



**FY 2008**

**BUDGET SUMMARY  
AND  
ANNUAL PERFORMANCE PLAN**

**U.S. DEPARTMENT OF AGRICULTURE**

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## INTRODUCTION

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This Budget Summary and Annual Performance Plan describes the fiscal year (FY) 2008 budget for the U.S. Department of Agriculture (USDA). All references to years refer to fiscal year, except where specifically noted. The funding estimates presented for FY 2007 are based on the estimated full year amounts available under the Continuing Appropriations Resolution, 2007, P.L. 109-289 as amended. Those amounts are the lower of the 2007 amount passed by the House or the current rate based on the 2006 appropriations. Throughout the Summary, “2002 Farm Bill” and “The Act” are used to refer to the Farm Security and Rural Investment Act of 2002.

The Budget Summary is organized into six sections:

- **Funding Overview** - highlights USDA’s strategic goals, its budget and performance integration process, and provides a brief summary of the Department’s most significant 2008 budget proposals for the Department of Agriculture.
- **Highlights by Goal** - identifies key proposals by strategic goal and demonstrates how USDA programs and funding aligns with strategic goals and objectives.
- **Food and Agriculture Defense Initiative** - describes USDA’s continued efforts in support of the President’s Homeland Security Presidential Directive (HSPD)-9 goal of providing the best protection possible against a successful attack on the U.S. agriculture and food system.
- **Avian Influenza** - summarizes USDA’s Avian Influenza funding and program highlights and goals.
- **Mission Area/Agency Details** - summarizes agency funding and program highlights and performance goals.

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

- **Strategic Plan** is a document that provides the mission statement, strategies, goals, objectives, and performance measures that the Department will use to guide its major functions and operations and measure the progress in achieving desired performance levels in those programs.
- **Strategic Goals** express the Department’s overarching purposes and are used to group multiple strategic objectives. They define how the Department or an agency will carry out a major segment of its mission over a period of time.
- **Strategic Objectives** represent statements of aim or purpose included in a strategic plan that relate to and in the aggregate are sufficient to achieve strategic goals.
- **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. The performance goals used in this document are provided in the Department’s Strategic Plan.

## INTRODUCTION

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- **Performance Measures** are indicators, statistics, or metrics used to gauge program performance. Program performance measures include outcome, output, and efficiency measures.
- **Program Assessment Rating Tool (PART)** is an evaluation process used to assess the effectiveness of Federal programs and to inform management actions, budget requests, and legislative proposals directed at achieving results. The PART includes a set of questions that evaluates program performance based on: program purpose and design; strategic planning; program management; and program results. Each program receives a numerical score and a qualitative rating. The qualitative ratings include: Effective; Moderately Effective; Adequate; Ineffective; and Results Not Demonstrated. A rating of Results Not Demonstrated means that a program does not have sufficient performance measures or performance information to show results, and therefore it is not possible to assess whether it has achieved its goals.
- **Budget Authority** is the authority to commit funds of the Federal Treasury. Congress provides this authority through annual appropriations acts and substantive legislation which authorizes direct spending. The President's budget requests the Congress to appropriate or otherwise provide an amount of budget authority sufficient to carry out recommended government programs.
- **Obligations** are commitments of government funds. In order for USDA to make a valid obligation, it must have a sufficient amount of budget authority to cover the obligation.
- **Outlays** are cash disbursements from the Federal Treasury to satisfy a valid obligation.
- **Program Level** represents the gross value of all financial assistance USDA provides to the public. This assistance may be in the form of grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.

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

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

## FUNDING OVERVIEW

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### Mission Statement of the United States Department of Agriculture

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

### Strategic Plan Framework

USDA's Strategic Plan contains six strategic goals that describe the Department's major programmatic policies and objectives:

- Strategic Goal 1: Enhance International Competitiveness of American Agriculture
- Strategic Goal 2: Enhance the Competitiveness and Sustainability of Rural and Farm Economies
- Strategic Goal 3: Support Increased Economic Opportunities and Improved Quality of Life in Rural America
- Strategic Goal 4: Enhance Protection and Safety of the Nation's Agriculture and Food Supply
- Strategic Goal 5: Improve the Nation's Nutrition and Health
- Strategic Goal 6: Protect and Enhance the Nation's Natural Resource Base and Environment

The Department's Strategic Plan identifies key policy and management objectives that have been integrated into USDA's 2008 budget request. Central to the budget and planning process is effective management of the Department's limited resources in an effort to effectively deliver its multifaceted programs.

### Budget and Performance Integration

USDA developed and implemented a comprehensive budget and performance integration process for the 2008 budget that aligns funding and performance with the Department's strategic goals. The process involved an in-depth review of agency goals, objectives and performance measures as they relate to the Department's strategic goals and objectives. The results of this review, along with information from reviews conducted using the Program Assessment Rating Tool and other analyses formed the basis for development of specific budget proposals. The result of this year's budget process is a budget that aligns the Department's strategic goals, program outcomes and performance with budget decisions.

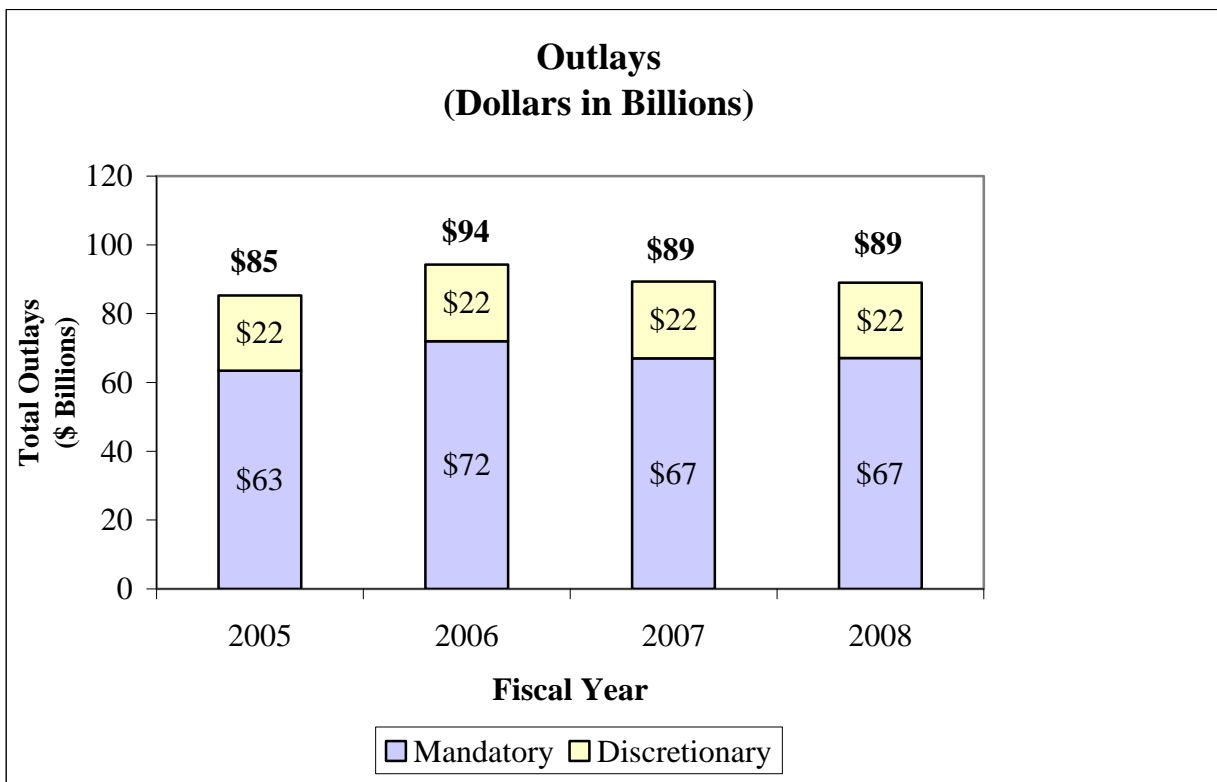
### Farm Bill Reauthorization

The Administration is proposing changes to the current Farm Bill that will ensure the continuation of a strong farm economy and conservation programs that protect our natural resources. The proposed changes will also provide support to programs that assist in the creation, expansion and maintenance of foreign markets for U.S. agricultural products. In addition, the proposal encourages future growth in agriculture by reducing barriers for the next generation of farmers and ranchers. The budget adds \$500 million to the baseline in anticipation of a new Farm Bill.

## FUNDING OVERVIEW

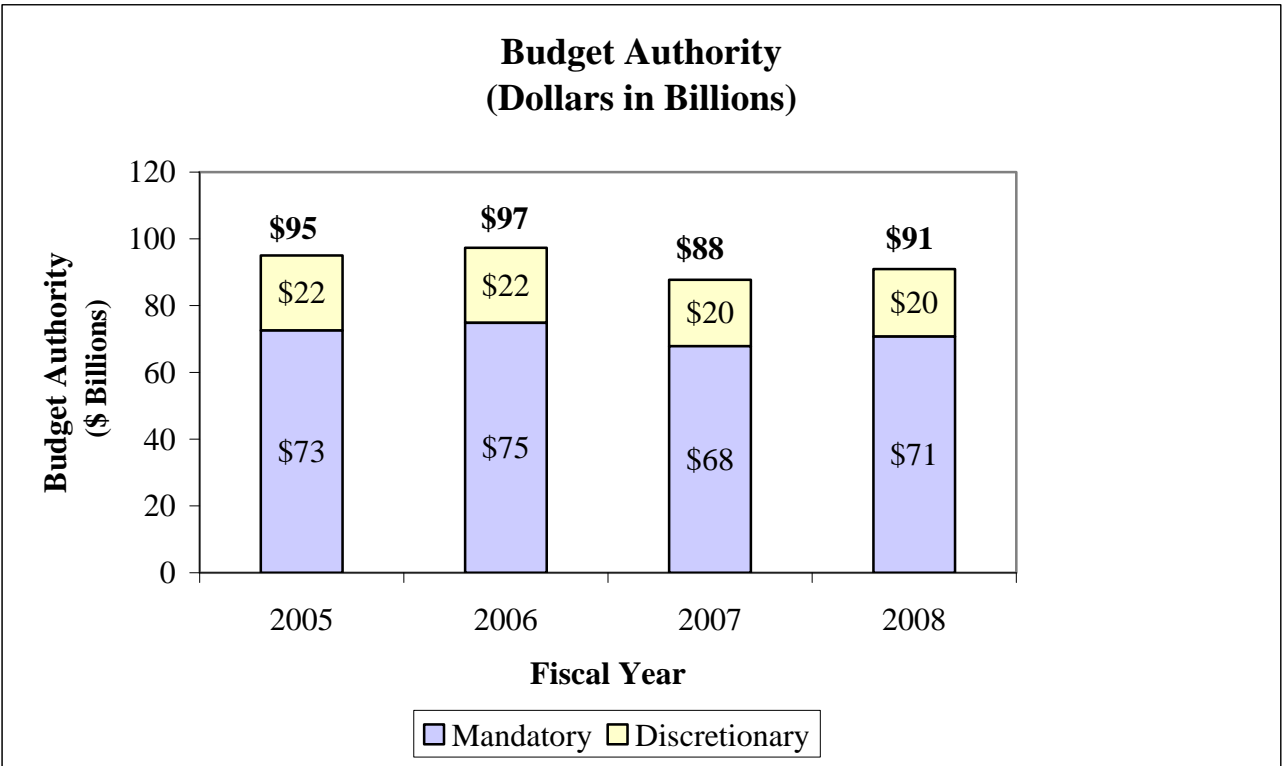
### 2008 Funding Overview

The 2008 USDA budget focuses on: growing the farm and rural economy; providing food assistance to all those who need it; safeguarding America's food supply and agriculture; and supporting sound land management practices and natural resources conservation. USDA's total outlays for 2008 are estimated at \$89 billion. Roughly 75 percent of outlays, about \$67 billion in 2008, are associated with mandatory programs that provide services as required by law and include the majority of the nutrition assistance programs, farm commodity programs, export promotion programs and a number of conservation programs. The remaining 25 percent of outlays, estimated at \$22 billion in 2008, are associated with discretionary programs. Discretionary outlays are associated with programs to address pest and disease threats; funds for the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); rural development loans and grants; research and education; soil and water conservation technical assistance; management of National Forests and other Forest Service activities; and domestic and international marketing assistance.



## FUNDING OVERVIEW

USDA's budget authority totals \$91 billion in 2008. The 2008 discretionary level is about \$300 million above the 2007 level, and funds the Administration's most important priorities.





# FUNDING OVERVIEW

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

AGENCY/PROGRAM	Program Level				Outlays			
	2006 Actual	2007 Estimate	2008 Budget	Change 2007 to 2008	2006 Actual	2007 Estimate	2008 Budget	Change 2007 to 2008
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>								
<b>Farm Service Agency (p. 19):</b>								
Farm Loan and Grant Programs.....	\$3,153	\$3,619	\$3,430	-\$189	\$338	\$261	\$170	-\$91
Conservation and Other Programs.....	2,102	2,035	2,036	1	1,995	2,202	2,086	-116
Commodity Programs.....	29,585	21,953	19,666	-2,287	18,742	10,850	9,138	-1,712
Commodity Credit Corporation Programs.....	(33,285)	(26,503)	(25,076)	(-1,427)	(20,211)	(13,366)	(12,138)	(-1,228)
Salaries and Expenses.....	1,325	1,270	1,548	278	1,239	1,267	1,514	247
Total, Farm Service Agency.....	36,165	28,877	26,680	-2,197	22,314	14,580	12,908	-1,672
<b>Risk Management Agency (p. 29):</b>								
Administrative and Operating Expenses.....	76	76	79	3	74	74	78	4
Crop Insurance Fund.....	5,518	6,857	7,224	367	3,372	3,918	4,542	624
Total, Risk Management Agency.....	5,594	6,933	7,303	370	3,446	3,992	4,620	628
<b>Foreign Agricultural Service (p. 32):</b>								
Export Credit Guarantees.....	1,363	1,990	2,440	450	138	197	65	-132
Market Development Programs.....	248	248	248	0	207	221	248	27
Export Subsidy Programs.....	0	3	3	0	0	3	3	0
Trade Adjustment Assistance for Farmers.....	4	90	0	-90	3	45	0	-45
Foreign Food Assistance.....	2,060	1,596	1,614	18	1,616	1,778	1,585	-193
Salaries and Expenses.....	246	254	268	14	186	177	191	14
Total, Foreign Agricultural Service.....	3,921	4,181	4,573	392	2,150	2,421	2,092	-329
Total, Farm and Foreign Agricultural Services.....	45,680	39,991	38,556	-1,435	27,910	20,993	19,620	-1,373
<b>RURAL DEVELOPMENT</b>								
<b>Rural Utilities Service (p. 43):</b>								
Loans and Grants.....	8,006	7,133	6,619	-514	801	778	583	-195
<b>Rural Housing Service (p. 46):</b>								
Loans and Grants.....	5,941	5,155	6,261	1,106	2,114	1,862	1,887	25
<b>Rural Business - Cooperative Service (p. 49):</b>								
Loans and Grants.....	988	990	1,308	319	183	177	173	-4
Salaries and Expenses.....	656	610	685	75	156	140	199	59
Total, Rural Development.....	15,592	13,888	14,873	985	3,254	2,957	2,842	-115
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>								
<b>Food and Nutrition Service (p. 52)</b>								
Food Stamp Program.....	34,576	35,021	36,698	1,677	34,620	35,564	36,818	1,254
Child Nutrition Programs.....	13,347	13,950	14,582	632	12,988	14,321	14,508	187
Women, Infants and Children (WIC).....	5,363	5,463	5,494	31	5,056	5,172	5,319	147
All Other.....	490	480	378	-102	339	344	240	-104
Total, Food, Nutrition, and Consumer Services.....	53,776	54,914	57,152	2,238	53,003	55,401	56,885	1,484
<b>FOOD SAFETY</b>								
Food Safety and Inspection Service (p. 59).....	955	961	1,065	104	838	838	925	87
<b>NATURAL RESOURCES AND ENVIRONMENT</b>								
<b>Natural Resources Conservation Service (p. 63):</b>								
Conservation Operations.....	822	791	802	11	838	904	817	-87
Watershed Programs.....	462	75	6	-69	364	384	227	-157
Resource Conservation and Development.....	50	51	15	-36	51	55	17	-38
Farm Security and Rural Investment Programs.....	1,756	1,792	1,986	194	1,518	1,501	1,448	-53
All Other.....	2	2	2	0	2	5	6	1
Total, Natural Resources Conservation Service.....	3,092	2,711	2,811	100	2,773	2,849	2,515	-334

# FUNDING OVERVIEW

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

AGENCY/PROGRAM	Program Level				Outlays			
	2006 Actual	2007 Estimate	2008 Budget	Change 2007 to 2008	2006 Actual	2007 Estimate	2008 Budget	Change 2007 to 2008
<b>Forest Service (p. 68):</b>								
National Forest System.....	1,456	1,444	1,344	-99	1,402	1,514	1,460	-54
Forest and Rangeland Research.....	278	280	263	-17	292	276	291	15
State and Private Forestry.....	309	229	202	-26	420	418	371	-47
Wildland Fire Activities.....	1,746	1,811	1,869	57	1,883	1,884	1,795	-89
Capital Improvement and Maintenance.....	438	411	423	12	532	474	426	-48
Land Acquisition.....	43	9	17	8	75	69	73	4
All Other.....	8	8	9	1	8	16	15	-1
Total, Discretionary Accounts.....	4,278	4,192	4,127	-65	4,612	4,651	4,431	-220
Repayments for Fire Borrowing/Emergency Fire Funding.....	100	0	0	0	a/	a/	a/	a/
Mandatory.....	857	907	555	-352	916	718	420	-298
Total, Forest Service.....	5,235	5,099	4,682	-417	5,528	5,369	4,851	-518
Total, Natural Resources and Environment.....	8,327	7,810	7,493	-317	8,301	8,218	7,366	-852
<b>MARKETING AND REGULATORY PROGRAMS</b>								
<b>Animal and Plant Health Inspection Service (p. 73):</b>								
Salaries and Expenses.....	973	1,007	1,140	133	622	872	1,106	234
Emergency Funding.....	528	129	0	-129	481	197	15	-182
Other APHIS Programs.....	26	20	23	3	20	22	24	2
Total, Animal and Plant Health Inspection Service.....	1,527	1,156	1,163	7	1,123	1,091	1,145	54
<b>Agricultural Marketing Service (p. 77).....</b>	<b>234</b>	<b>209</b>	<b>212</b>	<b>3</b>	<b>259</b>	<b>210</b>	<b>213</b>	<b>3</b>
Section 32 Funds.....	767	397	454	57	774	397	472	75
<b>Grain Inspection, Packers and Stockyards</b>								
Administration (p. 80).....	75	80	86	6	34	38	43	5
Total, Marketing and Regulatory Programs.....	2,602	1,842	1,915	73	2,190	1,736	1,873	137
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>								
<b>Agricultural Research Service (p. 83).....</b>	<b>1,326</b>	<b>1,216</b>	<b>1,056</b>	<b>-160</b>	<b>1,322</b>	<b>1,225</b>	<b>1,162</b>	<b>-63</b>
<b>Cooperative State Research, Education, and</b>								
Extension Service (p. 86).....	1,207	1,188	1,044	-144	1,094	1,196	1,227	31
Economic Research Service (p. 90).....	75	75	83	8	73	82	82	0
National Agricultural Statistics Service (p. 90).....	139	140	168	28	143	143	170	27
Total, Research, Education, and Economics.....	2,747	2,619	2,351	-268	2,632	2,646	2,641	-5
<b>OTHER ACTIVITIES</b>								
Departmental Activities (p. 92).....	212	141	176	35	154	136	176	40
Centralized Activities.....	312	235	247	12	322	275	262	-13
Office of Civil Rights (p. 96).....	20	20	23	3	17	20	23	3
Office of Inspector General (p. 97).....	79	79	84	5	75	79	83	4
Farm Bill Proposals.....	0	0	500	500	0	0	500	500
Receipts and Loan Repayments.....	0	0	0	0	-5,163	-4,532	-4,170	362
<b>USDA TOTAL.....</b>	<b>\$130,302</b>	<b>\$122,500</b>	<b>\$124,435</b>	<b>\$1,935</b>	<b>\$93,533</b>	<b>\$88,767</b>	<b>\$89,026</b>	<b>\$259</b>

a/ Outlays are reflected in the above Forest Service accounts after the repayments were made.

## HIGHLIGHTS BY GOAL

The Department's 2008 budget supports achievement of the six USDA strategic goals. These goals contain 17 strategic objectives that account for all program mission areas within USDA's responsibilities.

### STRATEGIC GOAL 1: ENHANCE INTERNATIONAL COMPETITIVENESS OF AMERICAN AGRICULTURE.

Expanding global markets for agricultural products is critical to the long-term economic health and prosperity of the food and agricultural sector. USDA has three key objectives which support the achievement of this strategic goal: (1) expand and maintain international export opportunities; (2) support international economic development and trade capacity building; and (3) improve the global sanitary and phytosanitary (SPS) system to facilitate agricultural trade. The following table displays funding within Strategic Goal 1:

**Enhance International Competitiveness of American Agriculture  
(Dollars in Millions)**

Program	2006 Actual	2007 Estimate	2008 Budget
Farm and Foreign Agricultural Services.....	\$3,921	\$4,181	\$4,573
Food Safety Programs.....	4	4	4
Marketing and Regulatory Programs.....	26	26	31
Research, Education and Economics.....	61	61	59
Total, Strategic Goal 1.....	\$4,012	\$4,272	\$4,667

#### Key Proposals for the 2008 Budget:

- **Expand and maintain international export opportunities through negotiation, compliance monitoring, and enforcement of trade agreements.** In order to expand access to overseas markets, the Department works to lower tariffs, remove non-tariff barriers, and reduce trade-distorting subsidies. Compliance monitoring and enforcement of existing trade agreements are also important components of these efforts. Each year, Foreign Agricultural Service (FAS) personnel monitor compliance and, when necessary, intervene with foreign governments on behalf of U.S. exporters who face market access difficulties as a result of unfair and illegal trade barriers. Increasingly in recent years, these barriers have involved the improper application of SPS measures adopted by foreign governments designed to protect human, animal, and plant health that are not science-based and consistent with international standards. FAS works in collaboration with other USDA agencies, such as the Animal and Plant Health Inspection Service (APHIS), to address and resolve such SPS issues. The budget provides a \$22 million increase in funding for FAS to ensure the agency's representation and advocacy activities on behalf of American agriculture can continue. Funding is also provided for APHIS for its work to resolve or avoid SPS related issues. The value of trade to be expanded or preserved in 2008 through trade negotiation, compliance monitoring, and enforcement activities for both SPS and non-SPS issues and SPS issue resolution is estimated to be \$3.3 billion. (See page 39.)

## HIGHLIGHTS BY GOAL

### STRATEGIC GOAL 2: ENHANCE THE COMPETITIVENESS AND SUSTAINABILITY OF RURAL AND FARM ECONOMIES.

An economically prosperous agricultural production sector contributes to the Nation’s economic vitality and standard of living. The sector’s success depends on the ability to expand into new markets, gain adequate capital, protect itself against financial risk and adjust to changing market conditions. Success also depends on the economic well being of producers and their ability to increase production potential through increased farm acreage and/or other methods, maintain their farms and equipment, and utilize tools to mitigate risks associated with various aspects of production. USDA provides income stability to keep producers economically viable through economic safety net programs in the form of crop insurance, direct and guaranteed farm ownership and farm operating loans, direct payments, marketing assistance loans and commodity support programs. USDA also facilitates the efficient marketing of agricultural commodities while ensuring fair trading practices. When natural disasters strike, USDA reacts quickly to help affected producers recover from their losses and restore their lands to prior productivity levels. USDA supports research, economic analysis, and baseline information to identify new uses and more efficient technology for producing and marketing agricultural products. USDA has three key objectives which support the achievement of this strategic goal. The three key objectives are: (1) expand domestic market opportunities; (2) increase the efficiency of domestic agricultural production and marketing systems; and (3) provide risk management and financial tools to farmers and ranchers. The following table displays funding within Strategic Goal 2:

**Enhance the Competitiveness and Sustainability of Rural and Farm Economies**  
(Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
Farm and Foreign Agricultural Services.....	\$39,646	\$33,685	\$31,854
Marketing and Regulatory Programs.....	1,068	678	742
Research, Education and Economics.....	999	954	826
Total, Strategic Goal 2.....	\$41,713	\$35,317	\$33,422

#### Key Proposals for the 2008 Budget:

- **Support on-going operational needs for the current delivery system which will enable the delivery of an estimated \$20 billion in commodity program benefits.** The 2008 budget proposes a level of \$1.5 billion for Farm Service Agency (FSA) salaries and expenses, a \$278 million increase above the 2007 level. The budget provides for the delivery of ongoing farm commodity program benefits largely under the provisions of the 2002 Farm Bill which expires at the end of fiscal year 2007. Commodity program benefits available in 2008 will depend upon terms of new Farm Bill provisions. (See page 24.)
- **Advance agricultural genomics research.** Harnessing the inherent potential of genetic resources holds the promise for effectively meeting many of the challenges facing agriculture. Mapping and sequencing projects which have been completed, or are underway, underscore the need to expand the public investment in applied genomics. An increase of

## HIGHLIGHTS BY GOAL

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approximately \$4 million will support an initiative by the Agricultural Research Service (ARS) to identify, characterize, and alter the genes that control nutrient utilization in beef cattle. This research will lead to increased efficiencies in food and agricultural production, and enhanced environmental quality. Additionally, an \$8 million increase for applied crop genomics will develop a comprehensive trait and DNA profile of the National Plant Germplasm Collection and develop technologies for genetic modification of important crop species. (See page 84.)

- Advance research on renewable energy resources.** Through their vast research, education, and extension network, ARS and the Cooperative State Research, Education, and Extension Service will expand their ongoing research on renewable energy resources to enable the production of new, large volume energy commodities from agricultural materials. A \$28 million increase through the National Research Initiative and ARS intramural research will focus on modification of the plant cell wall of energy crops and crop residues to increase the efficiency of conversion to biofuels. Additionally, \$9.8 million of Hatch Act funds will be used to support projects that increase the production of renewable fuels from forestry and agricultural biomass. This work will correspondingly serve to increase farm income and create significant opportunities for employment growth in rural America. (See pages 84 and 88.)

### STRATEGIC GOAL 3: SUPPORT INCREASED ECONOMIC OPPORTUNITIES AND IMPROVED QUALITY OF LIFE IN RURAL AMERICA.

Rural America encompasses a diversity of economic and quality of life conditions, including many areas with high levels of poverty, limited employment and business opportunities, and a lack of basic amenities and services. USDA's rural development programs have been instrumental in improving conditions in rural America by providing technical and financial support for electric, telecommunication, water and waste disposal services, community facilities, homeownership, rental housing, and business ventures. These programs fill gaps that are not adequately served by private lenders and make the cost of financing more affordable for program participants. USDA has two key objectives which support the achievement of this strategic goal. The two key objectives are: (1) expand economic opportunities by using USDA financial resources to leverage private sector resources and create opportunities for growth; and (2) improve the quality of life through USDA financing of quality housing, modern utilities, and needed community facilities. The following table displays funding within Strategic Goal 3.

