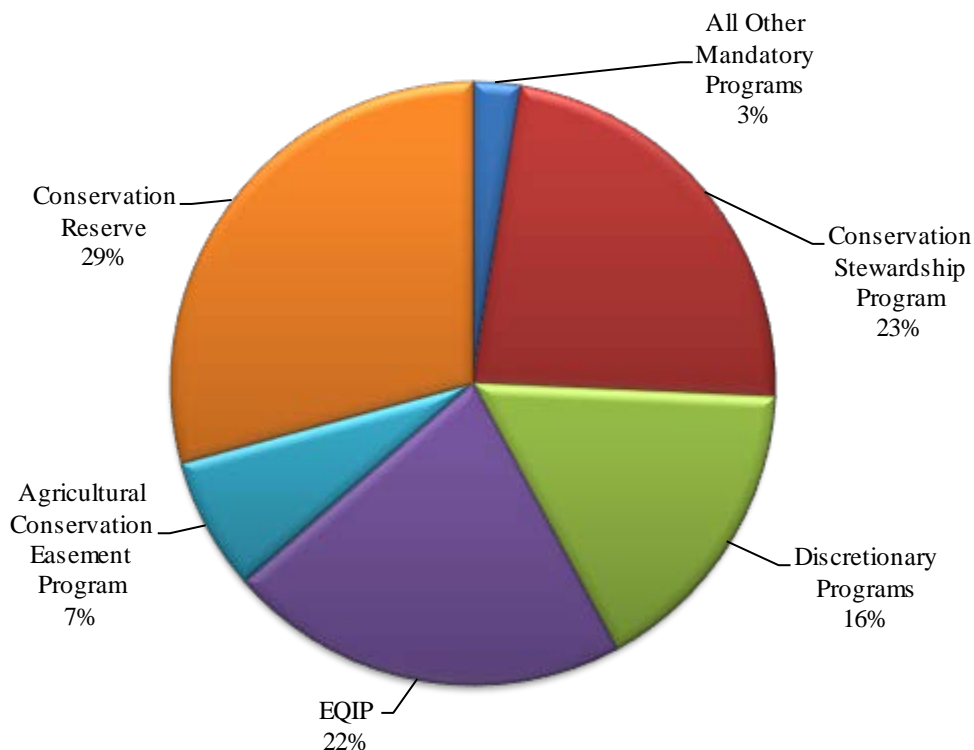
NATURAL RESOURCES AND ENVIRONMENT

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, the creation of green jobs, and 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).

2016 Conservation Budget Total = \$6.3 Billion



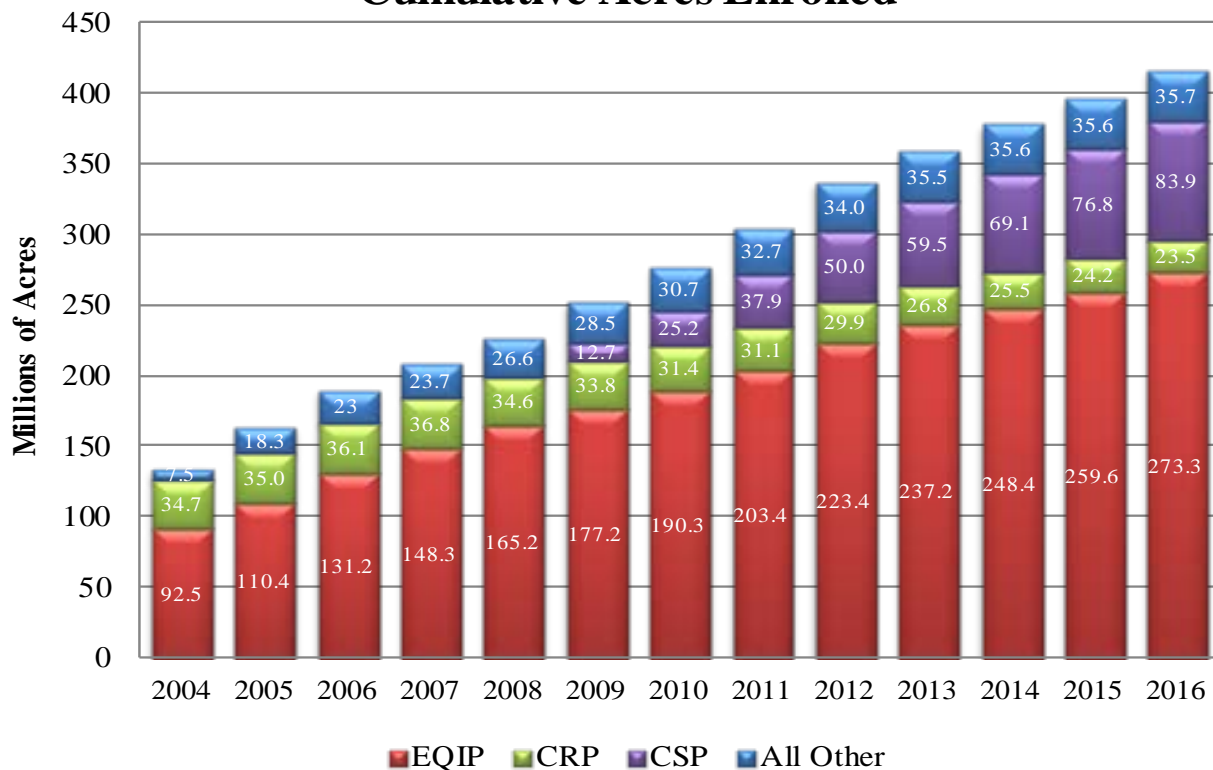
NRCS and FS are the primary contributors to achieving the Strategic Goal that ensures our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing water resources. Both NRCS and FS work closely with partners to leverage private resources and innovative ideas to make the landscape and critical

NATURAL RESOURCES AND ENVIRONMENT

infrastructure more resilient to climate change. FS works with electric and water utilities in the Western States to ensure that critical infrastructure are resilient to wildfire. Through partnership agreements, the potential for costly service disruptions to transmission and distribution lines and critical watersheds can be mitigated in a cost effective manner. NRCS has expanded its partnerships with both not-for-profit organizations and the private sector to implement regional-scale conservation in critical areas particularly vulnerable to climate change. On November 17, 2014, USDA and partners completed a first-of-its kind sale of carbon credits from working ranch grasslands. The method for quantifying greenhouse gas benefits from avoiding grassland conversion to cropland was developed through a Conservation Innovation Grant.

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, Tribal, and local government agencies to sustain the health, diversity and productivity of our national forests and grasslands, and State and private forests.

Farm Bill Conservation Programs Cumulative Acres Enrolled



NATURAL RESOURCES AND ENVIRONMENT

NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Budget Authority (Dollars in Millions)

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|------------------------------------------------------------------|-----------------|------------------|----------------|
| Discretionary: | | | |
| Private Lands Conservation Operations: | | | |
| Conservation Technical Assistance..... | \$715 | \$748 | \$733 |
| Soil Surveys..... | 80 | 80 | 80 |
| Snow Surveys..... | 9 | 9 | 9 |
| Plant Materials..... | 9 | 9 | 9 |
| Total, Private Lands Conservation Operations (Discretionary).... | 813 | 846 | 831 |
| Private Lands Conservation Operations (Mandatory) | (759) | (827) | (775) |
| Total, Private Lands Conservation Operations a/..... | (1,572) | (1,673) | (1,606) |
| Watershed Rehabilitation Program..... | 12 | 12 | 0 |
| Water Bank Program..... | 4 | 4 | 0 |
| Emergency Watershed Protection Program..... | 0 | 79 | 0 |
| Watershed and Flood Prevention Operations..... | 0 | 0 | 200 |
| Total, Discretionary Programs..... | 829 | 941 | 1,031 |
| Mandatory: | | | |
| Farm Bill Programs: | | | |
| Environmental Quality Incentives Program b/..... | 1,350 | 1,347 | 1,350 |
| Wildlife Habitat Incentives Program c/..... | 8 | 0 | 0 |
| Agricultural Conservation Easement Program b/..... | 366 | 394 | 450 |
| Wetlands Reserve Program c/..... | 37 | 0 | 0 |
| Grassland Reserve Program c/..... | 1 | 0 | 0 |
| Farm and Ranch Lands Protection Program c/..... | 3 | 0 | 0 |
| Regional Conservation Partnership Program b/..... | 96 | 93 | 100 |
| Agricultural Water Enhancement Program c/..... | 3 | 0 | 0 |
| Conservation Security Program | 125 | 28 | 5 |
| Conservation Stewardship Program..... | 1,079 | 1,158 | 1,457 |
| Voluntary Public Access and Habitat Incentive Program | 40 | 0 | 0 |
| Agricultural Management Assistance d/..... | 7 | 5 | 5 |
| Small Watershed Rehabilitation Program..... | 250 | 73 | 0 |
| Wetlands Mitigation Banking Program..... | 10 | 0 | 0 |
| Conservation Reserve Program Tech. Assist..... | 68 | 47 | 50 |
| Total, Farm Bill Programs..... | 3,443 | 3,145 | 3,417 |
| Total, NRCS Programs..... | \$4,272 | \$4,086 | \$4,448 |

a/ The 2016 Budget proposes to show total staff resources necessary to implement the private lands conservation programs 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. For comparability, both discretionary and mandatory funds are shown for 2014 and 2015.

b/ These are successor programs that include programs repealed in the 2014 Farm Bill.

c/ These programs were repealed by the 2014 Farm Bill. Payments for prior contacts will be paid through their successors.

d/ NRCS is authorized to receive 50 percent of total AMA funding and the rest is provided to RMA and AMS.

NATURAL RESOURCES AND ENVIRONMENT

The 2016 Budget for NRCS supports the consolidated conservation programs authorized in the 2014 Farm Bill, giving the agency greater capacity to 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, wetland protection, and expanding access to public and private lands for diverse recreation opportunities. Funding is provided for conservation programs that focus on priority watersheds and landscapes most in need of protection, emphasize partnering with local constituents to efficiently implement programs and initiatives, and help create sustainable natural resource jobs that strengthen rural communities.

With authorities from the 2014 Farm Bill, NRCS is able to more effectively deliver conservation on a broader scale, providing additional opportunities for diverse partners to work with NRCS to implement innovative and cooperative conservation projects. For example, the 2014 Farm Bill created the Regional Conservation Partnership Program by consolidating the authorities of the Chesapeake Bay Watershed Program, the Agricultural Water Enhancement Program, the Cooperative Conservation Partnership Initiative, and the Great Lakes Basin Program to provide enhanced opportunities for agricultural producers, producer associations, cooperatives, State and local government, Native American Tribes, and other partners to leverage Federal resources to install innovative, partner developed projects, supporting conservation stewardship on agricultural lands and non-industrial forest lands.

NATURAL RESOURCES AND ENVIRONMENT

Budget Authority (Dollars in Millions)

| Private Lands Conservation Operations | 2014 Enacted | 2015 Estimate | 2016 Budget |
|-----------------------------------------------------------|-----------------|------------------|----------------|
| Discretionary: | | | |
| Conservation Operations..... | \$813 | \$846 | \$831 |
| Mandatory: | | | |
| Farm Bill Programs (Technical Assistance): a/ | | | |
| Environmental Quality Incentives Program b/..... | 368 | 360 | 397 |
| Wildlife Habitat Incentives Program c/..... | 5 | 0 | 0 |
| Agricultural Conservation Easement Program b/..... | 111 | 125 | 143 |
| Wetlands Reserve Program c/..... | 24 | 0 | 0 |
| Grassland Reserve Program c/..... | 1 | 0 | 0 |
| Farm and Ranch Lands Protection Program c/..... | 3 | 0 | 0 |
| Regional Conservation Partnership Program b/..... | 21 | 20 | 21 |
| Agricultural Water Enhancement Program c/..... | 2 | 0 | 0 |
| Conservation Security Program..... | 8 | 6 | 1 |
| Conservation Stewardship Program..... | 116 | 256 | 162 |
| Voluntary Public Access and Habitat Incentive Program.... | 7 | 0 | 0 |
| Agricultural Management Assistance d/..... | 1 | 0 | 1 |
| Small Watershed Rehabilitation Program..... | 23 | 13 | 0 |
| Wetlands Mitigation Banking Program..... | 1 | 0 | 0 |
| Conservation Reserve Program Tech. Assist..... | 68 | 47 | 50 |
| Total, Farm Bill Programs (Technical Assistance)..... | 759 | 827 | 775 |
| Total, NRCS Technical Assistance..... | \$1,572 | \$1,673 | \$1,606 |

a/ The 2016 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.

b/ These programs are successor programs that include repealed programs in the 2014 Farm Bill.

c/ These programs were repealed in the 2014 Farm Bill. Payments for prior contacts will be paid through their successors.

d/ NRCS is authorized to receive 50 percent of total AMA funding and the rest is provided to RMA and AMS.

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Private Lands Conservation Operations (PLCO). The 2016 Budget proposes to retitle the existing “Conservation Operations” account as the “Private Lands Conservation Operations” account. PLCO would consolidate the discretionary and mandatory Technical Assistance (TA) funding necessary for the agency to support its core mission of delivering conservation to America’s private working lands. The total proposed funding for PLCO for 2016 is \$1.6 billion. This includes \$831 million of discretionary funding, which includes \$733 million for conservation technical assistance (CTA), as well as \$98 million for Soil Survey, Snow Survey, and Plant Materials Centers. A total of \$775 million in mandatory TA is estimated to be needed to support Farm Bill conservation program implementation.

Beginning in 2016, as part of an ongoing effort to strengthen the agency’s capacity to effectively deliver conservation and in support of the Conservation Effects Assessment Project, NRCS will invest \$10 million over two years from available resources to evaluate the costs and benefits of conservation practices to further inform PLCO investments and improve program delivery efficiency, helping the Nation to achieve the highest return on its conservation investment. This multi-year effort will leverage administration data as well as census and survey data within USDA (and potentially across other agencies) to build rigorous evidence and strengthen conservation implementation at least cost. NRCS will also continue to improve technical assistance delivery to agricultural producers with continued development of key elements of the Conservation Delivery Streamlining Initiative (CDSI). The 2016 Budget includes a total of \$38.6 million for CDSI, and anticipates in 2016 implementation of the Client Gateway, the interface to be used by agricultural producers to request conservation financial and technical assistance and to track payments from their own homes. Client Gateway will eliminate much of the need for producers to travel to NRCS field offices. CDSI will also increase flexibility by allowing NRCS staff to perform the administrative functions of conservation work from the field rather than the office. Full implementation of CDSI will result in faster service for customers and streamlined business processes for planners. NRCS estimates that when fully implemented CDSI will allow the agency to refocus over 1,500 staff years on customer service and improved conservation assistance.

Through CTA, NRCS works with land owners and managers to develop conservation plans that outline the specific conservation practices needed to improve farm operations and enhance farm environmental sustainability. Conservation planning is the critical first step before Farm Bill programs can be accessed. In 2016, NRCS expects to provide technical assistance for planning and application to 55,000 landowners, covering an estimated 25 million acres. NRCS has developed the breadth of expertise needed to aid landowners facing a wide array of conservation challenges. The conservation practices identified in these plans can be applied by land owners and managers in future years. These conservation practices will result in increased water quality, water conservation, soil quality, nutrient management, and improve grazing and forest land.

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 Environmental Quality Incentives Program section.

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| Key Performance Measure | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------------------------------------------------------------------------------------------------|------|------|------|------|------|------|
| CTA: Land with conservation applied to improve water quality. (millions of acres) | N/A | N/A | N/A | 18.2 | 17.2 | 17.2 |
| CTA: Cropland with conservation applied to improve soil quality. (millions of acres) | N/A | N/A | N/A | 6.2 | 6.8 | 6.8 |
| CTA: Grazing and forest land with conservation applied to protect and improve the resource base. (millions of acres) | N/A | N/A | N/A | 13.1 | 12.8 | 12.8 |

Watershed and Flood Preventions Operations (WFPO). The WFPO Program helps communities adapt to changing natural resource conditions and climate change, and to minimize the impacts of natural disasters. The Budget includes \$200 million for WFPO to support the Executive Order “Preparing the United States for the Impacts of Climate Change.” Through the broad authorities provided to WFPO, a strategic combination of land treatments, structural measures, and floodplain easements will be used to help communities create more resilient infrastructure and natural systems. In 2016, NRCS will emphasize watershed-scale planning that fosters community buy-in and land treatment efforts that address multiple needs, including water supply and use, recreation, economic uses of waterways, and mitigating the risks associated with coastal flooding.

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 2014 Farm Bill re-authorized this program through 2018. In addition, the 2014 Farm Bill moved under EQIP the activities of the Wildlife Habitat Incentive Program, a program that provided 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 Conservation Innovation Grant program is authorized at \$25 million in 2016. The Agricultural Water Enhancement Program, which was operated under EQIP, was repealed by the 2014 Farm Bill, and its functions have been moved to the new Regional Conservation Partnership Program.

