



**United States Department of Agriculture**

**FY 2018**  
**BUDGET SUMMARY**



## ***CONTENTS***

<b>PREFACE .....</b>	<b>iii</b>
<b>OVERVIEW .....</b>	<b>1</b>
<b>HIGHLIGHTS .....</b>	<b>3</b>
<b>MISSION AREA/AGENCY DETAILS:</b>	
FARM AND FOREIGN AGRICULTURAL SERVICES:	
Farm Service Agency .....	10
Risk Management Agency .....	19
Foreign Agricultural Service .....	22
RURAL DEVELOPMENT:	
Rural Economic Infrastructure Grants .....	30
Rural Business-Cooperative Service .....	31
Rural Utilities Service .....	33
Rural Housing Service .....	35
Rural Development Salaries and Expenses .....	37
FOOD, NUTRITION, AND CONSUMER SERVICES:	
Food and Nutrition Service .....	40
FOOD SAFETY:	
Food Safety and Inspection Service .....	48
NATURAL RESOURCES AND ENVIRONMENT:	
Natural Resources Conservation Service .....	52
Forest Service .....	56
MARKETING AND REGULATORY PROGRAMS:	
Animal and Plant Health Inspection Service .....	62
Agricultural Marketing Service .....	66
Grain Inspection, Packers and Stockyards Administration .....	70
RESEARCH, EDUCATION, AND ECONOMICS:	
Agricultural Research Service .....	72
National Institute of Food and Agriculture .....	76
Economic Research Service .....	79
National Agricultural Statistics Service .....	80
DEPARTMENTAL STAFF OFFICES .....	81
OFFICE OF CIVIL RIGHTS .....	85
OFFICE OF INSPECTOR GENERAL .....	86

**APPENDIX:**

Staff Years by Agency .....	87
Budget Authority by Agency .....	88
Program Level by Agency .....	90
Outlays by Agency.....	92
Discretionary Outlays by Agency .....	93
User Fee Proposals.....	94
Budget-Related Proposals .....	96

---

## ***PREFACE***

This publication summarizes the fiscal year (FY) 2018 Budget for the U.S. Department of Agriculture (USDA). Throughout this publication any reference to the “Budget” is with regard to the 2018 Budget, unless otherwise noted. All references to years refer to fiscal year, except where specifically noted. The budgetary tables throughout this document show actual amounts for 2016, estimates based upon the annualized continuing resolution for 2017, and the President’s Budget for 2018.

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 be aware which measure is being used. Also, note that the budget authority tables contained in this document reflect operating levels.

The performance tables throughout this document, unless otherwise noted, show target levels for 2017 and 2018 and actual data for all preceding years. Performance goals reflect performance levels at ongoing funding levels and do not include the effect of supplemental appropriations. Performance target levels are estimates and subject to change. The Department will be revising the USDA Strategic Plan and performance measures later this year.

Throughout this publication, the “2014 Farm Bill” is used to refer to the Agricultural Act of 2014.

Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, sequestration is included in the numbers for mandatory programs in all years. The sequestration rate for 2016 is 6.8 percent; 2017 is 6.9 percent; and 2018 is 6.6 percent. Mandatory funds for 2018 do not reflect the 2018 sequester.

Please note this publication does not reflect the reorganization announced by Secretary Perdue on May 11, 2017, due to the timing of the release of the Budget.

## **DOCUMENT ORGANIZATION**

The Budget Summary is organized into three sections:

- **Overview** – provides an overview of USDA’s funding.
- **Budget Highlights** – describes key budget proposals and changes in budget authority and outlays.
- **Mission Area and Agency Details** – summarizes agency funding and programs, and performance goals.

## **BUDGET AND PERFORMANCE PLAN TERMS:**

**Budget Authority (BA):** 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:** Commitments of Government funds that are legally binding. In order for USDA to make a valid obligation, it must have a sufficient amount of BA to cover the obligation.

**Outlays:** Cash disbursements from the Federal Treasury to satisfy a valid obligation.

**Program Level (PL):** The gross value of all financial assistance USDA provides to the public. This assistance may be in the form of grants, guaranteed or direct loans, cost-sharing, professional

services, such as research or technical assistance activities, or in-kind benefits, such as commodities.

**Performance Goal:** 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:** Indicators, statistics, or metrics used to gauge program performance. Program performance measures include outcome, output, and efficiency measures.

#### **OTHER PUBLICATIONS**

The 2016 Annual Performance Report and 2017 Annual Performance Plan, which provides performance information concerning USDA achievements in 2016 and plans for 2017, can be found at <http://www.obpa.usda.gov>.

The 2018 Cuts, Consolidations, and Savings Volume of the President's Budget identifies the lower-priority program activities per the GPRA Modernization Act. The public can access the volume at: <http://www.whitehouse.gov/omb/budget>.

#### **CONTACT INFORMATION**

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

## OVERVIEW

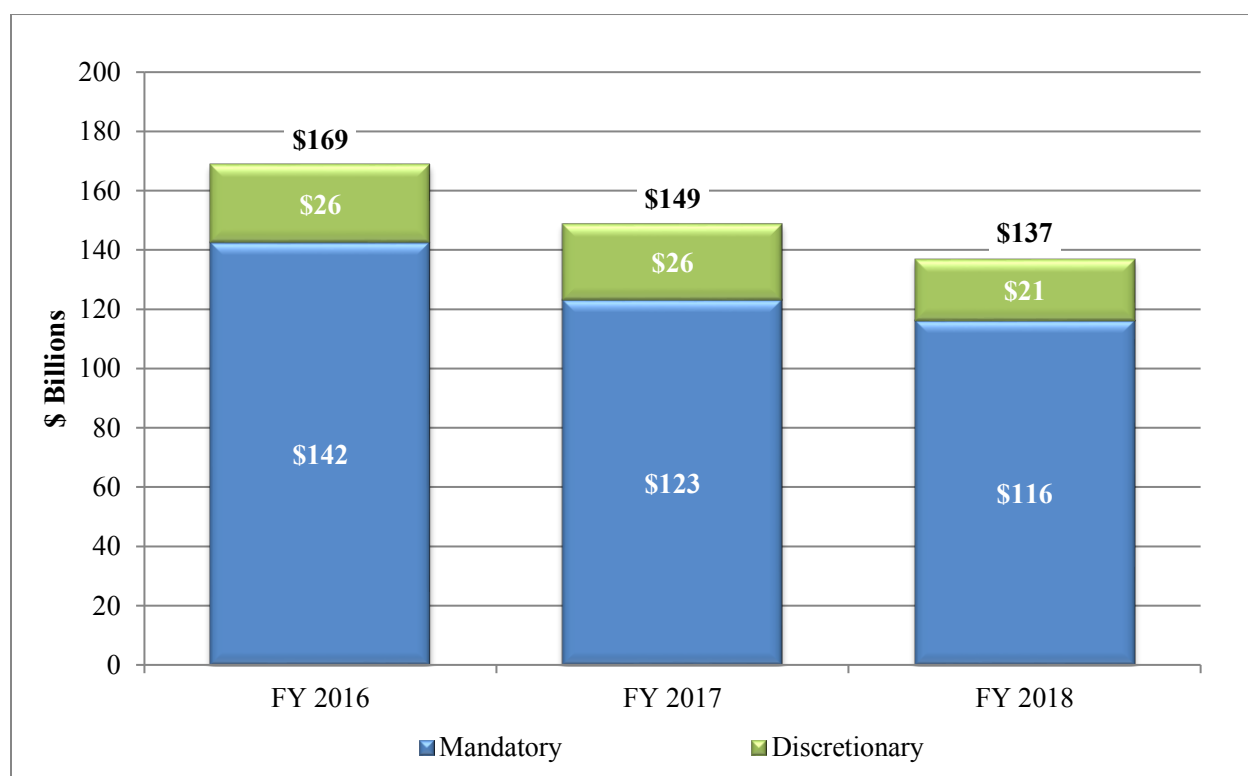
### MISSION STATEMENT

USDA provides leadership on food, agriculture, natural resources, rural development, nutrition, and related issues based on sound public policy, scientific evidence, and efficient management.

### 2018 FUNDING OVERVIEW

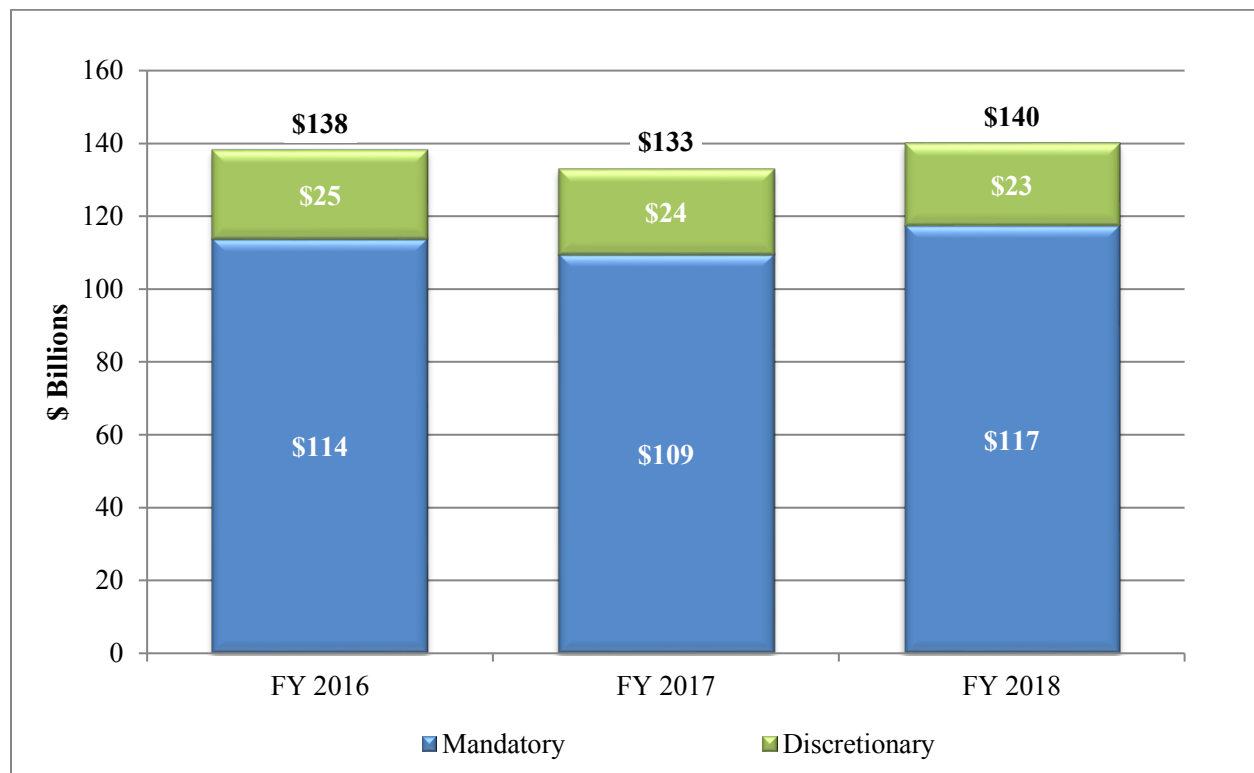
The 2018 request for discretionary budget authority to fund programs and operating expenses is about \$21 billion, approximately \$4.8 billion below 2017. This includes funding for Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), Rural Development, Forest Service, food safety, research, and conservation activities.

Funding for mandatory programs is estimated to be \$116 billion, about \$7 billion below 2017.

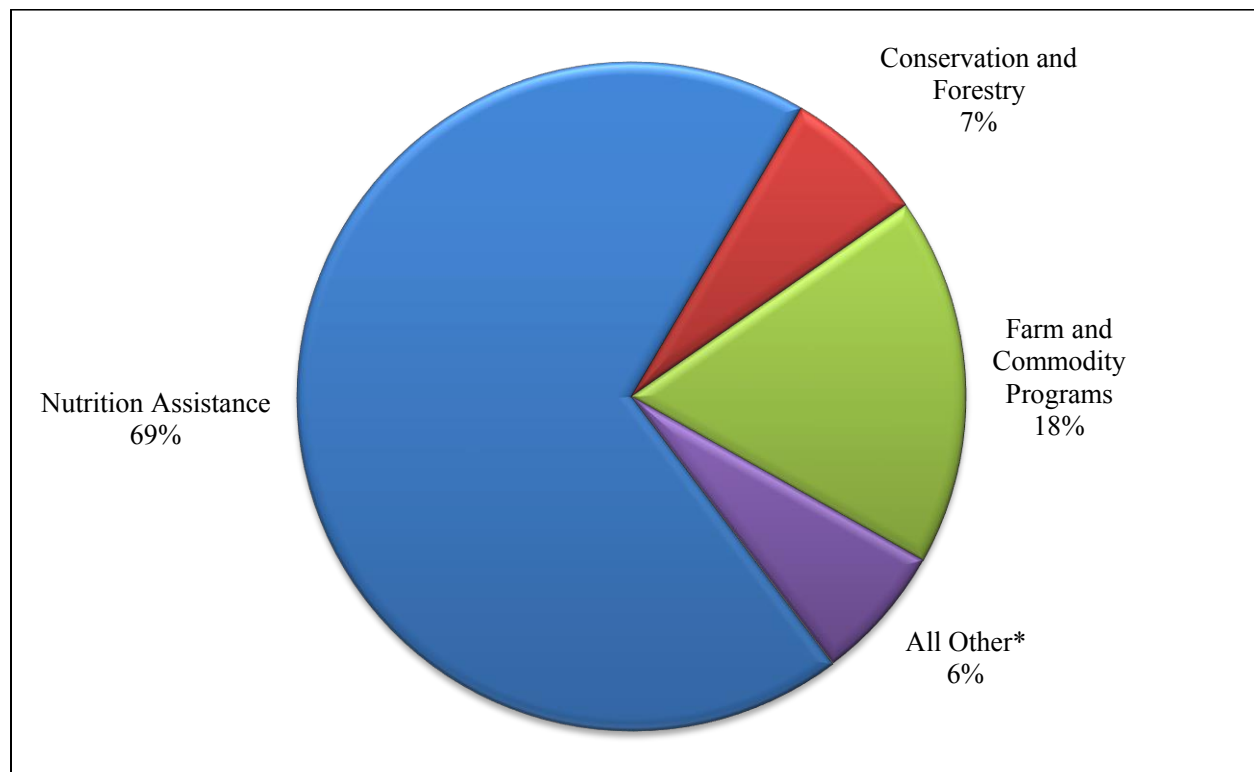


**Figure OV-1. USDA Budget Authority**

USDA's total outlays for 2018 are estimated at \$140 billion. Roughly 82 percent of outlays, about \$117 billion, are for mandatory programs – providing services required by laws other than annual appropriations acts. These outlays include crop insurance, nutrition assistance programs, farm commodity and trade programs, and a number of conservation programs. The remaining 18 percent of outlays, about \$23 billion, are associated with discretionary programs such as WIC; food safety; rural development loans and grants; research and education; soil and water conservation technical assistance; animal and plant health; management of national forests, wildland fire, and other Forest Service activities; and domestic and international marketing assistance.



**Figure OV-2. USDA Outlays**



**Figure OV-3. 2018 Outlays (All Other includes Rural Development, Research, Food Safety, Marketing and Regulatory, and Departmental Management.)**



---

## ***HIGHLIGHTS***

### **FARM AND FOREIGN AGRICULTURAL SERVICES**

The Farm and Foreign Agricultural Services (FFAS) mission area supports expanded economic and trade opportunities for agricultural producers through commodity and income support, export promotion, farm credit, risk management, disaster assistance, and related programs. These programs provide a safety net to help ensure the long-term economic vitality of American farmers and ranchers. The Budget includes resources for:

#### ***Credit for Farmers***

The Budget supports a loan level of approximately \$7 billion for Farm Service Agency direct and guaranteed farm ownership and operating loans. Direct and guaranteed loans support about 42,000 producers, 80 percent of whom will be beginning farmers and ranchers, veterans, and socially disadvantaged producers. Additional lending opportunities are provided for Indian Country, including \$20 million for Indian Land Acquisition loans.

#### ***Crop Insurance***

The Budget provides crop insurance coverage for an estimated \$92 billion in crops. Crop insurance is designed to ensure that farmers and ranchers effectively manage their risk through difficult periods, helping to maintain America's safe and affordable food supply.

#### ***Agricultural Exports***

The Budget includes a program level of \$5.5 billion for Commodity Credit Corporation (CCC) Export Guarantee Programs to provide guarantees for the commercial financing of U.S. agricultural exports. The program facilitates exports to buyers in countries that may not have access to adequate commercial credit, to maintain or increase U.S. sales.

#### ***Commodity Programs***

The Budget supports funding of the commodity programs administered by the Farm Service Agency (FSA) and funded by the CCC. 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. Approximately 1.8 million farms are enrolled in the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs, which are helping cushion the financial strain felt by producers due to the downturn in some commodity prices. These programs have provided \$5.3 billion in financial assistance to producers in fiscal year 2016 for the 2014 crop year.

### **RURAL DEVELOPMENT**

The Rural Development (RD) mission area provides financial and technical assistance to rural communities and individuals to help improve the quality of life in rural America. Included in this assistance is support for enhancements to rural utilities, such as electric and telecommunications systems, that enable communities to meet local needs. Furthermore, the mission area provides opportunities for safe and affordable housing across the country by providing loan guarantees that support homeownership opportunities, in addition to rental assistance and voucher programs for persons in rental properties.