**Support Increased Economic Opportunities and Improved  
Quality of Life in Rural America  
(Dollars in Millions)**

Program	2006 Actual	2007 Estimate	2008 Budget
Rural Development.....	\$15,592	\$13,888	\$14,873
Research, Education and Economics.....	231	229	230
Total, Strategic Goal 3.....	<u>\$15,823</u>	<u>\$14,117</u>	<u>\$15,103</u>

## HIGHLIGHTS BY GOAL

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### Key Proposals for the 2008 Budget:

- **Provide about 547,000 rural households with new or improved water and waste disposal facilities.** The proposed \$1.5 billion funding level includes about \$1.2 billion in loans and \$349 million in grants. This combination of funding represents a higher loan to grant ratio than exists for 2007. However, USDA is proposing to reduce the interest rate on loans. Most rural communities would have lower repayment costs as a result of the combination of these changes. (See page 42.)
- **Support home ownership opportunities in rural America.** The budget request includes \$4.8 billion in unsubsidized guaranteed single family loans to support 39,119 home ownership opportunities. The Administration also plans to propose legislation that would allow Section 502 guaranteed loans to be subsidized for very low and low income families. (See page 46.)
- **Continue Multi-family Housing Revitalization.** The 2008 budget extends the Administration's proposal to revitalize USDA's multi-family housing projects by providing \$28 million for rural housing vouchers for tenants of projects that are withdrawn from the program. Upon enactment of legislation the Administration plans to resubmit to Congress, these funds could also be used to provide incentives for project sponsors to stay in the program and make essential repairs and rehabilitations. (See page 47.)
- **Increased support for renewable energy and energy efficiency projects.** Almost \$34 million in budget authority would support \$15 million in grants and \$195 million in guaranteed loans. There has been an increase in applications for guaranteed loans for financing a wide range of commercially viable projects that will contribute to meeting the Nation's needs for more home-grown energy. (See page 49.)
- **Save or create in excess of 45,695 jobs in Rural America.** This will be achieved by providing \$1.3 billion in financial and technical assistance through Rural Development's business programs, primarily the business and industry guaranteed loan program and the intermediary relending loan program. (See page 50.)
- **Conduct Census of Agriculture.** The 2008 budget includes an increase of \$25 million for data collection and analysis for the 2007 Census of Agriculture. (See page 91.)

### STRATEGIC GOAL 4: ENHANCE PROTECTION AND SAFETY OF THE NATION'S AGRICULTURE AND FOOD SUPPLY.

USDA has unique and critical responsibilities to help ensure the safety of the U.S. food and fiber supply chain and the security of the U.S. agricultural production system. USDA has two key objectives which support the achievement of this strategic goal. The two key objectives are: (1) reduce the incidence of foodborne illnesses related to meat, poultry, and egg products in the United States; and (2) reduce the number and severity of agricultural pest and disease outbreaks. The following table displays funding within Strategic Goal 4:

## HIGHLIGHTS BY GOAL

### Enhance Protection and Safety of the Nation's Agriculture and Food Supply

(Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
Food Safety Programs.....	\$951	\$957	\$1,061
Marketing and Regulatory Programs.....	1,509	1,138	1,142
Research, Education and Economics.....	716	670	650
Total, Strategic Goal 4.....	\$3,175	\$2,765	\$2,853

#### Key Proposals for the 2008 Budget:

- **Continue protection of the Nation's supply of meat, poultry and egg products while supporting a more robust risk-based inspection system.** The 2008 budget includes a program level of \$1.1 billion for the Food Safety and Inspection Service (FSIS), composed of \$930 million in appropriations and \$135 million in existing user fees. This is an increase of \$104 million over the 2007 level. This program level will cover the costs of Federal inspection and Federal support for State inspection programs, meet FSIS responsibilities under the Food and Agriculture Defense Initiative and support continued development of risk based inspection. Legislation to expand user fees in 2008 will also be sought, with the proceeds to be used to offset program costs in 2009. (See page 59.)
- **Prevent the introduction or spread of foreign agricultural diseases or pests that cause severe economic or environmental damage.** USDA plays a critical role in protecting the Nation from the deliberate or unintentional introduction of an agricultural health threat. The budget request includes a \$50 million increase for efforts to rapidly detect and respond to such threats. Increased funding would improve plant pest detection and animal health monitoring and surveillance, bolster responses to agricultural health threats, and increase the availability of animal vaccines. (See page 75.) This is in addition to increased funding requested for efforts to deal with avian influenza. (See page 17.)
- **Protect agriculture from emerging diseases of livestock and crops.** Because of its size, complexity, and integration, U.S. agriculture must aggressively guard against highly infectious diseases and pests, particularly foreign diseases. An increase of \$38 million is sought for ARS research on controlling exotic and emerging diseases of livestock and crops, including avian influenza, foot-and-mouth disease, bovine spongiform encephalopathy, Asian soybean rust, citrus canker, and Sudden Oak Death. Additionally, \$16 million is requested to complete the planning and design of the Biocontainment Laboratory and Consolidated Poultry Research Facility, in Athens, Georgia. The budget also seeks an increase of \$4.3 million for the National Plant Disease Recovery System to develop disease resistant varieties to be available in the event of a natural or intentional catastrophic disease or pest outbreak. (See page 84).
- **Ensure the safety of the Nation's food supply as part of the President's Food and Agriculture Defense Initiative.** The request for FSIS includes funds to expand laboratory capacity needed to support the Food Emergency Response Network (FERN) and implement

## HIGHLIGHTS BY GOAL

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the Electronic Laboratory Exchange Network (eLEXNET). (See pages 15 and 60.) In addition, ARS is requesting an increase of \$3.5 million for research on food safety. This initiative will strengthen surveillance and epidemiology programs, control of food pathogens in the preharvest stage, and diagnostic methods for rapidly detecting and identifying pathogens and contaminants. (See page 84.)

### STRATEGIC GOAL 5: IMPROVE THE NATION’S NUTRITION AND HEALTH.

USDA promotes America’s health through nutrition assistance for low-income people and nutrition education to the general public and to target groups, as well as through research on human nutrition and healthy diets. USDA programs teach and motivate Americans to use the *Dietary Guidelines for Americans*, MyPyramid and other evidence-based information to improve their diets and physical activity patterns. USDA has three key objectives which support the achievement of this strategic goal. The three key objectives are: (1) ensure access to nutritious food; (2) promote healthier eating habits and lifestyles; and (3) improve nutrition assistance program management and customer service. The following table displays funding within Strategic Goal 5:

**Improve the Nation's Nutrition and Health**  
(Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
Food, Nutrition and Consumer Services.....	\$53,776	\$54,914	\$57,152
Research, Education and Economics.....	265	256	243
Total, Strategic Goal 5.....	\$54,041	\$55,170	\$57,395

#### Key Proposals for the 2008 Budget:

- **Support an estimated monthly average of 26.2 million food stamp participants.** The 2008 budget for the Food Stamp Program is \$36.7 billion, an increase of \$1.7 billion over 2007. The budget projects a 4.1 percent increase for food price inflation and anticipates a 0.1 million decrease in participation. The budget includes a \$3 billion contingency fund to cover unanticipated increases in participation. Food Stamp Program funding provides for nutrition education which is critical for achieving the key performance measures of reducing or preventing hunger and improving dietary quality, which is measured through the Department’s Healthy Eating Index (HEI). Funding is provided for efforts to improve participation rates among eligible applicants and to improve program accuracy rates. (See page 54.)
- **Support a monthly average of 8.3 million low-income, nutritionally at-risk WIC participants.** The President’s budget provides a total WIC program level of \$5.5 billion, approximately the same as the 2007 program level. A \$200 million contingency fund is included for use if program participation or food costs exceed estimates. Language is being proposed that would cap the national average per participant grant (AGP) for State



## HIGHLIGHTS BY GOAL

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administrative expenses at \$14.12, the 2006 AGP level, which will reduce overall financial requirements by about \$145 million in 2008. (See page 55.)

- **Support balanced meals for school children via the School Lunch Program serving an average of 31.5 million children each day, and the School Breakfast Program serving 10.9 million children each day.** The 2008 budget funds the Child Nutrition Programs at a program level of \$14.6 billion, an increase of approximately \$700 million above 2007. This level provides an increase to meet projected participation growth and food cost inflation. The School Lunch Program projects about 5.3 billion reimbursable meals in 2008, an increase of 1 percent over the 2007 level. Included in the request is an additional \$2 million to be used to increase work with the States to improve Child and Adult Care Food Program integrity. The proposed funding will help achieve the key performance measures of reducing obesity and hunger, improving HEI scores, improving participation rates, ensuring that all free and reduced price meal recipients are correctly certified, and improving the appeal and nutritional quality of meals. (See page 55.)
- **Eliminate funding for the Commodity Supplemental Food Program (CSFP).** This program is only available in limited areas, and overlaps with two of the largest nationwide Federal nutrition assistance programs – Food Stamps and WIC. USDA intends to pursue a transitional strategy to encourage those women, infants and children that are eligible for WIC to apply for that program, and to encourage elderly CSFP recipients to apply for the Food Stamp Program. As part of this strategy, the budget provides resources for outreach and temporary transitional food stamp benefits to CSFP participants 60 years of age or older equaling \$20 per month for the lesser of six months or until the recipient starts participating in the Food Stamp Program. (See page 56.)
- **Produce new scientific information which will assist in promoting health and preventing obesity.** The ARS budget proposes an additional \$7 million for nutrition survey research. ARS will assess the efficacy of the healthful eating and physical activity patterns set forth in the *Dietary Guidelines* in preventing obesity in the U.S. population. (See page 85.)

### **STRATEGIC GOAL 6: PROTECT AND ENHANCE THE NATION'S NATURAL RESOURCE BASE AND ENVIRONMENT.**

In addressing this goal, the Department employs a portfolio approach that incorporates various conservation management tools including technical assistance, cost-share, incentive, land retirement and easement programs. USDA has four key objectives which support the achievement of strategic goal 6: (1) protect watershed health to ensure clean and abundant water; (2) enhance soil quality to maintain productive working cropland; (3) protect forests and grazing lands; and (4) protect and enhance wildlife habitat to benefit desired, at-risk and declining species. The following table displays funding within Strategic Goal 6:

## HIGHLIGHTS BY GOAL

### Protect and Enhance the Nation's Natural Resource Base and Environment (Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
Farm and Foreign Agricultural Services.....	\$2,113	\$2,125	\$2,129
Natural Resources and Environment.....	8,327	7,810	7,493
Research, Education and Economics.....	475	449	344
Total, Strategic Goal 6.....	\$10,915	\$10,384	\$9,966

#### Key Proposals for the 2008 Budget:

- **Provide record levels of funding for financial and technical assistance to support the farm bill conservation programs.** The 2008 budget includes about \$4 billion for these programs, an increase of \$242 million over the 2007 level. This includes funding for the Conservation Security Program at a level of \$316 million, an increase of \$57 million over 2007, in order to support prior year contracts. The budget also includes \$455 million to enroll up to 250,000 acres in the Wetlands Reserve Program (WRP) in 2008 to reach the program cap of 2,275,000 acres. WRP is one of the principal programs supporting the President's Wetlands initiative. This initiative, announced in April 2004, identifies the goal of restoring, protecting, and enhancing three million acres of wetlands over five years. Finally, the budget continues the President's commitments to preserve environmental benefits through the Conservation Reserve Program. (See pages 25 and 65.)
- **Reduce the risk from catastrophic fire and implement the President's Healthy Forests Initiative.** The 2008 budget maintains funding for National Fire Plan activities and funds commitments made to fight wildfires, reduce the risk of fire, and assist communities. The budget allows for the continued implementation of the Healthy Forests Initiative including: hazardous fuel treatment on over 2.9 million acres of land; adequate fire preparedness resources, including a new wildland firefighter account; and the 10-year average for fire suppression adjusted for inflation. (See page 70.)
- **Provide for the National Forest System (NFS) to meet multiple demands.** Approximately \$1.3 billion is provided for management of the NFS. The 2008 budget reflects full funding of the Northwest Forest Plan and allows for the offer of 800 million board feet of timber volume under the plan. The budget also includes an additional \$13 million above the 2007 level for law enforcement operations to protect the public, employees and natural resources on NFS lands. (See page 70.)

# FOOD AND AGRICULTURE DEFENSE INITIATIVE

## UNITED STATES DEPARTMENT OF AGRICULTURE Food and Agriculture Defense Initiative (Dollars in Millions)

		2006	2007	2008
	Agency	Actual	Estimate	Budget
<b>Food Defense:</b>				
Surveillance and Monitoring.....	FSIS	\$3	\$3	\$3
Food Emergency Response Network (FERN).....	FSIS	2	2	19
FSIS Enhanced Inspections.....	FSIS	2	2	2
Laboratory Upgrades and Physical Security.....	FSIS	3	3	6
Education/Training.....	FSIS	2	2	4
Other FSIS Activities.....	FSIS	5	5	5
Research.....	ARS	9	9	23
<b>Total, Food Defense.....</b>		<b>26</b>	<b>26</b>	<b>62</b>
<b>Agriculture Defense:</b>				
Research.....	ARS	25	23	58
National Plant Disease Recovery System.....	ARS	2	2	6
Regional Diagnostic Network.....	CSREES	10	10	14
Higher Education Agrosecurity Program.....	CSREES	0	0	5
Pest Detection/Animal Health Monitoring:				
Enhanced Surveillance.....	APHIS	87	77	119
Biosurveillance.....	APHIS	2	2	3
Plant Safeguarding Activities.....	APHIS	17	17	23
Select Agents - Plants and Animals.....	APHIS	3	3	7
National Veterinary Stockpile .....	APHIS	3	3	8
Other APHIS Activities.....	APHIS	14	14	19
<b>Total, Agriculture Defense (Excluding Ames and Athens).....</b>		<b>163</b>	<b>151</b>	<b>263</b>
<b>Subtotal, Food and Agriculture Defense Initiative (Ongoing Activities).....</b>		<b>189</b>	<b>177</b>	<b>325</b>
Complete Ames, IA BSL-3 Facility.....	ARS	58	0	0
Athens, GA, Biocontainment Lab/Consolidated Poultry Health Research Facility.....	ARS	0	0	16
<b>Total, Food and Agriculture Defense Initiative.....</b>		<b>\$247</b>	<b>\$177</b>	<b>\$341</b>

The Food and Agriculture Defense Initiative budget request for 2008 continues efforts to safeguard America's food supply and agriculture under Homeland Security Presidential Directive (HSPD) 9, Defense of U.S. Agriculture and Food. HSPD-9 established a national policy to defend the agriculture and food system against terrorist attacks, major disasters, and other emergencies. Building upon existing expertise and infrastructure, under the Initiative USDA, along with the Department of Health and Human Services, continues preparedness

## **FOOD AND AGRICULTURE DEFENSE INITIATIVE**

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efforts to increase the government's ability to detect, respond to, and recover from incidents of disease, pests, or other harmful agents either naturally occurring in, or intentionally or unintentionally introduced to the United States.

Food and Agriculture Defense activities are supported by research and other activities conducted by the Agricultural Research Service and the Cooperative State Research, Education and Extension Service; the Food Safety and Inspection Service leads the Department's efforts to ensure that the Nation's commercial supply of meat, poultry, and egg products is safe; and the Animal and Plant Health Inspection Service helps protect and promote U.S. agricultural health. Overall, the budget requests \$341 million to protect America's food supply and agriculture, an increase of \$164 million over the 2007 level.

Funding is provided for Food Defense to improve the capability of laboratories to provide detection or screening tests of potentially contaminated products and to provide needed surge capacity in testing when incidents occur; to improve data exchange between laboratories and Federal surveillance personnel responsible for analyzing trends and detecting potential outbreaks; and to increase research for early detection of both antibiotic resistance of animal pathogens and the presence of animal pathogens that might also cause disease in humans.

Funding for Agriculture Defense is provided for a variety of initiatives. These include strengthening research related to animal vaccines; expanding the National Plant Disease Recovery System; enhancing monitoring and surveillance for plant and animal health threats, including those animal health threats from wildlife; enhancing plant safeguarding efforts to help ensure better control of biological diseases; and bolstering the National Veterinary Vaccine stockpile. Other increases include the planning and design for the Athens, Georgia, Biocontainment Laboratory and Consolidated Poultry Research Facility. This facility will be the major poultry health research facility in USDA for conducting research on exotic and emerging poultry diseases that threaten to have devastating effects on the U.S. poultry industry.

Specific highlights of the 2008 request for Food and Agriculture Defense activities include:

### **Enhancing food defense by:**

- expanding the Food Emergency Response Network (FERN) with participating laboratories, including implementation of the Electronic Laboratory Exchange Network (eLEXNET), an electronic laboratory diagnostic methods repository;
- strengthening research on automated diagnostic methods for rapidly detecting and identifying pathogens and chemical contaminants; and
- developing food animal surveillance and epidemiology programs to assure early detection of epizootic pathogens and antibiotic resistance.

### **Enhancing agriculture defense by:**

- strengthening research on rapid response systems to bioterror agents, improving vaccines and identifying genes affecting disease resistance;
- conducting genomic analyses of priority pathogens of livestock and wildlife species to advance vaccine discovery research;

## **FOOD AND AGRICULTURE DEFENSE INITIATIVE**

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- expanding the National Plant Disease Recovery System to ensure disease resistant seed varieties are continually developed and made available to producers in the event of a natural or intentional catastrophic disease or pest outbreak;
- testing and developing new diagnostic tests for the Regional Diagnostic Networks;
- establishing a Higher Education Agrosecurity Program for capacity building grants to universities that provide interdisciplinary degree programs to train food defense professionals;
- augmenting international information gathering about potential threats abroad;
- enhancing the monitoring and surveillance of pests and diseases in plants and animals, including national wildlife monitoring and surveillance;
- improving diagnostic methodologies and laboratory capabilities;
- increasing activities to safeguard plants from intentional threats to spread pests and diseases;
- strengthening the ability to safeguard and track biological disease agents;
- improving USDA's ability to respond to a disease outbreak, including provision of needed supplies in the National Veterinary Stockpile; and
- proceeding with plans for the Biocontainment Laboratory and Consolidated Poultry Research Facility in Athens, Georgia to improve research on poultry health threats.

# AVIAN INFLUENZA

## UNITED STATES DEPARTMENT OF AGRICULTURE

### Avian Influenza (Dollars in Millions)

	2006 Actual	2007 Estimate	2008 Budget
<b>International Activities:</b>			
APHIS.....	\$10	\$12	\$5
FAS.....	1	1	0
Total, International Activities.....	11	13	5
<b>Domestic Activities:</b>			
Wildlife Surveillance:			
APHIS.....	7	19	17
ARS.....	1	0	0
CSREES.....	0	1	0
Total, Wildlife Surveillance.....	8	20	17
Surveillance and Diagnostics:			
APHIS.....	27	34	37
ARS.....	0	1	1
CSREES.....	0	0	0
Total, Surveillance and Diagnostics.....	27	35	38
Emergency Preparedness:			
APHIS.....	10	23	15
ARS.....	2	4	1
CSREES.....	0	0	0
All Other.....	1	0	0
Total, Emergency Preparedness.....	13	27	16
Other:			
APHIS.....	0	0	3
ARS.....	2	2	3
CSREES.....	0	0	0
Total, Other.....	2	2	6
Total, Domestic Activities.....	50	84	77
Total, USDA.....	\$61	\$97	\$82
<b>RECAP:</b>			
Ongoing Appropriations.....	\$16	\$50	\$82
Emergency Supplemental.....	45	47	0
Total, USDA.....	\$61	\$97	\$82

## AVIAN INFLUENZA

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For more than two decades, USDA has worked to prepare for and prevent an outbreak of dangerous strains of avian influenza in our country. Low pathogenic avian influenza has existed in the United States since the early 1900's and is not uncommon. It causes birds to become ill and can be fatal to some of them, however; it does not pose a significant threat to human health. Highly pathogenic avian influenza is often fatal to birds and is more easily transmitted. The highly pathogenic form has been of concern for its threat to the commercial poultry industry, and more recently, because of concern that it may mutate and cause a human pandemic. USDA has worked to protect the United States through import restrictions, international assistance, surveillance, outbreak response, and research.

Among the goals of the Administration's pandemic influenza initiative are to stop, slow, or otherwise limit the spread of a pandemic to the United States and to limit the domestic spread of a pandemic. Supplemental funds of \$92 million were appropriated to USDA in December, 2005, for efforts related to highly pathogenic avian influenza in fiscal years 2006 and 2007. The 2008 budget request continues these efforts. As part of the APHIS request, an increase of about \$20 million over the 2007 level would be used for domestic surveillance and diagnostics (including wildlife surveillance); emergency preparedness and response; and international capacity building (e.g., providing training to enhance in-country expertise overseas). The ARS request includes \$5.4 million for further, mostly highly pathogenic, avian influenza research, including vaccine development. In addition, a total of \$3.2 million would be used by APHIS to develop methods to detect avian influenza in the environment and assess the risk that feral swine pose in the development of a potential pandemic. Swine have been recognized as a potential 'mixing vessel' in which these pandemic influenza viruses arise. Further, an additional \$6 million above the 2007 level is requested to maintain and enhance efforts related to low pathogenic avian influenza.

# 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 most programs and services that support USDA Strategic Goals 1 and 2, which focus on enhancing the international competitiveness of American agriculture and enhancing the competitiveness and sustainability of rural and farm economies. Under USDA Strategic Goal 1, the mission area supports three key USDA objectives, including: (1) expand and maintain international export opportunities; (2) support international economic development and trade capacity building; and (3) improve the global sanitary and phytosanitary (SPS) system to facilitate agricultural trade. Under USDA Strategic Goal 2, the mission area supports two key USDA objectives, including: (1) expand domestic market opportunities; and (2) provide risk management and financial tools to farmers and ranchers.

FFAS also plays an important role in support of USDA Strategic Goal 6, which is to protect and enhance the Nation’s natural resource base and environment. FFAS administers and provides support for programs that contribute to Strategic Objective 6.1, protect watershed health to ensure clean and abundant water and Strategic Objective 6.2, enhance soil quality to maintain productive working cropland.

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

## FARM SERVICE AGENCY (FSA)

FSA supports USDA Strategic Goal 2 through the delivery of farm credit, disaster assistance, and commodity and related programs. FSA also administers some of the USDA conservation programs that support Strategic Goal 6. FSA provides administrative support for the Commodity Credit Corporation (CCC) which funds most of the commodity, export, and some of the conservation programs of USDA. To deliver its programs, FSA operates an extensive network of local Service Center-based offices.

**Program Level  
(Dollars in Millions)**

<b>Program</b>	<b>2006 Actual</b>	<b>2007 Estimate</b>	<b>2008 Budget</b>
Farm Loan and Grant Programs.....	\$3,153	\$3,619	\$3,430
Commodity Programs.....	29,585	21,953	19,666
Conservation and Other Programs.....	2,102	2,035	2,036
Salaries and Expenses.....	1,325	1,270	1,548
Total, FSA.....	\$36,165	\$28,877	\$26,680



## FARM AND FOREIGN AGRICULTURAL SERVICES

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

Program	2006 <u>Actual</u>		2007 <u>Estimate</u>		2008 <u>Budget</u>	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Farm Operating Loans:						
Guaranteed Unsubsidized.....	\$938	\$28	\$1,150	\$28	\$1,000	\$24
Guaranteed Subsidized.....	272	34	272	27	250	33
Direct.....	641	64	648	76	630	80
Total, Operating Loans.....	1,851	126	2,070	131	1,880	137
Farm Ownership Loans:						
Guaranteed Unsubsidized.....	949	5	1,200	7	1,200	5
Direct.....	275	14	223	9	224	10
Total, Ownership Loans.....	1,224	19	1,423	16	1,424	15
Indian Land Acquisition Loans.....	<u>a/</u>	<u>a/</u>	4	1	4	<u>a/</u>
Boll Weevil Eradication.....	22	<u>a/</u>	59	1	59	<u>a/</u>
Subtotal, Farm Loan Programs.....	3,097	145	3,556	149	3,367	152
State Mediation Grants.....	4	4	4	4	4	4
Emergency Loans <u>b/</u> .....	52	6	59	7	59	7
Total, Farm Loan and Grant Programs...	<u>\$3,153</u>	<u>\$155</u>	<u>\$3,619</u>	<u>\$160</u>	<u>\$3,430</u>	<u>\$163</u>

a/ Less than \$0.5 million.

b/ Amounts for 2006, 2007, and 2008 are from funds carried over from prior years.

**Farm Loan and Grant Programs.** The farm credit programs provide 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. The 2008 budget supports about \$3.4 billion in direct and guaranteed farm loans. This compares to a total program level of about \$3.6 billion estimated for 2007. These programs support USDA Strategic Objective 2.3: provide risk management and financial tools to farmers and ranchers.

As has been the case for several years, greater levels of assistance will be offered through guaranteed loans rather than direct loans. Guaranteed loans have lower subsidy costs and are serviced by private lenders. A portion of both direct and guaranteed farm operating and ownership loan funds is targeted to socially disadvantaged borrowers based on county level demographic data. Although targets vary by loan program and county, on average about 14 percent of loan funds are targeted to socially disadvantaged borrowers. The 2008 budget proposes loan levels that generally reflect actual usage in recent years. For farm operating loans, the 2008 budget provides \$630 million for direct loans and about \$1.3 billion for guaranteed

## **FARM AND FOREIGN AGRICULTURAL SERVICES**

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loans. These loan levels will serve an estimated 21,500 farmers, about 14,600 of whom will receive direct loans and 6,900 will receive guarantees. The availability of farm operating loans provides farmers with short term credit to finance the costs of continuing or improving their farming operations, such as purchasing seed, fertilizer, livestock, feed, equipment, and other supplies. For farm ownership loans, the 2008 budget provides \$224 million in direct loans and \$1.2 billion for guaranteed loans. The 2008 levels will provide almost 5,750 people with the opportunity to either acquire their own farm or keep an existing one. About 1,750 borrowers would receive direct loans and 4,000 would receive guaranteed loans.

The 2008 budget requests no additional funding for emergency loans. No additional funding has been provided for emergency loans since 2002 due to the availability of carry-over funding from prior years' supplemental appropriations. There is expected to be sufficient carry-over funding available for 2008 to fund the emergency loan program given "normal" weather conditions. The 2008 budget also maintains funding for Indian land acquisition loans and the boll weevil eradication loan program.

Funding for State mediation grants would be maintained at \$4 million. These grants are made to States to help support certified programs that provide alternative dispute resolution on a wide variety of agricultural issues. Mediation benefits family farmers, including many low-income and socially disadvantaged farmers, who, because of mediation, are often able to resolve credit and other issues and remain on the farm.