NATURAL RESOURCES AND ENVIRONMENT

| Key Performance Measure | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------------------------------------------------------------------------------------------------------|------|------|------|------|------|------|
| EQIP: Land with conservation applied to improve water quality. (millions of acres) | N/A | N/A | N/A | 12.3 | 12.0 | 12.0 |
| EQIP: Cropland with conservation applied to improve soil quality. (millions of acres) | N/A | N/A | N/A | 3.1 | 3.4 | 3.4 |
| EQIP: Grazing land and forest land with conservation applied to protect and improve the resource base. (millions of acres) | N/A | N/A | N/A | 14.8 | 13.7 | 13.7 |
| EQIP: Non-Federal land with conservation applied to improve fish and wildlife habitat quality. (millions of acres) | N/A | N/A | N/A | 1.4 | 1.4 | 1.4 |

Agricultural Conservation Easement Program (ACEP). The 2014 Farm Bill combined the Wetlands Reserve Program, the Farm and Ranch Lands Protection Program, and the Grassland Reserve Program into the new ACEP. This new program will have two components: an agricultural land easement component under which NRCS assists eligible entities to protect agricultural land by limiting non-agricultural land uses; and a wetland reserve easement component under which NRCS provides technical and financial assistance directly to landowners to restore, protect and enhance wetlands through the purchase of wetlands reserve easements. NRCS will maintain the existing easements and contracts formed under the previous programs.

Regional Conservation Partnership Program (RCPP). This program promotes the implementation of conservation activities through providing support for agreements between producers and partner groups. Producers receive technical and financial assistance through RCPP while NRCS and its partners help producers install and maintain conservation activities. These projects may focus on water quality and quantity, soil erosion, wildlife habitat, drought mitigation, flood control, and other regional priorities. Partners include producer associations, State or local governments, Indian Tribes, non-governmental organizations, and institutions of higher education. The 2014 Farm Bill combined several regional conservation initiatives into this program. Under RCPP, 35 percent of the funds and acres are reserved for eight, regional-scale Critical Conservation Areas (CCA) selected by the Secretary of Agriculture. Each of the CCAs has an overarching goal to address priority natural resource concerns common to the CCA. Competitive proposals for selection as a CCA project were based on the degree to which they include multiple States with significant agricultural production, were covered by an existing agreement or would benefit from water quality and quantity improvement. The need for assistance on the part of a region's producers was also considered during the selection process. The CCAs include the Chesapeake Bay Watershed, Great Lakes Region, Mississippi River Basin, Colorado River Basin, Longleaf Pine Range, Columbia River Basin, Prairie Grasslands

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Region, and California Bay Delta. Of the remaining funds and acres under this program, 40 percent supports projects selected through a national competitive process and 25 percent supports projects selected through a State competitive process.

Conservation Stewardship Program (CSP). The 2008 Farm Bill replaced the Conservation Security Program with the Conservation Stewardship Program, which is distinguished from the predecessor program in that it encourages participants to undertake new conservation activities in addition to maintaining and managing existing conservation activities. Also, CSP operates under an annual acreage limitation rather than a funding cap. The 2014 Farm Bill extended the authority for CSP with an annual enrollment cap of 10 million acres. In 2016, the Budget supports enrollment of 7 million new acres.

Voluntary Public Access and Habitat Incentive Program (VPA-HIP). VPA-HIP was established by the Food Security Act of 1985, as amended by the 2014 Farm Bill. VPA-HIP provides payments to encourage private landowners and Tribal governments 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 reconnecting Americans with the great outdoors. The 2014 Farm Bill authorizes a total of \$40 million through 2018 for this program.

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FOREST SERVICE (FS)

**Budget Authority
(Dollars in Millions)**

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|----------------------------------------------------------------------|-------------------------|--------------------------|------------------------|
| Discretionary Accounts: | | | |
| Forest and Rangeland Research..... | \$293 | \$296 | \$292 |
| State and Private Forestry..... | 230 | 233 | 237 |
| National Forest System: | | | |
| Integrated Resource Restoration <u>a/</u> | [776] | [795] | 822 |
| Collaborative Forest Landscape Restoration Fund | 40 | 40 | 60 |
| Recreation, Heritage and Wilderness..... | 262 | 262 | 264 |
| Other NFS Activities..... | 1,194 | 1,192 | 502 |
| Total, NFS..... | 1,496 | 1,494 | 1,648 |
| Wildland Fire Activities: | | | |
| Preparedness..... | 1,058 | 1,146 | 1,083 |
| Suppression: | | | |
| Suppression Activities | 680 | 708 | 795 |
| FLAME Fund..... | 315 | 303 | 0 |
| Fire Suppression Resources Under Emergency Disaster Cap <u>b/</u> .. | 0 | 0 | (855) |
| Total, Suppression..... | 995 | 1,011 | 795 |
| Hazardous Fuels Reduction | 307 | 362 | 359 |
| Other Fire Operations..... | 117 | 117 | 117 |
| Total, Wildland Fire Activities without Fire Repayments | 2,477 | 2,636 | 2,354 |
| Fire Transfer Repayment | 600 | 0 | 0 |
| Total, Wildland Fire Activities with Fire Repayments..... | 3,077 | 2,636 | 2,354 |
| Capital Improvement and Maintenance | 350 | 360 | 342 |
| Land Acquisition accounts..... | 45 | 49 | 65 |
| Other Accounts..... | 6 | 5 | 5 |
| Total, Discretionary Programs | \$5,497 | \$5,073 | \$4,943 |

a/ In 2014 and 2015 the IRR pilot was funded by transfers from the National Forest System, Capital Improvement and Maintenance, and Wildland Fire Management. This table shows IRR on a comparable basis in those years.

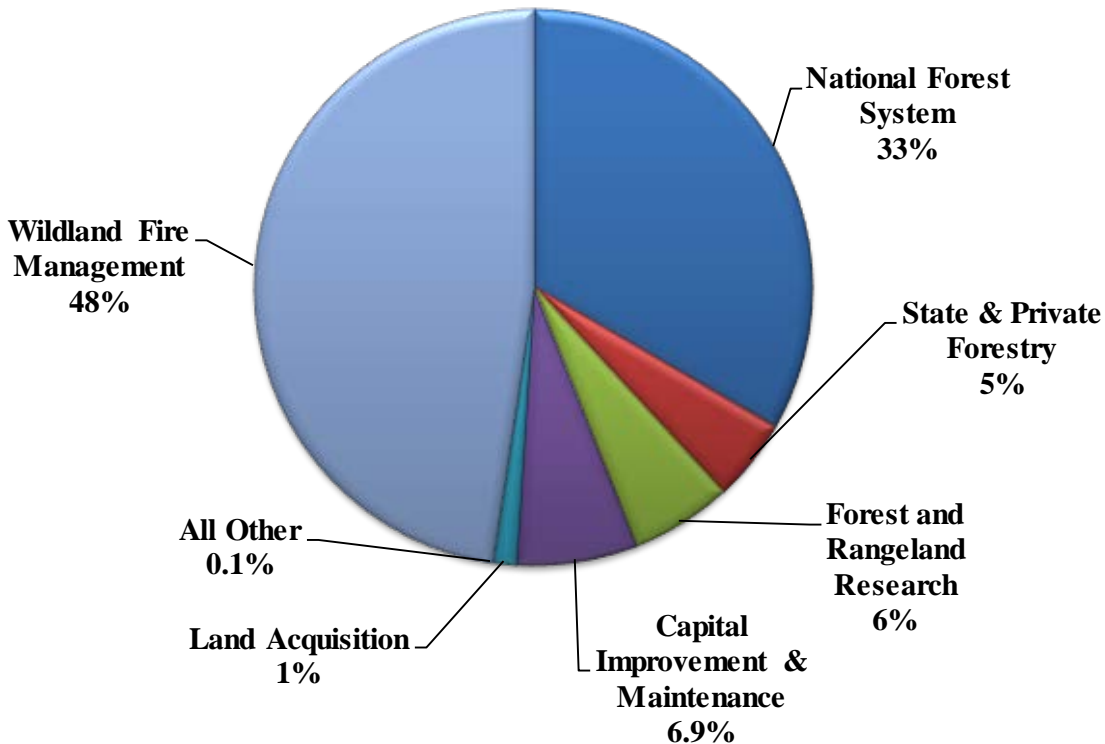
b/ The 2016 Budget proposes to amend the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, to establish a new budget framework for the Wildland Fire Management program. In this proposed new budget framework, 70 percent of the estimated 10-year average for fire suppression is funded within discretionary totals. Amounts for suppression above this level would be funded from the emergency disaster funding cap, up to a total of \$855 million in FY 2016.

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Budget Authority (Dollars in Millions)

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|-----------------------------------------------------|-----------------|------------------|----------------|
| Mandatory Programs: | | | |
| Permanent Appropriations..... | \$515 | \$218 | \$236 |
| Legislative Proposal, Secure Rural Schools..... | 0 | (225) | (197) |
| Trust Funds..... | 99 | 94 | 84 |
| Transfer from LWCF to State & Private Forestry..... | (0) | (0) | (39) |
| Transfer from LWCF to Land Acquisition..... | (0) | (0) | (65) |
| Total, Mandatory..... | 614 | 312 | 320 |
| Total, Forest Service Budget Authority..... | \$6,111 | \$5,385 | \$5,263 |

2016 Forest Service Discretionary Budget Authority Total = \$4.9 Billion



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For 2016, the total request for FS discretionary activities is \$4.94 billion. The 2016 Budget continues to support a strategy to address catastrophic fire risk by providing a stable source of suppression funding while increasing the capacity to reduce fire risk by making forested landscapes more resilient to wildland fire and a changing climate with increased support for Integrated Resource Restoration (IRR) and the Collaborative Forest Landscape Restoration Program (CFLRP). The 2016 Budget provides continued support for the America’s Great Outdoors (AGO) Initiative and focuses on improving water quality in priority landscapes, addressing the greatest emerging threats to forest health and sustainability, creating green jobs in rural communities, and providing a sustainable and responsible way to fund wildland fire suppression.

| Key Performance Measures | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------------------------------------------------------------------------------------------------------|------|------|------|------|------|------|
| Percentage of National Forests and Grasslands in compliance with a climate change adaptation and mitigation strategy. | 16 | 36 | 49 | 64 | 100 | 100 |
| Percentage of national forest and grassland watersheds in properly functioning condition (class 1 watersheds). | 52 | 52 | 52 | 52 | 53 | 53 |

Forest and Rangeland Research. For 2016, \$292 million is proposed for Forest and Rangeland Research. FS maintains the world’s largest forest research organization. While its broad mission is to develop the 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 193 million acres of the National Forest System (NFS). Other areas of research include forest disturbance prediction and response, watershed management and restoration, urban natural resource stewardship, and inventory and analysis. The 2016 Budget provides \$83 million for Forest Inventory and Analysis (FIA), an increase of \$13 million above 2015. This investment will strengthen the collection, coordination, and assessment of field inventory data, creating a robust landscape scale inventory and analysis effort in all 50 States, the U.S. Territories, and for the first time interior Alaska. In 2016, FS will continue its important work stimulating the creation of commercial and industrial markets for presently underutilized or unmerchantable forest resources resulting from restoration and fuel treatment operations. Coupled with the permanent authorization for Stewardship End Result Contracting from the 2014 Farm Bill, this work will create value for landowners while creating sustainable natural resource jobs in rural communities throughout the Nation.

State and Private Forestry (S&PF). Through S&PF programs, FS addresses forest health concerns on Federal, State, and private lands. For 2016, \$237 million is proposed for S&PF programs. The Budget proposes \$24 million for 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 2016 Budget provides \$4 million for FS’ International Programs, to bolster the agency’s efforts to decrease illegal logging in support of the Nation’s domestic forest products industry, to protect the NFS and surrounding

NATURAL RESOURCES AND ENVIRONMENT

forested landscapes from non-native invasive species, to complement the agency's domestic investment in habitat restoration by ensuring protected area management abroad, and to inform international policy discussions on climate change. The Forest Legacy Program (FLP), an important tool in keeping working forests as forests, cost-shares the purchase of conservation easements to protect nationally prioritized forest lands from development, will be funded at \$61 million in discretionary funding. Additionally, \$39 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). Conserving landscapes and meeting the present-day needs of local communities requires collaborating among all stakeholders, including private landowners. LWCF supports voluntary conservation partnerships with private landowners that help keep working farms, forests and ranches in production and supports rural communities across America. The 2016 Budget proposes that LWCF will be fully funded at \$900 million in mandatory funding beginning in 2017, greatly enhancing the program's capacity to provide funds and matching grants to Federal, State, and local governments to purchase land, water, and wetlands for the benefit of all Americans. Full and permanent funding for LWCF provides the financial certainty needed to build local and community partnerships in conservation and optimize valuable investments critical to a resilient landscape and sustainable rural communities.

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 and on a sustained-use basis and represent a vital natural legacy. The agency has placed a focus on working collaboratively to restore forests for the benefit of watersheds, engaging communities to help Americans reconnect to the outdoors, and re-establishing vibrant local economies.

For 2016, total funding for NFS is proposed at \$1.65 billion. The wildfire suppression funding strategy being proposed in this Budget significantly and positively impacts funding for NFS by funding wildfires as disasters. This strategy will minimize the shifting of NFS resources to fire suppression and thereby enable full implementation of needed projects to restore forest landscapes and reduce the risk of catastrophic fire. The Budget provides \$822 million for IRR, expanding the program nationwide to fully realize the increased pace and scale of restoration inherent in this integrated approach. IRR provides administrative efficiencies in the implementation of NFS management priorities and promotes watershed resilience by combining funding from the Vegetation & Watershed Management, Wildlife & Fisheries Habitat Management, Forest Products, Legacy Roads and Trails, the non-wildland urban interface portion of Hazardous Fuels, and the decommissioning portion of Roads budgets into a single line item. The Budget's investment in IRR will increase the volume of timber sold in 2016 to 3.2 billion board feet, an increase of 300 million board feet (MMBF) from 2015 and almost 400 MMBF from 2014. Complementary to IRR, funding for CFLRP is increased to \$60 million to support up to 10 additional multi-year restoration projects, and will allow FS to accelerate restoration on high priority landscapes, support much-needed economic stability in rural communities, and reduce the risk of catastrophic wildfire.

This Budget supports the initiative "Every Kid in a Park: Discover America's Public Lands and Waters" (EKiP). By expanding the agency's existing Conservation Education program, up to an additional 400,000 4th graders across the Nation will experience America's public lands by learning about critical resource issues, wildlife viewing, and forest management, while having

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opportunities for play and physical activities. Additional support for the award winning “Project Learning Tree” and the service-learning program “Green Schools!” will mean enhanced opportunities to incorporate meaningful outdoor experiences in school programs for as many as 100,000 4th graders, particularly children in urban areas. FS support for EKiP will help develop the next generation of the Nation’s environmental stewards. In addition, NFS funding as well as other Forest Service funding will continue to support more than 10,000 job and training opportunities for youth and veterans as part of the 21st Century Conservation Service Corps (21CSC). Through the 21CSC, Federal and non-Federal partners connect participants to meaningful natural and cultural resource work on public lands, helping agencies to accomplish resource outcomes while also developing the next generation of stewards and natural resource professionals.

| Key Performance Measures | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|
| Acres treated annually to sustain or restore water function and resilience. (millions of acres) | 2.624 | 2.570 | 2.533 | 2.906 | 2.900 | 2.900 |
| Volume of timber sold. (billion board feet) | 2.533 | 2.644 | 2.610 | 2.831 | 2.900 | 3.200 |

Wildland Fire Activities. Through the Wildland Fire Activities, FS protects life, property and natural resources on NFS land and an additional 20 million acres of adjacent State and private lands through fee or reciprocal protection agreements. For 2016, total funding for these activities is proposed at \$2.35 billion.

There is a need for fundamental change in how wildfire suppression is funded in order to reduce fire risk, manage landscapes more holistically, and increase resiliency of the Nation’s forests and rangelands and the communities that border them. With the cost of fire management having grown from 13 percent of the agency’s budget in the 1990s to over 50 percent in 2014, it is clear that the cost of wildland fire suppression is subsuming the agency’s budget for proactive land management and jeopardizing its ability to implement its full mission. Growth in the number and severity of fires in recent years, combined with an ever expanding wildland urban interface (WUI) where life and property are at risk, suppression costs have exceeded amounts provided in annual appropriations in many years requiring FS to transfer funds from other programs to cover those costs. The lost momentum of critical restoration programs as fire transfers deplete the budget by up to \$500 million in years with transfers is felt across critical programs nationwide and is a factor influencing the frequency and intensity of fires in future years.