The Budget provides over \$35 billion for financial and technical assistance for the benefit of rural residents. Highlights of the request include resources for:

***Rural Infrastructure***

The Budget provides \$162 million to establish a new grant fund for the purpose of supporting infrastructure development across Rural America. This fund will utilize the existing authorities of Rural Development and will support projects that expand or improve the economic infrastructure of Rural America, to include essential community facilities, with the intent of creating jobs and economic growth in rural communities. A focus of the fund will be to support projects in the Appalachian Region to expand job creation and economic opportunities for rural residents.

***Rural Electric System***

The Budget provides \$5.5 billion in loans for rural electric improvements, benefiting over 5 million rural residents annually by expanding the use of smart grid technologies and other security and resiliency improvements.

***Community Facilities***

The Budget provides \$3 billion, an increase of \$800 million, for the Community Facilities direct loan program to provide funding for rural infrastructure, such as healthcare facilities. As a result of this financing, over 3.1 million residents are expected to receive access to improved healthcare facilities, including hospitals and mental health clinics.

***Rural Housing Assistance***

The Budget provides \$24 billion in funding to enable more than 164,000 families to enjoy homeownership through the single family housing loan guarantee program. In addition, the Budget includes \$1.35 billion to maintain support for Rental Assistance Payments that allow low income families to afford their rental payments. The Budget proposes \$250 million for multi-family guaranteed loans, an increase of \$100 million. This additional funding will support the development of nearly 9,000 units for very low, low, and moderate-income rural residents.

**FOOD, NUTRITION, AND CONSUMER SERVICES**

The Food, Nutrition, and Consumer Services (FNCS) mission area works to improve nutrition and reduce food insecurity for low-income families. The Food and Nutrition Service (FNS) and the Center for Nutrition Policy and Promotion (CNPP) ensure that Americans have access to nutritious and balanced meals, while promoting a healthy lifestyle. USDA's nutrition assistance programs help reduce food insecurity, improve nutrition and reduce obesity by ensuring that children and families have access to healthy diets in schools and child and adult care facilities, and ensuring that families have the means to purchase food.

The Budget requests \$104.5 billion for nutrition assistance programs for low-income individuals and families. The Budget includes resources for:

***Nutrition Assistance***

The Budget funds the expected need for the domestic nutrition assistance programs, including the Supplemental Nutrition Assistance Program (SNAP), Child Nutrition programs, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Funding for the nutrition assistance programs is based on projected participation levels of 42.2 million monthly for SNAP, 30.6 million children to be served school lunches daily, 15.7 million to be served school breakfast daily, and 7.2 million monthly WIC participants. Based on the success of the Summer Electronic Benefit Transfer (Summer EBT) demonstration projects in reducing summer time hunger, the Budget proposes \$23 million to continue the Summer EBT demonstration pilots. The

Budget also provides \$238 million for the Commodity Supplemental Food Program to support the current caseload of 690,000 elderly individuals.

### **FOOD SAFETY**

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 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. The Food Safety mission area strives to lower the incidence of pathogens that cause foodborne illness and limit the occurrence of outbreaks associated with these products. Currently, USDA is also responsible for Siluriformes fish and products, although the Budget proposes returning this food safety responsibility to the Food and Drug Administration to avoid potentially duplicative efforts and costs.

#### ***Frontline Inspection***

The Food Safety Inspection Service's (FSIS) top priority is to ensure the safety of the products it regulates, and the agency will prioritize in-plant food safety inspection and dedicate significant resources to ensuring that all plants have the required number of inspectors. The Budget requests over \$1 billion for FSIS, which will allow the agency to add 82 staff years to its frontline inspection system.

### **NATURAL RESOURCES AND ENVIRONMENT**

The Natural Resources and Environment (NRE) mission area promotes the conservation and sustainable use of natural resources on the Nation's private lands, and sustains production of all the goods and services that the public demands of the national forests and grasslands. The mission area works to safeguard the health and productivity of the Nation's forests, grasslands, and private working lands based on sound public policy and efficient management. Farms and forests help generate rural wealth through agriculture, recreation and tourism, and other opportunities. The Budget includes resources for:

#### ***Conservation***

The Budget includes \$5.6 billion in funding for Farm Bill conservation programs to bring cumulative enrollment to a historic high of 466 million acres. This includes \$2.1 billion in funding for the Conservation Reserve Program (CRP) to protect 24 million acres of environmentally sensitive cropland and grassland. The Budget includes \$1.5 billion for the Environmental Quality Incentives Program (EQIP). The Agricultural Conservation Easement Program (ACEP) is funded at the authorized level of \$250 million.

#### ***Wildland Fire Management***

The Forest Service (FS) protects life, property, and natural resources in communities, including 193 million acres of National Forest System (NFS) land, and an additional 20 million acres of adjacent State and private lands. For 2018, Federal funding for wildland fire management activities is proposed at \$2.5 billion. This amount includes full funding for Base 8 firefighter costs in preparedness and full funding for wildland fire suppression activities at 100 percent of the 10-year average.

#### ***Forest Management***

The Budget continues to facilitate mining, timber, hazardous fuel, and restoration projects on NFS lands, creating jobs and economic development in rural communities. In 2018, the agency expects

to reach a total volume sold of 3.2 billion board feet while improving the resilience of more than 1.7 million acres through hazardous fuels reduction. The Budget supports the Forest Products program at \$359 million. The Budget increases support for Law Enforcement and Investigations by almost \$3 million, to \$129 million. Marijuana grow sites present a tremendous risk to public safety and environmental quality. Accordingly, FS will maintain staff years with the proposed funding to enable law enforcement officers from around the Nation to participate in marijuana eradication operations and marijuana grow site clean-up and reclamation.

### **MARKETING AND REGULATORY PROGRAMS**

The Marketing and Regulatory Programs (MRP) mission area facilitates and expands the domestic and international marketing of U.S. agricultural products, helps protect the agricultural sector from plant and animal health threats, and ensures humane care and treatment of regulated animals. 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. 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 Budget includes resources for:

#### ***Protection of Agricultural Resources***

The Budget includes a total of \$1.1 billion to protect agricultural resources from pest and disease, address sanitary (animal) and phytosanitary (plant) trade concerns, and enforce animal care legislation. This includes programs that support the U.S. livestock and poultry industries. Similarly, the Budget maintains efforts to address significant plant pest threats, including citrus greening and other citrus diseases. The Budget maintains the Department's ability to transfer funds to address emergencies, such as further detections of highly pathogenic avian influenza, in the unlikely event that additional detections occur. Cooperators that receive direct benefits from plant health and wildlife service activities are expected to increase their contributions to sustain program operations.

#### ***National Bioengineered Food Disclosure Standard***

The Budget requests sufficient funding to establish the National Bioengineered Food Disclosure Standard. Public Law 114-216 requires USDA to put in place a national mandatory system for disclosing the presence of bioengineered material. The requirements of the disclosure will be developed through rulemaking.

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

The Research, Education, and Economics (REE) mission area supports the creation and dissemination of knowledge spanning the biological, physical, and social sciences related to agricultural and food research, economic analysis, statistics, extension, and higher education. REE enhances the U.S. position as a global leader in a highly competitive food and fiber system; promotes economic and environmentally sustainable agricultural practices; and contributes to continued agricultural prosperity, thriving rural communities, and well-informed consumers. The Budget proposes \$2.5 billion for agricultural research and related activities.

#### ***Agricultural Research and Statistics***

The Budget requests \$993 million to support core research projects of the Agricultural Research Service, including crop and livestock production and protection; food safety and human nutrition; new agricultural product development; and environmental stewardship. The Budget includes \$1.3 billion to support extramural agricultural research, education, and extension activities through the

National Institute of Food and Agriculture, including about \$350 million for the Agriculture and Food Research Initiative, USDA's flagship competitive grants program. For the National Agricultural Statistics Service, the Budget includes \$186 million, including an increase of approximately \$22 million to conduct the 2017 Census of Agriculture. For the Economic Research Service, the Budget proposes \$77 million to continue its core programs in providing economic and social science information and analysis on agriculture, food, environment, and rural development.

### **DEPARTMENTAL ACTIVITIES**

The Budget provides for the administrative and operational management functions of the Department, including resources for:

#### ***Cyber Security***

The Budget provides an increase of \$16 million in funding aimed to expand cyber security assets for the protection of the USDA network. This investment will support the acquisition of more robust scanning tools and services to better protect the data and sensitive information of employees and customers of the Department.

### **DEFICIT REDUCTION AND PROGRAM REFORMS**

The 2018 President's Budget also includes reductions and eliminations of programs that do not support USDA's core mission. The Budget also includes legislative proposals to reform programs to better target Federal dollars while contributing to deficit reduction efforts.

#### ***Commodity Programs***

The Budget proposes legislation to better target commodity programs and reform the crop insurance program to reduce premium subsidies. Specifically, it proposes to target Commodity Credit Corporation program benefits and crop insurance premium assistance to only those producers who have an adjusted gross income of \$500,000 or less; limit insurance premium subsidies to any one individual or entity to \$40,000; and proposes to eliminate insurance subsidies for harvest price revenue coverage, a feature of revenue insurance that allows a producer to insure at the higher of the projected price at planting or the harvest price. In total, these reforms are expected to save taxpayers about \$28.8 billion over 10 years.

#### ***Conservation Programs***

The Budget proposes to target enrollment of additional acres in the Conservation Reserve Program (CRP) by using continuous and grassland signups. Also, all signing incentive payments and practice incentive payments on newly enrolled CRP acreage will be eliminated, except for acres enrolled under the Conservation Reserve Enhancement Program. The Budget also proposes the elimination of the Regional Conservation Partnership Program (RCPP) and the elimination of enrollment of new acres in the Conservation Stewardship Program (CSP). Many of the conservation practices supported by RCPP and CSP could be supported by EQIP or ACEP, which would continue under the proposal at enhanced funding levels (\$250 million and \$450 million annually, respectively). In total, these reforms are expected to save taxpayers a net of about \$5.6 billion over 10 years. The Budget assumes a greater role by the private sector in conservation planning in coordination with NRCS, which will provide training and certification for private entities to support development of specialized conservation plans. This will ensure better coordination between NRCS and these private entities while ensuring landowners can take full advantage of Farm Bill conservation programs.

***Supplemental Nutrition Assistance Program (SNAP)***

The Budget proposes several reforms to SNAP eligibility and benefit calculations that will target benefits to the neediest households and encourage work among able-bodied adults, which are expected to save about \$75.1 billion over 10 years. The Budget also proposes a State match for SNAP benefit payments, phased in at an average of 10 percent in 2020 to an average of 25 percent in 2023, which is expected to reduce Federal outlays by about \$116 billion over 10 years. The Budget also proposes to establish an application fee for retailers applying to accept SNAP benefits and for retailer reauthorization that will likewise save about \$2.4 billion.

***User Fee Proposals***

The Budget proposes legislation to charge a user fee to cover certain inspection, regulatory, and oversight activities. The proposals range from inspection of meat, poultry, and eggs to enforcement of animal welfare requirements. The Budget also proposes user fees for grain standardization and a Packers and Stockyards license fee to cover program costs. Fee proposals to help offset the cost of biotechnology and veterinary biologic regulation are also included in the Budget. The Budget proposes to use assessments to cover the Marketing Order and Agreements administrative costs. Finally, the Budget proposes to retain \$4.5 million in user fees annually, to better manage communications facilities on Forest Service land.

***Duplicative, Ineffective, or Lower Priority Programs***

The Budget proposes the elimination of the Rural Business-Cooperative Service, the Water and Wastewater Direct Loan and grant program, the Single Family Housing Direct Loan program, along with other proposals to reduce duplication. Rural communities can be served by private sector financing or other Federal investments in rural water infrastructure, such as the Environmental Protection Agency's State Revolving Fund. In addition, the Budget proposes to eliminate all funding for several programs including the Biomass Crop Assistance Program, the Rural Energy for America Program, the McGovern-Dole International Food for Education Program, the Market Access Program, and the Specialty Crop Block Grant Program. The Budget also proposes to transfer the responsibility for Siluriformes inspection back to the Food and Drug Administration to avoid potentially duplicative efforts and costs.

---

## *FARM AND FOREIGN AGRICULTURAL SERVICES*

### **MISSION**

The Farm and Foreign Agricultural Services (FFAS) mission area has responsibility for the delivery of programs and services that focus on supporting a sustainable and competitive U.S. agricultural system.

The U.S. agriculture sector extends far beyond farm businesses. Agriculture, food, and related industries contributed \$992 billion to the U.S. gross domestic product (GDP) in 2015, a 5.5 percent share. In addition, 21 million full and part-time jobs were related to the agricultural and food sector, representing 11 percent of the total U.S. employment. Further, food manufacturing accounts for 14 percent of all U.S. manufacturing employees. American agriculture exported \$130 billion in commodities and products in 2016. U.S. agricultural exports have continued to outpace U.S. agricultural imports since 1960, generating a surplus in U.S. agricultural trade. Agricultural exports in 2017 are expected to reach \$136 billion.

Crop insurance is designed to ensure that farmers and ranchers effectively manage their risk through difficult periods, helping to maintain America's food supply and the sustainability of small, limited resource, socially disadvantaged and other traditionally underserved farmers. In crop year 2016, the Federal crop insurance program provided protection on over \$100 billion in agricultural production.

In 2016, USDA provided over \$5.3 billion in Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) financial assistance to producers for the 2014 crop year. ARC and PLC are an important part of the farm safety net, providing assistance only when there are year-to-year crop revenue or commodity downturns.

USDA continues to provide tools for America's farmers to be good stewards of the land. The Conservation Reserve Program (CRP) has protected and conserved environmentally sensitive land since 1985. The 2014 Farm Bill authorized the CRP Grasslands program. In 2016, USDA accepted 101,000 acres in the new CRP grasslands program and recently conducted another grassland ranking period that included a new CRP grasslands practice for small-scale livestock producers.

USDA continues to make credit available to farmers and ranchers. The farm loan programs provide an important safety net to producers by providing a source of credit when they are temporarily unable to obtain credit from commercial sources. The majority of USDA direct and guaranteed farm ownership and operating loans are targeted to traditionally underserved populations such as beginning farmers and socially disadvantaged producers who generally have had a more difficult time obtaining credit to maintain and expand their operations. Demand for USDA loans remains strong as a result of lower farm revenues while delinquencies and loan losses remain low.

**FARM SERVICE AGENCY**

FSA supports the delivery of farm loans, commodity, conservation, and disaster assistance, and related programs. FSA provides administrative support for the Commodity Credit Corporation (CCC), which funds most of the commodity and export programs, and some of the USDA conservation programs. FSA delivers its programs through more than 2,100 local and regional Service Centers, 50 State Offices, and an area office in Puerto Rico.

*Table FFAS-1. Farm Service Agency Budget Authority (millions of dollars)*

Program	2016 Actual	2017 Estimate	2018 Budget
<b>Discretionary:</b>			
FSA Salaries and Expenses:			
Salaries and Expenses (Direct Appropriation).....	\$1,200	\$1,198	\$1,130
Transfer from Program Accounts .....	310	309	298
Total, Salaries and Expenses.....	1,510	1,507	1,428
Agricultural Credit Insurance Fund Program Account:			
Transfer to FSA Salaries and Expenses .....	(307)	(306)	(297)
Loan Subsidy .....	69	69	69
Loan Program Expenses .....	8	8	8
Total, Agricultural Credit Insurance Fund Program Account.....	77	77	77
State Mediation Grants .....	3	3	3
Grassroots Source Water Protection Program .....	7	6	0
Total, Ongoing Discretionary Programs .....	1,597	1,594	1,509
Other Funding:			
Reforestation Pilot Program.....	1	1	0
Geographically Disadvantaged Farmers and Ranchers .....	2	2	0
Emergency Conservation Program .....	108	103	0
Emergency Forest Restoration Program .....	6	0	0
Total, Other Funding.....	117	106	0
Total, Discretionary Programs.....	1,713	1,700	1,509
<b>Mandatory:</b>			
Dairy Indemnity Program.....	1	1	1
Total, Farm Service Agency .....	1,714	1,700	1,509

**Salaries and Expenses**

The Budget proposes \$1.43 billion, about \$79 million below the 2017 estimate, to support Federal and non-Federal staffing. Savings will be achieved through a number of streamlining efforts that will reduce the cost of program delivery while maintaining customer service. Streamlining efforts include Headquarter organizational consolidations and reorganizations, and strategic reductions in staff years throughout FSA. In addition, reductions in operating expenses will be made, such as travel and postage costs, while maintaining the travel necessary to ensure the safety and security of federal programs.

A reduction in information technology investments of about \$19.2 million below the 2017 estimate will be achieved by improved management of FSA's hardware and software inventory, increased efficiencies in image capturing, processing and distribution of the National Agricultural Imagery



Program, improved use of FSA's enterprise architecture to control complexity in information technology, increased system availability and increased reliability through the stabilization of information technology operations, and improved efficiency of software delivery.

To facilitate implementation of Title I of the 2014 Farm Bill, Congress authorized \$100 million in 2014 to be available until expended. These funds were being used, in part, to hire additional temporary non-federal county office staff to implement the new Title I Farm Bill programs, including ARC/PLC. Most of the \$100 million provided has now been expended.

***Table FFAS-2. FSA Staff Years***

<b>Program</b>	<b>2016 Actual</b>	<b>2017 Estimate</b>	<b>2018 Budget</b>
Federal.....	4,098	4,111	3,785
Non-Federal:			
Permanent Full-Time.....	7,230	7,188	6,596
Temporary .....	863	255	200
Total, Non-Federal.....	8,093	7,443	6,796
Total, FSA Staff Years.....	12,191	11,554	10,581

### ***Farm Loan and Grant Programs***

The farm loan programs serve as an important safety net for America's farmers by providing a source of credit when they are temporarily unable to obtain credit from commercial sources. In order to meet the continued demand for farm credit, the Budget provides nearly \$7 billion for farm loans, \$616 million higher than the level provided in 2017. FSA anticipates continued strong demand for its farm loan programs in 2018 as a result of relatively high production costs and increased operating capital needs.