## FARM AND FOREIGN AGRICULTURAL SERVICES

**Farm Service Agency  
Commodity Credit Corporation  
(Dollars in Millions)**

Program	<u>Program Levels</u>			<u>Net Outlays</u>		
	2006	2007	2008	2006	2007	2008
<b>Commodity Programs:</b>						
Price Support and Marketing						
Assistance Loans.....	\$12,014	\$11,347	\$10,066	\$5,959	\$3,362	\$2,848
Loan Deficiency Payments.....	4,630	241	178	4,630	241	178
Direct Payments.....	4,962	4,131	5,249	4,962	4,131	5,249
Countercyclical Payments.....	4,356	2,803	1,278	4,356	2,803	1,278
Milk Income Loss Contract Payments.....	352	325	0	352	325	0
Noninsured Assistance Payments.....	66	328	325	66	328	325
Farm Storage Facility Loans.....	111	74	92	3	0	6
Cotton User Marketing Payments.....	372	0	0	372	0	0
Tobacco Payments.....	967	960	960	967	960	960
Other Direct Payments.....	11	15	0	11	15	0
Purchases and Sales.....	657	536	521	-4,049	-2,517	-2,740
Processing, Storage and Transportation...	103	114	35	103	114	35
Disaster Assistance.....	383	327	0	383	327	0
Interest Expenditures.....	458	550	342	366	367	182
Other.....	143	202	707	261	394	904
Total, Commodity Programs Baseline..	29,585	21,953	19,753	18,742	10,850	9,225
<b>Conservation Programs:</b>						
Conservation Reserve Program.....	1,931	1,987	2,013	1,896	2,019	2,013
Other Conservation Programs.....	5	44	23	28	72	23
Total, Conservation Programs.....	1,936	2,031	2,036	1,924	2,091	2,036
<b>Export Programs:</b>						
Export Credit.....	1,363	2,090	2,440	138	197	65
Market Access Program (MAP).....	200	200	200	158	173	200
Foreign Market Development						
(Cooperator) Program.....	34	34	34	36	34	34
Emerging Markets Program.....	10	10	10	10	10	10
Technical Assistance for Specialty						
Crops Program.....	2	2	2	2	2	2
Quality Samples Program.....	2	2	2	1	2	2

## FARM AND FOREIGN AGRICULTURAL SERVICES

**Farm Service Agency  
Commodity Credit Corporation  
(Dollars in Millions)**

Program	Program Levels			Net Outlays		
	2006	2007	2008	2006	2007	2008
Dairy Export Incentive Program.....	0	3	3	a/	3	3
Food for Progress Program.....	131	151	163	154	167	168
Section 416(b) Donations b/.....	3	0	0	1	1	1
Other.....	19	27	20	19	27	20
Total, Export Programs.....	1,764	2,519	2,874	519	616	505
Subtotal, CCC.....	33,285	26,503	24,663	21,185	13,557	11,766
Pre-credit Reform Loan Repayments.....	0	0	0	-974	-191	-41
CCC Baseline.....	33,285	26,503	24,663	20,211	13,366	11,725
Proposed Savings.....	0	0	-87	0	0	-87
Farm Bill Proposals c/.....	0	0	500	0	0	500
Total, CCC.....	\$33,285	\$26,503	\$25,076	\$20,211	\$13,366	\$12,138

a/ Less than \$500,000.

b/ Ocean freight and overseas distribution costs.

c/ Funding for new Farm Bill proposals.

**Commodity Programs.** The Commodity Credit Corporation (CCC) provides funding for commodity programs administered by FSA, selected 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 provide a critical means of support for USDA Strategic Objective 2.1: expand domestic market opportunities; and USDA Strategic Objective 2.3: provide risk management and financial tools to farmers and ranchers.

### **Objective 2.3: Provide Risk Management and Financial Tools to Farmers and Ranchers.**

Key Performance Measure	2003	2004	2005	2006	2007	2008
Percentage of eligible crops with NAP coverage.						
Baseline: 2003 = 6.7	6.7	11.1	12.8	12.7	13.0	13.3

Changes over the last decade in commodity, disaster, and conservation programs due to policy, weather, and market conditions have dramatically changed the level, mix, and variability of CCC outlays. CCC net outlays have declined from a record high of \$32.3 billion in 2000 to a projected \$13.4 billion in 2007, reflecting higher prices for most commodities resulting largely from increased demand for bioenergy production. Outlays in 2008 will reflect the provisions of

## FARM AND FOREIGN AGRICULTURAL SERVICES

the 2002 Farm Bill with some adjustments due to a new Farm Bill. If the 2002 Farm Bill is extended without change, projected outlays in 2008 would total \$11.7 billion. Direct payments of \$4.1 billion and other payments for the 2007 crop under the 2002 Farm Bill will be made in 2008 in any case. CCC outlays in 2005 and 2006 as well as some prior years also included substantial levels of emergency disaster and other *ad hoc* supplemental assistance which are not assumed in the 2008 estimates.

### Farm Service Agency Commodity Program Outlays (Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
Commodity:			
Feed Grains.....	\$9,542	\$3,536	\$2,399
Wheat.....	1,080	953	1,169
Rice.....	605	407	457
Upland and ELS Cotton.....	4,005	2,797	2,225
Tobacco.....	77	7	7
Dairy.....	412	347	75
Soybeans and Products.....	604	304	683
Minor Oilseeds.....	54	7	21
Peanuts.....	404	269	199
Sugar.....	10	4	302
Honey.....	-1	2	a/
Wool and Mohair.....	7	9	10
Vegetable Oil Products.....	17	23	33
Other Commodities.....	87	52	27
Subtotal.....	16,903	8,717	7,607
Disaster Assistance.....	383	327	0
Subtotal, Assistance To Farmers.....	17,286	9,044	7,607
Other a/.....	1,456	1,806	1,618
Commodity Programs Baseline.....	18,742	10,850	9,225
Proposed Savings.....	0	0	-87
Total, Commodity Programs.....	\$18,742	\$10,850	\$9,138

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

Commodity loan and income support programs constitute the majority of CCC outlays. The commodity programs are mandated by provisions of the Farm Bill. The programs include direct payments to producers of feed grains, wheat, upland cotton, rice, soybeans, other oilseeds, and

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peanuts. The direct payments, based on historical program acreage and yields, are set by law and do not vary with market prices or current plantings.

The 2002 Farm Bill also provides counter-cyclical payments for producers of the above crops which provide payments when market prices decline below specified target prices. Nearly 1.9 million farms were enrolled in the program in 2006. The CCC marketing assistance loan programs are provided for the direct payment program commodities as well as for wool, mohair, honey, and pulses to provide protection against sharp declines in market prices. The budget includes a proposal to save \$87 million by eliminating credits for cotton storage in the marketing assistance loan program. The Milk Income Loss Contract (MILC) Program, which provides payments to dairy producers when prices decline, will expire in 2007 per the Deficit Reduction Act of 2005.

The budget also provides an additional \$500 million per year beginning in 2008 to support proposed initiatives in the new Farm Bill across various titles.

**Conservation Programs.** The Farm Bill also provides authority for conservation programs. The focus of USDA conservation programs administered by NRCS and FSA is to use environmentally sound management systems for agricultural production to meet food and fiber needs of the Nation. FSA administers the Conservation Reserve Program (CRP), a CCC program, in addition to the Emergency Conservation Program (ECP) and the Emergency Forestry Conservation Reserve Program (EFCRP). All other USDA cost-share and easement conservation programs such as the Environmental Quality Incentives Program, Wetlands Reserve Program, and the Conservation Security Program are administered by NRCS. These programs are described on page 65.

The purpose of CRP is to assist farm owners and operators in conserving and improving soil, water, air, and wildlife resources by retiring environmentally sensitive land from agricultural production and keeping it under long-term, resource-conserving cover. CRP participants enroll acreage for periods of 10 to 15 years in return for annual rental payments along with cost-share and technical assistance for installing approved conservation practices.

Acreage that counts toward CRP's total enrollment cap includes acres enrolled through scheduled general signups and those enrolled through a continuous, noncompetitive signup that has been under way since September 1996 with the purpose of enrolling land in filter strips, riparian buffers, and similar conservation practices. Continuous signup includes an initiative announced in December 2003 to restore up to 500,000 acres of floodplains by planting bottomland hardwood trees. Continuous signup acreage also includes enrollment under the Conservation Reserve Enhancement Program (CREP) that is designed to target program benefits to address specific local and regional conservation problems. At this time, 29 States have approved CREP agreements.

The Farm Bill also permits up to 1 million acres of wetland acreage to be enrolled under the Farmable Wetlands Program (FWP) as part of the 39.2 million total acreage authorized for CRP. Up to 100,000 acres per State may be enrolled. Two additional initiatives announced by the President in 2004 which are being conducted under continuous signup are the CRP Northern

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Bobwhite Quail Habitat initiative to provide 250,000 acres of grass buffers around field borders and the 250,000 acre Wetlands Restoration initiative to enroll large wetland complexes and playa lakes. Playa lakes are shallow, depressional wetlands formed from rain and associated runoff. Over 95 percent of the world's playa lakes may be found in the Western Great Plains; they are the sole source of recharge for the Ogallala Aquifer. The Farm Bill also permits managed harvesting of forage from CRP lands (subject to the requirement that environmental benefits be maintained or enhanced) and requires equal consideration be given to soil erosion, water quality, and wildlife.

CRP enrollment totaled 36.1 million acres at the end of 2006 with over 90 percent of the acreage having been enrolled under scheduled general signups. A general signup of 1.0 million acres was held in 2006; however, no general signup is assumed for 2007 or 2008. The budget projects that CRP acreage will total about 37 million acres in 2007, decline to about 34 million acres in 2008, and remain at this level for at least two years before rising again. As a result, CRP is not projected to reach the maximum of 39.2 million acres until 2016 if the current program is extended.

Re-enrollments and extensions were offered in 2006 to participants with CRP contracts expiring during 2007 through 2010 consistent with a Presidential commitment to preserve environmental benefits. Contracts expiring in 2007 cover 16 million acres, and a total of 28 million acres involving 400,000 contracts will expire over the 2007-2010 period. Re-enrollments for 10 years were offered to the top one-fifth of the expiring acreage as ranked by environmental benefits. Shorter extensions were offered to other participants based on the ranking. While total re-enrolled and extended acreage has not yet been determined, compliance checks were requested by participants with expiring contracts for 13 million acres of the 16 million in contracts expiring in 2007 and for a slightly smaller percentage of the 12 million acres in contracts expiring during 2008-2010.

The Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza Act, 2006, provided for the EFCRP. This new program permitted certain hurricane damaged timberland to be placed in environmentally beneficial long-term contracts to restore timber stands. Trees planted through EFCRP will help reduce flood effects, protect water sources, decrease soil erosion, and improve wildlife habitat. A signup for the EFCRP was conducted in 2006 resulting in the enrollment of over 180,000 acres into the program. The majority, over 143,000 acres, was enrolled in the State of Mississippi.

Under ECP, the Department shares the cost of carrying out practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters. In particular, it addresses those problems which if left untreated would: (1) impair or endanger the land; (2) materially affect the productive capacity of the land; (3) be so costly to rehabilitate that Federal assistance would be required to return the land to productive agricultural use; and (4) represent damage that is unusual and would not recur frequently in the same area. For the past several years, this program has been funded through emergency supplemental appropriations. A total of about \$162 million was provided in 2006 for hurricane relief and recovery assistance. The budget is proposing no new funding for the ECP in 2008 since funding needs are difficult to predict in advance.

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ECP underwent a PART review during the 2008 budget process and was assessed as a “Results Not Demonstrated” program. Follow-up actions required for the program include the development of outcome-based performance and efficiency measures. The development of an overarching set of performance measures for ECP has been difficult because of varying conservation practices which are carried out, based upon the type of environmental disaster that occurs. Measures used to assess the program in a particular year may not be adequate to assess the performance of the program in the following year because of these programmatic changes.

### Farm Bill Conservation Programs Program Level (Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
Commodity Credit Corporation:			
Conservation Reserve Program.....	\$1,931	\$1,987	\$2,013
Natural Resources Conservation Service:			
Farm Bill Programs (Funded from CCC):			
Total Budget Authority:			
Environmental Quality Incentives Program.....	992	1,017	1,000
Wetlands Reserve Program.....	191	264	455
Conservation Security Program.....	257	259	316
Ground and Surface Water Conservation.....	70	51	a/
Farm and Ranch Lands Protection Program.....	74	50	a/
Klamath Basin.....	11	6	a/
Wildlife Habitat Incentives Program.....	43	43	a/
Grassland Reserve Program.....	35	16	a/
Agricultural Management Assistance.....	5	6	a/
Farm Bill Conservation Activities.....	0	0	157 a/
Total, NRCS Farm Bill Programs.....	1,678	1,712	1,928
Total, Farm Bill Conservation Programs.....	\$3,609	\$3,699	\$3,941

a/ Conservation activities that were in the 2002 Farm Bill, which expires at the end of fiscal year 2007, are subject to re-authorization in the 2007 Farm Bill. The 2008 budget includes \$157 million as a placeholder for these activities in the new Farm Bill.

**Salaries and Expenses.** The 2008 budget proposes a level of \$1.5 billion to support 5,253 Federal staff years and 9,425 non-Federal staff years. Total estimated staff years will be maintained at the 2007 level. Staff levels have been reallocated among FSA’s key goals to reflect the decreased workload associated with farm income program support and other areas while accommodating rising workload needs for conservation and other programs. The budget includes funding to support ongoing operational needs based on current programs and the current delivery system.



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Funding of \$64.2 million for certain IT operational expenses and related Geospatial Information Systems (GIS) initiatives which had previously been requested and provided for in the Common Computing Environment account managed by the Office of the Chief Information Officer, are requested in FSA's salaries and expenses account for FY 2008. The maintenance of modern digitized databases with common land unit information, integrated with soils and crop data and other farm records and related initiatives, is vital to the development of more efficient and effective customer services at the Service Centers. In addition, FSA continues to review its county office structure consistent with Congressional guidance to obtain local input and thorough analysis to determine appropriate restructuring of its county offices.

### Farm Service Agency Staff Years

Program	2006 Actual	2007 Estimate	2008 Budget
Federal.....	5,235	5,253	5,253
Non-Federal:			
Permanent Full-Time.....	8,741	8,775	8,775
Temporary.....	928	650	650
Total, Non-Federal.....	9,669	9,425	9,425
Total, FSA Staff Years.....	14,904	14,678	14,678

# FARM AND FOREIGN AGRICULTURAL SERVICES

## RISK MANAGEMENT AGENCY (RMA)

### Crop Insurance Program Program Level (Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
<b>SUMMARY OF GOVERNMENT COSTS:</b>			
Delivery and Other Administrative Expenses <u>a/</u> .....	\$1,005	\$1,181	\$1,260
Gross Indemnities.....	3,589	4,886	5,072
Underwriting Gains <u>b/</u> .....	924	790	892
Subtotal, Crop Insurance Program Level.....	5,518	6,857	7,224
Administrative and Operating Expenses.....	76	76	79
Total, Program Level.....	5,594	6,933	7,303
Less: Producer Premium and Administration Fees.....	-2,132	-1,974	-2,294
Total, Government Costs.....	\$3,462	\$4,959	\$5,009

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

b/ Payments to private insurance companies.

The Federal Crop Insurance Program provides an important safety net that protects producers from a wide range of risks caused by natural disasters, as well as the risk of price fluctuations. In recent years, an increasing proportion of risk protection has been provided by revenue insurance which protects against both a loss of yield and price declines. The Federal Crop Insurance Program provides a critical means of support for USDA Strategic Goal 2.

### **Objective 2.3: Provide Risk Management and Financial Tools to Farmers and Ranchers.**

Key Performance Measure	2003	2004	2005	2006	2007	2008
Normalized <sup>1</sup> value of FCIC risk protection coverage provided through FCIC sponsored insurance (billions)	\$40.7	\$41.5	\$44.7	\$48.1	\$50.7	\$53.7
Baseline: 1999 = \$30.9						

<sup>1</sup> Nominal value of risk protection is estimated to be \$67.8 billion in 2008. Figures above have been normalized to show “constant commodity price” changes in performance.

The program is expected to provide about \$68 billion in risk protection (\$53.7 billion in risk protection when normalized to reflect constant commodity prices) on about 288 million acres in 2008. This represents about 80 percent of the Nation’s acres planted to principal crops. In 2006, over 50 percent of the policies sold were revenue products which provide protection against both a loss of yield and a decline in commodity prices. Commodity prices are a key external factor which can significantly affect performance measurements for the crop insurance program.

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Participation in the Federal Crop Insurance Program by producers is voluntary; however, participation is encouraged through premium subsidies. Crop insurance is delivered to producers through private insurance companies that share in the risk of loss and opportunity for gain. The companies are reimbursed for their delivery expenses and receive underwriting gains in years of favorable loss experience. The costs associated with the Federal Crop Insurance Program include premium subsidies, indemnity payments (in excess of premiums), underwriting gains paid to private companies, reimbursements to private companies for delivery expenses and other authorized expenditures. The estimated 2008 indemnities of \$5 billion reflects an estimated loss ratio of 1.04. In addition, producers are expected to pay about \$2.3 billion in premiums.

Discretionary costs for the Federal Crop Insurance Program cover Federal salaries and related expenses to manage the program. The 2008 budget includes about \$79 million for these costs, compared to about \$76 million for 2007. This level of funding is sufficient to maintain current services. The increase includes \$2.6 million for pay costs and \$0.2 million for increased telecommunications costs.

As the existing information technology system reaches the end of its expected useful life, RMA has experienced increased program down-time due to computer outages and increased maintenance costs to keep the antiquated system operating. The current system requires RMA to maintain multiple databases of producer information magnifying the potential for data errors, increases the costs to companies to collect and report producer data, and limits the ability of RMA to provide participating companies with timely information regarding potential program abuse. Additionally, in the nearly 15 years since the current system was designed, the Federal Crop Insurance Program has increased tremendously in size and scope. New types of insurance are being offered which were not contemplated at that time, including, revenue insurance, whole farm insurance such as Adjusted Gross Revenue-Lite, and products tied to rainfall and vegetative indexes (i.e. satellite imagery). While these programs offer great benefits to producers they also entail a level of complexity which is difficult to accommodate in an antiquated computer system. Consequently, RMA must use manual work-arounds and off-line processes, significantly increasing maintenance and processing costs.

The 2008 budget includes a legislative proposal to establish a fee to be paid by companies participating in the Federal Crop Insurance Program. The participation fee is being proposed to finance the build-out of the emerging information technology architecture (EITA) system and will eventually replace appropriated funding for ongoing maintenance costs. The EITA will provide a web-based entry point for companies participating in the Federal Crop Insurance Program that will, among other advantages, eliminate the need to maintain multiple databases, streamlining data collection and reporting and will facilitate the detection of fraud, waste and abuse in the crop insurance by improving the efficiency and effectiveness of RMA data mining activities. The fee is expected to generate up to \$15 million annually and would be based on the amount of premium sales generated by each company participating in the program. This level of fees could be supported with an assessment of about one-half cent per premium dollar.

Another initiative in the 2008 budget is intended to improve RMA's data sharing and program compliance activities by funding data mining and the Common Information Management System (CIMS) through the mandatory account. For 2008, the proposal would authorize the use of up to

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\$11.2 million in funds currently available under the Federal Crop Insurance Act. This amount includes \$3.6 million for the on-going costs of the data mining and \$2.2 million for continued development of the CIMS project. In addition, \$5.4 million would be authorized for one-time costs associated with the replacement of out-dated hardware used for data mining. Continuation of the data mining will improve program integrity in the Federal Crop Insurance Program. RMA uses data mining to identify anomalous producer, adjuster and agent program results and, with the assistance of FSA offices, conducts growing season spot checks to ensure that new claims for losses are legitimate. These spot checks have resulted in a significant reduction in anomalous claims for certain situations. This effort has achieved savings of more than \$456 million since the 2001 crop year. The CIMS project will provide RMA, FSA, and approved insurance providers electronic access to a centralized source of common information, i.e. producer name, address, acreage, share and other key planting information. This access will enable users to use the CIMS information to reduce costs associated with data collection, and identify data inconsistencies and reporting errors. CIMS will provide USDA the capability to identify potential discrepancies between RMA and FSA producer entities and reported crop acreage in a county. This will assist both USDA and participating insurance companies in the early detection and prevention of waste, fraud, and abuse within the various USDA programs.

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### FOREIGN AGRICULTURAL SERVICE (FAS)

#### International Programs and Activities Program Level (Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
CCC Export Credit Guarantees:			
Short-term Guarantees (GSM-102).....	\$1,363	\$1,964	\$2,214
Supplier Credit Guarantees.....	0	0	200
Facilities Financing Guarantees.....	0	26	26
Total, Export Credit Guarantees.....	1,363	1,990	2,440
Foreign Market Development Programs:			
Market Access Program.....	200	200	200
Foreign Market Development (Cooperator) Program.....	34	34	34
Emerging Markets Program.....	10	10	10
Technical Assistance for Specialty Crops Program.....	2 <u>a/</u>	2	2
Quality Samples Program.....	2	2	2
Total, Market Development Programs.....	248	248	248
Export Subsidy Programs:			
Export Enhancement Program.....	0	<u>b/</u>	<u>b/</u>
Dairy Export Incentive Program.....	0	3	3
Total, Export Subsidy Programs.....	0	3	3
Trade Adjustment Assistance for Farmers.....	4	90	0
Foreign Food Assistance:			
P.L. 480 Title I Credit and Food for Progress Grants.....	123	39	0
P.L. 480 Title II Donations .....	1,706	1,305 <u>c/</u>	1,343
Bill Emerson Humanitarian Trust.....	0	<u>d/</u>	<u>d/</u>
Food for Progress - CCC Funded .....	131	151	163
McGovern-Dole International Food for Education Program....	97	101	108
Section 416(b) Donations:			
Ocean Freight and Overseas Distribution Costs.....	3	0	0
Value of Commodities.....	(17)	0	0
Total, Foreign Food Assistance .....	2,060	1,596	1,614
FAS Salaries and Expenses <u>e/</u> .....	246	254	268
Total, International Programs.....	\$3,921	\$4,181	\$4,573

a/ An additional \$0.6 million was provided for TASC activities through the FAS direct appropriation.

b/ Up to \$478 million is available should market conditions warrant reactivation of the program.

c/ In addition, supplemental appropriations of \$350 million are being requested separately for the Title II program.

d/ Up to 500,000 tons are available annually for unanticipated emergency food assistance.

e/ Includes administrative reimbursement for managing GSM export credit guarantee program and other reimbursable agreements.

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FAS is the lead agency for the Department's international activities. Operating on a global basis, FAS supports three of the Department's Strategic Objectives: (1) expand and maintain international export opportunities; (2) support international economic development and trade capacity building; and (3) improve the global sanitary and phytosanitary (SPS) system to facilitate agricultural trade.

FAS' international activities play a critical role in helping to open new markets and in facilitating U.S. competitiveness, and by doing so, help to secure a more prosperous future for American agriculture. Working bilaterally and with international organizations, FAS encourages the development of transparent and science-based regulatory systems that take the least restrictive measures needed to protect animal and plant health. Support for economic development and trade capacity building reinforces these efforts by helping developing countries to become economically stable and improve their prospects to participate in and benefit from expanding global trade in agricultural products.

**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 \$2.4 billion for CCC export credit guarantees in 2008. This estimate reflects the level of sales expected to be registered under the export credit guarantee programs. However, the actual level of programming is likely to vary from this estimate, depending upon program demand, market conditions, and other relevant factors during the course of the year.

Of the total program level for export credit guarantees expected to be issued by CCC in 2008, \$2.2 billion will be made available under the GSM-102 program, which provides guarantees on commercial export credit extended with short-term repayment terms (up to 3 years).

For supplier credit guarantees, the budget includes a program level of \$200 million for 2008. Under this credit activity, CCC guarantees payments due from importers under short-term financing (up to 180 days) that exporters extend directly to the importers for the purchase of U.S. agricultural products. The supplier credit guarantee program is currently not operational and is undergoing a review to identify possible program reforms that could be implemented to reduce the risk of default, improve the ability to collect on defaulted obligations, and provide alternative program mechanisms and forms of payment obligations. Although the budget includes a projected program level for supplier credit guarantees, the timing for conclusion of the review and possible resumption of programming has not been determined at this time.

The budget also includes an estimated program level of \$26 million for facility financing guarantees in 2008. 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.

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**Foreign Market Development Programs.** FAS administers a number of programs, in partnership with private sector cooperator organizations, that support the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products. Under the Market Access Program (MAP), CCC funds are used to reimburse participating organizations for a portion of the costs of carrying out overseas marketing and promotional activities, such as direct consumer promotions. Historically, more than 80 percent of MAP funding has been devoted to building export markets for high-value products, the fastest growing component of U.S. agricultural exports. MAP participants include nonprofit agricultural trade organizations, State-regional trade groups, cooperatives, and private companies which qualify as small business concerns. The budget provides funding of \$200 million for MAP in 2008, unchanged from 2007.

Under the Foreign Market Development (Cooperator) Program, cost-share assistance is provided to nonprofit commodity and agricultural trade associations to support overseas market development activities that are designed to remove long-term impediments to increased U.S. trade. These activities include technical assistance, trade servicing, and market research. Unlike MAP, Cooperator Program activities are carried out on a generic commodity basis and do not include brand-name or consumer promotions. For 2008, the budget continues funding for the Cooperator Program at the 2007 level of \$34.5 million.

The budget also includes funding for the Emerging Markets Program at the 2007 level of \$10 million. Under the program, CCC funds are 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 Technical Assistance for Specialty Crops 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 phytosanitary and related technical barriers to trade. For 2008, the budget continues CCC funding for the program at the 2007 level of \$2 million.

The budget also includes \$2.5 million of CCC funding for the Quality Samples Program. Under the program, CCC provides funding to assist private entities to furnish samples of U.S. agricultural products to foreign importers in order to overcome trade and marketing obstacles. The program provides foreign importers with a better understanding and appreciation of the characteristics of U.S. agricultural products.

**Export Subsidy Programs.** The Department currently has two export subsidy programs: the Export Enhancement Program (EEP) and Dairy Export Incentive Program (DEIP). Under these programs, bonus payments are made available to exporters of U.S. agricultural commodities to enable them to be price competitive and, thereby, make sales in targeted overseas markets where competitor countries are making subsidized sales.

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Due to world supply and demand conditions, no bonuses have been awarded under EEP since 2001. These conditions are not expected to change during 2007 and 2008 and, therefore, the budget assumes no funding for EEP in both years. However, should market conditions warrant the program can be reactivated and its funding level increased to as much as \$478 million, the maximum allowable level under the Uruguay Round export subsidy reduction commitments.

U.S. dairy products were competitive in overseas markets during 2006 due to favorable world market conditions, and no bonuses were awarded under DEIP. This situation is expected to continue relatively unchanged during 2007 and 2008; however, the budget projects a DEIP program level of \$3 million for both years. The program level may increase or decrease from the projected level depending upon the relationship between U.S. and world market prices during the course of the programming year.

A PART review of EEP and DEIP was conducted as part of the 2008 budget process. The review resulted in an overall rating of “moderately effective” and found that the programs were helpful in advancing U.S. trade policy objectives to counter and eliminate export subsidies through multilateral negotiations. At the same time, however, the review found that the programs have not demonstrated an ability to expand exports or build U.S. market share permanently in all targeted markets.

**Trade Adjustment Assistance for Farmers.** The Trade Act of 2002 established the Trade Adjustment Assistance (TAA) Program for Farmers. Under the program, USDA is authorized to make payments to eligible producer groups when the current year’s price of an agricultural commodity is less than 80 percent of the national average price for the 5 marketing years preceding the most recent marketing year, and the Secretary determines that imports have contributed importantly to the decline in price. Procedures for determining rates and amounts of payments to eligible producers are set forth in the statute. The statute authorizes USDA to use not more than \$90 million annually to carry out the program through 2007.