The Budget proposes a viable and fiscally responsible funding strategy that recognizes that catastrophic wildland fires should be considered disasters, similar to hurricanes and tornados and funded in part by additional budget authority provided through a wildfire suppression cap adjustment. In 2016, the Budget proposes discretionary funding for wildland fire suppression at a level equal to 70 percent of the estimated 10-year average suppression costs, which reflects the level of spending associated with suppression of 99 percent of wildfires. In addition, the Budget includes up to \$855 million to be available under a disaster funding cap to meet suppression

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needs above the base appropriation. This strategy provides increased certainty in addressing growing fire suppression needs, better safeguards non-suppression programs from transfers that have diminished their effectiveness, and allows the Forest Service to stabilize and invest in programs that will more effectively restore forested landscapes, treat forests for the increasing effects of climate change, better inform decision makers on the risks and trade-offs associated with wildfire management decisions, and prepare communities in the WUI to avert and minimize the destruction of future wildfires. The Budget focuses hazardous fuels treatments in the WUI in areas that are identified in Community Wildfire Protection Plans and are highest priority, with plans to focus hazardous fuels treatments to reduce the risk of catastrophic fire on over 1.7 million WUI acres. Restoration in WUI areas supports the direction provided by stakeholders engaged in the National Wildfire Management Strategy.

Further, FS will continue efforts to modernize its aging aviation resources. The National Defense Authorization Act of 2014 provided for the transfer of surplus aircraft directly to the FS, including up to 15 C-23B+ Sherpa and up to seven C-130H from other Executive Branch Agencies. For the 2016 fire season, with retrofits to be provided by both the Department of Defense and FS, one of the seven C-130H aircraft is expected to be in service as a next generation airtanker capable of delivering over 3,000 gallons of fire retardant, and up to 15 of the Sherpa aircraft will be delivering smokejumpers and delivering supplies by parachute to wildland firefighters on the ground. These aircraft will be owned by the Forest Service, with contracted operation and maintenance, and supplemented with diverse, privately sourced aviation assets to create a modern and flexible fleet capable of providing critical wildland fire support.

| Key Performance Measures | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Acres of Wildland Urban Interface hazardous fuels treated to reduce the risk of catastrophic wildfire. (millions of acres) | 1.612 | 1.867 | 1.737 | 1.725 | 1.725 | 1.725 |

Capital Improvement and Maintenance (CIM). The CIM account funds construction and maintenance of critical infrastructure on the NFS, including buildings, recreation sites, facilities, roads, and trails. For 2016, total funding for this work is proposed at \$342 million.

By utilizing privately raised resources and an \$8 million investment from CIM in 2016, the FS will put considerable emphasis on improving infrastructure in the eight national monuments administered by the agency, particularly the recently designated San Gabriel Mountains National Monument in Southern California. Maintenance on the national monuments will include improved interpretive resources, increased trash removal, trail maintenance, updated facilities, and better connections through trails and public transportation facilities between communities and the monuments.

The 2016 Budget provides significant support for Deferred Maintenance and Infrastructure, focusing on facilities that pose a serious threat to public health or safety, a natural resource, or the agency's ability to implement its mission. Further, in 2016 FS will continue to focus on reducing its facility footprint through the consolidation and elimination of underutilized

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facilities, resulting in reduced deferred maintenance and more sustainable infrastructure. In 2014, FS reduced its facility footprint by 148,920 gross square feet thus reducing deferred maintenance costs by \$1.3 million. FS currently manages 372,000 miles of roads, 157,000 miles of trails, 6,200 bridges, over 26,750 recreation sites, 500 dams, 16,000 administrative buildings, and 9,575 water/wastewater systems. During 2016, FS will perform maintenance work on 10,000 miles of “high clearance” roads, 32,000 miles of passenger car roads, and over 50,000 miles of trails.

Land Acquisition. The Land Acquisition program protects a variety of resources, including important habitat for at risk game species, while conserving open space and reducing land fragmentation. Conserving landscapes and meeting the present-day needs of local communities requires collaboration among all stakeholders, including private landowners. LWCF supports voluntary conservation partnerships with private landowners that help keep working farms, forests, and ranches in production so they can support rural communities across America.

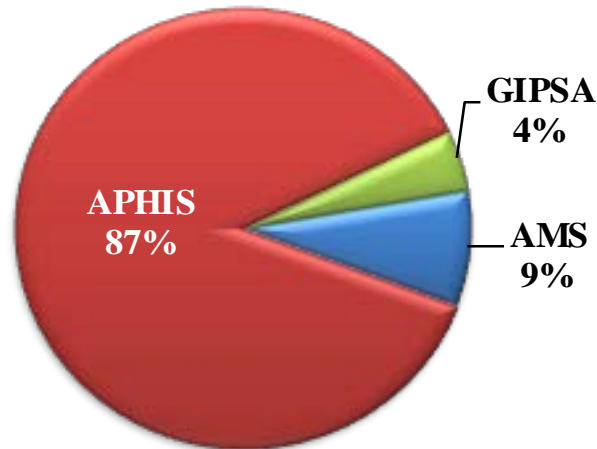
By connecting a fragmented NFS through the strategic acquisition of key in-holdings and Congressionally designated areas, the program provides critical administrative efficiencies to the agency, such as lowering the expenditures associated with boundary line maintenance and improving agency access to the NFS and adjacent lands for the purpose of restoration and wildland fire suppression. The public also benefits through enriched visitor access to the national forests and grasslands, resulting in more direct access to a greater diversity of recreational opportunities. Up to \$5 million of the discretionary funding from LWCF will support the agency’s initiative to target specific parcels that increase public access for NFS hunting, fishing, climbing, and other uses bolstering the recreation economy and the 880,000 jobs created by the recreation on our public lands.

For 2016, the Budget proposes \$65 million for Land Acquisition accounts, plus a request for \$65 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 will enable FS to acquire up to 34,224 acres with discretionary funds, and up to 36,216 acres with mandatory funds.

MARKETING AND REGULATORY PROGRAMS

MISSION AND RELATIONSHIP TO STRATEGIC GOALS

2016 MRP Discretionary Budget Authority Total = \$987 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. As a result of many efforts within MRP and other mission areas, the U.S. achieved a record \$152.5 billion in farm exports in 2014. Specifically, the Animal and Plant Health Inspection Service (APHIS) continued efforts to eliminate trade barriers and ensure that trade decisions are based on science. This work resulted in more than 170 resolved sanitary and phytosanitary issues. In addition, MRP made 340 investments in local food infrastructure which helps create jobs in rural America in 2014.

MRP also 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

MARKETING AND REGULATORY PROGRAMS

behaviors for regulated entities. In addition, MRP assists producers in management and marketing by providing market trend analysis and business and marketing tools. In 2015, the Agricultural Marketing Service (AMS) projects a 25 percent growth in new markets established or expanded through technical assistance provided by AMS' Transportation and Market Development Program. AMS also develops and oversees 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.

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

MARKETING AND REGULATORY PROGRAMS

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

Budget Authority
(Dollars in Millions)

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|--------------------------------------------------------|-----------------|------------------|----------------|
| Discretionary: | | | |
| Safeguarding and Emergency Preparedness/Response: | | | |
| Animal Health: | | | |
| Animal Health Technical Services..... | \$35 | \$35 | \$35 |
| Aquatic Animal Health..... | 2 | 2 | 2 |
| Avian Health | 52 | 52 | 52 |
| Cattle Health | 93 | 93 | 90 |
| Equine, Cervid & Small Ruminant Health..... | 20 | 20 | 20 |
| Swine Health..... | 22 | 24 | 25 |
| Veterinary Diagnostics..... | 32 | 32 | 32 |
| Zoonotic Disease Management..... | 10 | 10 | 20 |
| All Other Animal Health..... | 20 | 20 | 20 |
| Total, Animal Health..... | 286 | 288 | 296 |
| Plant Health: | | | |
| Agricultural Quarantine Inspection (Appropriated)..... | 27 | 27 | 29 |
| Cotton Pests..... | 13 | 12 | 9 |
| Field Crop & Rangeland Ecosystems Pests..... | 9 | 9 | 9 |
| Specialty Crop Pests | 152 | 156 | 145 |
| Tree & Wood Pests..... | 58 | 54 | 46 |
| All Other Plant Health..... | 48 | 47 | 48 |
| Total, Plant Health..... | 307 | 305 | 286 |
| Wildlife Services: | | | |
| Wildlife Damage Management..... | 87 | 90 | 80 |
| Wildlife Services Methods Development..... | 19 | 19 | 19 |
| Total, Wildlife Services..... | 106 | 109 | 99 |
| Regulatory Services: | | | |
| Animal & Plant Health Regulatory Enforcement..... | 16 | 16 | 16 |
| Biotechnology Regulatory Services..... | 19 | 19 | 19 |
| Total, Regulatory Services..... | 35 | 35 | 35 |

MARKETING AND REGULATORY PROGRAMS

Budget Authority (Dollars in Millions)

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|---------------------------------------------------------------|-----------------|------------------|----------------|
| Discretionary: (continued) | | | |
| Emergency Management: | | | |
| Contingency Fund | a/ | a/ | a/ |
| Emergency Preparedness & Response..... | 17 | 17 | 17 |
| Total, Emergency Management..... | 17 | 17 | 17 |
| Total, Safeguarding and Emergency Preparedness..... | 751 | 754 | 733 |
| Safe Trade and International Technical Assistance: | | | |
| Agriculture Import/Export..... | 14 | 14 | 20 |
| Overseas Technical & Trade Operations..... | 20 | 22 | 22 |
| Total, Safe Trade and International Technical Assistance..... | 34 | 36 | 42 |
| Animal Welfare..... | 29 | 29 | 29 |
| Agency-Wide Activities (including GSA Rent/DHS Security)..... | 9 | 52 | 52 |
| Citrus Greening (General Provision; one-time funding)..... | 20 | 0 | 0 |
| Total, Salaries and Expenses..... | 843 | 871 | 856 |
| Buildings and Facilities..... | 3 | 3 | 3 |
| Total, APHIS Discretionary Programs..... | 846 | 874 | 859 |
| Emergency Funding (CCC) and other transfers..... | 19 | 0 | 0 |
| Total, APHIS Discretionary Programs..... | 865 | 874 | 859 |
| Mandatory: | | | |
| Agricultural Quarantine Inspection (AQI) Fees b/..... | 225 | 194 | 232 |
| Trust Funds and User Fees | 9 | 9 | 9 |
| Farm Bill: | | | |
| National Clean Plant Network | 5 | 5 | 5 |
| Plant Pest and Disease Management..... | 54 | 54 | 58 |
| Total, Farm Bill Programs..... | 59 | 59 | 63 |
| Total, Mandatory Programs..... | 293 | 262 | 304 |
| Total, APHIS Programs..... | \$1,158 | \$1,136 | \$1,163 |

a/ Less than \$500,000

b/ Total adjusted collections are \$588 million in 2014, \$569 million in 2015 and \$748 million in 2016. Of the total, \$363 million, \$375 million and \$516 million are transferred to the Department of Homeland Security in 2014, 2015 and 2016, respectively. Figures reflect impact of sequestration in 2014 and 2015.

MARKETING AND REGULATORY PROGRAMS

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

The APHIS 2016 Budget proposes a discretionary appropriation of about \$859 million, of which approximately \$856 million is for programmatic operations and about \$3 million for the Buildings and Facilities account.

APHIS supports, among others, the Department’s strategic goal to ensure all children have access to safe, nutritious, and balanced meals by minimizing major diseases and pests that would otherwise hinder agricultural production.

| Key Performance Measure | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|------|------|------|------|
| Cumulative number of actions taken by USDA to deregulate biotechnology products based on scientific determination that they do not pose a plant pest risk to agriculture | 87 | 93 | 102 | 109 | 114 | 119 |

Safeguarding and Emergency Preparedness/Response. The 2016 Budget includes discretionary appropriations of nearly \$733 million for safeguarding and emergency preparedness and response. These safeguarding and emergency programs, specifically for animal health and specialty crops, protect \$191 billion of livestock, poultry, and specialty crops on an annual basis. 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-Antimicrobial Resistance.** The Budget includes a \$10 million increase to address antimicrobial resistance in pathogens of humans and livestock. This effort is APHIS’ contribution to a Government-wide initiative to address antimicrobial resistance. With development of new antibiotics being limited and the growth of resistance to existing antibiotics, this increase is essential to stem the tide of antimicrobial resistance. With the requested increase, APHIS will increase the depth of data collection, develop monitoring programs, and leverage other data and samples from existing APHIS animal health surveillance systems. Producers will also be provided the opportunity to voluntarily submit samples specifically to monitor antimicrobial resistance.
- **Animal Health-Other Initiatives.** The Budget includes increased funding to continue efforts to address emerging swine diseases, such as porcine epidemic diarrhea virus and other swine enteric coronaviruses. In 2014, USDA used funding from the CCC and responded to these swine diseases by supporting producers in monitoring herds and implementing biosecurity measures to minimize the impact of the diseases. The Budget includes a decrease resulting from an adjustment to the level of bovine spongiform encephalopathy surveillance. As the United States is recognized as “negligible risk” by

MARKETING AND REGULATORY PROGRAMS

the World Organization for Animal Health; the proposed surveillance level will continue to be above that required by international standards.

- **Plant Health.** The Budget includes a total of about \$286 million to protect plant health. The Budget includes an increase of \$2.0 million for the Agricultural Quarantine Inspection program to provide the necessary staffing, canine teams, and equipment replacement needed to adequately inspect baggage bound for the continental U.S. from States Hawaii and Puerto Rico. To continue to address the threat of huanglongbing (citrus greening), the Budget includes increased funding of \$3 million to supplement \$4.5 million in redirected funding from within the Specialty Crop Pest line item. The Budget proposes decreases to the funding provided by the Federal Government for Tree and Wood Pests and Specialty Crop Pests programs of just over \$8 million and \$14 million, respectively. Those cooperators who directly benefit from program activities will need to increase contributions to achieve the same level of program operations. The Budget includes a decrease stemming from successes in reducing acreage infested with cotton pests. Through APHIS' cooperative work with the States and cotton industry, USDA has eradicated boll weevils from 99.5 percent of the 17 million acres of the U.S. cotton crop and completed one year of surveys year without detection of viable pink boll worm.
- **Wildlife Services.** About \$99 million is requested for Wildlife Services. APHIS will continue to devote \$20 million to the national control program for feral swine. These invasive species are associated with an estimated \$1.5 billion annually in damages to pastures, agricultural crops, and other natural areas. APHIS is working cooperatively with several impacted states to address the problem of feral swine populations by integrating management solutions for control and eradication. The Budget includes a decrease for rabies activities in States outside the established barrier zone. In addition, the Budget includes a reduction in activities that address wildlife that are potentially damaging to natural resources and public roadways. Those localities that directly benefit from these services will need to increase contributions to achieve the same level of program operations. APHIS is committed to working with affected States and localities to provide these services on a reimbursable basis.
- **Regulatory Services.** A total of about \$35 million is requested for 2016. This includes funding for the Animal and Plant Health Regulatory Enforcement program, which promotes the integrity of APHIS programs by providing effective investigative and enforcement services. This also funds Biotechnology Regulatory Services activities which are being maintained as they support the Department's strategic goal of helping promote agricultural production and biotechnology exports by deregulating biotechnology products found safe to agriculture. In fiscal year 2014, USDA made substantial progress in meeting the target of completing reviews of petitions for deregulation within 13 to 15 months. Reviews of petitions not requiring environmental impact statements are taking on average about 600 fewer days than they did between 2010 and 2012.

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- **Emergency Management.** A total of almost \$17 million is requested to support prevention, preparation, response, and recovery efforts resulting from animal emergencies. This is consistent with the level of funding previously provided.

Safe Trade and International Technical Assistance. The 2016 Budget includes a total of almost \$42 million to facilitate safe U.S. agricultural trade. This includes an increase of \$5.5 million to enable importers to file Lacey Act declarations through an automated system and maximize the number of products reviewed for compliance with the 2008 amendments to the Lacey Act. These efforts should help prevent the importation of products derived from illegally harvested timber. In fiscal year 2014, APHIS efforts to eliminate trade barriers and to ensure that trade decisions are based on science resulted in more than 170 resolved sanitary and phytosanitary issues worth \$ 2.5 billion for U.S. agricultural producers.

Animal Welfare. The 2016 Budget proposes \$29 million for Animal Welfare activities. This level of funding is necessary to offer protections to animal species covered under the Animal Welfare Act and the Horse Protection Act.

User Fees. In addition to discretionary funding, APHIS collects user fees to cover costs related to agricultural quarantine and inspections that occur at ports of entry. A portion of these collections are provided to the Department of Homeland Security's Customs and Border Protection (CBP) to conduct front line inspections at points of entry. With retained funding, APHIS supports international trade by assessing the plant and animal health risks associated with such trade. APHIS also develops regulations to protect agricultural health; inspects and quarantine 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 a portion of the costs of providing these services on the recipient rather than the U.S. taxpayer.

Buildings and Facilities. The Budget maintains just over \$3 million in funding for general repairs and maintenance of APHIS buildings.