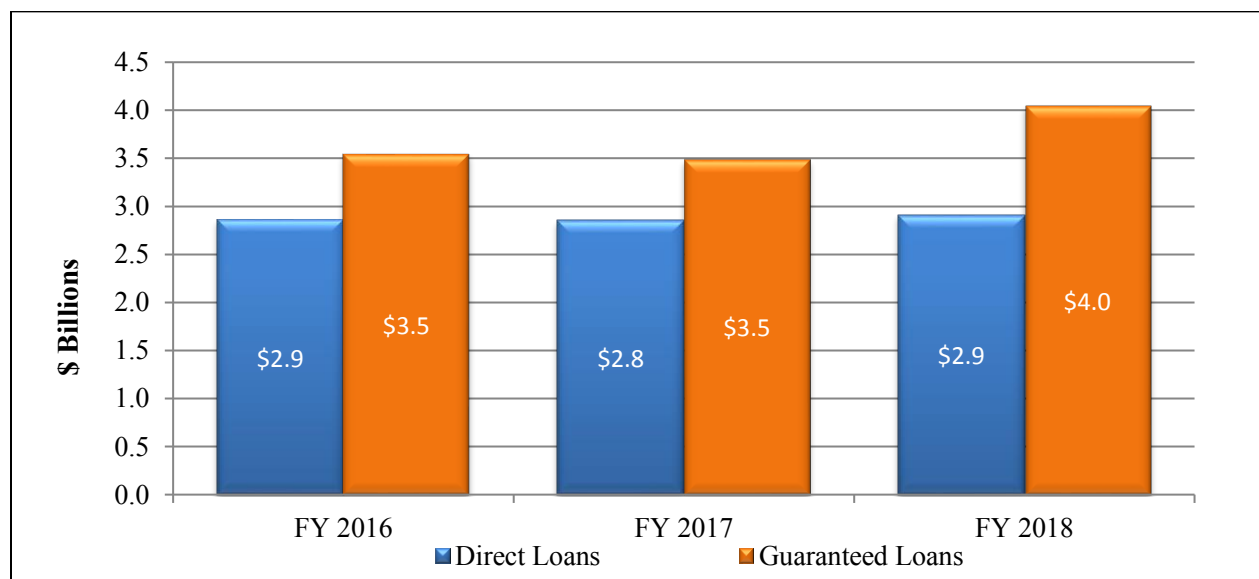
The Budget supports an estimated 42,400 farmers and ranchers by financing operating expenses and providing opportunities to acquire a farm or keep an existing one. The availability of farm operating loans provides farmers with short-term credit to finance the costs of continuing or improving their farming operations, such as purchasing seed, fertilizer, livestock, feed, equipment, and other supplies. For farm operating loans, the Budget provides about \$1.3 billion for direct loans and \$1.4 billion for guaranteed loans. The requested loan levels will serve an estimated 28,750 farmers, about 23,725 of whom will receive direct loans and 5,025 will receive guaranteed loans. For farm ownership loans, the Budget requests \$1.5 billion in direct loans and \$2.5 billion for guaranteed loans. The 2018 loan levels will provide about 13,650 people with the opportunity to either acquire their own farm or keep an existing one; about 8,275 borrowers will receive direct loans and 5,375 will receive guaranteed loans.

*Table FFAS-3. ACIF Program Level (PL) and Budget Authority (BA) (millions of dollars)*

Program	2016 PL	BA	2017 PL	BA	2018 PL	BA
Farm Operating Loans:						
Guaranteed Unsubsidized.....	\$1,393	\$14	\$1,339	\$14	\$1,393	\$15
Direct.....	1,252	54	1,264	54	1,305	53
Total, Operating Loans.....	2,645	68	2,603	68	2,698	68
Farm Ownership Loans:						
Guaranteed Unsubsidized.....	2,000	0	2,000	0	2,500	0
Direct.....	1,500	0	1,500	0	1,500	0
Total, Ownership Loans.....	3,500	0	3,500	0	4,000	0
Emergency Loans.....	35	1	23	1	26	1
Indian Land Acquisition Loans.....	2	0	2	0	20	0
Highly Fractionated Indian Land Loans.....	10	0	0	0	0	0
Boll Weevil Eradication Loans.....	60	0	60	0	60	0
Guaranteed Conservation Loans.....	150	0	150	0	150	0
Total, Farm Loan Programs.....	6,402	70	6,338	69	6,954	69

The Budget includes \$26 million loan level for emergency (EM) loans. Demand for EM loans is difficult to predict; funding is requested to ensure that support is available in the event of a natural disaster. The Budget requests a loan level of \$20 million for Indian Land Acquisition loans, an increase of \$18 million above 2017. No additional budget authority is required to provide the increased loan level. The program level funding for boll weevil eradication loans remains at \$60 million, the same level provided in 2017.

Funding for State mediation grants is proposed at \$3.4 million, the same level provided in 2017. 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.

*Figure FFAS-1. Farm Loan Program Level*

A portion of both direct and guaranteed farm operating and ownership loan funds is targeted to beginning farmers and socially disadvantaged borrowers. Key performance metrics for the farm loan programs measure the programs' success in providing access to credit for beginning farmers, racial and ethnic minority farmers, and women farmers.

**Table FFAS-4. Key Performance Measure (KPM) – Percentage of Targeted Farmers Receiving USDA Financing**

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Socially Disadvantaged Farmers (SDA)	13.6	14.2	15.0	15.9	14.1	15.2
Beginning Farmers	70.0	79.2	85.6	95.5	77.5	88.0

### **Commodity Credit Corporation**

CCC provides mandatory 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.

**Table FFAS-5. CCC Budget Authority (millions of dollars)**

Program	2016 Actual	2017 Estimate	2018 Budget
<b>Mandatory:</b>			
Commodity Credit Corporation Fund .....	\$27,921	\$10,227	\$8,561
Tobacco Trust Fund.....	24	0	0
Total, Commodity Credit Corporation, Current Law .....	27,945	10,227	8,561
Proposed Legislation <sup>a</sup> .....	0	0	-211
Total, Commodity Credit Corporation .....	27,945	10,227	8,350

<sup>a</sup> The Budget includes proposals for changes to certain programs above. See details in Appendix.

*Table FFAS-6. CCC Net Outlays (millions of dollars)*

Program	2016 Actual	2017 Estimate	2018 Budget
Commodity Programs:			
Direct .....	\$11	0	0
ACRE.....	1	0	0
Loan Deficiency Payments .....	213	\$229	\$97
Agriculture Risk Coverage/Price Loss Coverage .....	5,312	8,042	9,767
Dairy Margin Protection Program .....	11	100	117
Other .....	689	215	555
Subtotal, Commodity Payments.....	6,238	8,586	10,537
Disaster.....	529	413	494
Noninsured Crop Disaster Assistance Program .....	137	154	164
Bio-based Fuel Production .....	0	0	0
Biomass Crop Assistance Program (BCAP) .....	10	3	3
All Other <sup>a</sup> .....	580	395	633
Total, CCC Commodity Programs.....	7,494	9,551	11,831
Conservation Programs:			
Conservation Reserve Program .....	1,821	2,045	2,148
Emergency Forestry Conservation .....			
Reserve Program .....	5	6	2
Total, Conservation Programs .....	1,826	2,051	2,150
Export Programs:			
Quality Samples Program.....	1	3	3
Market Access Program (MAP) .....	200	192	199
Foreign Market Development (Cooperator) Program .....	34	33	34
Technical Assistance for Specialty Crops Program .....	8	9	9
Total, Export Programs.....	243	237	245
Total, CCC Fund.....	9,563	11,839	14,226
Other CCC Activities:			
CCC Export Loans (including Liquidating Account).....	22	30	6
Tobacco Trust Fund.....	7	0	0
Pima Agriculture Cotton Trust Fund.....	15	15	16
Agricultural Wool Apparel Manufacturers Trust Fund.....	28	28	30
Farm Storage Facility Loans .....	27	11	0
Total, Other CCC Activities .....	99	84	52
Total, CCC Current Law .....	9,662	11,923	14,278
Proposed Legislation <sup>b</sup> .....	0	0	-211
Total, CCC .....	9,662	11,923	14,067

<sup>a</sup> For 2017 and 2018, includes funding provided for the National Organic Certification Cost Share and Agricultural Management Assurances Cost Share programs which were previously administered by AMS.

<sup>b</sup> The Budget includes proposals for changes to certain programs above. See details in Appendix.

### **Commodity Programs**

The commodity programs provide risk management and financial tools to farmers and ranchers. Net CCC outlays for commodity payments in 2017 are significantly above the 2016 level,

primarily due to increased outlays for ARC and PLC due to low commodity prices. The commodity programs provide protection against adverse market fluctuations; hence, outlays for many of these programs vary significantly from year to year as market conditions change.

The 2014 Farm Bill authorized the ARC and PLC programs, replacing provisions from previous programs including the Direct and Counter-Cyclical Payment Program (DCP), the Average Crop Revenue Election (ACRE), and the Supplemental Revenue Assistance Payments (SURE) programs. Unlike DCP, ARC and PLC provides assistance only when there are revenue or price downturns. Under ARC, producers were given the choice to elect ARC-County (ARC-CO) or ARC-Individual (ARC-IC). ARC-CO offers revenue protection on a county basis and ARC-IC offers revenue protection on an individual farm basis. Operators on a farm were required to make a one-time election of ARC and/or PLC for each of their covered commodities through the 2018 crop year. Producers were able to elect PLC or ARC-CO on a commodity-by-commodity basis, but ARC-IC had to be elected on a farm basis. Payments under PLC occur if the U.S. average market price for the crop is less than the reference price set in statute, therefore offering price protection. Payments under ARC-CO occur when actual crop revenue is below the ARC revenue guarantee for a crop year. Under ARC-IC, payments are issued when the actual individual crop revenues, summed across all covered commodities on the farm, are less than ARC individual guarantees summed across those covered commodities on the farm. ARC and PLC payments are issued on October 1 of the subsequent crop year or when the Marketing Year Average for the covered commodity is published by USDA, whichever is later. The first ARC and PLC payments were made in 2016 for the 2014 crop year.

*Table FFAS-7. CCC Fund Commodity Payments Net Outlays (millions of dollars)*

Program	2016 Actual	2017 Estimate	2018 Budget
<b>Commodity:</b>			
Feed Grains .....	\$3,827	\$4,593	\$6,000
Wheat .....	761	1,317	2,486
Rice.....	404	554	892
Upland and Extra Long Staple Cotton.....	700	231	250
Tobacco <sup>a</sup> .....	-205	0	0
Dairy .....	1	0	0
Soybeans and Products .....	327	1,117	51
Peanuts .....	320	593	657
Minor Oilseeds .....	68	92	92
Sugar.....	0	83	106
Honey .....	1	0	1
Wool and Mohair.....	0	0	0
Vegetable Oil Products.....	16	0	0
Other Commodities .....	13	5	3
Total, Commodity Payments .....	6,232	8,586	10,537

<sup>a</sup> Negative amounts reflect excess of receipts versus outlays.

In addition, the 2014 Farm Bill authorized the Margin Protection Program for Dairy (MPP-Dairy) replacing the Milk Income Loss Contract Program. MPP-Dairy offers protection to dairy producers when the difference between the all milk price, as reported by the National Agricultural Statistics

Service, and the average feed cost – “the margin” – falls below a certain dollar amount selected by the producer. Participating dairy operations establish their production history upon initial registration, and all producers in the participating dairy operation must provide adequate proof of the dairy operation’s quantity of milk marketed commercially. Catastrophic Coverage of \$4 margin coverage level at 90 percent of the established production history requires no premium payment, but the dairy operation must pay a \$100 administrative fee. For increased protection, dairy operations may annually select a percentage of coverage from 25 to 90 percent of the established production history in five percent increments and a coverage level threshold from \$4.50 to \$8 in 50 cent increments, for an additional premium payment. Dairy operations may only select one coverage level percentage and coverage level threshold for the applicable calendar year.

The Cotton Transition Assistance Payment (CTAP) program for upland cotton was authorized in the 2014 Farm Bill to provide payments to growers of upland cotton as they transition from direct payments to the new Stacked Income Protection Plan insurance coverage administered by the Risk Management Agency (RMA). CTAP was only available for the 2014 and 2015 crop years, paid to producers in 2015 and 2016.

### ***Conservation Programs***

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

***Table FFAS-8. CCC FSA Conservation Programs Budget Authority (millions of dollars)***

<b>Program</b>	<b>2016 Actual</b>	<b>2017 Estimate</b>	<b>2018 Budget</b>
Conservation Reserve Program.....	\$1,821	\$2,045	\$2,148
Emergency Forestry Conservation Reserve Program .....	5	6	2
Total, Conservation Programs Current law .....	1,826	2,050	2,150
Proposed legislation <sup>a</sup> .....	0	0	-82
Total, Conservation Programs .....	1,826	2,050	2,068

<sup>a</sup> The Budget includes proposals for changes to certain programs above. See details in Appendix.

### ***Conservation Reserve Program (CRP)***

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

The 2014 Farm Bill reauthorized CRP through September 30, 2018, and replaced the previous 32 million acre enrollment cap with caps declining to 24 million acres in 2017 and 2018. Also included is authority for up to \$10 million in incentive payments through 2018 to encourage tree

thinning and \$33 million for Transition Incentive Payments (TIP) through 2018. TIP provides retiring land owners and operators with an incentive to return land to production on an expiring CRP contract in a way that preserves established conservation practices. It also provides funding for beginning and socially disadvantaged farmers and ranchers to purchase their own land or rent land. The 2014 Farm Bill also allows enrollment of up to 2 million of grassland acres in CRP (contained within the total CRP enrollment cap) and removes the payment reduction required when lands are hayed or grazed under emergency conditions. CRP enrolls land through general signups and continuous signups, including the Conservation Reserve Enhancement Program (CREP). CREP agreements are Federal/State partnerships designed to address specific environmental objectives. Under general signup provisions, producers compete nationally during specified enrollment periods for acceptance based on an environmental benefits index. Under continuous signup provisions, producers enroll specified high-environmental value lands such as wetlands, riparian buffers, and various types of habitat at any time during the year without competition. The Budget proposes to focus future CRP enrollment efforts on continuous signup and grasslands. In addition, all Signing Incentive Payments (SIPs) and Practice Incentive Payments (PIPs) on all newly enrolled CRP acreage will be eliminated, except for acres enrolled under the CREP.

Among multiple environmental benefits, a key performance measure for CRP is the number of restored wetland acres. Restored wetlands and upland buffers increase prime wildlife habitat and water storage capacity, and lead to a net increase in wetland acres on agricultural land. Wetlands filter nutrients, recharge groundwater supplies, and sequester carbon. Reduced acres of CRP eligible for enrollment may limit future restored wetland acreage. As such, USDA has adjusted the targets for restored wetland acreage for 2017 and 2018 downward to reflect reduced enrollment for the program due to the 24 million acre enrollment cap.

**Table FFAS-9. KPM - Wetland Restoration (millions of acres)**

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
CRP restored wetland acreage	2.09	2.00	1.93	2.09	1.90	1.90

In 2016, there were CRP contracts expiring on about 1.75 million acres, 411,000 acres were enrolled under general signup, 1.3 million acres were enrolled under continuous signup, and 101,000 acres were enrolled under the new CRP grasslands program. The 1.3 million acres enrolled under continuous signup is the largest continuous signup in the history of the CRP program. Total CRP enrollment at the start of 2017 was 23.5 million acres, with 2.5 million expiring at the end of 2017 and 1.5 million expiring at the end of 2018.

### ***Agricultural Disaster Assistance***

The Livestock Indemnity Program (LIP), Livestock Forage Disaster Program (LFP), Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP), and the Tree Assistance Program (TAP) were authorized by the 2008 Farm Bill, through September 30, 2011, under the USDA Supplemental Disaster Assistance Program. The 2014 Farm Bill reauthorized these programs under CCC and made payments retroactive for losses from October 1, 2011. Under the terms of the 2014 Farm Bill, producers are no longer required to purchase crop insurance or Non-Insured Crop Disaster Assistance Program (NAP) coverage to be eligible for these programs.

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



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

ELAP provides emergency assistance to eligible producers of livestock, honeybees and farm-raised fish for losses due to disease (including cattle tick fever), adverse weather, or other conditions, such as blizzards and wildfires, not covered by LFP and LIP. The 2014 Farm Bill capped funding for ELAP at \$20 million for 2012 and each subsequent fiscal year, to remain available until expended.

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

***Table FFAS-10. Supplemental Agricultural Disaster Assistance Outlays (millions of dollars)***

<b>Program</b>	<b>2016 Actual</b>	<b>2017 Estimate</b>	<b>2018 Budget</b>
Livestock Indemnity Payments .....	\$41	\$36	\$31
Livestock Forage Disaster Program .....	452	336	423
Emergency Assistance for Livestock, Honey Bees and Farm-Raised Fish .....	24	18	20
Tree Assistance Program .....	13	23	20
Total, Supplemental Agricultural Disaster Assistance .....	529	413	494

### ***Proposed Legislation***

The Budget proposes legislative changes to the CCC programs, including targeting commodity, CRP and other program payments to producers that have an Adjusted Gross Income of \$500,000 or less. In addition, the Budget targets enrollment in CRP and eliminates all funding for the Biomass Crop Assistance Program. See Appendix for details.