A PART review of TAA was carried out in conjunction with the 2008 budget process, which resulted in a rating of “Results Not Demonstrated.” The review found that the program has not demonstrated effectiveness in assisting producers to improve their market competitiveness and is relatively expensive to carry out.

Assistance provided under TAA has been limited since inception of the program. During 2006, only 4 petitions for assistance were approved -- for avocado producers in Florida, snapdragon producers in Indiana, and Concord juice grape producers in Washington and Michigan. Total program costs for 2006 were approximately \$4 million.

The statutory authority for the TAA Program for Farmers expires at the end of 2007. In view of the limited assistance provided under the program to date and because the program outlays do not meet minimum levels to assume continuation, the budget does not include funding for the program beyond 2007.

**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



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activities. USDA contributes to these efforts by carrying out a variety of food aid programs which support economic growth and development in recipient countries. These activities are administered by FAS working in close cooperation with FSA and other agencies.

**Public Law 480 (P.L. 480).** Assistance provided under the authority of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 83-480) is a primary means by which the United States provides foreign food assistance. In recent years, P.L. 480 assistance has been provided through two program authorities.

- **Title I** provides for sales of U.S. agricultural commodities to developing country governments and private entities through concessional financing agreements and for donations through Food for Progress grant agreements. The Title I program is administered by FAS.
- **Title II** provides for donations of humanitarian food assistance to needy people in foreign countries in response to malnutrition, famine, and other extraordinary relief requirements, and to meet economic development needs that address food security. The assistance is provided primarily through private voluntary organizations, cooperatives, or international organizations, mainly the World Food Program of the United Nations. The Title II program is administered by the Agency for International Development (AID).

In response to emergency food aid needs this year, a supplemental appropriations request is being submitted to Congress that will increase funding for the Title II donations program by \$350 million during 2007. This proposal will help to bolster the U.S. response to urgent humanitarian needs in the Darfur region of Sudan, including refugees and others affected by the violence who are in Chad and surrounding areas. The request will also meet other critical food situations in the Horn of Africa, southern Africa, and Afghanistan.

For 2008, the budget supports an overall program level for P.L. 480 food assistance of \$1.3 billion. This includes appropriated funding of \$1.2 billion requested in the budget, plus projected reimbursements to be received from the Maritime Administration for prior year cargo preference related expenses. Together, this funding is expected to support total P.L. 480 commodity assistance of approximately 2.5 million metric tons grain equivalent.

The budget proposes that all P.L. 480 food assistance will be provided through the Title II donations program in 2008. Accordingly, no funding is requested for Title I credit sales and grants. This proposal reflects several recent developments, including the fact that since 2000 an increasing share of U.S. food assistance has been directed to emergency situations in which food aid is critical to prevent famine and save lives. At the same time, demand for food assistance provided through concessional credit has declined significantly. During 2006, only three government-to-government Title I credit agreements were signed.

The budget again proposes that the Administrator of AID have the authority to use up to 25 percent of Title II funding to purchase commodities in locations closer to where they are needed, such as neighboring countries. This authority will increase the timeliness and effectiveness of the U.S. response to overseas food aid emergencies by eliminating the need to

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transport the commodities by ocean carriers. Further, savings achieved in transportation and distribution costs will be available for additional commodity purchases, thereby increasing the overall level of the U.S. response to emergencies.

**Bill Emerson Humanitarian Trust.** The Bill Emerson Humanitarian Trust (the Trust) is a commodity reserve designed to ensure that the United States can meet its international food assistance commitments. Up to 4 million metric tons of wheat, corn, sorghum, and rice can be held in the Trust. The authorizing statute also allows the Trust's assets to be held as cash in lieu of commodities. The Secretary of Agriculture is authorized to release commodities from the Trust for programming under P.L. 480 under two conditions: (a) when U.S. domestic supplies are insufficient to meet the annual P.L. 480 commodity availability criteria, and (b) to provide commodities for Title II donations in response to unanticipated needs for emergency assistance.

During 2006, there was no release of commodities from the Trust. At present, the Trust holds approximately 900,000 metric tons of wheat and \$107 million in cash.

**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. P.L. 480 Title I funds also may be used for the procurement and transportation costs of Food for Progress programming.

The 2008 budget assumes a program level for the CCC-funded portion of Food for Progress programming of \$163 million, which is expected to support approximately 385,000 metric tons of commodity assistance.

**McGovern-Dole International Food for Education and Child Nutrition Program.** The McGovern-Dole International Food for Education and Child Nutrition Program provides for the donation of U.S. agricultural commodities and associated financial and technical assistance to carry out preschool and school feeding programs in foreign countries. Maternal, infant, and child nutrition programs also are authorized under the program. Its purpose is to reduce the incidence of hunger and malnutrition and improve literacy and primary education. These measures contribute to a healthy, literate workforce that can support a more prosperous, sustainable economy and ensure long-term food security.

For 2008, the budget requests appropriated funding of \$100 million for the program. This will be supplemented by an additional \$8 million of anticipated cargo preference reimbursements from the Maritime Administration. Together, these funds are expected to provide for the donation of about 90,000 metric tons of commodities which will assist an estimated 2.5 million women and children.

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**Section 416(b) Donations.** Section 416(b) of the Agricultural Act of 1949 authorizes the donation of surplus CCC-owned commodities in order to carry out programs of assistance in developing countries and friendly countries. Commodities eligible for donation include those in inventory that have been acquired by CCC through price support operations, or otherwise acquired by CCC in the normal course of its operations and which are excess to domestic program requirements. The commodities are made available for donation through agreements with foreign governments, private voluntary organizations, cooperatives, and the World Food Program.

In recent years, nonfat dry milk has been the only commodity in CCC inventory available for donation under section 416(b) authority, and approximately 10,000 metric tons of nonfat dry milk were donated during 2006. However, current CCC baseline estimates project that no surplus nonfat dry milk will be made available for programming under section 416(b) authority during 2007 or 2008.

In conjunction with a PART review of USDA foreign food assistance programs that was carried out as part of the 2004 budget process and updated for the 2006 budget, FAS has developed a long-term performance measure that is intended to gauge the effectiveness of USDA food aid programs in improving food security in low income countries. The “food aid targeting effectiveness ratio” measures how effective the targeting of USDA food aid programs is in addressing the food distribution gap in the most food insecure countries. The Economic Research Service calculates the ratio using its Food Security Assessment Model which measures food security based on estimations of food gaps in 71 of the world’s poorest countries. Food gaps represent the difference between projected food availability and targeted food consumption.

### **Objective 1.2: Support International Economic Development and Trade Capacity Building.**

<b>Key Performance Measure</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Food Aid Targeting Effectiveness Ratio	40-44%	40-44%	45%	45%	45%	45%

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## FARM AND FOREIGN AGRICULTURAL SERVICES

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

Program	2006 Actual	2007 Estimate	2008 Budget
Market Access.....	\$51	\$52	\$61
Trade Development.....	51	49	52
Trade Related Technical Assistance.....	29	29	33
SPS Issues Resolution.....	20	21	27
Total, Appropriated Programs.....	151	151	173
CCC Computer Facility and Other IRM Costs			
Funded by CCC.....	17	17	17
Development Assistance Programs Funded by			
AID and Other Organizations.....	64	64	64
Other Reimbursable Agreements.....	14	22	14
Total, Reimbursable Program Activity.....	95	103	95
Total, FAS Program Level.....	\$246	\$254	\$268

In support of its efforts to enhance the international competitiveness of American agriculture, FAS conducts its activities and programs through offices in Washington, D.C. and at 62 overseas posts. Those posts represent and advocate for U.S. agricultural interests, and provide reporting on agricultural policies, production, and trade for about 130 countries. FAS also operates 15 Agricultural Trade Offices, located in key foreign trading centers, that assist U.S. exporters, trade groups, and State export marketing officials in their trade promotion efforts.

An important component of FAS' work to expand and maintain international export opportunities is compliance monitoring and enforcement of existing trade agreements to ensure full and fair access to overseas markets for American producers and exporters. Each year, FAS personnel in Washington and at overseas posts monitor compliance and, when necessary, intervene with foreign governments on behalf of U.S. exporters who face market access difficulties as a result of unfair and illegal trade barriers. Increasingly, in recent years these barriers have involved SPS measures. As tariffs have come down globally, SPS measures to protect human, animal, and plant health have become more important barriers to trade and have required significantly enhanced efforts by FAS, in collaboration with other USDA agencies, to address and resolve.

These monitoring and intervention activities are documented and incorporated in the following performance measures. For 2008, a performance target of \$3.3 billion has been established for the value of trade to be expanded or preserved through trade agreement negotiation, monitoring, and compliance activities for both SPS and non-SPS issues.

## FARM AND FOREIGN AGRICULTURAL SERVICES

**Objective 1.1: Expand and Maintain International Export Opportunities.**

**Objective 1.3: Improved Sanitary and Phytosanitary (SPS) System to Facilitate Agricultural Trade**

Key Performance Measure	2003	2004	2005	2006	2007	2008
Dollar value of agriculture trade preserved through trade agreement negotiation, monitoring, and enforcement (billions)						
Non-SPS Activities	N/A	N/A	\$0.8	\$0.1	\$0.9	\$0.9
Value of trade preserved annually through USDA staff interventions leading to resolution of barriers created by SPS or Technical Barrier to Trade (TBT) measures						
SPS-Related Activities	<u>N/A</u>	<u>N/A</u>	<u>2.0</u>	<u>2.6</u>	<u>2.2</u>	<u>2.4</u>
Baseline: 1999 = \$2.6	\$2.7	\$3.9	\$2.8	\$2.7	\$3.1	\$3.3

FAS also carries out trade capacity building activities that enhance the ability of developing countries to participate in the global trading system through the adoption of appropriate policies and regulatory frameworks. This assistance is focused on the capacity of these countries to implement open, market-based trade policies and to regulate trade in agricultural and food products on the basis of transparent, science-based requirements. The effectiveness of these activities can be gauged by various outcomes such as the establishment of new institutions, modifications of policies, or improved regulatory structures. The number of countries that demonstrate these outcomes based on trade capacity building activities is incorporated in the following performance measure.

**Objective 1.2: Support International Economic Development and Trade Capacity Building.**

Key Performance Measure	2003	2004	2005	2006	2007	2008
Number of countries in which substantive improvements are made in national trade policy and regulatory frameworks that increase market access	N/A	N/A	N/A	6	7	8

The budget provides a program level of \$173 million for FAS activities in 2008, an increase of \$22 million above the 2007 level. The budget has been developed to ensure the agency's

## FARM AND FOREIGN AGRICULTURAL SERVICES

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continued ability to conduct its activities and provide services to U.S. agriculture. Particular emphasis has been placed on maintaining FAS' overseas presence so that its representation and advocacy activities on behalf of U.S. agriculture can continue. Included in the budget is funding to cover pay cost increases and an increase of \$11 million to meet higher operating costs at FAS' overseas offices, including increased payments to the Department of State for administrative services provided at overseas posts. Recent declines in the value of the dollar, coupled with overseas inflation and rising wage rates, have led to sharply higher operating costs that must be accommodated if FAS is to maintain its overseas presence.

The budget also requests an increase of \$5 million to meet FAS' contribution to the Capital Security Cost Sharing Program. Under this program, which was implemented in 2005, agencies with an overseas presence will contribute a proportionate share of the costs of accelerated construction of new, safe U.S. diplomatic facilities over a 14-year period.

The budget also includes \$1 million to restore funding for the Cochran Fellowship Program to the level of prior years (\$5 million) and \$0.5 million for FAS Trade Capacity Building activities. A portion of these funds will be made available for activities to be carried out in support of the Agricultural Knowledge Initiative (AKI) with India. AKI is a Presidential initiative designed to strengthen the agricultural relationship between the United States and India by facilitating technology transfer, trade, and investment, and by strengthening partnerships in agricultural research, education, and extension. Funding to support AKI activities in 2008 is also being provided to the International Science and Education grants program of the Cooperative State Research, Education, and Extension Service.

Additional funding in support of FAS efforts to address market access constraints related to biotechnology will be made available from funds requested for the Office of the Secretary for USDA cross-cutting trade negotiation and biotechnology activities.

In addition, the budget includes an estimated \$85 million in funding to be made available to FAS through reimbursable agreements. The largest component of this is funding for technical assistance, training, and research activities that FAS carries out overseas on behalf of AID, foreign governments, and international organizations. Although funded by other agencies, these activities are an important component of the Department's efforts to support economic development and trade capacity building in developing countries.

During 2008, FAS will continue to coordinate the Department's efforts to assist in agricultural reconstruction activities in Afghanistan and Iraq. USDA is providing technical advisors assigned to the Ministry of Agriculture in Iraq and on the Provincial Reconstruction Teams (PRTs) that are operating in the rural provinces of Afghanistan and Iraq. The PRTs promote economic development and stability in rural areas by addressing a wide range of problems brought on by years of neglect and mismanagement. USDA advisors, who serve temporary assignments on the PRTs, provide a variety of technical expertise in support of agricultural reconstruction and rural development activities, offer advice to non-governmental organizations, and assist local authorities in setting agricultural priorities. The 2008 budget includes \$12.5 million in the Office of the Secretary to help support the costs of participating in these activities.

## **RURAL DEVELOPMENT**

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

All funds for the Rural Development (RD) mission area support USDA Strategic Goal 3, which includes two key objectives: (1) expand economic opportunities by using USDA financial resources to leverage private sector resources and create opportunities for growth; and (2) improve the quality of life through USDA financing of quality housing, modern utilities, and needed community facilities.

RD programs support these objectives by providing financial and technical assistance to rural residents, businesses, and private and public entities for a variety of purposes including infrastructure for meeting basic needs such as safe drinking water, electricity and telecommunication, decent housing, and business enterprise. These programs have traditionally served as a source of financing for borrowers who could not obtain credit elsewhere, or could not afford to pay commercial rates of interest. Currently, more attention is being paid to addressing specific priorities that have the potential for significant returns in terms of income and social benefits, including directing the business programs to venture capital opportunities, such as value-added processing and renewable energy and energy efficiency projects; ensuring that rural areas have access to quality broadband services; supporting the President’s “first responders” and “faith-based” initiatives; and providing for capital improvements and tenant protection for residents of USDA’s multi-family housing projects.

### **RURAL DEVELOPMENT**

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

<b>Program</b>	<b>2006</b>		<b>2007</b>		<b>2008</b>	
	<b>Actual</b>		<b>Estimate</b>		<b>Budget</b>	
	<b>P.L.</b>	<b>B.A.</b>	<b>P.L.</b>	<b>B.A.</b>	<b>P.L.</b>	<b>B.A.</b>
<b>Ongoing Rural Development Programs:</b>						
Rural Utilities Service.....	\$8,006	\$665	\$7,133	\$543	\$6,619	\$538
Rural Housing Service.....	5,941	1,092	5,155	721	6,261	715
Rural Business - Cooperative Service.....	988	187	990	154	1,308	112
Salaries and Expenses.....	656	656	610	610	685	685
Total, Rural Development.....	\$15,592	\$2,601	\$13,888	\$2,027	\$14,873	\$2,050

The 2008 budget includes almost \$15 billion in loans, grants, salaries and expenses, and related assistance in ongoing programs for rural residents and communities. This level is about \$985 million more than the estimate for 2007. The budget maintains support for those programs most essential for meeting USDA’s Strategic Goal 3 and related objectives, including \$4.8 billion in loan guarantees for home ownership, \$1.5 billion for water and waste disposal projects, \$4.8 billion for electric and telecommunications projects, and \$1.3 billion for the business programs. It provides for a significant increase in rental assistance payments, from \$335 million in 2007 to \$567 million in 2008, to protect low income tenants. The budget also

## RURAL DEVELOPMENT

reflects some significant reductions and program terminations, including the elimination of funding for subsidized direct homeownership loans and rural business enterprise grants.

The 2008 budget includes \$685 million for salaries and expenses for administering the Rural Development programs. This amount is sufficient to maintain staffing, provide for pay costs and maintain information technology systems. It also includes funding of \$6.7 million for certain IT operational expenses which in prior years had been requested and provided for in the Common Computing Environment (CCE) account managed by the Office of the Chief Information Officer (OCIO).

### **RURAL UTILITIES SERVICE (RUS)**

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

Program	2006 Actual		2007 Estimate		2008 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Electric Programs:						
Direct Loans.....	\$3,890	\$6	\$4,188	\$4	\$4,100	a/
Guaranteed Loans .....	1,500	0	500	0	0	0
Telecommunications Programs:						
Direct Loans.....	690	a/	689	1	690	\$4
Distance Learning and Telemedicine Programs:						
Direct Loans.....	4	a/	0	0	0	0
Grants.....	61	61	25	25	25	25
Broadband Programs:						
Direct Loans.....	329	7	503	11	300	6
Grants.....	9	9	9	9	0	0
High Energy Costs Grants .....	39	39	0	0	0	0
Water and Waste Disposal Programs:						
Direct Loans.....	1,008	70	722	72	1,080	153
Guaranteed Loans .....	3	0	75	0	75	0
Grants .....	447	447	422	422	349	349
Total, RUS Loans and Grants.....	\$7,980	\$638	\$7,133	\$543	\$6,619	\$538
Emergency Supplemental.....	26	27	0	0	0	0
Total .....	\$8,006	\$665	\$7,133	\$543	\$6,619	\$538

a/ Less than \$500 thousand.

The electric and telecommunications programs administered by RUS provide loans to establish, expand, and modernize vital components of the infrastructure of rural America. These are long-standing programs that bring electrical power to areas that private utility companies refuse to serve and, later, connect many of the same areas to the Nation's telecommunications network.



## RURAL DEVELOPMENT

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These programs continue to serve a useful purpose because gaps still exist in rural area access to private investment capital.

### **Objective 3.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities.**

<b>Key Performance Measure</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Number of borrowers/subscribers receiving new and/or improved electric facilities (millions) Baseline: 2001 = 4.501	3.75	4.33	2.36	8.18	8.00	7.13
Number of borrowers/subscribers receiving new or improved telecommunication services (Broadband) (millions) Baseline: 2001 = 0.315	0.38	0.37	0.24	0.30	0.25	0.24
Number of borrowers/subscribers receiving new or improved service from agency funded water facility (millions) Baseline: 2000 = 0.67	0.59	0.97	1.32	1.64	0.56	0.55

The 2008 budget provides \$4.1 billion in electric loans and \$690 million in telecommunications loans; levels considered to be adequate to meet the expected demand. Municipal and Treasury rate direct electric loans would be replaced by an increased amount of direct loans made by the Federal Financing Bank, which are less costly to the Government and about the same cost to borrowers.

The 2008 budget also maintains the distance learning and telemedicine grants program at \$25 million. The program is designed to provide rural communities that would otherwise be without access to learning and medical services over the internet, with a total system of telecommunication linkages for obtaining such access.

In addition, the 2008 budget provides \$300 million in loans, a \$200 million reduction, for broadband and internet services. The funding is sufficient to meet expected demand. Regulations are being changed to correct certain weaknesses that have become apparent since the program was established a few years ago. The new regulations will ensure that program funds are focused on rural areas that are lacking existing providers, and that applicants meet high enough standards to ensure long term success.

The water and waste disposal program provides financing for rural communities to establish, expand or modernize water treatment and waste disposal facilities. Eligibility is limited to communities of 10,000 or less in population that are unable to obtain credit elsewhere. In addition, they are available only to those communities with low median household income

## RURAL DEVELOPMENT

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levels. Grants are limited to a maximum of 75 percent of project costs, but have typically averaged about 35 to 45 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 of users and user costs.

The 2008 budget includes nearly \$1.1 billion in direct loans, \$75 million in guaranteed loans and \$349 million in grants for water and waste disposal projects. This combination reflects a higher loan to grant ratio than provided for in recent appropriations acts. The higher ratio reflects a policy shift towards providing lower interest rate loans from an average of 4.5 percent in 2007 to 3.9 percent for 2008. Rural communities would benefit overall in incurring less in interest payments over the life of water and waste disposal projects with subsidized financing than they would, having received small amounts of grant funding and making payments on long-term loans at market interest rates.

## RURAL DEVELOPMENT

### RURAL HOUSING SERVICE (RHS)

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

Program	2006 Actual		2007 Estimate		2008 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Single Family Housing:						
Direct Loans (Sec. 502).....	\$1,129	\$129	\$1,166	\$117	0	0
Guaranteed Loans (Sec. 502).....	2,895	34	3,104	37	\$4,849	\$10
Multi Family Housing:						
Direct Loans (Sec. 515).....	98	45	90	41	0	0
Guaranteed Loans (Sec. 538).....	98	5	63	5	200	19
Very Low-Income Repair (Sec. 504):						
Direct Loans .....	33	10	31	9	23	6
Grants .....	31	31	28	28	30	30
All Other Direct Loans.....	8	1	20	2	16	1
Grants and Payments:						
Rental Assistance (Sec. 502 and 521).....	647	647	335	335	567	567
Mutual and Self-Help (Sec. 523).....	34	34	34	34	10	10
Multi-Family Housing Revitalization .....	7	10	3	11	28	28
All Other Grant and Loan programs.....	18	15	18	14	9	9
Farm Labor Housing Program:						
Direct Loans (Sec. 514).....	20	9	9	4	14	6
Grants (Sec. 516).....	26	26	22	22	4	4
Community Facility Programs:						
Direct Loans.....	394	13	174	11	302	17
Guaranteed Loans.....	164	1	9	a/	210	8
Grants .....	53	53	51	51	0	0
Total, RHS Loans and Grants.....	\$5,655	\$1,061	\$5,155	\$721	\$6,261	\$715
Emergency Supplemental.....	286	31	0	0	0	0
Total .....	\$5,941	\$1,092	\$5,155	\$721	\$6,261	\$715

a/ Less than \$500 thousand.

The 2008 budget reflects a significant change in USDA's role in providing homeownership assistance. Currently, USDA is the only Federal agency that makes direct loans for single family housing. The loans are subsidized down to 1 percent interest in order to reach applicants with very low incomes. The program stabilized at a level of about \$1 billion in the 1990's. For 2008 no funding is requested for the Section 502 single family housing direct loans program. Guaranteed loans, which are unsubsidized, reached the \$1 billion level in 1995 and have accounted for almost all of the growth in USDA's homeownership assistance since then. Fees have been used to pay most of the Government's costs, similar to the way programs are administered by the Department of Housing and Urban Development and the Department of Veterans Affairs. In 2008 unsubsidized guaranteed loans are supported at a \$4.8 billion level, over \$1.7 billion more than levels reached in prior years. Additionally, USDA will submit

## RURAL DEVELOPMENT

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legislation to allow for subsidized guaranteed loans to be used to make loans more affordable to low income families. The structure and extent of such a subsidy is under consideration.

The 2008 budget does not include direct loans for multi-family housing; however, it includes \$200 million—more than triple the amount available for 2007—in Section 538 loan guarantees. No funding is included for self-help housing land development loans, and funding is reduced for mutual and self-help technical assistance grants and farm labor housing loans and grants. Because these programs are limited in scope and have lower priority they are being reduced or eliminated.

The 2008 budget also reflects significant changes in USDA's multi-family housing programs. Most importantly, it includes a substantial increase for rental assistance payments for low-income families. Recent appropriations acts have reduced the renewal period from five years in prior years to four years in 2006. The change initially produced budget savings due to the reduced cost for renewing units over a shorter time frame. However, it also accelerates the rate at which units need to be renewed. For 2008, about 150,000 units will need to be renewed, at a cost of \$567 million. In total, there are about 275,000 units with rental assistance payments contracts.

Maintaining the rental assistance payment program is essential to USDA's efforts to preserve and revitalize its multi-family portfolio, which currently includes about 16,500 projects that provide housing for about 460,000 low-income tenants, many of whom are elderly. The average annual income of tenants is about \$8,000. Most of the projects were built in the 1980's and many are in need of repairs and rehabilitation. The projects have an outstanding indebtedness of about \$12 billion. A capital needs assessment indicated that about 10 percent of the projects are potentially viable for non-subsidized use and could leave the program. Such action would put existing tenants at risk of substantial rent increases and potential loss of their housing.

The Administration first proposed revitalizing its multi-family housing portfolio in the President's 2006 budget. The proposal focused on using existing authority to provide rural housing vouchers to protect tenants adversely affected by loan prepayments. USDA subsequently submitted draft legislation to Congress that would authorize debt restructuring and other incentives for project sponsors to keep their projects. While Congress did not enact that legislation, it provided funding in 2006 for both housing vouchers and a demonstration preservation program.

The 2008 budget includes \$28 million to be used primarily for rural housing vouchers to be administered, to the maximum extent possible, consistent with HUD's Section 8 program. USDA plans to resubmit to Congress its proposal to provide the authority for debt restructuring and other revitalization incentives. Upon enactment of this legislation, the proposed 2008 funding would also be available for these purposes.

## RURAL DEVELOPMENT

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### Objective 3.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities.

Key Performance Measure	2003	2004	2005	2006	2007	2008
Homeownership opportunities provided Baseline: 1999 = 55,941	44,130	48,894	43,224	40,517	37,578	39,119
Percentage of customers who are provided access to new and/or improved essential community facilities –						
Health facilities	N/A	N/A	3.5	3.8	1.0	5.3
Safety facilities	N/A	N/A	4.1	3.8	1.3	1.0
Baseline: 2001 = N/A						

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The community facility program provides funding for a wide range of essential community facilities. Priority is given to health facilities. The 2008 budget includes \$302 million in direct loans and \$210 million in loan guarantees under this program. No funding is included for grants as most projects can be funded by loans and loan guarantees.

## RURAL DEVELOPMENT

### RURAL BUSINESS - COOPERATIVE SERVICE (RBS)

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

Program	2006		2007		2008	
	Actual		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Business and Industry Guaranteed Loans .....	\$766	\$37	\$686	\$30	\$1,000	\$43
Intermediary Relending Program.....	34	15	33	15	34	14
Rural Economic Development:						
Direct Loans.....	25	5	23	5	33	0
Grants.....	10	0	0	0	10	0
Renewable Energy (Section 9006 - Discretionary):						
Guaranteed Loans.....	24	2	154	10	195	19
Grants.....	21	21	10	10	15	15
Rural Cooperative Development Grants.....	9	9	9	9	6	6
Value-added Ag. Product Market Devel. (Discretionary)...	34	34	20	20	15	15
EZ/EC, National Sheep Industry Impr. Center.....	18	18	11	11	0	0
All Other Grants .....	47	47	44	44	0	0
Total, RBS Loans and Grants.....	\$988	\$187	\$990	\$154	\$1,308	\$112

USDA's rural business programs provide funding for loans and loan guarantees to rural businesses, technical assistance, and research on agricultural cooperatives. The Business and Industry (B&I) loan guarantee program, the largest of these programs, provides protection against loan losses so that lenders are willing to extend credit to establish, expand, or modernize rural businesses. The Intermediary Relending program provides one-percent interest direct loans to entities that relend to rural businesses at a higher interest rate and use their interest earnings to pay for their administrative expenses and develop capital reserves. The Renewable Energy/Energy Efficiency program (Section 9006) provides funding for guaranteed loans and grants for renewable energy and energy efficiency projects. Funds are used to pay up to 50 percent of eligible project costs to purchase renewable energy systems or make energy improvements, including those that derive energy from wind, solar, biomass or geothermal sources, or hydrogen derived from biomass or water using wind, solar or geothermal energy sources. The value-added program provides grants that are usually combined with other sources of financing for projects that add value to agricultural commodities.

