



FY 2011

**BUDGET SUMMARY
AND
ANNUAL PERFORMANCE PLAN**

U.S. DEPARTMENT OF AGRICULTURE

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PREFACE

This Budget Summary and Annual Performance Plan describes the fiscal year (FY) 2011 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 2010 are based on the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2010, P.L. 111-80. Throughout the Summary, “2008 Farm Bill” and “The Farm Bill” are used to refer to the Food, Conservation, and Energy Act of 2008. In addition, “Recovery Act” is used to refer to the American Recovery and Reinvestment Act of 2009.

The Budget Summary is organized into three sections:

- **Overview** - provides an overview of the 2011 budget by strategic goal and describes changes in budget authority and outlays.
- **Highlights by Goals** - identifies key proposals within USDA’s mission areas.
- **Mission Area/Agency Details** - summarizes agency funding and programs and performance goals.

Budget and Performance Plan Terms:

- **Performance Goal** is the target level of performance at a specified time or period expressed as a tangible, measurable outcome against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate. A performance goal comprises a performance measure with targets and timeframes.
- **Performance Measures** are indicators, statistics, or metrics used to gauge program performance. Program performance measures include outcome, output, and efficiency measures.
- **Budget Authority** is the authority to commit funds of the Federal Treasury. Congress provides this authority through annual appropriations acts and substantive legislation which authorizes direct spending. The President's budget requests the Congress to appropriate or otherwise provide an amount of budget authority sufficient to carry out recommended government programs.
- **Obligations** are commitments of Government funds that are legally binding. In order for USDA to make a valid obligation, it must have a sufficient amount of budget authority to cover the obligation.
- **Outlays** are cash disbursements from the Federal Treasury to satisfy a valid obligation.
- **Program Level** represents the gross value of all financial assistance USDA provides to the public. This assistance may be in the form of grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.

PREFACE

The budget is described in budget authority measures in most instances. However, there are some cases when other measures are used and the reader should take care to note which measure is being used. Also, note that the budget authority tables contained in this document reflect operating levels. In addition, performance goals reflect performance levels at ongoing funding levels and do not include the effect of supplemental, including Recovery Act, appropriations.

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

OVERVIEW

Mission Statement

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

Vision Statement

To help America's rural communities thrive and foster innovation as a result of expanded economic opportunities and sustainable agricultural production that nourishes America's children and the world and conserves the Nation's natural resources.

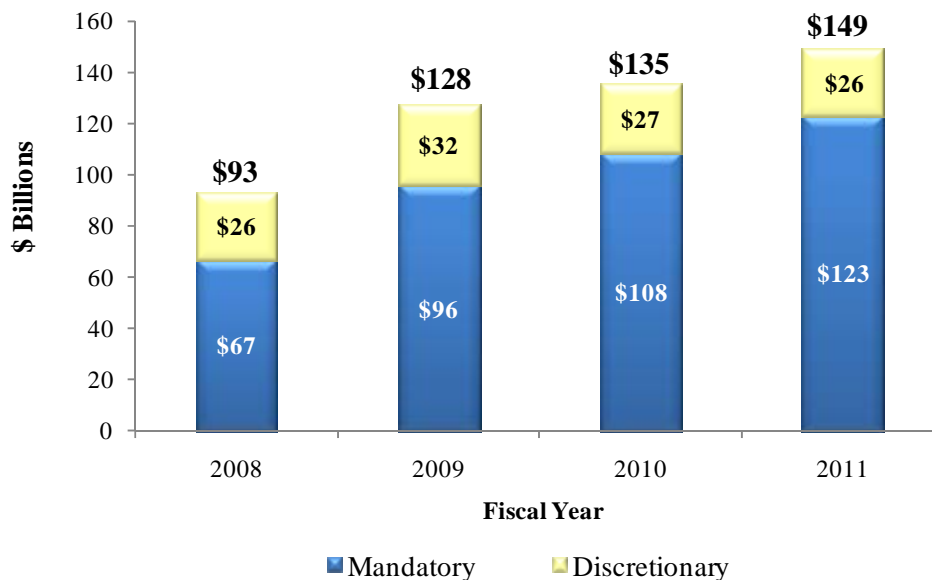
Strategic Plan Framework

USDA is currently revising its Strategic Plan. The 2011 budget request supports achievement of USDA's four strategic goals and management initiatives that describe the Department's major programmatic policies and objectives that are expected to be the basis of the Department's new Strategic Plan.

2011 Funding Overview

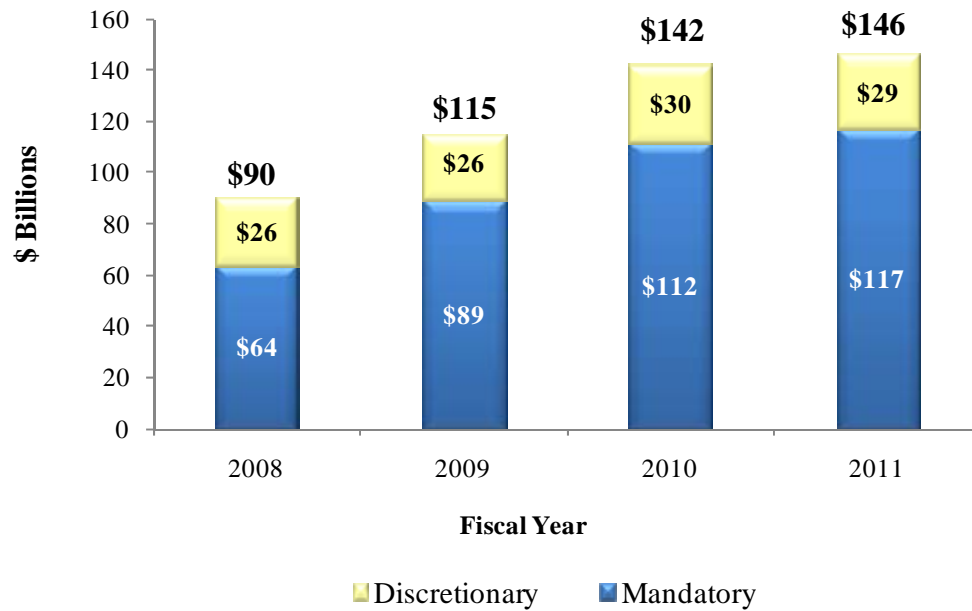
USDA's budget authority totals approximately \$149 billion in 2011. The 2011 discretionary level is below the 2010 level and funds the Administration's most important priorities. The decrease is primarily due to reductions in one-time funding such as earmarks, supplementals, rescissions, and targeted program reductions. The mandatory budget authority increases above 2010 are due primarily to an anticipated increase in nutrition assistance program participation, and the impact of the Recovery Act on the Supplemental Nutrition Assistance Program food costs, and crop assistance.

USDA Budget Authority

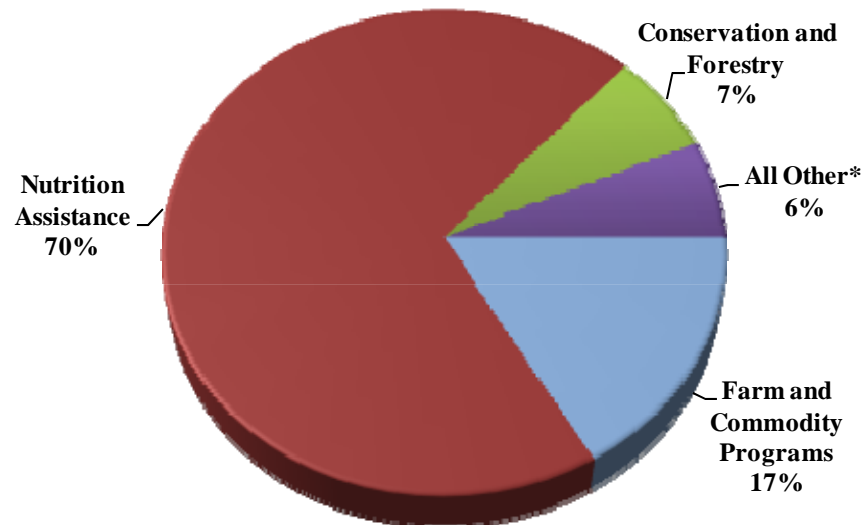


OVERVIEW

USDA Outlays



2011 Outlays



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

OVERVIEW

USDA's total outlays for 2011 are estimated at \$146 billion. Roughly 80 percent of outlays, about \$117 billion in 2011, are associated with mandatory programs that provide services as required by law. These include the majority of the nutrition assistance programs, farm commodity programs, export promotion programs and a number of conservation programs. The increase in mandatory outlays in 2011 is primarily due to nutrition assistance and crop insurance. The remaining 20 percent of outlays, estimated at \$29 billion in 2011, are associated with discretionary programs such as the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); rural development loans and grants; research and education; soil and water conservation technical assistance; animal and plant health; management of National Forests, wildland fire, and other Forest Service activities; and domestic and international marketing assistance.

For 2011, the Department's budget process was organized around four program goals and an overarching management goal to improve collaboration among mission areas and agencies, and to strengthen the effectiveness of USDA programs. This budget presentation reflects the Department's goal-based organizational budget process. It should be noted that although agency programs and associated funding have been aligned with the four program goals, many programs contribute to the achievement of multiple goals.

An overview of the 2011 budget by strategic goal:

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

- Supports \$2.3 billion to increase global food security through food assistance programs, agricultural reconstruction and stabilization activities, including \$210 million for the McGovern-Dole International Food for Education and Child Nutrition Program.
- Requests \$429 million, the highest funding level ever, for competitive grants through the Agriculture and Food Research Initiative, while maintaining funding for formula grants. Also, the budget includes a 56 percent increase for the Sustainable Agriculture Research and Education (SARE) program aimed at helping farmers and ranchers adopt practices that are profitable, environmentally sound, and beneficial to communities.
- Requests \$19 million, an increase of 46 percent, to strengthen regulatory oversight of biotechnology products and prevent regulated genetically engineered products from being co-mingled with non-regulated products.
- Increases funding for the National Organic Program by 45 percent to enhance enforcement, ensure the integrity of the organic label, and develop equivalency agreements to expand market access for U.S. organic products.
- Includes a National Export Initiative that supports expanding export promotion activities as envisioned by this goal as well as spurring job creation and income growth for rural America under the strategic goal of assisting rural communities create prosperity.

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

- Fully funds expected participation in nutrition assistance programs.
- Provides \$10 billion over 10 years to strengthen the Child Nutrition and WIC programs through reforms aimed at improving program access, establishing high standards for the nutritional quality of food available in schools, exploring new strategies for reducing hunger and improving children's food choices, and improving program management.
- Proposes to raise current SNAP asset limits to streamline eligibility for families eligible for benefits from multiple programs, and encourage families to save toward self-sufficiency. This change would add \$426 million to recipient benefits and SNAP program costs in 2011 with a 5-year total of \$4.5 billion.
- Proposes to exclude lump sum tax credits from SNAP as part of a government-wide initiative for income support programs, including Earned Income, Child, American Opportunity, and Make Work Pay, for 12 months following the month of receipt to prevent beneficiaries from experiencing a disruption in eligibility and benefits in the wake of new and refundable tax credits. This change will increase recipient benefits and SNAP program costs about \$11 million in 2011 with a 5-year total cost of \$52 million. Legislation is also being proposed to extend the Recovery Act provision that eliminates the time limits for able-bodied adults without dependents for an additional year for an one-time cost of \$25 million.
- Provides over \$1 billion for the Food Safety and Inspection Service, including an increase of \$27 million to more quickly identify and respond to outbreaks of foodborne illness as recommended by the President's Food Safety Working Group.

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

- Provides funding to support coordination of regional planning activities and establishes a set-aside that is roughly 5 percent of the funding, about \$280 million, from approximately 20 existing programs that will be allocated competitively among regional pilot projects tailored to local needs and opportunities.
- Provides \$50 million as part of the Administration's \$400 million "Healthy Food Financing Initiative" to bring grocery stores and other healthy food retailers to underserved communities.
- Supports USDA's "Know Your Farmer, Know Your Food" Initiative, to facilitate the development of local and regional food systems that better connect consumers with local farms, create new income opportunities for producers and place a greater focus on sustainable agricultural practices and nutritious, local food.

OVERVIEW

- Requests \$54 million for a National Export Initiative to expand export promotion activities that will spur job creation and income growth for rural America.
- Includes nearly \$1 billion to foster the development of renewable energy.
- Fully funds the Voluntary Public Access and Habitat Incentive Program, which encourages private landowners to voluntarily open their land to the public for hunting and fishing.
- Maintains a strong agriculture safety net through a system of income support, disaster mitigation, and farm loan programs. Income support programs including direct and counter-cyclical payments and Average Crop Revenue Election (ACRE) payments are expected to total nearly \$9 billion in 2011.
- Targets direct farm payments to those who need—and can most benefit from—assistance, and reforms the crop insurance program by renegotiating the Government’s agreement with crop insurance companies.

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

- Increases funding for financial and technical assistance to support Farm Bill conservation programs to almost \$5 billion that will improve water quality, enroll almost 200,000 additional acres of wetlands for restoration, and reduce nutrient loading in the Chesapeake Bay. Conservation activities will be targeted to priority landscapes through local, state, and Federal partnerships. These priority landscapes may include the Bay-Delta region in California, and the Upper Mississippi region. These efforts will preserve and restore private lands, protect water resources, and mitigate the effects of climate change.
- Requests \$50 million for the President’s Watershed Improvement and Job Stabilization initiative, through which the Forest Service will assess the condition of all of its watersheds, prioritize them based on stakeholder input and the costs required to improve them, and complete the highest priority projects to improve the condition of those watersheds.
- Accelerates the scale and pace of USDA’s forest stewardship activities by transforming the Forest Service budget to take advantage of new tools to protect water resources and to make forests more resilient to climate change. The budget provides full funding for the Forest Landscape Restoration Act and \$30 million more for the Land and Water Conservation Fund.

OVERVIEW

Management Initiatives:

- Provides \$7 million for the Office of Advocacy and Outreach to increase the accessibility of USDA programs to underserved constituents and to carry out Farm Bill provisions concerning outreach to beginning, small, and socially disadvantaged farmers, ranchers, and rural communities. Of this amount, \$4 million is for the agricultural labor grants program previously administered by Rural Development.
- Provides an increase of \$83 million to support the Department's multi-agency effort to modernize and upgrade the IT infrastructure. The modernization effort will improve the ability of the Farm Service Agency, Natural Resources Conservation Service, and Rural Development to serve program participants. This funding will allow for the first system-wide refresh of the Common Computing Environment (CCE) since the infrastructure was implemented in 2000.
- Requests \$6.5 million to support a Government-wide Contracting and Acquisition Workforce Training initiative. The requested funding will allow USDA to implement training, recruitment, and retention activities for the Department's procurement workforce that is responsible for over \$5 billion in annual procurement for the Department.

HIGHLIGHTS BY GOALS

For 2011, the Department's budget process was organized around four program goals and an overarching management goal to improve collaboration among mission areas and agencies, and to strengthen the effectiveness of USDA programs. This budget presentation reflects the Department's goal-based organizational budget process. It should be noted that although agency programs and associated funding have been aligned with the four program goals, many programs contribute to the achievement of multiple goals.

Highlights of the 2011 budget by strategic goal:

STRATEGIC GOAL: HELP AMERICA PROMOTE AGRICULTURAL PRODUCTION AND BIOTECHNOLOGY EXPORTS AS AMERICA WORKS TO INCREASE FOOD SECURITY

Global food insecurity affects people worldwide, and the current economic downturn has exacerbated the problem. Recent estimates from the United Nations Food and Agricultural Organization suggests that more than one billion people around the world are chronically hungry. It is important to note that a significant percentage of that one billion is children. In addition to ensuring that the world's children have enough to eat, the United States has a strong interest in promoting strong agricultural systems in the developing world, because failing agricultural systems and food shortages fuel political instability and diminish the economic vitality of developing nations. Working with other Federal partners, the Department is working towards reducing global food insecurity and increasing agriculture-led economic growth in developing countries. USDA's capacity-building, technical assistance, and food assistance programs are effective tools for improving the capacity of countries to produce what they need and to make that food accessible to those who need it. In addition, USDA helps American farmers and ranchers use effective technologies and value-added products, such as biotechnology, to increase agricultural productivity and nutritional value of foods, which can enhance food security around the world. Key efforts are to: (1) ensure that U.S. agricultural resources contribute to enhanced global food security; (2) enhance America's ability to develop and trade agricultural products derived from new technologies; and (3) promote productive agricultural systems that enable food-insecure countries to feed themselves.

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

Budget Authority (Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
Farm and Foreign Agricultural Services.....	\$3,021	\$2,302	\$2,320
Natural Resources and Environment.....	5	6	6
Marketing and Regulatory Programs.....	42	42	49
Research, Education, and Economics.....	752	796	785
Total.....	\$3,820	\$3,146	\$3,160

HIGHLIGHTS BY GOALS

Key Proposals for the 2011 Budget:

- **Maintain funding for the McGovern-Dole International Food for Education and Child Nutrition Program.** The McGovern-Dole Program supports maternal, infant, and child nutrition programs in developing countries, supporting food security and a healthy young population, which in turn builds stable societies and increases national security. The budget continues funding for the McGovern-Dole program at the 2010 enacted level of \$209.5 million. Appropriated funding for the program was increased substantially in 2010 in order to help support additional school feeding and child nutrition programs and to bolster the Department's contribution to supporting economic development and food security in developing countries. The program is expected to assist an estimated 5 million women and children in 2011.
- **Strengthen Agricultural Reconstruction and Stabilization Activities.** The budget provides \$14.6 million to support the Department's participation in reconstruction and stabilization activities, primarily in Afghanistan and Iraq. USDA's efforts support implementation of the President's strategies for these countries by providing technical experts who serve as advisors to key government ministries and serve on civilian-military command units, including Provincial Reconstruction Teams, working with farmers and local agricultural officials throughout the targeted countries. During 2010, USDA is increasing the number of agricultural experts serving in Afghanistan from 14 to 64. Their work is essential for stabilizing strategic areas of the country, building government capacity, ensuring the successful management of assistance programs, and addressing the issue of food insecurity. It is estimated that as much as 80 percent of the Afghan population relies on agriculture for wages and sustenance. Consistent with these efforts, the Department has established a priority for increasing the number of Afghan provinces in which women and children are food secure from 10 to 14 by the end of 2011.
- **Expand research to increase the adaptation of sustainable agricultural systems to farmer/rancher and ecosystem needs.** The budget includes an increase of \$11 million for Sustainable Agriculture Research and Education (SARE) programs, bringing total funding to \$30 million. This includes \$10 million for the creation of a new Federal-State Matching Grant program to assist in the establishment and enhancement of State sustainable agriculture research, education and extension programs. The matching requirement will leverage State or private funds. SARE works to increase knowledge about, and to help farmers and ranchers adopt, practices that are profitable, environmentally sound, and beneficial to communities. These competitive grants for sustainable agriculture research and education projects are awarded to scientists, producers and others in order to solve problems in an interdisciplinary approach. SARE grants also fund education and demonstration projects, including the development of farmer-to-farmer networks. Increased investment in SARE will provide American producers the tools necessary to ensure a profitable livelihood while protecting and conserving the Nation's land and water resources. Approximately 17,000 farmers and ranchers will experience benefits by implementing innovative practices learned by participating in SARE.
- **Strengthen Biotechnology Regulation.** The budget provides about \$19 million for Biotechnology Regulatory Services within the Animal and Plant Health Inspection Service

HIGHLIGHTS BY GOALS

(APHIS) to assess the risks of forthcoming genetically modified organisms. This is an increase of about \$6 million compared to 2010. This funding will contribute to the Department's objective of enhancing America's ability to develop and trade agricultural products derived from new technologies. This includes working to prevent regulated genetically engineered products from being co-mingled with non-regulated products in commercial channels. A strong regulatory system is needed to ensure the safe introduction of biotechnology products and to provide multiple agricultural production options.

- **Maintain the integrity of the National Organic Program.** With sales of organic products increasing at close to 20 percent a year over the last decade, additional resources are needed to ensure the integrity of the organic label. As a result, the 2011 budget includes an increase of \$3.1 million for the National Organic Program, almost a 45 percent increase above the 2010 funding level. The increase includes \$2.1 million for regulatory review, enforcement, and development of equivalency agreements plus a one-time increase of \$1 million to assist accredited certifying agents enhance compliance with program regulations and ensure the integrity of the organic label which may lead to enhanced export opportunities. In addition, 2008 Farm Bill funds will continue to be used to provide cost share assistance for organic certification. An increase of \$0.3 million is requested for AMS' Market News to continue vital data collection and reporting of organic commodity information initiated with 2008 Farm Bill funding.
- **Initiatives under other goals that promote agricultural production and exports.** As previously noted, although agency programs and associated funding have been aligned with the four program goals, many programs contribute to the achievement of multiple goals. Additional initiatives that promote agricultural production and exports and the goal of assisting rural communities to create prosperity are discussed beginning on page 13. These initiatives include: increasing the competitiveness of American agricultural exports; maintaining a strong agricultural safety net; modernizing the farm program delivery system; and ensuring fair and competitive agricultural markets.

STRATEGIC GOAL: ENSURE THAT ALL OF AMERICA'S CHILDREN HAVE ACCESS TO SAFE, NUTRITIOUS, AND BALANCED MEALS

A plentiful supply of safe and nutritious food is essential to the well-being of every family and the healthy development of every child in America. A recent report by the Department showed that in over 500,000 families with children in 2008, one or more children simply do not get enough to eat. There is a growing body of evidence demonstrating that children who eat poorly or who engage in too little physical activity do not perform as well as they could academically, and that improvements in nutrition and physical activity can result in improvements in academic performance. Too many children also have poor diets and gain excessive weight. Recent data shows that the prevalence of obesity has increased over 10 percent to 17 percent for children between 6 and 19 years of age. There is also a paradox that hungry children are disproportionately prone to obesity. Having poor access to healthy food contributes significantly to both of these problems. The 2011 budget includes a \$400 million Administration proposal to address these access issues.

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Foodborne illness is recognized as a significant public health problem in the United States, which can have a more severe impact on children than healthy adults. According to the Centers for Disease Control and Prevention, approximately half of the reported foodborne illnesses occur in children. These illnesses can lead to short and long-term health consequences, and sometimes death. USDA and other Federal agencies are working in cooperation to ensure that America's children have increased access to safe and healthy food. The end result will be healthier, more active children who will be better able to succeed and live vital lives.

USDA helps keep safe, nutritious food accessible and affordable by preventing the entry and establishment of agricultural pests and diseases and minimizing production losses. Safeguarding animal and plant resources against the introduction of foreign agricultural pests and diseases provides access to a diverse supply of fruits, vegetables, meat, and poultry. The Department detects and quickly responds to new invasive species and emerging agricultural and public health situations. These efforts contribute to the overall agricultural health of the nations and the world.

USDA supports and protects the Nation's agricultural system and the consumers it serves, by safeguarding the quality and wholesomeness of meat, poultry, and egg products; providing nutrition assistance to children and low-income people who need it; and proactively addressing and preventing loss and damage from pests and disease outbreaks. Actions to support this goal include: (1) helping put a healthy diet within reach of every American by increasing access to nutritious food; (2) promoting healthy diet and physical activity behaviors; (3) protecting public health by ensuring food is safe; and (4) protecting agricultural health by minimizing major diseases and pests to ensure access to safe, plentiful, and nutritious food.

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

Budget Authority (Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
Food, Nutrition, and Consumer Services.....	\$82,249	\$93,854	\$107,617
Food Safety.....	983	1,028	1,046
Marketing and Regulatory Programs.....	1,364	1,613	1,530
Research, Education, and Economics.....	445	479	470
Total.....	\$85,041	\$96,974	\$110,663

Key Proposals for the 2011 Budget:

- **Strengthen Child Nutrition and WIC programs.** Reauthorization of the Child Nutrition and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) programs will provide significant opportunity to make available the resources needed to achieve the President's goal to eliminate childhood hunger by 2015. The Administration is proposing to add \$10 billion over the next ten years for this effort. These programs touch virtually every child in America by providing nutritious food and nutrition education to help them get the best start they can in life and connect them with critical health care services.

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The Administration's proposals, consistent with the recent National Academies Institute of Medicine (IOM) study, would: improve access to nutritious meals, particularly for low-income children; improve access to healthy fruits and vegetables; reduce the prevalence of obesity by improving the diets of school children and by encouraging children to make wise food choices in and outside of school; and improve program performance and integrity.

- **Fully fund WIC.** WIC helps improve the health and nutritional intake of low-income pregnant, breast-feeding and postpartum women, infants and children up to their fifth birthday. A record \$7.6 billion is requested to ensure that all eligible women, infants and children who want to participate can. In addition, significant increases are provided to foster increased breastfeeding, including more funds for bonuses to States with high achievement in this important health priority. The funding includes the resources necessary for State agencies to administer the program and to make good on the promise of the updated WIC food packages implemented beginning in FY 2010. The new food packages align with the *Dietary Guidelines* and infant feeding guidelines of the American Academy of Pediatrics to better promote breastfeeding; increase participant's consumption of fruits, vegetables and whole grains; and provide flexibility to accommodate cultural food preferences. WIC funding will support over 10 million participants.
- **Expand Supplemental Nutrition Assistance Program (SNAP).** The Administration is working to establish a practical, national asset limit floor across means-tested human services, food, and cash assistance programs. Legislative language will be provided to raise current SNAP asset limits to \$10,000 from \$2,000 per household, or \$3,000 for households including an elderly or disabled member. This nationwide figure will streamline eligibility for families eligible for benefits from multiple programs, and encourage families to save toward self-sufficiency. This change would add \$426 million to recipient benefits and SNAP program costs in 2011 with a 5-year total of \$4.5 billion. In addition, FNS seeks to minimize eligibility churning and disruption caused when SNAP households receive lump sum tax refunds. Legislative language will also provide for the exclusion of tax refunds in the month of receipt and for the following 12 months beginning in tax year 2009 for SNAP and all federally funded means-tested programs. This will exclude lump sum tax credits, including Earned Income, Child, American Opportunity, and Make Work Pay, for 12 months following the month of receipt. This policy will prevent beneficiaries from experiencing a disruption in eligibility and benefits in the wake of new and refundable tax credits. This change will increase recipient benefits and SNAP program costs about \$11 million in 2011 with a 5-year total cost of \$52 million. Legislation is also being proposed to extend the Recovery Act provision that eliminates the time limits for able-bodied adults without dependents for an additional year for a one-time cost of \$25 million.
- **Strengthen administration and oversight of nutrition assistance programs.** Additional funding is needed to increase the staff available to improve access to nutrition assistance, advance the public trust, and enhance the nutritional quality of our nutrition assistance programs. With rising program levels due to increased demand for nutrition assistance and rising public awareness of these significant outlays, it is vital that the Food and Nutrition Service have sufficient staffing to maintain program oversight. At the same time, FNS is working to support the reauthorization of the Child Nutrition and WIC Programs, implement the Child Nutrition Reauthorization extension programs, develop proposals for the

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2012 Farm Bill, and implement the school meal pattern regulations from the Institute of Medicine recommendations on a significantly compressed timeline. FNS staff years have declined significantly from a peak of over 2,700 down to less than 1,300 in 2009, as program level has increased significantly. For 2011, the budget includes an increase of \$5.2 million to enhance the Federal investment in program administration, grantee oversight and program integrity.

- **Improve nutrition education and promotion resources.** To ensure USDA makes progress on its strategic objectives to decrease the prevalence of obesity among children and adolescents, and to improve the quality of the diets, measured by the Healthy Eating Index (HEI) scores, for people in low-income households (under 130% of poverty level) and for the general population, the budget includes an increase of \$9 million. The increase will allow USDA to significantly increase development of scientific-evidence-based nutrition guidance that provides the basis for nutrition education and promotion provided by our public and private sector partners. Updated *Dietary Guidelines for Americans* will be completed in 2010 along with enhancements to MyPyramid, including interactive applications. The increased funding will be used to create effective nutrition education interventions for schools and communities, and broaden and maintain tools and systems that Americans can use to adopt behaviors that lead to more healthful eating and active lifestyles.
- **Strengthen the food safety infrastructure.** The budget includes \$1 billion for the Food Safety and Inspection Service, an increase of \$18 million over 2010 and funds recommendations of the President's Food Safety Working Group (FSWG) and other initiatives aimed at improving USDA's public health infrastructure. Effective food safety inspections and enforcement depend upon timely, quality data and analysis. To ensure inspectors have the information they need, the Department has invested in an automated system to alert inspectors about potential food safety problems and give them greater and more timely access to establishment performance data. The President's budget includes a request of \$40 million, an increase of \$13 million, to continue the deployment and enhancement of the FSIS public health information infrastructure. Additionally, in support of key findings of the President's FSWG, USDA will hire more epidemiologists to improve investigations of foodborne illness and outbreaks in coordination with State officials to develop "trace back" tools and improve record-keeping. Similarly, the 2011 budget proposes a \$10 million increase for Baseline Studies and Hazard Analysis and Critical Control Points (HACCP) Verification Program Updates. This increase above the 2010 level will allow FSIS to improve surveillance of foodborne pathogens of human-health concern in FSIS-regulated products through significant expansion of the HACCP regulatory sampling, and to develop more timely estimates of pathogen prevalence in food products. Accurate, timely prevalence estimates for pathogens in food products are critical for evaluation of existing prevention policies and the development of new regulatory strategies. These new investments will enhance FSIS' ability to collect, analyze and present data to allow decision making based on relevant, timely product and process data, utilizing the best science available and respond to foodborne illness outbreaks more effectively and efficiently to better protect consumers and help industry recover faster.
- **Minimize the impact of major animal and plant diseases and pests.** As part of the Department's goal to ensure children have access to safe, nutritious, and balanced meals,

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APHIS and other agencies protect agricultural health by minimizing major diseases and pests. APHIS activities that contribute to this goal include pest and disease exclusion, plant and animal health monitoring, response to outbreaks of foreign plant and animal threats, and management of endemic pest and diseases. Of note, the 2011 budget includes \$11 million to continue efforts initiated with emergency funding to address the light brown apple moth (LBAM). This is an increase of \$10 million compared to 2010. The LBAM is an invasive pest that attacks a wide variety of plants of agricultural or horticultural significance. APHIS estimates the pest could cause annual production losses up to \$1 billion if allowed to spread.

- **Expand food safety research.** The safety of the food supply continues to be a vital public health priority. Therefore, USDA research continually works to meet the evolving threats to the Nation's food supply. The Department's research focuses on the reduction of the hazards of introduced and naturally occurring toxins in foods and feed, including pathogenic bacteria, viruses, parasites, chemical contaminants, mycotoxins, and naturally occurring toxins produced by plants. As part of an integrated food safety research initiative, the budget proposes an increase of \$25 million; \$20 million through NIFA's Agriculture and Food Research Initiative competitive program, and an additional \$5 million for ARS food safety research. These initiatives will strengthen surveillance and epidemiology programs, control food pathogens in the preharvest stage, develop innovative interventions strategies to eliminate pathogens and contaminants, and ensure postharvest safety and quality.
- **Increase the level of obesity prevention research.** The increasing prevalence of overweight and obesity is unprecedented in U.S. history and is a major cause of escalating health care costs and a predisposition of Americans to cardiovascular disease, Type 2 diabetes, and several cancers. There is a critical need for effective, proven methods for the prevention of weight gain as an important step for reducing overall obesity and overweight in the population. The 2011 budget includes an increase of \$50 million for research through the Agriculture and Food Research Initiative competitive grant program that will focus on identifying behavioral factors that influence obesity and conducting nutrition research that leads to the development of effective programs to prevent obesity. AFRI funding will also focus research on addressing the micronutrient content of new food crops and improving the nutritional value of staple crops, fruits and vegetables through plant breeding leading to greater access to healthy foods.

STRATEGIC GOAL: ASSIST RURAL COMMUNITIES TO CREATE PROSPERITY SO THEY ARE SELF-SUSTAINING, REPOPULATING, AND ECONOMICALLY THRIVING

The economic downturn has impacted many sectors and areas of the Nation, including rural America. At this time, there remains high poverty in sparsely populated rural areas, which is reflected in higher mortality rates for children, higher unemployment, and declining populations. Since the beginning of the economic slowdown, rural residents have experienced a greater decline in real income compared to other parts of the Nation. Some factors contributing to this include lower rural educational attainment, less competition for workers among rural employers, and fewer highly skilled jobs in the rural occupational mix. Given these challenges, it is not surprising that over 51 percent of rural counties lost population and that a majority of farm families rely on a significant amount of off-farm income to meet their needs. However, an

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energetic and creative citizenry is looking for new ways to spur rural economic activity to create prosperity and strengthen the economic foundations of their communities. Rural communities and businesses are implementing innovative technologies and modernizing infrastructure to create jobs, develop new markets, and increase competitiveness, while conserving the Nation's natural resources and providing a safe, sufficient and nutritious food supply for the country and the world. As a leading advocate for rural America, USDA is at the forefront of developing the technology and tools necessary to transform rural America to take advantage of new opportunities.

The Department supports rural communities and enhances quality of life for rural residents by improving their economic opportunities, community infrastructure, environmental health, and the sustainability of agricultural production. The common goal is to help create thriving rural communities where people want to live and raise families and where the children have economic opportunities and a bright future. USDA will support this goal with actions to support a competitive agricultural system; create livable communities; and enhance rural prosperity. The cornerstone of these efforts include five pillars of success, which are: (1) increasing access to broadband and continuous business creation; (2) facilitating sustainable renewable energy development; (3) developing regional food systems; (4) capitalizing on climate change opportunities; and (5) generating and retaining jobs through recreation and natural resource restoration, conservation, and management.

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

Budget Authority (Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
Farm and Foreign Agricultural Services.....	\$20,378	\$19,171	\$19,848
Rural Development.....	7,247	3,343	2,944
Natural Resources and Environment.....	2,005	978	986
Marketing and Regulatory Programs.....	950	871	868
Research, Education, and Economics.....	1,355	1,286	1,267
Office of the Secretary.....	0	0	35
Office of the Chief Economist.....	6	6	6
Total.....	\$31,941	\$25,655	\$25,954

Key Proposals for the 2011 Budget:

Multi-Agency Initiatives:

- **Increase the prosperity of rural communities by strategically investing in regional innovation.** In recent years, rural communities have been losing population, have a growing income disparity with urban communities and have an aging workforce. To increase prosperity, USDA proposes to establish a Regional Innovation Initiative to focus on the

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planning and coordination of USDA and other sources of assistance for rural communities. The initiative recognizes that individual communities are often affected by linkages to the other communities within regions and that working together can produce more prosperity for all. By creating a regional focus and increasing collaboration with other Federal agencies, USDA resources will have a larger impact, enabling greater wealth creation, quality of life improvements, and sustainability. USDA will implement a strategy that includes substantial technical assistance to enable rural regions to develop regional strategic plans. Several USDA agencies will participate in the initiative, including agencies from the Rural Development, Marketing and Regulatory Programs, and Natural Resources and Environment mission areas. Beginning in 2010, USDA intends to explore its current authorities to demonstrate the potential for this approach. The 2011 budget includes \$1.4 million in Rural Development to support coordination of regional planning activities. It also includes a general provision to provide a 5 percent set-aside of the funding for several USDA programs. This set aside will facilitate funding for projects that are part of a regional strategy, subject to projects meeting the eligibility requirements for the individual programs. The set-aside would amount to over \$135 million in budget authority, which would be sufficient to support a program level of about \$280 million.

- **Provide incentives for food entrepreneurs to establish or expand markets and grocery stores to make healthy foods available to underserved Americans.** The 2011 Budget provides funding for a new multi-year, multi-agency Healthy Food Financing Initiative that will increase the availability of affordable, healthy foods in underserved urban and rural communities, particularly through the development or equipping of grocery stores and other healthy food retailers. The Departments of Agriculture, Health and Human Services, and Treasury will partner to make available over \$400 million in financial and technical assistance to community development financial institutions, other nonprofits, public agencies, and businesses with sound strategies for addressing the healthy food needs of communities. The USDA budget includes a total of \$50 million for the initiative. These funds will be made available for a number of loan, grant, promotion, and other programs that provide financial and technical assistance to support market planning and promotion efforts as well as infrastructure and operational improvements designed to stimulate consumer demand, enhance marketing, expand demand and retail outlets for farm products, and increase availability of locally and regionally produced foods.
- **Increase economic opportunities for producers by developing local and regional food systems.** USDA's "Know Your Farmer, Know Your Food" initiative will facilitate the development of local and regional food systems that better connect consumers with local farms, create new income opportunities for farmers and place a greater focus on sustainable agricultural practices and nutritious, local food. An increased emphasis on regional food systems will have direct and significant benefits to rural communities. USDA will work to promote local and regional distribution and utilize existing strategic partnerships to leverage local food systems. USDA will also work more closely with local purchasers, institutional purchasers, and other regional stakeholders to create regional support systems. This effort will leverage funding and program expertise from every mission area of the Department.