**RISK MANAGEMENT AGENCY***Table FFAS-11. RMA Program Level (millions of dollars)*

Program	2016 Actual	2017 Estimate	2018 Budget
SUMMARY OF GOVERNMENT COSTS:			
<b>Discretionary:</b>			
RMA Salaries and Expenses Appropriations .....	\$75	\$75	\$55
Mandatory Transfers:			
Federal Crop Insurance Act (FCIA) Initiatives .....	(8)	(9)	(9)
Total, RMA S&E .....	83	84	64
<b>Mandatory:</b>			
Delivery and Other Administrative Expenses <sup>a</sup> .....	1,460	1,352	1,353
Federal Crop Insurance Act (FCIA) Initiatives .....	39	47	47
Programs Related IT .....	3	20	0
Program Administration Expenses <sup>b</sup> .....	0	0	20
Gross Indemnities <sup>c</sup> .....	5,279	4,807	9,788
Underwriting Gains <sup>d</sup> .....	1,833	2,634	1,065
Farm Bill: Agricultural Management Assistance .....	4	4	0
Other FCIC Activities .....	0	0	4
Subtotal, Crop Insurance Program Level .....	8,618	8,864	12,277
Less: Producer Premium and Administration Fees .....	-3,763	-3,766	-4,046
Total Mandatory .....	4,855	5,098	8,231
Total, RMA Current Law .....	4,938	5,182	8,295
Proposed Legislation <sup>e</sup> .....	0	0	0
Total RMA .....	4,938	5,182	8,295

<sup>a</sup> Reimbursements to private companies.

<sup>b</sup> In 2018 RMA's discretionary S&E funding will be supplemented by \$20 million in fee collections, which will be spent directly out of the mandatory funds in the Federal Crop Insurance Fund. This funding plus the \$9 million in mandatory transfers will provide RMA with a total operation level for S&E of \$84 million.

<sup>c</sup> The amount of premium subsidy paid by the Federal government is not reflected in the table above. The Budget for the Federal Crop Insurance Program assumes a crop year loss ratio (gross indemnities/total premium) of 1.0 for 2018. However, the fiscal year loss ratio could be higher or lower than 1.0 due to differences in the timing of certain cash flows (see discussion below on estimated indemnities).

<sup>d</sup> Payments to private insurance companies. The 2017 underwriting gains reflect a projected 0.39 loss ratio for the 2016 crop year.

<sup>e</sup> The Budget includes proposals for changes to certain programs above. There is no estimated budgeting impact in 2018. See details in Appendix

**Discretionary Funding – Salaries and Expenses**

Discretionary funds for the Federal crop insurance programs cover most of Federal salaries and related expenses to manage the program. The Budget includes about \$55 million in discretionary appropriations for these costs. In addition, the Federal Crop Insurance Act authorizes the transfer of up to \$9 million each fiscal year from mandatory funding to the RMA Salaries and Expenses (S&E) account for program compliance and integrity reviews. Further, RMA will utilize up to \$20 million in administrative fees for the operation of the crop insurance program, which will be spent directly from mandatory funding in the Federal Crop Insurance Fund.

### ***Mandatory Funding***

The Federal crop insurance program provides a safety net that protects producers from a wide range of risks caused by natural disasters, as well as the risk of price fluctuations. Currently, about 80 percent of risk protection is provided by “revenue insurance,” which protects against losses due to low yields, low prices, or a combination of low yields and prices.

Federal crop insurance is delivered to producers through private insurance companies that share in the risk of loss and opportunity for gain. The companies are reimbursed for their delivery expenses and receive underwriting gains in years of favorable loss experience. The costs associated with the Federal crop insurance programs include premium subsidies, indemnity payments (in excess of producer paid premiums), underwriting gains paid to private companies, reimbursements to private companies for delivery expenses and other authorized expenditures.

The performance of the Federal crop insurance program is tracked on a crop year basis, which spans multiple fiscal years. As a result, the table below reflects certain assumptions about which fiscal year the costs or revenues fall. However, aggregate crop insurance data is available to the public on a crop year basis, which is generally defined as the year in which a crop is harvested.

A key performance measure for the Federal crop insurance program is the normalized value of risk protection provided by Federal Crop Insurance Corporation (FCIC) sponsored insurance – shown in the table below on a crop year basis. The value of FCIC risk protection is the actual dollar insurance liability for a given crop year. However, this value is strongly influenced by commodity price swings or trends. The normalized value of risk protection uses a five-year baseline to smooth variations caused by these trends. The baseline model uses the most recent crop insurance data, and other USDA market conditions data, to develop normalized value projections for major crops.

***Table FFAS-12. KPM - Risk Protection Through FCIC-Sponsored Insurance (billions of dollars)***

<b>Key Performance Measure</b>	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Actual</b>	<b>2017 Target</b>	<b>2018 Target</b>
Value	123.8	109.9	102.5	100.5	100.3	92.2
Normalized value	66.0	67.9	68.7	74.0	63.6	64.0

For the 2016 crop year, the Federal crop insurance programs provided about \$100.5 billion in risk protection or about \$74 billion in (normalized) risk protection. The 2017 and 2018 crop year targets reflect projections from the baseline model as described above.

Actual indemnities for 2016 reflect crop year 2015 losses that were paid out in 2016, plus the portion of crop year 2016 losses paid out in 2016. As of March 31, 2017, the loss ratio for crop year 2016 is expected to be about 0.39. Estimated losses for crop years 2017 and 2018 reflect the statutory target loss ratio of 1.0.

In 2016, the total cost for the Federal crop insurance programs was about \$5 billion. Of this amount, about \$1.5 billion was for net indemnities to producers (gross indemnities minus producer paid premiums/fees). Another \$1.5 billion was paid to the private insurance companies for delivery expenses and \$1.8 billion for underwriting gains, and \$47 million was used for other initiatives, including Federal Crop Insurance Act initiatives, programs related IT, and Agricultural Management Assistance. The budget proposes no funding for the Agricultural Management Assistance Program.

***Proposed Legislation***

The Budget proposes legislative changes to the Federal crop insurance program. These proposals include targeting crop insurance subsidies to producers that have an Adjusted Gross Income of \$500,000 or less; establishing a limit of \$40,000 for premium subsidies an individual may receive; and eliminating subsidized harvest price revenue coverage. See Appendix for details.

**FOREIGN AGRICULTURAL SERVICE**

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 8,000 jobs and \$1.27 billion in economic activity. Because of this important role, the Department is working to reduce trade barriers and develop new markets throughout the world.

**Table FFAS-13. FAS Budget Authority (millions of dollars)**

Program	2016 Actual	2017 Estimate	2018 Budget
<b>Discretionary:</b>			
FAS Salaries and Expenses:			
Salaries and Expenses (Direct Appropriation).....	\$192	\$191	\$188
Transfer from CCC Export Credit Program Account .....	(6)	(6)	(6)
Total, FAS Salaries and Expenses.....	(198)	(197)	(194)
Foreign Food Assistance:			
McGovern-Dole International Food for Education Program <sup>a</sup> .....	202	201	0
P.L. 480 Title II Grants.....	1,716	1,713	0
P.L. 480 Title I Program Account:			
Transfer to Farm Service Agency Salaries and Expenses .....	3	3	0
Commodity Credit Corporation Export Credit Program Account:			
Transfer to FSA and FAS Salaries and Expenses.....	(6)	(6)	(6)
Total, Discretionary Programs .....	2,113	2,108	188
<b>Mandatory:</b>			
Foreign Food Assistance:			
Food for Progress - CCC Funded .....	138	166	166
Bill Emerson Humanitarian Trust <sup>b</sup> .....	0	0	0
Farm Bill Market Development Programs:			
Market Access Program.....	186	188	200
Emerging Markets Program.....	9	9	10
Foreign Market Development (Cooperator) Program.....	30	32	35
Technical Assistance for Specialty Crops Program.....	8	8	9
Quality Samples Program .....	1	3	3
Agricultural Wool/Pima Agriculture Cotton Trust Funds .....	32	46	46
Total, Farm Bill Market Development Programs.....	266	286	303
Total, Mandatory Programs .....	404	452	469
Total, FAS Current law .....	2,517	2,560	657
Proposed Legislation <sup>c</sup> .....	0	0	-100
Total .....	2,517	2,560	557

<sup>a</sup> In 2016 and 2017, \$5 million can be used for local and regional procurement.

<sup>b</sup> 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.

<sup>c</sup> The Budget includes proposals for changes to certain programs above. See Appendix for details.

FAS administers a variety of programs that are designed to facilitate access to international markets and thereby help to support a competitive U.S. agricultural system. FAS also carries out activities that promote productive agricultural systems in developing countries and contribute to

increased trade and enhanced global food security. Working bilaterally and with international organizations, FAS encourages the development of transparent and science-based regulatory systems that allow for the safe development and use of agricultural goods derived from new technologies.

FAS works with other USDA agencies, the Office of the United States Trade Representative, and others in the Federal government to monitor and negotiate new trade agreements and enforce existing trade agreements. The United States has free trade agreements (FTA) with 20 countries around the world that expand export opportunities for U.S. food and agricultural producers.

### ***CCC Export Credit Guarantee Programs (GSM-102)***

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.

***Table FFAS-14. FAS CCC Export Credit Programs Program Level (PL) and Budget Authority (BA) (millions of dollars)***

<b>Program</b>	<b>2016 PL</b>	<b>BA</b>	<b>2017 PL</b>	<b>BA</b>	<b>2018 PL</b>	<b>BA</b>
GSM-102 Guarantees.....	\$5,400	0	\$5,000	0	\$5,000	0
Facilities Financing Guarantees .....	100	0	500	0	500	0
Total, CCC Export Credit.....	5,500	0	5,500	0	5,500	0

The Budget includes an overall program level of \$5.5 billion for CCC export credit guarantees in 2018. 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 2018, \$5 billion will be made available under the GSM-102 program, which provides guarantees on commercial export credit extended with short-term repayment terms (18 months).

The Budget also includes an estimated program level of \$500 million for facility financing guarantees. 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.

### ***Quality Samples Program (QSP)***

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

### ***Market Development Programs***

FAS administers a number of programs, in partnership with private sector cooperator organizations, which support the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products. In 2016, over 1,000 U.S. companies and organizations participated in 23 USDA endorsed trade shows in 16 countries. On-site sales totaled

an estimated \$164 million and the estimated total value of agricultural exports resulting from participation in foreign food and agricultural trade shows in 2016 was \$1.28 billion.

***Market Access Program (MAP)***

Under MAP, CCC funds are used to reimburse participating organizations for a portion of the cost of carrying out overseas marketing and promotional activities, such as consumer promotions. MAP participants include nonprofit agricultural trade organizations, State-regional trade groups, cooperatives, and private companies that qualify as small businesses. MAP has a brand promotion component that provides export promotion funding to small companies and thereby helps expand the number of small and medium-sized entities that export.

***Emerging Markets Program (EMP)***

EMP authorizes CCC funding to be made available to carry out technical assistance activities that promote the export of U.S. agricultural products and address technical barriers to trade in emerging markets. Many types of technical assistance activities are eligible for funding, including feasibility studies, market research, industry sector assessments, specialized training, and business workshops.

***Foreign Market Development (Cooperator) Program***

This program provides cost-share assistance to nonprofit commodity and agricultural trade associations to support overseas market development activities that are designed to remove long-term impediments to increased U.S. trade. These activities include technical assistance, trade servicing, and market research. Unlike MAP, Cooperator Program activities are carried out on a generic commodity basis and do not include brand-name or consumer promotions.

***Technical Assistance for Specialty Crops (TASC) Program***

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 technical barriers to trade.

***Foreign Food Assistance***

USDA supports global food security through in-country capacity building, basic and applied research, improved market information, statistics and analysis, as well as food assistance. FAS contributes to these efforts by carrying out a variety of food aid programs which support economic growth and development in recipient countries.

***McGovern-Dole International Food for Education and Child Nutrition Program***

The program provides for the donation of U.S. agricultural commodities and associated financial and technical assistance to carry out preschool and school feeding programs in foreign countries. Maternal, infant, and child nutrition programs also are authorized under the program. The Budget proposes to eliminate the program as part of the Administration's effort to reprioritize Federal spending so that it advances the safety and security of the American people.

***International Food Aid***

Assistance provided under the authority of P.L. 480 is a primary means by which the United States provides foreign food assistance. Title I provides for sales of U.S. agricultural commodities to governments and private entities of developing countries through concessional financing agreements, and donations through Food for Progress grant agreements. Title II provides emergency and development food assistance in foreign countries.

**P.L. 480 Title II**

P.L. 480 Title II grants fund emergency and development food aid programs authorized under Title II of the Food for Peace Act (P.L. 83-480). Funding for Title II is appropriated to the USDA and is administered by the U.S. Agency for International Development (USAID). There is no request for P.L. 480 Title II as part of an Administration effort to streamline foreign assistance, prioritize funding, and use funding as effectively and efficiently as possible. The 2018 request includes funding for emergency food needs within the International Disaster Assistance account.

**Food for Progress**

The Food for Progress Act of 1985 authorizes U.S. agricultural commodities to be provided to developing countries and emerging democracies that have made commitments to introduce and expand free enterprise in their agricultural economies. Food for Progress agreements can be entered into with foreign governments, private 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 Budget assumes that \$166 million of CCC funding will be used to support the Food for Progress program, which is expected to support approximately 200,000 metric tons of commodity assistance.

**Bill Emerson Humanitarian Trust**

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

No assistance has been provided using the Trust's authority in 2016 or to date in 2017. As of December 31, 2016, the Trust held \$282 million of cash and no commodities.

***Trust Funds***

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

*Table FFAS-15. FAS Salaries and Expenses (millions of dollars)*

Program	2016 Actual	2017 Estimate	2018 Budget
Trade Policy .....	\$80	\$80	\$79
Trade Promotion .....	69	69	68
Capacity Building / Food Security .....	42	42	41
Total, Appropriated Programs .....	191	191	188
Reimbursable Program Activities:			
FAS Computer Facility and Other IRM Costs Funded by CCC .....	24	24	24
USAID and Dept. of State Assistance and Reconstruction and Stabilization.....	74	110	96
Other Reimbursable Agreements .....	21	26	14
Total, Reimbursable Program Activities .....	119	160	134
Total, FAS Salaries and Expenses .....	310	351	322

FAS headquarters staff and attaches covering more than 170 countries partner with other U.S. government agencies, trade associations, as well as regional and international organizations in a coordinated effort to negotiate trade agreements; establish transparent, science-based standards; and resolve trade barriers.

Unnecessarily restrictive regulations to address risks to human, animal, and plant health (SPS) are major barriers to the expansion of global agricultural trade. The proliferation of labeling, registration, certification, and quality standards requirements for routinely consumed food products can also result in unnecessary technical barriers to trade (TBT). World Trade Organization (WTO) members are obligated to notify fellow members of changes in SPS, and TBT related measures that may affect trade via the WTO committees on Agriculture, SPS and TBT. FAS reviews notifications to assess their potential impact on trade and challenges measures that are unnecessarily trade restrictive. In 2016, FAS helped challenge 315 barriers to the export of U.S. agricultural products through this process, helping to spur exports. Working in concert with other U.S. trade and regulatory agencies and in frequent communication with private sector stakeholders, FAS works to improve market access for U.S. agricultural products and reduce the harm to the industry resulting from unnecessarily restrictive regulations by monitoring and enforcing international rules, strengthening the global regulatory framework, and encouraging the adoption of international standards.

FAS promotes organic standards and supports trade in U.S. agricultural products produced with new technologies by monitoring worldwide developments in technologies, including their adoption and regulation by trading partners, and promoting the use of new technologies in support of food security and sustainable agriculture. A proactive stance is critical, because the development of divergent regulatory systems for new technologies could bring a virtual halt to trade in some commodities with a potential trade impact reaching billions of dollars.



*Table FFAS-16. KPM - Export Support (billions of dollars)*

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Agricultural exports resulting from participation in foreign food and agricultural trade shows	\$1.48	\$1.50	\$1.52	\$1.28	\$1.50	\$1.52
Trade preserved through resolution of foreign market access issues such as U.S. export detainment, restrictive SPS and TBT issues, and trade regulations	3.8	6.4	3.6	5.0	3.8	3.8

In 2018, FAS will conduct its activities and programs through offices in Washington, D.C. and at 93 overseas locations. The overseas offices represent and advocate for U.S. agricultural interests; provide reporting on agricultural policies, production, and trade for more than 170 countries; assist U.S. exporters, trade groups, and State export marketing officials in their trade promotion efforts; and help to implement technical assistance and trade capacity building programs that contribute to increased food security. The Budget provides an appropriated funding level of \$188 million for FAS activities.

In addition, the Budget assumes an estimated \$134 million in funding to be made available to FAS through reimbursable agreements. The largest components of this are funding for technical assistance, training, and research activities that FAS carries out overseas on behalf of USAID, foreign governments, and international organizations, and development assistance activities that are funded by USAID and the Department of State. Although funded by other agencies, these activities are an important component of the Department's efforts to support economic development and enhance food security in developing countries.

### ***Proposed Legislation***

The Budget proposes legislative changes to the programs administered by FAS, including terminating the Market Access Program, the Foreign Market Development Cooperator Program, the Pima Agriculture Cotton Trust Fund, and the Agricultural Wool Apparel Manufacturers Trust Fund. See Appendix for details.



---

## ***RURAL DEVELOPMENT***

### **MISSION**

Rural Development (RD) provides financial and technical assistance to rural communities, 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), provides assistance for the development of business and industry, including small businesses, and renewable energy and energy improvement projects; (2) the Rural Utilities Service (RUS), provides assistance for water and waste disposal, rural electric and telecommunications, including broadband access; and (3) the Rural Housing Service (RHS), provides assistance for home ownership, multi-family housing, and essential community facilities such as health and public safety infrastructure.

The type of assistance offered includes direct and guaranteed loans, grants, and other payments. Several programs require or encourage recipients to contribute their own resources or obtain third-party financing to support the total cost of projects, thereby leveraging Government support with private sector financing.