MARKETING AND REGULATORY PROGRAMS

AGRICULTURAL MARKETING SERVICE (AMS)

| Budget Authority (Dollars in Millions) | | | |
|-------------------------------------------------------------------|-------------------------|--------------------------|------------------------|
| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
| Discretionary: | | | |
| Marketing Services: | | | |
| Market News..... | \$33 | \$34 | \$34 |
| Egg Surveillance and Standardization..... | 8 | 8 | 8 |
| Market Protection and Promotion..... | 32 | 31 | 31 |
| Transportation and Market Development..... | 7 | 8 | 10 |
| Total, Marketing Services..... | 80 | 81 | 83 |
| Payments to States and Possessions..... | 1 | 1 | 1 |
| Total, Discretionary Programs..... | 81 | 82 | 84 |
| Mandatory: | | | |
| Funds for Strengthening Markets, Income, and Supply (Section 32): | | | |
| Commodity Program Expenses..... | 718 | 864 | 789 |
| Section 32 Administrative Funds: | | | |
| Marketing Agreements and Orders (MA&O)..... | 19 | 20 | 20 |
| Commodity Purchase Services..... | 33 | 35 | 36 |
| Total, Section 32 Administrative Funds..... | 52 | 55 | 56 |
| Total, Section 32 Funds..... | 770 | 919 | 845 |
| User Fees: | | | |
| Perishable Agricultural Commodities Act..... | 11 | 11 | 12 |
| Commodity Grading Services..... | 159 | 154 | 155 |
| Total, User Fee Funded Programs..... | 170 | 165 | 167 |
| Trust Funds: | | | |
| Wool Research, Development & Promotion | 2 | 2 | 2 |
| Farm Bill: | | | |
| Specialty Crop Block Grants | 69 | 68 | 73 |
| Farmers Market and Local Food Promotion Program | 30 | 28 | 30 |
| National Organic Certification Cost-Share..... | 12 | 11 | 12 |
| Information Technology Upgrade for National Organic Program | 5 | 0 | 0 |
| Organic Production and Market Data Initiatives..... | 5 | 0 | 0 |
| Sheep Production and Marketing Grant Program..... | 2 | 0 | 0 |
| Agricultural Mgmt Assistance, Organic Cost-Share | (1) | (1) | (1) |
| Total, Farm Bill Programs..... | 123 | 107 | 114 |
| Total, Mandatory Programs..... | 1,065 | 1,193 | 1,129 |
| Total, AMS Programs..... | \$1,146 | \$1,275 | \$1,213 |

MARKETING AND REGULATORY PROGRAMS

The mission of AMS is to facilitate the competitive and efficient marketing of agricultural products in domestic and international markets, while ensuring fair trading practices. AMS programs benefit producers, traders, and consumers of U.S. food and fiber products by promoting a strategic marketing perspective that adapts product and marketing decisions to consumer demands, changing domestic and international marketing practices, and new technology.

The AMS 2016 Budget proposes a discretionary appropriation of about \$84 million.

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 pesticide residues; development and enforcement of organic standards; and research and technical assistance aimed at improving efficiency of food marketing and distribution.

The Budget proposes \$34 million for Market News to support data collection and reporting of commodity information. This work supports billions of dollars in agricultural trading each year by providing timely, accurate, and unbiased information on cotton, dairy, fruits, vegetables, specialty crops, livestock, grain, and poultry. For 2015 and 2016, Market News is working to raise the stakeholder satisfaction rate to 85 percent.

The Budget proposes \$8 million for Egg Surveillance and Standardization. The Shell Egg Surveillance Program inspects registered shell egg facilities and monitors the disposition of restricted eggs to limit the number of restricted eggs in consumer channels. The program prevents eggs not meeting minimum U.S. standards from entering the consumer marketplace. The Budget will allow USDA to continue inspecting packing plants and hatcheries with the necessary frequency to ensure the effectiveness of the program.

The Budget proposes \$31 million for Market Protection and Promotion, including:

- \$4.8 million for the Country of Origin Labeling Program (COOL), which requires that retailers notify their customers of the country of origin of covered commodities, and that the method of production for fish and shellfish be noted at the final point of sale.
- \$9.2 million for the National Organic Program (NOP), which is key to meeting the expanding consumer demand for organically-produced goods. At this funding level, AMS will continue to expand market access for organic farms and businesses. The 2014 Farm Bill also provided funding for the National Organic Certification Cost-Share Program, which provides funding to support the cost of organic certification.
- \$15 million to conduct the Pesticide Data Program (PDP), which is the main supplier of data regarding pesticide dietary exposure. PDP works collaboratively with the Environmental Protection Agency and the Centers for Disease Control and Prevention to target residue data collection related to high risk commodities and vulnerable populations.

MARKETING AND REGULATORY PROGRAMS

The Budget requests \$10 million for Transportation and Market Development, which includes an increase of \$1.8 million to aid the development of food value chains (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. Funding for transportation and market development will strengthen the activities carried out under the Farmers Market and Local Foods Promotion Program as authorized by the 2014 Farm Bill.

Payments to States and Possessions. Under the Federal-State Marketing Improvement Program (FSMIP), AMS provides matching funds to State Departments of Agriculture for projects aimed at improving marketing efficiency, reducing marketing costs for producers, and lowering food costs for consumers. The Budget requests a total of about \$1.2 million for the program.

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 and diversion programs that bring production in line with demand. 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 2016 Budget requests a total of about \$36 million for administration of commodity purchasing.

Marketing Agreements and Orders help stabilize market prices and the supply of milk 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 2016, \$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

Specialty Crop Block Grant Program. The Specialty Crop Block Grant Program provides funds to States to enhance the competitiveness of specialty crops. Specialty crops are defined as fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture). The 2014 Farm Bill provides about \$73 million for this program in 2016.

Farmers Market and Local Food Promotion Programs. The 2014 Farm Bill expanded the existing Farmers Market Promotion Program to also support local and regional foods. This program supports domestic consumption of and access to locally and regionally produced agricultural products, and development of new market opportunities for farm and ranch operations serving local markets. Of the funding authorized, \$15 million will be used to support local foods and \$15 million will be used to support farmers' markets.

MARKETING AND REGULATORY PROGRAMS

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION (GIPSA)

| Budget Authority | | | |
|----------------------------------------|----------------|-----------------|---------------|
| (Dollars in Millions) | | | |
| Program | 2014 | 2015 | 2016 |
| | Enacted | Estimate | Budget |
| Discretionary: | | | |
| Salaries and Expenses: | | | |
| Grain Regulatory Program..... | \$18 | \$20 | \$20 |
| Packers and Stockyards Program..... | 22 | 23 | 24 |
| Total, Salaries and Expenses..... | 40 | 43 | 44 |
| Mandatory: | | | |
| Inspection and Weighing User Fees..... | (47) | (47) | (55) |
| Total, GIPSA Programs..... | \$87 | \$90 | \$99 |

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 2016, the Budget includes a total budget authority for GIPSA of \$99 million, of which \$55 million is from authorized inspection and weighing user fees. Of the discretionary appropriation request, about \$20 million is allocated to the Grain Regulatory Program including standardization, compliance, and methods development activities; and about \$24 million is for the Packers and Stockyards Program. 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 2016 Budget requests an increase of \$334,000 to facilitate the marketing of U.S. grain, oilseeds, and related products. The increase will be used to purchase quality measuring equipment to meet the needs of the grain industry. GIPSA facilitated the marketing of export grains, oilseeds, and related products valued at \$45 billion last year. The 2016 Budget also requests an increase of \$382,000 to supply GIPSA staff with new computers, high-speed scanners and other support expenses needed to maintain effectiveness at enforcing the Packers and Stockyards Act.

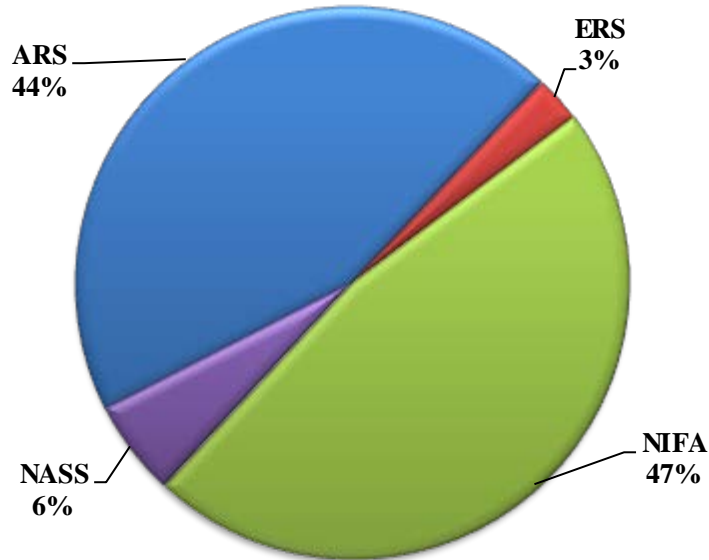
MARKETING AND REGULATORY PROGRAMS

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.

RESEARCH, EDUCATION, AND ECONOMICS

MISSION AND RELATIONSHIP TO STRATEGIC GOALS

2016 REE Discretionary Budget Authority Total = \$3.2 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, approximately 20 percent of disposable personal income went to paying for food consumed in the home. By 2013, this amount stood at approximately 6 percent. With a lower share of disposable income needed for an essential such as food, families and individuals have resources to spend on other goods and services. 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 2016 REE Budget serves to ensure a safe, sustainable, and competitive U.S. food, fuel, and fiber system; and healthy individuals and communities.

The REE mission area works with other USDA agencies, other Federal agencies, international organizations, and the private sector to protect, secure, and improve food, agricultural and

RESEARCH, EDUCATION, AND ECONOMICS

natural resources systems. REE responsibilities are carried out by four agencies: (1) the Agricultural Research Service (ARS) conducts intramural research in natural and biological sciences; (2) 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; (3) the Economic Research Service (ERS) performs intramural economic and social science research; and (4) 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.

RESEARCH, EDUCATION, AND ECONOMICS

AGRICULTURAL RESEARCH SERVICE (ARS)

**Budget Authority
(Dollars in Millions)**

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|--------------------------------------------------|-----------------|------------------|----------------|
| Discretionary | | | |
| New Products/Product Quality/Value Added..... | \$99 | \$99 | \$102 |
| Livestock Production..... | 87 | 87 | 94 |
| Crop Production..... | 215 | 215 | 233 |
| Food Safety..... | 112 | 112 | 116 |
| Livestock Protection..... | 90 | 91 | 91 |
| Crop Protection..... | 189 | 191 | 194 |
| Human Nutrition..... | 87 | 87 | 85 |
| Environmental Stewardship..... | 201 | 201 | 206 |
| Total, Research Programs..... | 1,079 | 1,083 | 1,122 |
| National Agricultural Library..... | 24 | 24 | 25 |
| Repair and Maintenance..... | 20 | 20 | 40 |
| Decentralized GSA and DHS Security Payments..... | 0 | 5 | 5 |
| Buildings and Facilities..... | 0 | 45 | 206 |
| Total, Discretionary Programs..... | 1,122 | 1,177 | 1,398 |
| Mandatory: | | | |
| Trust Funds..... | 28 | 28 | 28 |
| Total, ARS..... | \$1,150 | \$1,205 | \$1,426 |

ARS is the USDA’s chief scientific, in-house research agency. The agency 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. This research covers a wide range of critical problems affecting American agriculture, ranging from animal and crop protection and production to human nutrition, food safety, and natural resources conservation. ARS employs over 7,500 employees and carries out approximately 800 research projects at over 90 laboratories throughout the Nation and in several foreign countries. The agency includes the National Arboretum and the National Agricultural Library, the Nation's major information resource on food, agriculture, and natural resource sciences.

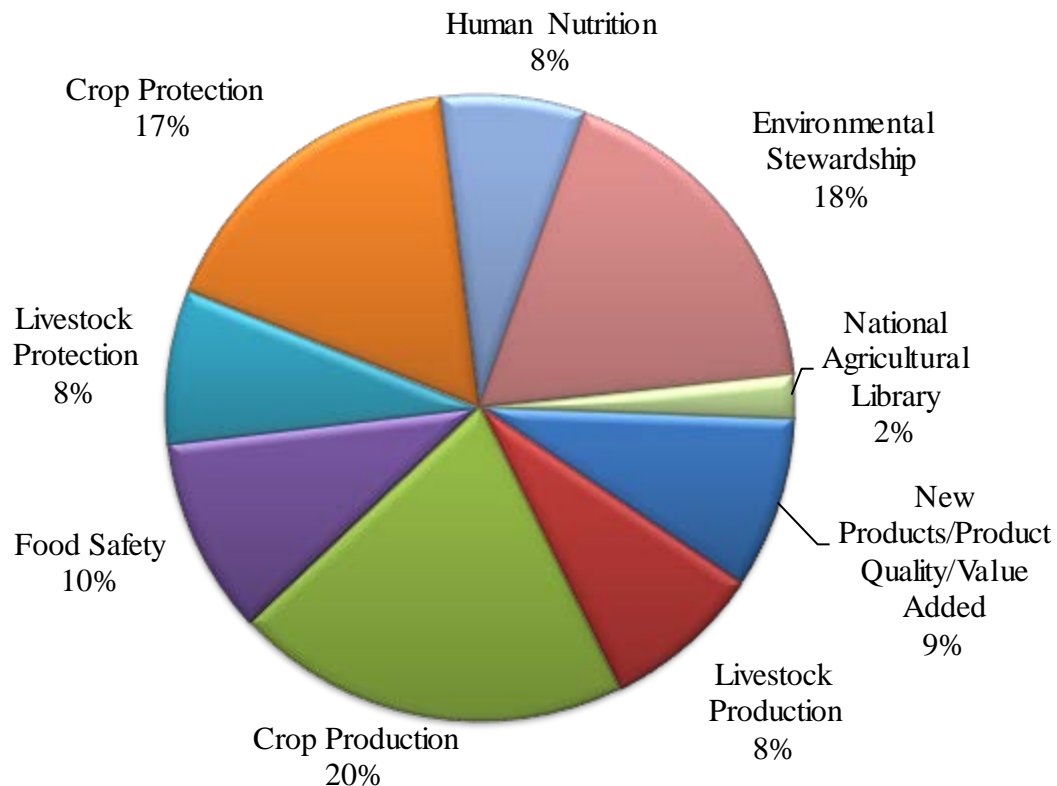
One of ARS’ primary goals is to see the adoption of research outcomes for the public benefit. “Public benefit” is achieved through many mechanisms including the public release of information, tools, and solutions; formal cooperative research and development agreements; direct Federal state, or local technical assistance; or through licensing of biological materials or protected intellectual property directly to nonprofit and for-profit entities. As a result of research by ARS scientists, in 2014 ARS accomplished the following technology transfer activities:

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- Filed 110 patent applications with the U.S. Patent and Trademark Office and was issued 78 patents;
- Entered into 43 new cooperative research and development agreements and 906 new material transfer agreements;
- Executed 28 new license agreements, 93 percent of which are with small businesses, start-up businesses, and universities; and
- Produced 5,209 new peer-reviewed publications.

2016 ARS Research Program

Total = \$1.1 Billion



The 2016 Budget requests approximately \$1.1 billion for ARS research programs, about \$40 million for repair and maintenance, and about \$206 million for priority facility design and construction to address ARS' aging infrastructure. It emphasizes research that will tackle major, crosscutting issues facing farmers, including climate change, honey bee Colony Collapse Disorder, and antimicrobial resistance; supports research that offers genetic resources and tools to increase agricultural resiliency, enhance food production, and aid small farmers; and proposes a new research program in vertical farming. The Budget redirects funding towards these priority initiatives.

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ARS research highlights include the following priority initiatives that crosscut the agency's major programs:

Better Management of Microbes and Combatting Antimicrobial Resistance. As part of a Federal strategy to combat antibiotic-resistant bacteria, the Budget includes a \$17 million increase in ARS to address antimicrobial resistance in pathogens of humans and livestock, and to seek answers to key questions about the relationships among microbes and livestock, the environment, and human health. Microorganisms are in soils, in and on plants, food processing systems, and in animals and humans. Interactions among all of these affect the development of animal diseases, the safety of foods and feeds, and the overall health of humans in ways that are not fully understood. Increased funding will support research to better understand these relationships, how bacteria become resistant to antibiotics, and the persistence of antibiotic resistant bacteria in animals, the environment, and food. Research will also develop alternatives to antibiotics (including improved farm management and husbandry practices and vaccines), a database to provide a comprehensive source of accessible, microbial and resistant element sequence data for the food safety and research communities, and effective genetic strategies to reduce the need for antibiotics.

Climate Change. As a changing climate drives increases of temperature, atmospheric carbon dioxide, and predictions of extreme weather events, one of ARS' key program goals is to better understand the effects of climate change and develop adaptive strategies and technologies to address its impacts. The 2016 Budget requests an additional \$19 million to address climate change's risk to agriculture by developing more climate resilient agricultural production systems. The agency will take a three-pronged approach to this issue: (1) develop decision support systems and data management tools that enable users to compare production systems under various climate change scenarios; (2) build new knowledge on the exposure and sensitivities of agroecosystems to climate change; and (3) develop management technologies and strategies to enhance sustainability, including more precise delivery of agricultural inputs and more resilient plant varieties and animal breeds. ARS will leverage the Long Term Agroecosystem Research Network and investments in cyber infrastructure for big data to expand collaboration, accelerate the development and access to new knowledge, and deploy climate adaptation technology to the field. Additionally, ARS will engage the network of USDA Regional Climate Hubs to accelerate region-specific research on climate effects and ensure the transfer and adaptation of new technology.

