



DEPARTMENT OF AGRICULTURE

The President's 2016 Budget is designed to bring middle class economics into the 21st Century. This Budget shows what we can do if we invest in America's future and commit to an economy that rewards hard work, generates rising incomes, and allows everyone to share in the prosperity of a growing America. It lays out a strategy to strengthen our middle class and help America's hard-working families get ahead in a time of relentless economic and technological change. And it makes the critical investments needed to accelerate and sustain economic growth in the long run, including in research, education, training, and infrastructure.

These proposals will help working families feel more secure with paychecks that go further, help American workers upgrade their skills so they can compete for higher-paying jobs, and help create the conditions for our businesses to keep generating good new jobs for our workers to fill, while also fulfilling our most basic responsibility to keep Americans safe. We will make these investments, and end the harmful spending cuts known as sequestration, by cutting inefficient spending and reforming our broken tax code to make sure everyone pays their fair share. We can do all this while also putting our Nation on a more sustainable fiscal path. The Budget achieves about \$1.8 trillion in deficit reduction, primarily from reforms to health programs, our tax code, and immigration.

The U.S. Department of Agriculture (USDA) provides leadership on issues related to nutrition, agriculture, economic development in rural communities and natural resources, including energy, based on sound public policy, the best available science, and efficient management. USDA works to expand economic opportunity through the development of innovative practices and research and provides financing needed to help expand job prospects and improve housing, utilities, and community infrastructure in rural America. The Agricultural Act of 2014 extended numerous authorities for five years and established stability for important agriculture, rural development, renewable energy, and nutrition programs.

The 2016 Budget provides the resources necessary to help rural communities prosper, enhances the resiliency of forests and private working lands and ensures access to a safe, diverse and nutritious food supply. It builds on the successes of the past six years and proposes a set of investments to spur innovation, provide farmers and land managers tools to succeed in a changing climate, and meet critical nutrition and housing needs of many Americans. Building on a foundation of results, the Budget provides \$25 billion in discretionary resources to support this important mission, an increase of about \$0.8 billion above the 2015 enacted level. Critical investments are made to revitalize rural communities, modernize key infrastructure, and help build resilience in the face of a changing climate.

Funding Highlights:

- Providing \$25 billion in discretionary resources for the Department of Agriculture to invest in rural communities; rural youth; beginning farmers and ranchers; nutrition assistance for vulnerable populations; agricultural research in key areas such as climate resilience, anti-microbial resistance, and pollinator health; food safety; and forest health. This includes:
- Providing the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) the resources it needs to support estimated projected participation, which will improve birth outcomes and support child development;
- Supporting strong child nutrition programs, including expansion of summer electronic benefit transfer (EBT) pilots to reduce childhood hunger during the summer months and enhanced support for equipment needs so schools can deliver healthy meals;
- Ensuring access to credit for over 42,000 farmers and ranchers to cover operating costs and purchase or refinance farm property;
- Providing housing opportunities to over 170,000 rural residents;
- Doubling funding for broadband access to rural communities in need;
- Providing \$550 million in competitive research grants, including launching two new multidisciplinary agricultural research institutes dedicated to nanocellulosics and biomanufacturing/bioproducts research;
- Strengthening bee and other pollinator habitats, a key component of strong U.S. food production.
- Investing in critical laboratory infrastructure needed to conduct quality scientific agricultural research; and
- Supporting activities to increase the resiliency of the Nation's natural resources including landscape and watershed restoration, hazardous fuels reduction, and community forest enhancement and protection.

Reforms:

- Reforms crop insurance subsidies to producers to make the program less costly to the taxpayer while still maintaining a quality safety net for farmers.
- Brings about a fundamental shift in wildfire funding to safeguard communities and ecosystems, investing in programs to improve the resilience of the Nation's forests and rangelands and providing a stable funding source for wildfire suppression.

Stronger Communities and Job Creation

Encourages Job Creation in Rural Communities. The Budget provides over \$1 billion in financial assistance to rural businesses for a broad range of purposes that bring prosperity to rural America. For 2016, the Budget includes \$30 million for a new consolidated authority, the Rural Business Development Grant Program. This program combines the authority of the Rural Business Enterprise and Opportunity grant programs into a single program. This action will increase the effectiveness of program delivery while ensuring important technical assistance and economic development funding is easily accessible. As part of the President's POWER+ Plan, funding for Rural Economic Development loans and grants is more than doubled, to help provide opportunities for job creation and growth in rural areas transitioning away from fossil-fueled energy production.