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- **Promote the development of renewable energy to support energy independence and a healthier environment.** USDA promotes rural America's leadership in the research, development, and sustainability of renewable energy and energy efficiency in order to effectively reduce America's dependence on foreign oil and reduce greenhouse gas emissions. USDA programs make it economically feasible for farmers, ranchers and other rural small businesses to invest in alternative energy production and energy-saving activities. Through funding opportunities in the form of payments, grants, loans, and loan guarantees, USDA is committed to developing clean energy sources, promoting energy efficiency, and curbing the effects of climate change. The 2011 budget supports renewable energy development through commercialization and research. This support will create jobs, help establish businesses and improve economic prosperity in rural areas. The budget includes funding for programs with specific energy-related purposes, including the Rural Energy for America Program (REAP) and the Biorefinery Assistance Program, to add to the mandatory funding provided through the 2008 Farm Bill. Funding for several business programs, including the Business and Industry Loan Guarantee Program and Value-Added Grants will be available for green energy projects. Funding for the Homeownership Loan and Loan Guarantee programs will provide financing for more energy efficient homes. In support of the President's commitment made at the 2009 G20 Summit, the budget will target Electric Loan Program financing to alternative energy and end subsidies for the generation of electricity using fossil fuel. Finally, the budget includes an increase of \$34 million for a comprehensive research program in alternative and renewable energy within the Agriculture and Food Research Initiative's competitive grant program. This will advance the development of dedicated, sustainable feedstocks, and feedstock production systems which will not impact the food supply.
- **Make rural America a better place to live.** USDA seeks not only to enhance the opportunities necessary for rural families to thrive economically, but also to improve the living conditions in rural communities so that they are places where people can thrive. USDA provides the resources and expertise necessary to rebuild the infrastructure of small communities, ensuring that rural residents have decent housing and home-ownership opportunities, clean water, adequate systems for handling waste, and vital community facilities, including critical health-care centers, schools, and public safety departments. For 2011, the budget supports \$12 billion for rural home ownership by establishing a fee structure consistent with other Federal housing programs that will eliminate the subsidy costs for all new guaranteed loans. Furthermore, the budget includes a loan level increase of over \$25 million to provide funding to support additional multi-family housing for very-low and low income families. In 2011 the budget supports \$1.6 billion in program level to provide over 1.4 million rural households with new or improved water and waste disposal facilities.

A healthy environment is also an essential ingredient for thriving, sustainable rural communities and rural quality of life. For 2011, the Conservation Stewardship Program (CSP) will serve a key role in improving and maintaining the quality of surface water and groundwater in order to protect human health, support a healthy environment, and enable the productive use of land. The FY 2011 budget funds CSP at approximately \$630 million, and nearly half, or \$315 million, is targeted towards conservation planning and implementation to meet this strategic goal.

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Improving agricultural education is critical to retaining young people in rural America. The 2011 budget includes a number of investments in education, including \$10 million for the Hispanic-Serving Agricultural Colleges and Universities Endowment Fund. The annual interest earnings from the Endowment Fund will be used to enhance education in agricultural sciences and related disciplines by building educational capacity at these institutions in the areas of curricula design, faculty development and student recruitment and retention. Additionally, increased funding of \$2.3 million is proposed in 2011 for expanding extension education programs on Indian Reservations and Tribal jurisdictions through the Federally-Recognized Tribes Extension Program, and an increase of \$1 million is required for Tribal Colleges Extension Services at all 1994 land-grant institutions to address the nutrition education needs of Native Americans. The budget also includes an increase of \$5 million to support the next generation of agricultural scientists in the workforce by working with higher-education institutions to develop education and training programs with strong science, technology, engineering, and math curriculums, and increase enrollment in secondary and two-year post-secondary programs.

Other Proposals:

- **Increase the competitiveness of American agricultural exports.** Agricultural trade contributes directly to the prosperity of local and regional economies across rural America through higher commodity prices and increased sales. USDA estimates that every \$1 billion worth of agricultural exports supports 9,000 jobs and generates an additional \$1.4 billion in economic activity. At the same time, however, foreign trade barriers limit exports, thereby reducing farm income and preventing job growth in the agricultural sector. The 2011 budget supports the National Export Initiative by providing increased funding of \$54 million for the Foreign Agricultural Service (FAS) to support activities that will help to bolster the level of U.S. agricultural exports and thereby contribute to enhanced rural prosperity and employment. Of the funding provided, \$10 million will be used to expand FAS exporter assistance and in-country promotion activities and to meet higher operating costs at FAS overseas posts. The initiative also includes \$34.5 million to supplement funding for the Foreign Market Development (Cooperator) Program and \$9 million for the Technical Assistance for Specialty Crops (TASC) Program. Funding for the Cooperator and TASC programs will be in addition to that provided by the Commodity Credit Corporation and will double the overall level of funding for both programs in 2011.
- **Maintain a strong agriculture safety net.** The 2011 budget maintains strong support for American farmers and ranchers through a system of income support, disaster mitigation, and farm loan programs. Income support programs including direct and counter-cyclical payments and Average Crop Revenue Election payments are expected to total nearly \$9 billion in 2011. The budget proposes modest reductions in the current cap on direct payments and a three-year phased reduction in farm program average Adjusted Gross Income eligibility limits for large farmers and wealthy landowners. These adjustments in current program limits would affect only a very small portion of the farm program participants without disturbing the foundation of the current safety net for productive family farmers. Disaster mitigation programs include the Supplemental Agricultural Disaster Assistance (SADA) programs and the Federal crop insurance program. FY 2011 assistance under the SADA programs is expected to total about \$1.4 billion while net indemnities (gross

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indemnities minus producer premium) under the Federal crop insurance program are expected to total about \$4.6 billion. Farm loan programs including direct and guaranteed farm ownership, operating, and conservation loans and Indian fractionated land loans are expected to total over \$4.7 billion in 2011. The budget proposes \$5 million increase in funding for the county estimates data collected by the National Agricultural Statistics Service. Improving the quality of this data will enhance the integrity of the farm programs.

- **Create new economic opportunities for American agriculture through environmental services markets.** To support the Department's efforts of creating economic opportunities in rural America, the 2011 budget includes activities to expand market opportunities for farmers, ranchers, and forest landowners. Although climate change is a critical challenge facing the agricultural and forestry communities, proposed legislation to respond to that challenge may create significant economic opportunities. To take advantage of these opportunities, USDA is seeking \$2 million to support the Office of Ecosystem Services and Markets to provide analysis and establish guidelines for participation of agriculture producers and forest landowners in potential offset markets under a carbon cap and trade system. These guidelines will also support market opportunities in the provision of other ecosystem services beyond carbon sequestration, such as wildlife habitat preservation and water quality management. Through the development of these guidelines, USDA will strive to expand opportunities in rural America to create prosperity while conserving natural resources.
- **Continue modernization of the farm program delivery system.** Continued progress needs to be made in modernizing IT systems critical to the delivery of farm service programs. These systems support the delivery of over \$9 billion of farm program benefits to 1.4 million producers. Several initiatives are underway to streamline business processes and transition them away from an antiquated legacy IT system to a 21st century IT system. When fully implemented, these new delivery processes will expedite the delivery of all farm programs, including the 2008 Farm Bill programs. An increase of \$95.3 million is proposed to support these modernization efforts. This amount consists of \$39.3 million directed toward the multi-year MIDAS initiative to streamline business processes for farm program delivery; \$20 million to convert software and transition applications from outmoded legacy systems to new web-based technologies; and \$36 million to support an \$83 million multi-agency effort to refresh the aging hardware supporting the Common Computing Environment in order to maintain system reliability.
- **Create National Forest recreation and forestry job opportunities.** USDA natural resources conservation, restoration, and land management programs generate economic value by attracting tourism and recreation visitors, and sustaining green jobs, including work restoring or creating trails and facilities; providing camping, boating, and outfitter and guide services; and supporting associated retail businesses. The 2011 Forest Service (FS) recreation budget includes an increase of \$5 million to ensure the National Forest roads that provide recreation opportunities to the public match the FS' newly created motor-vehicle-use maps. The FS budget also contains \$50 million for the President's new Priority Watersheds and Job Stabilization initiative. A main focus of this initiative will be creating and preserving jobs. After conducting a prioritization assessment, FS will use stewardship contracts (10 years in length) to produce long-term jobs across the Nation. Moreover, the agency will leverage outside sources to create jobs for youth in rural areas.

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- **Ensure fair and competitive agricultural markets.** The 2011 budget includes an increase of \$1.8 million to further strengthen enforcement of the Packers and Stockyards Act. With additional staff and legal support, the Grain Inspection, Packers and Stockyards Administration will bolster direct enforcement and promote greater voluntary compliance with the Act. Current staffing levels are insufficient to address the growing need for regulatory and audit activities.

STRATEGIC GOAL: ENSURE OUR NATIONAL FORESTS AND PRIVATE WORKING LANDS ARE CONSERVED, RESTORED, AND MADE MORE RESILIENT TO CLIMATE CHANGE, WHILE ENHANCING OUR WATER RESOURCES

A healthy and prosperous America relies on the health of our natural resources, and particularly our forests and agricultural working lands. The health of America's forests, farmers, ranchers and grasslands must be nurtured so that they continue to offer environmental benefits as a source of clean air, clean and abundant water, and wildlife habitat. America's forests supply communities with clean abundant water, shelter wildlife, and help us mitigate and adapt to climate change. Forests also help generate rural wealth through recreation and tourism, through the creation of green jobs, and through the production of wood products and energy. They are a source of cultural heritage and are a national treasure.

USDA plays a pivotal role in protecting and restoring these lands while making them more resilient to threats and enhancing our natural resources. USDA partners with private landowners to help protect the Nation's 1.3 billion acres of farm, ranch, and private forestlands. As public land stewards, USDA works to conserve and restore 193 million acres of National Forests and Grasslands in the National Forest System. Through these programs, USDA partners with other Federal agencies, tribal and state governments and non-governmental organizations to assist land and natural resource managers and to connect people to the Nation's magnificent lands. USDA agencies provide technical, financial, and planning assistance to public and private partners. USDA's data banks, research and innovations give landowners and managers access to the latest science and technology to make informed decisions and implement conservation practices. USDA also connects forest and farm landowners with emergent markets for ecosystem services so that they can reap the economic and environmental benefits of good stewardship. This goal will be supported with actions to: (1) Restore and conserve the Nation's forests, farms, ranches and grasslands; (2) Lead efforts to mitigate and adapt to climate change; (3) Protect and enhance America's water resources; and (4) Reduce risk from catastrophic wildfire and restore fire to its appropriate place on the landscape.

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

Budget Authority
(Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Farm and Foreign Agricultural Services.....	\$2,245	\$2,331	\$2,317
Natural Resources and Environment.....	8,564	9,149	9,146
Marketing and Regulatory Programs.....	86	101	71
Research, Education, and Economics.....	420	444	448
Office of the Chief Economist.....	0	3	3
Hazardous Materials Management.....	5	5	5
Total.....	<u>\$11,320</u>	<u>\$12,033</u>	<u>\$11,990</u>

Key Proposals for the 2011 Budget:

Multi-Agency Initiatives:

- Expand funding for financial and technical assistance to support Farm Bill conservation programs.** The budget includes record levels of support for Farm Bill conservation programs bringing total funding to about \$5 billion, an increase of \$42 million. Recognizing the need for judicious allocation of these conservation resources, the budget reflects a strategic targeting of high priority programs, current workforce and workload capacity, and efforts to ensure financial integrity and cost effectiveness. This level of funding will also ensure beneficial results from investments in conservation. The Conservation Reserve Program is funded at \$1.96 billion, about the same level as 2010, to support total enrollment of more than 30 million acres. The Environmental Quality Incentives Program (EQIP), which is vital to ensuring that agricultural lands are effectively managed to support both agricultural production and conservation, is funded at \$1.21 billion, an increase of \$28 million over 2010. The Chesapeake Bay Watershed Initiative, which is operated under EQIP, will be funded at a level of \$72 million, an increase of \$29 million over 2010, to help agricultural producers install conservation practices in the Chesapeake Bay watershed. Funding for the newly operational Conservation Stewardship Program will be increased by \$160 million to a total of \$629 million, which will enroll 12 million new acres in the program as well as support prior year contracts. Wetlands are among the most productive ecosystems in the world that provide countless economic and environmental benefits to local communities. The Wetlands Reserve Program, which is one of the principal programs that support wetlands preservation and restoration, is funded at \$502 million in 2011. This will enable enrollment of nearly 193,000 new acres into the program, a level well above recent year enrollments.
- Enhance the protection of the Nation's water supply.** To accelerate progress in protecting and enhancing the Nation's water supply, strategic conservation efforts are called for that identify the priority landscapes most in need of attention, the critical acres within those

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landscapes, and the high impact target (HIT) practices that will deliver the greatest benefit. The 2011 budget supports efforts by the Natural Resources Conservation Service and the Forest Service to achieve the Department's priority for accelerating the protection of clean, abundant water resources by implementing HIT practices on 1.5 million acres of agricultural lands and 1.5 million acres of National Forests in priority landscapes. HIT practices are those conservation measures identified by the Department to have the most significant impact on improving or conserving land and water resources. Priority landscapes may include the Chesapeake Bay, Upper Mississippi River Delta, Lower Mississippi River Delta, the Sierra Nevada, the Front Range of Colorado, and the California Bay Delta.

Other Proposals:

- **Improve targeting of conservation technical and financial assistance.** The 2011 budget proposes an innovative, new approach to improving the Department's strategic investment in conservation by establishing and deploying Strategic Watershed Action Teams in high priority watersheds that would help plan and apply conservation practices in a defined landscape. The budget includes an increase of \$25 million to support up to 35 teams of five NRCS employees each, to target an identified watershed for a period of 3 to 4 years with the intent of reaching 100 percent of the landowner base eligible for Farm Bill conservation program assistance. The additive effect of planned and applied conservation practices would hasten environmental improvement while keeping production agriculture competitive and profitable. This initiative should greatly increase the environmental cost-effectiveness of NRCS technical and financial assistance programs. It will also improve the agency's coordination with the Forest Service as that agency seeks to adopt a more landscape-scale approach to leverage its natural resource programs and to conserve and restore forestland and grassland.
- **Increase support for the Land and Water Conservation Fund (LWCF).** The LWCF is a special account created in 1964 and has been the principal federal source of monies to acquire new recreation lands. Forest Service is one of four federal agencies to receive a portion of these funds. The fund accumulates revenues from designated sources and they become available only after Congress appropriates them. In line with the President's commitment to fully fund the LWCF by 2014, the Forest Service's Forest Legacy program and Land Acquisition program have proposed increases of \$21 million and \$10 million, respectively.
- **Improve National Forest System (NFS) watersheds.** Protecting America's supply of clean and abundant water is among the most crucial environmental challenges of the 21st Century. Water is essential for life and vital to our prosperity; this precious resource is the foundation for healthy ecosystems, sustainable agricultural and forest production, livable communities, and viable industry. The Forest Service has placed a focus on improving the health of its watersheds, restoring ecosystem functions, and increasing forests' resiliency to climate change. The budget proposes a new line item, "Integrated Resource Restoration," that better characterizes the scope of the work that the Agency intends to perform in 2011. This line item is funded at \$694 million, of which \$40 million is provided for the Collaborative Forest Landscape Restoration Fund and \$50 million is provided for the President's new Priority Watersheds and Job Stabilization initiative. Under this initiative, rapid watershed

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assessments will be conducted of all NFS lands; the agency will prioritize watershed improvement work; and work that can demonstrate a change in watershed condition will be funded in a variety of watersheds across the country.

- **Support Climate Change Mitigation and Adaptation.** USDA provides leadership to help landowners and communities adapt to climate change impacts that are already appearing. These include changing water flow, availability and quality; changing weather patterns and ambient temperatures; increased fire risk; increased threats from insects and disease; and changing habitat and climatic zones. USDA conducts research that contributes to the development of climate change mitigation and adaptation tools and technologies, and USDA outreach and extension networks make them available to farmers, ranchers, and land managers. The 2011 budget includes an increase of \$50 million within the Agriculture and Food Research Initiative competitive grants program for global climate change research to develop mitigation capabilities and adaptive capacities for agricultural production.

MANAGEMENT INITIATIVES:

To support achievement of its strategic goals, USDA is working to transform itself into a model organization. By strengthening management operations and engaging employees, USDA will improve customer services, increase employment satisfaction, and develop and implement strategies to enhance leadership, performance, diversity, and inclusion. The transformation will result in process improvements and increased performance. USDA has identified the following eight management initiatives to support this effort:

- **Engage USDA Employees to Transform USDA into a Model Agency:** USDA will continue to generate opportunities to listen to employees' concerns and ideas, and to design and implement beneficial systemic changes to processes that affect employee satisfaction and human resources.
- **Provide Civil Rights Services to Agriculture Employees and Customers:** The Department's leadership has established civil rights as one of its top priorities. To be successful, all USDA employees must be committed to making USDA a model in the Federal Government for respecting the civil rights of its employees and constituents.
- **Coordinate Outreach and Improve Consultation and Collaboration Efforts to Increase Access to USDA Programs and Services:** USDA will ensure that all Americans have equal and fair access to key USDA programs and services.
- **Leverage USDA Departmental Management to Increase Performance, Efficiency, and Alignment:** USDA will expand the use of performance metrics to track areas of success and those needing improvement across the Department. This information will allow agency decision makers to align resources to achieve the highest outcome.
- **Optimize Information Technology (IT) Policy and Applications:** The Department is working to improve the effective delivery of programs and services to its constituents, applicants, and customers by deploying broadband, creating an enterprise platform that

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enables open communication channels, ensuring the protection of mission-critical operations and customer data, and supporting portfolio views for managing across organization and geographic boundaries.

- **Optimize USDA “Green” or Sustainable Operations:** One of the President’s top priorities for all Federal agencies is to establish an integrated strategy to work towards sustainability and to achieve reduction of greenhouse gas emissions. As a steward of natural resources, USDA is committed to achieving these goals and will focus its efforts towards sustainable operations.
- **Enhance USDA Homeland Security and Emergency Preparedness to Protect USDA Employees and the Public:** USDA is working to enhance homeland security and emergency activities to provide a coordinated national effort to protect American agriculture and rural communities from intentional harm.
- **Enhance the USDA Human Resources Process to Recruit and Hire Skilled, Diverse Individuals to Meet the Program Needs of USDA:** USDA is reforming its hiring process to ensure a streamlined, user-friendly environment for both the applicant and the hiring manager, which will lead to the identification and selection of the most talented and competent workforce possible. In doing so, the Department will experience increased diversity while addressing current and future skills gaps.

Key Proposals for the 2011 Budget:

- **Enhance human resource capabilities.** As part of its efforts to transform USDA into a model organization, Departmental Management (DM) is leading an initiative to respond to the Department’s human resources challenges. As part of this initiative, DM will focus on improving leadership development, labor relations, human resources accountability, and veterans and other special employment programs. This initiative will allow USDA to develop a workforce capable of leading the Department as it implements the strategic goals set forth by the Administration.
- **Expand Program Participation of Underserved Constituents.** To address the need for better outreach to underserved program participant groups, USDA is proposing to expand the Office of Advocacy and Outreach (OAO) in the 2011 budget through an increase of \$5 million. Of this amount, \$4 million is requested for agricultural labor grants authorized under section 14204 of the 2008 Farm Bill. This program was funded through Rural Development in 2010 at the same level. As part of this proposal, USDA is requesting funding that will allow OAO to adequately conduct its activities related to overseeing the Advisory Committees on Minority Farmers and Beginning Farmers and Ranchers; administration of the Outreach to Socially Disadvantaged Farmers Grant Program (section 2501 Program); overseeing the activities of the Office of Small Farms Coordination and the Farm Worker Coordinator; managing the 1994, 1890, and Hispanic Serving Institutions Programs; and other outreach functions.
- **Improve service center agency IT infrastructure.** The 2011 budget includes \$83 million to support the Department’s multi-agency effort to modernize and upgrade the IT

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infrastructure (also known as the Common Computing Environment (CCE)) for the Service Center Agencies (SCAs). These funds are requested in FSA, NRCS and RD. The proposed funding will be used to replace outdated components of the CCE, many of which have exceeded their expected life cycles, to reduce system vulnerabilities to failure and improve the performance and effectiveness of the shared infrastructure. These improvements will allow the SCAs to better serve program participants with a more flexible and reliable IT infrastructure. This funding will allow for the first system-wide refresh of the CCE since the infrastructure was implemented in 2000. In addition, as the components of the CCE are replaced, USDA will implement a right-sizing process whereby configuration changes will be made to better support the delivery of current and future programs. As part of this process, the Department will strive to improve system security, reduce the long term cost of infrastructure services, and improve service reliability.

- **Enhance Acquisition Workforce Capabilities.** The 2011 budget requests \$6.5 million to support a Government-wide Contracting and Acquisition Workforce Training initiative. The requested funding will allow USDA to implement training, recruitment, and retention activities for the Department's procurement workforce that is responsible for over \$5 billion in annual procurement for the Department. These workforce efforts, along with procurement system improvements, will allow USDA to achieve substantial cost savings and cost avoidances in the contracting and acquisition activities across all agencies.

FARM AND FOREIGN AGRICULTURAL SERVICES

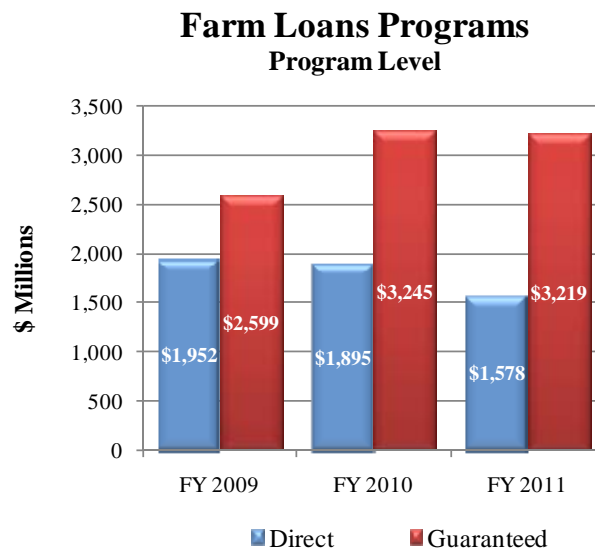
MISSION AND RELATIONSHIP TO STRATEGIC GOALS

The Farm and Foreign Agricultural Services (FFAS) mission area has responsibility for the delivery of programs and services which focus on supporting a sustainable and competitive U.S. agricultural system. The U.S. agricultural sector produces \$300 billion worth of farm products providing a major foundation for prosperity in rural areas as well as a critical element of the nation's economy. FFAS also plays an important role in the protection and enhancement of the Nation's natural resource base and environment. Thus, the area contributes to multiple USDA Strategic Goals. Specifically, to assist rural communities create prosperity, the FFAS mission area engages in the following activities: (1) supports a strong farm financial safety net; and (2) promotes the vitality of rural America by improving access to international markets, providing credit guarantees for U.S. farm exports, supporting industry efforts to develop new markets and promoting better international acceptance of the products of biotechnology. In support of ensuring private working lands are preserved, the FFAS area: (1) protects watershed health to ensure clean and abundant water; and (2) enhances soil quality to maintain productive working cropland. Finally, in support of agricultural production and biotechnology, it promotes the international acceptance of new technologies, including biotechnology, and promotes sustainable, productive agricultural systems and trade in developing countries to enhance global food security.

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

FARM SERVICE AGENCY (FSA)

FSA supports the delivery of farm credit, disaster assistance, and commodity and related programs and also administers some of the USDA conservation programs. FSA provides administrative support for the Commodity Credit Corporation (CCC) which funds most of the commodity, export, and some of the conservation programs of USDA. To deliver its programs, FSA operates an extensive network of local Service Centers.



FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency Budget Authority (Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Discretionary:			
FSA Salaries and Expenses:			
Salaries and Expenses (Direct Appropriation).....	\$1,170	\$1,254	\$1,365
Transfers from Program Accounts.....	(313)	(316)	(321)
Total, Salaries and Expenses.....	(1,483)	(1,570)	(1,686)
Agricultural Credit Insurance Fund Program Account:			
Transfer to FSA Salaries and Expenses.....	309	313	318
Loan Subsidy.....	219	141	151
Loan Program Expenses.....	8	8	8
Total, Agricultural Credit Insurance Fund Program Account.....	536	462	477
State Mediation Grants.....	4	4	4
Grassroots Source Water Protection Program.....	5	5	0
Reforestation Pilot Program.....	1	1	0
Durum Wheat Quality Program.....	0	3	0
Geographically Disadvantaged Farmers and Ranchers.....	0	3	0
Total, Ongoing Discretionary Programs.....	1,716	1,732	1,846
Dairy Price Support.....	0	350	0
Total, Discretionary Programs.....	1,716	2,082	1,846
Recovery Act:			
FSA Salaries and Expenses.....	50	0	0
Agricultural Credit Insurance Fund (Subsidy).....	20	0	0
Total, Recovery Act.....	70	0	0
Total, Discretionary Programs.....	1,786	2,082	1,846
Mandatory:			
Dairy Indemnity Program.....	1	1	1
Agricultural Disaster Relief Fund.....	703	526	891
Recovery Act:			
Supplemental Agricultural Disaster Assistance.....	0	230	0
Aquaculture Assistance Grants.....	50	0	0
Total, Recovery Act.....	50	230	0
Total, Mandatory Programs.....	754	757	892
Total, Farm Service Agency.....	\$2,540	\$2,839	\$2,738

FARM AND FOREIGN AGRICULTURAL SERVICES

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

Program	2009		2010		2011	
	<u>Enacted</u>		<u>Estimate</u>		<u>Budget</u>	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Farm Operating Loans:						
Guaranteed Unsubsidized.....	\$1,160	\$29	\$1,500	\$35	\$1,500	\$35
Guaranteed Subsidized.....	150	21	170	24	144	20
Direct.....	685	81	1,000	47	900	55
Total, Operating Loans.....	1,995	131	2,670	106	2,544	110
Farm Ownership Loans:						
Guaranteed Unsubsidized.....	1,239	4	1,500	6	1,500	6
Direct.....	200	13	650	27	475	33
Total, Ownership Loans.....	1,439	17	2,150	33	1,975	39
Indian Land Acquisition Loans.....	4	a/	4	0	2	0
Boll Weevil Eradication.....	100	0	100	0	60	0
Conservation Loans:						
Guaranteed.....	0	0	75	a/	75	a/
Direct.....	0	0	75	1	75	2
Total, Conservation Loans.....	0	0	150	1	150	2
Indian Fractionated Land Loans.....	0	0	10	1	10	a/
Total, Ongoing Farm Loan Programs.....	3,538	148	5,084	141	4,741	151
Supplemental Appropriations:						
Farm Operating Loans:						
Guaranteed Unsubsidized.....	50	1	0	0	0	0
Direct.....	400	47	0	0	0	0
Total, Operating Loans.....	450	48	0	0	0	0
Farm Ownership Loans:						
Direct.....	360	23	0	0	0	0
Total, Ownership Loans.....	360	23	0	0	0	0
Recovery Act:						
Direct Farm Operating Loans.....	173	20	0	0	0	0
Total, Farm Loan Programs.....	4,521	239	5,084	141	4,741	151
Emergency Loans b/.....	30	4	56	2	56	6
Total, Farm Loan and Grant Programs...	\$4,551	\$243	\$5,140	\$143	\$4,797	\$157

a/ Less than \$0.5 million.

b/ From funds carried over from prior years.

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Farm Loan and Grant Programs. The farm credit programs are 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 value of this safety net was demonstrated in 2009, when in response to the growing global economic and financial crisis, FSA received supplemental appropriations and Recovery Act funding to bring the total funding for the farm credit programs in that year to \$4.5 billion. In 2010, in order to meet the growing demands in the farm credit programs, total funding increased to \$5.1 billion. The 2011 budget supports funding for over \$4.7 billion in direct and guaranteed loans. The Administration expects that financial and economic conditions will improve and that commercial lending in rural areas will begin returning to prior levels. Therefore, a modest decline in the demand for direct and guaranteed loans is assumed.

A portion of both direct and guaranteed farm operating and ownership loan funds is targeted to socially disadvantaged borrowers based on county level demographic data. Although the statutory targets vary by loan program and county, on average about 14 percent of loan funds are targeted to socially disadvantaged borrowers. These targeted funds serve over 17 percent of the disadvantaged groups noted below. Therefore, a key performance measure for the farm credit programs is the percentage of beginning farmers, racial and ethnic minority farmers and women farmers financed by FSA. The target for 2011 will be to further increase the proportion of these borrowers that are served by FSA credit programs.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Percentage of beginning farmers, racial and ethnic minority farmers and women farmers financed by FSA (Percent)	15.5	15.9	16.2	17.4	17.5	18.0

The 2011 budget proposes loan levels that are generally reflective of the ongoing financial crisis; however, some modest reductions are proposed in light of the expected recovery of the U.S. and global economies. For farm operating loans, the 2011 budget provides \$900 million for direct loans and over \$1.6 billion for guaranteed loans. These loan levels will serve an estimated 22,500 farmers, about 15,000 of whom will receive direct loans and 7,500 of whom will receive guarantees. 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 2011 budget provides \$475 million in direct loans and \$1.5 billion for guaranteed loans. The 2011 levels will provide about 7,100 people with the opportunity to either acquire their own farm or keep an existing one. About 2,800 borrowers will receive direct loans and 4,300 will receive guaranteed loans.

The 2011 budget assumes \$56 million in loan level will be available for emergency loans due to carryover from prior years. The 2011 budget assumes the demand for Indian land acquisition loans will be lower as a result of the new Indian Fractionated Land loans program. Program level funding for the boll weevil eradication loan program is reduced to \$60 million, compared to \$100 million in 2010. Eradication efforts have successfully eliminated the boll weevil from many cotton producing areas and as a result it is anticipated that demand for boll weevil eradication loans will decline.

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Funding for State mediation grants is 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.

Commodity Credit Corporation Budget Authority (Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Mandatory:			
Commodity Credit Corporation Fund.....	\$12,111	\$10,859	\$10,522
Tobacco Trust Fund.....	950	960	960
Total, Mandatory Programs.....	13,061	11,819	11,482
Total, Commodity Credit Corporation.....	\$13,061	\$11,819	\$11,482

Commodity Credit Corporation. The Commodity Credit Corporation (CCC) provides funding for commodity programs administered by FSA and many Farm Bill programs such as the conservation programs administered by FSA and the Natural Resources Conservation Service (NRCS) and export programs administered by FAS. CCC borrows funds needed to finance these programs from the U.S. Treasury and repays the borrowings, with interest, from receipts and from appropriations provided by Congress. The commodity programs are critical components of the farm safety net, serving to expand domestic market opportunities and provide risk management and financial tools to farmers and ranchers. The CCC also handles the Tobacco Trust Fund which provides transition payments to former producers and owners of quotas under the former tobacco price support and quota program.

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Commodity Credit Corporation Net Outlays (Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Commodity Programs:			
Marketing Assistance Loans and Price Support.....	\$3,499	\$2,278	\$127
Direct Payments.....	5,222	5,144	4,963
ACRE.....	0	0	734
Countercyclical Payments.....	731	1,079	749
Loan Deficiency Payments.....	145	183	24
Milk Income Loss Contract Payments.....	757	225	100
Cotton User Marketing Payments and Cotton Economic Adjustment Assistance Payments.....	85	74	82
Noninsured Crop Disaster Assistance Program.....	62	122	124
Tobacco Payments to Producers <u>a/</u>	953	960	960
Biomass Crop Assistance Program.....	2	263	479
Farm Storage Facility Loans.....	14	10	4
Purchases and Sales.....	-1,730	-1,703	-97
Processing, Storage and Transportation.....	20	32	6
Operating Expenses.....	40	14	6
Interest Expenditures.....	-17	-2	42
Change in Working Capital.....	-806	250	250
Other.....	-42	449	437
Total, Commodity Programs Baseline.....	8,935	9,378	8,990
Conservation Programs:			
Conservation Reserve Program.....	1,916	1,973	1,958
Emergency Forestry Conservation Reserve Program.....	10	19	14
Voluntary Public Access and Incentives Program.....	0	17	17
Total, Conservation Programs.....	1,926	2,009	1,989
Export Programs:			
Quality Samples Program.....	1	2	2
Market Access Program (MAP).....	219	194	200
Foreign Market Development (Cooperator) Program.....	36	34	35
Technical Assistance for Specialty Crops Program.....	2	5	8
Emerging Markets Program.....	3	8	8
Dairy Export Incentive Program.....	1	25	3

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Commodity Credit Corporation Net Outlays (Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Food for Progress Program.....	226	148	148
Local and Regional Commodity Procurement Pilot Program....	0	15	25
Export Credit.....	80	83	23
Other.....	17	30	23
Total, Export Programs.....	585	544	475
Subtotal, CCC.....	11,446	11,931	11,454
Pre-credit Reform Loan Repayments.....	-4	-4	-8
CCC Baseline.....	11,442	11,927	11,446
Proposed Legislation:			
Reduce MAP by 20%.....	0	0	-8
Farm Programs Savings.....	0	0	-3
Total, CCC.....	\$11,442	\$11,927	\$11,435

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

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 \$11.4 billion in 2008, reflecting higher prices for most commodities resulting from increased demand for bioenergy production and strong export demand. Outlays in 2009 which included the impact of 2008 Farm Bill provisions were \$11.4 billion. They reflected reduced disaster payments offset by greater outlays for dairy support programs and for the cotton program, both of which are affected by lower market prices and initiatives to enhance dairy price supports. Estimated outlays for 2010 rose to \$11.9 billion partly as a result of the newly implemented Biomass Crop Assistance Program (BCAP). The 2011 estimate declines to \$11.4 billion as higher prices are expected to reduce cotton program outlays from marketing assistance loans. The 2008 Farm Bill also ended the use of commodity certificate transactions for marketing assistance loan repayments. The impact is reflected in the reduction in CCC sales and purchases in 2011 as producers could no longer purchase certificates for use in loan repayments.

Commodity Programs. Commodity loan and income support programs constitute the majority of CCC outlays. These programs provide a major portion of the farm safety net including protection against adverse market fluctuations, hence outlays for many of these programs vary significantly from year to year as market conditions change. The commodity programs are mandated by provisions of the 2008 Farm Bill. The programs include direct payments to producers of feed grains, wheat, upland cotton, rice, soybeans, other oilseeds, and 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 2008 Farm Bill also provided counter-cyclical payments for producers of the above crops when market prices decline below specified target prices. In addition, the 2008 Farm Bill authorized revenue-based counter-cyclical payments (ACRE) as an alternative to the traditional price-based counter-cyclical payments. Sign-up for

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the new ACRE program began April 27, 2009 and continued to August 14, 2009, to give producers ample time to decide whether to participate in ACRE or remain in the traditional direct and counter-cyclical payment program. About 1.7 million farms are enrolled in the direct and counter-cyclical payment programs. The 2011 budget proposes modest reductions in the current cap on direct payments and a three year phased reduction in farm program average Adjusted Gross Income (AGI) eligibility limits for large farmers and wealthy landowners. These adjustments in current program limits would affect only a very small portion of the farm program participants without disturbing the foundation of the current safety net for productive family farmers. In addition, the budget proposes elimination of commodity storage payments in the marketing assistance loan program for cotton and peanuts. The Department is prepared to work with Congress and stakeholders as these proposals are being considered.

The CCC marketing assistance loan (MAL) program is available to producers of commodities eligible for direct and counter-cyclical payments as well as for wool, mohair, honey, and pulses. CCC marketing assistance loans provide interim financing to eligible producers allowing them to delay selling their crop at harvest when prices are typically at their lowest. When market prices decline, these loans may be repaid at rates below the loan rate thus providing benefits which help offset the effect of lower market returns.

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

Program	2009 Enacted	2010 Estimate	2011 Budget
Commodity:			
Feed Grains.....	\$2,458	\$2,451	\$2,645
Wheat.....	1,224	1,299	1,425
Rice.....	411	558	429
Upland and Extra Long Staple Cotton.....	2,213	2,387	1,552
Tobacco <u>a/</u>	-172	0	0
Dairy.....	994	343	362
Soybeans and Products.....	611	585	624
Minor Oilseeds.....	23	22	25
Peanuts.....	98	90	132
Sugar.....	<u>b/</u>	0	0
Honey.....	-1	<u>b/</u>	<u>b/</u>
Wool and Mohair.....	9	7	7
Vegetable Oil Products.....	28	49	30
Other Commodities.....	57	-8	5
Subtotal, Assistance To Farmers.....	7,953	7,783	7,236
Other <u>c/</u>	982	1,596	1,754
Commodity Programs Baseline.....	8,936	9,379	8,990
Proposed Legislation - Farm Programs Savings.....	0	0	-3
Total, Commodity Programs.....	\$8,936	\$9,379	\$8,987

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

b/ Less than \$0.5 million.

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

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

Program	2009 Enacted	2010 Estimate	2011 Budget
Conservation Reserve Program.....	\$1,934	\$1,973	\$1,958
Emergency Forestry Conservation Reserve Program.....	10	19	14
Voluntary Public Access and Habitat Incentives Program...	0	17	17
Total, Conservation Programs.....	<u>\$1,944</u>	<u>\$2,009</u>	<u>\$1,989</u>

Conservation Programs. The Farm Bill also provides authority for conservation programs. The focus of USDA conservation programs administered by NRCS and FSA is to assist producers in using environmentally sound management systems for agricultural production to meet food and fiber needs of the Nation. FSA administers the Conservation Reserve Program (CRP) and the Emergency Forestry Conservation Reserve Program (EFCRP), which are CCC programs, in addition to the Emergency Conservation Program (ECP). All other USDA cost-share and easement conservation programs such as the Environmental Quality Incentives Program, Wetlands Reserve Program, and the Conservation Stewardship Program are administered by NRCS. These programs are described beginning on page 85.

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.