Genetic Improvements and Translational Breeding. The 2016 Budget requests an additional \$11 million to invest in genetic resources and tools that will strengthen U.S. agricultural productivity and resilience by developing new breeds, lines, and strains with better climate adaptation, drought tolerance, disease resistance, nutritional value, enhanced production efficiencies, and reduced environmental impact. ARS will advance translational breeding, in which new genomics knowledge is applied to breeding programs, and expand access to genetic resources, knowledge, and tools for crop and animal breeders through the National Plant Germplasm System genebanks and the Germplasm Resource Information Network-Global Project. This initiative will pursue an integrated approach across ARS programs on translational breeding and develop multidisciplinary research alliances among Federal, university, and industry scientists.

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More Competitive, Sustainable Small Farms and Beginning Farmers. Small farming operations and the cultivation of new and beginning farmers are an important part of American agriculture and healthy rural communities. According to the Economic Research Service, small farms account for 90 percent of all farms and 23 percent of agricultural production. Agricultural solutions tailored to the needs of small operations may help maximize revenue per acre and increase profitability, and can provide incentives and support many new and beginning farmers. The 2016 Budget requests an additional \$7.5 million assist small farmers overcome challenges in attaining sustainable profitability without the economy-of-scale advantages of larger producers. This increase will support the development of new specialty crop varieties, new farm animal breeds, and integrated pest management approaches that are useful to small-scale farming operations and potentially scalable to larger operations. Additionally, funding will enhance the diversity of genebank collections to meet the needs of specialty crop breeders, and develop information and training to help Native American farmers conserve and improve traditional crops. Investment in a national collection of genetic resources will secure the biological diversity that underpins a sustainable U.S. agricultural economy and aid in the development of new crop varieties suitable for market and small-scale farm needs.

Vertical Farming. Increased interest in urban agriculture, combined with limited availability of urban land is generating creative approaches to growing fruits and vegetables in an urban setting. The 2016 Budget requests \$5 million to establish a new program on vertical farming. Funding will support research opportunities related to controlled environment farming and genetic resources for increasing the resistance of plants to urban and environmental stresses.

Pollinator Health Initiative. USDA and the Environmental Protection Agency, in consultation with other relevant Federal partners, are scaling up efforts to address the decline of honey bee health with a goal of ensuring the recovery of this critical subset of pollinators. As part of this effort, the 2016 Budget for ARS requests an increase of \$7 million to develop and test the efficacy of best management practices that can prevent Colony Collapse Disorder (CCD), reduce colony mortality to acceptable levels, and potentially isolate causal factors of CCD. Efforts include improving bee nutrition, developing strategies for creating bee-friendly habitats on Conservation Reserve Program and other non-agricultural lands, improving means for controlling the varroa mite and other bee pests and pathogens, and understanding the effects of pesticides on pollinators to develop cost-effective farm practices to reduce bee exposure to pesticides. Increased funding will also support longitudinal studies to identify the key factors causing honey bee loss. These activities will be undertaken in coordination with other USDA and EPA components, university scientists, and private sector partners.

Buildings and Facilities. As part of a Federal real property capital investment and disposal initiative, the 2016 Budget requests \$205.9 million to invest in the backlog of priority facility construction and renovation to maintain the quality of ARS scientific research. ARS' aging infrastructure requires investment to sustain the capacity project for conducting research on challenges to global food, agriculture, and natural resources systems. In April 2012, ARS completed a review of its laboratory portfolio and established a plan for capital investment based on facility conditions and research priorities (Capital Investment Strategy). Funding in 2016 would support the following investments:

RESEARCH, EDUCATION, AND ECONOMICS

- \$113.7 million to complete the remaining design and construction of the Southeast Poultry Research Laboratory in Athens, Georgia. The 2015 appropriation provides \$45 million to begin a phased design and construction project for the facility, which is the highest priority facility recommended for modernization. Construction of this new facility will enable USDA scientists to more adequately address emerging and exotic poultry diseases, which threaten not only the Nation's poultry industry but also the health of Americans.
- \$37.1 million for the modernization of Building 307 at the Beltsville Agricultural Research Center in Beltsville, Maryland. Funding will support the design and construction of laboratory space and offices to consolidate research housed in small, aging, and energy-inefficient buildings on the research campus.
- \$13.5 million for major renovations of the National Lab for Agriculture and the Environment in Ames, Iowa. Renovations will address outdated health and safety systems, including the fire alarm system and the severely corroded domestic water distribution system, and replace the HVAC system, including fume hoods.
- \$12.4 million for the modernization of the Southwest Watershed Research Center in Tucson, Arizona, which has buildings that are over 40 years old and that do not meet the Center's current space requirements. Funding will support the design and construction of a new building to meet the space requirements for the Center.
- \$29.2 million for major renovations of the Children's Nutrition Research Center in Houston, Texas. Renovations will address outdated health and safety systems, including the fire alarm system, laboratory exhaust system, elevators, air handlers, and roof.

ARS' major research programs 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 for domestic and foreign markets; and (3) providing higher quality, healthy foods that satisfy consumer needs in the United States and abroad. The 2016 Budget requests a total of \$101.6 million for this program.

Livestock Production. ARS' livestock production program is directed toward: (1) safeguarding and utilizing animal genetic resources, associated genetic and genomic databases, and bioinformatic tools; (2) developing a basic understanding of the physiology of livestock and poultry; and (3) developing information, tools, and technologies that can be used to improve animal production systems. The research is heavily focused on the development and application of genomics technologies to increase the efficiency and product quality of beef, dairy, swine, poultry, aquaculture, and sheep systems. The 2016 Budget requests a total of \$94.4 million for this program.

RESEARCH, EDUCATION, AND ECONOMICS

Crop Production. ARS' crop production program focuses on developing and improving ways to reduce crop losses while protecting and ensuring a safe and affordable food supply. The research program concentrates on effective production strategies that are environmentally friendly, safe to consumers, and compatible with sustainable and profitable crop production systems. Research activities are directed at safeguarding and utilizing plant genetic resources and their associated genetic, genomic, and bioinformatic databases that facilitate selection of varieties and/or germplasm with significantly improved traits. The 2016 Budget requests a total of \$233.1 million for this program.

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 \$116.2 million for these efforts.

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 \$90.5 million is requested in the 2016 Budget for this program.

Crop Protection. ARS research on crop protection is directed toward epidemiological investigations to understand pest and disease transmission mechanisms, and identify and apply new technologies that increase understanding of virulence factors and host defense mechanisms. A total of \$194.4 million is requested in the 2016 Budget to support these activities.

Human Nutrition. As diseases related to malnutrition are replaced by excessive consumption as a primary public health concern in the U.S., 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 2016 Budget requests a total of \$85.2 million for this program.

Environmental Stewardship. ARS research programs in environmental stewardship emphasize developing technologies and systems that support profitable production and enhance the Nation's vast renewable natural resource base. ARS is currently developing the scientific knowledge and technologies needed to meet challenges and opportunities in: water availability and watershed management, climate change, gaseous and particulate matter emissions, soil health and productivity, agricultural and industrial byproducts, agricultural system competitiveness and sustainability, and conservation and restoration of range lands, pasture ecosystems, and agroecosystems. The USDA Regional Climate Hubs will contribute to this effort. The 2016 Budget requests a total of \$206.2 million for this program.

RESEARCH, EDUCATION, AND ECONOMICS

National Agricultural Library (NAL). 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. To continue library and information services that will provide convenient public access to agricultural information, extend Agricultural Online Access (AGRICOLA), conserve rare and at-risk items, extend partnerships within USDA and with other Federal agencies, and market NAL services to specific audiences, the 2016 Budget requests a total of \$24.7 million.

Repair and Maintenance. In addition to the research funding referenced above, ARS allocates funding for the Repair and Maintenance of existing ARS facilities and infrastructure. Performing regular repair and maintenance on ARS infrastructure can extend the life span of research laboratories and facilities, provide opportunities for longer term savings, and ensure Federal scientists' capacity to conduct safe, quality research. Funding will support specific projects such as the replacement of air handling units, boilers, and chillers that have reached the end of their service lives. As part of the Federal real property capital investment and disposal initiative, the 2016 Budget requests an increase of \$20 million to address the backlog of over \$250 million in ARS repair and maintenance needs, bringing the total Repair and Maintenance budget to \$40 million.

RESEARCH, EDUCATION, AND ECONOMICS

NATIONAL INSTITUTE OF FOOD AND AGRICULTURE (NIFA)

| Budget Authority | | | |
|-------------------------------------------------------------------|-------------------------|--------------------------|------------------------|
| (Dollars in Millions) | | | |
| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
| Discretionary: | | | |
| Formula Grants: | | | |
| Smith-Lever 3 (b&c)..... | \$300 | \$300 | \$300 |
| Hatch Act..... | 244 | 244 | 244 |
| 1890 Research and Extension..... | 96 | 96 | 106 |
| McIntire-Stennis Cooperative Forestry..... | 34 | 34 | 34 |
| Expanded Food and Nutrition Education Program (EFNEP)..... | 68 | 68 | 68 |
| Renewable Resources Extension Act (RREA)..... | 4 | 4 | 4 |
| Facility Improvements at 1890 Institutions..... | 20 | 20 | 22 |
| Payments to the 1994 Institutions (Tribal Colleges)..... | 3 | 3 | 4 |
| Native American Endowment Fund Interest..... | 5 | 5 | 5 |
| Animal Health and Disease Research..... | 4 | 4 | 0 |
| Total, Formula Grants..... | 778 | 778 | 786 |
| Agriculture and Food Research Initiative..... | 316 | 325 | 450 |
| Innovation Institutes..... | 0 | 0 | 80 |
| Competitive Capacity Awards Program..... | 0 | 0 | 20 |
| Integrated Activities - Section 406 Organic Transition..... | 4 | 4 | 4 |
| Integrated Activities - Section 406 Water Quality..... | 5 | 0 | 0 |
| Pest Management/Crop Protection Activities..... | 31 | 31 | 29 |
| Sustainable Agriculture Research/Education and Extension..... | 23 | 23 | 23 |
| Higher Education Programs..... | 38 | 38 | 35 |
| STEM Programs a/..... | 11 | 11 | 0 |
| Federally-Recognized Tribes Extension Program..... | 3 | 3 | 3 |
| Food Safety Outreach Program..... | 0 | 3 | 5 |
| FARM - Vets..... | 0 | 0 | 3 |
| Extension Services at 1994 Institutions..... | 4 | 4 | 5 |
| Federal Administration..... | 14 | 14 | 20 |
| Decentralized GSA/DHS Payments b/..... | 0 | 6 | (6) |
| Electronic Grants Administration System..... | 8 | 8 | 10 |
| Food and Ag. Defense Initiative (Regional Diagnostic Network).... | 7 | 7 | 7 |
| Veterinary Medical Services Act..... | 5 | 5 | 5 |
| Children, Youth, and Families at Risk | 8 | 8 | 8 |
| Grants for Youth Serving Institutions..... | 0 | 0 | 1 |
| Other Research, Extension and Integrated Programs..... | 27 | 26 | 15 |
| Total, Discretionary Programs..... | 1,282 | 1,295 | 1,508 |

RESEARCH, EDUCATION, AND ECONOMICS

Budget Authority (Dollars in Millions)

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|------------------------------------------------------------|-----------------|------------------|----------------|
| Mandatory: | | | |
| Native American Endowment Fund..... | 12 | 12 | 12 |
| Hispanic-Serving Ag-Colleges Endowment Fund..... | 0 | 0 | 10 |
| Farm Bill: | | | |
| Biomass Research and Development | 3 | 3 | 3 |
| Organic Agriculture Research and Education Initiative..... | 20 | 19 | 20 |
| Beginning Farmer and Rancher Development Program..... | 20 | 19 | 20 |
| Specialty Crop Research Initiative..... | 55 | 51 | 55 |
| Emergency Citrus Research and Extension Program..... | 25 | 23 | 25 |
| Food Insecurity Nutrition Incentive Program..... | 35 | 0 | 20 |
| Agricultural Risk Management Education Program..... | 5 | 5 | 5 |
| Biodiesel Fuel Education Program c/..... | (1) | (1) | (1) |
| Community Food Projects d/..... | (5) | (9) | (9) |
| Total, Farm Bill Programs..... | 163 | 120 | 148 |
| Total, Mandatory Programs..... | 175 | 132 | 160 |
| Total, NIFA..... | \$1,456 | \$1,427 | \$1,668 |

a/ STEM funds are being requested by NSF and DOE as part of a Government-wide STEM consolidation.

b/ Beginning in 2016, GSA rent payments will be included within the Federal Administration total.

c/ Funding authority delegated to the Office of the Chief Economist and administered by NIFA.

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

The 2016 Budget requests approximately \$1.5 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. To better manage the funds, the Budget request proposes to consolidate NIFA's three accounts into a single account, mirroring the integration of research, education, and extension activities across many of NIFA's programs.

RESEARCH, EDUCATION, AND ECONOMICS

Highlights of NIFA's 2016 budget request include:

Formula Programs. The 2016 Budget requests funding of \$786 million for formula grants and capacity building programs to provide the long-term, sustainable support needed to grow the capacity for agricultural research, education, and extension activities at land-grant institutions and State agricultural experiment stations. These programs include Hatch Act, McIntire-Stennis Cooperative Forestry, and Evans-Allen grants. An increase of \$13.6 million is requested for Minority-Serving Institutions to maintain support to institutions and to address the addition of three, new Minority-Serving Institutions in the 2014 Farm Bill. The increased funding will support these new Minority-Serving Institutions in reaching underrepresented African American and Native American students, building partnerships, and strengthening research and extension capacity, and avoid compromising the ability of existing Minority-Serving Institutions in continuing their effective programming in other States.

Competitive Capacity Awards Program. The President's Budget requests \$20 million for a new capacity program that will competitively provide funds to enhance knowledge, infrastructure, workforce needs, and research capacity for addressing critical food and agricultural challenges at regional and national scales. This program for 1862 Universities (\$16.5 million) and 1890 Universities (\$3.5 million) will be offered as competitive multistate grants that will focus on research coordination as well as common infrastructure and training needs that will build the capacity of these institutions to address long-term research objectives. Research and extension programs that will have a Competitive Capacity Award Program component are: Hatch, Evans-Allen, Smith-Lever 3(b) and 3(c), and 1890 Extension. In response to stakeholder feedback on the importance of breeding research, in 2016 the proposed program will provide critical plant and animal breeding capacity and infrastructure grants to develop new plant varieties and animal breeds with high yields, adaptation to changing environment, and with better nutritional properties or industrial uses. The program will establish a process to recognize innovative and quality research and coordination efforts.

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 2016 Budget proposes funding of \$450 million for AFRI, as part of a government-wide initiative to invest in research and development. Fundamental scientific research is supported through AFRI's Foundational Program, and focused problem-solving discoveries are supported through Challenge Area Programs.

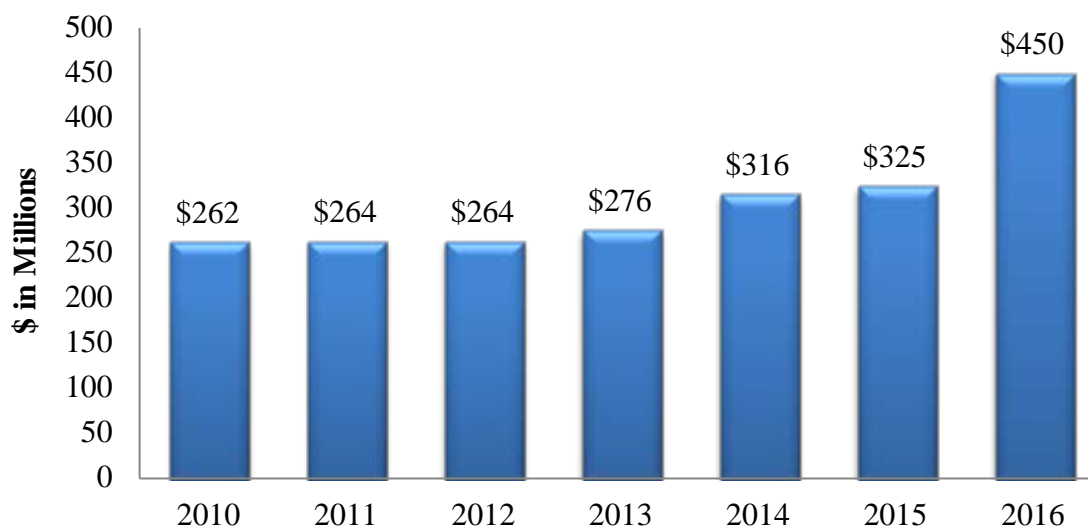
RESEARCH, EDUCATION, AND ECONOMICS

Funding for AFRI includes support for Presidential initiatives in pollinator health and combatting antimicrobial resistant bacteria. AFRI research areas include:

- **Food Security.** This area includes research, education, and extension efforts for food security that will develop more sustainable, productive, and economically viable plant and production systems at the local, regional, and national levels;
- **Water Resources.** This water and water resources research is intended to prepare for future challenges to irrigated agriculture, including developing alternatives to irrigation, and understanding the impacts of climate change and population growth;
- **Sustainable Bioenergy Production.** A sustainable bioenergy program focuses on reducing dependence on fossil fuels through the development of regional systems for the production of bioenergy and bio-based products;
- **Climate Variability and Change.** This research will focus on developing solutions for water management that could potentially impact health, food, climate, energy, and environment as well as seek to understand the patterns, processes, and consequences of changes in land use, land condition, and land cover resulting from the interaction between climate variability and human activities.
- **Childhood Obesity Prevention.** Nutrition and obesity prevention research, education, and extension efforts focus on populations at the greatest risk for obesity, including populations eligible for USDA nutrition education and food assistance programs;
- **Food Safety.** An integrated food safety research program 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, expand food safety education to new audiences, and pursue new research strategies and technologies to create a healthier and higher quality food supply; and
- **Education and Literacy Initiative.** Food, agricultural, natural resources, and human sciences education initiatives will support schools and colleges across America in the development of the food and agriculture-related workforce.