The primary purpose of rural business programs is to create and maintain employment and improve the economic climate in rural communities. Special efforts are being made to help rural communities diversify their economies, particularly into renewable energy, value-added processing, and cooperative ventures. Many rural entrepreneurs lack credit history or sufficient collateral to qualify for traditional lending. Financial assistance supports economic and community development projects, new business and/or expansion of existing businesses. The 2008 budget also includes funding to support research and technical assistance for cooperatives.

## RURAL DEVELOPMENT

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### Objective 3.1: Expand Economic Opportunities By Using USDA Financial Resources To Leverage Private Sector Resources and Create Opportunities For Growth.

Key Performance Measure	2003	2004	2005	2006	2007	2008
Number of jobs created or saved through USDA financing of businesses						
Baseline: 2001 = 105,222	87,619	81,030	73,617	73,072	65,100	45,695

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Overall, the 2008 budget provides for over \$1.3 billion in loans, loan guarantees and grants for the rural business programs. This level of assistance is expected to save or create an estimated 45,695 jobs. The reduction in performance from 2007 to 2008 is attributable to the elimination of the Rural Business Enterprise and Rural Business Opportunity grant programs. Both programs have benefited only a limited number of rural communities. Rural Development intends to re-focus its limited resources on programs that have more potential for encouraging private sector investments and that would reach a broader range of rural communities.

The B&I program accounts for \$1 billion of the program level. The Renewable Energy program (Section 9006) accounts for about \$210 million of the program level, including \$15 million in grants and \$195 million in guaranteed loans.

The Rural Economic Development loan and grant programs would be maintained, although no funding is requested to be appropriated for these programs. Instead, they are reflected in the budget as being supported by mandatory funding obtained from interest earnings on prepayments of loans by electric and telephone borrowers.

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

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

The activities and funding of Food, Nutrition, and Consumer Services, including the Food and Nutrition Service (FNS) and the Center for Nutrition Policy and Promotion (CNPP), support USDA Strategic Goal 5, improve the Nation's nutrition and health. USDA has three objectives which support achievement of this strategic goal. These objectives are to: (1) ensure access to nutritious food; (2) promote healthier eating habits and lifestyles; and (3) improve nutrition assistance program management and customer service. Key performance measures for 2008 again focus on increasing the proportion of eligible persons who participate in the major nutrition assistance programs; improving dietary quality as measured by the Healthy Eating Index (HEI) for low-income persons; and increasing the food stamp payment accuracy rate.



## FOOD, NUTRITION, AND CONSUMER SERVICES

### Food and Nutrition Service Program Level (Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
Food Stamp Program.....	\$33,058	\$33,470	\$35,083 <sup>a/</sup>
Nutrition Assistance for Puerto Rico.....	1,518	1,551	1,615
Total, Food Stamp Program.....	34,576	35,021	36,698
Child Nutrition Programs.....	13,347	13,950	14,582
Special Supplemental Nutrition Program (WIC) .....	5,363	5,463	5,494 <sup>b/</sup>
Commodity Assistance Program:			
Commodity Supplemental Food Program.....	108	107	0
Emergency Supplemental.....	4	0	0
The Emergency Food Assistance Program (TEFAP), Soup Kitchens, Food Banks.....	190	190	190
Emergency Supplemental.....	6	0	0
Seniors Farmers' Market Nutrition Program <sup>c/</sup> .....	15	16	15
Farmers' Market Nutrition Program.....	24	24	23
Pacific Island Assistance and Disaster Assistance.....	1	1	1
Total, Commodity Assistance Program.....	348	338	229
Nutrition Programs Administration.....	142	142	149
Total, FNS.....	<u>\$53,776</u>	<u>\$54,914</u>	<u>\$57,152</u>
<b>RECAP:</b>			
Ongoing Appropriations.....	\$53,766	\$54,914	\$57,152
Emergency Supplemental.....	10	0	0
Total, FNS.....	<u>\$53,776</u>	<u>\$54,914</u>	<u>\$57,152</u>

<sup>a/</sup> In addition, \$3 billion is available in 2008 for a contingency reserve.

<sup>b/</sup> In addition, \$200 million is available in 2008 for a contingency reserve.

<sup>c/</sup> Funds provided by transfer from the Commodity Credit Corporation. Authorization expires in 2007.

Reauthorization depends on the 2007 Farm Bill.

FNS administers the Department's domestic nutrition assistance programs. The mission of FNS is to increase food security and reduce hunger in partnership with cooperating organizations by providing children and low-income people access to food, a healthful diet, and nutrition education in a manner that supports American agriculture and inspires confidence. FNS fulfills its mission via nutrition promotion and direct nutrition assistance provided through the programs identified in the table above. The Food Stamp Program is the cornerstone of the Department's commitment to helping low-income people secure an adequate diet. The other programs target specific categories of the population. Improving dietary outcomes for all Americans by

## FOOD, NUTRITION, AND CONSUMER SERVICES

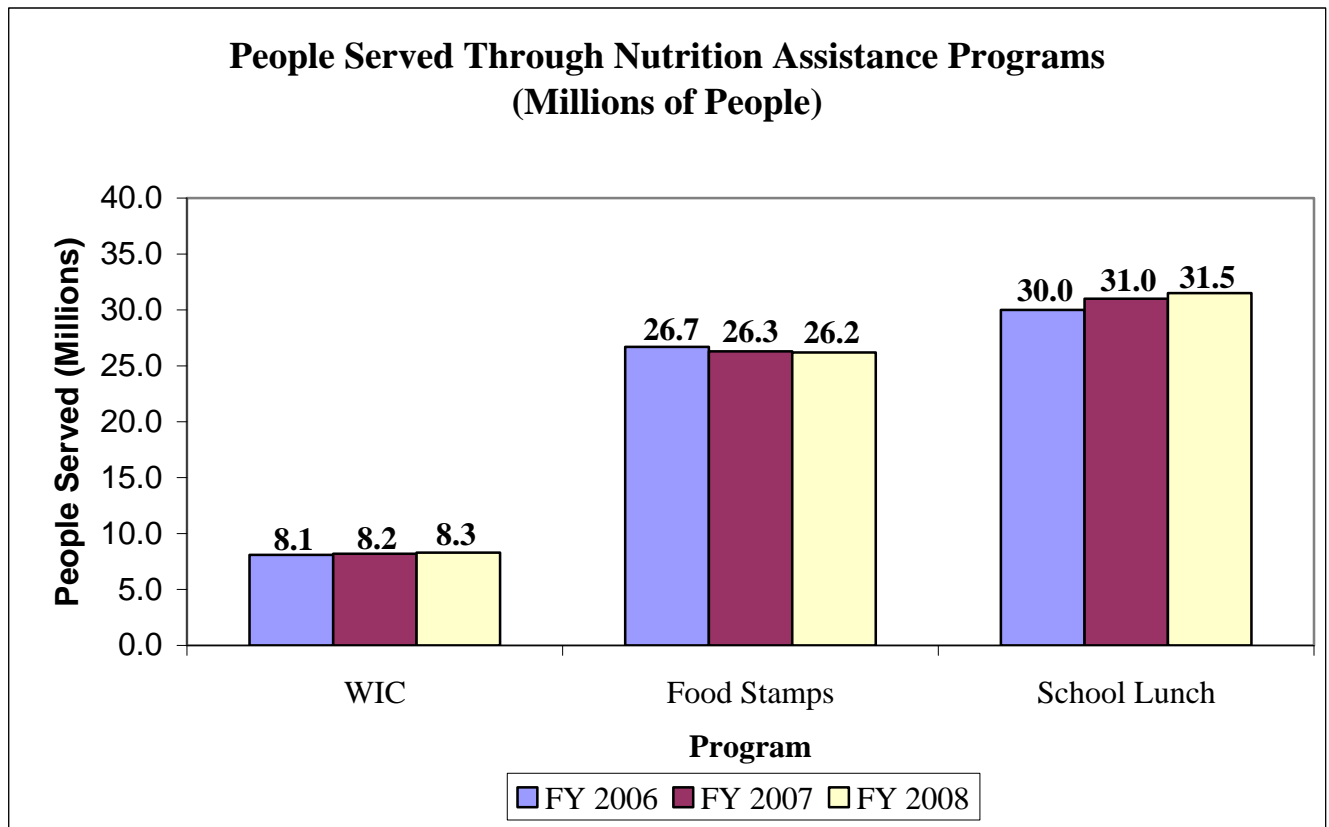
promoting healthier eating habits and lifestyles is a major Departmental objective fostered by the nutrition assistance programs.

The 2008 budget provides funds for anticipated changes in participation and food cost inflation for the major programs. The emphasis will remain on improving access and operations in 2008 and improving the nutritional status of recipients. Both FNS and CNPP will continue efforts to promote healthy eating and active lifestyle behaviors, in part by the continued use and promotion of MyPyramid.gov and the *Dietary Guidelines for Americans* released in 2005.

The nutrition assistance programs work in concert to improve scores on cross-cutting performance measures of improved diet.

### Objective 5.2: Promote Healthier Eating Habits and Lifestyles.

Key Performance Measure	2003	2004	2005	2006	2007	2008
Application and usage level of nutrition guidance tools (billions of pieces of nutrition guidance distributed) Baseline: 2006 = 1.5	N/A	N/A	N/A	1.5	2.0	2.5



## FOOD, NUTRITION, AND CONSUMER SERVICES

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**Food Stamp Program.** The 2008 budget anticipates a decrease in participation of about 0.1 million recipients per month and assumes modest food price inflation. State administrative expenses are expected to increase, and the program will continue to focus on encouraging all eligible persons to take advantage of food stamps. Food stamps will continue to provide critical assistance to ease the transition from welfare to work, as well as nutrition education and program information activities.

**Objective 5.1: Ensure Access to Nutritious Food.**

Key Performance Measure	2003	2004	2005	2006	2007	2008
Participation levels for the major Federal nutrition assistance programs (millions per month):						
Food Stamp Program	21.3	23.9	25.7	26.7	26.3	26.2

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The Department is continuing its efforts to improve payment accuracy, seeking to reach a payment accuracy rate of 94.3 percent in 2008. This will be achieved through working with stakeholders to implement best practices, focusing particularly on error prone areas.

**Objective 5.3: Improve Nutrition Assistance Program Management and Customer Service.**

Key Performance Measure	2003	2004	2005	2006	2007	2008
Improve Food Stamp payment accuracy rate						
Baseline: 2001 = 91.3%	93.4%	94.1%	94.2%	93.8%	94.2%	94.3%

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The 2008 budget will propose legislation to continue to exclude special military pay when determining food stamp benefits for families of deployed members of the armed services. Military personnel receive supplements to their basic pay when they serve in a designated combat zone. This proposal supports the families of servicemen and servicewomen fighting overseas by ensuring that they do not lose food stamp benefits as a result of this additional income. In addition, the Administration is reproposing legislation to restrict categorical eligibility for Temporary Assistance for Needy Families (TANF) recipients to those receiving actual cash assistance. Under current law, households in which all members receive any TANF services, including non-cash assistance such as receipt of an informational pamphlet published with TANF funds, can be deemed categorically eligible for food stamps. The Administration is also proposing legislation to exclude all retirement and education savings accounts from being counted as resources for eligibility determinations. This will help families secure their future, even in times of need.

The Administration is committed to ensuring an uninterrupted flow of food stamp benefits to program participants. Yet, Food Stamp Program costs are not fully predictable, particularly in a changing economic environment. In the event that actual program needs exceed current

## FOOD, NUTRITION, AND CONSUMER SERVICES

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estimates, the 2008 budget includes a \$3 billion contingency reserve, the same as in recent years. The budget also proposes indefinite funding authority which would make funds available in the last four months of the fiscal year if program needs exceed the anticipated level.

**Child Nutrition Programs.** Ensuring access to food for children and improving their eating habits continues to be a priority. The National School Lunch, School Breakfast, Summer Food Service, Special Milk, and Child and Adult Care Food Programs play a significant role in achieving this goal by assisting State and local governments in serving healthful, nutritious meals to children in various settings, with greatest emphasis on helping low-income children. These programs assist pre-school and school-aged children by subsidizing quality meals in participating schools and child care settings. While children from all income levels are eligible to receive some assistance from these programs, the preponderance of funding supports meals served to low-income children for free or at a greatly reduced price. Child Nutrition Program subsidies for meals at child care centers and family daycare homes help support child care, a critical need for working families.

For 2008, the Child Nutrition Programs are funded at a level that will support anticipated participation and food costs. An additional \$2 million is proposed to provide monitoring, training and technical assistance to State agencies on program management and oversight of the Child and Adult Care Food Program.

### **Objective 5.1: Ensure Access to Nutritious Food.**

Key Performance Measure	2003	2004	2005	2006	2007	2008
Participation levels for the major Federal nutrition assistance programs (millions per day):						
National School Lunch Program	28.3	28.9	29.6	30.0	31.0	31.5
School Breakfast Program	8.4	8.9	9.3	9.8	10.4	10.9

**WIC.** The WIC Program helps improve the health and nutritional intake of low-income pregnant, breast-feeding and postpartum women, infants and children up to their fifth birthday. WIC works by providing participants with vouchers redeemable for foods dense in nutrients known to be lacking in their diets and providing nutrition education and referrals to other important health and social services. Nearly half of all infants born in the United States receive WIC benefits at some point in the first year of life.

The President's budget request will provide \$5.5 billion to the WIC program, about the same program level as the 2007 estimate. The funding for the WIC Program will support a monthly average of 8.3 million participants. In the event that actual program needs exceed current estimates, the 2008 budget includes a \$200 million contingency reserve. In keeping with the Administration's promotion of childhood wellness and fitness, the Department intends to update WIC food packages.

## FOOD, NUTRITION, AND CONSUMER SERVICES

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### Objective 5.1: Ensure Access to Nutritious Food.

Key Performance Measure	2003	2004	2005	2006	2007	2008
Participation levels for the major Federal nutrition assistance programs (millions per month):						
WIC Program (average)	7.6	7.9	8.0	8.1	8.2	8.3

Language is being proposed that would cap the national average grant per participant (AGP) for State administrative expenses at \$14.12, the 2006 AGP level, which will reduce overall financial requirements by about \$145 million in 2008. This reduction will encourage States to seek ways to be more efficient without affecting core services.

**Commodity Assistance Program (CAP).** CAP distributes USDA commodities through several programs. The Emergency Food Assistance Program (TEFAP) provides support to a network of food banks and other programs that assist households in need of immediate, short-term food assistance. TEFAP includes components of both discretionary and mandatory funding. For program administration, \$49.5 million in discretionary funding is requested, part of which, at State discretion, may be used to purchase additional commodities. Under the Food Stamp Act, mandatory funding of \$140 million is available to be used to purchase commodities. In 2008, the Department anticipates delivering approximately the same amount of commodities, including bonus commodities, as delivered in 2007.

Another program under CAP is the Commodity Supplemental Food Program (CSFP). The budget proposes the elimination of the program, since the program is only available in limited areas, and overlaps with two of the largest nationwide Federal nutrition assistance programs – Food Stamps and WIC. USDA intends to pursue a transitional strategy to encourage those women, infants and children that are eligible for WIC to apply for that program, and to encourage elderly CSFP recipients to apply for the Food Stamp Program. As part of this strategy, the budget provides resources for outreach and temporary transitional food stamp benefits to CSFP participants 60 years of age or older. These benefits would equal \$20 per month for the lesser of six months or until the recipient starts participating in the Food Stamp Program.

In 2008, funding is requested for the Farmers’ Market Nutrition Program (FMNP) for women, infants and children. The FMNP provides WIC participants with special vouchers to purchase and consume fresh, local fruits, vegetables and herbs directly from farmers, farmers’ markets and roadside stands. In 2005, the FMNP provided coupons to 2.7 million WIC participants. The participants redeemed their coupons at 4,714 authorized farmers’ markets, providing revenue to 14,323 small family farmers.

**Nutrition Programs Administration (NPA).** Funding of \$149 million is requested for NPA, the account that supports Federal management and oversight of USDA’s investment in nutrition assistance programs. The budget includes an increase of \$2 million to study the impact of new

## FOOD, NUTRITION, AND CONSUMER SERVICES

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Food Stamp Program service delivery models on program access, erroneous payments, and administrative costs. An increase of \$2 million is requested to continue the development of an evidence-based system for the *2010 Dietary Guidelines for Americans* and for enhancements to MyPyramid, interactive applications and information technology services. Food Stamps, Child Nutrition, and WIC depend on the *Dietary Guidelines for Americans* to calibrate their food benefits. All of the nutrition assistance programs, nutrition education and promotion programs government wide, as well as private sector nutrition education and promotion use the *Guidelines* and MyPyramid as their focal point and primary tool for communicating nutrition education. USDA's ability to simplify and improve the programs, increase program efforts to improve nutritional outcomes, encourage healthy and nutritious diets and expand an obesity prevention campaign, is fostered by the Federal administrative efforts supported by these funds.

## FOOD, NUTRITION, AND CONSUMER SERVICES

### Food and Nutrition Service Key Indicators

	2006 Actual	2007 Estimate	2008 Budget
<b>Average Participation, Millions:</b>			
Food Stamps (per month).....	26.7	26.3	26.2
Free School Lunch.....	14.7	15.1	15.3
Total School Lunch (per day).....	30.0	31.0	31.5
Free School Breakfast.....	7.0	7.4	7.7
Total School Breakfast (per day).....	9.8	10.4	10.9
WIC (per month).....	8.1	8.2	8.3
Commodity Supplemental Food Program (CSFP):			
WIC (per month).....	0.04	0.03	0.00
Elderly (per month).....	0.42	0.44	0.00
Food Distribution Program on Indian			
Reservations (FDPIR) (per month).....	0.09	0.09	0.09
<b>Unemployment Rate (percent).....</b>	<b>4.8</b>	<b>4.6</b>	<b>4.7</b>
<b>Average/Person/Month Food Benefit in \$:</b>			
Food Stamps.....	\$94.04	\$96.45	\$101.28
WIC.....	37.22	38.34	39.34
CSFP: WIC (FNS Funded) <u>a/</u> .....	17.10	22.45	0.00
CSFP: Elderly (FNS Funded) <u>a/</u> .....	13.02	15.20	0.00
FDPIR (FNS Funded) <u>a/</u> .....	38.65	42.96	44.85
<b>Per Meal Subsidies Including Commodities in \$: <u>b/</u></b>			
<b>School Lunch:</b>			
Free .....	\$2.29	\$2.35	\$2.41
Reduced Price .....	1.89	1.95	2.01
Paid .....	0.40	0.40	0.42
<b>School Breakfast:</b>			
Free .....	1.28	1.31	1.35
Paid .....	0.23	0.24	0.24

a/ Excludes bonus commodities. In 2006, an average of \$4.93, \$4.80 and \$2.39 per month was added in bonus commodities for each participant monthly for CSFP/WIC, CSFP/elderly and FDPIR respectively.

b/ Excludes bonus commodities.

## FOOD SAFETY

### MISSION AND RELATIONSHIP TO STRATEGIC GOAL

Nearly all funds for the Food Safety mission area support USDA Strategic Goal 4, which is to enhance protection and safety of the Nation’s agriculture and food supply. This mission area contributes to the accomplishment of one key objective under this goal: to reduce the incidence of foodborne illnesses related to meat, poultry, and egg products in the United States. The Food Safety mission area is the public health mission area of USDA and provides scientific focus, leadership and expertise in addressing the important domestic and international public health and safety issues related to meat, poultry, and egg products. Food Safety coordinates the development of its policies with other USDA agencies, the Food and Drug Administration, the Environmental Protection Agency, the Centers for Disease Control and Prevention, as well as international organizations, to ensure an integrated farm-to-table approach to food safety. Of the total Food Safety funds, USDA also expends approximately \$4 million in support of the Codex Alimentarius Commission (Codex) to support USDA Strategic Goal 1, Strategic Objective 1.3 – Improved Sanitary and Phytosanitary (SPS) System to Facilitate Agricultural Trade.

**Program Level**  
**(Dollars in Millions)**

<b>Program</b>	<b>2006 Actual</b>	<b>2007 Estimate</b>	<b>2008 Budget</b>
Federal Food Safety and Inspection.....	\$861	\$868	\$967
State Food Safety and Inspection.....	58	58	62
International Food Safety and Inspection.....	22	22	24
Field Automation and Information Management.....	10	10	9
Codex Alimentarius.....	4	4	4
Total, FSIS Program Level.....	955	961	1,065
Existing User Fees and Trust Funds.....	-125	-131	-135
Total, FSIS Appropriations.....	\$830	\$830	\$930

The Food Safety mission area includes the Food Safety and Inspection Service (FSIS) and the general oversight of the Office of the U.S. Manager of Codex. FSIS provides in-plant inspection to all domestic establishments preparing meat, poultry, and processed egg products for sale or distribution into interstate commerce, and also reviews and approves foreign inspection systems and plants exporting these products to the United States. FSIS provides technical and cost-sharing assistance to, and review of, States that maintain inspection programs equal to the Federal inspection program.

To accomplish these functions, FSIS employees are stationed in approximately 6,282 establishments, including approximately 121 import stations. Headquarters personnel are responsible for overseeing administration of the program and ensuring that the latest scientific and technological developments are incorporated into inspection procedures. For Codex, FSIS coordinates U.S. participation in and informs the public of the sanitary and phytosanitary standard setting activities of the Commission. Codex is the major international mechanism for



## FOOD SAFETY

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encouraging fair international trade in food while promoting the health and economic interests of consumers.

To ensure that FSIS continues to achieve the goals for improving food safety that are identified in the USDA Strategic Plan, the 2008 budget proposes a program level of about \$1.1 billion, an increase of \$104 million over 2007. This includes \$930 million in appropriated funding and \$135 million in existing user fees. The budget provides for the full amount necessary to meet the demand for inspection and high priority initiatives. The budget includes pay costs and other cost increases necessary to support approximately 7,865 meat, poultry, and egg inspectors in the Federal and State inspection programs.

For 2008, a top priority for USDA is to support the Food and Agriculture Defense Initiative. Of the total increase for this initiative USDA-wide, \$21.7 million is requested to expand the FSIS participation in the Food Emergency Response Network (FERN) and upgrade FSIS' laboratory capabilities for evaluating a broader range of threat agents. With the additional funds, FSIS laboratories as well as other Federal and State laboratories would be upgraded to ensure that adequate laboratory capacity will be available in the event of a biohazard emergency that requires large volume testing of food products. These laboratories would be linked to form a nationwide laboratory infrastructure that will have the capacity to quickly identify an agent and the method of delivery, as well as to respond rapidly and limit the loss of life.

In 2008, FSIS estimates it will collect \$135 million through existing user fee activities for providing overtime, holiday, and voluntary inspection services. Separately, FSIS will submit a legislative proposal that will permit expansion of user fee charges for certain additional activities in 2008, with total collections estimated at \$96 million. The collections will be used to reduce appropriations needs for 2009. A total of about \$92 million would be collected through a licensing fee from establishments based on the size and type, slaughter versus processing, of the operation. An additional \$4 million would be collected from plants that require additional inspection activities for performance failures such as retesting, recalls, or inspection activities linked to an outbreak.

Pathogen reduction relates directly to USDA's strategic objective of reducing the level of foodborne illness by targeting common and dangerous pathogens for control. Although the presence of safe and wholesome food products may decrease the likelihood of foodborne illness, it does not guarantee that after purchase, food will be properly stored, handled, and prepared so as to maintain safety. For this reason, FSIS has been conducting public education campaigns to inform the public about safe food handling methods. The 2008 budget provides the resources necessary for FSIS to maintain its level of performance in ensuring the safety of the meat, poultry, and egg products supply as indicated by the following performance measures:

## FOOD SAFETY

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### Objective 4.1: Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry, And Egg Products in the U.S.

Key Performance Measure	2003	2004	2005	2006	2007	2008
Reduce overall public exposure to generic <i>Salmonella</i> from broiler carcasses using existing scientific standards (percentage of industry in Category 1 i.e., low risk for presence of <i>Salmonella</i> )	N/A	N/A	N/A	45%	55%	65%
Percentage of ready-to-eat meat and poultry products testing positive for <i>Listeria monocytogenes</i>	0.90%	0.89%	0.70%	0.60%	0.65%	0.65%
Prevalence of <i>E. coli</i> 0157:H7 in ground beef	0.37%	0.19%	0.17%	0.16%	0.20%	0.20%

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## **NATURAL RESOURCES AND ENVIRONMENT**

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

The mission of the Natural Resources and Environment area is to promote the conservation and sustainable use of natural resources on the Nation's private lands and to sustain production of all the goods and services that the public demands of the national forests. This mission supports USDA Strategic Goal 6, which is to protect and enhance the Nation's natural resource base and environment. The mission area includes two agencies, the Natural Resources Conservation Service (NRCS) and the Forest Service (FS).

Both NRCS and FS contribute to achieving Strategic Goal 6 through a variety of programs aimed at preserving natural resources on public and private lands. The goal has four objectives: protect watershed health to ensure clean and abundant water; enhance soil quality to maintain productive, working cropland; protect forests and grazing lands; and protect and enhance wildlife habitat to benefit desired, at-risk and declining species.

Key performance measures for NRCS include: comprehensive nutrient management plans applied; cropland with conservation applied to improve soil quality; grazing land and forest land with conservation applied to protect and improve the resource base; and wetlands created, restored or enhanced. FS' key performance measures include treatment of hazardous fuel in and outside of the wildland urban interface and other acres treated.

## NATURAL RESOURCES AND ENVIRONMENT

### NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Program Level (Dollars in Millions)			
Program	2006 Actual	2007 Estimate	2008 Budget
Conservation Operations:			
Conservation Technical Assistance.....	\$687	\$657	\$679
All Other Conservation Operations Programs.....	135	134	123
Total, Conservation Operations.....	822	791	802
Watershed and Flood Prevention Operations.....	74	40	0
Watershed Surveys and Planning.....	6	6	0
Watershed Rehabilitation Program.....	31	29	6
Resource Conservation and Development.....	50	51	15
Healthy Forests Reserve Program.....	2	2	2
Farm Bill Programs (Funded from CCC):			
Total Budget Authority:			
Environmental Quality Incentives Program.....	992	1,017	1,000
Wetlands Reserve Program.....	191	264	455
Conservation Security Program.....	257	259	316
Conservation Reserve Program Technical Assistance.....	78	80	58
Ground and Surface Water Conservation.....	70	51	a/
Farm and Ranch Lands Protection Program.....	74	50	a/
Klamath Basin.....	11	6	a/
Wildlife Habitat Incentives Program.....	43	43	a/
Grassland Reserve Program.....	35	16	a/
Agricultural Management Assistance.....	5	6	a/
Farm Bill Conservation Activities.....	0	0	157 a/
Total, Farm Bill Programs.....	1,756	1,792	1,986
Subtotal, NRCS Ongoing Programs.....	2,741	2,711	2,811
Emergency Watershed Protection.....	351	0	0
Total, NRCS Programs.....	\$3,092	\$2,711	\$2,811
<b>RECAP:</b>			
Ongoing Appropriations.....	\$985	\$919	\$825
Emergency Watershed Protection.....	351	0	0
Funded from CCC.....	1,756	1,792	1,986
Total, NRCS Programs.....	\$3,092	\$2,711	\$2,811

a/ Conservation activities that were in the 2002 Farm Bill, which expires at the end of fiscal year 2007, are subject to re-authorization in the 2007 Farm Bill. The 2008 budget includes \$157 million as a placeholder for these activities in the new Farm Bill.