Revitalizes Rural Communities. President Obama's Administration has taken significant steps to improve the lives of rural Americans and has provided broad support for rural communities. USDA has made significant investments in rural infrastructure by increasing access to broadband, expanding educational opportunities for students, facilitating affordable health care and ensuring the availability of reliable emergency equipment and services. In 2016, USDA will invest \$2.2 billion in community facility loans to improve the quality of life in rural areas. This level of funding will support approximately 850 loans for essential community facilities to rural areas of 20,000 or less across the country. The 2016 Budget also includes \$50 million for community facilities grants to address ongoing needs and emerging priorities such as Promise Zones, Energy Sector Transition, Generation Indigenious, and StrikeForce Communities. These funds will allow USDA to be responsive to new needs in communities across rural American and target them in a flexible way. Roughly 25 percent of rural households lack access to high speed internet. The Budget proposes to double the current funding for broadband loans and grants that serve the neediest, most rural communities. These loans and grants will bring the benefits of broadband, including new educational, business and public health and safety opportunities, to residents living in some of the most remote parts of our Nation.

Reduces Rural Youth Poverty. While poor children living in rural America face similar educational, social, and economic challenges as their urban counterparts, many of these problems are exacerbated by the isolation and limited access to support services commonly experienced in rural areas. To address this need, funding for the Community Facilities Grant Program is more than doubled and could be used to leverage public-private partnerships aimed at reducing child poverty in economically depressed rural areas. In addition, the Rural Youth Poverty program includes \$20 million to support a demonstration program to identify innovative strategies to combat rural child poverty. This funding will be used in rural areas experiencing severe economic distress, such as StrikeForce, Promise Zones, and Tribal areas, and will be implemented through grants made to local government or nonprofit organizations.

Makes Homeownership a Reality. Helping rural residents obtain safe and affordable housing is key to maintaining stable communities and creating jobs. Homeownership means long-term financial stability and security for these rural families. In 2016, USDA will provide over 170,000 rural residents the assistance needed to become homeowners by making available nearly \$25 billion in loans to increase housing opportunities in rural area. This includes \$900 million in direct loans to ensure that the very-low and low-income borrowers with the ability to repay mortgage debt are provided with a vehicle to access mortgage financing for homes located in rural areas.

Improves Access to Healthy Food. Nationwide, USDA estimates that 23.5 million people, including 6.5 million children, live in low-income areas that are more than a mile from a supermarket. The Budget invests \$13 million in a newly authorized Healthy Food Financing Initiative, which will provide funding to promote a range of interventions that will expand access to nutritious foods, including developing and equipping grocery stores and other small businesses and retailers selling healthy food in communities that

currently lack these options. Investing in local and regional food systems supports the livelihoods of farmers and ranchers, especially smaller operations, while strengthening economies in communities across the country and increasing access to fresh, healthy foods.

Provides Greater Opportunities for Small and Beginning Farmers. 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. The Budget proposes a loan level of about \$6.4 billion for direct and guaranteed farm ownership and operating loans. A significant portion of this funding is targeted to new and beginning and socially disadvantaged farmers and ranchers. The Budget also includes about \$4 million to support increased outreach for new and beginning farmers and ranchers. Further, the Budget proposes to establish a the new Food and Agriculture Resilience Program for Military Veterans (or FARM-Vets) that will help veterans develop farming and ranching skills needed to become producers. Other efforts will target food safety training and technical assistance to owners of small farms and food processors to help them implement Federal food safety guidelines, particularly those resulting from the Food Safety Modernization Act.