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



Innovation Institutes. In line with a December 2012 report by the President’s Council of Advisors on Science and Technology, which calls for the creation of “a new innovation ecosystem for agriculture that leverages the best from different parts of the broad U.S science and technology enterprise,” funding is requested to establish two new Innovation Institutes. These multidisciplinary institutes will focus on emerging challenges to agriculture, and will be supported by public-private partnerships at a Federal investment of \$80 million. The institutes will engage industry, leverage funding, and facilitate technology transfer. One institute will focus on biomanufacturing by building the scientific foundation, processes, and workforce capacity to move bioenergy and biobased research from development to deployment and commercialization. The second institute will focus on nanocellulosics. Abundant and underutilized cellulose resources can be turned into a renewable supply of industrial materials, with the potential for large economic value and benefits to society and rural America. The Nanocellulosics Institute will ensure that the United States is the leading global source of commercial cellulosic nanomaterials research, innovation, production, and commercialization.

Science, Technology, Engineering, and Math (STEM) Programs. As part of a reorganization of STEM programs the Administration proposes to consolidate STEM programs into the Department of Education and the National Science Foundation. Programs will be consolidated in centrally-funded government-wide programs including: 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.

Food Safety Outreach Program. To prepare the next generation of farmers, the 2016 Budget proposes \$5 million to provide food safety training and technical assistance, education, and extension to owners and operators of small farms, small food processors, and small fruit and vegetable vendors affected by the Food Safety Modernization Act of 2011 (FSMA). This program helps these target audiences understand, interpret, and implement new Federal food safety guidelines enacted under the law. Increased funding will support building a network of partners and collaborators capable of providing technical assistance to producers and processors

RESEARCH, EDUCATION, AND ECONOMICS

seeking to implement the FSMA guidelines in their respective environments. The increased funding meets a need by small farmers for technical assistance in fulfilling the requirements of FSMA regulations. This program has been developed in coordination with the Food and Drug Administration, and USDA will be assuming full funding for the program in 2016.

FARM-Vets Program. The 2016 Budget proposes \$2.5 million for a new Food and Agriculture Resilience Program for Military Veterans (FARM-Vets) that will promote projects involving research, education, and extension activity for veterans. NIFA expects FARM-Vets grant projects to result in new, educational programming to help veterans develop farming and ranching skills, business plans, and agriculture systems management. This program supports Administration efforts to grow the number of beginning farmers and ranchers, and provides veterans the skills and opportunities to enter the agriculture industry.

Electronic Grants Administration System. With increased funding for AFRI, a rise in the number of applications is anticipated requiring increased efficiency of the grant-making processes and systems. The 2016 Budget proposes a total of \$9.8 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.

Hispanic-Serving Institutions. The Food, Conservation, and Energy Act of 2008 authorized the establishment of an endowment fund for Hispanic Serving Agricultural Colleges and Universities. The 2016 Budget proposes \$10 million to establish the fund that will lead to significant and measurable advancement of Hispanic students in the food and agricultural sciences. Funding for program activities will come from the annual interest generated by the Endowment.

Grants to Youth-Serving Organizations. Youth engagement is a vital component of sustainable, healthy rural communities. The 2016 Budget requests \$1 million for the Rural Youth Development program, which awards project grants to organizations that cultivate leadership, citizenship, and life skills in young people. Funding supports pilot-demonstration projects by youth that positively impact the communities in which they live.

RESEARCH, EDUCATION, AND ECONOMICS

ECONOMIC RESEARCH SERVICE (ERS)

**Budget Authority
(Dollars in Millions)**

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|--------------------------------|-------------------------|--------------------------|------------------------|
| Economic Research Service..... | \$78 | \$85 | \$86 |

ERS provides economic and other social science information and analysis on agriculture, food, the environment, and rural development. ERS produces such information and analyses to inform policy and program decisions made across the spectrum of USDA missions, and supplies them in outlets that are also accessible to USDA stakeholders and the general public. 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 2016 Budget requests approximately \$86 million for ERS to fund core programs of research, data analysis, and market outlook. Key initiatives are partially offset by reductions in lower priority programs.

Beginning Farmers and Ranchers. The Budget includes an increase of \$1 million for analysis related to beginning farmers and ranchers. ERS will analyze barriers to entry for new farmers and ranchers and the extent to which USDA programs may help address them. Barriers will be identified by type of farm operation and will include organic and non-organic operations. Based on the analysis of barriers by farm operation, barriers to entry would be presented by geographic area and by demographic group.

Increasing Drought Resilience. The Budget also includes an increase of \$1 million to analyze linkages between shifting water supplies, farming practices, and food production. Funding will support the Agricultural Resources Management Survey to obtain information on conservation practices and drought mitigation in drought-prone areas. This will allow ERS to understand the range of risk management and adaptive decisions in such areas, and analyze how farmers might respond to extreme weather events. A deeper understanding of the role of drought risk and alternative risk management strategies in conservation practice adoption will provide information on how best to utilize conservation program funds and provide a better understanding of policy options for improving agricultural resilience.

RESEARCH, EDUCATION, AND ECONOMICS

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

Budget Authority
(Dollars in Millions)

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|-----------------------------|-------------------------|--------------------------|------------------------|
| Discretionary: | | | |
| Agricultural Estimates..... | \$116 | \$124 | \$134 |
| Census of Agriculture..... | 45 | 48 | 46 |
| Total, NASS..... | 161 | 172 | 180 |

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. 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 2016 Budget requests \$180 million in program funding. Highlights include:

Agricultural Estimates. The 2016 Budget requests additional funding for several initiatives. As part of a Government-wide initiative to combat antimicrobial resistant bacteria, an additional \$2 million will be used to add questions to existing NASS' surveys (e.g., cattle on feed; hogs and pigs) and add a new annual poultry survey to establish baseline information related to this issue. In addition, NASS will expand its 2015 efforts related to the Federal Pollinator Health Strategy with an additional \$500,000 to conduct surveys related to colony losses, pests and parasites, management practices, crops pollinated and locations serviced, as well as estimates of revenues and expenses. NASS will also use an additional \$413,000 to produce the 2016 Floriculture Report, covering cut flowers, flowering potted plants, foliage plants, bedding/garden plants, herbaceous perennials, cut cultivated greens, and special Hawaiian crops. An increase of about \$1 million is requested for County Estimates to help begin the transition to a nationally-administered County Estimates survey program. An additional \$1.3 million is requested to provide resources necessary to augment the annual Fruit and Vegetable program with an in-season forecast for fruits and nuts. Another \$2.5 million would be used to enhance satellite-based agricultural statistics, and other sums would be used to restore chemical use surveys to their 2010 level and for pulse crop estimates.

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. In 2016, funding for initiatives related to local foods and women and new farmers and ranchers will be more than offset by reductions in one-time activities. NASS included a question in the 2012 Census of Agriculture to capture data needed to benchmark the number of farms engaged in the local foods

RESEARCH, EDUCATION, AND ECONOMICS

market, which provides a snapshot of producer participation in the market. With an additional \$2.5 million, NASS will capture more detailed data with a Census Special Study that will inform public and private sector policy decisions in support of local food systems. In addition, \$1 million is requested for a follow-on survey to the 2012 Census on the modern farm structure and its contributors, focusing on women and new farmers.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL STAFF OFFICES

| Budget Authority (Dollars in Millions) | | | |
|-------------------------------------------------------------|-------------------------|--------------------------|------------------------|
| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
| Discretionary: | | | |
| Office of the Secretary..... | \$16 | \$17 | \$18 |
| Office of Homeland Security and Emergency Coordination..... | 2 | 2 | 2 |
| Office of Advocacy and Outreach..... | 1 | 1 | 1 |
| Departmental Administration | 23 | 25 | 26 |
| Office of Communications..... | 8 | 8 | 8 |
| Total, Office of the Secretary | 50 | 53 | 55 |
| Executive Operations: | | | |
| Office of the Chief Economist..... | 17 | 17 | 17 |
| National Appeals Division..... | 13 | 13 | 14 |
| Office of Budget and Program Analysis..... | 9 | 9 | 9 |
| Total Executive Operations..... | 39 | 39 | 40 |
| Office of the Chief Information Officer..... | 44 | 45 | 53 |
| Office of the Chief Financial Officer..... | 6 | 6 | 9 |
| Agriculture Buildings and Facilities..... | 233 | 56 | 125 |
| Hazardous Materials Management..... | 4 | 4 | 4 |
| Office of the General Counsel | 45 | 48 | 53 |
| Total, Discretionary Programs..... | 421 | 251 | 339 |
| Mandatory: | | | |
| Farm Bill: | | | |
| Biobased Markets Program..... | 3 | 3 | 3 |
| Biodiesel Fuel Education Program..... | 1 | 1 | 1 |
| Outreach for Socially Disadvantaged Farmers..... | 10 | 9 | 10 |
| Total, Farm Bill Programs..... | 14 | 13 | 14 |
| Office of the Secretary: | | | |
| Trust Fund..... | 1 | 1 | 1 |
| Total, Departmental Staff Offices..... | 436 | 265 | 354 |

Departmental staff offices provide essential support, without which other Departmental agencies and programs would be unable to carry out their duties. Their functions include legal counsel, economic analysis, communications coordination, financial management, budget and policy support, and program appeal hearings for the Department’s program activities. The 2016 Budget proposes funding to ensure that these offices can support 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

DEPARTMENTAL ACTIVITIES

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 2016 Budget requests \$17.7 million for OSEC to fund on-going policy leadership, Tribal consultation, and cross-cutting trade and biotechnology activities.

In addition, the request includes \$250,000 for a **Military Veterans Agricultural Liaison**. As authorized by the 2014 Farm Bill, the Military Veterans Agricultural Liaison will serve as an advocate and resource for current and potential veteran farmers and ranchers in applying for agricultural programs and interacting with USDA. Through the Liaison, USDA will enhance its outreach targeted at increasing the number of veterans served by Departmental programs, in addition to expanding the focus of veterans hiring within the agencies and offices.

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 protective services for the Secretary and Deputy Secretary of Agriculture. The 2016 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 **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 Programs; and coordinating/conducting other outreach functions. OAO also administers the Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Grant Program which received funding in the 2014 Farm Bill. The 2016 Budget requests \$1.2 million for OAO to carry out these responsibilities and the provisions of the 2014 Farm Bill related to outreach to beginning, small, and socially disadvantaged farmers, ranchers, including veterans, and rural communities.

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 2016 Budget requests \$25.7 million for DA to maintain critical support activities and oversight for the Department. Included in the request is \$339,000 to restore funding areas related to personnel, procurement, policy oversight and guidance of programs for women and minorities and for information technology (IT) upgrades.

DEPARTMENTAL ACTIVITIES

| Key Performance Measure | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------------------------------------------------------------|-------|-------|-------|--------|--------|--------|
| Number of employees participating in core telework (one day per pay period) | 8,756 | 7,926 | 9,723 | 10,455 | 12,000 | 14,000 |

| Key Performance Measure | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------------------------------------------------------------------------|------|------|------|------|------|------|
| Amount of leased office and warehouse space controlled by USDA (millions of square feet) | 26.3 | 26.0 | 25.6 | 24.9 | 24.0 | 23.0 |

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 2016 Budget requests \$8.2 million for OC to continue to develop effective communications strategies that increase the visibility and the transparency of USDA programs.

The **Office of the Chief Economist (OCE)** advises the Secretary and Department officials on the economic implications of Department policies, programs, associated regulations 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 2016 Budget requests \$17.5 million for OCE to continue its support of USDA policy officials and to continue dissemination of agricultural economic information. Included in this request is \$500,000 for a new initiative, Preparing Rural America for the Impacts of Climate Change. This initiative will enable the Department to develop the analytic capacity needed to provide projections of greenhouse gas (GHG) emissions and carbon sequestration from agricultural and forest lands. This information will be used to assess the benefits of expenditures on conservation and energy programs related to reductions in GHG and to track progress in meeting domestic goals for GHG mitigation.

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 2016 Budget requests \$13.6 million for NAD to continue conducting hearings related to adverse program decisions when requested by customers of these Service Center Agencies.

The **Office of Budget and Program Analysis (OBPA)** provides analyses and information to the Secretary and other senior policy officials to support informed decision-making regarding the Department's programs and policies, and Budget, legislative, and regulatory actions. The 2016 Budget requests \$9.5 million for OBPA for the continued delivery of analyses and support to USDA policy officials.

DEPARTMENTAL ACTIVITIES

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 2016 Budget requests \$53 million for OCIO to fund on-going activities and to increase efforts for strategic sourcing for IT investments. The request includes an increase of \$7.6 million for staffing costs to develop a Digital Services team focused on improving the management and oversight of major IT investments across the Department. As part of a Government-wide initiative, USDA's Digital Services team would better equip the Chief Information Officer to allocate resources necessary for the improvement of planning and implementation activities for IT systems that support the delivery of the Department's programs and activities.

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. 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 2016 Budget requests \$9.2 million for OCFO to continue its leadership and oversight of the Department's financial management processes. Included in the request is \$3 million for system improvements and other costs associated with the implementation of the Digital Accountability and Transparency Act (DATA Act). This funding will allow USDA to improve processes and systems used to track, report, and analyze spending data, allowing the public, Congress, and Departmental leaders to be better informed as to the impact of the Department's programs.

The request for **Agriculture Buildings and Facilities (Ag B&F)** for 2016 is \$125.5 million for building operations and maintenance. This account pays for all maintenance, utilities and administration of more than 2.5 million square feet in the two USDA headquarters buildings, as well as the USDA-owned George Washington Carver Center.

Included in this request is an increase of \$60 million to restart modernization efforts for the 80 year old South Building in the headquarters complex. A key focus of this modernization will be to increase the occupancy capacity of the South Building so as to reduce the amount of space in the National Capital Region (NCR) leased by USDA. Annually, USDA spends over \$45 million on rent and security costs for leased facilities that house over 5,000 employees in NCR. Once completed, the modernization of the South Building will enable USDA to move the majority of those employees out of the leased space and into the headquarters complex. Such results will enable USDA to significantly reduce its leased space footprint; thereby reducing the Department's operating costs.

An increase of \$9 million is requested for the continuation of projects to resolve life safety issues, environmental hazards, and improve security to ensure the safety and security of employees, and visitors from the general public. Additionally, \$500,000 is requested to begin a project to upgrade and replace outdated and inefficient air handling systems in the Jamie L. Whitten Building, which will result in significant savings for the Department.

DEPARTMENTAL ACTIVITIES

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 2016 Budget requests \$3.6 million for the HMM program.

The **Office of the General Counsel (OGC)** provides legal oversight, counsel, and support to the Department's agencies and offices. OGC's staffing has declined significantly 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 recent passage of the Farm Bill has increased demand for OGC's legal services. The 2016 Budget requests \$48 million, including funding for OGC to increase legal resources to remain effective in delivering legal services to the Department and augment computerized legal research and training efforts. The request also includes \$4.6 million for the Office of Ethics, an office under OGC, to administer ethics regulations and statutes governing employee conduct, carry out public confidential financial disclosure reporting programs, develop and implement supplemental ethics policies, provide advice and assistance to USDA employees, and training employees on all ethics statutes, regulations, and policies.

OFFICE OF CIVIL RIGHTS

OFFICE OF CIVIL RIGHTS

| Budget Authority (Dollars in Millions) | | | |
|---------------------------------------------------|-------------------------|--------------------------|------------------------|
| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
| Office of Civil Rights..... | \$21 | \$24 | \$24 |

The **Office of Civil Rights (OCR)** provides policy guidance, leadership, coordination and training, and complaint adjudication and processing for the Department and its 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 and the Blueprint for Stronger Service, USDA has worked to improve inclusion and diversity while streamlining complaints processing.