Direct and guaranteed loans subsidy costs depends on a number of factors, including default rates, the prevailing interest rates, whether the interest rate is subsidized by the Government, and whether there are fees. The loan programs all have administrative costs as well. In the tables, the budget authority for each program reflects the subsidy cost to the Government to support the loan level. Several of the loan programs operate at a very low or negative subsidy rate. These less costly loan programs provide the bulk of the financial assistance in RD's loan portfolio.

**RURAL ECONOMIC INFRASTRUCTURE GRANTS**

The Budget proposes a new account for Rural Economic Infrastructure Grants. The Budget proposes \$162 million for this new program to support initiatives under the following program authorities: Distance Learning and Telemedicine, Broadband, Community Facilities, and housing repair for very low income residents. Of this total, up to \$80 million will be set aside to assist the Appalachian region. By creating a single account, RD will be able to better allocate funds to the projects that most need them.

*Table RD-1. Rural Economic Infrastructure (millions of dollars)*

Program	2016 Actual	2017 Estimate	2018 Budget
Rural Economic Infrastructure.....	0	0	\$162

**RURAL BUSINESS-COOPERATIVE SERVICE****Table RD-2. RBS Program Level (PL) and Budget Authority (BA) (millions of dollars)**

Program	2016 PL	BA	2017 PL	BA	2018 PL	BA
<b>Discretionary:</b>						
Business and Industry Guar. Loans .....	\$920	\$36	\$928	\$36	0	0
Rural Business Development Grants .....	24	24	24	24	0	0
Delta Regional Authority Grants .....	3	3	3	3	0	0
Intermediary Relending Program .....	19	5	18	5	0	0
Rural Economic Development: <sup>a</sup>						
Direct Loans .....	33	0	33	0	0	0
Grants .....	12	0	12	0	0	0
Rural Cooperative Development Grants	6	6	6	6	0	0
Small, Socially Disadvantaged						
Producers Grants .....	3	3	3	3	0	0
Appropriate Technology Transfer to						
Rural Areas .....	2	2	2	2	0	0
Value-added Producer Grants .....	11	11	11	11	0	0
Rural Energy for America Program						
Guar. Loans .....	8	1	11	0 <sup>b</sup>	0	0
Subtotal, RBS Programs .....	1,041	91	1,051	90	0	0
Salaries and Expenses .....	4	4	4	4	0	0
Total, Discretionary Programs .....	1,045	95	1,055	94	0	0
<b>Mandatory:</b>						
Farm Bill:						
Rural Microentrepreneur Assistance:						
Direct Loans .....	6	1	6	1	\$8	\$1
Grants .....	2	2	2	2	2	2
Biorefinery Assistance Guar. Loans <sup>c</sup> .	208	47	0	0	0	0
Bioenergy for Advanced Biofuels .....	14	14	14	14	15	15
Rural Energy for America Loans .....	152	10	301	14	388	15
Rural Energy for America Grants .....	40	40	33	33	35	35
Total, Mandatory Programs .....	422	114	356	64	448	68
Total, RBS Programs, Current Law .....	1,467	209	1,411	158	448	68
Proposed Legislation <sup>d</sup> .....	0	0	0	0	-423	-56
Total, RBS Programs .....	1,467	209	1,411	158	25	12

<sup>a</sup> Funding for these programs is provided from earnings from electric cooperative investments and fees.

<sup>b</sup> Less than \$500,000.

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

<sup>d</sup> The Budget includes proposals for changes to certain programs above. See details in Appendix.

The Budget proposes to eliminate all RBS programs. Rural borrowers have the ability to access funding from other Federal agencies or the private market for projects eligible for funding under these programs administered through RBS.

***Proposed Legislation***

The Budget proposes eliminating funding for Rural Economic Development grants and funding provided in the 2014 Farm Bill for the Rural Energy for America Program. See Appendix for details.

**RURAL UTILITIES SERVICE**

In many areas of rural America, families and communities lack access to the modern utility infrastructure, such as reliable electric power, and high-speed broadband, that is often taken for granted in more urban and suburban areas. RUS focuses on a number of efforts, including expansion of broadband access and seeking commercial investment, to modernize utility infrastructure projects through increased public-private partnership activities.

***Table RD-3. RUS Program Level (PL) and Budget Authority (BA) (millions of dollars)***

Program	2016 PL	BA	2017 PL	BA	2018 PL	BA
<b>Discretionary:</b>						
Electric Programs:						
Direct Loans.....	\$5,500	0	\$5,500	0	\$5,500	0
Rural Energy Saving Program.....	0	\$8	55	\$8	0	0
Guaranteed Loans .....	750	0	750	0	0	0
Telecommunications Programs:						
Treasury Loans .....	347	0 <sup>a</sup>	12	0 <sup>a</sup>	345	\$1
Direct FFB .....	345	0	345	0	345	0
Distance Learning and Telemedicine Program Grants .....	22	22	22	22	0 <sup>b</sup>	0 <sup>b</sup>
Broadband Programs:						
Direct Loans.....	20	5	27	5	27	5
Grants.....	10	10	10	10	0 <sup>b</sup>	0 <sup>b</sup>
High Energy Costs Grants.....	10	10	10	10	0	0
Water and Waste Disposal Programs:						
Direct Loans.....	1,200	31	720	31	0	0
Guaranteed Loans .....	50	0 <sup>a</sup>	57	0 <sup>a</sup>	0	0
Grants.....	481	481	480	480	0	0
Subtotal, Water and Waste.....	1,731	512	1,257	511	0	0
Subtotal, RUS programs.....	8,735	567	7,988	566	6,217	6
Salaries and Expenses.....	35	35	35	35	46	46
Total, Disc. Programs, Current Law .....	8,770	602	8,023	601	6,263	52
Proposed Legislation <sup>c</sup> .....	0	0	0	0	-131	-131
Total, Discretionary Programs .....	8,770	602	8,023	601	6,263	-79

<sup>a</sup> Less than \$500,000.

<sup>b</sup> Program supported by the new Rural Economic Infrastructure grants account.

<sup>c</sup> The Budget includes proposals for changes to certain programs above. See details in Appendix.

***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. RUS programs leverage private sector investments as well as fill credit gaps that still exist for some rural areas and borrowers.

The Budget requests \$5.5 billion for electric loans to construct, acquire, and improve electric infrastructure including renewable energy, electric transmission, distribution, smart grid technology, energy efficiency, grid resiliency, and security enhancements.

The electric program key performance measure identifies the number of borrowers/subscribers receiving new and/or improved electric service. The Budget proposes levels of funding to support broader scale energy development activities, such as smart grid, renewable energy generation, and energy efficiency programs. As a result of the recent Executive Order lifting the limitations placed by the Clean Power Plan, more loan funds are likely to be sought for generation and transmission (G&T) projects. In such instance, the actual performance number will be adjusted upward as G&T projects serve a larger number of recipients.

**Table RD-4. KPM – Improving Electric Facilities**

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Borrowers/subscribers benefiting (millions)	8.7	4.6	5.5	5.5	5.1	5.1

#### **Telecommunication Loan Program**

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

#### **Broadband Program**

The Budget includes \$27 million for broadband loans to support new or improved broadband access across rural America. Broadband is fundamental to expanding economic opportunity and job creation in rural America. Improved connectivity means rural communities can offer robust business services, expand access to quality health care, and improve education.

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

**Table RD-5. KPM – Improving Telecommunication Services**

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Borrowers/subscribers benefiting (thousands)	119	84	95	79	100	175

#### **Water and Waste Disposal Program**

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

The Budget proposes to terminate the Water and Waste Disposal Program. Rural communities have the ability to access funding from other Federal agencies or the private market for rural water infrastructure projects.

#### **Proposed Legislation**

The Budget proposes the elimination of interest payments to the Electric and Telecommunications Cushion of Credit account. See Appendix for details.



**RURAL HOUSING SERVICE****Table RD-6. RHS Program Level (PL) and Budget Authority (BA) (millions of dollars)**

Program	2016 PL	BA	2017 PL	BA	2018 PL	BA
<b>Discretionary:</b>						
Single Family Housing (Sec. 502):						
Direct Loans.....	\$900	\$61	\$896	\$61	0	0
Guaranteed Loans .....	24,000	0	24,000	0	\$24,000	0
Multi Family Housing:						
Direct Loans (Sec. 515) .....	28	8	28	8	0	0
Guaranteed Loans (Sec. 538).....	150	0	150	0	250	0
Very Low-Income Repair (Sec. 504):						
Direct Loans.....	26	3	25	3	0	0
Grants.....	29	29	29	29	0 <sup>a</sup>	0 <sup>a</sup>
Farm Labor Housing Grants (Sec. 516)	8	8	8	8	0	0
Farm Labor Housing Loans (Sec. 514) .	24	7	23	7	0	0
All Other Direct Loans .....	20	0	10	0	10	0
Grants and Payments:						
Rental Assistance (Sec. 521) .....	1,390	1,390	1,387	1,387	1,345	\$1,345
Mutual and Self-Help (Sec. 523) .....	28	28	27	27	0	0
Multi-Family Housing Revitalization.	37	22	37	22	0	0
Multi-Family Housing Voucher program.....	15	15	15	15	20	20
Rural Housing Preservation .....	4	4	4	4	0	0
Community Facilities Programs:						
Direct Loans.....	2,200	0	2,200	0	3,000	0
Guaranteed Loans .....	148	4	156	3	0	0
Grants.....	39	39	39	39	0 <sup>a</sup>	0 <sup>a</sup>
Subtotal, RHS Programs.....	29,046	1,618	29,034	1,613	28,625	1,365
Salaries and Expenses.....	418	418	417	417	392	392
Total, Discretionary Programs .....	29,464	2,036	29,451	2,030	29,017	1,757

<sup>a</sup> Program supported by the new Rural Economic Infrastructure grants account.

**Single Family Loan Program**

The Single Family Housing programs support homeownership opportunities to low-income families in rural areas. Guaranteed loans are limited to families with incomes less than 115 percent of area median income. The interest rate on guaranteed loans is negotiated between the borrower and the private lender. Both direct and guaranteed loans are means-tested.

The Budget proposes to eliminate the Single Family Housing direct loan program as commercial credit is more readily available in rural areas, thereby creating opportunities for financing of home purchases. The Budget provides a \$24 billion loan level for the guaranteed single family housing program. This level is expected to provide approximately 165,000 homeownership opportunities. The decrease from 2017 reflects anticipated higher housing prices due to inflation. The Budget also includes \$10 million in program level for single family housing credit sales of acquired property.

**Table RD-7. KPM – Homeownership**

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Opportunities provided	170,055	146,388	141,314	123,817	166,491	164,829

**Multi-Family Housing Programs**

The Multi-Family Housing program provides financing for rental housing projects and rental assistance payments for the low-income tenants of those projects. The portfolio currently includes about 14,650 projects that provide housing for about 403,000 households, consisting of approximately 674,000 low-income individuals, many of whom are elderly, with an average annual income of about \$10,554.

The Budget requests \$1.35 billion for rental assistance payments to fully fund all contract renewals, ensuring that the residents living in USDA-financed multi-family housing properties can continue to benefit from these grants. Most Section 515 projects that are financed with direct loans receive rental assistance payments. These payments are made to the project sponsors and are used to reduce the rents of families to no more than 30 percent of the family income.

Section 538 guaranteed loans for multi-family housing would be funded at \$250 million, an increase of \$100 million from the 2017 level, which will be the main focus of new construction in 2018. The Budget proposes to eliminate the multi-family housing direct loan program and the farm labor housing program.

The Budget includes \$20 million, an increase of \$5 million over 2017, for the multi-family housing voucher program. This program provides vouchers to protect the rents of tenants affected by projects leaving the program. The Budget proposes to eliminate the multi-family housing preservation and revitalization programs.

**Community Facilities Loan Program**

Community Facilities loans provide funding for a wide range of essential community facilities to rural communities with populations of 20,000 or less, with priority given to health, public safety, and education facilities.

The Budget provides \$3 billion in funding for Community Facilities direct loans. Funding is provided for direct rather than guaranteed loans due to the higher subsidy cost of the guaranteed program.

The table below shows the percent of the approximately 46 million total rural residents who are provided with improved essential community services such as health, safety, and educational facilities.

**Table RD-8. KPM – Percentage of Rural Population Provided Access to Community Facilities**

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Health Facilities	5.4	6.8	12.0	11.7	5.0	6.8
Safety Facilities	3.4	3.7	7.2	5.0	3.2	4.3
Educational Facilities	9.3	6.2	7.9	15.0	5.0	6.8

NOTE: Some facility types serve more than one purpose.

**RURAL DEVELOPMENT SALARIES AND EXPENSES**

The Budget provides \$624 million in funding for salaries and expenses needed to carry out RD programs. The Budget proposes a reduction of 925 staff years to reflect the termination of the RBS programs, Water and Waste Disposal programs, and the single family housing direct loan program, among others. As a result, the Budget will support a staff level of 3,900 employees. Additional IT investments are requested to increase automation to continue servicing the RD portfolio and maintain effective program delivery and program integrity.

***Table RD-9. RD Salaries and Expenses (millions of dollars)***

<b>Program</b>	<b>2016 Actual</b>	<b>2017 Estimate</b>	<b>2018 Budget</b>
Salaries and Expenses:			
Appropriation .....	\$226	\$225	\$186
Transfers:			
Rural Electric and Telecommunications Loan Program .....	35	35	38
Broadband Loan Program .....	0	0	8
Rural Housing Insurance Fund Program .....	418	417	244
Rural Community Facilities Loan Program .....	0	0	148
Rural Development Loan Fund Program .....	4	4	0
Total, Transfers .....	457	456	438
Total, Salaries and Expenses .....	683	682	624



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

### **MISSION**

The programs and funding of Food, Nutrition and Consumer Services (FNCS), including the Food and Nutrition Service (FNS) and the Center for Nutrition Policy and Promotion (CNPP), provide access to safe, nutritious, and balanced meals, while promoting a healthy diet and active lifestyles.

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

Federal staff leverage their efforts by working with State and local partners to deliver nutrition assistance through the Supplemental Nutrition Assistance Program (SNAP); Child Nutrition Programs, including the National School Lunch Program, the School Breakfast Program, Summer Food Service Program (SFSP), and the Child and Adult Care Food Program; the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); The Emergency Food Assistance Program (TEFAP); the Food Distribution Program on Indian Reservations (FDPIR); the Commodity Supplemental Food Program (CSFP); and several other programs.

***Table FNCS-1. KPM -Food Insecurity***

<b>Key Performance Measure</b>	<b>2013 Actual</b>	<b>2014 Actual</b>	<b>2015 Actual</b>	<b>2016 Target</b>	<b>2017 Target</b>	<b>2018 Target</b>
Prevalence of food insecurity in households with children (percent)	19.5	19.4	16.6	18.8	18.5	18.5

NOTE: The 2016 number is a target since actual data are not yet available. FNS may adjust these targets in the future.

**FOOD AND NUTRITION SERVICE**

The Budget provides funding for the major nutrition assistance programs, accounting for projected program participation and food cost inflation. It seeks to prevent and reduce food insecurity and to improve the nutritional status of recipients.

*Table FNCS-2. FNS Budget Authority (millions of dollars)*

	2016 Actual	2017 Estimate	2018 Budget
<b>Discretionary:</b>			
Special Supplemental Nutrition Program (WIC) <sup>a</sup> .....	\$6,350	\$6,338	\$6,150
Commodity Assistance Program:			
Commodity Supplemental Food Program .....	222	236	238
The Emergency Food Assistance Program (TEFAP), Soup Kitchens, Food Banks.....	54	54	54
Farmers' Market Nutrition Program.....	19	19	0
Pacific Island Assistance and Disaster Assistance.....	1	1	1
Nutrition Services Incentive Program.....	2	3	<sup>b</sup>
Total, Commodity Assistance Program .....	298	313	294
Nutrition Programs Administration .....	152	151	149
Total, Discretionary Programs .....	6,800	6,802	6,592
<b>Mandatory:</b>			
WIC: Universal Product Database .....	1	1	1
Supplemental Nutrition Assistance Program (SNAP).....	80,839	78,488	73,613
Child Nutrition Programs (CNP).....	22,158	22,782	24,256
Permanent Appropriations .....	180	187	191
Farm Bill:			
Seniors Farmers' Market Nutrition Program.....	19	21	21
Total, Mandatory Programs.....	103,197	101,479	98,082
Total, Food and Nutrition Service, Current Law .....	109,997	108,281	104,674
Proposed Legislation <sup>c</sup> .....	0	0	-4,895
Total .....	109,997	108,281	99,779

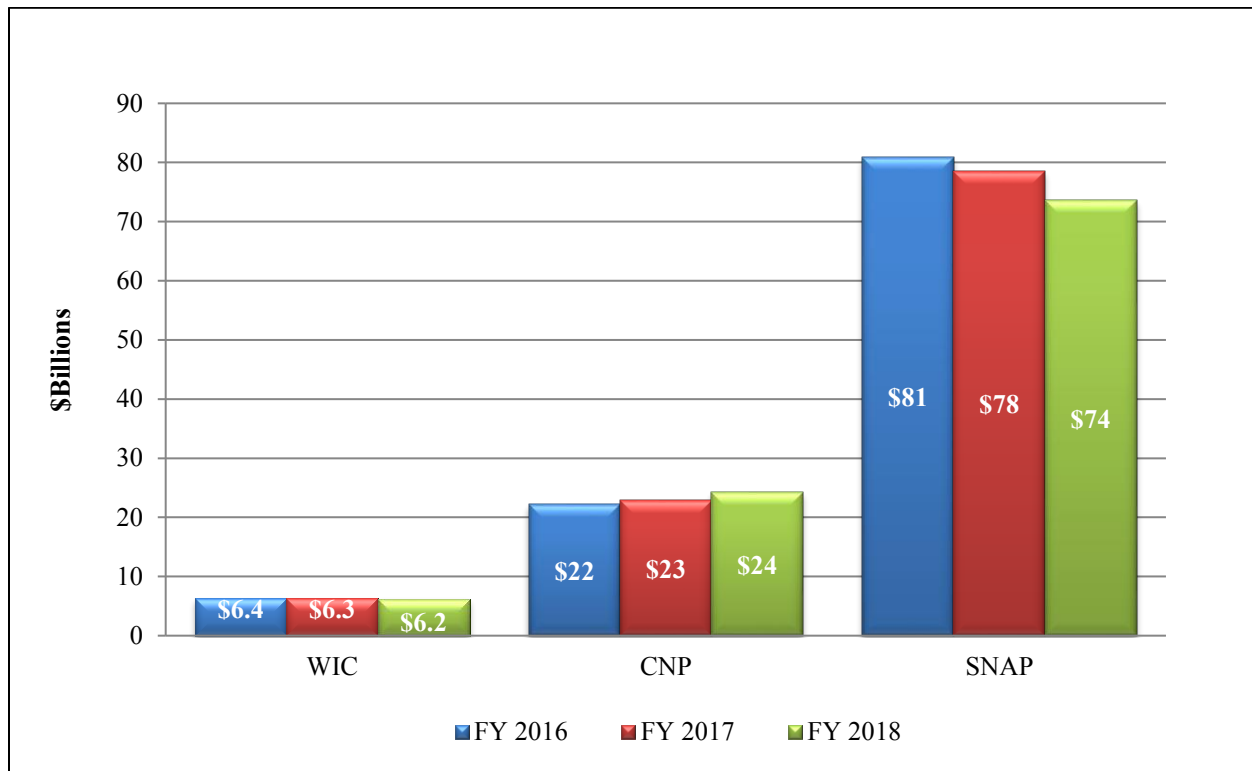
<sup>a</sup> Does not reflect \$1 billion in recoveries and unobligated carryover balances cancelled in 2018.