Among multiple environmental benefits, a key performance measure for the CRP program is the number of restored wetland acres. Restored wetland acreage serves as a filter barrier reducing sediments and agricultural run-off from reaching drinking water supplies.

Key Performance Measure	2006	2007	2008	2009 ¹	2010 ²	2011 ²
CRP restored wetland acreage (million acres)	2.03	2.08	1.98	2.04	1.99	1.99

¹ The 2009 increase in CRP Wetland acres enrollment was due to increased incentives for certain wetland practices and surge in general signup acres reenrolled into wetland practices.

² Recent commodity price increases, especially soybeans, will likely reduce landowner willingness to retire cropland into CRP. In addition, the enrollment authority for CRP decreased to 32 million acres, starting in FY 2010.

Acreage that counts toward CRP's total enrollment cap includes acres enrolled through scheduled general signups and those enrolled through a continuous, non-competitive signup that has been underway since September 1996 with the purpose of enrolling land in filter strips, riparian buffers, and other high priority conservation and environmental enhancement practices. Continuous signup acreage also includes enrollment under the Conservation Reserve

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Enhancement Program (CREP) that is designed to target program benefits to address specific local and regional conservation problems. At this time, 32 States have approved CREP agreements.

CRP enrollment totaled 33.8 million acres at the end of 2009 with over 85 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 has been held since then. The budget projects that total enrolled acreage may decrease to 31.4 million acres by the end of FY 2010. The budget assumes a potential general signup in 2010 could add up to 2.9 million general signup acres allowing a cumulative enrollment of 30.2 million CRP acres by the end of 2011. CRP is limited to a maximum of 32 million acres by the 2008 Farm Bill.

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 represent damage that is unusual and would not recur frequently in the same area and if left untreated would: (1) impair or endanger the land; (2) materially affect the productive capacity of the land; (3) be so costly to rehabilitate that Federal assistance would be required to return the land to productive agricultural use. For the past several years, this program has been funded through emergency supplemental appropriations. The budget is proposing no new funding for the ECP in 2011 since funding needs are difficult to predict in advance.

Biomass Crop Assistance Program (BCAP). In 2009, the first phase of the BCAP as mandated by the 2008 Farm Bill was implemented. This provision provides matching payments for the collection, harvest, storage and transportation of biomass material to approved energy conversion facilities. Beginning in 2010, the program will provide financial assistance for the establishment and maintenance of crops for bioenergy production, once regulations are completed. The program will then continue into 2011 and beyond.

Supplemental Agricultural Disaster Assistance

Outlays

(Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Supplemental Revenue Assistance Payments	0	\$945	\$865
Livestock Indemnity Payments.....	\$3	69	69
Livestock Forage Disaster Program	0	409	409
Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish....	0	100	50
Tree Assistance Program	0	5	5
Subtotal, Supplemental Agricultural Disaster Assistance	3	1,528	1,398
Recovery Act SURE Payments.....	0	207	23
Total, Supplemental Agricultural Disaster Assistance	\$3	\$1,735	\$1,421

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Supplemental Agricultural Disaster Assistance. The 2008 Farm Bill authorized five new disaster assistance programs. FSA administers the five new disaster programs; however, unlike prior ad hoc disaster programs the new disaster assistance programs are funded through the Agricultural Disaster Relief Trust Fund (Trust Fund) rather than through CCC. The Trust Fund receives funding equivalent to 3.08 percent of the amounts received under the Harmonized Tariff Schedule of the United States. Actual assistance levels will depend on the extent of producers' qualifying needs.

The Supplemental Revenue Assistance Payments Program (SURE) provides assistance to eligible crop producers on farms in primary and contiguous disaster counties designated by the Secretary of Agriculture or in other counties in which weather-related losses exceeded 50 percent of the normal production for that year. The Livestock Indemnity Program (LIP) provides assistance to eligible livestock producers on farms that have incurred livestock death losses in excess of normal mortality rates due to adverse weather during the calendar year. The Livestock Forage Program (LFP) provides assistance to eligible livestock producers for grazing losses for covered livestock due to drought conditions or fire. The Emergency Livestock Assistance Program (ELAP) provides assistance to eligible producers of livestock (including horses), honey bees, and farm-raised fish for losses not covered under the other disaster programs. The Tree Assistance Program (TAP) provides assistance to eligible orchardists and nursery tree growers that planted trees for commercial sale (including Christmas trees) for losses resulting from a natural disaster. The Recovery Act provided an estimated \$230 million of additional disaster assistance through the above programs for producers who suffered losses in crop year 2008 but had not yet paid the crop insurance related fees necessary to become eligible.

Dairy and Other Appropriated Assistance. The 2010 Appropriations Act included \$350 million for additional assistance for dairy producers. A total of \$290 million was provided for payments to dairy producers and \$60 million for purchases of dairy products for distribution to the needy. Other additional assistance in 2010 provided by the Appropriations Act includes support for a durum wheat quality program and support for geographically disadvantaged producers. No funds are requested for these activities in the 2011 Budget.

In addition, the Recovery Act provided \$50 million for Aquaculture Grants which are intended to compensate aquaculture growers for high feed costs during the 2008 fiscal year. The grants were administered as block grants to the States which, in turn, provide the assistance to eligible growers. Under the provisions of the Recovery Act, producers who receive assistance under the Aquaculture Grants program will be unable to receive assistance under ELAP for the same losses.

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Farm Service Agency Staff Years

Program	2009 Enacted	2010 Estimate	2011 Budget
Federal.....	5,042	5,094	5,104
Non-Federal:			
Permanent Full-Time.....	8,673	8,775	8,775
Temporary.....	745	650	650
Total, Non-Federal.....	9,418	9,425	9,425
Total, FSA Staff Years.....	14,460	14,519	14,529

Salaries and Expenses. The 2011 budget proposes a level of \$1.686 billion to support 5,104 Federal staff years and 9,425 non-Federal staff years. Total estimated staff years will be increased by 10 over the 2010 level to provide for increased IT modernization project management. The budget includes funding to support ongoing operational needs based on current programs and the current delivery system.

Information Technology (IT) Modernization and Stabilization. The Farm Service Agency relies on one of the oldest information technology systems (hardware and software) within the Department of Agriculture. Billions of dollars of annual farm program payments, conservation payments, and loans to producers mandated by the 2008 Farm Bill and other legislation are dependent upon the continued viability of this antiquated IT system. FSA must upgrade the aging technology infrastructure and equipment which is creating inefficiencies and threatening the delivery of fundamental services to producers.

At the present time producers looking to sign up for programs are often confronted by lines, long delays, and inefficiencies. County office personnel are often required to use two computers on different operating systems to sign a producer up for a single program. These two computers, one relying on the outdated legacy system and one relying on a modern web-based system, are unable to communicate with each other forcing the county office personnel to enter data into multiple systems or manually transfer data maintained in one system to the other. This causes sign-up delays and significantly increases the likelihood of data entry errors that can lead to improper payments.

Further, the outmoded IT systems of the Farm Service Agency are highly vulnerable to security breaches because inadequate data storage capacity requires sensitive producer data and financial information to be uploaded into mainframe computers from physical media, sent from county offices across the country rather than electronically. An independent review conducted pursuant to Section 1618 of the 2008 Farm Bill also concluded that “Modernization will bring significant benefits such as improvements in cost efficiency, producer access, fraud mitigation, staff efficiency and morale. More fundamentally, Modernization will replace the aging platforms that are difficult to maintain and incapable of supporting the fiduciary requirements that FSA faces today and will continue to face in the future.”

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The 2011 Budget proposes an increase of \$95.3 million to fund critical IT replacement and modernization projects to support core FSA operations. Of this amount, \$39.3 million is proposed for continued implementation of the MIDAS initiative (Modernize and Innovate the Delivery of Agricultural Systems), which is a comprehensive project to streamline the existing complicated business processes that support mandated farm programs and provide a modern IT infrastructure to operate the programs. The 2011 proposal builds on funding included in the FY 2010 appropriation to continue this multi-year effort. Development of MIDAS is an extensive effort which will result in a secure, modern IT system capable of supporting web-based program delivery. The system will also provide linkages with the Department's new financial management system. The proposed 2011 funding includes \$1 million for increased staffing to ensure appropriate contract oversight and management of this complex project.

A second component of the IT proposal is a \$20 million increase needed for conversion of FSA software to shift program applications from the current obsolete system to the new IT system. Existing program software that is essential to delivery of FSA's core programs is written for the outmoded mainframe IT system and needs to be converted for use with modern, web-based systems. Funds will support this conversion of program delivery applications for use with the new system.

Further, the budget proposes a \$36 million increase in FSA to support the Department's efforts to modernize and upgrade the Common Computing Environment (CCE) for the Service Center Agencies (SCAs). This funding will be used to replace outdated components of the IT infrastructure, many of which have exceeded their expected life cycles, in order to reduce system vulnerabilities to failure and improve the performance and effectiveness of the shared infrastructure. These improvements will allow the SCAs to better serve program participants with a more flexible and reliable IT infrastructure. This funding will allow for the first system-wide refresh of the CCE since the infrastructure was implemented in 2000. In addition, as the components of the CCE are replaced, USDA will implement a right-sizing process whereby configuration changes will be made to better support the delivery of current and future programs. As part of this process, the Department will strive to improve system security, reduce the long term cost of infrastructure services, and improve service reliability.

A key performance measure for Modernization efforts is the percentage of program benefits delivered directly by the county office using web-enabled technologies and not utilizing outmoded legacy systems. This will enable more timely, more accurate and reliable delivery of benefits to producers as the newer technologies are phased in.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Maintain or increase percentage of program benefits delivered through a Web environment (percent)	33%	33%	33%	33%	50%	70%

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RISK MANAGEMENT AGENCY (RMA)

Program Level (Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
SUMMARY OF GOVERNMENT COSTS:			
Discretionary:			
Administrative and Operating Expenses.....	\$77	\$80	\$83
Mandatory:			
Delivery and Other Administrative Expenses <u>a/</u>	1,654	1,642	1,770
Gross Indemnities <u>b/</u>	8,416	7,669	8,249
Underwriting Gains <u>c/</u>	1,963	1,168	1,202
Farm Bill: Agricultural Management Assistance.....	(6)	(6)	(6)
Subtotal, Crop Insurance Program Level.....	12,033	10,479	11,221
Less: Producer Premium and Administration Fees.....	-4,211	-3,577	-3,606
Total, Government Costs.....	\$7,899	\$6,982	\$7,698

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

b/ The amount of premium subsidy paid by the Federal government is not reflected in the table above. The budget for the Federal Crop Insurance Program assumes a crop year loss ratio (gross indemnities/total premium) of 1.0. However, the fiscal year loss ratio could be higher or lower than 1.0 due to differences in the timing of cash flows and participation rates from year to year. Nevertheless, the amount of premium subsidy may be approximated in the table above by subtracting producer premium and administrative fees from gross indemnities.

c/ Payments to private insurance companies.

Discretionary funds for the Federal Crop Insurance Program cover Federal salaries and related expenses to manage the program. The 2011 budget includes about \$83 million for these costs, compared to about \$80 million for 2010. The increase includes \$0.7 million for pay costs to maintain current staffing levels and \$2.0 million for increasing costs necessary to maintain the existing IT infrastructure.

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

A key performance measure for the Federal Crop Insurance Program is the total value of crops protected or total liabilities. The following table presents both actual liabilities and normalized liabilities which account for the effects of changes in commodity prices. Commodity prices are a key external factor which can significantly affect performance measurements for the crop insurance program.

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Key Performance Measures	2006	2007	2008	2009	2010	2011
Value of FCIC risk protection coverage provided through FCIC sponsored insurance (\$Billions)	\$49.9	\$67.3	\$89.9	\$90.4	\$81.4	\$83.9
Normalized value of FCIC risk protection coverage provided through FCIC sponsored insurance (\$Billions)	\$48.1	\$50.7	\$51.5	\$51.4	\$51.9	\$52.4

For the 2010 crop year, the Federal Crop Insurance Program is expected to provide about \$81.4 billion in risk protection on about 286 million acres. This represents about 80 percent of the Nation's acres planted to principal crops. In 2009, about 70 percent of the liabilities were covered under revenue products which provide protection against both a loss of yield and a decline in commodity prices.

Participation in the Federal Crop Insurance Program by producers is voluntary; however, participation is encouraged through premium subsidies. In addition, participation in the Federal Crop Insurance Program is required in order to participate in the supplemental agricultural disaster assistance programs authorized in the 2008 Farm Bill. Crop insurance is delivered to producers through private insurance companies that share in the risk of loss and opportunity for gain. The companies are reimbursed for their delivery expenses and receive underwriting gains in years of favorable loss experience. The costs associated with the Federal Crop Insurance Program include premium subsidies, indemnity payments (in excess of premiums), underwriting gains paid to private companies, reimbursements to private companies for delivery expenses and other authorized expenditures.

The Standard Reinsurance Agreement (SRA) is the contract between USDA and the private insurance companies which contains many of the financial terms and conditions for participation in the Federal Crop Insurance Program. The 2008 Farm Bill authorized USDA to renegotiate the SRA for the 2011 crop year and every 5 years thereafter. In December 2009, USDA announced that it was cancelling the current SRA and would renegotiate the agreement with the companies for the 2011 crop year. USDA expects to complete the negotiation process by July 1, 2010, the start of the 2011 crop year. Through the renegotiation process, USDA intends to align administrative and operating subsidies paid to insurance companies closer to actual delivery costs; provide a reasonable rate of return to the insurance companies; equalize reinsurance performance across States to more effectively reach under-served producers, commodities, and areas; and improve program integrity.

In preparation for these negotiations, RMA contracted with an internationally known company, Milliman Inc., to review historical rates of return and determine what a reasonable rate of return is for the crop insurance industry. RMA data shows that annual insurance industry payments have doubled from \$1.8 billion in 2006 to an estimated \$3.8 billion in 2009 based on the terms of the existing SRA. Meanwhile, the number of total policies dropped slightly from 1.3 million in 2000 to 1.1 million in 2008. The changes being proposed will help protect farmers from higher costs, improve access to crop insurance, and provide greater protection from crop losses. The new agreement will also provide insurance companies with greater flexibility for their operations

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and financial incentives to increase service to underserved producers and areas, while ensuring that taxpayers are well-served by the program. USDA expects to have in place a stronger Federal Crop Insurance Program that helps producers better manage their risk and that serves farmers in every region of the country and to complete the negotiation process by July 1, 2010, the start of the 2011 crop year.

The performance for the Federal Crop Insurance Program is tracked on a crop year basis which spans multiple fiscal years. As a result, the table on page 39 reflects certain assumptions about the fiscal year in which the crop year costs and/or revenues will fall. Furthermore, the amount of liabilities covered by the Federal Crop Insurance Program is strongly influenced by changing commodity prices.

Actual indemnities for fiscal year 2009 reflect crop year 2008 losses, which were paid out in fiscal year 2009, plus crop year 2009 losses, which were paid out in fiscal year 2009. The relatively low actual indemnities for fiscal year 2009 reflect the low loss ratios experienced in the 2008 and 2009. The actual loss ratio for crop year 2008 was a low 0.88. Losses for crop year 2009 are not yet finalized; however, the statutory target used for budgetary purposes is 1.0.

Estimated indemnities for fiscal year 2010 reflect about 65 percent of the estimated losses for crop year 2009 plus 35 percent of the estimated losses for crop year 2010. Losses for crop years 2010 and 2011 reflect an estimated loss ratio of 1.0. Estimated indemnities for fiscal year 2011 are calculated in the same manner as 2010.

There is a one year lag between crop year underwriting gains and the fiscal year in which they are paid out. Consequently, the underwriting gains for fiscal year 2009 reflect the low loss ratio experienced for crop year 2008. The underwriting gain totals for fiscal years 2010 and 2011 reflects the assumption that the loss ratio in crop years 2009 and 2010 will be 1.0.

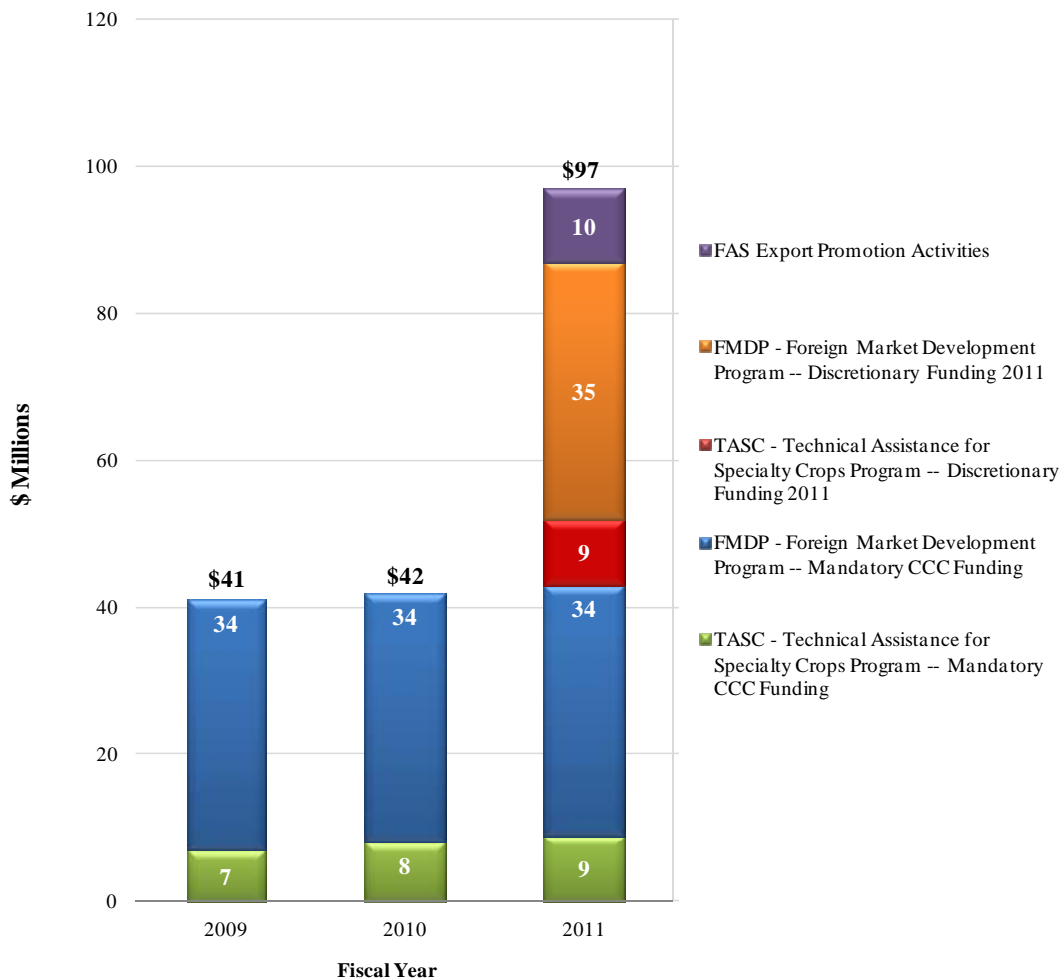
In fiscal year 2009, the actual total Government cost for the Federal Crop Insurance Program was about \$7.9 billion. Of this amount, about \$4.2 billion was for net indemnities to producers (gross indemnities minus producer paid premiums). The remaining amount of about \$3.6 billion was for payments to the private insurance companies to deliver the program.

FARM AND FOREIGN AGRICULTURAL SERVICES

FOREIGN AGRICULTURAL SERVICE (FAS)

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

National Export Initiative



FARM AND FOREIGN AGRICULTURAL SERVICES

Foreign Agricultural Service Budget Authority (Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Discretionary:			
FAS Salaries and Expenses:			
Salaries and Expenses (Direct Appropriation).....	\$165	\$180	\$201
Agricultural Reconstruction and Stabilization	0	0	15
Foreign Market Development (Cooperator) Program.....	0	0	35
Technical Assistance for Specialty Crops Program.....	0	0	9
Transfer from CCC Export Credit Program Account.....	(5)	(6)	(7)
Total, FAS Salaries and Expenses.....	(170)	(187)	(265)
Foreign Food Assistance:			
McGovern-Dole International Food for Education Program.....	100	210	210
P.L. 480 Title II Donations.....	1,226	1,690	1,690
P.L. 480 Title II Supplemental Funding.....	1,095	0	0
Total, P.L. 480 Title II Donations.....	2,321	1,690	1,690
P.L. 480 Title I Program Account:			
Transfer to Farm Service Agency Salaries and Expenses.....	3	3	3
Commodity Credit Corporation Export Credit Program Account:			
Transfer to FSA and FAS Salaries and Expenses.....	(5)	(7)	(7)
Total, Discretionary Programs.....	2,589	2,083	2,161
Mandatory:			
Quality Samples Program.....	2	2	2
Farm Bill:			
Market Development Programs:			
Foreign Market Development (Cooperator) Program.....	34	34	34
Technical Assistance for Specialty Crops Program.....	7	8	9
Market Access Program.....	200	200	160
Emerging Markets Program.....	10	10	10
Dairy Export Incentive Program.....	19	10	0
Foreign Food Assistance:			
McGovern-Dole International Food for Education Program....	84	0	0
Food for Progress - CCC Funded	216	150	146
Bill Emerson Humanitarian Trust.....	7	a/	a/
Local and Regional Commodity Procurement Pilot Program...	5	25	25
Total, Farm Bill Programs.....	582	437	384
Recovery Act:			
Trade Adjustment Assistance for Farmers.....	25	90	22
Total, Mandatory Programs.....	609	529	408
Total, Foreign Agricultural Service.....	\$3,198	\$2,612	\$2,569

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

FARM AND FOREIGN AGRICULTURAL SERVICES

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

Program	2009		2010		2011	
	<u>Enacted</u>		<u>Estimate</u>		<u>Budget</u>	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
GSM-102 Guarantees.....	\$5,357	\$40	\$5,400	0	\$5,400	0
Facilities Financing Guarantees.....	0	0	100	\$11	100	\$18
Total, CCC Export Credit.....	\$5,357	\$40	\$5,500	\$11	\$5,500	\$18

CCC Export Credit Guarantee Programs. The CCC export credit guarantee programs, administered by FAS in conjunction with FSA, provide payment guarantees for the commercial financing of U.S. agricultural exports. These programs facilitate exports to buyers in countries where credit is necessary to maintain or increase U.S. sales.

The budget includes an overall program level of \$5.5 billion for CCC export credit guarantees in 2011. This estimate reflects the level of sales expected to be registered under the export credit guarantee programs. However, the actual level of programming could vary from this estimate, depending upon program demand, market conditions, and other relevant factors during the course of the year.

Of the total program level for export credit guarantees expected to be issued by CCC in 2011, \$5.4 billion will be made available under the GSM-102 program, which provides guarantees on commercial export credit extended with short-term repayment terms (up to 3 years).

The budget also includes an estimated program level of \$100 million for facility financing guarantees in 2011. 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.

International Federal credit programs have traditionally used government-wide assumptions about defaults and recoveries, but are now encouraged to develop program specific assumptions. For GSM-102 guarantees, program specific recovery assumptions were incorporated into the subsidy calculation for the 2009 budget and program specific assumptions about defaults were incorporated in the 2010 budget. Because actual program performance and expectations for the future differ from the government-wide assumptions used in previous years, the changes to these two factors have resulted in substantially reduced subsidy rates for the program. Due to a lack of historical program data, government-wide assumptions continue to be used for the subsidy estimate for the facilities guarantee program.

Quality Samples Program. Funding for the Quality Samples Program is maintained at the 2010 level of about \$2.5 million. Under this program, CCC provides funding to assist private entities

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to furnish samples of U.S. agricultural products to foreign importers in order to overcome trade and marketing obstacles. The program, which is carried out under the authority of the CCC Charter Act, provides foreign importers with a better understanding and appreciation of the characteristics of U.S. agricultural products.

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. The 2011 budget proposes a series of adjustments in the funding levels for these programs to reflect the changing nature of agricultural trade competition.

The budget increases funding for the Foreign Market Development (Cooperator) Program to \$69 million in 2011. This includes \$34.5 million to be provided by CCC consistent with provisions of the 2008 Farm Bill and an additional \$34.5 million of discretionary funding to be provided in the FAS salaries and expenses account as part of the National Export Initiative. Under this 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. Annual funding for the Cooperator Program has remained relatively unchanged since the early 1980s, which has discouraged new organizations from participating and new types of activities from being undertaken. The priority of the Cooperator Program is the pursuit of export market gains that require longer term initiatives and resource commitments. Increasing the funding level in 2011 will provide the opportunity to broaden international acceptance of the products of biotechnology, which account for a third of our agricultural exports today and will account for even more in the future, as well as to take advantage of emerging market opportunities that require long term market development investment.

For the Technical Assistance for Specialty Crops (TASC) Program, the budget includes total funding of \$18 million, consisting of \$9 million of CCC funding and \$9 million of discretionary funding provided in the FAS salaries and expenses account. Similar to the Cooperator Program, funding for TASC will be increased in 2011 as part of the National Export Initiative. TASC is designed to address unique barriers that prohibit or threaten the export of U.S. specialty crops. Under the program, grants are provided to assist U.S. organizations in activities designed to overcome sanitary, phytosanitary, or related technical barriers to trade. Increased funding for the program reflects the growing importance of specialty crops for U.S. agricultural export growth and the contribution the program has made in resolving numerous trade barriers that have restricted trade.

The budget provides funding of \$160 million for the Market Access Program (MAP). This program reimburses participating organizations for a portion of the cost of carrying out overseas marketing and promotional activities, such as consumer promotions. MAP participants include nonprofit agricultural trade organizations, State-regional trade groups, cooperatives, and private companies that qualify as small businesses. Annual MAP funding has grown substantially since 2001, when the program level was \$90 million. Although the 2011 MAP funding level is

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reduced from 2010, it still provides a program level that is nearly 80 percent above 2001, reflecting the recent strong expansion in programming.

The budget maintains funding for the Emerging Markets Program at \$10 million, consistent with provisions of the 2008 Farm Bill. The program authorizes CCC funding to be made available to carry out technical assistance activities that promote the export of U.S. agricultural products and address technical barriers to trade in emerging markets. Many types of technical assistance activities are eligible for funding, including feasibility studies, market research, industry sector assessments, specialized training, and business workshops.

Dairy Export Incentive Program. Under the Dairy Export Incentive Program (DEIP), CCC funds are used to make bonus payments 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.

Because of global market conditions, including falling international dairy prices and the reinstitution of dairy export subsidies by the European Union, DEIP was reactivated in May 2009, and \$19 million of bonuses were awarded under the program during 2009. Global market conditions are expected to improve gradually with the United States once again regaining its competitive position in export dairy markets. Based on that assumption, the budget includes a projected program level of \$10 million for DEIP in 2010 and no funding for 2011. However, should conditions warrant, CCC funding can continue to be made available to the program up to the maximum annual level authorized under U.S. commitments to the World Trade Organization.

Foreign Food Assistance. The United States plays a leading role in global efforts to alleviate hunger and malnutrition and enhance world food security through international food aid activities. USDA contributes to these efforts by carrying out a variety of food aid programs which support economic growth and development in recipient countries.

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

The 2011 budget continues funding for the McGovern-Dole program at the 2010 enacted level of \$209.5 million. Appropriated funding for the program was increased substantially in 2010 in order to help support additional school feeding and child nutrition programs and to bolster the Department's contribution to supporting economic development and food security in developing countries. The program is expected to assist an estimated 5 million women and children in 2011.

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Food for Peace Act (P.L. 480). Assistance provided under the authority of the Food for Peace Act is a primary means by which the United States provides foreign food assistance. Also known as P.L. 480, the assistance is authorized to be provided through two program authorities.

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

For 2011, the budget provides funding of nearly \$1.7 billion for P.L. 480 Title II food assistance, unchanged from the 2010 enacted level. Last year's budget increased base funding for Title II programming by 38 percent over the previous year in order to bolster resources available for emergency needs, enhance global food security, and restore U.S. leadership in global development efforts. The 2011 budget maintains funding at that level in further support of those objectives.

The budget includes no funding for Title I credit sales and grants.

Food for Progress. The Food for Progress Act of 1985 authorizes U.S. agricultural commodities to be provided to developing countries and emerging democracies that have made commitments to introduce and expand free enterprise in their agricultural economies. Statutory authority for the program was extended in the 2008 Farm Bill.

Food for Progress agreements can be entered into with foreign governments, private voluntary organizations, nonprofit agricultural organizations, cooperatives, or intergovernmental organizations. Agreements currently provide for the commodities to be supplied on grant terms.

The Food for Progress authorizing statute provides for the use of CCC funding for commodity procurement, transportation, and associated non-commodity costs for the program.

The 2011 budget assumes that \$146 million of CCC funding will be used to support the Food for Progress program, which is expected to support approximately 170,000 metric tons of commodity assistance.

Bill Emerson Humanitarian Trust. The Bill Emerson Humanitarian Trust (the Trust) is a commodity and/or monetary reserve designed to ensure that the United States can meet its international food assistance commitments under P.L. 480 Title II. Substantial changes in the statutory authorities for the Trust were included in the 2008 Farm Bill. These included revisions easing the criteria for release of commodities and funds from the Trust. As revised, the Trust's

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assets can now be released any time the Administrator of USAID determines that P.L. 480 Title II funding for emergency needs is inadequate to meet those needs in any fiscal year. The revisions also removed the annual cap on the amount of commodities and funds that can be released.

When a release from the Trust is authorized, the Trust's assets (whether commodities or funds) cover all commodity costs associated with the release. All non-commodity costs, including ocean freight charges; internal transportation, storage, and handling overseas; and certain administrative costs are paid for by CCC.

During 2009, \$7 million of assistance was provided using the Trust's authority. To date in 2010, no assistance has been provided and, as of December 31, 2009, the Trust held \$315 million of cash and no commodities.

Local and Regional Commodity Procurement Pilot Program. The 2008 Farm Bill authorizes and provides CCC funding for a limited, field-based pilot program of local and regional procurement of food aid commodities for distribution overseas. Under the program, which is authorized through 2012, grants are provided to private voluntary organizations, cooperatives, and WFP that undertake the procurement activities. During 2009, FAS issued guidelines that govern operation of the pilot program, and nearly \$5 million of grants were awarded to the World Food Program for procurement projects in Mali, Malawi, and Tanzania. Commodities purchased included sorghum, millet, beans, and corn. Consistent with provisions of the Farm Bill, the budget provides \$25 million for the pilot program in 2010 and 2011.

In conjunction with an evaluation of USDA foreign food assistance programs, 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 measure" assesses 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.

Because USDA food assistance programs contribute to multiple objectives, including filling nutritional gaps, agricultural development, and childhood education, performance results can vary from year to year depending upon which countries receive assistance. The results will be highest in years when food is directly distributed and the country has a food distribution system that gets food to the neediest. This occurred in 2008 when countries receiving assistance to meet nutritional, development, and educational needs had large nutritional gaps, which caused a significant increase in the Food Aid Targeting Effectiveness measure.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Food Aid Targeting Effectiveness (Percent)	30-35%	38%	57%	49%	37%	38%

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Trade Adjustment Assistance for Farmers. The Recovery Act reauthorized the Trade Adjustment Assistance (TAA) for Farmers program that was originally authorized by the Trade Act of 2002. Statutory authority for the original program had expired in December 2007. As revised by the Recovery Act, USDA is now authorized to provide assistance to eligible producers of raw agricultural commodities and fishermen when production in the most recent marketing year yields less than 85 percent of the average national price, production quantity, value of production, or cash receipts for such commodity for the 3 preceding marketing years, and increases in imports contributed importantly to such declines, as determined by the Secretary.

TAA for Farmers provides producers of raw agricultural commodities and fishermen, who have been adversely affected by import competition, free technical assistance, the reimbursement of certain travel and per diem costs associated with training, and cash benefits of up to \$12,000 linked to the development and implementation of approved business adjustment plans. The program covers farmers, livestock producers, fish farmers, and fishermen competing with like or directly competitive imported products.

During 2009, \$25 million of TAA funding was obligated for the costs of implementing the revised program, including the costs of contracting for the provision of technical assistance over a multi-year period. As authorized by the Recovery Act, the budget assumes annual funding of \$90 million for the program for 2010 and \$22.5 million for 2011. Statutory authority for the TAA for Farmers program expires on December 31, 2010.

FARM AND FOREIGN AGRICULTURAL SERVICES

Foreign Agricultural Service Salaries and Expenses (Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Agricultural Exports.....	\$112	\$123	\$182
New Technologies.....	21	23	24
Food Security.....	34	38	41
Climate Change.....	3	3	3
Agricultural Reconstruction and Stabilization.....	0	0	15
Total, Appropriated Programs.....	170	187	265
FAS Computer Facility and Other IRM Costs			
Funded by CCC.....	20	24	21
Development Assistance Programs Funded by			
AID and Other Organizations.....	67	66	66
Agricultural Reconstruction and Stabilization Activities funded			
by USAID and the Dept. of State.....	19	209	18
Other Reimbursable Agreements.....	35	41	28
Total, Reimbursable Program Activity.....	141	340	133
Total, FAS Salaries and Expenses.....	\$311	\$527	\$398

Agricultural exports make a critical contribution to the prosperity of local and regional economies across rural America through increased sales and higher commodity prices. Every \$1 billion worth of agricultural exports supports an estimated 9,000 jobs and \$1.4 billion in economy activity. Because of this important role, the Department has established a high priority performance goal that by the end of 2011 it will reduce non-tariff trade barriers for five major export markets and increase U.S. agricultural exports by \$2 billion per year.

Biotechnology crops and derived products are a significant portion of U.S. agricultural exports. However, concerns about these products have prompted some countries to establish regulatory barriers to trade in biotechnology products as well as other measures that limit the technology's potential to help meet food security needs. In a concerted and strategic effort to address these barriers, FAS will play a key role in implementing a formal USDA Strategy for Facilitating the Export of Genetically Engineered Agricultural Commodities. FAS will work under this coordinated approach with other agencies within USDA and elsewhere in the government as well as with allies worldwide to help address these trade barriers as well as to help other nations understand how biotechnology may help address the global challenges of food security, energy security and climate change.

A key component of FAS' work to facilitate access to overseas markets 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

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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 Sanitary and Phytosanitary (SPS) measures. As tariffs have come down globally, SPS measures to protect human, animal, and plant health have become more prominent barriers to trade and have required significantly enhanced efforts by FAS, in collaboration with other USDA agencies, to address and resolve.

There can be considerable year-to-year variability in the dollar value of trade preserved, particularly in the case of SPS measures and technical barriers to trade, such as biotechnology-related trade measures. Biotechnology-related measures, in particular, affect major U.S. export commodities, such as rice, corn, soybeans, and cotton, and the economic significance of a single trade disruption with a major market can be substantial. High commodity prices can also affect the annual level of trade preserved. This variability is evident in the substantially higher value of trade preserved during 2008 and 2009. The threat to U.S. agricultural exports from non-science based SPS barriers continues to grow and can impact billions of dollars of our trade. USDA actions in 2008 and 2009 maintained soybean exports to China worth \$6.3 billion in 2008 and \$7.4 billion in 2009.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Dollar value of agriculture trade preserved through trade agreement negotiation, monitoring, and enforcement (\$ Billions)						
Non-SPS Activities	<u>a/</u>	\$0.7	\$0.5	\$0.4	\$0.5	\$0.5
Value of trade preserved annually through USDA staff interventions leading to resolution of barriers created by SPS or Technical Barrier to Trade measures (\$ Billions)						
SPS-Related Activities <u>b/</u>	<u>2.6</u>	<u>2.5</u>	<u>7.3</u>	<u>9.5</u>	<u>3.6</u>	<u>4.0</u>
	\$2.6	\$3.2	\$7.8	\$9.9	\$4.1	\$4.5

a/ Less than \$50 million.

b/ In 2008 and 2009, includes soybean exports to China.

FAS conducts its activities and programs through offices in Washington, D.C. and at 97 overseas locations. The overseas offices represent and advocate for U.S. agricultural interests; provide reporting on agricultural policies, production, and trade for about 150 countries; assist U.S. exporters, trade groups, and State export marketing officials in their trade promotion efforts; and help to implement technical assistance and trade capacity building programs that contribute to increased food security.

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The budget provides an appropriated funding level of \$265 million for FAS activities in 2011, an increase of \$79 million above the 2010 enacted level. Of particular note, increased funding is provided to expand export promotion activities, maintain the agency's overseas presence at current levels, and improve information technology (IT) network support at its overseas offices.

Export Promotion. The budget includes \$54 million in discretionary funding for trade expansion activities as part of the National Export Initiative that is designed to spur economic growth and employment opportunities. This includes an increase of \$10 million to expand FAS exporter assistance and in-country promotion activities and to meet higher operating costs at FAS overseas posts. The initiative also includes \$34.5 million to supplement funding for the Foreign Market Development (Cooperator) Program and \$9 million for the Technical Assistance for Specialty Crops (TASC) Program. Funding for the Cooperator and TASC programs will be in addition to that provided by CCC and will double the overall level of funding available to both programs in 2011. Funding is increased for the Cooperator Program in order to broaden the opportunity for program participation and to support new, innovative program activities. The expansion in TASC funding reflects the growing importance of specialty crops for U.S. agricultural export growth and the success TASC has had in helping to resolve numerous trade barriers.

Overseas Administrative Costs. The budget provides \$3.4 million for increased payments to the Department of State for administrative services provided at overseas posts. FAS has no administrative staff overseas and, therefore, relies on the Department of State and other agencies for the provision of those services.