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 2016 Budget requests \$24.4 million to meet the Administration’s commitment to improving USDA’s handling of civil rights matters such as program investigations and compliance reviews.

OFFICE OF INSPECTOR GENERAL

OFFICE OF INSPECTOR GENERAL

**Budget Authority
(Dollars in Millions)**

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|----------------------------------|-------------------------|--------------------------|------------------------|
| Office of Inspector General..... | \$90 | \$95 | \$99 |

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 2016 Budget requests \$99 million for OIG for audit and investigation review of the Department’s programs. This funding includes an increase of \$700,000 and 6 staff years to help address the Department’s material weakness in IT security. In light of the continuing threats posed to the USDA IT infrastructure, additional resources are needed to ensure that appropriate reviews are being conducted to test the security controls for the Department. The requested funding would enable OIG to conduct simultaneous reviews on the most critical and vulnerable controls for Federal systems, such as access control, business continuity, and disaster recovery.

The request also includes resources to support the Council of the Inspectors General for Integrity and Efficiency which was established under the authority of the Inspector General Reform Act of 2008 to coordinate Federal efforts to improve program delivery. In addition, the request provides increased resources for an internal Center of Excellence to reduce the incidence of improper payments, and resources to support the Council of the Inspectors General for Integrity and Efficiency.

APPENDIX

Budget Authority (Dollars in Millions)

| Agency / Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|--------------------------------------------------------|-----------------|------------------|----------------|
| FARM AND FOREIGN AGRICULTURAL SERVICES | | | |
| Farm Service Agency: | | | |
| Discretionary Programs..... | \$1,603 | \$1,613 | \$1,585 |
| Discretionary Emergency Programs..... | 0 | 12 | 0 |
| Mandatory Programs..... | 70 | 110 | 47 |
| Commodity Credit Corporation Programs (mandatory)..... | 10,976 | 11,135 | 14,224 |
| Total, Farm Service Agency..... | 12,649 | 12,870 | 15,856 |
| Risk Management Agency: | | | |
| Discretionary Programs..... | 72 | 75 | 77 |
| Mandatory Programs..... | 8,752 | 8,921 | 7,040 |
| Total, Risk Management Agency..... | 8,824 | 8,996 | 7,117 |
| Foreign Agricultural Service: | | | |
| Discretionary Programs (excluding P.L. 480)..... | 367 | 376 | 407 |
| P.L. 480 (discretionary)..... | 1,466 | 1,466 | 1,400 |
| Mandatory Market Development Programs..... | (265) | (284) | (303) |
| Other Mandatory Programs..... | 188 | 138 | 138 |
| Total, Foreign Agricultural Service..... | 2,021 | 1,980 | 1,945 |
| Total, Farm and Foreign Agricultural Services..... | 23,494 | 23,846 | 24,918 |
| RURAL DEVELOPMENT | | | |
| Rural Utilities Service: | | | |
| Discretionary Programs..... | 535 | 536 | 573 |
| Mandatory Programs..... | 150 | 0 | 0 |
| Total, Rural Utilities Service..... | 685 | 536 | 573 |
| Rural Housing Service: | | | |
| Discretionary Programs..... | 1,694 | 1,714 | 1,814 |
| Rural Business - Cooperative Service: | | | |
| Discretionary Programs..... | 136 | 107 | 143 |
| Mandatory Programs..... | 243 | 93 | 118 |
| Total, Rural Business - Cooperative Service..... | 379 | 200 | 261 |
| Rural Development Salaries and Expenses: | | | |
| Discretionary Programs..... | 204 | 225 | 227 |
| Total, Rural Development..... | 2,962 | 2,675 | 2,875 |
| FOOD, NUTRITION, AND CONSUMER SERVICES | | | |
| Food and Nutrition Service: | | | |
| Discretionary Programs..... | 7,132 | 7,056 | 7,067 |
| Mandatory Programs..... | 101,669 | 103,325 | 105,373 |
| Recovery Act..... | 5,796 | 0 | 0 |
| Total, Food, Nutrition, and Consumer Services..... | 114,597 | 110,381 | 112,440 |
| FOOD SAFETY | | | |
| Food Safety and Inspection Service: | | | |
| Discretionary Programs..... | 1,011 | 1,016 | 1,012 |
| Mandatory Programs..... | 13 | 13 | 13 |
| Total, Food Safety..... | 1,024 | 1,029 | 1,025 |
| NATURAL RESOURCES AND ENVIRONMENT | | | |
| Natural Resources Conservation Service: | | | |
| Discretionary Programs..... | 829 | 862 | 1,031 |
| Discretionary Emergency Programs..... | 0 | 79 | 0 |
| Mandatory CCC Programs..... | 3,443 | 3,145 | 3,417 |
| Total, Natural Resources Conservation Service..... | 4,272 | 4,086 | 4,448 |

APPENDIX

Budget Authority (Dollars in Millions)

| Agency / Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|-----------------------------------------------------------------|------------------|------------------|------------------|
| Forest Service: | | | |
| Discretionary Programs..... | 5,497 | 5,073 | 4,943 |
| Mandatory Programs..... | 614 | 312 | 320 |
| Total, Forest Service..... | 6,111 | 5,385 | 5,263 |
| Total, Natural Resources and Environment..... | 10,383 | 9,471 | 9,711 |
| MARKETING AND REGULATORY PROGRAMS | | | |
| Animal and Plant Health Inspection Service: | | | |
| Discretionary Programs..... | 865 | 874 | 859 |
| Mandatory Programs..... | 293 | 262 | 304 |
| Total, Animal and Plant Health Inspection Service..... | 1,158 | 1,136 | 1,163 |
| Agricultural Marketing Service: | | | |
| Discretionary Programs..... | 81 | 82 | 84 |
| Mandatory Programs..... | 1,065 | 1,193 | 1,129 |
| Total, Agricultural Marketing Service..... | 1,146 | 1,275 | 1,213 |
| Grain Inspection, Packers and Stockyards Administration: | | | |
| Discretionary Programs..... | 40 | 43 | 44 |
| Total, Marketing and Regulatory Programs..... | 2,344 | 2,454 | 2,420 |
| RESEARCH, EDUCATION, AND ECONOMICS | | | |
| Agricultural Research Service: | | | |
| Discretionary Programs..... | 1,122 | 1,177 | 1,398 |
| Mandatory Programs..... | 28 | 28 | 28 |
| Total, Agricultural Research Service..... | 1,150 | 1,205 | 1,426 |
| National Institute of Food and Agriculture: | | | |
| Discretionary Programs..... | 1,281 | 1,295 | 1,508 |
| Mandatory Programs..... | 175 | 132 | 160 |
| Total, National Institute of Food and Agriculture..... | 1,456 | 1,427 | 1,668 |
| Economic Research Service: | | | |
| Discretionary Programs..... | 78 | 85 | 86 |
| National Agricultural Statistics Service: | | | |
| Discretionary Programs..... | 161 | 172 | 180 |
| Total, Research, Education, and Economics..... | 2,845 | 2,889 | 3,360 |
| OTHER ACTIVITIES | | | |
| Departmental Activities: | | | |
| Discretionary Programs..... | 442 | 275 | 363 |
| Mandatory Programs..... | 15 | 14 | 15 |
| Subtotal, Departmental Activities..... | 457 | 289 | 378 |
| Office of Inspector General: | | | |
| Discretionary Programs..... | 90 | 95 | 99 |
| Total, Departmental Activities..... | 547 | 384 | 477 |
| USDA SUB-TOTAL..... | \$158,196 | \$153,129 | \$157,226 |
| Offsetting Receipts, Rescissions & Other Adjustments..... | -686 | -1,630 | -1,241 |
| USDA TOTAL..... | \$157,510 | \$151,499 | \$155,985 |

APPENDIX

Program Level (Dollars in Millions)

| Agency / Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|------------------------------------------------------------|-----------------|------------------|----------------|
| FARM AND FOREIGN AGRICULTURAL SERVICES | | | |
| Farm Service Agency: | | | |
| Farm Loan and Grant Programs..... | \$5,536 | \$6,410 | \$6,413 |
| Conservation Programs..... | 1,868 | 1,814 | 1,840 |
| Disaster Assistance..... | 32 | 63 | 0 |
| Commodity Programs..... | 8,724 | 8,613 | 11,989 |
| Commodity Credit Corporation Export Programs..... | 384 | 708 | 395 |
| Salaries and Expenses..... | 1,492 | 1,514 | 1,502 |
| Other Programs..... | 51 | 71 | 20 |
| Total, Farm Service Agency..... | 16,211 | 16,971 | 20,262 |
| Risk Management Agency: | | | |
| Administrative and Operating Expenses..... | 72 | 75 | 77 |
| Crop Insurance Fund..... | 12,790 | 12,900 | 11,704 |
| Total, Risk Management Agency..... | 12,862 | 12,975 | 11,781 |
| Foreign Agricultural Service: | | | |
| Export Credit Guarantees..... | 5,500 | 5,500 | 5,500 |
| Market Development Programs..... | 265 | 284 | 303 |
| Foreign Food Assistance..... | 1,848 | 1,803 | 1,757 |
| Salaries and Expenses..... | 184 | 187 | 198 |
| Total, Foreign Agricultural Service..... | 7,797 | 7,774 | 7,758 |
| Total, Farm and Foreign Agricultural Services..... | 36,870 | 37,720 | 39,801 |
| RURAL DEVELOPMENT | | | |
| Rural Utilities Service: | | | |
| Loans and Grants..... | 8,195 | 7,995 | 8,466 |
| Rural Housing Service: | | | |
| Loans and Grants..... | 29,094 | 29,044 | 29,138 |
| Rural Business - Cooperative Service: | | | |
| Loans and Grants..... | 1,574 | 1,455 | 1,792 |
| Salaries and Expenses..... | 204 | 225 | 227 |
| Total, Rural Development..... | 39,067 | 38,719 | 39,623 |
| FOOD, NUTRITION, AND CONSUMER SERVICES | | | |
| Food and Nutrition Service: | | | |
| Supplemental Nutrition Assistance Program..... | 87,974 | 81,829 | 83,692 |
| Child Nutrition Programs..... | 19,470 | 21,475 | 21,659 |
| Women, Infants and Children (WIC)..... | 6,717 | 6,624 | 6,624 |
| All Other..... | 436 | 453 | 465 |
| Total, Food, Nutrition, and Consumer Services..... | 114,597 | 110,381 | 112,440 |
| FOOD SAFETY | | | |
| Food Safety and Inspection Service..... | 1,214 | 1,209 | 1,205 |
| NATURAL RESOURCES AND ENVIRONMENT | | | |
| Natural Resources Conservation Service: | | | |
| Private Lands Conservation Operations (Discretionary)..... | 813 | 846 | 831 |
| Farm Security and Rural Investment Programs..... | 3,443 | 3,145 | 3,417 |
| All Other..... | 16 | 95 | 200 |

APPENDIX

Program Level (Dollars in Millions)

| Agency / Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|---------------------------------------------------------|------------------|------------------|------------------|
| Forest Service: | | | |
| National Forest System..... | 1,496 | 1,494 | 1,648 |
| Forest and Rangeland Research..... | 293 | 296 | 292 |
| State and Private Forestry..... | 230 | 233 | 237 |
| Wildland Fire Activities..... | 3,077 | 2,636 | 2,354 |
| Capital Improvement and Maintenance..... | 350 | 360 | 342 |
| Land Acquisition..... | 45 | 49 | 65 |
| All Other..... | 6 | 5 | 5 |
| Total, Discretionary Accounts..... | 5,497 | 5,073 | 4,943 |
| Mandatory..... | 614 | 312 | 320 |
| Total, Forest Service..... | 6,111 | 5,385 | 5,263 |
| Total, Natural Resources and Environment..... | 10,383 | 9,471 | 9,711 |
| MARKETING AND REGULATORY PROGRAMS | | | |
| Animal and Plant Health Inspection Service: | | | |
| Salaries and Expenses..... | 845 | 854 | 839 |
| Emergency Funding..... | 17 | 17 | 17 |
| Mandatory..... | 293 | 262 | 304 |
| Buildings and Facilities..... | 3 | 3 | 3 |
| Total, Animal and Plant Health Inspection Service..... | 1,158 | 1,136 | 1,163 |
| Agricultural Marketing Service..... | 376 | 357 | 369 |
| Section 32 Funds..... | 770 | 919 | 845 |
| Grain Inspection, Packers and Stockyards | | | |
| Administration..... | 87 | 90 | 99 |
| Total, Marketing and Regulatory Programs..... | 2,391 | 2,502 | 2,476 |
| RESEARCH, EDUCATION, AND ECONOMICS | | | |
| Agricultural Research Service..... | 1,150 | 1,205 | 1,426 |
| National Institute of Food and Agriculture..... | 1,461 | 1,432 | 1,673 |
| Economic Research Service..... | 78 | 85 | 86 |
| National Agricultural Statistics Service..... | 161 | 172 | 180 |
| Total, Research, Education, and Economics..... | 2,850 | 2,894 | 3,365 |
| OTHER ACTIVITIES | | | |
| Office of the Secretary..... | 50 | 53 | 55 |
| Office of Civil Rights..... | 21 | 24 | 24 |
| Office of Inspector General..... | 90 | 95 | 99 |
| All Other Staff Offices..... | 385 | 211 | 298 |
| Total, Other Activities..... | 546 | 383 | 476 |
| USDA Sub-Total..... | \$207,918 | \$203,279 | \$209,096 |
| Receipts and Loan Repayments and Other Adjustments..... | -686 | -1,630 | -1,241 |
| USDA TOTAL..... | \$207,232 | \$201,649 | \$207,855 |

APPENDIX

Outlays (Dollars in Millions)

| AGENCY | 2014 Enacted | 2015 Estimate | 2016 Budget |
|--------------------------------------------------------------|------------------|------------------|------------------|
| FARM AND FOREIGN AGRICULTURAL SERVICES | | | |
| Farm Service Agency..... | \$1,619 | \$1,848 | \$1,575 |
| Commodity Credit Corporation Programs..... | 12,228 | 7,990 | 10,397 |
| Risk Management Agency..... | 8,311 | 8,869 | 7,151 |
| Foreign Agricultural Service..... | 220 | 661 | 458 |
| P.L. 480..... | 1,062 | 854 | 869 |
| RURAL DEVELOPMENT | | | |
| Rural Utilities Service..... | 562 | 1,537 | 251 |
| Rural Housing Service..... | 2,342 | 2,255 | 1,332 |
| Rural Business - Cooperative Service..... | 57 | 198 | 226 |
| Salaries and Expenses..... | 156 | 245 | 232 |
| FOOD, NUTRITION, AND CONSUMER SERVICES | | | |
| Food and Nutrition Service..... | 102,340 | 106,335 | 107,311 |
| NATURAL RESOURCES AND ENVIRONMENT | | | |
| Natural Resources Conservation Service..... | 3,646 | 5,230 | 5,602 |
| Forest Service..... | 5,872 | 6,492 | 6,338 |
| FOOD SAFETY | | | |
| Food Safety and Inspection Service..... | 980 | 1,029 | 1,026 |
| MARKETING AND REGULATORY PROGRAMS | | | |
| Animal and Plant Health Inspection Service..... | 1,035 | 1,312 | 1,236 |
| Agricultural Marketing Service..... | 301 | 346 | 359 |
| Section 32 Funds..... | 501 | 864 | 870 |
| Grain Inspection, Packers and Stockyards Administration..... | 30 | 37 | 33 |
| RESEARCH, EDUCATION, AND ECONOMICS | | | |
| Agricultural Research Service..... | 1,065 | 1,281 | 1,225 |
| National Institute of Food and Agriculture..... | 1,322 | 1,906 | 1,874 |
| Economic Research Service..... | 76 | 94 | 86 |
| National Agricultural Statistics Service..... | 160 | 198 | 178 |
| DEPARTMENTAL ACTIVITIES | | | |
| Office of the Secretary..... | 51 | 92 | 66 |
| Office of the Chief Economist..... | 13 | 27 | 19 |
| National Appeals Division..... | 12 | 13 | 14 |
| Office of Budget and Program Analysis..... | 7 | 9 | 10 |
| Office of Chief Information Officer..... | 33 | 62 | 62 |
| Office of Chief Financial Officer..... | 6 | 6 | 9 |
| Agriculture Buildings and Facilities..... | 207 | 106 | 127 |
| Hazardous Materials Management..... | 8 | 7 | 7 |
| Office of the General Counsel..... | 41 | 51 | 53 |
| Office of Civil Rights..... | 24 | 26 | 26 |
| Office of Inspector General..... | 80 | 104 | 99 |
| Working Capital Fund..... | -28 | 190 | -10 |
| USDA, Subtotal..... | 144,339 | 150,274 | 149,111 |
| Offsetting Receipts, Rescissions & Other Adjustments..... | -2,526 | -2,733 | -1,243 |
| Net Interest..... | -5 | -5 | -5 |
| TOTAL, U.S. DEPARTMENT OF AGRICULTURE..... | \$141,808 | \$147,536 | \$147,863 |