<sup>b</sup> Funds are transferred from the Department of Health and Human Services, Administration on Aging. Funds for 2018 will be determined at a later date.

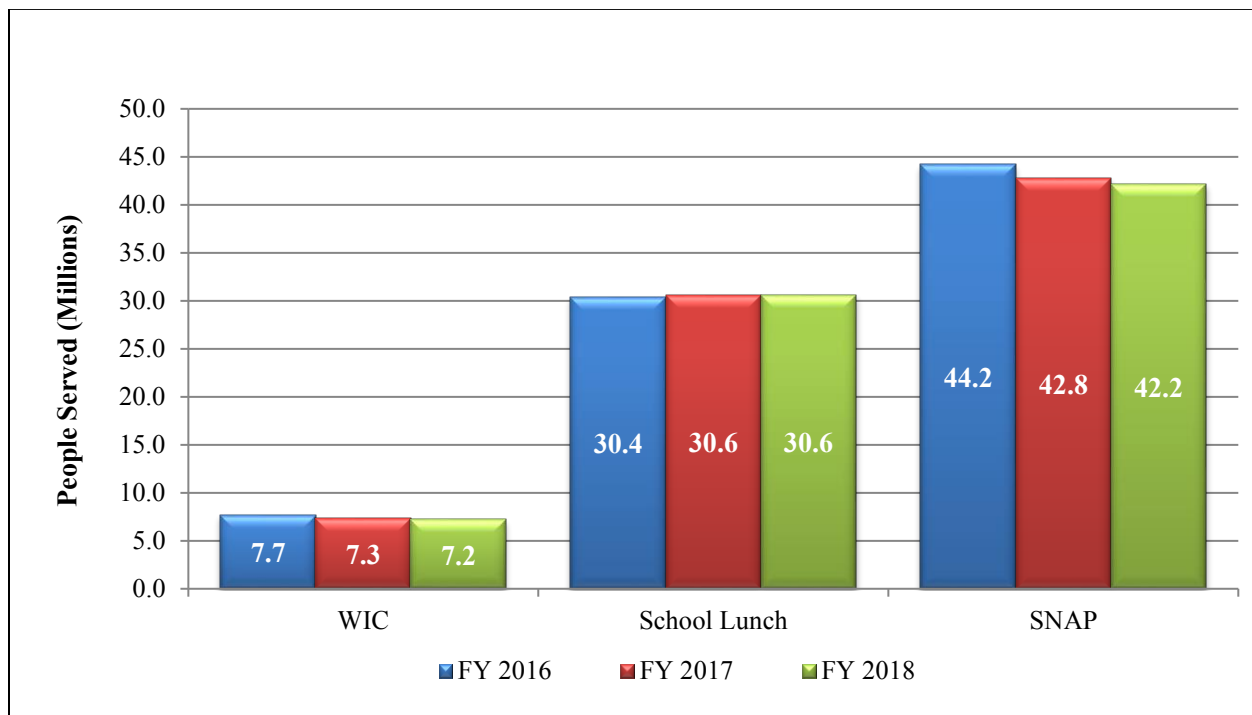
<sup>c</sup> The Budget includes proposals for changes to certain programs above. See details in Appendix.

To support FNS' work to identify and eliminate fraud, waste, and abuse, the Budget provides resources for program integrity efforts in all of the major programs, including SNAP, WIC, and the Child Nutrition Programs.

Both FNS and CNPP will continue efforts to promote healthy eating and active lifestyle behaviors, in part by the use and promotion of MyPlate and the Dietary Guidelines for Americans. CNPP works in collaboration with the Department of Health and Human Services on the Dietary Guidelines for Americans to promote health and prevent chronic disease.



*Figure FNCS-1. FNS Budget Authority (billions of dollars)*



*Figure FNCS-2. People Served Through Nutrition Assistance Programs*

#### ***Supplemental Nutrition Assistance Program (SNAP)***

SNAP will continue to respond to economic need. For 2018, the Budget estimates that participation will fall to an average level of 42.2 million participants per month from 42.8 million in 2017 as the economy improves. SNAP strives to serve all those that are eligible and wish to participate.

The participation rate among eligible SNAP recipients was 83 percent in 2014, down from 85 percent in 2013.

**Table FNCS-3. KPM - SNAP Participation**

Key Performance Measure	2013 Actual	2014 Actual	2015 Target	2016 Target	2017 Target	2018 Target
Annual percentage of eligible people participating in SNAP	85	83	85	85	85	85

NOTE: 2015 and 2016 numbers are targets since actual data are not yet available.

FNS continually works to ensure program integrity. Through the quality control process, FNS measures payment error by requiring States to randomly sample cases to verify that individuals who received benefits were eligible and received the correct amount.

**Table FNCS-4. KPM - SNAP Payment Accuracy**

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Target	2017 Target	2018 Target
SNAP payment accuracy rate (percent)	96.80	96.34	N/A	96.34	96.34	96.34

Note: 2015 data on SNAP error rates is not available since only 11 States had data that could be validated. 2016 number is target since actual data are not yet available.

The Food Distribution Program on Indian Reservations (FDPIR) provides food packages to Indian Tribal Organizations to improve nutrition and provide culturally appropriate sustenance. Since 2013, participation in FDPIR has increased by over 23 percent. Participation is expected to reach 104,000 participants per month in 2018, up from over 93,000 in 2016. The Budget requests a total of \$153 million for FDPIR, an increase of \$2 million from 2017.

Investments to increase SNAP redemptions made through direct marketing farmers and farmers' markets are paying off with the amount redeemed higher than in earlier years.

**Table FNCS-5. KPM - SNAP Benefit Redemption at Farmers Markets (millions of dollars)**

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Benefits redeemed at farmers markets and direct marketing farmers annually	\$17.5	\$18.8	\$19.4	\$20.2	\$20.0	\$20.0

### **Child Nutrition Programs**

Through subsidies for meals that meet nutritional standards, the National School Lunch Program (NSLP), School Breakfast Program (SBP), Summer Food Service (SFSP), Child and Adult Care Food Program (CACFP), and Special Milk Program (SMP) assist State and local governments, and private non-profit organizations in ensuring that children in schools and child care – and adults in adult day care programs – receive meals that meet their nutritional needs, foster healthy eating habits, reduce the number of overweight and obese children, and safeguard their health. The Budget funds the Child Nutrition Programs at a level that will support anticipated increases in participation and food cost inflation. The Budget projects serving 5.43 billion lunches and snacks (an increase of 65.6 million, or 1.2 percent, over the current estimate for 2017) and 2.64 billion breakfasts in schools, 2.25 billion meals in child and adult care centers, and 199.4 million meals through the SFSP.



*Table FNCS-6. KPM - NSLP Participation*

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Annual percentage of eligible people participating in NSLP	55.7	54.8	55.4	55.5	58.3	58.3

Whereas more than 22 million children receive free or reduced price meals on school days, about one in six, or approximately 3.8 million children, receive free meals when school is not in session. USDA has been working to reduce food insecurity and hunger among school children in the summer. In 2016, 181.5 million meals were served during summer, including lunches and breakfasts served in the Summer Food Service Program as well as in schools through the Seamless Summer Option.

As part of this effort to reduce child food insecurity during the summer months, the Department is continuing to conduct the Summer Electronic Benefit Transfer (Summer EBT) demonstration projects. The projects have shown that providing a food benefit or an electronic debit card during the summer to low-income households with school-aged children can reduce severe food insecurity among children and improve children's diets. To help address the large number of low-income children at risk of food insecurity during the summer, the Budget provides about \$23 million to continue the Summer EBT demonstration pilots in several States.

*Table FNCS-7. KPM – Summer Feeding Programs Participation*

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Annual percentage of children participating in the free/reduced price school lunch program that participate in summer feeding programs	16.3	17.5	17.1	17.4	17.4	17.4

Team Nutrition supports the Child Nutrition Programs through training and technical assistance for food service providers, nutrition education for children and their caregivers, and school and community support for healthy eating and physical activity. Funds are maintained at about \$17 million. This includes funding for the Healthier US School Challenge, a voluntary recognition program for NSLP schools that have created a healthier school environment.

Farm to School initiatives are funded at \$8.4 million, with \$3.4 million for the Farm to School Team and \$5 million provided annually under Section 18 of the Richard B. Russell National School Lunch Act for Farm to School grants. These grants ensure continued support of local and regional food systems by facilitating linkages between schools and their local food producers.

### **WIC**

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

The Budget provides \$6.15 billion for WIC, to serve the projected number of eligible individuals seeking WIC benefits. In 2018, an average of 7.2 million low-income women, infants and children are expected to participate in the program each month.

The Budget includes a \$1 billion cancellation of unobligated balances in WIC, as the program has experienced a buildup of unused resources from a decline in program costs, driven by an unexpected decrease in both participation and food cost inflation rates.

***Commodity Assistance Program (CAP)***

The Budget provides \$294 million for CAP, including funding to meet estimated participation and food costs in the Commodity Supplemental Food Program (CSFP), which provides commodities to low-income elderly individuals. The Budget includes a \$2 million increase for CSFP, which reflects an increase in food costs while accommodating the current level of participation. The Budget does not include funding for the Farmers Market Nutrition Program (FMNP).

***Nutrition Programs Administration (NPA)***

The Budget provides \$148.5 million for NPA to support Federal management and oversight of USDA's investment in nutrition assistance programs. This will help ensure adequate oversight and program integrity, simplify and improve the programs, and encourage healthy and nutritious diets. The Budget does not include funding for the Congressional Hunger Center Fellows.

***Proposed Legislation***

The Budget has several cost-saving proposals that will aim to reduce long-term spending in SNAP. SNAP proposals include tightening certain eligibility and benefit calculation standards; establishing fees for retailers applying and recertifying to accept SNAP benefits; and implementing a SNAP benefit cost-sharing requirement for States, phased in to reach an average of 25 percent by 2023. Total savings over 10 years for all nutrition program proposals is estimated at \$194 billion.

*Table FNCS-8. FNS Key Indicators*

	2016 Actual	2017 Estimate	2018 Budget
<b>Average Participation, Millions:</b>			
Supplemental Nutrition Assistance Program (per month).....	44.2	42.8	42.2
Free School Lunch.....	20.1	20.3	20.1
All School Lunches (per day) .....	30.4	30.6	30.6
Free School Breakfast .....	11.5	11.8	12.1
All School Breakfasts (per day).....	14.6	15.1	15.7
WIC (per month) .....	7.7	7.3	7.2
Commodity Supplemental Food Program (CSFP):			
WIC (per month) <sup>a</sup> .....	0	0	0
Elderly (per month).....	0.58	0.69	0.69
Food Distribution Program on Indian.....			
Reservations (FDPIR) (per month).....	0.09	0.1	0.1
<b>Average/Person/Month Food Benefit:</b>			
Supplemental Nutrition Assistance Program.....	\$125.51	\$127.58	\$123.78
WIC .....	42.77	42.82	44.17
CSFP: WIC (FNS Funded)	21.09	21.53	22.04
CSFP: Elderly (FNS Funded)	18.28	19.38	19.84
FDPIR (FNS Funded).....	77.28	78.65	80.28
<b>Per Meal Subsidies Including Commodities:</b>			
<b>School Lunch: <sup>b</sup></b>			
Free .....	3.39	3.53	3.61
Reduced .....	2.98	3.13	3.21
Paid .....	0.59	0.65	0.66
<b>School Breakfast:</b>			
Free .....	2.00	2.05	2.10
Reduced .....	1.70	1.75	1.80
Paid .....	0.29	0.29	0.30

<sup>a</sup> In 2016, there was an average of 365 children participating on a monthly basis.

<sup>b</sup> Includes the additional 6 cents per meal for meals that meet the Healthier Meal standards.



---

## ***FOOD SAFETY***

### **MISSION**

Foodborne illness is recognized as a significant public health problem in the United States. About 48 million people (one in six Americans) get sick, 128,000 are hospitalized, and 3,000 die each year from foodborne diseases, according to the latest estimates from the Centers for Disease Control and Prevention. USDA and other Federal agencies are working in cooperation to ensure that Americans have increased access to safe and healthy food.

The Food Safety mission area is responsible for ensuring the Nation's commercial supply of meat, poultry, and 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.

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; supports comparable State inspection programs; development and implementation of the Public Health Information System to assign and track science-based, data-driven inspections; and determines international equivalence of foreign systems. Additionally, FSIS coordinates the development of its policies with other USDA agencies and other Federal agencies, including the Food and Drug Administration, the Environmental Protection Agency, the Centers for Disease Control and Prevention, as well as foreign governments and international organizations, to support an integrated farm-to-table approach to food safety.

FSIS continues to improve the public health effectiveness of its testing programs through new and expanded sampling of regulated products in an effort to reduce foodborne illness. In February 2016, FSIS announced final new pathogen reduction performance standards for *Salmonella* and *Campylobacter* in raw chicken parts and not-ready-to-eat comminuted chicken and turkey products. The Agency began sampling products in July 2016 to assess whether establishments are meeting the new pathogen reduction performance standards. The agency is also building upon past success to make the inspection system better as it focuses on modernizing approaches to combat foodborne illness. In the coming year, FSIS will increase its emphasis on the expansion of scientific techniques, such as whole genome sequencing, and on advancements in data collection and associated analytics.

The Food Safety mission area includes the 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 INSPECTION SERVICE***Table FdS-1. FSIS Budget Authority (millions of dollars)*

Program	2016 Actual	2017 Estimate	2018 Budget
<b>Discretionary:</b>			
Federal Food Safety and Inspection .....	\$900	\$897	\$922
State Food Safety and Inspection .....	61	61	61
International Food Safety and Inspection .....	16	17	17
Public Health Data Communication Infrastructure System .....	34	34	34
Codex Alimentarius .....	4	4	4
Total, Discretionary Programs .....	1,015	1,013	1,038
<b>Mandatory:</b>			
Trust Funds (Voluntary Inspection Services) .....	13	11	11
User Fees (Overtime/Holiday Inspection Services) .....	246	246	202
Total, Mandatory Programs .....	259	257	213
Total, FSIS Programs, Current Law .....	1,273	1,270	1,251
Proposed Legislation <sup>a</sup> .....	0	0	0
Total FSIS Programs .....	1,273	1,270	1,251

<sup>a</sup> The Budget includes a proposal for changes to certain programs above. No budget authority impact is estimated for 2018. See details in the Appendix.

To accomplish its functions, FSIS employees are located at nearly 6,500 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 Budget proposes discretionary funding of approximately \$1 billion, about \$25 million above the 2017 funding level. The Budget includes an increase of \$15.5 million to support approximately 8,500 field personnel as well as other support personnel. The Budget requests \$12.1 million to fill frontline inspection program personnel vacancies. The Budget does not include funding for the Siluriformes Inspection Program under FSIS, resulting in a \$2.5 million decrease from the 2017 funding level. The Budget proposes to return the function to the Food and Drug Administration thus avoiding potentially duplicative efforts and costs.

FSIS is instrumental in helping reduce the level of foodborne illness by targeting common and dangerous pathogens, thereby reducing their prevalence in finished food product. In addition to its work ensuring safe and wholesome products are available to the consumer, FSIS also conducts public education campaigns to inform consumers about safe food handling methods to decrease the likelihood of foodborne illness from products that were improperly stored, handled, and/or prepared. With the funding requested, FSIS aims to achieve the following performance measures:

**Table FdS-2. KPM – Food Safety (Percent of Establishments)**

<b>Key Performance Measure</b>	<b>2016 Actual</b>	<b>2017 Target</b>	<b>2018 Target</b>
Meet Pathogen Reduction Performance Standards <sup>a</sup>	75%	77%	77%
Non-compliance Rate Decreases 120 Days After Receiving an Early Warning Alert <sup>b</sup>	73%	74%	74%

<sup>a</sup> The 2018 Target may be re-baselined in 2018 after consideration of 2017 performance and/or in consideration of any additional products FSIS may include in the calculation of this measure.