Invests in American Innovation

Spurs Innovation by Advancing Priority Research. USDA research plays a key role in fostering innovation and advancing technologies that increase the efficiency, sustainability, and profitability of American agriculture. Economic analysis finds strong and consistent evidence that investment in agricultural research has yielded high returns per dollar spent. The Budget provides \$450 million (an increase of \$125 million over the 2015 enacted level) for the Nation's premier competitive, peer-reviewed research program for fundamental and applied agricultural sciences. Investments would be targeted at Presidential initiatives such as pollinator health, combatting anti-microbial resistant bacteria, and biobased products. The Budget also includes \$80 million to support two multidisciplinary institutes, with one dedicated to advanced biomanufacturing while the other will focus on development of nanocellulosics (nanomaterials derived from plant sources) to ensure that the United States is the leading source of commercial cellulosic nanomaterials research, innovation, production, and commercialization. These institutes will leverage the best research within the public and private sectors to create opportunities for new business ventures funded by the private sector. The Budget also funds a new competitive grant program at land-grant institutions that will address critical food and agricultural challenges at regional and national scales. Additional funding for in-house research will focus on adaptation areas such as to climate change vulnerability and resilience, sustainable small farms, vertical farming, improving pollinator health, combatting antimicrobial resistance, and increasing the speed and effectiveness of crop and animal breeding.

Addresses Antimicrobial Resistance

Strengthens Efforts to Combat Antimicrobial Resistance. The rise of antibiotic-resistant bacteria represents a serious threat to public health and the economy and fighting it is a national security priority. As part of a coordinated Federal strategy, the Budget includes an increase of about \$57 million 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.

Protects Our Natural Resources

Protects our National Forests. Taking an all-lands approach to forest restoration, the Collaborative Forest Landscape Restoration Program (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. In addition to CFLRP, the Budget supports 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 over the last four years, the Budget fully implements IRR across all regions. Under IRR, the Forest Service has achieved increased flexibility in funding and integrating planning efforts while benefitting from increased coordination across agency program areas.

Enhances Resilience to Climatic Events. The Budget provides \$200 million in funding for the Watershed and Flood Prevention Operations (WFPO) to help communities adapt to changing natural resource conditions and climate change and to minimize the impacts of natural disasters, including coastal flooding. USDA will utilize the broad authorities of the WFPO to help communities create more resilient infrastructure and natural systems. The Budget also provides increased funding for the Forest Inventory and Analysis (FIA) program. 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. These efforts would complement USDA work to further utilize the Climate Hubs to synthesize and disseminate climate change research results, thus improving decision support systems on a regional and system level.

Strengthens Critical Habitats for Bees and other Pollinators. American agricultural production relies on having a healthy honey bee population. In recent years, factors such as diseases, parasites, pesticides or habitat loss have contributed to a significant decline in the honey bee population. To help combat this multi-faceted problem, USDA, in consultation with EPA and other relevant Federal partners, is 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 Budget requests \$79 million in 2016 to understand colony collapse disorder and to develop best management practices; increase pollinators' access to available, nutritious forage through the Environmental Quality Incentives Program; double the acreage enrolled in Conservation Reserve Program pollinator initiatives; and implement pollinator-friendly habitats at USDA facilities.

Encourages Development of Rural Renewable Energy. The Budget provides \$6 billion in loans to rural electric cooperatives and utilities that will support the transition to clean-energy generation and increased energy efficiency. In addition, the Budget proposes a program level of about \$81 million for the Rural Energy for America Program to assist agricultural producers and rural small businesses in developing renewable energy systems, energy efficiency improvements, and renewable energy development. Finally, the Budget estimates that up to \$50 million in loan guarantees will be made through the Business and Industry Loan Guarantee Program for infrastructure to support the retail sales of biofuels.

Protects Natural Resources from Illegal Imports. The Budget provides an increase of \$5.5 million to improve the enforcement of the Lacey Act. The importation of illegal products threatens endangered products, and has negative impacts on the climate and the U.S. manufacturing sector. USDA is working with the Department of Justice, the Department of State, the Department of Interior, the Department of Commerce and the Council on Environmental Quality to implement the provision of the Act, and will use the additional funding to move to an automated import declaration system and to maximize the number of products subject to Lacey Act review.