Overseas IT Network Support. An increase of \$4 million is provided for FAS to contract with the Department of State for overseas IT network support and maintenance. This will allow FAS to take advantage of the secure information system infrastructure that is operated and maintained by the State Department and ensure that sensitive agency information is fully protected.

Cochran and Borlaug Fellowship Programs. The budget provides increased funding of \$1.5 million for the Cochran and Borlaug Fellowship Programs. These programs provide training and collaborative research opportunities in the United States for foreign agricultural researchers, policy officials, and other agricultural specialists and thereby help to advance U.S. government food security and trade policy objectives. Among other things, the additional funding will enable an expansion of programs in Afghanistan and Pakistan to train agricultural extension agents, veterinary officials, and researchers in support of agricultural growth and development. It will also allow for additional training in support of food security objectives in sub-Saharan African countries, as well as Haiti. Under our proposals, as many as 680 individuals will be able to participate in and benefit from these programs.

Agricultural Reconstruction and Stabilization. The FAS budget also includes \$14.6 million to support the Department's participation in reconstruction and stabilization activities, including Provincial Reconstruction Teams (PRTs), primarily in Afghanistan and Iraq. Of this, \$13 million is moved from Departmental Management where it was funded in the 2010 appropriations act. During the past year, FAS has assumed full management of the operational and policy components of USDA's reconstruction and stabilization activities. FAS also

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coordinates closely with the Department of State which sets overall operational and administrative policies for activities in those two countries. Transferring the funding for these activities to FAS provides for more efficient operations and is consistent with how the Department is now managing them. Funding for these activities is increased by \$1.6 million over the 2010 level to provide for an expansion of activities in Afghanistan and to meet higher operating costs.

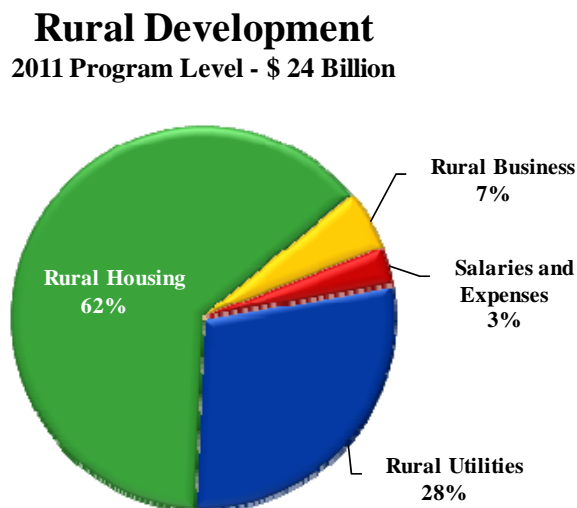
USDA is supporting implementation of the President's strategies for Afghanistan and Iraq by providing technical experts who serve as advisors to key government ministries and serve on civilian-military command units, including PRTs, working with farmers and local agricultural officials throughout the countries. During 2010, USDA is increasing the number of agricultural advisors serving in Afghanistan from 14 to 64. Their work is essential for stabilizing strategic areas of the country, building government capacity, ensuring the successful management of assistance programs, and addressing the issue of food insecurity. Consistent with these efforts, the Department has established a high priority performance goal of increasing the number of Afghan provinces in which women and children are food secure from 10 to 14 by the end of 2011.

In addition, the budget includes an estimated \$133 million in funding to be made available to FAS through reimbursable agreements. The largest components of this are funding for technical assistance, training, and research activities that FAS carries out overseas on behalf of USAID, foreign governments, and international organizations and agricultural reconstruction and stabilization activities that are funded by USAID and the Department of State. Although funded by other agencies, these activities are an important component of the Department's efforts to support economic development and enhance food security in developing countries.

RURAL DEVELOPMENT

MISSION AND RELATIONSHIP TO STRATEGIC GOAL

Rural communities and businesses are implementing innovative technologies and modernizing infrastructure to create jobs, develop new markets, and increase competitiveness, while conserving the Nation's natural resources and providing a safe, sufficient and nutritious food supply for the country and the world. As a leading advocate for rural America, USDA is at the forefront of developing the technology and tools necessary to transform rural America to take advantage of new opportunities. All of the funding for USDA's Rural Development (RD) programs contributes to the Strategic Goal assisting rural communities to create prosperity by providing financial and technical assistance to rural residents, businesses, and private and public entities for a broad range of purposes that bring prosperity and better living to Rural America. These programs are grouped within three agencies: (1) the Rural Business-Cooperative Service (RBS), which provides assistance for the development of business and industry, including small businesses, and is currently implementing new loan guarantee and payment programs specifically designed for renewable energy and energy improvement projects; (2) the Rural Utilities Service (RUS), which provides assistance for water and waste disposal, rural electric and telecommunications, including broadband access; and (3) the Rural Housing Service (RHS), which provides assistance for home ownership, multi-family housing and essential community facilities such as health and public safety infrastructure.



The type of assistance offered includes direct loans, loan guarantees, grants, and technical assistance. Some programs provide assistance to intermediaries that make loans or provide technical assistance to the ultimate beneficiaries. Several of the programs require or encourage recipients to contribute their own resources or obtain third-party financing to support the total cost of projects, in which case these programs leverage the Government's support with private sector financing.

The cost of programs that provide direct or guaranteed loans depends upon a number of factors, including what prevailing interest rates are, whether the interest rate on the loans is subsidized by

RURAL DEVELOPMENT

the Government, whether there are fees, and how much risk of loss is involved. In the tables, the budget authority for each program reflects the cost to the government to support the loan level. Several of the loan programs operate at little or no cost to the Government. These programs account for most of the financial assistance that RD provides. They also impose a responsibility on RD to ensure that these loans are repaid within the parameters reflected in the subsidy rates applied at the time the loans were made.

RD delivers its programs through a network of approximately 450 area offices and 47 State offices, a centralized servicing center and finance office in St. Louis, Missouri, and a national office.

The 2011 budget includes about \$2.9 billion in budget authority to support a program level of \$24 billion in loans, grants and other assistance. This level of support reflects a strong commitment to Rural America. It also reflects new policy directions, including support for regional planning and collaboration, rural and urban access to healthy foods, rural homeownership and a reduction in the Nation's dependence on fossil fuels.

RURAL DEVELOPMENT

RURAL BUSINESS - COOPERATIVE SERVICE (RBS)

Program Level (P.L.) and Budget Authority (B.A.) (Dollars in Millions)						
Program	2009 Enacted		2010 Estimate		2011 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Discretionary:						
Business and Industry Guaranteed Loans	\$993	\$43	\$993	\$53	\$942	\$40
Rural Business Enterprise Grants.....	39	39	39	39	39	39
Rural Business Opportunity Grants.....	5	5	5	5	3	3
Intermediary Relending Program.....	34	14	34	8	36	14
Rural Economic Development:						
Direct Loans.....	36	0	33	0	33	0
Grants.....	10	0	10	0	10	0
Rural Microentrepreneur Assistance Program (Sec. 6022):						
Guaranteed Loans.....	0	0	12	3	24	7
Grants.....	0	0	3	3	1	1
Rural Cooperative Development Grants.....	9	9	14	14	20	20
Biorefinery Assistance Program (Sec. 9003).....	0	0	0	0	50	17
Value-added Ag. Product Market Development	4	4	20	20	20	20
Rural Energy for America Program (Sec. 9007):						
Guaranteed Loans.....	26	2	144	20	12	5
Grants.....	3	3	20	20	34	34
EZ/EC.....	8	8	0	0	0	0
Subtotal, RBS Programs.....	1,167	127	1,327	185	1,224	200
Salaries and Expenses.....	5	5	5	5	5	5
Total, Ongoing Programs.....	1,172	132	1,332	190	1,229	205
Recovery Act:						
Business and Industry Guaranteed Loans.....	1,572	126	0	0	0	0
Rural Business Enterprise Grants.....	19	19	0	0	0	0
Total, Recovery Act Programs.....	1,591	145	0	0	0	0
Total, Discretionary Programs.....	2,763	277	1,332	190	1,229	205
Mandatory:						
Farm Bill:						
Biorefinery Assistance Guaranteed Loans (Sec. 9003).....	225	75	691	245	0	0
Rural Energy for America Loans (Sec. 9007).....	275	27	213	29	73	34
Rural Energy for America Grants (Sec. 9007).....	28	28	31	31	36	36
Repowering Assistance Payments (Sec. 9004).....	35	35	0	0	0	0
Bioenergy for Advanced Biofuels (Sec. 9005).....	55	55	55	55	85	85
Value-added Ag. Product Market Development	15	15	0	0	0	0
Rural Microentrepreneur Assist. Loans (Sec. 6022)....	9	3	3	1	6	2
Rural Microentrepreneur Assist. Grants (Sec. 6022)....	1	1	3	3	2	2
Total, Mandatory Programs.....	643	239	996	364	202	159
Total, RBS Programs.....	\$3,406	\$516	\$2,328	\$554	\$1,431	\$364

RURAL DEVELOPMENT

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

Healthy Food Financing Initiative. This initiative is designed to support local and regional efforts to increase access to healthy foods, particularly for the development of grocery stores and other healthy food retailers in urban and rural food deserts and other underserved areas. Several RD programs are included in this initiative and are expected to be utilized to provide financing for grocery stores and other related infrastructure.

Regional Innovation. The 2011 budget also includes an initiative to establish a Regional Innovation Initiative to focus on the planning and coordination of USDA and other sources of assistance for rural communities. This initiative recognizes that individual communities are often affected by linkages to the other communities within regions and that working together can produce more prosperity for all. RD is expected to provide leadership for this initiative, although several other USDA agencies are expected to participate. The budget includes \$1.4 million to fund coordination of this initiative under the salaries and expenses account.

Business and Industry Guarantee Loan Program. The Business and Industry (B&I) loan guarantee program, the largest program level of the RBS programs, provides protection against loan losses so that lenders are willing to extend credit to establish, expand, or modernize rural businesses. The tightening rural credit markets have brought a renewed interest in the B&I program. The 2011 budget supports a program level of over \$900 million in B&I loan guarantees, almost the same as the 2010 level. The 2011 budget also proposes to increase the one-time fee on B&I guaranteed loans from up to 2 percent in 2010 to up to 3 percent in 2011. This increase is needed because increased defaults have raised the subsidy cost of the program. The B&I program is expected to provide support for the Regional Innovation and Healthy Food Financing initiatives.

The Recovery Act provided \$126 million in budget authority that supports \$1.6 billion in program level for B&I guarantees. A significant portion of the funding provided by the Recovery Act remains available throughout 2010.

Rural Business Enterprise Grant Program. The Rural Business Enterprise Grant program provides grants for rural projects that finance and facilitate development of small and emerging rural businesses. The 2011 budget provides \$39 million for grants, the same level as 2010. The program is also expected to support the Regional Innovation and Healthy Food Financing initiatives.

Rural Business Opportunity Grant Program. The Rural Business Opportunity Grant program promotes sustainable economic development in rural communities with exceptional needs through training and technical assistance for business development, entrepreneurs, and economic development officials and to assist with economic development planning. The 2011 budget provides almost \$3 million for grants, the same level as 2010.

Intermediary Relending Program. The Intermediary Relending program provides one percent interest direct loans to entities that relend to rural businesses at a higher interest rate and use their

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interest earnings to pay for their administrative expenses and develop capital reserves. The 2011 budget supports a program level of \$36 million in direct loans under this program, about \$2 million more than 2010. The program is also expected to provide support for the Regional Innovation and Healthy Food Financing initiatives.

Rural Microentrepreneur Assistance Program. Under this new program one percent direct loans and grants are made to microenterprise development organizations (MDO's). The loans will be used to establish reserves for relending to microentrepreneurs, and the grants are made to the MDO's which may relend a portion to provide training, operational support, business planning, and market development assistance. The 2011 budget includes \$8 million in discretionary funding. This funding will support \$24 million in loans and about \$1 million in grants. Including the \$4 million in mandatory funding, the total funding available in 2011 for this program is \$30 million in loans and \$3 million in grants.

Rural Cooperative Development Grant Program. The 2011 budget includes \$20 million for this program, a \$6 million increase over 2010. The additional funding will be used to support locally produced distribution systems and the development of new cooperatives. Cooperatives assisted by this program serve many small and minority producers.

Value-Added Producer Grants. The 2011 budget maintains the Value-Added Producer Grants program at the 2010 level of \$20 million. The program provides grants for a wide range of value-added projects, including those that change the physical state of agricultural products or the way such products are marketed. Ten percent of the funding is reserved for mid-tier marketing chains.

Rural Energy for America Program (Section 9007). RBS has operated a renewable energy loan and grant program for the purchase of renewable energy systems and energy efficiency improvements since the passage of the 2002 Farm Bill. Section 9007 of the Farm Bill implemented the Rural Energy for America Program (REAP). REAP provides similar assistance as its predecessor program, the Renewable Energy and Energy Efficiency Improvement Program; however, REAP can now offer funding for energy audits and feasibility studies. The Farm Bill provides mandatory funding that will support a program level of \$73 million in loans and \$36 million in grants for 2011, about \$135 million below the 2010 level. In addition, the 2011 budget supports a discretionary program level of \$12 million in loan guarantees and \$34 million in grants, a reduction of \$132 million in program level and an increase of \$14 million in grants from the 2010 level.

Biorefinery Assistance Program (Section 9003). RBS now has the capability to guarantee loan funds for biorefineries up to \$250 million per project. Rural Development has approved three loans for biorefineries under a Notice of Funding Availability that was published in November of 2008, and is currently developing permanent regulations for the program. The 2008 Farm Bill provided funding in 2008 and 2009 to support over \$900 million in loan guarantees, and authorizes additional funds for 2009 through 2012. The 2011 budget requests \$17 million in discretionary funding to support a program level of \$50 million for these facilities. With this funding, the total available for Section 9003 Program is over \$950 million.

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All the funding for RD programs is expected to save or create jobs; however, only the business programs collect data on jobs rather than use a common multiplier to estimate them. The table below reflects performance for 2009 and projections for 2010 and 2011. The projections are subject to change.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Number of jobs created or saved through USDA financing of businesses	71,715	72,710	72,907	68,969	72,369	73,224

Note: Performance includes other RBS loan and grant programs that were not identified in the text.

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RURAL UTILITIES SERVICE (RUS)

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

Program	2009 Enacted		2010 Estimate		2011 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Discretionary:						
Electric Programs:						
Direct Loans.....	\$6,600	<u>a/</u>	\$7,100	0	\$4,100	0
Telecommunications Programs:						
Direct Loans.....	690	<u>a/</u>	690	0	690	0
Distance Learning and Telemedicine Programs:						
Grants.....	35	\$35	38	\$38	30	\$30
Broadband Programs:						
Direct Loans.....	400	16	400	29	400	22
Grants.....	13	13	18	18	18	18
High Energy Costs Grants	18	18	18	18	0	0
Water and Waste Disposal Programs:						
Direct Loans.....	1,095	142	1,022	77	1,036	89
Guaranteed Loans	75	0	75	0	75	0
Grants	397	397	474	474	446	446
Subtotal, Water and Waste.....	1,567	539	1,571	551	1,557	535
Subtotal, RUS programs.....	9,323	621	9,835	654	6,795	605
Salaries and Expenses.....	39	39	40	40	38	38
Total, Ongoing Discretionary Programs.....	9,362	660	9,875	694	6,833	643
Recovery Act:						
Broadband Programs:						
Direct Loan.....	7,160	485	0	0	0	0
Grants.....	1,940	1,940	0	0	0	0
Water and Waste Programs:						
Direct Loans.....	2,154	273	0	0	0	0
Grants.....	1,106	1,106	0	0	0	0
Total, Recovery Act Programs.....	12,360	3,804	0	0	0	0
Total , RUS Programs.....	\$21,722	\$4,464	\$9,875	\$694	\$6,833	\$643
<u>a/ Less than \$0.5 million.</u>						

Electric and Telecommunications Programs. The Electric and Telecommunications programs administered by RUS provide loans to establish, expand, and modernize vital components of the infrastructure of rural America. They are long-standing programs that brought electric and telecommunication services to rural America and ensured universal service for the Nation. While most borrowers have some access to private credit markets, the programs help to leverage private sector investments as well as fill credit gaps that still exist for some rural areas and borrowers. In addition, the programs facilitate the financing of improvements to facilities that

RURAL DEVELOPMENT

RUS financed in the past and still holds a lien. There are a number of ways USDA's electric program can be used to support energy conservation and efficiency projects. The 2008 Farm Bill amended the Rural Electrification Act (REA) to make electric program funding available for these purposes. Loans can be made to electric cooperatives that, in turn, offer rebates or provide loans to their customers for energy conservation and efficiency projects. There is also a provision in the REA to provide deferments on certain electric loans for these purposes. The Rural Economic Development Loan and Grant (REDLG) program that is administered by RBS also provides funding for electric cooperatives that may be used to support energy conservation and efficiency projects.

The 2011 budget reflects the President's 2009 G20 commitment to phase out fossil fuels subsidies. Consistent with this commitment, no loan funds are provided for new construction of base or peak load generation from coal or natural gas. Loan funds will be used only for the transmission and distribution of electricity, carbon capture projects, and the generation of electricity from renewable sources, including wind. The budget supports \$4.1 billion in loans for these purposes, which is expected to be sufficient to meet the demand. Loans for nuclear power generation will continue to be handled by the Department of Energy.

The performance indicator identifies the number of borrowers/subscribers receiving new and/or improved electric service. The reduction in performance is directly attributed to the reduction in program level to meet the President's G20 commitment to reduce fossil fuel subsidies. This measure includes the improvement of existing facilities, as many facilities are improved several times over their estimated useful life, which results in a larger number of people being served than actually live in the service territories.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Number of borrowers/subscribers receiving new and/or improved electric facilities (millions)	8.2	5.8	8.1	9.8	6.1	3.8

The 2011 budget also supports \$690 million in telecommunications loans, which is the same as 2010 and also expected to be sufficient to meet demand. These loans are used for the improvement and construction of telecommunication facilities that meet broadband standards, although they are not meant to be used for all broadband purposes.

The performance indicator displays performance information for the traditional telecommunications and broadband loan programs. Program funding has been maintained at the same level in recent years and performance for the program has remained constant.

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Key Performance Measure	2006	2007	2008	2009	2010	2011
Number of borrowers/subscribers receiving new or improved telecommunication services (millions)	0.30	0.36	0.78	0.19	0.35	0.35

Broadband/Distance Learning and Telemedicine. The ongoing Broadband program is similar to the Broadband program that is currently active under the Recovery Act. The Distance Learning and Telemedicine Grant Program is designed specifically to assist rural communities that would otherwise be without access to learning and medical services over the Internet.

The 2011 budget includes \$70 million in funding to support \$418 million in broadband loans and grants and \$30 million in grants under the Distance Learning and Telemedicine program. The overall reduction of \$7.8 million in funding from 2010 reflects termination of the grants for analog conversion and the healthcare services grants.

Staff resources are currently being fully utilized administering the Broadband program authorized by the Recovery Act, which provided \$2.5 billion in budget authority for broadband loans and grants. This effort is being coordinated with the Federal Communications Commission and National Telecommunications and Information Administration. It is anticipated the Recovery Act funding will be fully utilized in 2010.

New regulations to implement the 2008 Farm Bill modifications in the ongoing program are expected to improve the performance of the program by providing better focus on rural areas that lack access to existing providers and by strengthening the financial integrity of the loan making process.

High Energy Cost Grants. The intent of this program is to provide funding for energy and other rural development purposes in areas that have high energy costs. No funding is provided for this program because only a limited number of States can qualify and the purposes of the program can be met through other RD programs.

Water and Waste Disposal Program. The Water and Waste Disposal Program provides financing for rural communities to establish, expand or modernize water treatment and waste disposal facilities. These facilities provide safe drinking water and sanitary waste disposal for residential users, and help communities thrive by attracting new business. Projects are designed for energy efficiency and water conservation.

Eligibility is limited to communities of 10,000 or less in population that are unable to obtain credit elsewhere. In addition, financing is available only to those communities with low median household income levels. Priority is given to public entities serving areas with less than 5,500 population and applying for loans to restore a deteriorating water system or improve, enlarge or modify an inadequate waste facility. Grants are limited to a maximum of 75 percent of project costs. Program regulations stipulate that the grant amount should only be as much as necessary to bring the user rates down to a reasonable level for the area. Water and Waste Disposal grant and

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loan funds are usually combined based on the income levels and user costs. Grants are also provided for solid waste disposal and technical assistance and training.

The 2011 budget provides \$535 million in budget authority to support over \$1 billion in direct loans, \$75 million in guaranteed loans and \$446 million in grants for a total program level of about \$1.6 billion. This level is approximately the same as the 2010 appropriated level.

The performance indicator measures the number of borrowers/subscribers receiving new or improved service from water facilities funded by Rural Development. The 2008 Farm Bill provided an additional \$300 million in funding in 2008 that attributed to the increase in performance. In recent years the Water and Waste Disposal Program has received a similar appropriation and program performance has remain consistent with the level of program activity.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Number of borrowers/subscribers receiving new or improved service from agency funded water facility (millions)	1.7	1.3	4.4	3.4	1.4	1.4

The Recovery Act provided an additional \$1.3 billion in budget authority, sufficient to support \$3.3 billion in loans and grants for reducing the backlog of applications. This funding is expected to be fully utilized by the end of 2010.

RURAL DEVELOPMENT

RURAL HOUSING SERVICE (RHS)

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

Program	2009		2010		2011	
	Enacted		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Discretionary:						
Single Family Housing:						
Direct Loans (Sec. 502).....	\$1,121	\$75	\$1,121	\$40	\$1,200	\$75
Guaranteed Loans (Sec. 502).....	6,232	79	11,961	173	12,000	<u>b/</u>
Multi Family Housing:						
Direct Loans (Sec. 515).....	70	29	70	19	95	32
Guaranteed Loans (Sec. 538).....	129	8	129	1	129	13
Very Low-Income Repair (Sec. 504):						
Direct Loans	34	9	34	4	34	6
Grants	32	32	32	32	31	31
All Other Direct Loans.....	21	<u>a/</u>	21	<u>a/</u>	21	1
Grants and Payments:						
Rental Assistance (Sec. 502 and 521).....	903	903	980	980	966	966
Mutual and Self-Help (Sec. 523).....	39	39	42	42	37	37
Multi-Family Housing Revitalization	32	28	69	43	18	18
All Other Grant and Loan programs.....	10	10	14	14	9	9
Farm Labor Housing Program:						
Direct Loans (Sec. 514).....	22	9	27	10	27	10
Grants (Sec. 516).....	9	9	10	10	10	10
Community Facilities Programs:						
Direct Loans.....	295	17	295	4	295	4
Guaranteed Loans.....	206	6	206	7	206	8
Grants	41	41	45	45	30	30
Subtotal, RHS Programs.....	9,196	1,294	15,056	1,424	15,108	1,250
Salaries and Expenses.....	460	460	469	469	455	455
Total, Ongoing Discretionary Programs.....	\$9,656	\$1,754	\$15,525	\$1,893	\$15,563	\$1,705
Recovery Act:						
Single Family Housing:						
Direct (Sec. 502).....	1,563	65	0	0	0	0
Guaranteed Loans (Sec. 502).....	10,111	129	0	0	0	0
Community Facility Programs:						
Direct.....	1,136	24	0	0	0	0
Grants.....	102	102	0	0	0	0
Total, Recovery Act Programs.....	12,912	320	0	0	0	0
Total, Discretionary Programs.....	\$22,568	\$2,074	\$15,525	\$1,893	\$15,563	\$1,705

a/ Less than \$0.5 million.

b/ The budget proposes a new fee structure similar to HUD with no cost to the government.

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Single Family Direct and Guaranteed Loan Programs. The Single Family Housing program provides direct and guaranteed loans to low and moderate income families in rural areas. RHS is the only Federal agency that provides direct loans for this purpose. Direct loans are limited to families with incomes less than 80 percent of area median income. The interest rate on these loans may be subsidized down to one percent interest. Guaranteed loans are limited to families with incomes less than 115 percent of area median income. The interest rate on these loans is negotiated between the borrower and the private lender. Currently, there is a one-time guarantee fee of 2 percent for new loans and 0.5 percent on loans for refinancing. This guarantee fee can be financed as part of the loan amount so that it does not impose an up-front cost that some borrowers may not be able to pay.

The 2011 budget provides for a \$1.2 billion program level for direct loans, about \$79 million above 2010 and maintains the 2010 appropriated level of \$12 billion for guaranteed loans. These levels are expected to provide about 98,993 homeownership opportunities, a decrease from 2010 which reflects anticipated higher housing prices due to the improved economic conditions.

The performance measure below displays the number of homeownership opportunities that Rural Development has provided during the fiscal year. In the past these programs have received additional funding through supplemental appropriations for disaster relief efforts that affected the performance information. The 2010 appropriation nearly doubled the amount of program funds that were typically provided in recent years. While the appropriation for 2011 is maintained at the 2010 level, the small reduction in performance can be attributed to anticipated higher housing prices due to the improved economic conditions, as indicated above.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Homeownership opportunities provided	42,172	43,532	66,574	55,957	106,030	98,993

While the single family housing programs have experienced modest increases in defaults due to the current economic crisis, the programs did not make or guarantee sub-prime loans during the years that led up to the crisis and remain financially sound. Moreover, the demand for these programs has increased, as demonstrated by the rapid utilization of Recovery Act funding. Accordingly, USDA is proposing that the guaranteed loan program be adapted to reflect the high demand for this program by charging an annual fee in addition to the guarantee fee. This annual fee, at an estimated rate of 0.15 percent in 2011, would be distributed over the year in monthly payments. This change in policy is consistent with that of HUD and the VA.

The Recovery Act provided an additional \$65 million in budget authority for direct loans, sufficient to support about \$1.6 billion in loans and \$129 million in budget authority, sufficient to support over \$10 billion in guaranteed loans. Recovery Act funding for both the direct and guaranteed loan programs is expected to provide more than 90,000 homeownership opportunities. Most of this funding was used in 2009.

Multi-Family Housing Programs. The Multi-Family Housing program provides financing for rental housing projects and rental assistance payments for low-income tenants of those projects.

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The portfolio of previously financed projects currently includes about 17,000 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.

In recent years, USDA has focused on the revitalization of existing projects. As part of this effort, the outstanding debt on these projects was deferred and other incentives offered to sponsors in exchange for a commitment to seek private sector financing to revitalize their projects and remain in the program. The 2011 budget reflects a change in policy toward new construction. Accordingly, the 2011 budget includes additional budget authority to increase the program level for Section 515 direct loans for multi-family housing from \$70 million in 2010 to over \$95 million in 2011 which is expected to be used for both new construction and rehabilitation of the existing portfolio. The 2011 budget proposes to terminate funding for the revitalization demonstration program. Section 538 guaranteed loans would be maintained at \$129 million with additional budget authority being provided to accommodate an increase in subsidy costs. The policy of no interest subsidy and charging no fees on guaranteed loans would be maintained.

The multi-family housing voucher program would be continued at a level of \$18 million. This program provides one-year vouchers to protect the rents of tenants affected by projects leaving the program.

Most multi-family housing projects that are financed with direct loans also receive Rental Assistance Payments. The payments are used to reduce the rents of low income families to no more than 30 percent of their income. These payments are made through contracts with project sponsors. Providing funding for the renewal of expiring rental assistance payment contracts is essential to RHS' efforts to protect the Government's investment and ensure the projects are revitalized and remain in the program. The 2011 budget includes \$966 million to renew about 212,000 expiring contracts and provide new contracts on both Section 515 and Farm Labor Housing. The modest decrease in funding is due to improvements in the way the need for renewing expiring contracts is estimated.

Other Housing Programs. Rural Development offers a full array of supplemental housing programs such as Very-low Income Repair loans and grants, Rural Housing Preservation, Farm Labor Housing loans and grants, and Self-Help Housing. These programs are maintained at approximately the same program levels as in 2010.

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

The 2011 budget provides funding for \$295 million in direct loans, \$206 million in loan guarantees and \$30 million in grants, all under the basic Community Facilities program. The loan levels are the same as for 2010, while the grant level is \$15 million lower due to the elimination of three small special interest community facilities programs, namely: Rural Community Development Initiative grants, Tribal College grants, and Economic Impact

RURAL DEVELOPMENT

Initiative grants. Other RD programs are available to provide assistance similar to that offered by these programs.

The performance measure below measures the percent of rural residents who are provided with improved essential community services such as health and safety facilities. Program funding and performance is relatively consistent from year to year with the exception of 2007. The increase in performance resulted from a Presidential Initiative from the prior Administration to enable rural health facilities to upgrade record keeping systems to electronic medical records.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Percentage of customers who are provided access to new and/or improved essential community facilities –						
Health Facilities	3.8	7.2	4.8	5.4	5.0	5.0
Safety Facilities	3.8	6.2	5.7	5.0	5.4	5.4

RURAL DEVELOPMENT

RURAL DEVELOPMENT SALARIES AND EXPENSES

Budget Authority
(Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Salaries and Expenses:			
Appropriation.....	\$193	\$202	\$232
Transfers:			
Rural Electric and Telecomm. Loan Program....	(39)	(40)	(38)
Rural Housing Insurance Fund Program.....	(460)	(468)	(455)
Rural Development Loan Fund Program.....	(5)	(5)	(5)
Subtotal, Transfers.....	(504)	(513)	(498)
Subtotal, Salaries and Expenses.....	697	715	730
Recovery Act.....	131	0	0
Total, Salaries and Expenses.....	\$828	\$715	\$730

The 2011 budget provides a total of \$730 million for salaries and expenses related to carrying out RD programs. This level includes an increase of \$7.2 million for pay cost, \$12 million for refresh of the Common Computing Environment (CCE), and \$1.4 million to support the development of the Regional Innovation Initiative.

The 2011 budget includes \$12 million for the RD portion of a Departmental effort to modernize and upgrade the IT infrastructure (also known as the Common Computing Environment (CCE)) for the Service Center Agencies (SCAs). This funding will be used to replace outdated components of the CCE, many of which have exceeded their expected life cycles, to reduce system vulnerabilities to failure and improve the performance and effectiveness of the shared infrastructure. These improvements will allow the SCAs to better serve program participants with a more flexible and reliable IT infrastructure. This funding will allow for the first system-wide refresh of the CCE since the infrastructure was implemented in 2000. In addition, as the components of the CCE are replaced, USDA will implement a right-sizing process whereby configuration changes will be made to better support the delivery of current and future programs. As part of this process, the Department will strive to improve system security, reduce the long term cost of infrastructure services, and improve service reliability.

FOOD, NUTRITION, AND CONSUMER SERVICES

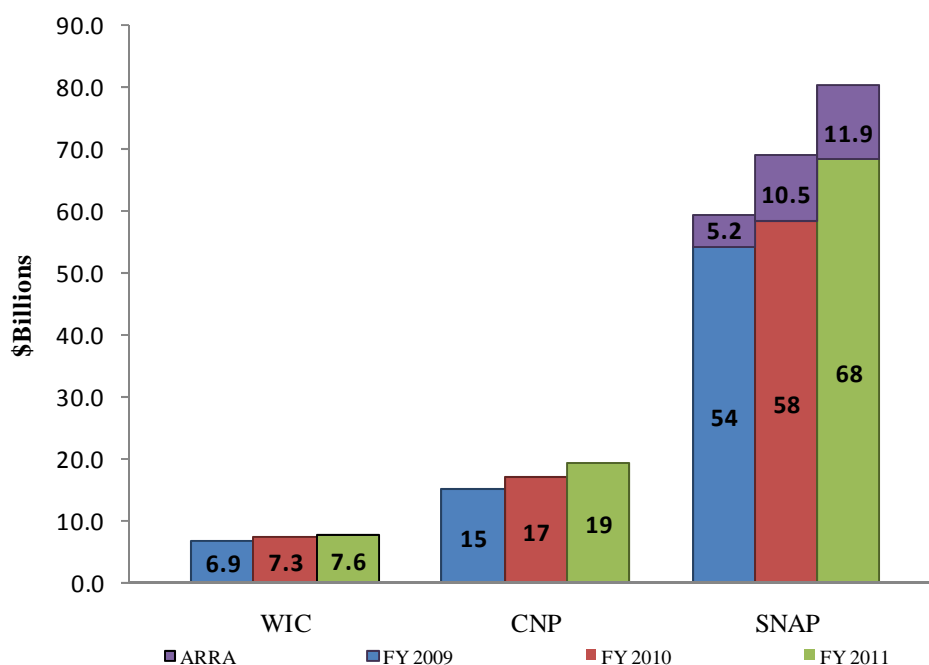
MISSION AND RELATIONSHIP TO STRATEGIC GOAL

A plentiful supply of safe and nutritious food is essential to the well-being of every family and the healthy development of every child in America. Although most American households have access at all times to enough nutritious food for an active and healthy lifestyle, too many households, especially households with children, do not have sufficient resources to ensure this access, especially under the current economic conditions. A recent report by the Department showed that in over 500,000 families with children in 2008, one or more children simply do not get enough to eat. Meaning, they had to cut the size of their meals, skip meals, or even go whole days without food at some time during the year. Too many children also have poor diets and gain excessive weight. Recent data shows that the prevalence of obesity has increased over 10 percent to 17 percent for children between 6 and 19 years of age.

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 to ensure that all of America's children have access to safe, nutritious, and balanced meals. FNS contributes significantly to two activities under this strategic goal, including: (1) increasing access to nutritious food; and (2) promoting healthy diet and physical activity behaviors. FNS also works to ensure that food is safe, most notably for meals served through the Child Nutrition Programs and the agency is committed to increasing performance, efficiency, and alignment of USDA 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 public confidence. The mission of CNPP is to improve the health of Americans by developing and promoting dietary guidance that links the best evidence-base scientific research to the nutrition needs of consumers. In addition to providing access to nutritious food, FNS also works to empower program participants with knowledge of the link between diet and health. FNS administers the Department's domestic nutrition assistance programs. The Federal staff leverage their efforts by working with State and local partners to deliver nutrition assistance through the Supplemental Nutrition Assistance Program (formerly the Food Stamp Program); the Child Nutrition Programs – National School Lunch Program, National School Breakfast Program, and the Child and Adult Care Food Program; and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); and other programs serving specialized needs. The Supplemental Nutrition Assistance Program provides basic assistance to help ensure low-income households have access to a secure and adequate diet. The other programs target specific groups of people with specialized needs or in special settings. Key performance measures for 2011 are to decrease the number of households with very low food security among children; increase the percentage of eligible people participating in the Supplemental Nutrition Assistance Program; increase the percentage of school children participating in the National School Lunch Program; decrease the prevalence of obesity among children and adolescents; improve Healthy Eating Index (HEI) scores for people in low-income households (under 130 percent of poverty level) and for the general population; and increase the amount of Supplemental Nutrition Assistance Program benefits redeemed at farmers markets.

FNS Budget Authority



ARRA amounts of less than \$1 billion are not included.

The 2011 budget provides funds for anticipated changes in participation and food cost inflation for the major programs. It emphasizes improving access and operations in 2011 and improving the nutritional status of recipients. Both FNS and the Center for Nutrition Policy and Promotion 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*. Additionally, in 2011, USDA will coordinate with the Departments of Health and Human Services and Education to implement, revise and refine plans and strategies for addressing the problem of childhood obesity.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Nutrition Service Budget Authority (Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Discretionary:			
Special Supplemental Nutrition Program (WIC)	\$6,860	\$7,257	\$7,603
Commodity Assistance Program:			
Commodity Supplemental Food Program.....	160	171	177
The Emergency Food Assistance Program (TEFAP), Soup Kitchens, Food Banks.....	50	50	50
Infrastructure Grants.....	0	6	0
Farmers' Market Nutrition Program.....	20	20	20
Pacific Island Assistance and Disaster Assistance.....	1	1	1
IT Modernization and Support.....	0	0	2
Nutrition Services Incentive Program <u>a/</u>	3	3	0
Total, Commodity Assistance Program.....	234	251	250
Nutrition Programs Administration.....	145	151	172
Total, Ongoing Discretionary Programs.....	7,239	7,659	8,025
Recovery Act:			
WIC Program.....	500	0	0
Commodity Assistance Program.....	150	0	0
Child Nutrition Programs.....	100	0	0
Total, Recovery Act.....	750	0	0
Total, Discretionary Programs.....	7,989	7,659	8,025
Mandatory:			
Supplemental Nutrition Assistance Program (SNAP).....	53,970	58,269	68,207
Proposed Legislation <u>b/</u>	0	11	36
Child Nutrition Programs.....	15,074	17,034	18,392
Reauthorization Proposals.....	0	0	1,000
Farm Bill:			
Seniors Farmers' Market Nutrition Program <u>c/</u>	21	21	21
Recovery Act:			
Supplemental Nutrition Assistance Program.....	5,195	10,460	11,936
Supplemental:			
SNAP State Administrative Expenses.....	0	400	0
Total, Mandatory Programs.....	74,260	86,195	99,592
Total, FNS.....	\$82,249	\$93,854	\$107,617

a/ Funds are transferred from the Department of Health and Human Services, Administration on Aging.

b/ The budget also proposes to increase the asset limit to \$10,000 in SNAP, but does not increase budget authority. The funding is provided through a government-wide initiative.