## NATURAL RESOURCES AND ENVIRONMENT

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The President's 2008 budget for NRCS continues to focus on working with local partners in efficiently implementing authorized conservation programs. NRCS directs its financial and technical assistance programs to land users through the USDA Service Centers and through local conservation districts, which are units of State or local governments organized for the purpose of developing and carrying out local conservation programs. USDA has entered into a Memorandum of Understanding with each conservation district, and these formal agreements provide a basis for the Department's working relationship with the district. In addition, the Department is increasingly relying on technical assistance provided to producers by third parties, as authorized in the Farm Bill, called technical service providers (TSP's). These TSP's are non-USDA technical specialists who are certified to deliver conservation technical assistance and help farmers and ranchers reach their conservation goals.

**Conservation Operations (CO).** The 2008 budget proposes \$802 million for CO, which includes \$679 million for conservation technical assistance (CTA) as well as \$123 million for four other CO activities including the Grazing Lands Conservation Initiative, Soil Surveys, Snow Surveys, and Plant Materials Centers. At this level, the agency's activities will continue to support locally led, cooperative conservation through the unique partnership that has been developed over the years with each conservation district and local stakeholders. This partnership provides the foundation on which the Department addresses many of the Nation's critical natural resource issues such as maintaining agricultural productivity and improving water quality. It also leverages additional investment from local governments, private groups and individual sources.

The 2008 request for CTA includes \$20 million for the Common Computing Environment which had previously been requested and provided for in a central account managed by the Office of the Chief Information Officer. For other CO activities, the 2008 budget provides an increase of nearly \$5 million for soil surveys but reduces funding for the Grazing Lands Conservation Initiative by \$17.2 million to \$10 million and directs it to competitive grants to address invasive species on grazing lands. Also, the 2008 budget includes an increase of \$10 million in CO funds to accelerate the development and application of new comprehensive nutrient management plans for livestock operations.

A review of the CTA program using the PART was conducted as part of the 2005 budget process. The review found that CTA had some shortfalls pertaining to strategic planning and accountability. As a result of this evaluation, the Department consolidated all the CO activities, including CTA, into one Conservation Operations PART for the 2008 budget year. The Department developed long-term, outcome-based performance measures and efficiency measures for CO and new annual measures to better reflect the activities of the field-level technical assistance provided to producers. The PART reevaluation resulted in a "Moderately Effective" rating.

**Watershed and Flood Prevention Operations, Surveys, and Planning.** NRCS provides technical and financial assistance to local communities and sponsoring organizations to plan, design, and construct flood protection, water supply, and water quality improvement projects. The agency also works cooperatively with State and local governments to develop river basin surveys and floodplain management studies to help identify water and related land resource

## NATURAL RESOURCES AND ENVIRONMENT

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problems and evaluate alternative solutions. The 2008 budget provides no funding for these activities. Because benefits from these programs are highly localized, local sponsoring organizations as well as State and local governments are expected to assume a greater role in identifying and addressing water resource problems.

**Watershed Rehabilitation Program.** This program provides financial and technical assistance to communities for planning and financing the rehabilitation of Federally constructed flood prevention dams that have reached the end of their design lives. The budget provides \$5.8 million in technical assistance to help local governments and private landowners plan the rehabilitation of those dams with the greatest potential for damage. The maintenance, repair, and operation of these dams are primarily a local and State responsibility since program benefits are highly localized.

**Resource Conservation and Development (RC&D).** The RC&D program provides technical assistance to local communities to develop and implement strategic plans that address their locally identified natural resource and economic development concerns. A PART review was conducted on the RC&D program in 2005 and found that it is duplicative of other USDA and Federal resource conservation and rural development programs and that the program does not prioritize or target funding effectively. As a result, the budget proposes to reduce funding by about \$36 million and to consolidate the RC&D coordinator functions at the State level by reducing the number of coordinator positions from 375 to approximately 50. The 375 currently authorized RC&D Areas nationwide would be maintained. States and RC&D councils are expected to take on the increased responsibility of managing day-to-day operations.

**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 management. The 2008 budget proposes \$1 billion for EQIP, enabling nearly 39,700 producers to participate in the program, covering nearly 21 million acres of land. The program will continue to emphasize land management practices such as the application of comprehensive nutrient management plans.

**Wetlands Reserve Program (WRP).** WRP is a voluntary program in which landowners are paid to retire cropland from agricultural production if those lands are restored to wetlands and protected, in most cases, with a long-term or permanent easement. Landowners receive fair market value for the land and are provided with cost-share assistance to cover the restoration expenses. The program is authorized to enroll a total of 2,275,000 acres and through the end of 2007, it is estimated that total cumulative enrollment will reach approximately 2 million acres. The budget includes \$455 million, an increase of \$191 million, to enroll up to an additional 250,000 acres in order to reach the program cap. It will also enable WRP to continue to be a principal supporter of the President's wetlands policy to restore, protect and enhance three million acres of wetlands by 2009. Since the legislative authority to enroll new acres ends on December 31, 2007, the 2008 budget proposes to extend for one year the WRP authority to enroll new acres.

**Conservation Security Program (CSP).** CSP is a voluntary program that provides financial and technical assistance on Tribal and private agricultural working lands to support ongoing

## NATURAL RESOURCES AND ENVIRONMENT

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conservation stewardship. The program provides payments to producers who maintain and enhance the condition of natural resources. Through the end of 2007, the Department expects a total of nearly 19,000 farmers and ranchers to participate in the program. The budget includes \$316 million for CSP in 2008, an increase of \$57 million over the 2007 level, to continue support of those contracts signed in prior years. No new enrollments will be offered in 2008.

**Other Farm Bill Conservation Programs.** With the 2002 Farm Bill authority expiring in September 2007, funding for several programs is not included in 2008. However, \$157 million is provided for Farm Bill conservation activities as a placeholder for programs that are likely to continue in some form in the new Farm Bill.

**Conservation Reserve Program Technical Assistance.** NRCS provides technical support including land eligibility determinations, conservation planning and practice implementation for the Conservation Reserve Program (CRP). With no new general signups projected for 2008, the budget requests \$58 million, a decrease of \$22 million, for CRP technical assistance. CRP is administered by FSA and the program status for 2008 is described on page 25.

## NATURAL RESOURCES AND ENVIRONMENT

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### Objective 6.1: Protect Watershed Health to Ensure Clean and Abundant Water.

Key Performance Measure	2003	2004	2005	2006	2007	2008
Comprehensive nutrient management plans applied (number of plans)						
CTA	2,132	2,372	2,420	2,269	1,900	1,900
EQIP	948	1,055	2,032	2,774	3,000	3,000

### Objective 6.2: Enhance Soil Quality to Maintain a Productive Cropland Base.

Key Performance Measures	2003	2004	2005	2006	2007	2008
Cropland with conservation applied to improve soil quality (millions of acres)						
CTA	N/A	N/A	6.0	6.4	6.0	6.0
EQIP	N/A	N/A	2.2	3.4	5.0	5.0
CSP	N/A	1.3	6.9	1.4	0.14	0.14

### Objective 6.3: Protect Forests and Grazing Lands.

Key Performance Measures	2003	2004	2005	2006	2007	2008
Grazing land and forest land with conservation applied to protect and improve the resource base (millions of acres)						
CTA	N/A	N/A	7.5	11.7	8.0	7.7
EQIP	N/A	N/A	8.0	12.2	13.0	13.0
CSP	N/A	0.4	2.3	1.3	0.06	0.06

### Objective 6.4: Protect and Enhance Wildlife Habitat to Benefit Desired, At-Risk and Declining Species.

Key Performance Measure	2003	2004	2005	2006	2007	2008
Wetlands created, restored or enhanced (acres)						
CTA	43,525	59,293	53,498	65,345	51,300	51,300
WRP	137,151	123,363	180,358	181,979	156,000	160,000



## NATURAL RESOURCES AND ENVIRONMENT

### FOREST SERVICE (FS)

**Program Level  
(Dollars in Millions)**

<b>Program</b>	<b>2006 Actual</b>	<b>2007 Estimate</b>	<b>2008 Budget</b>
Discretionary Accounts:			
Forest and Rangeland Research.....	\$278	\$280	\$263
State and Private Forestry.....	279	229	202
Emergency Supplemental.....	30	0	0
National Forest System:			
Land Management Planning.....	58	58	53
Recreation, Heritage and Wilderness.....	259	258	231
Wildlife and Fisheries Habitat Management.....	132	131	118
Grazing Management.....	48	48	47
Inventory and Monitoring.....	167	166	146
Forest Products.....	278	310	319
Vegetation and Watershed Management.....	180	179	154
Minerals and Geology Management.....	84	84	71
Land Ownership Management.....	91	91	81
Law Enforcement Operations.....	111	111	124
Valles Caldera National Preserve.....	5	5	1
Centennial Service Challenge.....	4	2	0
Emergency Supplemental.....	40	0	0
Total, NFS.....	1,456	1,444	1,344
Wildland Fire Activities:			
Preparedness.....	661	656	349
Suppression.....	690	741	911
Hazardous Fuels Reduction.....	280	292	292
Other Fire Operations.....	115	122	97
Wildland Firefighters.....	<u>a/</u>	<u>a/</u>	220
Emergency Fire Funding and Repayments.....	100	0	0
Total, Wildland Fire Activities.....	1,846	1,911	1,969
Capital Improvement and Maintenance.....	431	411	423
Emergency Supplemental.....	7	0	0
Land Acquisition.....	43	9	17
Other Accounts.....	8	8	9
Subtotal, Discretionary Accounts.....	4,201	4,192	4,127
Subtotal, Emergency Supplemental Funding and Fire Repayments.....	177	0	0
Total, Discretionary Accounts.....	4,378	4,192	4,127

## NATURAL RESOURCES AND ENVIRONMENT

(Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
Mandatory Programs:			
Permanent Appropriations.....	627	676	370 <sup>b/</sup>
Trust Funds.....	230	231	185
Total, Mandatory Accounts.....	857	907	555
Total, Forest Service Program Level.....	\$5,235	\$5,099	\$4,682
<b>RECAP:</b>			
Ongoing Appropriations.....	\$5,058	\$5,099	\$4,682
Emergency Supplemental.....	77	0	0
Emergency Fire Funding and Repayments.....	100	0	0
Total, Forest Service Program Level.....	\$5,235	\$5,099	\$4,682

<sup>a/</sup> Salaries for Wildland Firefighters was provided in Preparedness prior to FY 2008.

<sup>b/</sup> The Secure Rural Schools and Community Self-Determination Act of 2000 expired in FY 2006, with the final payment made in FY 2007.

The Forest Service (FS), with over 31,000 staff years in 2008, is the largest employer in USDA. For 2008, the total request for FS discretionary activities is \$4.1 billion. The work of the FS supports Strategic Goal 6: Protect and enhance the Nation's natural resource base and environment. Brief discussions of the major FS program areas follow.

**Forest and Rangeland Research.** For 2008, \$263 million is proposed for Forest and Rangeland Research. FS maintains one of the world's largest forest research organizations. While it has a very broad mission to develop the knowledge and technology needed to enhance the economic and environmental values of all of the Nation's forests and related industries, it also supports the specific research needs that arise from the FS's prime responsibility of managing the National Forest System (NFS). The \$17 million decrease from 2007 reflects a reduction of lower priority projects.

**State and Private Forestry.** For 2008, total funding for State and Private Forestry programs is proposed at \$202 million, a reduction of \$27 million below the 2007 level. Through these programs, FS makes grants and provides technical assistance to State forestry agencies and other cooperators for protecting forest resources and improving sustainable forest management on non-industrial private forest lands. The 2008 budget places emphasis on priority areas such as Cooperative Fire programs which provide technical and financial support for State wildfire fighting organizations. The budget provides an increase of about \$4 million in Cooperative Fire programs from 2007 levels to allow for additional wildland fire preparedness and prevention assistance to States. Another high priority activity is the Forest Legacy Program which helps conserve environmentally important forests threatened by conversion to non-forest uses, through the acquisition of land or interests in land through States. The budget requests a \$20 million increase in Forest Legacy for increased protection of the most threatened private forestlands from development. These increases are offset by a number of program decreases that reflect the priorities of the Administration.

## NATURAL RESOURCES AND ENVIRONMENT

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**National Forest System (NFS).** For 2008, total funding for NFS is proposed at over \$1.3 billion. FS manages over 193 million acres of public land in 44 States, Puerto Rico, and the Virgin Islands. These lands, known collectively as the NFS, are managed for multiple uses on a sustained-yield basis to meet the needs of people today while maintaining or improving the productivity, health, resilience and vigor of forest resources for future generations. National Forests produce diverse benefits for the American people ranging from outdoor recreation, wildlife, fish and watershed protection, to timber, forage and minerals. The budget reflects full funding of the Northwest Forest Plan and allows for the offer of 800 million board feet of timber under the plan. The budget also includes an additional \$13 million above the 2007 level for the Law Enforcement and Investigations program to address the growing need to provide a safe environment for the public and FS employees on NFS lands and protect NFS natural resources. The \$102 million reduction in NFS reflects organizational efficiencies as well as other program efficiencies gained from the new forest planning rule and other planning-related regulations implemented through the Healthy Forests Initiative. Programs that have reduced funding levels include Recreation, Heritage and Wilderness, Vegetation and Watershed Management, and Wildlife and Fisheries Habitat Management.

**Wildland Fire Activities.** For 2008, total funding for Wildland Fire Activities is proposed at nearly \$2 billion. Through these activities, FS protects life, property and natural resources on the 193 million acres of NFS land and an additional 20 million acres of adjacent State and private lands through fee or reciprocal protection agreements. These funds also support the President's Healthy Forests Initiative and the National Fire Plan. The budget includes an additional \$170 million above the 2007 level for Fire Suppression, reflecting the ten-year inflation-adjusted average cost for fire suppression activities. The budget also provides adequate presuppression funding to ensure that highly trained, professional wildland firefighters will continue to be available to reduce the risk of catastrophic wildfire to communities and the environment.

**Healthy Forests Initiative.** In August 2002, the President announced the Healthy Forests Initiative, a joint effort of the USDA and the Department of Interior designed to reduce the risk of catastrophic fire and improve the health of our Nation's forests by expanding local involvement and reducing unnecessary delays on forest health projects. The 2008 budget continues implementation of the Healthy Forests Initiative to reflect greater use of streamlined forest planning that will result in improved forest and rangeland management, healthier landscapes and reduced risk of catastrophic fire. The 2008 budget continues funding for priority activities to fight wildfires, reduce the risk of fire, and assist communities.

## NATURAL RESOURCES AND ENVIRONMENT

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### Objective 6.3: Protect Forests and Grazing Lands.

Key Performance Measures (in thousands)	2003	2004	2005	2006	2007	2008
Number of acres of hazardous fuels treated that are in the wildland-urban interface.	1,114	1,311	1,094	1,045	1,400	1,500
Number of acres of hazardous fuel treated that are in condition Classes 2 or 3 in Fire Regimes 1, 2, or 3 outside the wildland-urban interface.	339	492	470	409	350	300
Number of acres in condition classes 2 or 3 in Fire Regimes 1, 2 or 3 treated by all land management activities that improve condition class.	NA	758	1,058	1,093	1,150	1,150

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A PART evaluation was conducted on the Watershed Program and reassessments were conducted on the Wildland Fire and Invasive Species Programs during the 2008 budget process. The Watershed Program received a rating of “Results Not Demonstrated.” The improvement plan includes developing and implementing a strategy to prioritize watersheds for management activities as the basis for program allocations. Reassessment of the Wildland Fire Management Program resulted in a rating of “Adequate.” The new improvement plan includes developing procedures for allocating hazardous fuels reduction funds by assessing the risk from wildland fires and determining the benefits of fuels treatment projects. Reassessment of the Invasive Species Program resulted in a rating of “Adequate.” The new improvement plan includes developing an analysis of the costs and benefits of treatments undertaken to reduce the impacts of invasive species and implementing its use in program management.

## **MARKETING AND REGULATORY PROGRAMS**

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

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. These programs provide the basic infrastructure to improve agricultural market competitiveness for the overall benefit of both consumers and producers of American agriculture. MRP supports three USDA Strategic Goals: Strategic Goal 1: Enhance International Competitiveness of American Agriculture; Strategic Goal 2: Enhance the Competitiveness and Sustainability of Rural and Farm Economies; and Strategic Goal 4: Enhance Protection and Safety of the Nation's Agriculture and Food Supply. By enhancing protection of the Nation's agriculture, USDA will also help enhance the competitiveness of the agricultural sector. In particular, USDA has a target of allowing zero significant introductions of foreign animal diseases or pests that spread beyond the original area of introduction and cause severe economic or environmental damage, or damage to the health of animals or humans. In addition, USDA will increase the efficiency of production and marketing systems by providing an increasing number of standards for market-identified quality attributes for a variety of agricultural products.

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

## MARKETING AND REGULATORY PROGRAMS

### ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

Program Level  
(Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
Pest and Disease Exclusion:			
Agricultural Quarantine Inspection (AQI):			
Appropriated (discretionary).....	\$27	\$27	\$27
User Fees (mandatory) <u>a/</u> .....	183	182	194
Total, Agricultural Quarantine Inspection.....	210	209	221
Fruit Fly Exclusion and Detection.....	61	59	75
Trade Issues Resolution and Management.....	12	12	15
All Other Pest and Disease Exclusion.....	57	58	65
Total, Pest and Disease Exclusion.....	340	338	376
Plant and Animal Health Monitoring:			
Animal Health Monitoring and Surveillance.....	128	136	155
Animal and Plant Health Regulatory			
Enforcement.....	10	10	13
Emergency Management System.....	13	14	22
High Pathogen Avian Influenza .....	<u>b/</u>	37	57
Pest Detection.....	27	27	41
All Other Plant and Animal Health Monitoring.....	5	5	11
Total, Plant and Animal Health Monitoring.....	183	229	299
Pest and Disease Management:			
Emerging Plant Pests.....	103	93	124
Wildlife Services Operations.....	77	77	77
All Other Pest and Disease Management.....	163	164	124
Total, Pest and Disease Management.....	343	334	325
Animal Care.....	18	18	22
Biotechnology Regulatory Services.....	10	10	14
Veterinary Biologics and Diagnostics.....	38	38	53
Other Scientific and Technical Services.....	31	30	36
Physical/Operational Security.....	1	1	6
All Other.....	9	9	9
Total, APHIS Salaries and Expenses.....	973	1,007	1,140

## MARKETING AND REGULATORY PROGRAMS

### Program Level (Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
Emergency Funding (CCC).....	108	0	0
Emergency Funding (Section 32).....	377	100	0
Emergency Supplemental Funding for Avian Influenza.....	43	29	0
Trust Funds.....	16	14	14
Buildings and Facilities.....	10	6	9
Total, APHIS Programs.....	\$1,527	\$1,156	\$1,163
<b>RECAP:</b>			
Ongoing Appropriations.....	\$800	\$831	\$955
Existing User Fees.....	183	182	194
Emergency Funding.....	528	129	0
Trust Funds.....	16	14	14
Total, APHIS Programs.....	\$1,527	\$1,156	\$1,163

a/ Total collections are \$423 million in 2006, \$455 million in 2007 and \$494 million in 2008. Of the total, \$240 million, \$273 million and \$300 million are transferred to the Department of Homeland Security in 2006, 2007 and 2008 respectively.

b/ Emergency Supplemental Appropriation pursuant to P.L. 109-148.

APHIS helps achieve two USDA strategic goals: Enhance protection and safety of the Nation's agriculture and food supply; and enhance international competitiveness of American agriculture. Much of the agency's work is conducted in cooperation with State and local agencies, private groups, and foreign governments.

The 2008 budget proposes a program level of about \$1.14 billion for salaries and expenses, an increase of \$133 million above the 2007 level. Notable increases stem from proposals to further enhance the security of the agriculture sector from plant and animal health threats.

APHIS plays a critical role in protecting the Nation from deliberate or unintentional introduction of agricultural health threats, and the budget request for APHIS includes a \$63 million increase for Food and Agriculture Defense efforts above the 2007 level. These include: enhanced international information gathering about potential threats abroad; greater plant pest detection and safeguarding; increased national wildlife and animal health surveillance; improved ability to respond to a plant or animal disease outbreak; and vaccines and supplies for the National Veterinary Stockpile.

Other increases would help protect U.S. agriculture from fruit flies and deal with emerging plant pests, notably emerald ash borer. The budget assumes cost-sharing on the part of cooperators for

## MARKETING AND REGULATORY PROGRAMS

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specific pest and disease efforts. In addition, the budget requests an increase of \$3 million above the 2007 level to better deal with sanitary and phytosanitary trade barriers. A \$4 million increase above the 2007 level is requested to further enhance the Department's ability to address issues arising from biotechnologies. Physical and operational security efforts would also be bolstered.

In December 2005, Congress appropriated emergency supplemental funds to APHIS to deal with pandemic influenza. The 2008 budget requests about \$57 million to continue efforts such as domestic surveillance and diagnostics (including wildlife surveillance); emergency preparedness and response; and international capacity building (e.g., providing training to enhance in-country expertise overseas).

### **Objective 4.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks.**

Key Performance Measure	2003	2004	2005	2006	2007	2008
Number of significant introductions of foreign animal diseases or pests that spread beyond the original area of introduction and cause severe economic or environmental damage, or damage to the health of animals or humans Baseline: 2002=0	1	0	0	0	0	0

**Pest and Disease Exclusion.** USDA ensures that passengers and cargoes traveling from Hawaii and Puerto Rico comply with regulations to protect the health of the agricultural sector on the Mainland. Such services previously provided by APHIS at the Canadian and Mexican borders and at ports of entry are now conducted by the Department of Homeland Security. USDA has the responsibility of promulgating regulations related to the entry of passengers and commodities into the United States.

The budget requests an increase of \$5 million above the 2007 level to collect international animal health information. This collection will allow APHIS to conduct risk assessments and regulate imports more effectively. The budget requests an additional \$16 million above the 2007 level to enhance the current Fruit Fly Exclusion and Detection program. APHIS also resolves sanitary and phytosanitary disputes through international and bilateral discussions and requests an increase of \$3 million for this work in 2008.

**Plant and Animal Health Monitoring and Surveillance.** The budget requests \$299 million for plant and animal health monitoring and surveillance. This includes an increase of \$14 million for improved plant pest detection. Additional funding would also further increase the availability of specific animal vaccines and related products to respond to an outbreak. The budget requests a \$19 million increase over the 2007 level for animal health monitoring and surveillance programs; an \$8 million increase for the emergency management system; a \$20 million increase for highly pathogenic avian influenza programs; and a \$3 million increase for select agent programs.



## MARKETING AND REGULATORY PROGRAMS

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**Pest and Disease Management Programs.** APHIS provides technical and financial support to help control or eradicate a variety of agricultural health threats. The 2008 budget requests \$325 million for pest and disease management efforts. The budget proposes increased funding for efforts against emerging plant pests (emerald ash borer, potato cyst nematode, and sudden oak death) and enhanced low pathogenic avian influenza and other efforts. Successes in boll weevil and Johne's Disease eradication efforts allow a reduction in those programs, while funding has been increased for other, higher priority program needs. Decreased funding is also proposed for brucellosis, chronic wasting disease, pseudorabies, and other efforts. The Secretary retains authority to transfer funds from the CCC or other USDA accounts to combat any sudden, urgent and unforeseen pest and disease outbreaks. A review of on-going emergency pest and disease management programs using PART was conducted as part of the 2008 budget process. The review found that the program is effective.

**Animal Care.** The 2008 budget proposes slightly more than \$21 million for Animal Welfare Act activities and \$0.5 million for the Horse Protection Act. This represents an increase of about \$4 million over the 2007 level for activities to enforce the Animal Welfare Act. Separately, APHIS will submit a legislative proposal which will permit collection of about \$9 million in user fees for Animal Welfare activities in 2008. The collections will be used to reduce appropriations needs for 2009.

**Scientific and Technical Services.** Within USDA, APHIS has chief regulatory oversight of genetically modified organisms. To help meet the needs of this rapidly evolving sector, the budget includes a \$4 million increase to address a variety of biotechnology issues, including those of transgenic animals, arthropods, and disease agents. APHIS also develops methods and provides diagnostic support to prevent, detect, control, and eradicate agricultural health threats. In addition, APHIS works to prevent ineffective or harmful animal biologics (e.g., vaccines) from being marketed.

**Buildings and Facilities.** Funding of \$9 million for general repairs and maintenance of APHIS buildings is requested in 2008. This amount will be used for critical repairs at APHIS facilities.

## MARKETING AND REGULATORY PROGRAMS

### AGRICULTURAL MARKETING SERVICE (AMS)

Program Level (Dollars in Millions)			
Program	2006 Actual	2007 Estimate	2008 Budget
Marketing Services:			
Market News.....	\$31	\$31	\$35
Egg Surveillance and Standardization.....	7	7	8
Market Protection and Promotion.....	29	30	25
Wholesale Market Development.....	4	4	4
Transportation Services.....	3	3	3
Total, Marketing Services.....	74	75	75
Payments to States.....	11	1	1
Funds for Strengthening Markets, Income, and Supply (Section 32):			
Commodity Program Expenses.....	723	359	405
Section 32 Administrative Funds:			
Marketing Agreements and Orders (MA&O).....	15	16	17
Web-based Supply Chain Management.....	20	10	20
Commodity Purchase Services.....	9	12	12
Total, Section 32 Administrative Funds.....	44	38	49
Total, Section 32 Funds.....	767	397	454
User Fees:			
Perishable Agricultural Commodities Act.....	7	7	7
Commodity Grading Services.....	142	126	129
Total, User Fee Funded Programs.....	149	133	136
Total, AMS Programs.....	\$1,001	\$606	\$666
<b>RECAP:</b>			
Ongoing Appropriations.....	\$85	\$76	\$76
Section 32 Funds.....	767	397	454
Existing User Fees.....	149	133	136
Total, AMS Programs.....	\$1,001	\$606	\$666

The mission of AMS is to facilitate the marketing of agricultural products in domestic and international markets, while ensuring fair trading practices and promoting a competitive and efficient marketplace, to the benefit of producers, traders, and consumers of U.S. food and fiber products. All AMS activities support USDA's Strategic Goal 2, which is to enhance the competitiveness and sustainability of rural and farm economies. AMS programs promote a strategic marketing perspective that adapts product and marketing decisions to consumer demands, changing domestic and international marketing practices, and new technology.

## MARKETING AND REGULATORY PROGRAMS

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For 2008, the AMS budget proposes a program level of \$666 million, of which \$136 million will be funded by existing user fees, \$454 million by Section 32 funds and \$76 million by appropriations.