<sup>b</sup> The 2018 Target may be recalculated after several months of 2017 cumulative data are included in the baseline during assessment of 2017 performance.

### ***User Fees and Trust Funds***

FSIS estimates it will collect \$213 million in 2018 through existing user fee and trust fund activities for providing overtime, holiday, and voluntary inspection services.

### ***Proposed Legislation***

FSIS is proposing a user fee to cover all domestic inspection, import re-inspection, and most of the central operations costs for Federal, State, and International inspection programs for meat, poultry, and eggs. The fee would not cover Federal functions such as investigation, enforcement, risk analysis, and emergency response. FSIS would implement this user fee beginning in 2019.





## ***NATURAL RESOURCES AND ENVIRONMENT***

### **MISSION**

The Natural Resources and Environment (NRE) mission area promotes the conservation and sustainable use of natural resources on the Nation's private lands, and sustains production of all the goods and services that the public demands of the national forests and grasslands. The mission area includes two agencies: the Natural Resources Conservation Service (NRCS) and the Forest Service (FS).

NRCS and FS work to safeguard the health and productivity of the Nation's forests, grasslands, and private working lands based on sound public policy and efficient management. Both NRCS and FS work together and closely with partners to leverage private resources and innovative ideas to make the landscape and critical infrastructure more resilient. NRCS has expanded its partnerships with both not-for-profit organizations and the private sector to implement regional-scale conservation.

NRCS and FS are expanding public access to Federal and private lands for hunting, fishing, and other outdoor recreational opportunities. This is accomplished through a variety of programs aimed at preserving and restoring our public and private lands. NRCS partners with private landowners to provide technical and financial assistance to help protect farm and ranch lands and private forestland. FS partners with State, Tribal, and local government agencies to sustain the health, diversity and productivity of our national forests and grasslands.

**NATURAL RESOURCES CONSERVATION SERVICE****Table NRE-1. NRCS Budget Authority (millions of dollars)**

Program	2016 Actual	2017 Estimate	2018 Budget
<b>Discretionary:</b>			
Private Lands Conservation Operations:			
Conservation Technical Assistance .....	\$752	\$751	\$668
Soil Surveys .....	80	80	80
Snow Surveys .....	9	9	9
Plant Materials .....	9	9	9
Total, Private Lands Conservation Operations (Discretionary) ..	851	849	766
Private Lands Conservation Operations (Mandatory) .....	(902)	(963)	(985)
Total, Private Lands Conservation Operations <sup>a</sup> .....	(1,753)	(1,812)	(1,751)
Watershed Rehabilitation Program.....	12	12	0
Water Bank Program .....	4	4	0
Emergency Watershed Protection Program.....	157	103	0
Total, Discretionary Programs .....	1,024	968	766
<b>Mandatory:</b>			
<b>Farm Bill Programs:</b>			
Environmental Quality Incentives Program.....	1,529	1,522	1,412
Agricultural Conservation Easement Program .....	419	466	234
Regional Conservation Partnership Program.....	93	93	93
Conservation Security Program .....	5	5	0
Conservation Stewardship Program.....	1,225	1,288	1,401
Agricultural Management Assistance <sup>b</sup> .....	5	5	0
Small Watershed Rehabilitation Program.....	68	0	0
Conservation Reserve Program Tech. Assist.....	47	117	47
Total, Farm Bill Programs .....	3,390	3,494	3,187
Total, NRCS Programs, Current Law .....	4,414	4,462	3,953
Proposed Legislation <sup>c</sup> .....	0	0	420
Total, NRCS Programs .....	4,414	4,462	4,373

<sup>a</sup> The Budget proposes to show total staff resources necessary to implement the private lands conservation programs in the retitled Private Lands Conservation Operations (PLCO) account. PLCO includes the total for discretionary technical assistance and associated science and technology programs provided through the previously-titled Conservation Operations account in addition to the total technical assistance necessary to implement Farm Bill programs. For comparability, both discretionary and mandatory funds are shown for 2016 and 2017.

<sup>b</sup> NRCS is authorized to receive 50 percent of total AMA funding and the rest is provided to RMA and FSA.

<sup>c</sup> The Budget includes proposals for changes to certain programs above. See details in Appendix.

**Private Lands Conservation Operations (PLCO)**

The Budget proposes to retitle the Conservation Operations account to Private Lands Conservation Operations. PLCO would consolidate the discretionary and mandatory technical assistance (TA) funding necessary for the agency to support its core mission of delivering conservation to America's private working lands. The total proposed funding for PLCO for 2018 is about \$1.8 billion. This includes \$766 million of discretionary funding, of which \$668 million is for the Conservation Technical Assistance Program, and \$98 million is for Soil Survey, Snow Survey, and Plant Materials

Centers. A total of about \$1 billion in mandatory TA is estimated to be needed to support Farm Bill conservation program implementation.

**Table NRE-2. PLCO Budget Authority (millions of dollars)**

Program	2016 Actual	2017 Estimate	2018 Budget
<b>Discretionary:</b>			
Conservation Operations .....	\$851	\$849	\$766
<b>Mandatory:</b>			
Farm Bill Programs (Technical Assistance): <sup>a</sup>			
Environmental Quality Incentives Program.....	450	417	482
Agricultural Conservation Easement Program .....	125	125	125
Regional Conservation Partnership Program.....	40	40	26
Conservation Security Program .....	1	1	0
Conservation Stewardship Program.....	239	263	305
Agricultural Management Assistance <sup>b</sup> .....	1	1	0
Conservation Reserve Program Tech. Assist.....	47	117	47
Total, Farm Bill Programs (Technical Assistance) .....	902	963	985
Total, NRCS Technical Assistance.....	1,753	1,812	1,751

<sup>a</sup> The Budget proposes to show total staff resources necessary to implement the private lands conservation programs in the retitled Private Lands Conservation Operations (PLCO) account. PLCO includes the total for discretionary technical assistance and associated science and technology programs provided through the previously-titled Conservation Operations account in addition to the total technical assistance necessary to implement Farm Bill programs. For comparability, both discretionary and mandatory funds are shown for 2016 and 2017.

<sup>b</sup> NRCS is authorized to receive 50 percent of total AMA funding and the rest is provided to RMA and FSA.

Through the Conservation Technical Assistance Program, NRCS works with land owners and managers to develop conservation plans that outline the specific conservation practices needed to improve farm operations and enhance farm environmental sustainability. While NRCS will continue to provide comprehensive conservation planning, the Budget reflects increased private sector contributions to conservation planning. NRCS will take specific steps to further increase the role of the private sector in conservation planning, with a strong focus on plans requiring higher levels of technical expertise and where private sector leadership has proven successful since the 2002 Farm Bill, but has not been fully realized.

In 2017 NRCS established, through the Conservation Effects Assessment Project, a continuing, statistically-valid producer-based survey to track progress in conservation adoption and conservation investment benefits to the Nation's water quality, soil health, and agricultural productivity. The survey will inform conservation-based decision-making through prioritized investments in science-based tools and data.

NRCS will also continue to improve technical assistance delivery to agricultural producers with continued investment in the Conservation Delivery Streamlining Initiative (CDSI). The Budget includes about \$45 million for CDSI and will build upon the success seen with the launch of the Conservation Client Gateway (CCG). The CCG is a secure website that enables agricultural producers operating as individuals to request technical assistance for developing new conservation plans, to review existing plans, and to report completed conservation practices. Clients can also use CCG to apply for Farm Bill financial assistance in conservation programs. In 2018, NRCS proposes to incorporate a mobile device component into CDSI to give producers even greater

access to the system. For NRCS, CDSI implements a more effective, efficient, and sustainable business model for delivering conservation assistance through reduced document handling, reduced decision and approval times, improved access to best-available information and technology, and staffing strategies that are aligned with streamlined processes. NRCS customers benefit by reducing the number of trips that need to be made to an NRCS field office, accelerating the timeline between applying for a program and having a signed contract, and offering clients 24/7/365 service for many tasks.

**Table NRE-3. KPM - Applied CTA Conservation Practices (millions of acres)**

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Land with practices to improve water quality	N/A	18.2	18.1	15.8	15.8	14.9
Cropland with practices to improve soil quality	N/A	6.2	6.0	6.0	5.9	5.5
Grazing land with practices to protect and improve the resource base	N/A	13.1	13.1	11.1	13.0	12.0

***Environmental Quality Incentives Program (EQIP)***

EQIP provides assistance to landowners who face serious natural resource challenges (such as soil erosion, air quality, water quality and quantity, and the sustainability of fish and wildlife habitat) that impact soil, water and related natural resources, including grazing lands, wetlands, and wildlife habitat. EQIP implementation will continue to be targeted to acres with the highest conservation benefit. The 2014 Farm Bill re-authorized this program through 2018. In addition, the 2014 Farm Bill moved under EQIP the activities of the Wildlife Habitat Incentive Program, a program that provided financial and technical assistance to eligible participants to develop habitats for upland and wetland wildlife, threatened and endangered species, fish, and other types of wildlife. The Agricultural Water Enhancement Program, which was operated under EQIP, was repealed by the 2014 Farm Bill, and its functions were moved to the Regional Conservation Partnership Program.

EQIP's Conservation Innovation Grant (CIG) program is authorized at \$25 million in 2018. In 2017, the CIG program focused on conservation finance; data analytics for natural resources; pay-for-success models to stimulate conservation adoption; precision conservation; water management technologies and approaches; and benefitting historically underserved farmers, ranchers and private forest landowners.

**Table NRE-4. KPM - Applied EQIP Conservation Practices (millions of acres)**

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Land with practices to improve water quality	N/A	12.3	12.7	10.5	13.5	13.5
Cropland with practices to improve soil quality	N/A	3.1	3.0	2.7	3.0	3.0
Non-Federal land with practices to improve fish and wildlife habitat quality	N/A	1.4	1.8	1.0	0.9	0.9

***Agricultural Conservation Easement Program (ACEP)***

ACEP has two components: agricultural land easements - under which NRCS assists eligible entities to protect agricultural land by limiting non-agricultural land uses; and wetland reserve

easements - under which NRCS provides technical and financial assistance to landowners to restore, protect and enhance wetlands through the purchase of wetlands reserve easements. NRCS continues to maintain existing easements and contracts formed under the previous programs.

ACEP's land easement component helps farmers and ranchers keep their land in agriculture while protecting grazing uses and related conservation values by conserving grassland, including rangeland, pastureland and shrubland. The wetland easement component supports habitat for fish and wildlife, including threatened and endangered species, reducing flooding, protecting biological diversity, and providing opportunities for educational, scientific and limited recreational activities. The program fosters public-private partnerships with landowners, Indian Tribes, State and local governments, and nongovernmental organizations through the use of cooperative agreements (agricultural land easements) and long term easements or 30-year contracts (wetland easements).

#### ***Regional Conservation Partnership Program (RCPP)***

Producers receive technical and financial assistance through RCPP while NRCS and its partners help producers install and maintain conservation activities. These projects may focus on water quality and quantity, soil erosion, wildlife habitat, drought mitigation, flood control, and other regional priorities. Partners include producer associations, State or local governments, Indian Tribes, non-governmental organizations, and institutions of higher education.

#### ***Conservation Stewardship Program (CSP)***

CSP encourages participants to undertake new conservation activities in addition to maintaining and managing existing conservation activities. CSP operates under an annual limitation on new acres enrolled, and the 2014 Farm Bill extended the authority for CSP including 2018 with an annual enrollment cap of 10 million acres. CSP addresses natural resource concerns including soil quality, soil erosion, water quantity and quality, air quality, plant and animal resources, and energy efficiency.

#### ***Proposed Legislation***

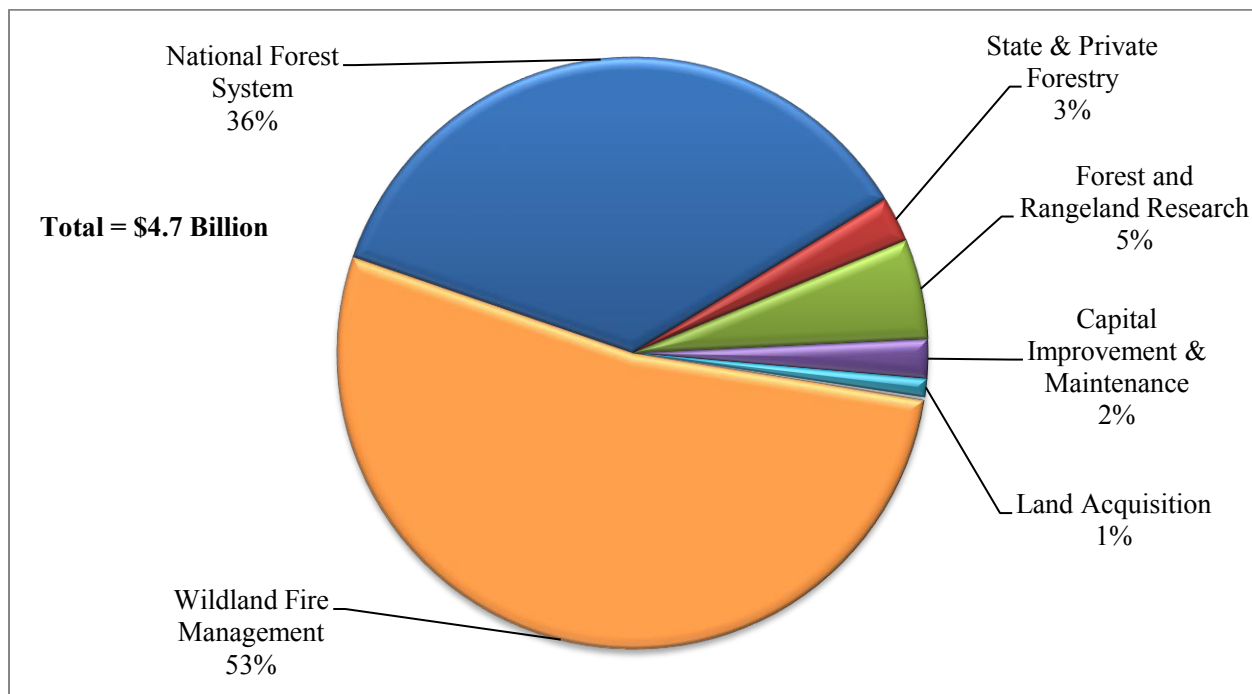
The Budget proposes legislative changes to the Farm Bill programs including the termination of new enrollments in CSP and elimination of RCPP. The Budget also proposes additional funding for EQIP and ACEP, which streamlines NRCS funding by focusing more resources on a primary working agricultural lands program (EQIP) and a primary easement program (ACEP). As EQIP and ACEP provide a substantial portion of the funding and authority for the existing RCPP, many of the existing activities will continue under the proposal. See Appendix for details.

**FOREST SERVICE***Table NRE-5. FS Budget Authority (millions of dollars)*

Program	2016 Actual	2017 Estimate	2018 Budget
<b>Discretionary Accounts:</b>			
Forest and Rangeland Research .....	\$291	\$290	\$259
State and Private Forestry.....	237	237	118
National Forest System:			
Hazardous Fuels Reduction <sup>a</sup> .....	375	374	354
Forest Products .....	360	359	359
Law Enforcement Operations .....	127	126	129
Recreation, Heritage and Wilderness.....	262	261	253
Other NFS Activities .....	760	760	652
Total, NFS .....	1,884	1,880	1,747
Wildland Fire Activities:			
Preparedness .....	1,083	1,081	1,340
Suppression.....	811	809	1,057
Other Fire Operations <sup>a</sup> .....	118	117	99
Total, Wildland Fire Activities.....	2,011	2,008	2,495
Capital Improvement and Maintenance.....	364	363	100
Land Acquisition accounts .....	65	64	8
Other Accounts.....	5	5	4
Total, On-going Discretionary Programs .....	4,857	4,848	4,731
FLAME Fund .....	823	821	0
Fire Transfer Repayment.....	700	0	0
Total, Discretionary Programs.....	6,380	5,669	4,731
<b>Mandatory Programs:</b>			
Permanent Appropriations.....	518	348	325
Trust Funds.....	134	151	142
Total, Mandatory Programs .....	652	499	467
Total, Forest Service .....	7,032	6,168	5,198

<sup>a</sup> The Budget proposes to fund Hazardous Fuels Reduction within the National Forest System account. Amounts provided in 2016 and 2017 in the Wildland Fire Activities account are shown in National Forest System for comparability.

For 2018, the total request for FS discretionary activities is \$4.7 billion. The Budget reduces funding for lower priority activities in the National Forest System, such as major new Federal land acquisition to focus on effectively managing existing assets and lands. The agency will continue to address catastrophic fire risk and ensure the resources necessary to protect life and property by fully funding wildland fire suppression activities at 100 percent of the 10-year average for suppression operations. The Budget also continues to support agency priorities of forest health and restoration addressing the greatest emerging threats to forest health and sustainability. The Budget also continues to support the economy - the Forest Service program of work is projected to contribute between 340,000 and 370,000 jobs to the economy, and around \$30 billion to GDP.