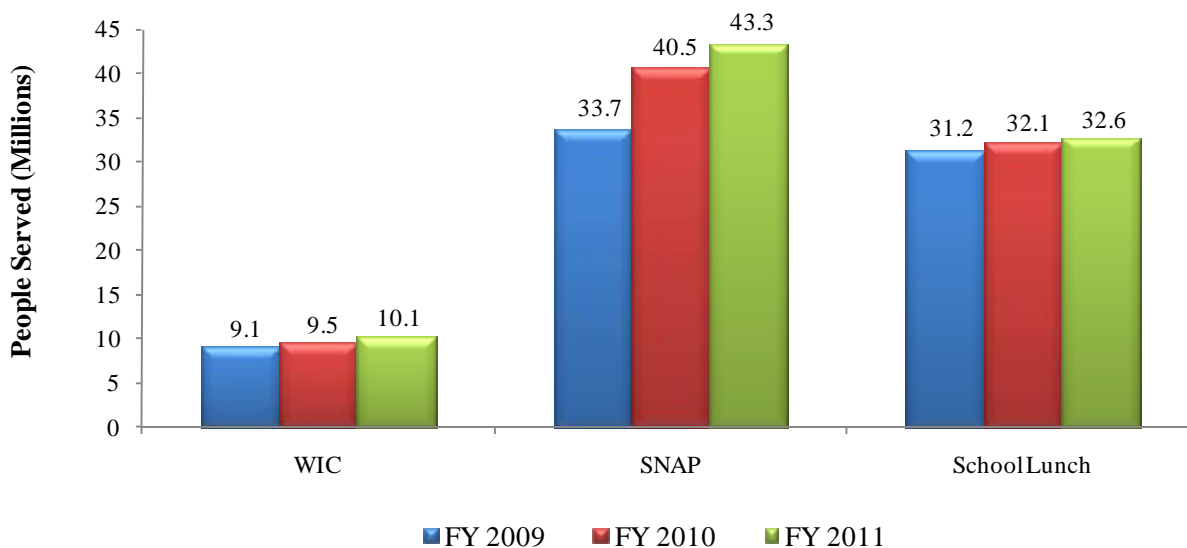
c/ Funds are transferred from the Commodity Credit Corporation.

FOOD, NUTRITION, AND CONSUMER SERVICES

The nutrition assistance programs work in concert to improve scores on cross-cutting performance measures of improved diet for the children and low-income people they serve.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Application and usage level of nutrition guidance tools (billions of pieces of nutrition guidance distributed) Baseline: 2006 = 1.5	1.5	2.6	3.2	3.5	3.0	3.9

People Served Through Nutrition Assistance Programs



Supplemental Nutrition Assistance Program (SNAP). The 2011 budget anticipates an increase in participation on average of about 2.8 million recipients per month between 2010 and 2011. Since the Recovery Act increased the maximum allotment by 13.6 percent, effective April 2009, and provided that the benefit remain constant until the statutory COLA for SNAP benefits exceeds that level, the average benefit level in 2011 is expected to be about the same as it was in 2010 (and for several years afterwards). Increases in projected funding requirements thus reflect the anticipated increase in program participation and associated State administrative expenses.

The Administration is working to establish a practical, national asset limit floor across means-tested human services, food, and cash assistance programs. Legislative language will be provided to raise current SNAP asset limits to \$10,000 from \$2,000 per household, or \$3,000 for households including an elderly or disabled member. This nationwide figure will streamline eligibility for families eligible for benefits from multiple programs, and encourage families to

FOOD, NUTRITION, AND CONSUMER SERVICES

save toward self-sufficiency. In addition, FNS will be proposing legislative language to provide for the exclusion of tax refunds in the month of receipt and for the following 12 months beginning in tax year 2009 for SNAP and all Federally funded means-tested programs. Legislation is also being proposed to extend the Recovery Act provision that eliminates the time limits for able-bodied adults without dependents for an additional year for an one-time cost of \$25 million.

SNAP will continue to focus on encouraging all eligible persons to take advantage of program benefits, with particular emphasis on reaching underserved populations such as the elderly, Hispanics, and the working poor. For 2011, \$6 million is included to expand the Healthy Incentives Pilot, now under development which will demonstrate and evaluate the effect of financial incentives to purchase fruits and vegetables on the diets of SNAP participants. Additionally, \$12.5 million is requested to test the impact of a community-wide approach that will use multiple means of communication and influence to raise the general awareness of healthy eating in a community, shift social norms, create more opportunities to make healthy food choices and reward such choices when made.

To assist direct-to-consumer food sales \$4 million is included to provide point of sale terminals to all farmers' markets nationally that cannot currently redeem SNAP benefits. Ensuring farmers' markets have point of sales devices will substantially increase the redemption of SNAP benefits at these outlets. Nutrition education continues to be a key part of the SNAP to help low-income households improve their nutrition levels.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Participation levels for the major Federal nutrition assistance programs (millions per month):						
Supplemental Nutrition Assistance Program	25.7	26.5	28.4	33.7	40.5	43.3

The Department is continuing its efforts to improve payment accuracy, seeking to reach a payment accuracy rate of 95 percent in 2011. This will be achieved through working with stakeholders to implement best practices, focusing particularly on error prone areas.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Improve SNAP payment accuracy rate						
Baseline: 2001 = 91.3%	94.2%	94.4%	95.0%	95.0%	95.0%	95.0%

The Administration is committed to ensuring an uninterrupted flow of benefits to program participants. Since SNAP participation and costs are not fully predictable, and can grow rapidly in a changing economic environment or in unexpected emergencies such as natural disasters, the 2011 budget includes a \$5 billion contingency reserve, an increase of \$2 billion over recent

FOOD, NUTRITION, AND CONSUMER SERVICES

years, to be used in the event that program needs exceed current estimates. The budget also proposes indefinite funding authority which would make additional 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 and snacks to children in various settings, with greatest emphasis on helping low-income children. These programs assist children by subsidizing quality meals in participating schools and child care settings. While children from all income levels receive some assistance from these programs, most of the funding supports meals served to low-income children for free or at a greatly reduced price. Child Nutrition Programs subsidies for meals at child care centers and family daycare homes help support child care, a critical need for working families.

To ensure the quality of the meals served in the school meals programs and the Child and Adult Care Food Program, the Department entered into a three-year contract with the National Academies' Institute of Medicine (IOM) in February 2008, to convene a panel of experts to make recommendations for updating and revising the nutrition standards and meal requirements. IOM's recommendations, released in October 2009, will be used to develop a regulatory proposal to make changes that will ensure that school meals do all they can to meet children's nutritional needs, foster healthy eating habits, and safeguard children's health. Similarly, schools that achieve recognition as HealthierU.S. Schools Challenge Schools achieve a high level of performance for school meal quality, nutrition education, and physical activity.

The Administration is currently focused on the reauthorization of the Child Nutrition and WIC Programs, programs which, at some point in their lives, touch most Americans - providing nutritious food, nutrition education, and connections to critical health services. The Administration is proposing to add \$1 billion in 2011 and a total of \$10 billion over the next ten years for this priority. Reauthorization reforms are a key strategy in the effort to eliminate childhood hunger by 2015. USDA will provide resources aimed at improving access to nutritious meals; establishing high standards for the nutritional quality of food available in school; exploring new strategies for reducing hunger and improving children's food choices, particularly for low-income children; improve access to healthy fruits and vegetables; reducing the prevalence of obesity by improving the diets of school children by teaching them to make wise food choices; and improve program performance and integrity.

For 2011, the Child Nutrition Programs are funded at a level that will support anticipated participation and food costs. An increase of \$2 million is sought for a Farm to School Tactical Team, including both FNS and AMS staff that will support local and regional food systems by facilitating linkages between schools and their local food producers. An increase of \$8 million is included to measure erroneous payments in school meal programs to determine the progress made reducing erroneous payments. Also, \$8 million is sought for a study of school lunch and breakfast meal costs. This study is conducted every few years to ensure that decisions on reimbursement levels are informed by up-to-date, high-quality information on the cost of producing meals and the sources and levels of revenues to cover those costs.

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The \$5 million in annual funding for Hunger-Free Communities under Section 4405 of the Farm Bill will continue in 2011. Grants will focus on promotion, outreach, demonstration projects and technical assistance to support communities in exploring a significantly broader array of local strategies to prevent hunger, primarily among children. Further, \$700,000 included in 2010 to expand the HealthierUS School Challenge will be continued in FY 2011, so work to encourage schools to take a leadership role in helping students learn to make healthier eating and lifestyle choices will continue. Existing funds will also continue to help ensure the integrity of meals served, increased training and technical assistance materials for the school food service community, and increased Federal oversight of meals served.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Participation levels for the major Federal nutrition assistance programs (millions per day):						
National School Lunch Program	30.1	30.5	30.9	31.2	32.1	32.6
School Breakfast Program	8.1	8.3	8.7	11.0	11.7	12.2

WIC. The WIC Program, USDA's largest discretionary program, helps improve the health and nutritional intake of low-income pregnant, breast-feeding and postpartum women, infants and children up to their fifth birthday. WIC works by providing participants with vouchers redeemable for foods dense in nutrients known to be lacking in the diets of eligible groups and providing nutrition education and referrals to other important health and social services. Nearly half of those born in the United States receive WIC benefits.

The President's 2011 budget request proposes \$7.6 billion for the WIC Program, an increase of approximately \$350 million above the 2010 level (excluding the Recovery Act funding) which will be augmented by larger than usual carryover balance from 2010. The Administration is committed to serving all eligible individuals seeking WIC benefits and expects the request to support a monthly average of 10.1 million participants. Included in the request is an increase for breastfeeding promotion from \$80 million to \$83 million, plus a doubling of funding for breastfeeding performance bonuses for States to \$10 million. Also, \$15 million for program evaluation and \$60 million allocated specifically to help States improve their management information systems are continued in 2011. Further, \$10 million is provided to continue support for IT oversight and infrastructure and \$5 million is provided to improve the application process and coordination with other programs. The Recovery Act provided \$500 million in additional funding for WIC, \$100 million for management information systems and \$400 million in a contingency reserve to fund unanticipated participation costs available until the end of 2010.

FNS is working with States to ensure effective implementation of the new WIC food packages, as required in 2010, and will work to continue to improve overall nutritional intakes consistent with the 2010 *Dietary Guidelines for Americans* and increase breastfeeding rates. Additionally, resources are provided to increase the value of the fruit and vegetable voucher for children by \$2 per family per month, totaling \$104 million annually. Finally, the budget provides for a

FOOD, NUTRITION, AND CONSUMER SERVICES

\$250 million contingency fund to ensure sufficient resources for stable services should participation or food costs be higher than anticipated.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Participation levels for the major Federal nutrition assistance programs (millions per month):	8.1	8.3	8.7	9.1	9.5	10.1
WIC Program (average)						

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. In addition the Recovery Act provided \$150 million for TEFAP to increase food assistance to Americans in the economic crisis. These funds were used to purchase additional commodities (\$100 million) and to fund administrative costs associated with the distribution of the USDA commodities or privately-donated foods. In 2011, for State and local program administration, \$50 million in discretionary funding is requested, any part of which, at State discretion, may be used to purchase additional commodities. Also note that under the Supplemental Nutrition Assistance Program account, mandatory funding of \$246.5 million is provided to purchase TEFAP commodities.

CAP includes funding for the Commodity Supplemental Food Program (CSFP). CSFP provides commodities to low-income elderly and pregnant, postpartum and breastfeeding women, infants and children up to age six. The 2011 budget proposes \$176.8 million, an increase of \$5.4 million, to offset expected cost increases due to inflation while supporting the current participation levels.

In 2011, funding is requested for the Farmers' Market Nutrition Program (FMNP) for women, infants and children at the authorized level, \$20 million. The FMNP provides WIC participants with vouchers to purchase fresh, local fruits, vegetables and herbs directly from farmers, farmers' markets and roadside stands. In 2008, the FMNP provided coupons to 2.3 million WIC participants. The participants redeemed their coupons at 5,765 authorized farmers' markets and roadside stands, providing revenue to 16,016 small family farmers. The Seniors FMNP, funded by CCC, provided similar benefits to over 900,000 low-income seniors. In 2008, the Seniors FMNP involved over 15,062 farmers at 5,588 farmers' markets, roadside stands and community supported agriculture programs.

Nutrition Programs Administration (NPA). Funding of \$172.1 million is requested for NPA, to support Federal management and oversight of USDA's investment in nutrition assistance programs. The budget includes an increase \$5.2 million to enhance the Federal investment in program administration, grantee oversight and protection of the integrity of program operations. Participation in SNAP has gone from 17.2 million recipients per month in 2000 to 33.7 million participants a month, and participation in WIC has grown from 7.2 million participants a month in 2000 to 9.1 million participants. In addition, FNS staff totals 1,387 in 2010 to manage a

FOOD, NUTRITION, AND CONSUMER SERVICES

budget over \$100 billion, well below the 1,800 on board in 2000 when the FNS budget was \$32.6 billion.

The request includes \$9 million to increase efforts to implement scientific evidence-based nutrition guidance and guide effective nutrition education interventions in schools and communities, and build and maintain education tools and systems that Americans can use to adopt behaviors that lead to more healthful eating and active lifestyles. The 2010 *Dietary Guidelines for Americans* will be completed and released in 2010 along with enhancements to MyPyramid, including interactive applications. To help USDA meet its strategic objective to reduce obesity, \$7 million of this total will be used by CNPP obesity related nutrition education activities. The remaining \$2 million is needed to translate the recommendations and policy statements in the 2010 *Dietary Guidelines for Americans* into information that consumers and program administrators can use. The *Dietary Guidelines* and MyPyramid are used to help establish food benefits for the programs, and they are central to nutrition education and promotion programs government wide, as well as private sector nutrition education and promotion.

In addition to enhancing staff resources FNS seeks an additional \$5.5 million to update and integrate its outdated financial management system to control over \$100 billion in program funding and to ensure its internal computer infrastructure is operating with current hardware and software less vulnerable to cyber attacks. Of this amount, \$3.5 million is needed to develop common business processes and financial management systems consistent with USDA's Financial Management Modernization Initiatives. The \$2 million will help expand use of IT tools to improve benefit delivery to program participants, to streamline program administration for State and local program partners, to improve nutrition education, and to enhance program integrity. The budget also includes \$3 million to fund the Bill Emerson and Mickey Leland Hunger Fellowship programs. USDA is directly requesting funds for these activities consistent with the provisions of the 2008 Farm Bill which established the Fellows programs within the Department to address hunger and poverty in the United States as well as international hunger and other humanitarian needs.

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 Nutrition Program Administration funds.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Nutrition Service Key Indicators

	2009 Actual	2010 Estimate	2011 Budget
Average Participation, Millions:			
Supplemental Nutrition Assistance Program (per month).....	33.7	40.5	43.3
Free School Lunch.....	16.2	18.4	19.0
Total School Lunch (per day).....	31.2	32.1	32.6
Free School Breakfast.....	7.9	8.7	9.3
Total School Breakfast (per day).....	11.0	11.7	12.2
WIC (per month).....	9.1	9.5	10.1
Commodity Supplemental Food Program (CSFP):			
WIC (per month).....	0.02	0.02	0.02
Elderly (per month).....	0.44	0.56	0.58
Food Distribution Program on Indian			
Reservations (FDPIR) (per month).....	0.10	0.10	0.10
Unemployment Rate (percent).....	8.4	10.1	9.5
Average/Person/Month Food Benefit in \$:			
Supplemental Nutrition Assistance Program.....	\$124.45	\$132.93	\$132.76
WIC.....	42.55	43.98	45.59
CSFP: WIC (FNS Funded) <u>a/</u>	26.55	28.00	27.75
CSFP: Elderly (FNS Funded) <u>a/</u>	18.77	19.47	19.18
FDPIR (FNS Funded) <u>a/</u>	54.54	60.42	60.90
Per Meal Subsidies Including Commodities in \$: <u>b/</u>			
School Lunch:			
Free	\$2.80	\$2.89	\$2.93
Reduced Price	2.39	2.48	2.53
Paid	0.45	0.45	0.46
School Breakfast:			
Free	1.66	1.72	1.75
Paid	0.25	0.26	0.26

a/ Excludes bonus commodities. In 2009, an average of \$3.26, \$2.79 and \$2.85 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 AREA AND RELATIONSHIP TO STRATEGIC GOAL

Foodborne illness is recognized as a significant public health problem in the United States, which can have a more severe impact on children than healthy adults. According to the Centers for Disease Control and Prevention, approximately half of the reported foodborne illnesses occur in children. These diseases can lead to short and long-term health consequences and, sometimes, can result in death. USDA and other Federal agencies are working in cooperation to ensure that Americans have increased access to safe and healthy food.

The Food Safety mission area is the public health mission area of USDA that is responsible for ensuring that the Nation's commercial supply of meat, poultry and processed egg products is safe, wholesome, and properly labeled and packaged. This includes products produced domestically in Federally-inspected establishments, as well as products imported from foreign countries. Funds for the Food Safety mission area support USDA Strategic Goal to ensure that all of America's children have access to safe, nutritious, and balanced meals.

The mission area includes the activities of the Food Safety and Inspection Service (FSIS), which provides Federal inspection of meat, poultry and processed egg products establishments; support for similar establishments under State inspection programs; development and implementation of the Public Health Information System to enhance science-based, data-driven inspections; and determination of international equivalence of foreign systems. FSIS coordinates the development of its policies with other USDA agencies and other Federal agencies, including the Food and Drug Administration (FDA), the Environmental Protection Agency, the Centers for Disease Control and Prevention, as well as foreign governments and international organizations, to ensure an integrated farm-to-table approach to food safety. Furthermore, the Secretary of Agriculture is the co-chair of the President's Food Safety Working Group (FSWG), created in March 2009, which brings together cabinet secretaries and senior officials to advise the President on issues pertaining to food safety.

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

FOOD SAFETY

Budget Authority (Dollars in Millions)

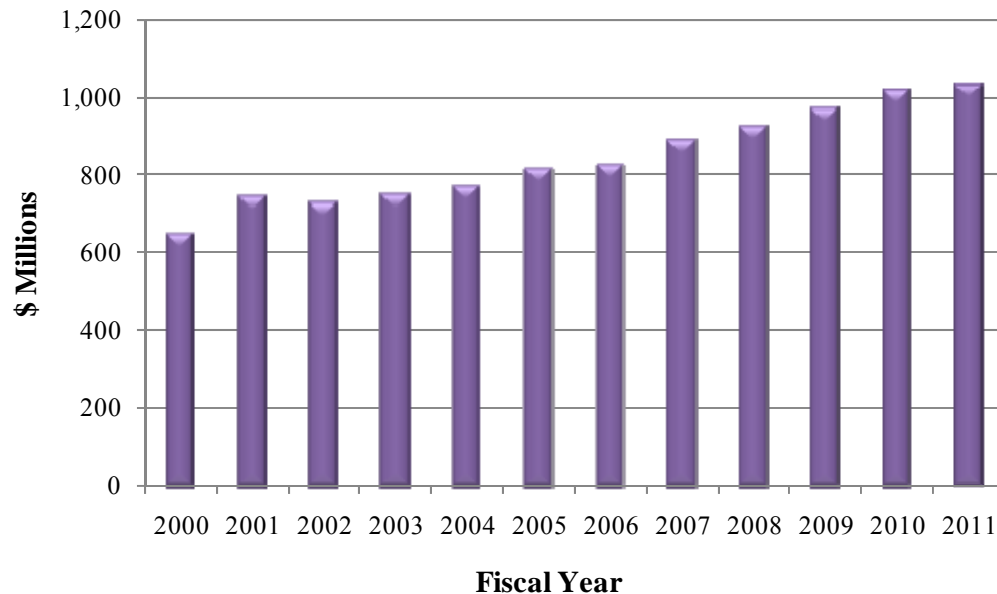
	2009	2010	2011
Program	Enacted	Estimate	Budget
Discretionary:			
Federal Food Safety and Inspection.....	\$872	\$903	\$912
State Food Safety and Inspection.....	65	66	65
International Food Safety and Inspection.....	18	19	16
Public Health Data Communication Infrastructure System.....	13	27	40
Codex Alimentarius.....	4	4	4
Total, Discretionary Programs.....	972	1,019	1,037
Mandatory:			
Trust Funds (Voluntary Inspection Services).....	11	9	9
User Fees (Overtime/Holiday Inspection Services).....	(135)	(122)	(122)
Total, FSIS Programs.....	\$983	\$1,028	\$1,046

Organizational Structure. To accomplish its functions, FSIS employees are located at approximately 6,286 slaughtering and processing establishments and import houses, and other Federally-regulated facilities. Headquarters personnel are responsible for overseeing administration of the program and ensuring that scientific and technological developments are incorporated into inspection procedures. The Codex Office reports to the Under Secretary of Food Safety, and coordinates all government and non-government participation in the activities of the Codex Alimentarius Commission.

Inspection, Data Infrastructure, and Outbreak Response. To ensure that FSIS can support its approximately 8,500 Federal in-plant and other frontline personnel, the Federal share of State inspection programs, and continue to improve the data infrastructure supporting the Nation's food safety system, the 2011 budget proposes a discretionary funding level of slightly more than \$1 billion, an increase of approximately \$18 million over 2010. The budget provides the full amount necessary to meet regulatory responsibilities, including pay costs and other necessary supporting costs, and continues the upward trend in funding over the past decade.

FOOD SAFETY

FSIS Budget Authority



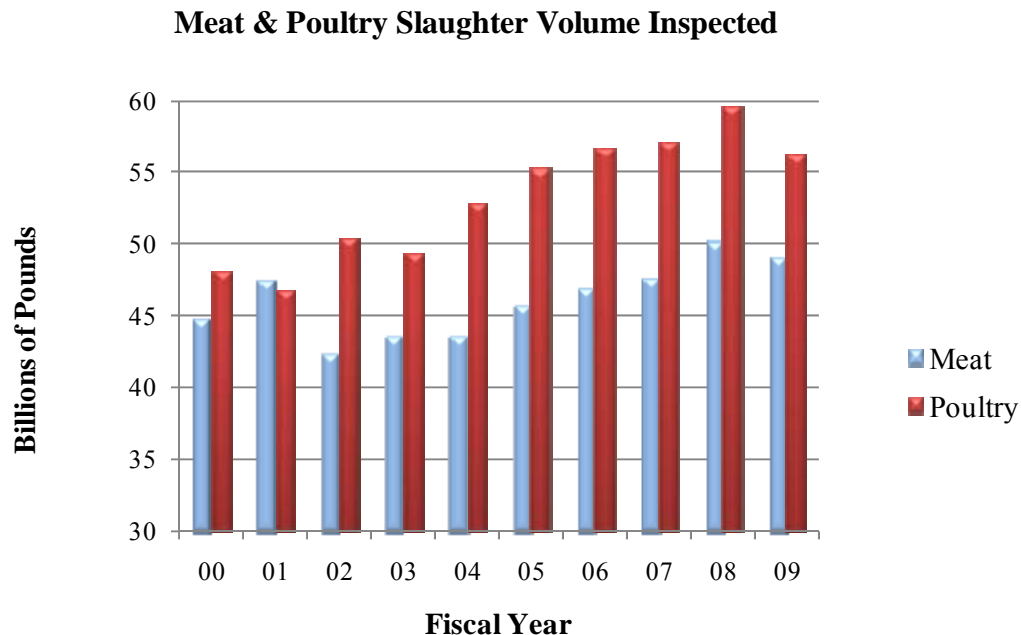
The 2011 budget requests \$40 million, an increase of \$13 million, to continue the deployment and enhancement of the FSIS public-health information infrastructure. The additional funds will allow for the purchase of critical equipment, the expansion of telecommunications and broadband bandwidth capacity, and the improvement of information gathering systems to enhance access of inspection personnel to centralized, mission critical systems. These new investments are critical to fully leverage the Public Health Information System recently developed by FSIS to enhance the agency's ability to collect, analyze and present data to allow decision making based on relevant, timely product and process data, utilizing the best science available.

In response to key findings of the President's FSWG, a \$4.3 million increase is requested for the inter-agency Federal-State Foodborne Disease Outbreak Response Team to allow FSIS to more quickly investigate and respond to outbreaks, including faster detection of outbreaks and removal of products from commerce to prevent further illnesses. Using these new funds, additional staff will be hired to support illness investigation, outbreak/response coordination, collaboration on multi-State investigations, and proactive public health partner communication outreach. In addition, these new staff will support a Unified Incident Command System to facilitate communication and decision-making in an emergency, a goal of the President's FSWG. Taken together, this initiative will enhance detection of outbreaks, and likely allow for earlier detection of outbreaks, which would result in more timely FSIS actions to prevent further illnesses.

Similarly, in support of key findings of the President's FSWG, the 2011 budget proposes a \$10 million increase for Baseline Studies and Hazard Analysis and Critical Control Points (HACCP) Verification Program Updates. This increase above the 2010 level will allow FSIS to improve surveillance of foodborne pathogens of human-health concern in FSIS-regulated products through significant expansion of the HACCP regulatory sampling, and to develop more timely estimates of pathogen prevalence in food products by conducting an additional traditional

FOOD SAFETY

baseline study. Accurate, timely prevalence estimates for pathogens in food products are critical for evaluation of existing prevention policies and the development of new regulatory strategies. FSIS estimates a 25 percent increase in the accuracy of existing performance measures as a result of the proposed increase in HACCP sampling. In addition, with the ability to conduct a third baseline study in 2011, FSIS will be able to expand its data collection efforts to cover *E. coli* O157:H7 in lamb and sheep, or *Salmonella* prevalence in sows and boars.



Combating Foodborne Illness. FSIS is instrumental in helping reduce the level of foodborne illness by targeting common and dangerous pathogens for control. In addition to its work ensuring safe and wholesome products are available to the consumer, FSIS also conducts public education campaigns to inform consumers about safe food handling methods to decrease the likelihood of foodborne illness from products that were improperly stored, handled, and/or prepared. As part of the FSWG, FSIS will conduct consumer focus group studies to measure consumer understanding of labeling and other public health messaging and develop new outreach and education strategies based on the results. Also, as part of the FSWG, FSIS will collaborate with FDA to establish a preventative health campaign to increase outreach to clinicians, public health professionals and consumers on actions to reduce the risk of foodborne illness.

With the funding requested for 2011, FSIS expects to achieve the following performance measures:

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Key Performance Measure	2006	2007	2008	2009	2010	2011
Overall public exposure to <i>Salmonella</i> from broiler carcasses ^{1/}	45%	73%	83%	82% in Category 1	90% in Category 1	92% in Category 1
Total illnesses from all FSIS Regulated Products	645,609	436,343	380,259	324,175	268,092	265,411
Percent of establishments with a functional food defense plan ^{2/}						
Large Establishments	N/A	91%	96%	96%	96%	96%
Small Establishments	N/A	53%	64%	64%	69%	74%
Very Small Establishments	N/A	21%	25%	25%	37%	48%

^{1/}The figures represent the proportion of establishments whose two most recent *Salmonella* test results are equal to or less than 50 percent of the FSIS performance standard for the product class. These are the Category 1 establishments considered to have consistent process control. As more establishments reach Category 1 status, it is expected that fewer people will be exposed to *Salmonella* from classes of raw products regulated by FSIS.

^{2/}Food Defense plans are written procedures that food processing establishments should follow to protect the food supply from intentional contamination with chemicals, biological agents or other harmful substances. Large establishments (≥500 employees); Small establishments (≤ 499 employees, but > 10); Very Small Establishments (<10 employees, or < \$2.5 million in annual sales).

FSIS continues to make improvements in its food safety policies and inspection of meat, poultry, and processed egg products. For example, FSIS implemented its new bench trim sampling program for *E. coli* O157:H7 to detect the pathogen with greater confidence in ground beef. FSIS has also developed new pathogen reduction performance standards for control of *Salmonella* and *Campylobacter* bacteria in response to recommendations of the President's FSWG. The goal set by FSIS is to have 90 percent of establishments meeting the new *Salmonella* standards by the end of calendar year 2010. Similarly, FSIS will also post on its Web site compliance guidelines for poultry slaughter establishments including additional pre-harvest recommendations for controlling *Salmonella* and *Campylobacter* in poultry. To measure the success of these food safety programs, FSIS is collaborating with FDA and other FSWG members to develop performance metrics so that all the Federal agencies are consistently measuring success of their food safety programs.

The 2008 Farm Bill made several amendments to statutes administered by FSIS and gave the agency other instructions. As a result, FSIS is developing new regulations to implement mandatory inspection for catfish; a program for interstate shipment of State-inspected meat and poultry products; requirements that would apply to inspected establishments for recall procedures, for documenting process control (HACCP plan) reassessments; and for notifying FSIS if they have reason to believe adulterated or misbranded product is in commerce. Given the investment to date and the need for considerable stakeholder engagement and regulatory development before the adoption and implementation of a catfish inspection program, a decrease

FOOD SAFETY

of \$10.3 million from 2010 levels is proposed in the budget for catfish-related activities. A level of \$5 million for the program is adequate to meet inspection needs in 2011.

User Fees and Trust Funds. In 2011, FSIS estimates it will collect \$131 million through existing user fee and trust fund activities for providing overtime, holiday, and voluntary inspection services. Separately, FSIS will submit legislative proposals that would permit two additional user fees in 2011; a user fee that would be collected from plants that have sample failures or require additional inspection activities stemming from a pattern of regulatory non-compliance, and a Facility Application and Annual Renewal Activities user fee to cover the increased costs of services above and beyond basic inspection services provided to meat, poultry or processed egg products establishments, including those services related to compliance, risk assessments, hazard analyses, inspection planning and inspections, compliance review and enforcement, information technology support, product sampling, and risk communication. Total collections from these proposals are estimated at \$4 million and \$8.6 million, respectively.

NATURAL RESOURCES AND ENVIRONMENT

MISSION AND RELATIONSHIP TO STRATEGIC GOALS

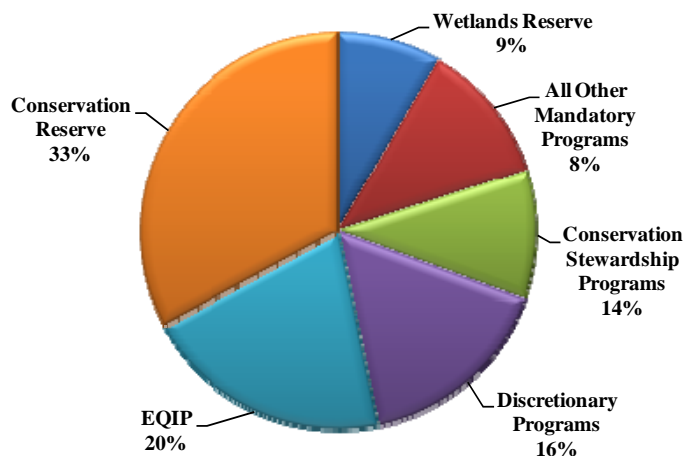
A healthy and prosperous America relies on the health of our natural resources, and particularly our forests and agricultural working lands. The health of America's 193 million acres of National forests and grasslands and 1.3 billion acres of farm, ranch, and private forest lands must be nurtured so that they continue to offer environmental benefits as a source of clean air, clean and abundant water, and wildlife habitat. America's forests supply communities with clean abundant water, shelter wildlife, and help us mitigate and adapt to climate change. Forests also help generate rural wealth through recreation and tourism, through the creation of green jobs, and through the production of wood products and energy. They are a source of cultural heritage and are a national treasure.

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. The mission area includes two agencies, the Natural Resources Conservation Service (NRCS) and the Forest Service (FS).

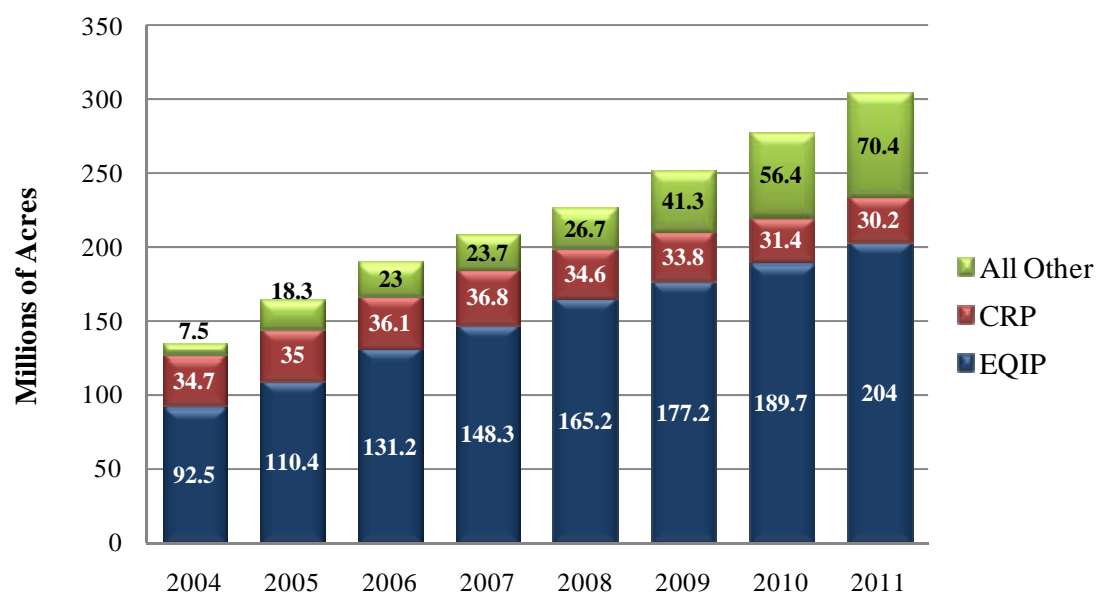
The two agencies are the primary contributors to achieving the Strategic Goal that ensures our National Forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing water resources. This is accomplished through a variety of programs aimed at preserving and restoring our public and private lands, protecting our water resources, mitigating the effects of climate change, and reducing the risk from catastrophic wildfires. NRCS partners with state and local government agencies and private landowners and provides technical and financial assistance to help protect farm and ranch lands and private forestland. FS oversees the management of the National Forest System.

The NRE mission area, primarily through NRCS, also has responsibility for implementing most of the Conservation Title of the 2008 Farm Bill which in 2011 will enroll about 305 million acres at a total cost of about more than \$3 billion.

2011 Conservation Budget
Total = \$5.952 Billion



Farm Bill Conservation Programs Cumulative Acres Enrolled



NATURAL RESOURCES AND ENVIRONMENT

NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Budget Authority (Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Discretionary:			
Conservation Operations:			
Conservation Technical Assistance.....	\$730	\$762	\$797
All Other Conservation Operations Programs.....	123	126	127
Total, Conservation Operations.....	853	888	924
Watershed and Flood Prevention Operations.....	24	30	0
Watershed Rehabilitation Program.....	40	40	40
Resource Conservation and Development.....	51	51	0
Total, Ongoing Discretionary Programs.....	968	1,009	964
Recovery Act:			
Watershed and Flood Prevention Operations.....	290	0	0
Watershed Rehabilitation Program.....	50	0	0
Total, Recovery Act Programs.....	340	0	0
Total, Discretionary Programs.....	1,308	1,009	964
Mandatory:			
Farm Bill Programs:			
Environmental Quality Incentives Program.....	1,067	1,180	1,208
Wetlands Reserve Program.....	436	613	502
Conservation Security Program.....	276	234	212
Conservation Stewardship Program.....	9	469	629
Agricultural Water Enhancement Program.....	73	73	74
Farm and Ranch Lands Protection Program.....	121	150	160
Wildlife Habitat Incentives Program.....	85	85	73
Grassland Reserve Program.....	48	101	79
Healthy Forest Reserve Program.....	10	10	10
Chesapeake Bay Watershed.....	23	43	72
Agricultural Management Assistance ^{a/}	15	15	10
Conservation Reserve Program Tech. Assist. (Reimb.).....	(56)	(83)	(124)
Total, Farm Bill Programs.....	2,163	2,973	3,029
Total, NRCS Programs.....	\$3,471	\$3,982	\$3,993

^{a/} Total AMA program also includes funds provided to RMA and AMS.

NATURAL RESOURCES AND ENVIRONMENT

The President's 2011 budget for NRCS strategically targets funding to high priority areas and effectively supports land conservation, wildlife habitat improvement, and wetland protection. Funding is provided for conservation programs that focus on addressing the needs of priority landscapes in the most need of protection, emphasize partnering with local constituents to efficiently implement programs and initiatives, and contribute to efforts that address energy conservation, renewable energy production and greenhouse gas emissions. NRCS will continue to direct financial and technical assistance programs to land owners and users through the USDA Service Centers and through local conservation districts.

Conservation Operations (CO). The 2011 budget proposes \$924 million for CO, which includes \$797 million for conservation technical assistance (CTA) as well as \$127 million for other CO activities including the Grazing Lands Conservation Initiative, Soil Surveys, Snow Surveys, and Plant Materials Centers. At this level, the agency 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.

The 2011 request for CTA includes an increase of \$35 million over 2010 and a redirection of \$37.4 million in Congressional earmarks. This will enable NRCS to focus on the highest priority program areas such as improving and streamlining technical assistance delivery to farmers, implementing Strategic Watershed Action Teams (SWAT) to target high priority watersheds in the most need of protection, and updating the IT infrastructure, or Common Computing Environment (CCE). Through CTA, the budget projects that nearly 1,300 comprehensive nutrient management plans will be applied; 7.7 million will have conservation applied to improve soil quality; and 14.6 million acres of grazing land and forest land will be protected as the result of conservation efforts. The estimates reflect the initiative to focus activities on high priority watershed that provide the greatest environmental benefit.