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

The 2008 budget includes an increase of \$2.8 million to enhance delivery of critical market information to the agricultural industry and public. As an E-Gov initiative, AMS developed a pilot Web Portal to improve delivery of market information via the internet. The requested funds would continue to support and expand existing services, including incorporation of data on other commodities.

The 2008 budget also includes an increase of \$1.1 million above the 2007 level to ensure that the National Organic Program can meet the needs of the rapidly growing organic industry. The increase will support, among other efforts, development of standards requested by the industry and regulatory enforcement to maintain labeling credibility.

An increase of \$0.4 million for the Federal Seed Act Program is included in the 2008 budget to resume seed testing in those States that have withdrawn from the program and to work with seed producers and States to improve the accuracy of seed sampling and testing programs.

Finally, the budget includes a decrease of \$6.2 million for the termination of the Microbiological Data Program (MDP). The PART review of the MDP program indicated it is difficult to determine to what extent the data is used to support risk assessments. Furthermore, consistent with a Congressional directive, sample origin data is not collected. This limits the use of the data in epidemiological investigations aimed at determining the source of outbreaks of foodborne illness. In response to these findings and the need to limit Federal spending, the program is proposed for termination.

### **Objective 2.1: Enhance the Competitiveness and Sustainability of Rural and Farm Communities**

<b>Key Performance Measure</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Percent of market-identified quality attributes for which AMS has provided standardization (percent)	96%	96%	96%	97%	97%	98%

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## MARKETING AND REGULATORY PROGRAMS

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**Payments to States and Possessions.** Under this program, 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.

**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 such commodities and removal of surplus commodities from the marketplace for distribution to Federal nutrition assistance programs such as the National School Lunch Program; diversion programs that bring production in line with demand; and disaster assistance for producers. Section 32 funds are also used to finance the administrative costs associated with the purchase of commodities and developing the specifications used for food procurement throughout the Federal government.

The 2008 budget request includes an increase of \$10.1 million within Section 32 Administrative funding for the Commodity Purchase Services Program to continue implementation of the Web-based Supply Chain Management System (WBSCM). This improved information technology system is intended to improve management and control of commodity orders, purchases, and delivery.

Marketing agreements and orders help stabilize market prices and the supply of milk, fruit, vegetables, and certain specialty crops. The orders are administered locally by marketing order committees and market administrators. Local activities are funded through assessments on regulated handlers. Section 32 funds are also used to finance Federal oversight activities for marketing agreements and orders at the national level. The 2008 budget proposes to use about \$29 million in Section 32 funds for Marketing Agreements and Orders and Commodity Purchase Services.

**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. In addition, AMS enforces the Perishable Agriculture Commodities Act (PACA) which prohibits unfair and fraudulent practices in the marketing of perishable agricultural commodities by regulating shippers, distributors, and retailers. Full and prompt payment for fresh fruits and vegetables is a key objective of the program.

Several AMS programs were evaluated using the PART as part of the 2008 budget process. The Market News and Marketing Services Program and the Research and Promotion Programs were found to be adequate. The Commodity Purchase Services Program was found to have "Results Not Demonstrated." As a result, AMS is creating basic, uniform criteria for commodity diversion and surplus commodity purchase decisions as well as developing additional performance measures that demonstrate progress towards performance goals.

## MARKETING AND REGULATORY PROGRAMS

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

<b>Program Level</b>			
<b>(Dollars in Millions)</b>			
<b>Program</b>	<b>2006 Actual</b>	<b>2007 Estimate</b>	<b>2008 Budget</b>
Salaries and Expenses:			
Grain Inspection Activities.....	\$18	\$18	\$21
Packers and Stockyards Program.....	20	20	23
Total, Salaries and Expenses.....	38	38	44
Inspection and Weighing User Fees.....	37	42	42
Total, GIPSA Program Level.....	75	80	86
Existing User Fees.....	-37	-42	-42
Total, GIPSA Appropriations.....	\$38	\$38	\$44

GIPSA establishes the official U.S. standards for grain, conducts official weighing and grain inspection activities, and grades rice, dry beans and peas, processed grain products, and hops. 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 competitiveness and sustainability of rural and farm economies, two of USDA's strategic goals.

For 2008, the budget proposes a program level for salaries and expenses of about \$86 million, of which \$42 million is from existing inspection and weighing user fees. Of the appropriations request of \$44 million, nearly \$21 million is devoted to the grain inspection activities including standardization, compliance, and methods development activities and almost \$23 million to the Packers and Stockyards Program. Separately, GIPSA will submit a legislative proposal to collect 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. Converting to license fees is consistent with the overall effort to shift funding for the program, which benefits identifiable groups, to user fees. The collections will be used to reduce appropriations needs for 2009.

The 2008 budget includes the following program changes from the 2007 level:

- An increase of \$2 million to strengthen enforcement of the Packers and Stockyards Act. GIPSA would bolster direct enforcement and promote greater voluntary compliance with the Act.

## MARKETING AND REGULATORY PROGRAMS

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- An increase of almost \$3 million to continue the agency’s IT modernization efforts, of which \$1.4 million is one-time funding. The agency’s E-Gov initiatives would facilitate the electronic transfer of information to and from stakeholders, and allow more efficient utilization by GIPSA of information such as program reviews and evaluations, agricultural product standards, inspection data, and field test equipment reporting.
- An increase of \$0.4 million to support U.S. grain trade to Asia by increased GIPSA presence to resolve issues that arise over U.S. grain shipments.

### Objective 2.2: Increase the Efficiency of Domestic Agricultural Production and Marketing Systems

Key Performance Measure	2003	2004	2005	2006	2007	2008
Percent of market-identified quality attributes for which GIPSA has provided standardization, (percent)	N/A	97.5	96.7	94.0	94.0	96.0

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A review of the Packers and Stockyards Program using the PART was conducted as part of the 2008 budget process. The program was found to have “Results Not Demonstrated.” In response, the agency will conduct business process re-engineering to improve controls, and develop a long-term outcome measure that focuses on improving trade practices within the industry.

## **RESEARCH, EDUCATION, AND ECONOMICS**

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

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 and statistical analysis. The 2008 REE budget supports all six of the Department's goals in the USDA Strategic Plan.

REE will focus resources on three key objectives, Strategic Objective 2.1: expand domestic market opportunities; Strategic Objective 2.2: increase efficiency of domestic agricultural production/marketing systems; and Strategic Objective 4.2: reduce the number and severity of agricultural pest and disease outbreaks.

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

<b>Program Level</b>			
<b>(Dollars in Millions)</b>			
<b>Program</b>	<b>2006 Actual</b>	<b>2007 Estimate</b>	<b>2008 Budget</b>
<b>Research and Information:</b>			
Product Quality/Value Added.....	\$97	\$91	\$105
Livestock Production.....	71	66	71
Crop Production.....	163	152	169
Food Safety.....	104	97	103
Livestock Protection.....	79	74	108
Crop Protection.....	169	158	174
Human Nutrition.....	80	76	84
Environmental Stewardship.....	179	166	171
National Agricultural Library.....	23	20	20
Repair and Maintenance of Facilities.....	18	17	17
Collaborative Research Program.....	6	0	0
Miscellaneous Fees.....	3	0	0
Emergency Supplemental.....	17	0	0
Homeland Security.....	(36)	(33)	(91)
Subtotal, Ongoing Programs.....	1,009	917	1,022
Earmarked Projects.....	141	141	0
Total, Research and Information.....	1,150	1,058	1,022
Buildings and Facilities.....	150	140	16
Emergency Supplemental.....	9	0	0
Total, Buildings and Facilities.....	159	140	16
Trust Funds.....	17	18	18
Total, ARS.....	\$1,326	\$1,216	\$1,056
<b>RECAP:</b>			
Ongoing Appropriations.....	\$1,300	\$1,216	\$1,056
Emergency Supplemental.....	26	0	0
Total, ARS.....	\$1,326	\$1,216	\$1,056

ARS conducts research to develop new scientific knowledge, transfer technology to the private sector to solve technical agricultural problems of broad scope and high national priority, and provide access to scientific data. ARS has over 100 research facilities throughout the U.S. and abroad. Beltsville, Maryland, is the site of the world's largest multi-disciplinary agricultural research facility. The agency also includes the National Agricultural Library (NAL), the Nation's major information resource in the food, agricultural and natural resource sciences.



## RESEARCH, EDUCATION, AND ECONOMICS

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The 2008 budget requests over \$1 billion for ARS. Program increases totaling \$104 million are proposed to fund critical research priorities and are offset by the discontinuation of lower priority programs and approximately \$141 million in Congressional earmarks. An additional \$140 million in earmarks is eliminated from the Buildings and Facilities account. Examples of high priority activities in the 2008 budget include the following:

- **New Products/Product Quality/Value Added.** ARS research enhances the economic viability and competitiveness of U.S. agriculture by (1) maintaining the quality of harvested agricultural commodities or enhancing their marketability; and (2) expanding domestic and global market opportunities through the development of value-added food and non-food products and processes. The 2008 budget includes an additional \$11 million for renewable energy research to more effectively use energy crops and crop residues and to maximize their conversion to biofuels. This would not only reduce the Nation's dependence on foreign oil but also improve the environment through the development of renewable energy sources.
- **Livestock Production.** ARS conducts research that develops biotechnological methods to use animal germplasm and associated genetic and genomic repositories and databases to ensure an abundant and safe food supply. Research also provides the knowledge to assess farm animal well-being, reduce animal stress, increase animal health and improve the international competitiveness and sustainability of U.S. aquaculture. With major progress being made to sequence the bovine and porcine genomes, it becomes more feasible to develop rapid and efficient methods to characterize, identify, and manipulate the useful properties of genes. The 2008 budget includes approximately \$4 million to support functional genomics to increase the nutrient utilization in beef cattle production.
- **Crop Production.** ARS safeguards and utilizes plant, microbial, and insect germplasm, associated genetic and genomic databases, and bioinformatic tools to ensure an abundant, high quality, safe, and inexpensive supply of food, feed, fiber, ornamentals, and industrial products. The 2008 budget provides a \$13.5 million increase for plant genomics to preserve plant genetic resources that will help improve plant quality and ensure the long-term conservation and diversity of crops.
- **Food Safety.** ARS research helps to ensure that the food supply is safe for consumers and that food and feed meet foreign and domestic regulatory requirements. This research also focuses on the reduction of the hazards of both introduced and naturally occurring toxins in foods and feed, including pathogenic bacteria, viruses, parasites, chemical contaminants, mycotoxins, and naturally occurring toxins produced by plants. The 2008 budget includes an additional \$3.5 million for research on the development of surveillance and epidemiology programs, and detection and processing intervention systems. ARS will continue to work with other USDA and Federal agencies to implement a comprehensive Food and Agriculture Defense Initiative. (See page 14).
- **Livestock Protection.** ARS conducts research to reduce economic losses from infectious, genetic, and metabolic diseases of livestock and poultry and to eliminate the losses to animal production and products caused by arthropod diseases and arthropod borne trauma. This research also reduces the risk to humans from arthropod borne zoonotic diseases and

## RESEARCH, EDUCATION, AND ECONOMICS

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enhances the safety of animal products. The 2008 budget includes an additional \$5 million for livestock protection research to aid in the understanding of the development of the immune system. This will eventually lead to the discovery of effective vaccines specifically designed to work at the earliest stages of an animal's development and will help stop the transmission of infectious diseases at the most vulnerable point in the production cycle. The budget also includes an increase of \$5 million for research to identify and characterize genetic variations that will lead to improved and enhanced countermeasures to control and prevent animal diseases. The budget seeks an increase of \$15.6 million for livestock protection research on avian influenza and foot-and-mouth disease, BSE, and chronic wasting disease. The budget includes an additional \$2.5 million for research to assist APHIS in improving responses to emerging livestock diseases such as classical swine fever and Rift Valley fever.

- **Crop Protection.** ARS provides the knowledge to reduce losses caused by plant diseases by defining practices that are effective and affordable and that maintain environmental quality. Research also provides the technology to manage pest populations below economic damage thresholds by the integration of environmentally compatible strategies that are based on an increased understanding of the pest's biology and ecology. The 2008 budget includes an additional \$3.9 million to combat emerging rust diseases of grain and soybeans. Research will focus on identifying and incorporating diverse sources of genetic resistance into new grain and soybean varieties and germplasm. These funds will also be used to develop predictive and diagnostic technology as well as management strategies for rust diseases. An additional \$1 million will be provided for developing improved pathogen detection, exclusion, and quarantine treatment technologies for other exotic and emerging plant diseases. The budget also provides an increase of \$4.3 million for the National Plant Disease Recovery System which will ensure disease resistant varieties are continuously developed and made available to producers in the event of a natural or intentional catastrophic disease or pest outbreak. The budget includes an additional \$2.5 million for research to assist APHIS in improving responses to emerging plant diseases such as Sudden Oak Death, *Ralstonia*, and diseases of citrus and tree fruits.
- **Human Nutrition.** Six ARS centers conduct basic and applied research to identify and understand how nutrients and other bioactive food components affect the health of diverse populations, including children, the elderly, pregnant and lactating women, and healthy adults. The ultimate goal of this food-based agricultural research is to identify foods and diets, coupled with genetics and physical activity that will sustain and promote health throughout life. The 2008 budget includes an additional \$7 million to undertake health and obesity prevention research to address the efficacy of the healthful eating and physical activity patterns set forth in the *Dietary Guidelines* in preventing obesity in the U.S. population. The research will focus on preventing obesity in children and understanding the dietary patterns that contribute to obesity in low socioeconomic and minority populations. This will not only benefit USDA's food assistance programs, but also the U.S. economy, which is burdened with the direct and indirect costs of obesity.
- **National Agricultural Library.** The National Agricultural Library (NAL), one of four national libraries in the United States, provides access to scientific agricultural data. To a

## **RESEARCH, EDUCATION, AND ECONOMICS**

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large extent this information is provided electronically and ARS is expanding its efforts to catalog, manage, and disseminate agriculture-related data through the Internet. The \$0.5 million increase proposed for NAL will continue the integration of the AGRICOLA online catalog and database into the National Digital Library for Agriculture as well as continue the development and expansion of information technology to manage and deliver information efficiently.

- **Buildings and Facilities.** The 2008 budget requests \$16 million for the planning and design of the Biocontainment Laboratory and Consolidated Poultry Research Facility in Athens, Georgia. At this facility, crucial research is conducted on exotic and emerging avian diseases, such as avian influenza, Newcastle disease, and West Nile virus that could have devastating effects on the U.S. poultry industry, international trade of poultry, and animal and human health.

The ARS programs related to Nutrition and Health and Natural Resource Base and the Environment underwent a PART assessment for 2008. The programs received ratings of “Moderately Effective” with high scores for program purpose and design, strategic planning, and management.

### **COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES)**

<b>Program Level (Dollars in Millions)</b>			
<b>Program</b>	<b>2006 Actual</b>	<b>2007 Estimate</b>	<b>2008 Budget</b>
Research and Education Activities.....	\$672	\$652	\$563
Extension Activities.....	451	451	431
Integrated Activities.....	55	56	20
Native American Endowment Fund and Interest.....	15	15	15
Outreach for Socially Disadvantaged Farmers.....	6	6	7
Subtotal, Programs.....	1,199	1,180	1,036
Community Food Projects.....	5	5	5
Organic Agriculture Research and Education Initiative.....	3	3	3
Total, CSREES.....	\$1,207	\$1,188	\$1,044

## RESEARCH, EDUCATION, AND ECONOMICS

### Cooperative State Research, Education, and Extension Service

#### Program Level

(Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
Formula Grants:			
Smith-Lever 3 (b&c).....	\$273	\$273	\$273
Hatch Act.....	177	183	165
1890 Research and Extension.....	71	72	72
McIntire-Stennis Cooperative Forestry.....	22	23	20
Animal Health and Disease Research.....	5	5	0
Total, Formula Grants.....	548	556	530
National Research Initiative Competitive Grants (NRI).....	181	189	257
Selected Integrated Activities:			
Water Quality.....	13	13	a/
Food Safety.....	15	15	a/
Rural Development Centers.....	1	1	1
International Science and Education Grants.....	1	2	2
Critical Issues.....	1	1	3
Pest Control/Management Activities.....	29	29	26
Sustainable Agriculture Research and Extension.....	16	16	13
Higher Education Programs.....	36	38	36
Native American Endowment Fund and Interest.....	15	15	15
Federally-Recognized Tribes Extension Program.....	2	2	3
1890 Facilities.....	17	17	17
Extension Services at 1994 Institutions.....	3	3	3
Expanded Food and Nutrition Education Program (EFNEP).....	62	62	62
Federal Administration.....	16	15	18
Food and Agriculture Defense Initiative:			
Regional Diagnostic Network.....	10	10	14
Higher Education Agrosecurity.....	0	0	5
Other Research, Extension and Integrated Programs.....	31	33	24
Emergency Supplemental.....	2	0	0
Outreach for Socially Disadvantaged Farmers.....	6	6	7
Subtotal, Ongoing Programs.....	1,004	1,023	1,036
Earmarked Projects and Grants.....	195	157	0
Subtotal, Programs.....	1,199	1,180	1,036
Community Food Projects.....	5	5	5
Organic Agriculture Research and Education Initiative.....	3	3	3
Total, CSREES.....	\$1,207	\$1,188	\$1,044

a/ In FY 2008, amounts are requested within NRI.

## RESEARCH, EDUCATION, AND ECONOMICS

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CSREES 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. CSREES provides funding for projects conducted in partnership with the State Agricultural Experiment Stations, State Cooperative Extension System, land grant universities, colleges, and other research and education institutions. Federal funds are distributed to universities and institutions by statutory formula funding, competitive awards, and grants. CSREES is responsible for administering USDA's primary competitive research grants program, the National Research Initiative (NRI), which supports investigator-initiated research with strong potential to contribute to major breakthroughs in agricultural science.

The 2008 budget requests over \$1 billion for CSREES. The budget includes program initiatives totaling more than \$85 million. They are offset by the elimination of approximately \$157 million in Congressional earmarks. Highlights of the proposals follow:

- **Formula Grants.** The 2008 budget proposal will modify the Hatch formula program by expanding the multi-State research programs to approximately 60 percent from the current base of 25 percent. A portion of these funds, 38 percent, will be redirected to nationally, competitively awarded, multi-State/multi-institutional projects in the first year with the remaining multi-State funds being phased into competitive grants from formula funding over a four year period as existing multi-State projects are completed. This new approach will sustain the matching requirement and the use of Federal funds to leverage non-Federal resources. Additionally, the proposal will modify the McIntire-Stennis formula program by creating a multi-State research program supported by about 62 percent of the total funding. All McIntire-Stennis multi-State funds will be distributed through competitively awarded grants in 2008.
- **National Research Initiative (NRI).** The NRI 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 2008 budget proposes \$257 million for the NRI, an increase of \$68 million. This includes \$19 million which will be a cornerstone of the Department's bioenergy and biobased fuels research initiative, and \$42 million which will support research and integrated projects that focus on water quality, food safety, organic transition, and pest management.
- **U.S.-India Agricultural Knowledge Initiative.** \$1 million of the International Science and Education grants program will be used to support the Agricultural Knowledge Initiative (AKI) with India. AKI is a Presidential initiative designed to strengthen the agricultural relationship between the United States and India by facilitating technology transfer, trade, and investment, and by strengthening partnerships in agricultural research, education, and extension.
- **Food and Agriculture Defense Initiative.** The 2008 budget proposes \$5 million for a Higher Education Agrosecurity Program as a component of the Food and Agriculture Defense Initiative. The funds will provide capacity building grants to universities for interdisciplinary degree programs targeted toward supplying educational and professional development for food defense personnel. This program will help secure the Nation's

## RESEARCH, EDUCATION, AND ECONOMICS

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agriculture and food supply by focusing on educational activities that address biosecurity issues. Additionally, an increase of \$4.2 million will be utilized for the Asian Soybean Rust Information Platform for Education and Extension and the National Plant Disease Network to assist in the effective diagnosis and response to pest and pathogen threats.

The CSREES programs related to Economic Opportunities and Quality of Life in Rural America and Nutrition and Health underwent a PART review during the formulation of the 2008 budget. The programs received ratings of “Effective” with high scores for program purpose and design, strategic planning, and program management. The PART findings did not identify any significant policy or performance measurement issues.

### **Objective 4.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks.**

<b>Key Performance Measure</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
The cumulative number of specific plant diseases labs are prepared to detect	N/A	3	5	6	7	9
The cumulative number of specific animal diseases labs are prepared to detect	N/A	6	7	8	9	9

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## RESEARCH, EDUCATION, AND ECONOMICS

### ECONOMIC RESEARCH SERVICE (ERS)

<b>Program Level</b>			
<b>(Dollars in Millions)</b>			
<b>Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>
Economic Research Service.....	\$75	\$75	\$83

The Economic Research Service (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.

**Market Analysis and Outlook.** A strong market analysis capability is central to understanding both current and future markets under alternative policies. The 2008 budget proposes a \$5 million increase above the 2007 level to strengthen the market analysis and outlook program to ensure the continuity and quality of current market analysis and enhance coverage of increasingly complex global markets for an expanding array of agricultural products.

**Bioenergy Research and Modeling.** Given the continuing importance of corn as a feedstock, bioenergy development will have major ramifications on agricultural markets. The 2008 budget includes an additional \$1 million to strengthen ERS’ research and modeling capacity to better understand the economics of bioenergy production, the demand for by-products, and the likely future adjustments in the crop and livestock sectors.

### NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

<b>Program Level</b>			
<b>(Dollars in Millions)</b>			
<b>Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>
Agricultural Estimates.....	\$110	\$111	\$114
Census of Agriculture.....	29	29	54
Total, NASS.....	\$139	\$140	\$168

The mission of the National Agricultural Statistics Service (NASS) is to provide timely, accurate, and useful statistics to U.S. agriculture. NASS statistics provide the information necessary to keep agricultural markets stable and efficient, and to help maintain a “level playing field” for all users of agricultural statistics.

## RESEARCH, EDUCATION, AND ECONOMICS

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### Objective 2.2: Increase the Efficiency of Domestic Agricultural Production and Marketing Systems.

Key Performance Measure	2003	2004	2005	2006	2007	2008
Timeliness – Percent of time official reports are released on the date and time pre-specified to data users	99.8%	99.4%	99.8%	100%	100%	100%

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**Census of Agriculture.** The 2008 budget reflects an increase of \$25 million to support the 2007 Census of Agriculture. The Census of Agriculture provides comprehensive data on the agricultural economy with national, State, and county level details. The census data are relied upon to measure trends and new developments in the agricultural sector. This increase supports the normal increase in activity levels due to the cyclical nature of the 5-year Census program. Funding will be used to secure contract services for significant data collection and processing activities to occur in 2008.



## DEPARTMENTAL ACTIVITIES

### DEPARTMENTAL OFFICES AND CENTRALIZED MANAGEMENT ACTIVITIES

Program Level (Dollars in Millions)			
Program	2006 Actual	2007 Estimate	2008 Budget
<b>Departmental Offices:</b>			
Office of the Secretary.....	\$13	\$13	\$14
Emergency Supplemental for Avian Influenza.....	11	0	0
Departmental Administration Staff Offices.....	23	23	25
Office of the Chief Financial Officer.....	6	6	31
Emergency Supplemental for Hurricane Recovery.....	60	0	0
Office of the Chief Information Officer.....	16	16	17
Office of the General Counsel.....	39	39	42
Office of Communications.....	9	9	10
Executive Operations:			
Office of the Chief Economist.....	10	10	11
National Appeals Division.....	14	14	15
Office of Budget and Program Analysis.....	8	8	9
Homeland Security Staff.....	1	1	2
Total, Department Offices.....	212	141	176
<b>Centralized Activities:</b>			
Funding to Address Trade Barrier Issues.....	2	2	2
Provincial Reconstruction Teams.....	0	0	13
Agriculture Buildings and Facilities.....	186	179	217
Hazardous Materials Management.....	12	12	12
Common Computing Environment.....	109	38	a/
Trust Funds/Other.....	3	3	3
Total, Centralized Activities.....	312	235	247
Total, Departmental Offices and Centralized Activities....	\$523	\$375	\$422
<b>RECAP:</b>			
Ongoing Appropriations.....	\$452	\$375	\$422
Emergency Supplemental.....	71	0	0
Total, Departmental Offices and Centralized Activities....	\$523	\$375	\$422

a/ Funded in the Service Center Agencies at a total of \$91 million.

The Departmental Offices provide leadership, coordination and support for all administrative and policy functions of the Department, including the Centrally-Financed Activities. These offices are vital to USDA's success in providing effective customer service and efficient program delivery. The 2008 budget proposes funding to ensure that these offices maintain the staffing

## DEPARTMENTAL ACTIVITIES

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levels needed to provide management leadership, oversight, and coordination. The budget also supports the Department's efforts to continue implementation of the President's Management Agenda and other reform activities. These efforts are critical to making the Department an efficient, effective and discrimination-free organization that delivers the best return on taxpayers' investments.

The **Office of the Secretary (OSEC)**, assisted by the Deputy Secretary, Under Secretaries and Assistant Secretaries, and members of their immediate staffs, directs and coordinates the work of the Department. This involves providing policy direction for all areas of the Department and maintaining liaisons with the Executive Office of the President, members of Congress and the public. The 2008 budget requests \$14 million for OSEC to fund on-going activities and \$2 million for cross-cutting trade and biotechnology activities. In addition, the budget requests \$12.5 million to support the Department's development and outreach activities in Afghanistan and Iraq. The funding will be used to continue work with the Provincial Reconstruction Teams (PRTs) by providing policy guidance, technical assistance and related support for reconstruction efforts underway in rural areas and will support USDA efforts to provide guidance and support in the Ministry of Agriculture in Iraq.

**Departmental Administration (DA) Staff Offices** provide overall direction, leadership and coordination for the Department's management of human resources, ethics, property, procurement, emergency preparedness and physical security, hazardous materials management, 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 2008 budget requests \$24.6 million for DA offices, including increases for Continuity of Operations (COOP) activities and pay costs of DA personnel.

The request for **Agriculture Buildings and Facilities and Rental Payments** for 2008 is \$216.8 million. The program provides funding for the rental payments to the General Services Administration (GSA), and security services provided by the Department of Homeland Security (DHS). This program is also responsible for all maintenance, utilities and administration of the more than 3 million square feet in the USDA headquarters buildings. The 2008 request includes an additional \$17 million for increases in payments to GSA and DHS. The budget also includes an increase of \$14.1 million for repairs and maintenance projects to the South Building to make the building safer for employees and more energy efficient.

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 program is funded through a central appropriation and through agency funds. The 2008 budget requests \$12.2 million for HMM, about the same as the 2007 level.

The **Office of the Chief Financial Officer (OCFO)** provides overall direction and leadership in the development of financial management policies and systems and produces the Department's consolidated financial statements and Strategic Plan. OCFO also oversees the provision of administrative accounting, payroll, and related systems for USDA and other agencies through

## DEPARTMENTAL ACTIVITIES

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operation of the National Finance Center (NFC). The 2008 budget requests \$30.9 million for OCFO, including an increase of \$24.8 million for a replacement of USDA's outdated core financial management system. When completed, this project will consolidate several agency-specific financial systems and will improve the Department's financial management and reporting capabilities. This implementation is important to the Department since all nine general ledger systems the agencies currently operate are outdated, no longer supported by their vendors, and several are showing early signs of failure.