Builds a 21st Century Infrastructure

Improves Recreational Opportunities. The Forest Service manages 8 national monuments, whose designation permanently protects the popular outdoor recreation destinations and increases access and outdoor opportunities for the area's residents. By leveraging privately raised resources and an \$8 million investment from the Capital Improvement and Maintenance account within the Forest Service, USDA will put considerable emphasis on improving infrastructure in these National monuments, particularly the recently designated San Gabriel Mountains National Monument in Southern California.

Modernizes Research Facilities. The Budget provides \$206 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 for conducting research on challenges to global food, agriculture, and natural resources systems. In April 2012, at the request of Congress, ARS completed a review of its laboratory portfolio and established a plan for capital investment based on facility conditions and research priorities. Funding in 2016 would fully fund USDA's five highest laboratory construction and renovation needs that were identified in that review: the remaining design and construction to complete work started in 2015 at the Southeast Poultry Research Laboratory, the design and construction of lab space at the Beltsville Agricultural Research Center, the renovation of the National Lab for Agriculture and the Environment, the modernization of the Southwest Watershed Research Lab, and modernization of the Children's Nutrition Research Center.

Prevents Hunger and Supports Healthy Eating

Prevents Hunger. The Administration strongly supports the Supplemental Nutrition Assistance Program (SNAP) and other critical programs that reduce hunger and help families meet their nutritional needs. SNAP is the cornerstone of the Nation's nutrition assistance safety net, touching the lives of nearly 47 million Americans, the majority of whom are children, the elderly, and people with disabilities. Recent research has shown that SNAP not only helps families put food on the table, but it has a positive long-term impact on children's health and education outcomes. In large part because of administrative complexities associated with application and recertification, elderly individuals continue to be an underserved population. To help address this concern, the Budget provides about \$9 million to allow States' to streamline application and recertification processes to improve SNAP access for the elderly. Pieces of this model has been used by States under waiver authority with promising results. One State implementing a similar waiver reports having seen a 55 percent increase in elderly participation over the past 6 years. The Administration also is committed to strengthening the SNAP Employment & Training (E&T) program by proactively engaging, supporting and guiding State agencies and their partners in developing innovative employment and training programs that empower SNAP recipients to attain self-sufficiency. The Budget provides \$1.5 million to fund the SNAP E&T Center for Excellence to identify and share with States proven strategies that connect SNAP recipients to work. The Budget includes an additional \$25 million to assist States where time limits will be imposed on certain non-elderly SNAP participants without children, to bolster employment and training (E&T) programs for those subject to time limits. These employment and training initiatives will allow some of our nation's poorest individuals to work toward self-sufficiency and continue to receive critical food assistance while doing so. To improve children's nutrition, the Budget invests \$67 million to expand summer electronic benefit transfer (EBT) pilots. Based on initial evaluations, these pilots are proving successful in reducing childhood hunger and improving nutrition for children experiencing very low food security in the months when school meals are unavailable.

Supports Healthy Eating. The Budget supports the ongoing implementation of the Healthy, Hunger-Free Kids Act of 2010. Over 90 percent of schools report that they are successfully meeting the updated nutrition standards, serving meals with more whole grains, fruits, vegetables, lean protein and low-fat dairy, and less sodium and fat. However, there is a significant unmet need for kitchen equipment in schools, and outdated equipment can make it more difficult to prepare healthy meals. To help schools purchase needed kitchen equipment as they continue to provide school lunches and breakfasts that give children the nutrition they need to learn and grow, the Budget includes \$35 million for equipment grants. The Budget provides \$6.6 billion for the Special Supplemental Nutrition Program for Women, Infants, and Children (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. WIC is a proven, effective program and is helping build a stronger, healthier America by providing nutrition assistance, promoting healthy eating, and encouraging physical activity. 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 an EBT system, which is mandated for nationwide implementation by 2020. The Administration supports efforts to promote healthy eating and active lifestyle

behaviors, in part by the use and promotion of MyPlate and the *Dietary Guidelines for Americans*.

Improves Ways Federal Dollars are Spent

Improves the Effectiveness of International Food Assistance Programs. People who are increasingly free from the debilitating effects of hunger and disease are better able to meet their own needs, build assets, develop vibrant local and national economies, and become part of the global marketplace. U.S. food and agricultural assistance policies have helped to engage recipient countries not only by delivering food assistance, but also by fostering stronger internal production capacity and infrastructure, generating employment, boosting revenue, and developing new markets and productive economic partnerships. The Budget provides \$20 million to support the 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 caused by unexpected emergencies. Independent evaluation of local and regional procurement pilot projects demonstrated that locally procured food assistance in emergency situations can provide cost savings and speed delivery time to needy populations.