Key Performance Measure	2006	2007	2008	2009	2010	2011
CTA: Comprehensive nutrient management plans applied (number of plans)	2,269	1,911	1,745	1,485	1,300	1,300
CTA: Cropland with conservation applied to improve soil quality (millions of acres)	6.4	7.3	8.3	7.6	7.5	7.7
CTA: Grazing land and forest land with conservation applied to protect and improve the resource base (millions of acres)	8.0	12.2	16.5	16.0	14.6	14.6

The budget includes \$25 million for the SWAT initiative which will greatly increase the effectiveness of conservation programs. Each SWAT will target an identified watershed for a period of 3 to 4 years with the intent of reaching 100 percent of the landowner base eligible for Farm Bill conservation program assistance. The additive effect of planned and applied conservation practices would hasten environmental improvement while keeping production agriculture competitive and profitable.

NATURAL RESOURCES AND ENVIRONMENT

The budget includes \$35 million for NRCS to support the Department's efforts to modernize and upgrade the CCE for the Service Center Agencies (SCAs). This funding will be used to replace outdated components of the CCE, many of which have exceeded their expected life cycles, reduce system vulnerabilities to failure and improve the performance and effectiveness of the shared infrastructure. These improvements will allow the SCAs to better serve program participants with a more flexible and reliable IT infrastructure and enable the first system-wide refresh of the CCE since the infrastructure was implemented in 2000. In addition, as the components of the CCE are replaced, USDA will implement a right-sizing process whereby configuration changes will be made to better support the delivery of current and future programs. As part of this process, the Department will strive to improve system security, reduce the long term cost of infrastructure services, and improve service reliability. Finally, the CO budget includes a targeted fee proposal for conservation plans that is assumed to generate \$19 million in revenue.

Watershed and Flood Prevention Operations (WFPO). WFPO provides technical and financial assistance to local communities and sponsoring organizations to construct flood protection, water supply, and water quality improvement projects. The 2011 budget proposes to terminate funding for this activity, because earmarks prevent NRCS from prioritizing these projects on their merits and because benefits are highly localized and local sponsors are expected to assume a greater role in identifying and addressing water resource problems. The Recovery Act provided \$290 million in non-earmarked funds for this program in 2009 which supported over 195 projects representing more than 28,000 acres in 36 States.

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 includes \$40 million in discretionary funds, the same as 2010, for technical assistance to help local governments and private landowners plan the rehabilitation of those dams with the greatest potential for failure. The Recovery Act provided \$50 million for rehabilitation work in 2009 which supported more than two dozen projects in 11 States.

Resource Conservation and Development (RC&D). As part of the Administration's continued commitment to fiscal responsibility, the budget proposes to eliminate the RC&D program. Begun in 1962, the program was intended to build community leadership skills through the establishment of RC&D councils that would access Federal, State, and local programs for the community's benefit. After 47 years, the program has matured to the point that this goal has been accomplished. RC&D councils have developed sufficiently strong State and local ties to secure funding for their continued operation without Federal assistance. A number of alternatives to RC&D support also exist including the use of other Federal, State, and local programs and existing avenues such as those provided through State Technical Committees.

Environmental Quality Incentives Program (EQIP). The purpose of EQIP is to provide assistance to landowners who face serious natural resource challenges that impact soil, water and related natural resources, including grazing lands, wetlands, and wildlife habitat. The 2011 budget proposes \$1.2 billion for EQIP, an increase of \$28 million over 2010. This would enable nearly 43,000 new contracts to participate in the program and would cover more than

NATURAL RESOURCES AND ENVIRONMENT

14.2 million acres. The program will continue to emphasize land management practices such as the application of comprehensive nutrient management plans. Consistent with the initiative to focus efforts in high priority areas, EQIP enrollment acres are expected to fall due to targeting acres with the highest conservation benefit. These acres often are relatively smaller farms. Despite this reduction in acreage enrollment, NRCS anticipates being able to maintain its key performance measures for EQIP (see table below). The Agricultural Water Enhancement Program (AWEP), which is operated under EQIP, is funded at \$74 million, about \$1 million more than the 2010 level. AWEP promotes the conservation of ground and surface water and the improvement of water quality.

EQIP

Key Performance Measure	2006	2007	2008	2009	2010	2011
Comprehensive nutrient management plans applied (number of plans)	2,774	2,490	2,520	2,019	2,000	2,000
Cropland with conservation applied to improve soil quality (millions of acres)	3.4	5.3	5.6	4.8	5.0	5.0
Grazing land and forest land with conservation applied to protect and improve the resource base (millions of acres)	12.2	16.5	16.9	17.2	15	15

Chesapeake Bay Watershed Initiative. The Chesapeake Bay Watershed Initiative provides producers conservation assistance through several USDA programs, and is funded at \$72 million, or nearly \$29 million more than the 2010 level. This program helps agricultural producers improve water quality and quantity, and restore, enhance, and preserve soil, air, and related resources in the Chesapeake Bay watershed through the implementation of conservation practices.

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 2008 Farm Bill authorized the program to enroll up to 3,041,200 acres through the end of fiscal year 2012. During 2009, funding was provided for WRP to enroll approximately 179,000 acres and funding for 2010 allows for up to 250,000 acres. The 2011 budget request includes \$502 million to enroll 192,982 acres in 2011. During 2011, it is expected that 140,000 acres of wetlands will be created, restored, or enhanced.

Key Performance Measure	2006	2007	2008	2009	2010	2011
WRP: Wetlands created, restored or enhanced (acres)	181,979	149,330	128,860	106,379	125,000	140,000

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Conservation Security Program. The Conservation Security Program was established in the 2002 Farm Bill and is a voluntary program that provides financial and technical assistance on Tribal and private agricultural working lands to support ongoing conservation stewardship. The program provides payments to producers who maintain and enhance the condition of natural resources. The program was not reauthorized in the 2008 Farm Bill. The budget includes \$212 million for the Conservation Security Program in 2011 in order to service existing contracts.

Conservation Stewardship Program. The 2008 Farm Bill replaced the Conservation Security Program with a new Conservation Stewardship Program which is distinguished from the old program in that it encourages participants to undertake new conservation activities in addition to maintaining and managing existing conservation activities. Also, the new program operates under an annual acreage limitation rather than a funding cap. The budget proposes \$629 million, an increase of \$160 million from 2010, for the program to enroll 12 million acres during 2011.

Farm and Ranch Lands Protection Program (FRPP). Through this program, the Federal Government facilitates and provides funding for the purchase of conservation easements or other interests in land for the purpose of protecting agricultural use and related conservation values by limiting nonagricultural uses of the land. FRPP is carried out through existing State, Tribal, and local governments, non-governmental organizations and local farmland protection programs. The Farm and Ranch Lands Protection Program is funded at \$160 million in 2011, an increase of \$10 million over 2010. For 2011, NRCS has set a target to protect 45,000 prime, unique, or important farmland acres from conversion via FRPP.

Key Performance Measure	2006	2007	2008	2009	2010	2011
FRPP: Prime, unique, or important farmland protected from conversion to non-agricultural uses by conservation easements, acres	46,909	38,495	27,401	38,260	40,000	45,000

Wildlife Habitat Incentives Program (WHIP). The program provides financial and technical assistance to eligible participants to develop habitats for upland wildlife, wetland wildlife, threatened and endangered species, and fish and other types of wildlife. The purpose of the program is to create needed wildlife habitat that supports wildlife populations with local, State, and national significance. The budget proposes funding for WHIP at \$73 million in 2011, a reduction of \$12 million from 2010. Although funding is reduced, the Agency has established an ambitious goal for WHIP to contribute to the improvement of 400,000 acres of non-Federal land for fish and wildlife habitat during 2011.

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Key Performance Measure	2006	2007	2008	2009	2010	2011
WHIP: Non-Federal land with conservation applied to improve fish and wildlife habitat quality, acres	175,543	388,769	316,896	335,402	350,000	400,000

Grasslands Reserve Program (GRP). GRP was authorized in the 2002 Farm Bill as a voluntary program to help landowners and operators restore and protect grassland, including rangeland, pastureland, and certain other lands, while maintaining the lands' suitability for grazing. Participants can enroll acreage in rental agreements with varying lengths or in long-term or permanent easements. The program is jointly administered by NRCS and the Farm Service Agency (FSA), which has lead responsibility for rental agreement administration and financial activities. NRCS has lead responsibility for technical issues and easement administration. The program was initiated in 2003 and reached its statutory funding limit of \$254 million in 2007. However, the 2008 Farm Bill reauthorized the program for 2009-2012 and capped it at 1.2 million additional acres. GRP is funded at \$79 million for 2011 to enroll an additional 245,830 acres.

Conservation Reserve Program Technical Assistance. NRCS provides technical support including land eligibility determinations, conservation planning and practice implementation for the Conservation Reserve Program (CRP). The 2011 budget includes \$124 million for CRP technical assistance. CRP is administered by FSA. The program status for 2011 is described on page 34.

NATURAL RESOURCES AND ENVIRONMENT

FOREST SERVICE (FS)

**Budget Authority
(Dollars in Millions)**

Program	2009 Enacted	2010 Estimate	2011 Estimate
Discretionary Accounts:			
Forest and Rangeland Research.....	\$296	\$312	\$304
State and Private Forestry.....	266	308	322
National Forest System:			
Integrated Resource Restoration:			
Priority Watersheds and Job Stabilization.....	0	0	50
Collaborative Forest Landscape Restoration Fund <u>a/</u>	0	0	40
Restoration and Management of Ecosystems.....	652	668	604
Total, Integrated Resource Restoration.....	652	668	694
Recreation, Heritage and Wilderness.....	278	285	293
Other NFS Activities.....	580	598	599
Total, NFS.....	1,510	1,551	1,586
Wildland Fire Activities:			
Preparedness.....	675	675	1,008
Suppression:			
Suppression Activities.....	994	923	595
FLAME Fund.....	0	413	291
Wildland Fire Contingency Reserve.....	0	0	282
Total, Suppression.....	994	1,336	1,168
Hazardous Fuels Reduction <u>a/</u>	328	340	349
Other Fire Operations.....	135	166	120
Total, Wildland Fire Activities.....	2,132	2,517	2,645
Capital Improvement and Maintenance.....	495	556	438
Land Acquisition.....	51	65	75
Other Accounts.....	9	6	6
Subtotal, Ongoing Discretionary	4,759	5,315	5,377
Emergency Supplemental Funding and Repayments.....	200	0	0
Recovery Act:			
Capital Improvement and Maintenance.....	650	0	0
Wildland Fire Management.....	500	0	0
Total, Recovery Act Programs.....	1,150	0	0
Total, Discretionary	\$6,109	\$5,315	\$5,377

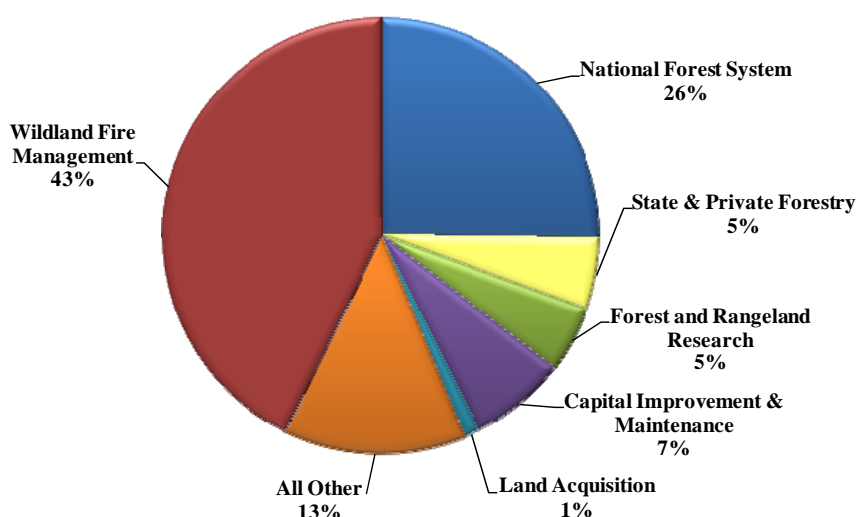
a/ \$10 million available for Collaborative Forest Landscape Restoration Fund from Hazardous Fuels Reduction in 2010.

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Budget Authority (Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Estimate
Mandatory Programs:			
Permanent Appropriations.....	\$361	\$349	\$316
Secure Rural Schools.....	395	387	348
Trust Funds.....	238	100	104
Total, Mandatory.....	994	836	768
Total, Forest Service Budget Authority	\$7,103	\$6,151	\$6,145

2011 Forest Service Budget Authority Total = \$6.1 Billion



The Forest Service (FS), with over 30,000 staff years, is the largest employer in USDA. For 2011, the total request for FS ongoing discretionary activities is \$5.4 billion, an increase of \$79 million over 2010. This budget will restore landscapes, improve water quality, reduce greenhouse gas emissions, implement travel management plans, and create green jobs. Through targeted administrative savings in the Agency's cost pools, FS will shift \$52 million in administrative expenditures to programs. Specifically, \$32 million of efficiencies in information technology and business processes will be borne by employing a centralized data center, and other administrative service savings and a new automated contracting system for pre-suppression fire activities will generate \$10 million in information technology savings. A new automated Human Capital Management system will increase FS' efficiency in handling worker claims by \$10 million.

NATURAL RESOURCES AND ENVIRONMENT

Forest and Rangeland Research. For 2011, \$304 million is proposed for Forest and Rangeland Research. FS maintains the world's largest forest research organization. While its broad mission is to develop knowledge and technology needed to enhance the economic and environmental values of all of the Nation's forests, the program also supports the specific research needs that arise from managing the National Forest System (NFS). For example, FS is using tools developed by this program to evaluate potential fire growth, values at risk, and cost-efficiency of firefighting on large wildland fire events. The budget provides for the completion of a nationwide comprehensive carbon inventory.

State and Private Forestry (S&PF). Through S&PF programs, FS addresses forest health concerns on Federal, State, and private lands. A small decrease in Cooperative Fire funding is requested because in FY2011 assistance in preparing for wildfires will be focused to States and local governments that have established standards so that firefighters will be able to defend their communities safely. For 2011, total funding for S&PF programs is proposed at \$322 million, an increase of \$14 million above the 2010 level. In line with the President's commitment to fully fund the Land and Water Conservation Fund by 2014, a \$21 million increase is proposed in the Forest Legacy program—a program that cost-shares the purchase of conservation easements to protect nationally prioritized forest lands from development. An increase of \$1 million is also proposed for the creation of a Community Forest & Open Space Conservation program to cost share fee-simple purchases of land, as authorized by the 2008 Farm Bill. The budget proposes an increase of \$2 million to implement a competitive, cost-share program for the strategic planting of trees for greenhouse gas reduction efforts in urban areas.

National Forest System (NFS). 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-use basis. For 2011, total funding for NFS is proposed at approximately \$1.6 billion, a \$35 million increase from the 2010 level. The Agency has placed a focus on restoring forests for the benefit of watersheds, forest health, climate, and vibrant local economies.

- The budget proposes a new line item, “Integrated Resource Restoration,” which combines the Vegetation & Watershed Management, Wildlife & Fisheries Habitat Management, and Forest Products into a single line item. This new line item better characterizes the scope of the work that the Agency intends to perform in 2011. Addressing the forest health crisis and restoring our forests will require integrating traditional timber management with other stewardship activities. Indeed, restoring our forests is not possible without a vibrant forestry sector. This new line item will integrate timber management, forest restoration, biomass production and other stewardship activities on National Forest System lands and will support similar activities funded from other sources on adjacent Federal, State and tribal lands. This new line item is funded at \$694 million, which is an increase of \$26 million above 2010.
- Within the Integrated Resource Restoration budget line item, \$40 million is provided for the Collaborative Forest Landscape Restoration Fund. This fund will be used for ecological treatments authorized by the Forest Landscape Restoration Act of 2009, contributing to significantly improving watershed conditions, creating landscapes that are

NATURAL RESOURCES AND ENVIRONMENT

more resilient to climate change, and reducing fire risk. These funds will be leveraged with local and private resources, magnifying the benefits of Federal funding across forest landscapes.

- Within the Integrated Resource Restoration budget line item, \$50 million is provided for the new Priority Watersheds and Job Stabilization initiative. Under this initiative, watershed assessments will be conducted of all NFS lands, integrating State forest resource assessments into the process. Further, the agency will use diverse stakeholder groups to prioritize watershed improvement work, and a science-based monitoring program will be established to demonstrate a change in watershed condition.
- An increase of \$5 million in Recreation is provided for implementation of the Agency's motor-vehicle-use maps, developed as part of its travel management planning process.

Wildland Fire Activities. Through the Wildland Fire Activities, FS protects life, property and natural resources on NFS land and an additional 20 million acres on adjacent State and private lands through fee or reciprocal protection agreements. For 2011, total funding for these activities is proposed at \$2.6 billion, which represents an increase of \$128 million above the 2010 level. As directed in the 2010 Interior Appropriations conference report, to improve transparency, FS realigned its suppression and preparedness costs, resulting in \$333 million being shifted from Suppression to Preparedness. Funds are provided in fire preparedness for a minimum of 10,480 firefighters. The Wildland Fire budget contains \$595 million for suppression activities, \$291 million for the FLAME fund for large-fire suppression activities, and \$282 million for a contingency reserve which would be used if suppression funds are exhausted. In 2011, the agency will allocate \$349 million for fuels reduction projects using a clear and accountable method for prioritizing potential projects that will be developed over the next three months. The budget provides \$15 million for the Forest Biomass for Energy Program and \$5 million for the Community Wood Energy Program, as authorized by the 2008 Farm Bill.

NATURAL RESOURCES AND ENVIRONMENT

Key Performance Measure	2006	2007	2008	2009	2010	2011
Percentage of total National Forest System land base for which fire risk is reduced through movement to a better condition class.	1.1%	1.9%	2.1%	3.0%	3.0%	3.1%
Acres of WUI fuels treated to reduce the risk of catastrophic fire.	1,590	1,654	1,940	1,740	1,470	1,600
Percentage of acres treated in the WUI that have been identified in Community Wildfire Protection Plans.	17%	25%	36%	28%	41%	75%

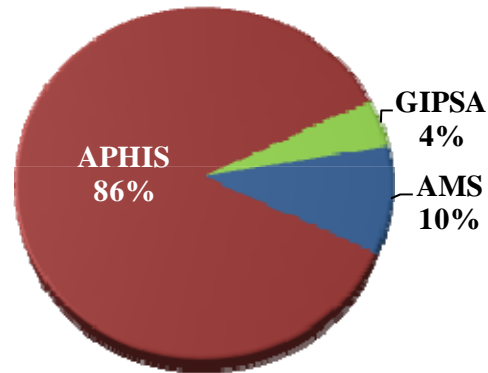
Capital Improvement and Maintenance. Capital Improvement and Maintenance funds construction maintenance and decommissioning of buildings, recreation sites, facilities, roads, and trails. For 2011, total funding for these programs is proposed at \$438 million, which represents a decrease of \$100 million from 2010. Most of the reduction comes from a reduction in funding for Roads activities. While \$168 million is provided for road maintenance and decommissioning, no funding is provided for new road construction or upgrades to existing roads. Roads funds will be focused on “right-sizing” the FS road system. The budget provides \$50 million for the Legacy Roads and Trails program.

Land Acquisition. The Land Acquisition program protects resources, decreases administrative costs, and increases visitor access to the National Forests and Grasslands by acquiring parcels of land for inclusion in the NFS. For 2011, the budget proposes \$75 million in total funding for this program. The \$10 million increase from 2010 reflects progress toward the President’s goal of fully funding the Land and Water Conservation Fund by 2014. In 2011, FS will nationally prioritize the parcels it is considering for acquisition, in a manner similar to the Forest Legacy program.

MARKETING AND REGULATORY PROGRAMS

MISSION AND RELATIONSHIP TO STRATEGIC GOALS

2011 MRP Discretionary Budget Authority Total = \$1.019 Billion



The economic vitality and quality of life in rural America and the U.S. economy at large depends on a competitive, efficient, and productive agricultural system. U.S. agricultural producers are not simply farmers and ranchers; they are often small business owners trying to survive and support their families and rural communities in a challenging global, technologically advanced, and competitive business environment. In an era of market consolidation and intense competition, these producers rely on fair and open access to markets and control over their decisions to thrive. Agricultural producers also need to safeguard animal and plant resources against the introduction of foreign agricultural pests and diseases.

The mission of Marketing and Regulatory Programs (MRP) is to facilitate and expand the domestic and international marketing of U.S. agricultural products, to help protect the agricultural sector from plant and animal health threats, and to ensure humane care and treatment of certain animals. These programs provide the basic infrastructure to improve agricultural market competitiveness for the overall benefit of both consumers and producers of American agriculture. Thus, the mission area contributes to all of USDA's Strategic Goals.

USDA also plays a critical role in increasing prosperity and sustainability in our Nation's agricultural system and rural communities. Among other efforts, MRP uses oversight activities to protect producers from unfair competition and unfair business practices, and working with the Department of Justice, MRP helps prevent anti-competitive behaviors across the agribusiness sector. MRP also assists producers in management and marketing by providing market trend analysis and business and marketing tools. This assistance includes developing and overseeing national standards for the production and handling of agricultural products labeled as organic in the National Organic Program, among other items. MRP programs also help increase the competitiveness of the agricultural sector by enhancing protection of the Nation's agriculture from pests and diseases and increase the efficiency of production and domestic and international marketing of U.S. commodities.

MARKETING AND REGULATORY PROGRAMS

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

MARKETING AND REGULATORY PROGRAMS

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

Budget Authority (Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
Discretionary:			
Pest and Disease Exclusion:			
Agricultural Quarantine Inspection (AQI):			
Appropriated	\$27	\$29	\$27
Fruit Fly Exclusion and Detection.....	62	63	64
Overseas Technical and Trade Operations.....	16	16	17
All Other Pest and Disease Exclusion.....	55	59	51
Total, Pest and Disease Exclusion.....	160	167	159
Plant and Animal Health Monitoring:			
Animal Health Monitoring and Surveillance.....	129	122	129
Animal and Plant Health Regulatory			
Enforcement.....	14	14	14
Avian Influenza	61	60	53
Emergency Management Systems.....	16	16	16
Pest Detection.....	28	28	27
All Other Plant and Animal Health Monitoring.....	8	9	8
Total, Plant and Animal Health Monitoring.....	256	249	247
Pest and Disease Management:			
Emerging Plant Pests.....	134	159	158
Wildlife Services Operations.....	76	78	71
All Other Pest and Disease Management.....	135	132	107
Total, Pest and Disease Management.....	345	369	336
Animal Care.....	22	22	23
Biotechnology Regulatory Services.....	13	13	19
Veterinary Biologics and Diagnostics.....	41	43	47
Other Scientific and Technical Services.....	30	32	29
Physical/Operational Security.....	6	6	6
Information Technology Infrastructure.....	4	4	4
Total, Salaries and Expenses.....	877	905	870
Buildings and Facilities.....	5	5	5
Total, Ongoing Activities.....	881	910	875
Emergency Funding (CCC).....	29	28	0
Total, APHIS Discretionary Programs.....	\$910	\$938	\$875

MARKETING AND REGULATORY PROGRAMS

(Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Mandatory:			
Agricultural Quarantine Inspection (AQI) Fees a/.....	\$147	\$186	\$190
Trust Funds.....	17	14	14
Farm Bill:			
National Clean Plant Network.....	5	5	5
Plant Pest and Disease Management.....	12	45	50
Total, Farm Bill Programs.....	17	50	55
Total, Mandatory Programs.....	181	250	259
Total, APHIS Programs.....	\$1,091	\$1,188	\$1,134

a/ Total estimated collections are \$498 million in 2010 and \$508 million in 2011. Of the total, \$312 million and \$318 million are transferred to the Department of Homeland Security in 2010 and 2011 respectively.

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

The 2011 budget proposes an appropriation of about \$875 million, of which approximately \$870 million is for salaries and expenses and about \$5 million for buildings and facilities. This total is a net decrease of about \$35 million compared to 2010. In general, the budget proposes a reallocation of resources from programs that have achieved success (e.g., cotton pests and screwworm) and for those which progress in eradication is not deemed feasible at this time (e.g., emerald ash borer), to those efforts where success in eradication may be feasible (e.g., Asian long-horned beetle and light brown apple moth). The budget also proposes the elimination of earmarks.

APHIS supports the Department's strategic goal to ensure children have access to safe, nutritious, and balanced meals. Specifically, APHIS and other agencies protect agricultural health by minimizing major diseases and pests. This outcome is measured as the value of damage prevented and mitigated annually as a result of APHIS activities. The measure indicates a decrease between fiscal years 2008 and 2009 as a result of the declining economy's impact on the value of the commodities that are protected by these efforts.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Value of damage prevented and mitigated annually as a result of selected plant and animal health monitoring and surveillance efforts (\$ billions)	N/A	1.37	1.38	1.05	1.07	1.11

MARKETING AND REGULATORY PROGRAMS

Pest and Disease Exclusion. The 2011 budget includes discretionary appropriations of \$159 million for pest and disease exclusion. The budget includes an increase of \$0.9 million above the 2010 level to cover costs associated with the Foreign Service Pay Modernization Initiative and assist developing countries in strengthening their regulatory capacity to detect and address pests and diseases. In recent years, APHIS has been successful in driving the screwworm south. The budget includes a decrease of \$7.5 million below the 2010 level due to the full operation of a new sterile screwworm production facility closer to the present range of the screwworm. In addition to discretionary funding, APHIS collects user fees to provide technical support related to agricultural quarantine and inspections that occur at ports of entry. These collections are shared with the Department of Homeland Security's Customs and Border Protection; APHIS plans to retain \$190 million in 2011.

Plant and Animal Health Monitoring. The budget requests \$247 million for plant and animal health monitoring and surveillance. In 2009, USDA collected stakeholder views on the National Animal Identification System (NAIS) through a variety of mechanisms (e.g., official Federal Registered-announced comment periods, focus groups, ongoing stakeholder input). This input will be used to revise the NAIS to better meet the needs of the animal agriculture community. The requested \$14.2 million will be essential in implementing an improved traceability system. The budget requests a net reduction of about \$7 million from the Avian Influenza line item due in part to having completed the stockpile of emergency response equipment and supplies. The revised level of funding would continue to protect avian health.

Pest and Disease Management Programs. APHIS provides technical and financial support to help control or eradicate a variety of agricultural health threats. This support is provided to various stakeholders ranging from individuals to States. The 2011 budget requests \$336 million for pest and disease management efforts. This includes an increase of \$16 million to address the Asian longhorned beetle in Massachusetts. This also includes an increase of \$10 million to continue efforts initiated with emergency funding to address the light brown apple moth. The budget includes a decrease of about \$14 million to account for successes in reducing acreage infested with boll weevil and pink bollworm. Boll weevil eradication is projected by the end of fiscal year 2010 and the pink bollworm is projected to be eradicated by the end of fiscal year 2012. The budget includes a decrease of about \$24 million within the emerald ash borer (EAB) program due to the limited eradication methods available and the need to devote limited resources to other pests where the likelihood of success is greater. Due to these limited eradication methods, APHIS will pursue a control strategy to minimize the current spread of the pest. APHIS will continue survey work for EAB under a management strategy, but not the costly tree removal that has been the center of the eradication strategy. Tree removal has been ineffective at slowing the spread of EAB. Methods development work will continue in 2011 with the possibility of developing an effective means of slowing and reversing the spread of this pest. To combat any sudden, urgent and unforeseen pest and disease outbreaks, the Secretary retains authority to transfer funds from the CCC or other USDA accounts.

Animal Care. The 2011 budget proposes \$23 million for Animal Welfare Act activities which is approximately the same as 2010. The budget requests \$0.9 million for Horse Protection Act activities. APHIS will submit legislative proposals to authorize the annual collection of about \$12 million in user fees for Animal Welfare activities. As recipients of Animal Welfare permits

MARKETING AND REGULATORY PROGRAMS

are the direct beneficiaries of animal welfare inspections, the proposed user fee will place the cost of providing these services on the recipient rather than the U.S. taxpayer.

Scientific and Technical Services. Within USDA, APHIS has chief regulatory oversight of genetically modified organisms. APHIS also develops methods and provides diagnostic support to prevent, detect, control, and eradicate agricultural health threats. APHIS as well works to prevent ineffective or harmful animal biologics (e.g., vaccines) from being marketed. In addition, APHIS provides Federal leadership in developing methods to address wildlife conflicts. Several of these activities have been funded by earmarks, which are eliminated in the 2011 budget. The budget includes about \$19 million, an increase of about \$6 million, for Biotechnology Regulatory Services to assess the risk of genetically modified organisms. As the number and complexity of proposed biotechnology products increase, additional staff will be required to provide sufficient review. This increase supports the Departmental priority of helping promote agricultural production and biotechnology exports by increasing the number of genetically engineered plant lines that are found to be safe by APHIS. Finally, APHIS will submit legislative proposals to authorize the annual collection of about \$5 million in user fees for Biotechnology Regulatory Services activities and about \$9 million in user fees for Veterinary Biologics activities. As recipients of biotechnology permits and biologics licenses are the direct beneficiaries of many of the services provided by the respective division of APHIS, the proposed user fee will place the cost of providing these services on the recipient rather than the U.S. taxpayer.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Cumulative number of genetically engineered plant lines reviewed by USDA and found safe for use in the environment	70	73	78	80	85	100

Buildings and Facilities. The budget requests \$5 million for general repairs and maintenance of APHIS buildings. This amount will be used for critical repairs at APHIS facilities.

MARKETING AND REGULATORY PROGRAMS

AGRICULTURAL MARKETING SERVICE (AMS)

Budget Authority (Dollars in Millions)				
Program	2009 Enacted	2010 Estimate	2011 Budget	
Discretionary:				
Marketing Services:				
Market News.....	\$33	\$34	\$35	
Egg Surveillance and Standardization.....	8	8	8	
Market Protection and Promotion.....	40	43	47	
Wholesale, Farmers, and Alternative Market Development.....	3	3	4	
Transportation Services.....	3	3	3	
Total, Marketing Services.....	87	91	97	
Payments to States and Possessions:				
Payments to States.....	2	2	3	
Total, Payments to States and Possessions.....	2	2	3	
Total, Discretionary Programs.....	89	93	100	
Mandatory:				
Funds for Strengthening Markets, Income, and Supply (Section 32):				
Commodity Program Expenses.....	964	1,056	982	
Section 32 Administrative Funds:				
Marketing Agreements and Orders (MA&O).....	17	20	20	
Web-based Supply Chain Management.....	20	10	0	
Commodity Purchase Services.....	11	12	13	
Total, Section 32 Administrative Funds.....	48	42	33	
Total, Section 32 Funds.....	1,012	1,098	1,015	
User Fees:				
Perishable Agricultural Commodities Act.....	7	7	7	
Commodity Grading Services.....	150	140	148	
Total, User Fee Funded Programs.....	157	147	155	
Farm Bill:				
Specialty Crop Block Grants (Sec. 10109).....	49	55	55	
Farmers Market Promotion Program (Sec. 10106).....	5	5	10	
Agricultural Mgmt Assistance, Organic Cost-Share (Sec. 2801).....	(2)	(2)	(2)	
Total, Farm Bill Programs.....	54	60	65	
Total, Mandatory Programs.....	1,223	1,305	1,235	
Total, AMS Programs.....	\$1,312	\$1,398	\$1,335	

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

MARKETING AND REGULATORY PROGRAMS

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

AMS programs will play key roles in two initiatives. The Wholesale, Farmers, and Alternative Market Development Program, together with Rural Development programs, will be part of the Government-wide Healthy Food Financing Initiative to support local and regional efforts to increase access to healthy food, particularly for the development of grocery stores and other healthy food retailers in urban and rural food deserts and other underserved areas. In a related effort, the “Know Your Farmer, Know Your Food” initiative will facilitate the development of local and regional food systems that better connect consumers with local farms, create new income opportunities for farmers, and place a greater focus on sustainable agricultural practices and nutritious, local food. Increases are proposed for the Wholesale, Farmers, and Alternative Market Development Program and the Federal-State Marketing Improvement Program to accomplish program objectives. In addition, the 2008 Farm Bill provides increased funding for the Farmers Market Promotion Program. Some Section 32 funds (described below) will also be employed.

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

The 2011 budget includes \$10.1 million, an increase of \$3.1 million above the 2010 level for the National Organic Program. This increase includes \$2.1 million for regulatory review, enforcement, and development of equivalency agreements plus a one-time increase of \$1 million for assisting accredited certifying agents in achieving International Organization for Standardization (ISO) compliance to enhance compliance with program regulations and ensure the integrity of the organic label.

In addition, an increase of \$0.3 million is included for Market News to support the continuation of data collection and reporting of organic commodity information initiated with \$3.5 million AMS received in 2008 Farm Bill funding.

AMS will continue providing assistance to organic producers in specific states through the Agricultural Management Assistance Organic Certification Cost-Share program, and using funds from the 2008 Farm Bill for organic producers and handlers nationally through the National Organic Certification Cost-Share Program. Cost-share assistance is at a rate of 75 percent of certification costs up to a maximum of \$750 per year.

The budget includes \$3.8 million, an increase of about \$0.9 million, for the Wholesale, Farmers, and Alternative Market Development Program to improve access to local and regionally produced foods as part of the Department’s “Know Your Farmer, Know Your Food” initiative.

MARKETING AND REGULATORY PROGRAMS

Additional funds are included to enhance sampling under the Microbiological Data Program (about \$0.3 million) and maintain effective testing levels of foods and drinking water under the Pesticide Data Program (about \$0.9 million).

Payments to States and Possessions. Under the Federal-State Marketing Improvement Program (FSMIP), AMS provides matching funds to State Departments of Agriculture for projects aimed at improving marketing efficiency, reducing marketing costs for producers, and lowering food costs for consumers. The 2011 budget requests a total of almost \$3 million, an increase of \$1.3 million for the program, nearly doubling of the 2010 funding level. The new funding would be targeted to grants that focus on local food marketing opportunities, and is part of the “Know Your Farmer, Know Your Food” initiative.

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 2011 budget request includes an increase of \$0.55 million in Commodity Purchase Services to allow AMS to work with the Food and Nutrition Service’s Farm to School Tactical Team to better link local and regionally grown foods to school feeding programs. The 2011 budget also proposes a rescission of \$50 million in funds available for Section 32.

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 used to finance Federal oversight activities for marketing agreements and orders at the national level.

User Fee Programs. AMS operates programs funded through license or user fees. The Commodity Grading Services program provides voluntary commodity grading and classing services for dairy products, fresh and processed fruits and vegetables, meat and meat products, poultry, eggs, tobacco, and cotton. In addition, AMS enforces the Perishable Agricultural 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.

2008 Farm Bill. In addition to organic certification cost-sharing, AMS will continue other programs at the enacted funding levels provided in the 2008 Farm Bill. The Specialty Crop Block Grant Program provides funds to States solely to enhance the competitiveness of specialty crops. Specialty crops are defined as fruits, vegetables, tree nuts, dried fruits, horticulture, and

MARKETING AND REGULATORY PROGRAMS

nursery crops (including floriculture). AMS awarded approximately \$49 million in specialty crop block grants during 2009. The Farm Bill made \$55 million available for 2010 and 2011. Under the Farmers' Market Promotion Program, competitive grants are given to help improve and expand domestic farmers' markets, roadside stands, community-supported agriculture programs, agro-tourism activities, and other direct producer-to-consumer market opportunities. AMS awarded more than \$4.5 million in grants during 2009. The Farm Bill made \$5 million available in 2010 and \$10 million in 2011.

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION (GIPSA)

Budget Authority (Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
Discretionary:			
Salaries and Expenses:			
Grain Regulatory Program.....	\$18	\$18	\$18
Packers and Stockyards Program.....	22	24	26
Total, Salaries and Expenses.....	40	42	44
Mandatory:			
Inspection and Weighing User Fees.....	(42)	(42)	(45)
Total, GIPSA Programs.....	\$40	\$42	\$44

GIPSA establishes the official U.S. standards for grain, conducts official weighing and grain inspection activities, and grades rice, dry beans, peas, lentils, and processed grain products. The agency regulates and monitors the activities of dealers, market agencies, stockyard owners, live poultry dealers, packer buyers, packers, and swine contractors in order to detect prohibited unfair, unjust, discriminatory or deceptive, and anti-competitive practices in the livestock, meat and poultry industries. The agency also reviews the financial records of these entities to promote the financial integrity of the livestock, meat, and poultry industries. As such, its efforts help USDA enhance international competitiveness of American agriculture and the economic viability and sustainability of rural and farm economies.

For 2011, the budget proposes a program level for salaries and expenses of about \$89 million, of which \$45 million is from existing inspection and weighing user fees. Of the appropriations request of \$44 million, about \$18 million is devoted to the Grain Regulatory Program including standardization, compliance, and methods development activities and nearly \$26 million to the Packers and Stockyards Program. Separately, GIPSA will submit a legislative proposal to authorize the collection of fees for the development of grain standards and to amend the Packers and Stockyards Act to provide authority to collect license fees to cover the cost of the program.