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 2008 budget requests \$17 million for OCIO to fund on-going activities.

In addition, OCIO is responsible for the management of the **Common Computing Environment (CCE)** for the Service Center agencies (Farm Service Agency, Natural Resources Conservation Service, and Rural Development). The CCE is the information technology infrastructure that supports business delivery for these agencies. Through the Service Center Modernization Initiative, CCE was created to ensure appropriate support and coordination for the information technology (IT) needs of the Service Center Agencies. OCIO, through IT Services, coordinates the management of CCE through service level agreements with the agencies. The 2008 budget requests funding to support CCE through the Service Center agencies' budgets. The agencies will continue to coordinate with OCIO to fill their needs for telecommunications, hosting and data services, geographic information systems, and other IT needs.

The **Office of the General Counsel (OGC)** provides legal oversight, counsel, and support to the Department's agencies. The 2008 budget requests \$41.7 million for OGC, including an increase of \$0.5 million for 5 additional staff years to meet increasing demands for legal support in the areas of international trade, regulations, the farm programs, and general law.

The Department's **Office of Communications (OC)** provides leadership and coordination for the development of communications strategies for the Department and plays a critical role in disseminating information about USDA's programs to the general public. The 2008 budget requests \$9.9 million to fund on-going activities.

The **Office of the Chief Economist (OCE)** advises the Secretary and Department officials on the economic implications of Department policies, programs and proposed legislation; and serves as the focal point for the Department's economic intelligence, analysis and review related to domestic and international food and agriculture markets. OCE also provides advice and analysis on biofuels and bioenergy, new uses of agricultural products, agricultural labor, and global climate change. The 2008 budget requests \$11.3 million for OCE, including an increase of \$0.5 million to support USDA's participation in the international Methane to Markets Partnership.

## DEPARTMENTAL ACTIVITIES

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### Objective 2.1: Expand Domestic Market Opportunities.

Key Performance Measure	2003	2004	2005	2006	2007	2008
Increase the number of products designated under the BioPreferred Program (FB4P) (total number of items)	N/A	N/A	N/A	6 items	16 items	26 items

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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 2008 budget requests \$15.1 million for NAD to fund on-going activities.

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 2008 budget requests \$9 million for OBPA, including an increase of \$0.4 million for three additional staff years to support the analytical capacity of the office.

The **Homeland Security Staff (HSS)** was created with emergency supplemental funding in 2002 for the purpose of establishing a central homeland security oversight and assistance capability within USDA. The 2008 budget requests \$2.4 million for HSS which includes an increase of \$1.3 million to assume the Secretary's protective services responsibilities.

**OFFICE OF CIVIL RIGHTS**

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**OFFICE OF CIVIL RIGHTS**

<b>Program Level (Dollars in Millions)</b>			
<b>Program</b>	<b>2006 Actual</b>	<b>2007 Estimate</b>	<b>2008 Budget</b>
Office of Civil Rights.....	\$20	\$20	\$23

The **Office of Civil Rights (OCR)** provides policy guidance, leadership and outreach, coordination and training, and complaint prevention and processing for the Department and the agencies. OCR’s mission is to facilitate the fair and equitable treatment of USDA customers and employees and ensure the delivery and enforcement of civil rights programs and activities. Through its efforts, OCR strives to: 1) foster a positive civil rights climate at USDA; 2) process EEO and program complaints in a timely, efficient and cost effective manner; 3) reduce and prevent Equal Employment Opportunity (EEO) and program complaints through training and guidance; 4) offer alternative dispute resolution services; and 5) provide effective outreach programs to ensure equal and timely access to USDA programs and services for all customers. The 2008 budget requests \$23.1 million for OCR which includes an increase of \$0.5 million to support compliance monitoring activities and \$1.9 million to complete the civil rights complaints tracking information system used by OCR and the agencies.

**OFFICE OF INSPECTOR GENERAL**

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**OFFICE OF INSPECTOR GENERAL**

<b>Program Level (Dollars in Millions)</b>			
<b>Program</b>	<b>2006 Actual</b>	<b>2007 Estimate</b>	<b>2008 Budget</b>
Office of Inspector General.....	\$79	\$79	\$84

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The **Office of Inspector General (OIG)** conducts and supervises audits 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 significant criminal activity involving the Department’s programs and personnel. The 2008 budget requests \$84 million for OIG, including an increase of \$3.6 million for audits and investigations related to avian influenza, farm program delivery, information technology security, and other high priority areas. The budget also requests \$340,000 to support staff increases to perform audits and investigations of USDA farm programs, and \$750,000 to maintain and improve the effectiveness of current staff.

# APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE  
Budget Authority  
(Dollars in Millions)

AGENCY	2006 Actual	2007 Estimate	2008 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency.....	\$1,381	\$1,075	\$1,298
Commodity Credit Corporation Programs.....	19,437	11,700	11,994
Risk Management Agency.....	3,367	4,450	4,892
Foreign Agricultural Service.....	349	338	272
P.L. 480.....	1,122	1,195	847
<b>RURAL DEVELOPMENT</b>			
Rural Community Advancement Program.....	834	629	0
Salaries and Expenses.....	164	157	208
Rural Utilities Service.....	-1,427	-1,268	-561
Rural Housing Service.....	751	-23	134
Rural Business - Cooperative Service.....	-74	-80	78
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service.....	58,921	56,858	59,357
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service.....	3,106	2,631	2,753
Forest Service.....	5,306	4,923	4,603
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service.....	836	836	936
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service.....	1,323	1,216	1,040
Cooperative State Research, Education, and Extension Service.....	1,195	1,176	1,032
Economic Research Service.....	75	75	83
National Agricultural Statistics Service.....	140	140	168
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service.....	1,137	1,027	1,163
Agricultural Marketing Service.....	238	209	211
Section 32 Funds.....	1,177	1,215	1,137
Grain Inspection, Packers and Stockyards Administration.....	38	38	44
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary.....	26	15	29
Common Computing Environment.....	109	38	0
Office of Civil Rights.....	20	20	23
Departmental Administration.....	23	23	25
Agriculture Buildings and Facilities.....	186	179	217
Hazardous Waste Management.....	12	12	12
Office of the Chief Financial Officer.....	6	6	31
Office of the Chief Information Officer.....	16	16	17
Office of the General Counsel.....	39	39	42
Office of Inspector General.....	80	79	84
Office of Communications.....	9	9	10
Executive Operations:			
Office of the Chief Economist.....	13	13	13
National Appeals Division.....	14	14	15
Office of Budget and Program Analysis.....	8	8	9
Homeland Security Support Staff.....	1	1	2
Working Capital Fund.....	60	0	0
Gifts and Bequests.....	1	1	1
Subtotal.....	100,019	88,990	92,219
Offsetting Receipts.....	-2,680	-1,223	-1,277
<b>TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....</b>	<b>\$97,339</b>	<b>\$87,767</b>	<b>\$90,942</b>

# APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE  
Discretionary Budget Authority  
(Dollars in Millions)

AGENCY	2006 Actual	2007 Estimate	2008 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency.....	\$1,645	\$1,428	\$1,705
Commodity Credit Corporation Programs.....	9	9	-77
Risk Management Agency.....	76	76	79
Foreign Agricultural Service.....	259	244	268
P.L. 480.....	1,533	1,576	1,222
<b>RURAL DEVELOPMENT</b>			
Rural Community Advancement Program.....	743	629	0
Salaries and Expenses.....	164	157	208
Rural Utilities Service.....	76	60	575
Rural Housing Service.....	1,527	1,068	1,150
Rural Business - Cooperative Service.....	88	-38	83
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service.....	5,525	5,511	5,660
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service.....	1,336	215	465
Forest Service.....	4,388	4,191	4,127
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service.....	830	830	930
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service.....	1,306	1,198	1,022
Cooperative State Research, Education, and Extension Service.....	1,187	1,168	1,024
Economic Research Service.....	75	75	83
National Agricultural Statistics Service.....	139	140	168
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service.....	943	831	955
Agricultural Marketing Service.....	86	76	48
Grain Inspection, Packers and Stockyards Administration.....	38	38	44
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary.....	26	15	29
Common Computing Environment.....	109	38	0
Office of Civil Rights.....	20	20	23
Departmental Administration.....	23	23	25
Agriculture Buildings and Facilities.....	186	179	217
Hazardous Waste Management.....	12	12	12
Office of the Chief Financial Officer.....	6	6	31
Office of the Chief Information Officer.....	16	16	17
Office of the General Counsel.....	39	39	42
Office of Inspector General.....	80	79	84
Office of Communications.....	9	9	10
Executive Operations:			
Office of the Chief Economist.....	11	11	11
National Appeals Division.....	14	14	15
Office of Budget and Program Analysis.....	8	8	9
Homeland Security Staff.....	1	1	2
Working Capital Fund.....	60	0	0
Subtotal.....	22,593	19,952	20,266
Offsetting Receipts.....	-62	-44	-40
<b>TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....</b>	<b>\$22,531</b>	<b>\$19,908</b>	<b>\$20,226</b>



# APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE  
Outlays  
(Dollars in Millions)

AGENCY	2006 Actual	2007 Estimate	2008 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency.....	\$1,196	\$1,207	\$1,327
Commodity Credit Corporation Programs.....	20,199	13,370	12,138
Risk Management Agency.....	3,446	3,992	4,620
Foreign Agricultural Service.....	268	293	271
P.L. 480.....	943	1,053	941
<b>RURAL DEVELOPMENT</b>			
Rural Community Advancement Program.....	877	825	0
Salaries and Expenses.....	156	140	199
Rural Utilities Service.....	713	-995	-466
Rural Housing Service.....	895	717	871
Rural Business - Cooperative Service.....	-6	67	168
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service.....	52,452	54,736	56,220
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service.....	2,767	2,821	2,515
Forest Service.....	5,528	5,369	4,851
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service.....	838	838	925
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service.....	1,322	1,225	1,162
Cooperative State Research, Education, and Extension Service.....	1,094	1,196	1,227
Economic Research Service.....	73	82	82
National Agricultural Statistics Service.....	143	143	170
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service.....	1,123	1,091	1,145
Agricultural Marketing Service.....	259	210	185
Section 32 Funds.....	1,325	1,062	1,165
Grain Inspection, Packers and Stockyards Administration.....	34	38	43
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary.....	18	12	29
Fund for Rural America.....	1	0	0
Common Computing Environment.....	142	58	15
Office of Civil Rights.....	17	20	23
Departmental Administration.....	28	21	25
Agriculture Buildings and Facilities.....	213	177	217
Hazardous Waste Management.....	11	13	13
Office of the Chief Financial Officer.....	5	6	29
Office of the Chief Information Officer.....	26	16	17
Office of the General Counsel.....	37	39	42
Office of Inspector General.....	75	79	83
Office of Communications.....	9	9	10
Executive Operations:			
Office of the Chief Economist.....	12	12	13
National Appeals Division.....	13	14	15
Office of Budget and Program Analysis.....	7	8	9
Homeland Security Staff.....	1	1	2
Working Capital Fund.....	-47	24	1
Gifts and Bequests.....	0	1	1
Subtotal.....	96,213	89,990	90,303
Offsetting Receipts.....	-2,680	-1,223	-1,277
<b>TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....</b>	<b>\$93,533</b>	<b>\$88,767</b>	<b>\$89,026</b>

# APPENDIX

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

AGENCY	2006 Actual	2007 Estimate	2008 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency.....	\$1,469	\$1,560	\$1,734
Commodity Credit Corporation Programs.....	9	9	-77
Risk Management Agency.....	74	74	78
Foreign Agricultural Service.....	265	244	267
P.L. 480.....	1,456	1,469	1,335
<b>RURAL DEVELOPMENT</b>			
Rural Community Advancement Program.....	786	825	0
Salaries and Expenses.....	156	140	199
Rural Utilities Service.....	65	120	586
Rural Housing Service.....	1,641	1,808	1,887
Rural Business - Cooperative Service.....	73	52	144
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service.....	5,405	5,532	5,597
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service.....	1,253	1,119	773
Forest Service.....	4,594	4,565	4,355
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service.....	832	832	919
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service.....	1,306	1,208	1,144
Cooperative State Research, Education, and Extension Service.....	1,070	1,185	1,216
Economic Research Service.....	73	82	82
National Agricultural Statistics Service.....	142	143	170
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service.....	984	810	938
Agricultural Marketing Service.....	72	77	50
Grain Inspection, Packers and Stockyards Administration.....	37	38	43
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary.....	18	12	29
Common Computing Environment.....	142	58	15
Office of Civil Rights.....	17	20	23
Departmental Administration.....	28	21	25
Agriculture Buildings and Facilities.....	213	177	217
Hazardous Waste Management.....	11	13	13
Office of the Chief Financial Officer.....	5	6	29
Office of the Chief Information Officer.....	26	16	17
Office of the General Counsel.....	37	39	42
Office of Inspector General.....	75	79	83
Office of Communications.....	9	9	10
Executive Operations:			
Office of the Chief Economist.....	10	10	11
National Appeals Division.....	13	14	15
Office of Budget and Program Analysis.....	7	8	9
Homeland Security Staff.....	1	1	2
Working Capital Fund.....	-47	24	1
Subtotal.....	22,327	22,399	21,981
Offsetting Receipts.....	-62	-44	-40
<b>TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....</b>	<b>\$22,265</b>	<b>\$22,355</b>	<b>\$21,941</b>

# APPENDIX

## UNITED STATES DEPARTMENT OF AGRICULTURE Staff Years

Agency	2006	2007 Estimate	2008 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency.....	5,235	5,253	5,253
Risk Management Agency.....	477	553	553
Foreign Agricultural Service.....	958	1,004	1,004
Total, FFAS.....	6,670	6,810	6,810
<b>RURAL DEVELOPMENT</b>			
Rural Development.....	6,475	6,300	6,300
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service.....	1,421	1,364	1,403
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service.....	12,181	12,584	10,605
Forest Service.....	34,907	33,517	31,391
Total, NRE.....	47,088	46,101	41,996
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service.....	9,424	9,424	9,515
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service.....	8,667	8,550	8,300
Cooperative State Research, Education & Extension Service.....	418	440	440
Economic Research Service.....	404	416	446
National Agricultural Statistics Service.....	1,135	1,139	1,139
Total, REE.....	10,624	10,545	10,325
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service.....	7,299	7,430	7,186
Agricultural Marketing Service.....	3,198	3,269	3,264
Grain Inspection, Packers & Stockyards Administration.....	645	674	690
Total, MRP.....	11,142	11,373	11,140
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary.....	84	87	87
Office of the Chief Economist.....	56	67	67
National Appeals Division.....	102	108	108
Homeland Security Staff.....	6	8	16
Office of Budget and Program Analysis.....	58	62	65
Office of the General Counsel.....	317	325	330
Office of the Inspector General.....	595	615	620
Office of the Chief Information Officer.....	956	1,094	1,103
Office of the Chief Financial Officer.....	1,231	1,760	1,509
Departmental Administration.....	496	566	565
Office of Civil Rights.....	146	154	154
Office of Communications.....	90	108	108
Total, Staff Offices.....	4,137	4,954	4,732
Subtotal, USDA.....	96,981	96,871	92,221
Thrift Savings Plan.....	67	0	0
<b>Total, USDA Federal Staffing.....</b>	<b>97,048</b>	<b>96,871</b>	<b>92,221</b>
FSA, Non-Federal Staffing.....	9,669	9,425	9,425
<b>Total, USDA Staffing.....</b>	<b>106,717</b>	<b>106,296</b>	<b>101,646</b>

## APPENDIX

**Strategic Goal 1**  
**Enhance International Competitiveness of American Agriculture**  
(Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
<b>Objective 1.1: Expand and Maintain International Export Opportunities:</b>			
Foreign Agricultural Service.....	\$81	\$180	\$88
Animal and Plant Health Inspection Service.....	18	18	21
Grain Inspection, Packers and Stockyards Administration.....	8	8	10
Cooperative State Research, Education and Extension Service.....	42	41	35
Economic Research Service.....	13	14	16
Total, Objective 1.1.....	162	261	170
<b>Objective 1.2: Support International Economic Development and Trade Capacity Building:</b>			
Foreign Agricultural Service.....	3,820	3,980	4,458
Cooperative State Research, Education and Extension Service.....	6	6	8
Total, Objective 1.2.....	3,826	3,986	4,466
<b>Objective 1.3: Improved Sanitary and Phytosanitary (SPS) System to Facilitate Agricultural Trade:</b>			
Foreign Agricultural Service.....	20	21	27
Food Safety and Inspection Service.....	4	4	4
Total, Objective 1.3.....	24	25	31
Total, Strategic Goal 1.....	\$4,012	\$4,272	\$4,667

## APPENDIX

**Strategic Goal 2**  
**Enhance the Competitiveness and Sustainability of Rural and Farm Economies**  
(Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
<b>Objective 2.1: Expand Domestic Market Opportunities:</b>			
Agricultural Research Service.....	129	118	110
Cooperative State Research, Education and Extension Service.....	82	80	70
Economic Research Service.....	7	7	8
Total, Objective 2.1.....	218	205	188
<b>Objective 2.2: Increase the Efficiency of Domestic Agricultural Production and Marketing</b>			
<b>Systems:</b>			
Agricultural Marketing Service.....	1,001	606	666
Grain Inspection, Packers and Stockyards Administration.....	67	72	76
Agricultural Research Service.....	351	322	253
Cooperative State Research, Education and Extension Service.....	260	258	212
Economic Research Service.....	17	17	21
National Agricultural Statistics Service.....	98	98	101
Total, Objective 2.2.....	1,794	1,373	1,329
<b>Objective 2.3: Provide Risk Management and Financial Tools to Farmers and Ranchers:</b>			
Farm Service Agency.....	34,052	26,752	24,551
Risk Management Agency.....	5,594	6,933	7,303
Cooperative State Research, Education and Extension Service.....	47	46	41
Economic Research Service.....	2	2	3
National Agricultural Statistics Service.....	6	6	7
Total, Objective 2.3.....	39,701	33,739	31,905
Total, Strategic Goal 2.....	\$41,713	\$35,317	\$33,422

## APPENDIX

**Strategic Goal 3  
Support Increased Economic Opportunities and Improved  
Quality of Life in Rural America  
(Dollars in Millions)**

Program	2006 Actual	2007 Estimate	2008 Budget
<b>Objective 3.1: Expand Economic Opportunities By Using USDA Financial Resources to Leverage Private Sector Resources and Create Opportunities for Growth:</b>			
Rural Business - Cooperative Service.....	\$995	\$996	\$1,315
Cooperative State Research, Education and Extension Service.	95	91	73
National Agricultural Statistics Service.....	28	29	54
Total, Objective 3.1.....	1,118	1,116	1,442
<b>Objective 3.2: Improve the Quality of Life Through USDA Financing of Quality Housing, Modern Utilities, and Needed Community Facilities:</b>			
Rural Utilities Service.....	8,059	7,185	6,673
Rural Housing Service.....	6,538	5,707	6,886
Cooperative State Research, Education and Extension Service.	103	103	97
Economic Research Service.....	5	6	6
Total, Objective 3.2.....	14,706	13,001	13,661
Total, Strategic Goal 3.....	\$15,823	\$14,117	\$15,103

## APPENDIX

**Strategic Goal 4**  
**Enhance Protection and Safety of the Nation's Agriculture and Food Supply**  
(Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
<b>Objective 4.1: Reduce the Incidence of Foodborne Illnesses Related to Meat, Poultry, and Egg Products in the U.S.:</b>			
Food Safety and Inspection Service.....	\$951	\$957	\$1,061
Agricultural Research Service.....	127	118	109
Cooperative State Research, Education and Extension Service.....	65	63	49
Economic Research Service.....	3	2	2
Total, Objective 4.1.....	1,146	1,140	1,221
<b>Objective 4.2: Reduce the Number and Severity of Agricultural Pest and Disease Outbreaks:</b>			
Animal and Plant Health Inspection Service.....	1,509	1,138	1,142
Agricultural Research Service.....	342	313	314
Cooperative State Research, Education and Extension Service.....	173	169	171
Economic Research Service.....	3	2	2
National Agricultural Statistics Service.....	3	3	3
Total, Objective 4.2.....	2,030	1,625	1,632
Total, Strategic Goal 4.....	\$3,175	\$2,765	\$2,853

# APPENDIX

## Strategic Goal 5 Improve the Nation's Nutrition and Health (Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
<b>Objective 5.1: Ensure Access to Nutritious Food:</b>			
Food and Nutrition Service.....	\$53,084	\$54,093	\$56,349
Agricultural Research Service.....	104	95	89
Cooperative State Research, Education and Extension Service.	40	40	38
Economic Research Service.....	3	3	3
Total, Objective 5.1.....	53,231	54,231	56,479
<b>Objective 5.2: Promote Healthier Eating Habits and Lifestyles:</b>			
Food and Nutrition Service.....	544	664	656
Cooperative State Research, Education and Extension Service.	104	104	99
Economic Research Service.....	7	7	7
Total, Objective 5.2.....	655	775	762
<b>Objective 5.3: Improve Nutrition Assistance Program Management and Customer Service:</b>			
Food and Nutrition Service.....	148	157	147
Economic Research Service.....	7	7	7
Total, Objective 5.3.....	155	164	154
Total, Strategic Goal 5.....	\$54,041	\$55,170	\$57,395



## APPENDIX

**Strategic Goal 6**  
**Protect and Enhance the Nation's Natural Resource Base and Environment**  
(Dollars in Millions)

Program	2006 Actual	2007 Estimate	2008 Budget
<b>Objective 6.1: Protect Watershed Health to Ensure Clean and Abundant Water:</b>			
Farm Service Agency.....	\$1,057	\$1,062	\$1,064
Natural Resources Conservation Service.....	1,712	1,295	1,239
Forest Service.....	947	975	873
Agricultural Research Service.....	121	112	89
Cooperative State Research, Education and Extension Service.	44	42	35
Economic Research Service.....	4	4	4
Total, Objective 6.1.....	3,885	3,490	3,304
<b>Objective 6.2: Enhance Soil Quality to Maintain Productive Working Cropland:</b>			
Farm Service Agency.....	1,056	1,063	1,065
Natural Resources Conservation Service.....	567	560	577
Agricultural Research Service.....	93	86	63
Cooperative State Research, Education and Extension Service.	38	37	34
Economic Research Service.....	4	4	4
National Agricultural Statistics Service.....	4	4	4
Total, Objective 6.2.....	1,762	1,754	1,747
<b>Objective 6.3: Protect Forests and Grazing Lands:</b>			
Natural Resources Conservation Service.....	398	372	370
Forest Service.....	4,156	3,993	3,691
Agricultural Research Service.....	59	52	29
Cooperative State Research, Education and Extension Service.	67	66	50
Total, Objective 6.3.....	4,680	4,483	4,140
<b>Objective 6.4: Protect and Enhance Wildlife Habitat to Benefit Desired, At-Risk and Declining Species:</b>			
Natural Resources Conservation Service.....	415	484	625
Forest Service.....	132	131	118
Cooperative State Research, Education and Extension Service.	41	42	32
Total, Objective 6.4.....	588	657	775
Total, Strategic Goal 6.....	\$10,915	\$10,384	\$9,966

## APPENDIX

### Management Activities (Dollars in Millions)

<b>Program</b>	<b>2006 Actual</b>	<b>2007 Estimate</b>	<b>2008 Budget</b>
Departmental Activities.....	\$622	\$475	\$530
Farm Bill Proposals.....	0	0	500
Total, Management Activities.....	\$622	\$475	\$1,030

# APPENDIX

## User Fee Proposals (Dollars in Millions)

Agency and Program	2008 Budget Authority
<b>Food Safety</b>	
Food Safety and Inspection Service:	
Licensing Fee .....	0
<ul style="list-style-type: none"><li>This proposal would provide the authority to collect a licensing fee from establishments. The proposal would generate \$92 million that would offset appropriated funds beginning in 2009.</li></ul>	
Salaries and Expenses .....	0
<ul style="list-style-type: none"><li>This proposal would provide the authority to collect user fees from plants that require additional inspection activities because of performance failures, such as retesting, recalls, or inspection activities linked to an outbreak. The proposal would generate \$4 million that would offset appropriated funds beginning in 2009.</li></ul>	
<b>Marketing and Regulatory Programs</b>	
Animal and Plant Health Inspection Service:	
Salaries and Expenses .....	0
<ul style="list-style-type: none"><li>This proposal would provide the authority to collect and retain fees for animal welfare activities. The proposal would generate \$9 million that would offset appropriated funds beginning in 2009.</li></ul>	
Grain Inspection, Packers and Stockyards Administration:	
Salaries and Expenses .....	0
<ul style="list-style-type: none"><li>This proposal would establish a fee for grain standardization and a Packers and Stockyards license fee. The proposal would generate \$22 million that would offset appropriated funds beginning in 2009.</li></ul>	
<b>Farm and Foreign Agricultural Services</b>	
Risk Management Agency:	
Crop Insurance Program .....	0
<ul style="list-style-type: none"><li>Proposed legislation would authorize implementation of a participation fee which would be paid by the private sector insurance companies participating in the crop insurance program. The fee would be used to offset</li></ul>	

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administrative costs for information technology modernization and maintenance necessary to operate the program. The participation fee would be capped at \$15 million, annually. The funds would be available beginning in 2009. Beginning in 2011 the fee would replace appropriated funds.

Total, Fee Related Proposed Legislation ..... 0

# APPENDIX

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

Agency and Program	2008 Budget Authority
<b>Food, Nutrition, and Consumer Services</b>	
Food and Nutrition Service:	
Food Stamp Program .....	-\$12
<ul style="list-style-type: none"> <li>• Proposed legislation would eliminate automatic eligibility for certain Temporary Assistance for Needy Families (TANF) participants. (-\$57 million)</li> <li>• Proposed legislation would exclude retirement and education savings from the asset test when determining food stamp benefits. (\$44 million)</li> <li>• Proposed legislation would not count “special” military pay for personnel deployed to a designated combat zone when determining eligibility for food stamp benefits. (\$1 million)</li> </ul>	
<b>Natural Resources and Environment</b>	
Forest Service:	
Payments to States (National Forest Land Adjustment for Rural Communities Act).....	0
<ul style="list-style-type: none"> <li>• Proposed legislation would provide a 4-year extension of payments to States, as well as funds for land acquisition, habitat improvement, conservation education, and other services. Payments would be offset through the sale of parcels already identified in existing national forest plans as suitable for conveyance, because they are isolated or inefficient to manage.</li> </ul>	
Administration of Rights-of-Way and Other Land Uses .....	0
<ul style="list-style-type: none"> <li>• Proposed legislation would provide a 10-year extension of the authority to implement a pilot program authorizing the assessment, collection, and expenditure of administrative fees collected from applicants for, and holders of, special use authorizations; to cover costs to process those applications and/or monitor the compliance with those authorizations.</li> </ul>	

## APPENDIX

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### **Rural Development**

Rural Housing Insurance Fund..... 0

- The Administration will propose legislation to authorize a subsidy of Section 502 guaranteed loans. The structure of this subsidy is under development and would not become effective until legislation is enacted.

### **Farm and Foreign Agricultural Services**

Farm Service Agency

USDA Farm Proposals..... 500

- Proposed Farm Bill legislation would increase farm bill spending by \$5 billion over ten years.