APPENDIX

Discretionary Outlays (Dollars in Millions)

| AGENCY | 2014 Enacted | 2015 Estimate | 2016 Budget |
|--------------------------------------------------------------|-----------------|------------------|-----------------|
| FARM AND FOREIGN AGRICULTURAL SERVICES | | | |
| Farm Service Agency..... | \$1,507 | \$1,781 | \$1,651 |
| Commodity Credit Corporation Programs..... | 8 | 10 | 7 |
| Risk Management Agency..... | 67 | 74 | 77 |
| Foreign Agricultural Service..... | 210 | 640 | 457 |
| P.L. 480..... | 1,289 | 1,166 | 1,179 |
| RURAL DEVELOPMENT | | | |
| Rural Utilities Service..... | 1,011 | 1,144 | 674 |
| Rural Housing Service..... | 1,745 | 1,478 | 1,785 |
| Rural Business - Cooperative Service..... | 120 | 149 | 133 |
| Salaries and Expenses..... | 156 | 245 | 232 |
| FOOD, NUTRITION, AND CONSUMER SERVICES | | | |
| Food and Nutrition Service..... | 6,608 | 7,004 | 7,032 |
| NATURAL RESOURCES AND ENVIRONMENT | | | |
| Natural Resources Conservation Service..... | 917 | 1,095 | 842 |
| Forest Service..... | 5,282 | 5,853 | 5,624 |
| FOOD SAFETY | | | |
| Food Safety and Inspection Service..... | 969 | 1,016 | 1,013 |
| MARKETING AND REGULATORY PROGRAMS | | | |
| Animal and Plant Health Inspection Service..... | 781 | 980 | 932 |
| Agricultural Marketing Service..... | 72 | 90 | -205 |
| Grain Inspection, Packers and Stockyards Administration..... | 36 | 43 | 43 |
| RESEARCH, EDUCATION, AND ECONOMICS | | | |
| Agricultural Research Service..... | 1,035 | 1,251 | 1,197 |
| National Institute of Food and Agriculture..... | 1,225 | 1,778 | 1,712 |
| Economic Research Service..... | 76 | 94 | 86 |
| National Agricultural Statistics Service..... | 160 | 197 | 178 |
| DEPARTMENTAL ACTIVITIES | | | |
| Office of the Secretary..... | 51 | 81 | 53 |
| Office of the Chief Economist..... | 13 | 26 | 18 |
| National Appeals Division..... | 12 | 13 | 14 |
| Office of Budget and Program Analysis..... | 7 | 9 | 10 |
| Office of Chief Information Officer..... | 33 | 62 | 62 |
| Office of Chief Financial Officer..... | 6 | 6 | 9 |
| Agriculture Buildings and Facilities..... | 207 | 106 | 127 |
| Hazardous Materials Management..... | 8 | 7 | 7 |
| Office of the General Counsel..... | 41 | 51 | 53 |
| Office of Civil Rights..... | 24 | 26 | 26 |
| Office of Inspector General..... | 80 | 104 | 99 |
| Working Capital Fund..... | -28 | 190 | -10 |
| USDA, Subtotal..... | 23,728 | 26,769 | 25,117 |
| Offsetting Receipts, Rescissions & Other Adjustments..... | -221 | -494 | -452 |
| TOTAL, U.S. DEPARTMENT OF AGRICULTURE..... | \$23,507 | \$26,275 | \$24,665 |

APPENDIX

Staff Years

| Agency | 2014 Enacted | 2015 Estimate | 2016 Budget |
|-------------------------------------------------------------|-----------------|------------------|----------------|
| FARM AND FOREIGN AGRICULTURAL SERVICES | | | |
| Farm Service Agency | 3,987 | 4,438 | 4,392 |
| Risk Management Agency | 429 | 450 | 462 |
| Foreign Agricultural Service | 926 | 888 | 890 |
| RURAL DEVELOPMENT | | | |
| Rural Development | 4,606 | 5,026 | 5,046 |
| FOOD, NUTRITION, AND CONSUMER SERVICES | | | |
| Food and Nutrition Service | 1,325 | 1,664 | 1,704 |
| FOOD SAFETY | | | |
| Food Safety and Inspection Service | 9,036 | 9,298 | 9,034 |
| NATURAL RESOURCES AND ENVIRONMENT | | | |
| Natural Resources Conservation Service | 10,482 | 11,326 | 11,672 |
| Forest Service | 32,254 | 32,893 | 33,045 |
| MARKETING AND REGULATORY PROGRAMS | | | |
| Animal and Plant Health Inspection Service | 7,111 | 7,587 | 7,563 |
| Agricultural Marketing Service | 2,538 | 2,832 | 2,841 |
| Grain Inspection, Packers & Stockyards Administration | 644 | 654 | 660 |
| RESEARCH, EDUCATION, AND ECONOMICS | | | |
| Agricultural Research Service | 6,893 | 7,450 | 7,575 |
| National Institute of Food and Agriculture | 380 | 410 | 417 |
| Economic Research Service | 341 | 365 | 365 |
| National Agricultural Statistics Service | 999 | 1,085 | 1,090 |
| DEPARTMENTAL ACTIVITIES | | | |
| Office of the Secretary and Assistant Secretaries..... | 96 | 102 | 103 |
| Office of Homeland Security..... | 57 | 73 | 73 |
| Office of Advocacy and Outreach | 41 | 46 | 46 |
| Departmental Administration | 435 | 491 | 491 |
| Office of Communications | 75 | 79 | 83 |
| Office of the Chief Economist | 48 | 54 | 54 |
| National Appeals Division | 82 | 87 | 87 |
| Office of Budget and Program Analysis | 45 | 52 | 52 |
| Office of the Chief Information Officer | 1,008 | 1,137 | 1,209 |
| Office of the Chief Financial Officer | 1,345 | 1,611 | 1,789 |
| Office of the General Counsel | 289 | 294 | 317 |
| Office of Civil Rights..... | 136 | 134 | 134 |
| Office of Inspector General | 494 | 525 | 531 |
| Total, USDA Federal Staffing | 86,102 | 91,051 | 91,725 |
| FSA, Non-Federal Staffing | 7,492 | 8,442 | 7,589 |
| Total, USDA Staffing | 93,594 | 99,493 | 99,314 |

APPENDIX

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

| Budget Authority | | | |
|-------------------------------------------------------------|-------------------------|--------------------------|------------------------|
| (Dollars in Millions) | | | |
| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
| FARM AND FOREIGN AGRICULTURAL SERVICES: | | | |
| Farm Service Agency..... | \$10,939 | \$11,522 | \$14,442 |
| Foreign Agricultural Service..... | 142 | 144 | 153 |
| Risk Management Agency..... | 8,824 | 8,996 | 7,117 |
| Total, FFAS..... | 19,905 | 20,662 | 21,712 |
| RURAL DEVELOPMENT: | | | |
| Rural Business Cooperative Service..... | 381 | 202 | 263 |
| Rural Housing Service..... | 1,881 | 1,919 | 2,023 |
| Rural Utilities Service..... | 700 | 553 | 589 |
| Total, RD..... | 2,962 | 2,674 | 2,875 |
| MARKETING AND REGULATORY PROGRAMS: | | | |
| Animal and Plant Health Inspection Service..... | 135 | 138 | 128 |
| Agricultural Marketing Service..... | 653 | 776 | 711 |
| Grain Inspection, Packers and Stockyards Administration.... | 40 | 43 | 44 |
| Total, MRP..... | 828 | 957 | 883 |
| RESEARCH, EDUCATION, AND ECONOMICS: | | | |
| Agricultural Research Service..... | 299 | 325 | 399 |
| National Institute of Food and Agriculture..... | 716 | 732 | 864 |
| Economic Research Service..... | 32 | 35 | 36 |
| National Agricultural Statistics Service..... | 151 | 166 | 172 |
| Total, REE..... | 1,198 | 1,258 | 1,471 |
| DEPARTMENTAL STAFF OFFICES: | | | |
| Office of the Chief Economist..... | 14 | 14 | 14 |
| Total, Staff Offices..... | 14 | 14 | 14 |
| Total..... | \$24,907 | \$25,565 | \$26,955 |

APPENDIX

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 | 2014 Enacted | 2015 Estimate | 2016 Budget |
|-------------------------------------------------|-------------------------|--------------------------|------------------------|
| FARM AND FOREIGN AGRICULTURAL SERVICES: | | | |
| Farm Service Agency..... | \$1,709 | \$1,347 | \$1,413 |
| Total, FFAS..... | 1,709 | 1,347 | 1,413 |
| NATURAL RESOURCES AND ENVIRONMENT: | | | |
| Natural Resources Conservation Service..... | 4,272 | 4,086 | 4,448 |
| Forest Service..... | 6,111 | 5,385 | 5,263 |
| Total, NRE..... | 10,383 | 9,471 | 9,711 |
| MARKETING AND REGULATORY PROGRAMS: | | | |
| Animal and Plant Health Inspection Service..... | 62 | 58 | 49 |
| Total, MRP..... | 62 | 58 | 49 |
| RESEARCH, EDUCATION, AND ECONOMICS: | | | |
| Agricultural Research Service..... | 207 | 241 | 242 |
| National Institute of Food and Agriculture..... | 191 | 181 | 202 |
| Economic Research Service..... | 12 | 13 | 13 |
| National Agricultural Statistics Service..... | 5 | 3 | 4 |
| Total, REE..... | 415 | 438 | 461 |
| DEPARTMENTAL STAFF OFFICES: | | | |
| Office of the Chief Economist..... | 3 | 3 | 3 |
| Hazardous Materials Management..... | 4 | 4 | 4 |
| Total, Staff Offices..... | 7 | 7 | 7 |
| Total..... | <u>\$12,576</u> | <u>\$11,321</u> | <u>\$11,641</u> |

APPENDIX

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

**Budget Authority
(Dollars in Millions)**

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|-------------------------------------------------|-------------------------|--------------------------|------------------------|
| FARM AND FOREIGN AGRICULTURAL SERVICES: | | | |
| Foreign Agricultural Service..... | \$1,691 | \$1,698 | \$1,654 |
| Total, FFAS..... | 1,691 | 1,698 | 1,654 |
| MARKETING AND REGULATORY PROGRAMS: | | | |
| Animal and Plant Health Inspection Service..... | 52 | 54 | 60 |
| Total, MRP..... | 52 | 54 | 60 |
| RESEARCH, EDUCATION, AND ECONOMICS: | | | |
| Agricultural Research Service..... | 156 | 158 | 200 |
| National Institute of Food and Agriculture..... | 363 | 338 | 405 |
| Economic Research Service..... | 21 | 23 | 24 |
| Total, REE..... | 540 | 519 | 629 |
| Total..... | \$2,283 | \$2,271 | \$2,343 |

APPENDIX

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

**Budget Authority
(Dollars in Millions)**

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|-------------------------------------------------|-------------------------|--------------------------|------------------------|
| FOOD, NUTRITION, AND CONSUMER SERVICES: | | | |
| Food and Nutrition Service..... | \$114,597 | \$110,381 | \$112,440 |
| FOOD SAFETY: | | | |
| Food Safety and Inspection Service..... | 1,024 | 1,029 | 1,025 |
| MARKETING AND REGULATORY PROGRAMS: | | | |
| Animal and Plant Health Inspection Service..... | 887 | 821 | 853 |
| Agricultural Marketing Service..... | 493 | 500 | 503 |
| Total, MRP..... | 1,380 | 1,321 | 1,356 |
| RESEARCH, EDUCATION, AND ECONOMICS: | | | |
| Agricultural Research Service..... | 488 | 481 | 585 |
| National Institute of Food and Agriculture..... | 191 | 181 | 202 |
| Economic Research Service..... | 13 | 14 | 13 |
| National Agricultural Statistics Service..... | 5 | 3 | 4 |
| Total, REE..... | 697 | 679 | 804 |
| DEPARTMENTAL STAFF OFFICES: | | | |
| Office of the Chief Economist..... | 1 | 1 | 1 |
| Total..... | \$117,699 | \$113,411 | \$115,626 |

APPENDIX

Create a USDA for the 21st Century that is high-performing, efficient, and adaptable

Budget Authority (Dollars in Millions)

| Program | 2014 Enacted | 2015 Estimate | 2016 Budget |
|-----------------------------------|-----------------|------------------|----------------|
| Departmental Activities..... | \$525 | \$362 | \$455 |
| Total, Management Activities..... | <u>\$525</u> | <u>\$362</u> | <u>\$455</u> |

APPENDIX

User Fee Proposals (Dollars in Millions)

| Agency and Program | 2016 Budget Authority |
|--------------------|--------------------------|
|--------------------|--------------------------|

Rural Development

Rural Housing Service:

User Fee Proposal 0

- The Budget includes a proposal to authorize a user fee to be charged for access to the Guaranteed Loan Underwriting System (GUS) to be paid by lenders for use of the agency’s automated underwriting system. The fees are expected to generate about \$4 million per year starting in 2018. Collections will be used to maintain GUS.

Food Safety

Food Safety and Inspection Service:

User Fee Proposal 0

- 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 Proposal 0

- The Budget proposal authorizes the Secretary of Agriculture to prescribe, adjust and collect fees to cover the costs incurred for activities in relation to the review, maintenance and inspections connected to licensing activities associated with the Animal Welfare Act, Virus- Serum-Toxin Act, and the Plant Protection Act. The estimated fees would result in receipts of \$20 million, 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.

APPENDIX

Grain Inspection, Packers and Stockyards Administration:

- User Fee Proposal 0
 - The Budget proposes to establish a fee for grain standardization and a Packers and Stockyards license fee. The proposal would result in approximately \$30 million in receipts (\$6 million and \$24 million, respectively), which will reduce appropriation needs in future years.

Natural Resources and Environment

Forest Service:

- User Fee Proposal 15
 - The Budget proposes that \$15 million be made available for the processing of grazing permits and leases, from collections of an administrative fee of \$2.50 per head of cattle per month. These fees will be credited to the National Forest System appropriation to reduce costs.

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 | 2016 Budget Authority |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Rural Development | |
| Rural Housing Service: | |
| Multi-Family Housing Revitalization Demo: Pursue permanent authority 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. | |
| Multi-Family Rental Assistance Program..... | -20 |
| <ul style="list-style-type: none"> • The Budget includes proposals to change the operation of the program to ensure its long-term viability. These proposals are included in the appropriations request as well as a separate legislative package. They include the authority for the Secretary to provide contracts at a fixed dollar amount and fixed time frame; provide discretion to renew contracts based upon specific criteria; charge a minimum rent of \$50 per month to residents living in Section 515 financed properties; and elimination of automatic renewals. | |
| Delegated Lender Authority: Provides preferred lenders direct endorsement authority..... | 0 |
| <ul style="list-style-type: none"> • The Budget requests authorization to implement direct endorsement consistent with HUD and VA. | |
| Natural Resources and Environment | |
| Forest Service: | |
| Secure Rural Schools | 197 |
| <ul style="list-style-type: none"> • 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 \$197 million in mandatory funding for Secure Rural Schools. | |

APPENDIX

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Land and Water Conservation Fund | 104 |
| <ul style="list-style-type: none">• The Budget proposes mandatory funding from the Land and Water Conservation Fund. The Forest Service would receive transfers of \$39 million to Forest Legacy and \$65 million to the Land Acquisition program, 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. | |
| Farm and Foreign Agricultural Services | |
| Risk Management Agency: | |
| Reduce premium subsidy by 10 percentage points for revenue coverage that provides protection for upward price movements at harvest time | -1,021 |
| <ul style="list-style-type: none">• This type of coverage is the most expensive and integrates increased harvest price coverage into revenue insurance. It approximates revenue protection available through private markets (for example, call options). Under this proposal, producers would pay an out-of-pocket premium that more closely matches the market price of the purchased coverage. This would shift more of the cost from the taxpayer to the producer. This proposal is expected to save about \$14.6 billion over 10 years. | |
| Reform prevented planting coverage | -108 |
| <ul style="list-style-type: none">• This proposal would reform prevented planting coverage by adjusting payment rates, eliminating prevented planting optional coverage, and requiring that a 60 percent transitional yield be applied to the producer's actual production history for years in which a producer receives a prevented planting payment. This proposal would also eliminate the option to purchase 5 or 10 percent higher coverage than that provided by the base prevented planting coverage. This proposal is expected to save about \$1.4 billion over 10 years. | |
| Food, Nutrition, and Consumer Services | |
| Food and Nutrition Service: | |
| Create State Option to Improve Access to SNAP for Low Income Elderly ... | 9 |
| <ul style="list-style-type: none">• This proposal provides about \$9 million in 2016 to facilitate States' ability to improve access to SNAP for low-income elderly individuals. Through a new State option, the States would be able to streamline and simplify application and recertification process for elderly individuals. | |