MARKETING AND REGULATORY PROGRAMS

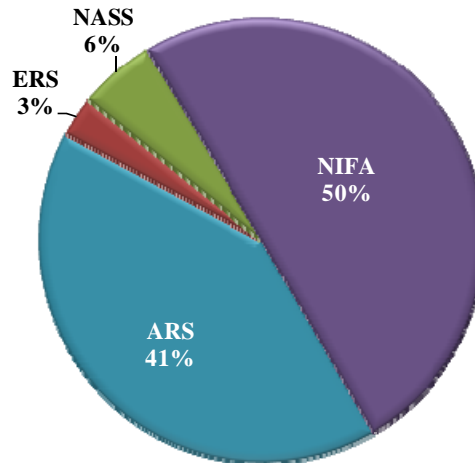
The 2011 budget includes an increase of approximately \$1.8 million to further strengthen enforcement of the Packers and Stockyards Act. With additional staff, including attorneys, GIPSA would bolster direct enforcement and promote greater voluntary compliance with the Act. The increase would enable GIPSA to perform approximately 500 additional inspections and compliance reviews and increase industry compliance with the Packers and Stockyards Act to 85 percent.

Key Performance Measure	2006	2007	2008	2009	2010	2011
Percent of industry compliance with the Packers and Stockyards Act	N/A	75	80	80	83	85

RESEARCH, EDUCATION, AND ECONOMICS

MISSION AND RELATIONSHIP TO STRATEGIC GOALS

2011 REE Budget Authority
Total = \$2.9 Billion



Agricultural research is the key element in productivity increases, which is central to economic growth in the agricultural sector and typically induces strong effects in other sectors. Agricultural research ultimately leads to increased profitability for farmers, reduced food costs and greater choice for consumers, and improved management of the natural-resource base. Major Studies have consistently found that the net social returns from public agricultural research in the United States are high, estimated to be at least 35 percent annually. Although agricultural research may seem to be an anachronism in today's urban society, issues such as the safety of genetically engineered foods, pathogens in the food supply, and environmental problems make it as important as ever.

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, which supports all of USDA's Strategic Goals. The 2011 REE budget serves to ensure a safe, sustainable and competitive U.S. food and fiber system and healthy families and communities.

REE provides research, education and extension that support each of the Department's four strategic goals through its intramural and competitive grant programs and through strengthening the capacity of institutions of higher education. Through major funding initiatives, REE will be the catalyst and premier provider of knowledge for U.S. agriculture by focusing its resources on five key activities: Enhance Rural Prosperity; Lead Efforts to Mitigate and Adapt to Climate Change; Support Agriculture Production in Food-Insecure Nations; Increase Access to Nutritious Food; and Protect Agricultural Health by Minimizing Major Diseases and Pests to Ensure Access to Safe, Plentiful, and Nutritious Food.

RESEARCH, EDUCATION, AND ECONOMICS

REE responsibilities are carried out by four agencies: the Agricultural Research Service conducts intramural research in the area of natural and biological sciences; the Economic Research Service performs intramural economic and social science research; the National Agricultural Statistics Service conducts the Census of Agriculture and provides the official current statistics on agricultural production and indicators of the economic and environmental welfare of the farm sector; and the National Institute of Food and Agriculture partners with land grant and non-land grant colleges and universities in carrying out extramural research, higher education, and extension activities.

RESEARCH, EDUCATION, AND ECONOMICS

AGRICULTURAL RESEARCH SERVICE (ARS)

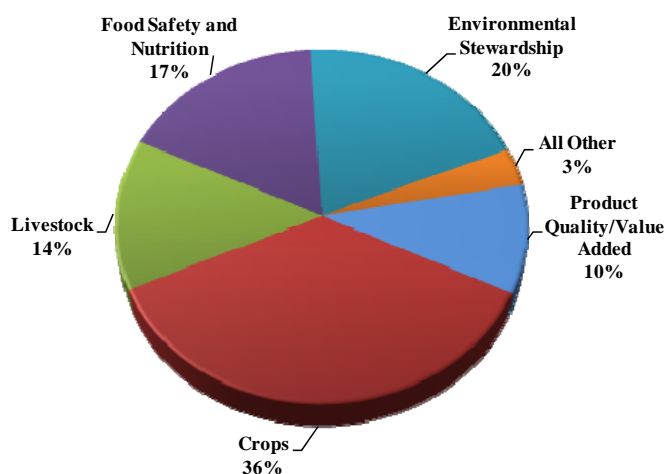
Budget Authority (Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
Discretionary:			
New Products/Product Quality/Value Added.....	\$103	\$105	\$113
Livestock Production.....	80	81	85
Crop Production.....	199	208	220
Food Safety.....	106	108	114
Livestock Protection.....	75	79	83
Crop Protection.....	198	204	213
Human Nutrition.....	79	86	91
Environmental Stewardship.....	220	228	240
Total, Research Programs.....	1,060	1,099	1,159
National Agricultural Library.....	23	22	23
Repair and Maintenance of Facilities.....	17	17	18
Total, Ongoing Programs.....	1,100	1,138	1,200
Earmarked Projects.....	40	42	0
Total, Research and Information Activities.....	1,140	1,180	1,200
Buildings and Facilities.....	47	71	0
Total, Ongoing Discretionary Programs.....	1,187	1,251	1,200
Collaborative Research Program.....	3	0	0
Recovery Act:			
Buildings and Facilities.....	176	0	0
Total, Discretionary Programs.....	1,366	1,251	1,200
Mandatory:			
Trust Funds.....	24	24	24
Total, ARS.....	\$1,390	\$1,275	\$1,224

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. The agency also includes the National Agricultural Library, the Nation's major information resource in the food, agricultural and natural resource sciences.

RESEARCH, EDUCATION, AND ECONOMICS

2011 ARS Research Budget Authority

Total = \$1.2 Billion



The 2011 budget requests approximately \$1.2 billion for ARS research and information funding. This is an increase of \$20 million over the 2010 enacted level. Further, approximately \$42 million in Congressional earmarks have been redirected to high-priority research initiatives including 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 2011 budget provides an increase of \$10 million for the establishment of Regional Biofuels Feedstocks Research and Demonstration Centers. These five Centers will be managed by ARS and will coordinate efforts for research conducted by other agencies and departments to accelerate the development and deployment of dedicated energy feedstocks, including perennial grasses, and sustainable feedstock production systems for advanced biofuels suited for best participation within different regions across the nation

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. The 2011 budget includes an increase of \$3 million for research on breeding and germplasm improvement to enhance food production and security. ARS will harness the expanding body of genomic information on beef and dairy cattle, swine and trout to improve feed and production efficiency and animal health. Information on the relationships between health, nutrients, growth, and feed efficiency can be used to reduce inputs to animal production and optimize animal health and animal product quality characteristics. The proposed research will have a wide range of applications, including the selection of animals with improved growth efficiency and disease resistance, and

RESEARCH, EDUCATION, AND ECONOMICS

the development of genetic-based performance prediction. The 2011 budget also includes an increase of \$2 million for genomic sequencing to characterize important traits for food animal production and fund research to identify genes that will improve the health, growth, and productivity of food animals. Addressing animal health and feed efficiency is the key to meeting the demands of the growing population and preventing world hunger.

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. To further these goals the 2011 budget provides an increase of \$4.3 million for crop breeding to enhance food production and security. The proposed research will expand ARS' capacity to improve genetic resources and cultivars for the benefit of U.S. producers, seed companies, processors, and consumers. As a result, the research will lead to improved germplasm and varieties with higher yields, improved disease and pest resistance, and resilience to weather extremes such as high temperature and drought. The budget additionally includes an increase of \$3.7 million for ARS to expand activities to identify, acquire, and secure unprotected genetic resources of plants, insects, and crop and veterinary associated microbes. A broad spectrum of genetic diversity in the form of viable and well documented germplasm will be conserved. Vulnerable or threatened genetic resources vital to national security will be safely stored and backed-up in secure facilities. The 2011 budget proposes an additional \$0.8 million to specifically address the need to protect the world's grain supply through grain disease research and conservation. Preventing grain disease losses is critical in meeting the demands of a growing population. The budget also includes an increase \$0.8 million to support the activities of the World Food Prize Foundation which annually recognizes those who have advanced human development by improving the quantity, quality or availability of the world's food supply.

The budget provides an additional \$1 million for developing local food systems for the urban Eastern Seaboard Region. New research will assess the capacity to produce food locally that will meet the needs of a large urban population by examining the constraints imposed by environmental, economic, social and geographic factors. This information will be used to assess local food production potential and economic viability and supports the Department's Know Your Farmer, Know Your Food Initiative. Finally, an increase of \$0.5 million is proposed for research to determine the role of pathogens and other stress factors in Colony Collapse Disorder of honey bees and how to mitigate their effects.

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 2011 budget includes an additional \$5 million to enhance research to safeguard the Nation's food supply from foodborne pathogens by developing and validating management practices to prevent pre-harvest pathogen contamination of produce and post-harvest strategies to eliminate pathogen contamination. Research will also develop and validate detection and sensing technologies for pathogens, toxins and chemical residues.

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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 enhances the safety of animal products. The budget includes an increase of \$3 million for improved animal protection to enhance food production and security. Research will focus on the development of preventive measures to combat priority infectious diseases of livestock, and poultry. Specific projects include the development of new measures to control bovine tuberculosis and bovine respiratory diseases. Furthermore, diagnostics, vaccines, and biotherapeutics designed to convey disease resistance in genetically-defined animal populations will be produced. As a result of this research, catastrophic losses from new and emerging diseases will be avoided.

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 2011 budget includes an increase of \$4.8 million for crop protection research to expand grain crop germplasm collection, enhancement, and breeding programs. Specific projects will focus on improving citrus germplasm to protect from citrus greening, breeding oats, wheat and barley to be resistant to Ug99 and other cereal rusts, and breed legume germplasm with enhanced disease and pest protection. Breeding and disease protection research will increase the production capacity of perennial grains and optimize perennial grain production systems. Additionally, sustainable agricultural systems will be developed through research on long-term crop rotation trials. This research will expand the adoption of sustainable agricultural practices and address a critical aspect of world hunger by avoiding catastrophic losses from new and emerging cereal diseases. The budget also includes an increase of \$3.3 million for research on the Department's scientific collections. USDA has principal responsibility for safeguarding the Nation's insect systematics collections which are needed for developing pest management strategies, identifying new pollinators and the testing of natural enemies needed for biological control of insects and weeds. Through this research, crops and veterinary animals will be better protected from pests through biological control, plant resistance and the development of other management tools.

Human Nutrition. 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 2011 budget proposes an increase of \$6.4 million for research on children's nutrition and health. Obesity prevalence among adults and children in the U.S. has tripled in the last 30 years. During this time, the *Dietary Guidelines for Americans* (DGA) have been issued by USDA in partnership with the Department of Health and Human Service. Despite the DGA forming the basis for Federal food and nutrition policy and the requirement of USDA nutrition assistance programs to provide meals that meet the DGA, few Americans have diets that come

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close to the recommendations. The proposed increase will fund a study to identify barriers and facilitators to following the DGA in multiple locations nationwide, in children and adults, and in three racial and ethnic groups. New methods to motivate behavior change in eating and physical activity will result from this research. Finally, funds will be used to enhance the nutrition information available through www.Nutrition.gov. With most nutrition information aimed at adults, ARS will significantly increase information about children's healthy weight gain during growth and ways by which obesity can be prevented.

Environmental Stewardship. This broad area of research emphasizes the development of technology and scientific knowledge that will allow producers to manage, conserve, and protect the Nation's soil, water, and air resources while optimizing agricultural productivity. The 2011 budget proposes an additional \$5.4 million to conduct research that will enhance American agriculture's adaptability to a changing global climate. ARS will increase the resilience of crops so they can thrive in variable and extreme environments, as well as focus on mitigating the effects of climate change by ensuring the availability of water through improved management. Research will also develop production systems that will provide a sustainable balance of crop production, carbon soil sequestration and net greenhouse gas emissions. The budget also proposes an increase of \$6.3 million for research which will develop sustainable agricultural practices through the integration of information and technologies leading to enhanced productivity, profitability, energy efficiency, and natural resource stewardship for American farmers and ranchers. New practices will be developed that utilize on-farm resources and natural processes which reduce the need for inputs and reduce production costs and risks. The development of these improved agricultural systems will increase the long-term financial viability, competitiveness, and sustainability of farms and rural communities, and increase food and fiber security for the U.S. and the world.

National Agricultural Library (NAL). NAL is one of four national libraries in the United States and provides access to scientific agricultural data. NAL continues to expand its efforts to provide this information through the Internet thereby increasing the efficiency of its information management and delivery. The budget proposes an increase of \$1.5 million for developing information and tools on all facets of sustainable agriculture, including information on sustainable and regenerative crop and livestock farming systems; ecological pest management; renewable energy options for farms; direct marketing practices and community food systems; organic production, certification, and marketing; and crop and livestock diversification.

Buildings and Facilities Repair and Modernization. ARS has over 100 research facilities throughout the U.S. and abroad, many collocated with other USDA agencies and university partners. The budget does not include funding for ARS building and facilities projects but rather, provides an increase of \$1.75 million for a review of USDA research facilities to develop a Department-wide capital improvement strategy to guide future investments consistent with priority program goals.

RESEARCH, EDUCATION, AND ECONOMICS

NATIONAL INSTITUTE OF FOOD AND AGRICULTURE (NIFA)

Budget Authority
(Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Discretionary:			
Research and Education Activities.....	\$691	\$792	\$839
Extension Activities.....	474	495	479
Integrated Activities.....	57	60	25
Native American Endowment Fund Interest.....	4	4	4
Total, Ongoing Discretionary Programs.....	1,226	1,351	1,347
Mandatory:			
Risk Management Education.....	5	5	5
Native American Endowment Fund.....	12	12	12
Hispanic-Serving Ag-Colleges Endowment Fund.....	0	0	10
Farm Bill:			
Biomass Research and Development.....	20	28	30
Organic Agriculture Research and Education Initiative.....	18	20	20
Healthy Urban Enterprise Development Center.....	1	1	1
Beginning Farmer and Rancher Development Program.....	18	19	19
Specialty Crop Research Initiative.....	50	50	50
Biodiesel Fuel Education Program.....	(1)	(1)	(1)
Community Food Projects.....	(5)	(5)	(5)
Total, Farm Bill Programs.....	107	118	120
Total, Mandatory Programs.....	124	135	147
Total, NIFA.....	\$1,350	\$1,486	\$1,494

NIFA, formerly the Cooperative State Research, Education and Extension Service, has the primary responsibility for providing linkages between the Federal and State components of a broad-based, national agricultural research, extension, and higher education system. NIFA provides funding for projects conducted in partnership with the State Agricultural Experiment Stations, the State Cooperative Extension System, land grant universities, colleges, and other research and education institutions. Federal funds are distributed to universities and institutions by statutory formula funding, competitive awards, and grants. NIFA is responsible for administering USDA's primary competitive research grants program, the Agriculture and Food Research Initiative (AFRI) which supports investigator-initiated research with strong potential to contribute to major breakthroughs in agricultural science.

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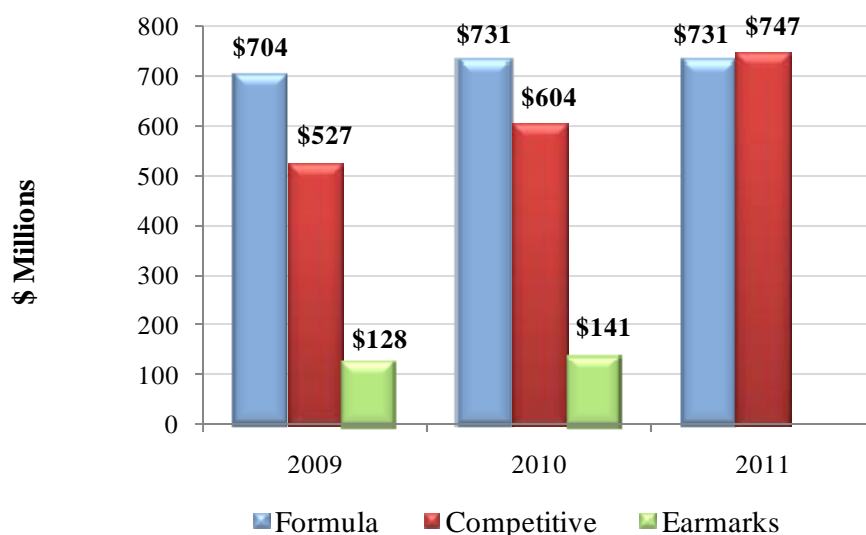
National Institute of Food and Agriculture

Budget Authority

(Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Discretionary:			
Formula Grants:			
Smith-Lever 3 (b&c).....	\$289	\$298	\$298
Hatch Act.....	207	215	215
1890 Research and Extension.....	86	91	91
McIntire-Stennis Cooperative Forestry.....	28	29	29
Animal Health and Disease Research.....	3	3	3
Total, Formula Grants.....	613	636	636
Agriculture and Food Research Initiative.....	202	262	429
Integrated Activities - Section 406.....	42	45	0
Pest Control/Management Activities.....	26	26	26
Sustainable Agriculture Federal-State Matching Grants.....	0	0	10
Sustainable Agriculture Research and Extension.....	19	19	20
Higher Education Programs.....	40	47	52
Native American Endowment Fund Interest.....	4	4	4
Federally-Recognized Tribes Extension Program.....	3	3	5
1890 Facilities.....	18	20	20
Extension Services at 1994 Institutions.....	3	4	5
Expanded Food and Nutrition Education Program (EFNEP).....	66	68	68
Federal Administration.....	17	18	18
Electronic Grants Administration System.....	2	2	5
Regional Diagnostic Network.....	10	10	10
Veterinary Medical Services Act.....	3	5	5
Other Research, Extension and Integrated Programs.....	30	37	34
Subtotal, Ongoing Discretionary.....	1,098	1,206	1,347
Earmarked Projects and Grants.....	128	141	0
Improved Nutritional Delivery of Food Assistance Grants.....	0	4	0
Total, Discretionary Programs.....	1,226	1,351	1,347
Mandatory:			
Risk Management Education.....	5	5	5
Native American Endowment Fund.....	12	12	12
Hispanic-Serving Ag-Colleges Endowment Fund.....	0	0	10
Farm Bill Programs.....	107	118	120
Biodiesel Fuel Education Program.....	(1)	(1)	(1)
Community Food Projects.....	(5)	(5)	(5)
Total, NIFA.....	\$1,350	\$1,486	\$1,494

2011 NIFA Budget Authority



*Does not include endowment funds

The 2011 budget requests approximately \$1.35 billion in discretionary funding for NIFA. While in total this amount is the same as the 2010 level, it reflects a major redirection of funding priorities. The Department has greatly increased funding of competitive grants, maintained funding for capacity building through formula programs and eliminated \$141 million in Congressional earmarks. High-priority research initiatives include the following:

Agriculture and Food Research Initiative (AFRI). AFRI is the Nation's premier competitive, peer-reviewed research program for fundamental and applied sciences in agriculture. It is broad in scope with programs ranging from fundamental science to farm management and community issues. The 2011 budget proposes a substantial increase in competitive research funding with \$428.8 million for AFRI, an increase of \$167 million over 2010. Included in this amount is an increase of \$34 million for the Department's alternative and renewable energy research initiative to develop high-quality, cost-effective feedstocks for biofuel production that do not affect the food supply; \$50 million for global climate change research to develop mitigation capabilities and adaptive capacities for agricultural production; \$13 million for international food security to expand research, education and extension efforts on plant and animal diseases that threaten public health and agricultural production; \$20 million for an integrated food safety research program which will improve our understanding of disease-causing microorganisms, their products and naturally occurring contaminants in meats, poultry, seafood, and fresh fruits and vegetables; and \$50 million in nutrition and obesity prevention research.

Electronic Grants Administration. With increased funding for AFRI, a significant rise in the number of applications is anticipated requiring increased efficiency of the grant-making processes and systems. Additionally, the breadth and types of grants made will increase

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requiring the development of new grant management tools. The 2011 budget proposes an increase of \$3 million for improved grants management systems which will substantially lower the transaction costs of applying for an AFRI or other NIFA competitive grant, while increasing proposal receipt and acceptance speeds and accuracy.

Sustainable Agriculture Research and Education (SARE) Program. SARE advances agricultural innovations that improve profitability, environmental stewardship and quality of life. As part of the Department's Know Your Farmer, Know Your Food Initiative, the 2011 budget proposes an increase of \$10 million for the creation of a new Federal-State Matching Grant SARE Program to assist in the establishment and enhancement of State sustainable agriculture research, education and extension programs. The matching requirement will leverage State or private funds and build the capabilities of American agriculture in becoming more productive and sustainable. Additionally, an increase of \$0.76 million is proposed to support research and extension that will improve soil quality and carbon sequestration, save energy and mitigate climate change as well as provide education and training for Cooperative Extension, the Natural Resources Conservation Service and other agriculture professionals. These program increases will bring total SARE funding to \$30 million.

Key Performance Measure	2006	2007	2008	2009	2010	2011
The number of farmers and ranchers that gained an economic, environmental or quality-of-life benefit from a change in practice learned by participating in a SARE project.	9,610	10,240	10,849	11,300	11,800	12,300

Hispanic-Serving Agricultural Colleges and Universities Endowment Fund. With the Hispanic community being the fastest growing sector of the American population, an investment in the Hispanic-Serving Agricultural Colleges and Universities (HSACU) is needed to ensure that these institutions can effectively compete for NIFA competitive grants. Section 7129 of the 2008 Farm Bill authorized the establishment of an endowment fund for HSACU. The 2011 budget proposes an increase of \$10 million to establish the fund which will lead to significant and measurable advancement of Hispanic and other students in the food and agricultural sciences. Funding will come from the annual interest generated by the Endowment.

Extension Education on Tribal Lands and at 1994 Institutions. The Federally-Recognized Tribes Extension Program supports extension agents who establish programs in agriculture, community development, families and societal issues facing Native Americans. The budget proposes an increase of \$2.3 million to more than double the number of tribes being served by extension and will be used to develop and deploy sustainable production practices. Additionally, the budget proposes an increase of \$1 million for Extension Services at the 1994 Institutions to conduct an Expanded Food and Nutrition Education Program (EFNEP) pilot in a number of Native American communities through a competitive grant process. The 1994 Institutions, which have demonstrated initial success in providing nutrition education,

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would partner with 1862 Institutions with a strong EFNEP or other innovative program to provide culturally relevant nutrition education.

Formula Funding. NIFA provides formula funding for research, and extension at 1862, 1890 and 1994 land-grant institutions, schools of forestry and schools of veterinary medicine. The 2011 budget continues to maintain funding for these important capacity building programs at the 2010 enacted level. This funding will allow institutions to sustain the matching requirement that by many of these programs have, thereby allowing Federal funds to leverage non-Federal resources. Programs include: Hatch Act and Smith-Lever programs which fund research and extension at 1862 Institutions; Evans-Allen, 1890 Extension, and the 1890 Facilities Grants program which fund agricultural research, extension and the acquisition and improvement of facilities, equipment, and libraries at 1890 institutions, including Tuskegee University and West Virginia State University; the Tribal Colleges Endowment Fund which distributes the interest earned by an endowment, and the Tribal Colleges Education Equity Grants Program which strengthens higher education instruction at the thirty-four 1994 land-grant institutions; the McIntire-Stennis Cooperative Forestry Program which funds research on forests and related rangelands at eligible 1862 and 1890 land-grants and institutions offering training in the forestry sciences; the Animal Health and Disease Research Program which funds research at accredited colleges of veterinary medicine and State Agricultural Experiment Stations that conduct animal health and disease research; and the Expanded Food and Nutrition Education Program carried out by the 1862 and 1890 land-grant institutions to assist low-income individuals in acquiring the knowledge, skills, and changed-behavior necessary for nutritionally sound diets.

1890 Land Grant Institutions. The 2011 budget request maintains the historic funding levels for programs supporting 1890 land-grant institutions and includes approximately \$91 million for 1890 research and extension formula programs -- \$48.5 million for research and \$42.7 million for extension. Additionally, the request includes \$19.8 million for 1890 Facilities Grants and \$18.3 million Capacity Building Grants at 1890 Institutions. The budget for these programs reflects Administration's policy to maintain these important programs.

Rural Revitalization through Education. In support of the President's initiative to make education a national priority, the budget proposes a total increase of \$5 million for rural education to sustain rural communities. This includes an increase of \$2.5 million for the Secondary Education, Two-Year Postsecondary Education and Ag in the K-12 Classroom (SPECA) Grants Program and \$2.5 million for the Higher Education Institution Challenge (HEC) Grants Program. With SPECA funds, NIFA will focus on improving the economic health and viability of rural communities through the development of degree programs emphasizing new and emerging employment opportunities in agriscience and agribusiness fields. With HEC funds, NIFA will assist academic institutions in rural areas to prepare students for emerging science, technology, engineering and mathematics (STEM) opportunities.

Veterinary Medicine Loan Repayment Program (VMLRP). The 2011 budget maintains funding for the VMLRP at the 2010 enacted level of \$4.8 million. The VMLRP will repay the

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loans of veterinarians who agree to serve in geographic and veterinary practice areas that have a shortage of food animal veterinarians. NIFA published the interim rule for the program on July 9, 2009 which established the process and procedures for designating veterinarian shortage situations and administering the VMLRP.

RESEARCH, EDUCATION, AND ECONOMICS

ECONOMIC RESEARCH SERVICE (ERS)

Budget Authority (Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
Economic Research Service.....	\$80	\$82	\$87

ERS provides economic and other social science information and analysis on agriculture, food, the environment, and rural development. ERS produces such information and analyses to inform policy and program decisions made across the spectrum of USDA missions, and supplies them in outlets that are also accessible to USDA stakeholders and the general public. The 2011 budget requests approximately \$87 million in program funding, an increase of \$8 million in program initiatives which is offset by \$3 million in terminations of low-priority programs.

Community Access to Local Foods. The availability of fresh, healthy, local foods depends to a large extent on the local food environment and community characteristics. Food choices are critically important to health outcomes, and these choices are shaped or significantly influenced by these factors. Therefore, the budget proposes an increase of \$2 million, which supports the Department's Know Your Farmer, Know Your Food initiative, to develop data and conduct economic research on the access to affordable and nutritious local foods in low-income communities. With USDA playing a key role in developing policies that address diet and health, this initiative will lead to a better understanding of how the Department can better support sustainable and healthy communities.

Data Improvement. As part of a government-wide data improvement program, the 2011 budget includes an increase of \$4 million to strengthen the Department's statistical protocols and tools. This includes a \$2 million initiative to establish a structure among statistical agencies, headed by ERS, to improve data access, develop tools for data processing, and increase the utility of Federal data. The 2011 budget also includes an increase of \$2 million for an administrative data pilot project. Administrative data, information collected in conjunction with administering government programs, provide an opportunity for increasing the statistical ability to understand and address critical policy issues. The goal of this initial project will be: (1) to understand how nutrition assistance and other government programs work together to provide a social safety net and (2) how nutrition assistance and health care policy work together to improve dietary and health outcomes.

Data Integrity and Confidentiality. As part of the Administration's expense cutting measures, USDA will consolidate seven existing leases. ERS will physically relocate from its current location as part of this move. To maintain the integrity and confidentiality of its data at secure sites, the budget proposes an increase of approximately \$1 million for storage and security at separate locations with the ability to control and monitor access.

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NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

Budget Authority (Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
Discretionary:			
Agricultural Estimates.....	\$115	\$124	\$132
Census of Agriculture.....	37	38	33
Total, Discretionary Programs.....	\$152	\$162	\$165

The mission of NASS is to provide timely, accurate, and useful statistics in service to U.S. agriculture. NASS statistics provide the information necessary to keep agricultural markets stable and efficient and to help maintain a consistency for all users of agricultural statistics. The 2011 budget requests approximately \$164 million in program funding. This includes an increase of \$6.3 million in initiatives which is offset by \$5.1 million in terminations of low-priority programs, which includes eliminating a land tenure survey that duplicates work being conducted under the Agricultural Resource Management Survey.

County Estimates Program. The agricultural estimation program provides a comprehensive set of unbiased data covering most agricultural commodities as well as economic, environmental, and rural demographic data. As part of this program NASS has produced county-level statistics for selected commodities that impact billions of dollars of government payments. The budget includes an increase of \$5 million to improve the data quality of the County Estimates program which is used within the Department to administer crop insurance programs that provide U.S. farmers a safety net ensuring protection against unstable growing conditions, as well as crop revenue support programs, emergency assistance payments, and the Conservation Reserve Program.

Climate Change. Also within the agricultural estimation program, an increase of \$0.8 million is proposed that will allow NASS to enhance its remote sensing activities. NASS continues to utilize advanced technologies to monitor agricultural acreage and production. This initiative is proposed to increase the number of States in which cropland data is collected and provide NASS the ability to collect additional data on crop conditions as well as fill an important informational gap on soil moisture conditions and drought monitoring.

Organic Agriculture Study. Also within the agricultural estimation program, an increase of \$0.5 million is proposed that will allow NASS to develop an ongoing data series on organic production, handling and distribution. With this information, USDA and others will be able to monitor the financial health and continued growth and evolution of this important sector.

Census of Agriculture. The 2011 budget includes funding to support the second year of the 2012 Census of Agriculture's five year cycle. 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.

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Budget Authority
(Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Discretionary:			
Office of the Secretary.....	\$15	\$19	\$20
Healthy Food Financing Initiative.....	0	0	35
Mandatory:			
Trust Funds.....	1	1	1
Total, OSEC.....	\$16	\$20	\$56

The **Office of the Secretary (OSEC)**, assisted by the Deputy Secretary, the Subcabinet, and members of their immediate staffs, directs and coordinates the work of the Department. This involves providing policy direction for all areas of the Department and maintaining liaisons with the Executive Office of the President, members of Congress and the public. The 2011 budget requests \$20 million for OSEC to fund on-going policy leadership, tribal consultation, and cross-cutting trade and biotechnology activities. Of this amount, there is an increase of \$2 million for the Office of Ecosystem Services and Markets within the Office of the Under Secretary for Natural Resources and Environment to coordinate USDA involvement in the development of market opportunities for services provided by American agriculture, such as carbon sequestration and water conservation.

Healthy Food Financing Initiative provides funding for a new multi-year Healthy Food Financing Initiative (HFFI) that will increase the availability of affordable, healthy foods in underserved urban and rural communities, particularly through the development or equipping of grocery stores and other healthy food retailers. To support this initiative, the Departments of Agriculture, Health and Human Services, and Treasury have partnered to make available over \$400 million in financial and technical assistance to community development financial institutions, other nonprofits, public agencies, and businesses with sound strategies for addressing the healthy food needs of communities. These organizations will use Federal grants, below-market rate loans, loan guarantees and tax credits to attract private sector capital for an even greater investment in projects that increase access to fresh produce and other healthy foods. The goal is to substantially reduce the number of food deserts in our nation over the next several years.

Food deserts are communities in which residents do not have access to affordable and healthy food options. Instead of supermarkets and grocery stores, these communities are typically served by fast food restaurants and convenience stores that offer little if any healthy options. This lack of access contributes to a poor diet and can lead to higher levels of obesity and other diet-related diseases, such as diabetes and heart disease. Most often, these communities are economically distressed and less attractive, under conventional financing, to retailers of healthy food. But effective local programs have shown that well-targeted financing and technical assistance can

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create viable business outcomes and access to healthier food options. Targeting federal financial assistance to these areas will not only increase the supply of healthy foods and create new markets for farmers, but also create jobs and support broader development efforts to revitalize distressed communities.

The 2011 budget requests an additional \$35 million for financial and technical assistance, including assistance made through the Intermediary Relending Program of the Rural Development mission area. In addition, \$15 million would be reserved from specified accounts in the Rural Development and Marketing and Regulatory Program mission areas to provide additional support for the initiative. Not more than 10 percent of the available funding for any one program would be subject to the reserve. Through the initiative, funds will be made available from a number of loan, grant, promotion, and other programs to provide financial and technical assistance to support market planning and promotion efforts as well as infrastructure and operational improvements designed to stimulate consumer demand, enhance marketing, expand demand and retail outlets for farm products, and increase availability of locally and regionally produced foods.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL MANAGEMENT

Budget Authority (Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
Discretionary:			
Office of Advocacy and Outreach.....	0	\$2	\$7
Assistant Secretary/Office of Civil Rights.....	\$22	24	25
Office of the Chief Financial Officer.....	6	7	7
Office of Budget and Program Analysis.....	9	9	9
Office of the Chief Information Officer.....	18	62	64
Departmental Administration.....	27	28	31
Contracting and Acquisition Workforce Training.....	0	0	6
Provincial Reconstruction Teams.....	0	13	a/
Office of Homeland Security.....	1	2	2
Agriculture Buildings and Facilities.....	244	293	278
Hazardous Materials Management.....	5	5	5
Total, Ongoing Discretionary Programs.....	332	445	434
Recovery Act:			
Agriculture Buildings and Facilities.....	24	0	0
Total, Discretionary Programs.....	356	445	434
Mandatory:			
Farm Bill:			
Biobased Markets Program.....	2	2	2
Outreach for Socially Disadvantaged Farmers b/.....	15	20	20
Total, Farm Bill Programs.....	17	22	22
Total, Departmental Management.....	\$373	\$467	\$456

a/ Funded within the Foreign Agricultural Service.

b/ This program was administered by the National Institute of Food and Agriculture (NIFA) in 2009 at \$15 million and transferred to the Office of Advocacy and Outreach in 2010.

Departmental Management (DM) is responsible for providing coordination of all administrative functions and support for policy activities of the Department. DM is leading the Department's implementation of Management Initiatives to:

- Transform USDA into a model Federal agency for effective program delivery by enhancing leadership, encouraging employee inclusion, and focusing on improving customer and employee satisfaction.

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- Provide civil rights leadership to USDA employees, applicants, and customers by increasing the use of an early resolution process, a form of alternative dispute resolution, for civil rights and equal employment opportunity complaints, reducing the inventory of program civil rights complaints, and analyzing field operations for systemic improvements.
- Coordinate outreach efforts to increase access to USDA programs and services among women and minority farmers.
- Use resources more effectively by incorporating into the Department's current management practices, new strategies and policies that increase performance and encourage efficiency and alignment of activities to the Department's strategic goals.
- Implement modern information technology systems and policies in a cost effective manner that improve program delivery along with internal and external communications capabilities to better serve USDA constituents.
- Maximize USDA "green" operations by increasing the use of bio-preferred products and alternative energy, increasing recycling, and decreasing water and energy usage at USDA facilities.
- Improve Departmental emergency preparedness and security measures to protect USDA employees and the public to ensure the continued delivery of USDA products and services.
- Enhance human resources policies and practices to develop a USDA workforce that is more representative of the National population and has the necessary skills to ensure the continued and improved delivery of services by the Department.

The 2011 budget proposes funding to maintain the staffing levels necessary to lead implementation of these initiatives and provide adequate service delivery by Departmental Management while addressing key policy issues related to outreach, human resources, procurement system improvements, financial management, and information technology security and capital investment. These efforts are critical to making the Department an efficient, effective, and discrimination-free organization that delivers the best return on taxpayers' investments.

The **Office of Advocacy and Outreach (OAO)** was established by the 2008 Farm Bill to increase the accessibility of USDA programs to underserved constituents. OAO activities include overseeing the Advisory Committees on Minority Farmers and Beginning Farmers and Ranchers; administering the Outreach to Socially Disadvantaged Farmers Grant Program (section 2501 Program); overseeing the activities of the Office of Small Farms Coordination and the Farm Worker Coordinator; managing the 1994, 1890, and Hispanic Serving Institutions (HSI) Programs; and coordinating/conducting other outreach functions. The 2011 budget requests \$7 million for OAO to carry out these responsibilities and the provisions of the Farm Bill related to outreach to beginning, small, and socially disadvantaged farmers, ranchers, and rural communities. Of this amount, \$4 million is requested for agricultural labor grants authorized under section 14204 of the 2008 Farm Bill. This program was funded through Rural

DEPARTMENTAL ACTIVITIES

Development in 2010 at the same level. OAO will operate this program in 2011 to assist agricultural employers and farm workers by improving the supply, stability, safety, and training of the agricultural labor force. In addition to the requested funding, OAO will receive \$20 million provided by the 2008 Farm Bill for the 2501 Grants Program and an estimated \$6 million in reimbursements for programs previously managed by the Office of Civil Rights (1890 and 1994 Programs) and the Agricultural Research Service (HSI Program).

The **Assistant Secretary for Civil Rights** and the **Office of Civil Rights (OCR)** provide policy guidance; leadership; coordination and training; and complaint prevention and processing for the Department and the agencies. OCR's mission is to facilitate the fair and equitable treatment of USDA customers and employees and ensure the delivery and enforcement of civil rights programs and activities. Through its efforts, OCR strives to: 1) foster a positive civil rights climate at USDA; 2) process Equal Employment Opportunity (EEO) and program complaints in a timely, efficient and cost effective manner; 3) reduce and prevent EEO and program complaints through training and guidance; and 4) offer alternative dispute resolution services. The 2011 budget requests \$24 million for OCR to meet the Administration's commitment to improving USDA's handling of civil rights matters. An additional \$0.9 million is requested to reflect the transfer of the Office of the Assistant Secretary for Civil Rights to Departmental Management from the Office of the Secretary.

The **Office of the Chief Financial Officer (OCFO)** provides overall direction and leadership in the development of financial management policies and systems and produces the Department's consolidated financial statements and Strategic Plan. OCFO also oversees the provision of administrative accounting, payroll, and related systems for USDA and other agencies through operation of the National Finance Center. The 2011 budget requests \$7 million for OCFO to continue its leadership and oversight of the Department's financial management process, and implementation of the Federal Funding Accountability and Transparency Act; the Improper Payments Information Act; and Departmental travel and debarment and suspension policies.