Strengthens Program Integrity. The Budget provides strategic increases in resources to support USDA's aggressive work to identify and eliminate waste, fraud, and abuse. The Budget provides an increase of \$14.5 million in the Food and Nutrition Services' Child Nutrition Programs to be used for several initiatives to automate and streamline reporting, increase operational efficiency, reduce improper payments, and otherwise enhance program integrity. An additional \$4 million for SNAP will be used to ensure that States are meeting the highest standards of program integrity in administering the SNAP program. The Budget also includes \$2.1 million for the Risk Management Agency to enhance regulatory compliance, with a focus on improving error rate sampling for improper payments. Program integrity is critical to the overall success of these programs and funds must be used properly to earn America's trust that these programs deliver results while protecting taxpayer dollars.

Utilizes Evidence to Strengthen Conservation Delivery. The Budget also invests \$10 million over two-years to 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.

Consolidates Federal Efforts for Food Safety and Support for Entrepreneurs. 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. 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. If granted reorganization authority, the President would also 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.

Improve Management of Real Property and Information Technology

Manages Property More Effectively. In support of USDA's *Blueprint for Stronger Service* and the White House's *Freeze the Footprint* policy, the Budget provides \$60 million to modernize and increase the occupancy capacity of the 75 year old South Building, in the headquarters complex, in an effort to reduce the amount of USDA leased space in the National Capitol Region (NCR). USDA's savings and cost avoidance results achieved through *Blueprint* have saved the American taxpayers \$1.368 billion in recent years.

Improves and Simplifies Digital Services. USDA must manage vast amounts of data associated with

its many programs and operations. This critical information ranges from agricultural statistics that drive domestic and global markets to data-driven inspection systems that help ensure our food is safe. Effective management of Information Technology projects is critical to ensuring secure, modern systems are in place to support program operations and to process resulting program data. The Budget provides \$7.6 million for a digital services team to improve the efficiency and effectiveness of the Department's IT systems.

Implements Targeted Reforms

Restructures Crop Insurance Subsidies and Payments. The Agricultural Act of 2014 included several reforms to the Federal crop insurance program; however, there remain further opportunities for improvements and efficiencies. The Federal crop insurance program continues to be highly subsidized and costs the Government on average about \$9 billion a year. This includes \$3 billion for the private insurance companies to administer and underwrite the program and \$6 billion in premium subsidies to farmers and other expenses. The Budget includes two proposals to reform crop insurance. The first would reduce subsidies for revenue insurance policies that insure the price at the time of harvest. The second would reform prevented planting coverage, including adjustments to payment rates. These proposals will modify the structure of the crop insurance program so that it is less costly to the taxpayer, yet still provides a safety net for farmers. Collectively, these proposals are expected to save \$16 billion over 10 years.

Safeguards Communities and Ecosystems from Wildfire Damage. The Budget again proposes a new approach to wildland fire suppression, which will allow the Forest Service to stabilize and invest in programs that more effectively restore forest lands. Fire is a natural occurrence that can be highly beneficial to landscapes when managed properly. However, population growth at the wildland-urban interface, past fire suppression and landscape management practices, and a changing climate have dramatically increased wildfire risk and the cost of wildland fire suppression. The Budget calls for a fundamental change in how wildfire suppression is funded in order to help reduce fire risk, manage landscapes more holistically, and increase the resiliency of the Nation's forests and rangelands and the communities that border them. The Budget funds suppression for the most severe fire activity—including large fires that require emergency response, are near urban areas, or for abnormally active fire seasons—as extraordinary costs that are outside the discretionary Budget caps. The Budget recognizes such fires as natural disasters. Importantly, because this funding would not allow the total funding available under existing cap adjustments to grow, it would not increase overall discretionary spending. The Budget continues to target funding for hazardous fuels management for priority areas and communities that have developed community wildfire protection plans, or an equivalent.