The **Office of Budget and Program Analysis (OBPA)** provides analyses and information to the Secretary and other senior policy officials to support informed decision-making regarding the Department's programs and policies, and budget, legislative, and regulatory actions. OBPA also serves the key functions of providing information to the Office of Management and Budget and the Appropriations Committees related to the USDA budget and coordinating the Department's implementation of the Farm Bill, including providing relevant implementation and mandatory spending information to the Authorizing Committees. The 2011 budget requests \$9 million for OBPA for the continued delivery of analyses and support provided to USDA policy officials.

The **Office of the Chief Information Officer (OCIO)** provides policy guidance, leadership and coordination for the Department's information management, technology investment and cyber security activities in support of USDA program delivery. The 2011 budget requests \$64 million for OCIO to fund on-going activities, including efforts to improve the Department's cyber security posture. This request includes an increase of \$2 million to expand a Department-wide cyber security initiative to address deficiencies in the USDA network and IT systems. Through this initiative, OCIO conducts network security assessments to identify system vulnerabilities and operates a Security Operations Center that provides continuous cyber security

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monitoring of the Department's network. Through the continued implementation of the initiative, the Department will address critical vulnerabilities while establishing a multi-layer cyber security structure.

Departmental Administration (DA) provides overall direction, leadership and coordination for the Department's management of human resources, ethics, property, procurement, facilities management, small and disadvantaged business utilization programs, and the regulatory hearing and administrative proceedings conducted by the Administrative Law Judges, and the Judicial Officer. The 2011 budget requests \$31 million for DA, including a \$1.7 million increase to implement a human resources initiative in USDA that will build the capabilities of the Department's workforce through leadership development and veteran hiring. In addition, the budget requests a decrease in DA of \$13 million to reflect the transfer of the agriculture reconstruction and stabilization activities in Afghanistan and Iraq to FAS. As these efforts support implementation of Presidential strategies by providing technical experts who serve as advisors to key government ministries and serve on civilian-military command units, including Provincial Reconstruction Teams, these international activities are best managed through FAS.

DA also manages the BioPreferred Program as authorized in section 9002 of the Farm Bill, as amended by the 2008 Farm Bill. As part of this program, DA is developing a USDA Certified Biobased Label that will allow manufacturers and vendors of qualifying biobased products market their products utilizing the label. In support of the program's implementation, the budget requests \$0.3 million to ensure the integrity and enforce compliance with the USDA Certified Biobased Labeling Program. This funding will be used to establish an audit program through which DA can monitor the use of the biobased label in the market to ensure that vendors and manufacturers of biobased products are utilizing the label in accordance with program regulations. In addition to the funding request, USDA is also seeking legislative authority to assess monetary penalties for violations of the Biobased Labeling regulations to further ensure the program's integrity and public trust in the label.

In addition, the 2011 budget requests \$6.5 million to support a Government-wide Contracting and Acquisition Workforce Training initiative. The requested funding will allow USDA to implement training, recruitment, and retention activities for the Department's procurement workforce that is responsible for over \$5 billion in annual procurement for the Department. These workforce efforts, along with procurement system improvements, will allow USDA to achieve substantial cost savings and avoidances in the contracting and acquisition activities across all agencies.

The **Office of Homeland Security (OHS)** provides a central homeland security oversight and assistance capability within USDA. OHS is responsible for providing oversight and coordination of the Department's preparation and response to matters of homeland security importance. In addition, OHS is responsible for providing the protective services for the Secretary and Deputy Secretary of Agriculture. The 2011 budget requests \$2 million for OHS to continue its leadership and coordination of Departmental security matters to ensure that USDA is prepared for potential threats or emergency situations.

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The request for **Agriculture Buildings and Facilities (Ag B&F) and Rental Payments** for 2011 is \$278 million. The account provides funding for the rental payments to the General Services Administration (GSA) and security services payments to the Department of Homeland Security (DHS). This account is also responsible for all maintenance, utilities and administration of the more than 2.5 million square feet in the two USDA headquarters buildings. The 2011 budget includes \$179 million for payments to GSA for rent and \$14 million to DHS for building security. The budget requests an increase of \$14 million, for a total of \$28 million in 2011, to continue modernization of the Department's South Building. As the building houses over 5,800 USDA employees, it is critical that the facility be renovated to eliminate environmental hazards and to reduce overall energy consumption. The renovation project will preserve and restore the historic features of the building; replace antiquated heating and cooling systems, plumbing and electrical systems; eliminate environmental hazards such as asbestos and lead paint; provide accommodations for persons with disabilities; and create modern and efficient office space. The 2011 budget also requests authority to use prior year unobligated balances to pay deficiencies incurred between 2004 and 2008.

In addition, the budget also proposes an increase of \$0.4 million to implement provisions of the Department's Employee Satisfaction and Wellness Program. This funding will allow USDA to improve offerings to employees related to healthy eating options and physical fitness. USDA employees and the over 100,000 annual visitors to the South Building cafeteria would be educated on the importance of farmers and origins of the food being served, while employees would benefit from improved fitness equipment and class offerings in the fitness center.

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 2011 budget requests \$5 million for the HMM program to conduct cleanup and remediation activities; to seek repayment from polluters for hazardous materials cleanup responsibilities; and to assist the Department in meeting Federal environmental laws.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL STAFF OFFICES

Budget Authority (Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
Discretionary:			
Office of the Chief Economist.....	\$11	\$13	\$13
National Appeals Division.....	15	15	15
Office of Communications.....	10	10	10
Office of the General Counsel.....	42	44	46
Total, Discretionary Programs.....	78	82	84
Mandatory:			
Farm Bill:			
Biodiesel Fuel Education Program.....	1	1	1
Total, Mandatory Programs.....	1	1	1
Total, Departmental Staff Offices.....	\$79	\$83	\$85

The Departmental Staff Offices provide legal and economic support and communications coordination for the Department's program activities. These offices are vital to USDA's success in creating opportunities for America's farmers, ranchers, and rural communities by providing economic analyses and legal counsel to the Department's policy officials and decision makers. The 2011 budget proposes funding to ensure that these offices maintain the staffing levels needed to provide leadership, oversight, and coordination.

The **Office of the Chief Economist (OCE)** advises the Secretary and Department officials on the economic implications of Department policies, programs and proposed legislation; and serves as the focal point for the Department's economic intelligence, analysis and review related to domestic and international food and agriculture markets. OCE also provides advice and analysis on bioenergy, new uses of agricultural products, sustainable development, agricultural labor, and global climate change. The 2011 budget requests \$13 million for OCE to continue its support of USDA policy officials and the dissemination of agricultural economic information.

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 2011 budget requests \$15 million for NAD to continue activities to increase the fairness of program delivery by the Service Center Agencies.

The Department's **Office of Communications (OC)** provides leadership and coordination for the development of communication strategies for the Department and plays a critical role in disseminating information about USDA's programs to the general public. The 2011 budget

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requests \$10 million for OC to continue to develop effective communications strategies that make USDA programs and operations more open and transparent to the public.

The **Office of the General Counsel (OGC)** provides legal oversight, counsel, and support to the Department's agencies. The 2011 budget requests \$46 million for OGC, including an increase of \$1.5 million to ensure that OGC has the resources to conduct necessary training and travel and other activities for which funding has been reduced in recent years to cover salary expenses. This funding will be used to maintain and improve OGC service delivery to the entire Department.

OFFICE OF INSPECTOR GENERAL

OFFICE OF INSPECTOR GENERAL

Budget Authority
(Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Discretionary:			
Ongoing Appropriations.....	\$86	\$89	\$90
Recovery Act Funding.....	22	0	0
Total, Office of Inspector General.....	\$108	\$89	\$90

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 criminal activity involving the Department's programs and personnel. The 2011 budget requests \$90 million for OIG for audit and investigation review of the Department's programs. This funding includes an increase of \$0.4 million to support the Council of Inspectors General for Integrity and Efficiency to coordinate Federal efforts to improve program delivery. The Council was established under the authority of the Inspector General Reform Act of 2008. In addition, an increase of \$0.2 million is requested for training activities to ensure that OIG effectively meets professional training standards and necessary federal law enforcement requirements.

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Budget Authority				
AGENCY/PROGRAM	2009 Enacted	2010 Estimate	2011 Budget	Change 2010 to 2011
FARM AND FOREIGN AGRICULTURAL SERVICES				
Farm Service Agency:				
Discretionary Programs.....	\$1,645	\$2,082	\$1,846	-\$236
Mandatory Programs (excluding CCC).....	704	527	892	365
Recovery Act.....	120	230	0	-230
Other Supplementals.....	71	0	0	0
Commodity Credit Corporation Programs (mandatory).....	13,061	11,819	11,482	-337
Total, Farm Service Agency.....	15,601	14,658	14,220	-438
Risk Management Agency:				
Discretionary Programs.....	77	80	83	3
Mandatory Programs.....	6,767	6,455	7,613	1,158
Total, Risk Management Agency.....	6,844	6,535	7,696	1,161
Foreign Agricultural Service:				
Discretionary Programs (excluding P.L. 480).....	265	390	468	78
Mandatory Programs.....	584	439	386	-53
Recovery Act.....	25	90	22	-68
P.L. 480 (discretionary).....	1,229	1,693	1,693	0
P.L. 480 (supplemental appropriations).....	1,095	0	0	0
Total, Foreign Agricultural Service.....	3,198	2,612	2,569	-43
Total, Farm and Foreign Agricultural Services.....	25,644	23,805	24,485	681
RURAL DEVELOPMENT				
Rural Utilities Service:				
Discretionary Programs.....	660	694	643	-51
Recovery Act.....	3,804	0	0	0
Total, Rural Utilities Service.....	4,464	694	643	-51
Rural Housing Service:				
Discretionary Programs.....	1,754	1,893	1,705	-188
Recovery Act.....	320	0	0	0
Total, Rural Housing Service.....	2,074	1,893	1,705	-188
Rural Business - Cooperative Service:				
Discretionary Programs.....	132	190	205	15
Mandatory Programs.....	239	364	159	-205
Recovery Act.....	145	0	0	0
Total, Rural Business - Cooperative Service.....	516	554	364	-190
Rural Development Salaries and Expenses:				
Discretionary Programs.....	193	202	232	30
Recovery Act.....	131	0	0	0
Total, Salaries and Expenses.....	324	202	232	30
Total, Rural Development.....	7,378	3,343	2,944	-399
FOOD, NUTRITION, AND CONSUMER SERVICES				
Food and Nutrition Service:				
Discretionary Programs.....	7,239	7,659	8,025	366
Mandatory Programs.....	69,065	75,335	87,656	12,321
Recovery Act.....	5,945	10,460	11,936	1,476
Other Supplementals.....	0	400	0	-400
Total, Food, Nutrition, and Consumer Services.....	82,249	93,854	107,617	13,763
FOOD SAFETY				
Food Safety and Inspection Service:				
Discretionary Programs.....	972	1,019	1,037	18
Mandatory Programs.....	11	9	9	0
Total, Food Safety.....	983	1,028	1,046	18
NATURAL RESOURCES AND ENVIRONMENT				
Natural Resources Conservation Service:				
Discretionary Programs.....	968	1,009	964	-45
Mandatory Programs.....	2,163	2,973	3,029	56
Recovery Act.....	340	0	0	0
Total, Natural Resources Conservation Service.....	3,471	3,982	3,993	11

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Budget Authority				
AGENCY/PROGRAM	2009 Enacted	2010 Estimate	2011 Budget	Change 2010 to 2011
Forest Service:				
Discretionary Programs.....	4,759	5,315	5,377	62
Mandatory Programs.....	994	836	768	-68
Recovery Act.....	1,150	0	0	0
Other Supplementals.....	200	0	0	0
Total, Forest Service.....	7,103	6,151	6,145	-6
Total, Natural Resources and Environment.....	10,574	10,133	10,138	5
MARKETING AND REGULATORY PROGRAMS				
Animal and Plant Health Inspection Service:				
Discretionary Programs.....	881	910	875	-35
Mandatory Programs.....	181	250	259	9
Emergency Funding (CCC).....	29	28	0	-28
Total, Animal and Plant Health Inspection Service.....	1,091	1,188	1,134	-54
Agricultural Marketing Service:				
Discretionary Programs.....	89	93	100	7
Mandatory Programs.....	1,223	1,305	1,235	-70
Total, Agricultural Marketing Service.....	1,312	1,398	1,335	-63
Grain Inspection, Packers and Stockyards Administration:				
Discretionary Programs.....	40	42	44	2
Total, Marketing and Regulatory Programs.....	2,443	2,628	2,513	-115
RESEARCH, EDUCATION, AND ECONOMICS				
Agricultural Research Service:				
Discretionary Programs.....	1,190	1,251	1,200	-51
Mandatory Programs.....	24	24	24	0
Recovery Act.....	176	0	0	0
Total, Agricultural Research Service.....	1,390	1,275	1,224	-51
National Institute of Food and Agriculture:				
Discretionary Programs.....	1,226	1,351	1,347	-5
Mandatory Programs.....	124	135	147	12
Total, National Institute of Food and Agriculture.....	1,350	1,486	1,494	7
Economic Research Service:				
Discretionary Programs.....	80	82	87	5
National Agricultural Statistics Service:				
Discretionary Programs.....	152	162	165	3
Total, Research, Education, and Economics.....	2,972	3,005	2,970	-36
OTHER ACTIVITIES				
Departmental Activities:				
Discretionary Programs.....	425	546	573	27
Mandatory Programs.....	19	24	24	0
Recovery Act.....	24	0	0	0
Total, Departmental Activities.....	468	570	597	27
Office of Inspector General:				
Discretionary Programs.....	86	89	90	1
Recovery Act.....	22	0	0	0
Total, Office of Inspector General.....	108	89	90	1
Total, Departmental Activities.....	576	659	687	28
USDA SUB-TOTAL.....	\$132,819	\$138,455	\$152,400	\$13,945
Offsetting Receipts.....	-4,993	-2,936	-3,795	-859
USDA TOTAL.....	\$127,826	\$135,519	\$148,605	\$13,086

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Program Level				
AGENCY/PROGRAM	2009 Enacted	2010 Estimate	2011 Budget	Change 2010 to 2011
FARM AND FOREIGN AGRICULTURAL SERVICES				
Farm Service Agency:				
Farm Loan and Grant Programs.....	\$4,551	\$5,140	\$4,797	-\$343
Conservation and Other Programs.....	2,282	2,359	2,154	-205
Disaster Assistance.....	703	526	891	365
Commodity Programs.....	17,679	18,458	18,315	-143
Commodity Credit Corporation Programs.....	(25,453)	(26,437)	(26,255)	(-182)
Salaries and Expenses.....	1,483	1,570	1,686	116
Total, Farm Service Agency.....	26,699	28,053	27,843	-211
Risk Management Agency:				
Administrative and Operating Expenses.....	77	80	83	3
Crop Insurance Fund.....	7,998	9,556	11,373	1,817
Total, Risk Management Agency.....	8,075	9,636	11,456	1,820
Foreign Agricultural Service:				
Export Credit Guarantees.....	5,357	5,500	5,500	0
Market Development Programs.....	251	252	213	-39
Dairy Export Incentive Program.....	19	10	0	-10
Foreign Food Assistance.....	312	175	171	-4
Trade Adjustment Assistance for Farmers.....	25	90	22	-68
Salaries and Expenses.....	311	527	398	-129
Total, Foreign Agricultural Service.....	6,275	6,554	6,304	-250
Total, Farm and Foreign Agricultural Services.....	41,049	44,243	45,603	1,359
RURAL DEVELOPMENT				
Rural Utilities Service:				
Loans and Grants.....	21,722	9,875	6,833	-3,042
Rural Housing Service:				
Loans and Grants.....	22,568	15,525	15,563	38
Rural Business - Cooperative Service:				
Loans and Grants.....	3,406	2,328	1,431	-897
Salaries and Expenses.....	324	202	232	30
Total, Rural Development.....	48,020	27,930	24,059	-3,871
FOOD, NUTRITION, AND CONSUMER SERVICES				
Food and Nutrition Service:				
Supplemental Nutrition Assistance Program.....	51,442	60,413	63,211	2,798
Child Nutrition Programs.....	15,406	17,299	18,403	1,104
Women, Infants and Children (WIC).....	6,956	7,746	8,058	312
All Other.....	408	423	442	19
Total, Food, Nutrition, and Consumer Services.....	74,212	85,881	90,114	4,233
FOOD SAFETY				
Food Safety and Inspection Service.....	983	1,028	1,046	18

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Program Level				
AGENCY/PROGRAM	2009 Enacted	2010 Estimate	2011 Budget	Change 2010 to 2011
NATURAL RESOURCES AND ENVIRONMENT				
Natural Resources Conservation Service:				
Conservation Operations.....	853	888	924	36
Watershed Programs.....	404	70	40	-30
Resource Conservation and Development.....	51	51	0	-51
Farm Security and Rural Investment Programs.....	2,163	2,973	3,029	56
Total, Natural Resources Conservation Service.....	3,471	3,982	3,993	11
Forest Service:				
National Forest System.....	1,510	1,551	1,586	35
Forest and Rangeland Research.....	296	312	304	-8
State and Private Forestry.....	266	308	322	14
Wildland Fire Activities.....	2,832	2,517	2,645	128
Capital Improvement and Maintenance.....	1,145	556	438	-118
Land Acquisition.....	51	65	75	10
All Other.....	9	6	6	0
Total, Discretionary Accounts.....	6,109	5,315	5,377	62
Mandatory.....	994	836	768	-68
Total, Forest Service.....	7,103	6,151	6,145	-6
Total, Natural Resources and Environment.....	10,574	10,133	10,138	5
MARKETING AND REGULATORY PROGRAMS				
Animal and Plant Health Inspection Service:				
Salaries and Expenses.....	877	905	870	-35
Emergency Funding.....	29	28	0	-28
Mandatory.....	181	250	259	9
Buildings and Facilities.....	5	5	5	0
Total, Animal and Plant Health Inspection Service.....	1,092	1,188	1,134	-54
Agricultural Marketing Service.....	300	300	320	20
Section 32 Funds.....	1,012	1,098	1,015	-83
Grain Inspection, Packers and Stockyards				
Administration.....	40	42	44	2
Total, Marketing and Regulatory Programs.....	2,444	2,628	2,513	-115
RESEARCH, EDUCATION, AND ECONOMICS				
Agricultural Research Service.....	1,390	1,275	1,224	-51
National Institute of Food and Agriculture.....	1,350	1,486	1,494	7
Economic Research Service.....	80	82	87	5
National Agricultural Statistics Service.....	152	162	165	3
Total, Research, Education, and Economics.....	2,972	3,005	2,970	-36
OTHER ACTIVITIES				
Office of the Secretary.....	16	19	56	37
Departmental Management.....	371	467	456	-11
Departmental Staff Offices.....	80	84	86	2
Office of Inspector General.....	108	89	90	1
Total, Other Activities.....	575	659	688	29
USDA Sub-Total.....	\$180,829	\$175,507	\$177,131	\$1,623
Receipts and Loan Repayments and Other Adjustments.....	-4,993	-2,936	-3,795	-859
USDA TOTAL.....	\$175,836	\$172,571	\$173,336	\$764

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE

Outlays

(Dollars in Millions)

AGENCY	2009 Actual	2010 Estimate	2011 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency.....	\$1,890	\$4,657	\$3,169
Commodity Credit Corporation Programs.....	11,443	11,927	11,435
Risk Management Agency.....	7,962	7,033	7,637
Foreign Agricultural Service.....	321	419	496
P.L. 480.....	1,601	1,185	1,537
RURAL DEVELOPMENT			
Salaries and Expenses.....	38	297	238
Rural Utilities Service.....	29	613	598
Rural Housing Service.....	1,519	1,928	1,335
Rural Business - Cooperative Service.....	133	285	387
Rural Empowerment Zones/Enterprise Communities.....	16	10	3
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service.....	77,848	97,945	102,410
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service.....	2,725	3,525	3,722
Forest Service.....	5,945	6,881	6,079
FOOD SAFETY			
Food Safety and Inspection Service.....	963	1,004	1,031
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service.....	1,200	1,272	1,251
National Institute of Food and Agriculture.....	1,182	1,483	1,624
Economic Research Service.....	80	81	87
National Agricultural Statistics Service.....	145	162	165
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service.....	1,183	1,328	1,267
Agricultural Marketing Service.....	259	281	307
Section 32 Funds.....	948	1,098	1,015
Grain Inspection, Packers and Stockyards Administration.....	41	40	14
DEPARTMENTAL ACTIVITIES			
Office of the Secretary.....	11	19	43
Common Computing Environment.....	6	16	0
Departmental Administration.....	79	170	173
Agriculture Buildings and Facilities.....	236	314	281
Hazardous Waste Management.....	8	9	10
Office of the General Counsel.....	40	44	46
Office of Inspector General.....	84	95	96
Office of Communications.....	9	10	10
Executive Operations:			
Office of the Chief Economist.....	12	14	14
National Appeals Division.....	14	14	15
Working Capital Fund.....	46	-25	0
Gifts and Bequests.....	1	1	1
Subtotal.....	118,017	144,135	146,496
Offsetting Receipts.....	-3,577	-2,120	-749
TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....	\$114,440	\$142,015	\$145,747

APPENDIX

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

AGENCY	2009 Actual	2010 Estimate	2011 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency.....	\$1,872	\$2,354	\$1,940
Risk Management Agency.....	73	79	82
Foreign Agricultural Service.....	236	395	472
P.L. 480.....	2,169	1,504	1,847
RURAL DEVELOPMENT			
Salaries and Expenses.....	38	297	238
Rural Utilities Service.....	608	1,248	1,786
Rural Housing Service.....	1,982	2,297	2,018
Rural Business - Cooperative Service.....	169	215	125
Rural Empowerment Zones/Enterprise Communities.....	16	10	3
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service.....	7,070	8,725	8,074
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service.....	1,141	1,401	969
Forest Service.....	5,129	6,007	5,322
FOOD SAFETY			
Food Safety and Inspection Service.....	956	995	1,033
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service.....	1,178	1,250	1,227
National Institute of Food and Agriculture.....	1,140	1,396	1,542
Economic Research Service.....	80	81	87
National Agricultural Statistics Service.....	145	162	165
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service.....	942	1,085	1,030
Agricultural Marketing Service.....	101	103	52
Grain Inspection, Packers and Stockyards Administration.....	40	42	43
DEPARTMENTAL ACTIVITIES			
Office of the Secretary.....	11	19	43
Departmental Administration.....	78	148	151
Agriculture Buildings and Facilities.....	236	314	281
Hazardous Waste Management.....	8	9	10
Office of the General Counsel.....	40	44	46
Office of Inspector General.....	84	95	96
Office of Communications.....	9	10	10
Executive Operations:			
Office of the Chief Economist.....	11	13	13
National Appeals Division.....	14	14	15
Common Computing Environment.....	6	16	0
Working Capital Fund.....	46	-25	0
Subtotal.....	25,628	30,303	28,720
Offsetting Receipts.....	-58	-70	-78
TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....	\$25,570	\$30,233	\$28,642

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE

American Recovery and Reinvestment Act of 2009

(Dollars in Millions)

	2009 - 2010	2011
Agency/Program	Available	Estimate
DEPARTMENTAL ADMINISTRATION:		
Agriculture Buildings and Facilities and Rental Payments.....	\$24	0
AGRICULTURAL RESEARCH SERVICE:		
Buildings and Facilities.....	176	0
OFFICE OF INSPECTOR GENERAL:		
Oversight and Audit.....	22	0
FARM SERVICE AGENCY:		
Salaries and Expenses - Information Technology.....	50	0
Agricultural Credit Insurance Fund Program Account:		
Farm Operating Direct Loans.....	20	0
Loan Level.....	(173)	(0)
Total FSA.....	70	0
NATURAL RESOURCES CONSERVATION SERVICE:		
Watershed and Flood Prevention Operations.....	290	0
Watershed Rehabilitation Program.....	50	0
Total NRCS.....	340	0
RURAL DEVELOPMENT:		
Salaries and Expenses.....	131 <u>a/</u>	0
Rural Business-Cooperative Service:		
Rural Business and Industry Guaranteed Loans Program.....	126	0
Loan Level.....	(1,572)	(0)
Rural Business Enterprise Grants.....	19	0
Total RBS.....	145	0
Rural Housing Service:		
Rural Community Facilities Loans Program.....	24	0
Loan Level.....	(1,136)	(0)
Rural Community Facilities Grants Program.....	102	0
Section 502 Direct Single Family Housing Loan Program.....	65	0
Loan Level.....	(1,563)	(0)
Section 502 Guaranteed Single Family Housing Loan Program.....	129	0
Loan Level.....	(10,111)	(0)
Total RHS.....	320	0

APPENDIX

American Recovery and Reinvestment Act of 2009 (Dollars in Millions)

Agency/Program	2009 - 2010 Available	2011 Estimate
Rural Utilities Service:		
Rural Water & Waste Disposal Direct Loan Program.....	400	0
Loan Level.....	(2,154)	(0)
Rural Water & Waste Disposal Grants Program.....	939	0
Distance Learning, Telemedicine, & Broadband Grants Program.....	1,940	0
Distance Learning, Telemedicine, & Broadband Loan Program.....	485	0
Loan Level.....	(7,160)	(0)
Total RUS.....	3,764	0
FOOD AND NUTRITION SERVICE:		
WIC Management Information Systems.....	100	0
WIC Contingency Fund.....	400	0
Total WIC.....	500	0
Supplemental Nutrition Assistance Program:		
Increased Benefits.....	15,355 <u>b/</u>	11,936
State Administrative Expenses.....	290	0
FDPIR Administrative Expenses.....	5	0
FNS Management and Oversight.....	5	0
Total SNAP.....	15,655	11,936
Child Nutrition: Equipment Assistance.....	100	0
The Emergency Food Assistance Program.....	150	0
FOREST SERVICE:		
Capital Improvement and Maintenance.....	650	0
Wildland Fire Management.....	500	0
Total FS.....	1,150	0
AGRICULTURAL DISASTER ASSISTANCE TRANSITION:		
2008 Transition Assistance.....	230 <u>c/</u>	0
Aquaculture Assistance Grants (CCC Funds).....	50	0
Total Disaster Assistance.....	280	0
FOREIGN AGRICULTURAL SERVICE:		
Trade Adjustment Assistance for Farmers.....	180	22
RECAP:		
Total, USDA Discretionary Funds.....	6,942	0
Total, USDA Mandatory Funds.....	16,065	11,958
Total, USDA.....	\$23,007	\$11,958

a/ The Act allows up to 3 percent of the funds provided to RD to be used for administrative costs

b/ CBO scored at \$19.8 billion over three years. The impact of the Recovery Act on benefits will continue until the Thrifty Food Plan costs equal the provision made by the Recovery Act.

c/ CBO scored at \$744 million over two years.

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Staff Years

Agency	2009	2010 Estimate	2011 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency	5,042	5,094	5,104
Risk Management Agency	481	568	568
Foreign Agricultural Service	951	1,006	1,006
RURAL DEVELOPMENT			
Rural Development	5,873	6,100	6,100
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service	1,269	1,387	1,443
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service	11,186	14,104	11,565
Forest Service	34,395	36,760	35,294
FOOD SAFETY			
Food Safety and Inspection Service	9,460	9,696	9,727
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service	8,268	8,351	8,433
National Institute of Food and Agriculture.....	376	440	440
Economic Research Service	389	399	409
National Agricultural Statistics Service	1,093	1,174	1,175
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service	7,935	7,888	7,751
Agricultural Marketing Service	2,815	2,848	2,848
Grain Inspection, Packers & Stockyards Administration	682	689	705
DEPARTMENTAL ACTIVITIES			
Office of the Secretary	63	101	96
Office of Advocacy and Outreach	0	45	50
Office of Civil Rights	130	140	140
Office of the Chief Financial Officer	1,190	1,363	1,379
Office of Budget and Program Analysis	49	60	60
Office of the Chief Information Officer	937	1,058	1,058
Departmental Administration	519	575	539
Office of Homeland Security	15	19	19
Office of the Chief Economist	54	62	61
National Appeals Division	94	99	99
Office of Communications	82	98	98
Office of the Inspector General	550	600	600
Office of the General Counsel	302	318	318
Total, USDA Federal Staffing	94,201	101,042	97,085
FSA, Non-Federal Staffing	9,418	9,425	9,425
Total, USDA Staffing	103,619	110,467	106,510

APPENDIX

Strategic Goal Help America promote agricultural production and biotechnology exports as America works to increase food security			
Budget Authority (Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES:			
Foreign Agricultural Service.....	\$3,021	\$2,302	\$2,320
Total, FFAS.....	3,021	2,302	2,320
NATURAL RESOURCES AND ENVIRONMENT:			
Natural Resources Conservation Service.....	5	6	6
Total, NRE.....	5	6	6
MARKETING AND REGULATORY PROGRAMS:			
Animal and Plant Health Inspection Service.....	42	42	49
Agricultural Marketing Service.....	0	0	0
Total, MRP.....	42	42	49
RESEARCH, EDUCATION, AND ECONOMICS:			
Agricultural Research Service.....	575	598	602
National Institute of Food and Agriculture.....	157	178	161
Economic Research Service.....	20	20	21
National Agricultural Statistics Service.....	0	0	1
Total, REE.....	752	796	785
Total.....	\$3,820	\$3,146	\$3,160

APPENDIX

Strategic Goal			
Ensure that all of America's children have access to safe, nutritious, and balanced meals			
Budget Authority			
(Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
FOOD, NUTRITION, AND CONSUMER SERVICES:			
Food and Nutrition Service.....	\$82,249	\$93,854	\$107,617
FOOD SAFETY:			
Food Safety and Inspection Service.....	983	1,028	1,046
MARKETING AND REGULATORY PROGRAMS:			
Animal and Plant Health Inspection Service.....	860	939	915
Agricultural Marketing Service.....	504	674	615
Total, MRP.....	1,364	1,613	1,530
RESEARCH, EDUCATION, AND ECONOMICS:			
Agricultural Research Service.....	191	197	205
National Institute of Food and Agriculture.....	230	248	233
Economic Research Service.....	21	22	24
National Agricultural Statistics Service.....	3	8	8
Total, REE.....	445	475	470
Total.....	\$85,041	\$96,970	\$110,663

APPENDIX

Strategic Goal			
Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving			
Budget Authority (Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES:			
Farm Service Agency.....	\$12,774	\$11,785	\$11,431
Foreign Agricultural Service.....	759	851	721
Risk Management Agency.....	6,844	6,535	7,696
Total, FFAS.....	20,377	19,171	19,848
RURAL DEVELOPMENT:			
Rural Business Service.....	518	556.159	366
Rural Housing Service.....	2,250	2,078	1,917
Rural Utilities Service.....	4,479	709	661
Total, RD.....	7,247	3,343	2,944
NATURAL RESOURCES AND ENVIRONMENT:			
Natural Resources Conservation Service.....	182	306	320
Forest Service.....	1,823	672	666
Total, NRE.....	2,005	978	986
MARKETING AND REGULATORY PROGRAMS:			
Animal and Plant Health Inspection Service.....	103	106	99
Agricultural Marketing Service.....	807	723	725
Grain Inspection, Packers and Stockyards Administration..	40	42	44
Total, MRP.....	950	871	868
RESEARCH, EDUCATION, AND ECONOMICS:			
Agricultural Research Service.....	398	246	178
National Institute of Food and Agriculture.....	780	857	904
Economic Research Service.....	29	30	30
National Agricultural Statistics Service.....	148	153	155
Total, REE.....	1,355	1,286	1,267
DEPARTMENTAL STAFF OFFICES:			
Office of the Secretary.....	0	0	35
Office of the Chief Economist.....	6	6	6
Total, Staff Offices.....	6	6	41
Total.....	\$31,940	\$25,655	\$25,954

APPENDIX

Strategic Goal			
Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources			
Budget Authority			
(Dollars in Millions)			
Program	2009 Enacted	2010 Estimate	2011 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES:			
Farm Service Agency.....	\$2,242	\$2,328	\$2,314
Foreign Agricultural Service.....	3	3	3
Total, FFAS.....	2,245	2,331	2,317
NATURAL RESOURCES AND ENVIRONMENT:			
Natural Resources Conservation Service.....	3,284	3,670	3,667
Forest Service.....	5,280	5,479	5,479
Total, NRE.....	8,564	9,149	9,146
MARKETING AND REGULATORY PROGRAMS:			
Animal and Plant Health Inspection Service.....	86	101	71
Total, MRP.....	86	101	71
RESEARCH, EDUCATION, AND ECONOMICS:			
Agricultural Research Service.....	226	234	240
National Institute of Food and Agriculture.....	183	199	196
Economic Research Service.....	10	11	11
National Agricultural Statistics Service.....	1	1	1
Total, REE.....	420	444	448
DEPARTMENTAL STAFF OFFICES:			
Office of the Chief Economist.....	0	3	3
Hazardous Materials Management.....	5	5	5
Total, Staff Offices.....	5	8	8
Total.....	\$11,320	\$12,033	\$11,990

APPENDIX

Management Activities (Dollars in Millions)

Program	2009 Enacted	2010 Estimate	2011 Budget
Departmental Activities.....	\$549	\$626	\$620
Total, Management Activities.....	\$549	\$626	\$620

APPENDIX

Fee Proposals (Dollars in Millions)

Agency and Program	2011 Budget Authority
Food Safety	
Food Safety and Inspection Service:	
User Fee Proposals.....	\$0
<ul style="list-style-type: none">Two user fees associated with the Food Safety and Inspection Service are proposed. One 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. A second proposal would provide authority to collect a Facility Application and Annual Renewal Activities user fee to cover the increased cost above those basic inspection services provided to meat, poultry or processed egg products establishments. Total collection from these proposals are estimated to be about \$11 million in 2011.	
Natural Resources and Environment	
Natural Resources Conservation Service:	
User Fee Proposal	0
<ul style="list-style-type: none">The budget includes a targeted fee proposal for conservation plans development. Total collections from these proposals are estimated to be \$19 million.	
Marketing and Regulatory Programs	
Animal and Plant Health Inspection Service:	
User Fee Proposals.....	0
<ul style="list-style-type: none">The budget proposal authorizes the Secretary of Agriculture to prescribe, adjust and collect fees to cover the costs incurred for activities in relation to the review, maintenance and inspections connected to licensing activities associated with the Animal Welfare Act, Virus Serum Toxin Act, and the Plant Protection Act. The estimated fees would result in receipts of \$19.5 million in 2011, which includes \$9 million for animal care, \$6.75 million for veterinary biologics, and \$3.75 million for Biotechnology Regulatory Services.	

APPENDIX

Grain Inspection, Packers and Stockyards Administration:

User Fee Proposal	0
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- The budget would establish a fee for grain standardization and a Packers and Stockyards license fee. The proposal would result in approximately \$29 million (\$4 million and \$25 million, respectively).

APPENDIX

Proposed Budget-Related Legislation (Dollars in Millions)

Agency and Program	2011 Budget Authority
Farm and Foreign Agricultural Services	
Commodity Credit Corporation:	
Payment Limitation.....	-\$1
<ul style="list-style-type: none">The 2011 budget proposes to utilize the existing payment limitations from the 2008 Farm Bill, but adjust the limits within them to achieve significant savings over 10 years. Specifically, the proposal would reduce the cap on Direct Payments, reduce the Adjusted Gross Income limitations, and implement changes to the definition of Actively Engaged. USDA estimates that the sum of the above changes may save the government a total of roughly \$2.35 billion over 10 years.	
Reduced Commodity Storage Payments.....	-2
<ul style="list-style-type: none">This proposal would eliminate cotton and peanut storage credits. The credits allow producers to store their cotton and peanuts at the Government's cost until prices rise. Therefore, storage credits have a negative impact on the amount of commodities on the market. Because storage is covered by the Government, producers may store their commodities for longer than necessary. There is no reason the Government should be paying for the storage of cotton or peanuts, particularly since it does not provide this assistance for other commodities.	
Foreign Agricultural Service:	
Reform Market Access Program (MAP)	-8
<ul style="list-style-type: none">This proposal reduces annual funding for MAP by 20 percent in order to achieve deficit reduction savings. Under the program, 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, including a wide range of specialty crops. Although funding for new	

APPENDIX

MAP programming will be reduced by \$40 million in 2011, outlay savings during the first year are estimated to be \$4 million due to the slow rate of spend-out for the program.

Food, Nutrition, and Consumer Services

Food and Nutrition Service:

Child Nutrition and WIC Reauthorization..... 1,000

- The budget proposes to add \$10 billion over the next ten years for the reauthorization of the Child Nutrition and WIC Programs. The proposals would: (1) Improve access to nutritious meals, particularly for low-income children; (2) Improve access to healthy fruits and vegetables; (3) Reduce the prevalence of obesity by improving the diets of school children and by teaching children to make wise food choices in and outside of school; and (4) Improve program performance and integrity.

Supplemental Nutrition Assistance Program..... 25

- The budget proposes to add \$25 million to extend the American Recovery and Reinvestment Act provision that eliminates the time limits for able-bodied adults without dependents for an additional year.

Supplemental Nutrition Assistance Program..... 11

- The budget proposes to exclude refundable tax credits from benefit and eligibility determination in the month of receipt and for the following 12 months.

Supplemental Nutrition Assistance Program..... 0

- The budget proposes to increase the asset limit to \$10,000 in SNAP, but does not increase budget authority. The funding is provided through a government-wide initiative.

APPENDIX

Departmental Management

Departmental Management:

Penalties 0

- The budget will include a proposal to assess penalties for misuse of the biopreferred label.