**Figure NRE-1. Forest Service Discretionary Budget Authority**

### ***Forest and Rangeland Research***

For 2018, \$259 million is proposed for Forest and Rangeland Research. In 2018, the FS will focus on research that supports the management of National Forest System lands and the agency's wildland fire suppression efforts. Within its broad mission to develop knowledge and technology to enhance the economic and environmental values of all of the Nation's forests, the Budget continues to support specific research needs that arise from managing 193 million acres of system lands. Principal areas of research include forest disturbance prediction and response, watershed management and restoration, urban natural resource stewardship, and inventory and analysis. The Budget provides \$77 million for Forest Inventory and Analysis (FIA) to strengthen the collection, coordination, and assessment of field inventory data, create a robust landscape scale inventory and analysis effort in all 50 States, the U.S. Territories, and continue efforts to introduce FIA surveys in interior Alaska. The agency is also continuing efforts to support the transfer of agency R&D products to industry in order to promote the Nation's economic growth through innovation, stimulating the creation of commercial and industrial markets for presently underutilized or non-merchantable forest resources resulting from restoration and fuel treatment operations.

### ***State and Private Forestry (S&PF)***

Through S&PF programs, FS addresses forest health concerns across more than 750 million acres of Federal, State, and private lands, creating a more connected forest landscape. For 2018, \$118 million is proposed for S&PF programs, including about \$90 million to address the greatest emerging threats to forest health on and off Forest Service land. The Budget continues to support the productivity and health of private working lands through the \$20.5 million commitment to the Forest Stewardship Program. This program helps create jobs in rural communities by sustaining local forest product markets and increasing demand for qualified private forestry consultants, loggers, and State agency field foresters. The Budget provides \$7.1 million for FS' International Programs to continue combatting illegal logging; supporting American forestry in international trade; protecting U.S. forests from invasive species; and conserving habitat for U.S. migratory species.

***National Forest System (NFS)***

The Forest Service manages over 193 million acres of public land in 44 States and Puerto Rico, collectively known as the NFS. These lands are managed for multiple uses and on a sustained-use basis and represent a vital natural legacy. For 2018, total funding for NFS is proposed at \$1.75 billion.

The agency will continue to facilitate mining, timber, hazardous fuels, and restoration projects on NFS lands, creating jobs and economic development in rural communities. The agency will support priority mineral applications and critical mineral operations that assist operators to meet standards of operating plans. In 2018, the agency expects to reach a total volume sold of 3.2 billion board feet while improving the resilience of more than 1.7 million acres through hazardous fuels reduction. In 2016, the Forest Products program sustained over 43,000 jobs and generated about \$3.2 billion of gross domestic product in the agency's most recent economic analysis.

The Budget also continues to support recreation at \$253 million. Recreation opportunities on National Forests and Grasslands remain one of the agency's best sources for sustaining rural and urban tourism economies. Outdoor recreation supports about 143,000 full and part-time jobs, and contributes close to \$10 billion to the rural communities surrounding national forests and grasslands.

The Budget increases support for Law Enforcement and Investigations by almost \$3 million, to \$129 million. The Forest Service will maintain staff years with the proposed funding to enable law enforcement officers from around the Nation to participate in marijuana eradication operations and marijuana grow site clean-up and reclamation. Preliminary evidence suggests grow site clean-up can serve as a deterrent to attempted reuse of the site for criminal enterprise.

The Budget requests continuation of the Integrated Resources Restoration (IRR) pilot in Regions 1, 3, and 4. Between 2012 and 2016, the agency embarked on this pilot program to increase efficiency and flexibility to perform integrated watershed protection and landscape-scale restoration. The IRR pilot regions have been more successful than non-pilot regions in completing enough restoration projects to change the overall health of the watershed, achieving 60 percent of the total agency result in 2015, and about 40 percent of improved watersheds in 2016.

The Budget requests that funding for the Hazardous Fuels program be moved from the Wildland Fire Management account to the NFS program. The majority of Hazardous Fuels work takes place on NFS or adjacent lands, therefore the Forest Service will integrate this program more efficiently and effectively with other activities and programs if it is managed as part of the NFS. The Budget focuses hazardous fuels treatments in priority areas near communities that reduce risk to communities and firefighters, and increase resilience of forests to catastrophic fire. Restoration in Wildland Urban Interface areas supports the direction provided by stakeholders engaged in the National Cohesive Wildland Fire Management Strategy.



**Table NRE-6. KPM – Forest Management**

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Acres treated annually to sustain or restore water function and resilience (millions of acres)	2.53	2.91	3.10	3.21	2.90	2.40
Volume of timber sold (billion board feet)	2.61	2.83	2.86	2.94	3.20	3.20

**Wildland Fire Management**

More than 46 million homes, or 40 percent of the Nation's housing units, are located in fire-prone Wildland Urban Interface (WUI) areas, and this is expected keep growing. During an average year, more than 73,000 wildfires burn about 7 million acres of federal, tribal, state, and private land, and more than 2,600 structures. On Forest Service lands annually, the agency records about 7,000 fires that burn 1.6 million acres. Through Wildland Fire Management, the FS protects life, property and natural resources in these rural communities and on 193 million acres of NFS land, and an additional 20 million acres of adjacent State and private lands through fee or reciprocal protection agreements. For 2018, total Federal funding for wildland fire management activities is proposed at \$2.5 billion. This amount includes fully funding suppression at the current 10-year average.

Starting in 2018, Forest Service firefighters will charge all base hours (the first eight hours of each day) to Preparedness, and charge to Suppression when working overtime while fighting fires. This system is called "Base 8." This change will ensure alignment between the FS and Department of the Interior business rules for budget planning, and will provide a more disciplined and accountable budget structure. This switch necessitates a re-baselining of the 10-year average for fire suppression costs. To adequately cover Base 8 expenditures, a \$259 million increase to Preparedness is requested.

Further, the agency will continue efforts to modernize its aging aviation resources. The National Defense Authorization Act of 2014 provided for the transfer of surplus aircraft directly to the Forest Service, including up to 15 C-23B+ Sherpa and up to seven C-130H aircraft from other Executive Branch Agencies. For the 2018 fire season, with retrofits to be completed by both the Department of Defense and the agency, one of the seven C-130H aircraft is expected to be in service as a next generation airtanker capable of delivering over 3,000 gallons of fire retardant. The agency anticipates that it will have two C-23B+ Sherpa aircraft in service in 2017, followed by an additional four in 2018, and four more in 2019, for a total of 10 operational C-23B+ Sherpa aircraft. These planes will be delivering smokejumpers and supplies by parachute to wildland firefighters on the ground. In addition, the 2015 Interior Appropriations Act included \$65 million to acquire one next generation large airtanker. The contract award is anticipated in the near future.

**Table NRE-7. KPM – Reduce Risk of Catastrophic Wildfire (millions of acres)**

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Acres of Wildland Urban Interface hazardous fuels treated to reduce the risk of catastrophic wildfire	1.73	1.72	1.57	2.01	1.80	1.71

***Capital Improvement and Maintenance (CIM)***

CIM funds construction and maintenance of critical infrastructure on the NFS, including buildings, recreation sites, facilities, roads, and trails. FS currently manages 372,000 miles of roads, 157,000 miles of trails, 6,200 bridges, over 26,750 recreation sites, 500 dams, 16,000 administrative buildings, and 9,575 water/wastewater systems. For 2018, total funding for this work is proposed at about \$100 million. The Budget focuses the CIM programs on retaining staff to manage existing infrastructure, especially roads, and maintain public safety. Roads provide access to rural communities, recreation activities such as hunting and fishing, and allow for safe and efficient extraction of timber and minerals from national forests and grasslands. Roads also provide emergency access for first responders in the event of wildland fire.

***Land Acquisition***

The Budget proposes \$8 million for Land Acquisition accounts to maintain staff to complete the acquisition of previously Congressionally-identified projects.

***Proposed Language Changes***

The Budget proposes several legislative changes. The Budget requests the reauthorization of the authority to collect recreation revenue (Federal Lands Recreation Enhancement Act), and the authority to convey administrative sites that the agency no longer needs while retaining the proceeds (Forest Service Facilities Realignment and Enhancement Act). The Budget also proposes amending the Small Tracts Act to increase the maximum value of land to be conveyed to \$500,000 to better align with current land values. In addition, the budget proposes amending the National Defense Authorizations Act of 2014 to ensure Forest Service NEPA authorities apply to grazing permits nationwide. Finally, the Budget proposes new authority to retain user fees (up to \$4.5 million) to better manage the growing use of agency lands for communications facilities. See Appendix for details.

## ***MARKETING AND REGULATORY PROGRAMS***

### **MISSION**

The Marketing and Regulatory Programs (MRP) mission 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 regulated animals. These programs provide the basic infrastructure to improve agricultural market competitiveness for the overall benefit of consumers and producers of American agriculture. Due to the assistance provided by MRP and other mission areas in USDA, U.S. producers have been able to maintain sustained, high levels of agricultural exports over recent year. The Animal and Plant Health Inspection Service (APHIS) continues efforts to eliminate trade barriers and ensure that trade decisions are based on science. The grain inspection and weighing work of the Grain Inspection, Packers and Stockyards Administration (GIPSA) and the work of the Agricultural Marketing Service (AMS) also contributes to assisting producers in sustaining these levels of exports.

To meet increased demand for American grain, and to ensure consistent grain quality, MRP, through GIPSA, is providing service at new export facilities that run 24 hours a day. In addition, MRP assists producers in management and domestic marketing by providing market trend analysis and business and marketing tools through the work of the AMS. MRP also helps increase the competitiveness of the agricultural sector by working to protect the Nation's agriculture from pests and diseases, thereby increasing the efficiency of production.

**ANIMAL AND PLANT HEALTH INSPECTION SERVICE***Table MRP-1. APHIS Budget Authority (millions of dollars)*

Program	2016 Actual	2017 Estimate	2018 Budget
<b>Discretionary:</b>			
Safeguarding and Emergency Preparedness/Response:			
Animal Health:			
Animal Health Technical Services .....	\$35	\$35	\$35
Aquatic Animal Health .....	2	2	2
Avian Health .....	55	55	55
Cattle Health.....	92	91	91
Equine, Cervid & Small Ruminant Health.....	20	19	19
National Veterinary Stockpile.....	4	4	4
Swine Health.....	25	25	25
Veterinary Biologics .....	16	16	16
Veterinary Diagnostics.....	37	37	36
Zoonotic Disease Management .....	9	10	10
Total, Animal Health .....	295	294	294
Plant Health:			
Agricultural Quarantine Inspection (Appropriated).....	28	28	28
Cotton Pests.....	11	11	7
Field Crop & Rangeland Ecosystems Pests .....	9	9	9
Pest Detection.....	27	27	27
Plant Protection Methods Development.....	21	21	20
Specialty Crop Pests <sup>a</sup> .....	164	164	148
Tree & Wood Pests .....	54	54	30
Total, Plant Health.....	314	314	270
Wildlife Services:			
Wildlife Damage Management .....	101	101	56
Wildlife Services Methods Development .....	19	19	19
Total, Wildlife Services.....	120	120	75
Regulatory Services:			
Animal & Plant Health Regulatory Enforcement.....	16	16	16
Biotechnology Regulatory Services.....	19	19	19
Total, Regulatory Services .....	35	35	35
Emergency Management:			
Contingency Fund <sup>b</sup> .....	0	0	0
Emergency Preparedness & Response .....	17	17	17
Total, Emergency Management.....	17	17	17
Total, Safeguarding and Emergency Preparedness.....	781	780	692
Safe Trade and International Technical Assistance:			
Agriculture Import/Export .....	15	15	15
Overseas Technical & Trade Operations .....	22	22	22
Total, Safe Trade and International Technical Assistance .....	37	37	37
Animal Welfare .....	29	29	29
Agency-Wide Activities (including GSA Rent/DHS Security) .....	52	52	52

Program	2016 Actual	2017 Estimate	2018 Budget
Total, Salaries and Expenses .....	900	898	810
Buildings and Facilities .....	3	3	3
Total, APHIS Discretionary Programs .....	903	901	813
Emergency Funding (CCC) and other transfers <sup>c</sup> .....	0	24	0
Total, APHIS Discretionary Programs .....	903	925	813
<b>Mandatory:</b>			
Agricultural Quarantine Inspection (AQI) Fees <sup>d</sup> .....	236	204	210
Trust Funds and User Fees .....	8	9	9
Farm Bill: Plant Pest and Disease Management and Disaster Prevention .....	59	59	75
Total, Mandatory Programs .....	303	272	294
Total, APHIS Programs, Current Law .....	1,206	1,197	1,107
Proposed Legislation <sup>e</sup> .....	0	0	-20
Total, APHIS Programs .....	1,206	1,197	1,087

<sup>a</sup> Amounts for 2016 and 2017 include \$5.5 million provided through General Provision 764 of the Consolidated Appropriations Act, 2016 for control and management and associated activities directly related to the multiple-agency response to citrus greening.

<sup>b</sup> Less than \$500,000.

<sup>c</sup> Reflects 2017 emergency transfers from the Commodity Credit Corporation (CCC) to address bovine tuberculosis findings throughout the United States.

<sup>d</sup> Total adjusted collections are \$687 million in 2016 and \$738 million in 2017, and \$745 million in 2018. Of the total, \$450 million, \$535 million and \$535 million are transferred to the Department of Homeland Security in 2016, 2017 and 2018 respectively. Figures reflect impact of sequestration in 2016 and 2017.

<sup>e</sup> The Budget includes proposals for changes to certain programs above. Amount shown reflects estimated collections. See details in Appendix.

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

The Budget proposes a discretionary appropriation of about \$813 million, of which \$810 million is for programmatic operations and about \$3 million for the Buildings and Facilities account.

**Table MRP-2. KPM - Deregulation of Biotechnology Products**

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Cumulative number of actions taken to deregulate products based on scientific determination that they do not pose a plant risk to agriculture	93	102	109	117	122	126

#### ***Safeguarding and Emergency Preparedness/Response***

The Budget includes discretionary appropriations of nearly \$692 million for safeguarding and emergency preparedness and response. These safeguarding and emergency programs, specifically for animal health and specialty crops, protect \$193 billion of livestock, poultry, and specialty crops on an annual basis.

To combat any sudden, urgent and unforeseen pest and disease outbreaks, the Secretary retains authority to transfer funds from the CCC or other USDA accounts. The Budget provides technical and financial support to help control or eradicate a variety of animal and plant health threats:

**Animal Health**

The Budget maintains funding for Animal Health activities at \$294 million. APHIS will continue to support domestic and international activities related to the protection of animal health. APHIS will continue working with the National Animal Health Laboratory Network on the highest-priority animal health issues.

**Plant Health**

The Budget includes a total of nearly \$270 million for Plant Health. APHIS will continue to support activities related to the protection of plant and forest health, notably the efforts to address citrus greening and other citrus diseases. The Budget proposes decreases to the funding provided by the Federal Government for Tree and Wood Pests and Specialty Crop Pests programs of about \$24 million and \$10 million, respectively. Cooperators who directly benefit from program activities are expected to increase contributions to achieve the same level of program operations. Under the budget, APHIS contributes between 42 percent and 71 percent of the costs of the programs. The Budget also includes a \$4.5 million decrease within the Cotton Pest line item for activities related to progress toward eradicating the pink bollworm. The Cotton Pests program, in cooperation with States, the cotton industry, and Mexico, has nearly eradicated the boll weevil and pink bollworm from all cotton-producing areas of the United States and northern Mexico. APHIS will continue addressing the boll weevil in areas of Texas near the border of Mexico.

**Wildlife Services**

The Budget includes a total of about \$75 million for Wildlife Services. The Budget proposes to reduce the Federal share of funding for programs that provide localized benefits. Under the Budget, the Wildlife Services Damage Management Program will continue to provide education and technical assistance; however, cooperators requesting direct control assistance will need to cover the operational program costs. In addition, while the national rabies management and feral swine programs will maintain core activities with federal funding, cooperators will need to cover costs associated with enhanced activities or local projects outside of these programs' core activities. The Budget also reflects a decrease of \$5.8 million provided in 2016 as a one-time capital investment in aircraft equipment.

**Regulatory Services**

The Budget includes about \$35 million for Regulatory Services, which will maintain current services. This includes funding for the Animal and Plant Health Regulatory Enforcement program, which promotes the integrity of APHIS programs by providing effective investigative and enforcement services. This also funds Biotechnology Regulatory Services activities at the current level. In 2016, USDA completed seven petitions, surpassing its goal of five determinations of nonregulated status.

**Emergency Management**

The Budget maintains the level of funding for Emergency Management at \$17 million. APHIS will continue to support prevention, preparation, response, and recovery efforts resulting from animal and plant health emergencies.

***Safe Trade and International Technical Assistance***

The Budget maintains the level of funding for Safe Trade and International Technical Assistance activities at \$37 million. APHIS will continue to support activities to facilitate safe U.S. agricultural trade. In 2016, APHIS efforts to eliminate trade barriers and to ensure that trade decisions are based on science resulted in the retention, opening or expansion of markets worth \$2.6 billion for U.S. agricultural producers. On the shipment level, 213 shipments were released during fiscal year 2016 as a direct result of APHIS intervention.

***Animal Welfare***

The Budget maintains the level of funding for Animal Welfare activities at \$29 million. APHIS will continue to support activities related to the protection of animal species covered under the Animal Welfare Act and the Horse Protection Act.

***User Fees for Agricultural Quarantine and Inspections***

In addition to discretionary funding, APHIS collects user fees to cover costs related to agricultural quarantine and inspections that occur at ports of entry. A portion of these collections are provided to the Department of Homeland Security's Customs and Border Protection (CBP) to conduct front line inspections at points of entry. With retained funding, APHIS supports international trade by assessing the plant and animal health risks associated with such trade. APHIS also develops regulations to protect agricultural health; inspects and quarantines imported plant propagative materials; trains agricultural inspectors and detector dog teams; and provides the scientific support necessary to carry out these activities and those carried out by CBP.

***Buildings and Facilities***

The Budget proposes about \$3 million in funding for general repairs and maintenance of APHIS buildings.

***Proposed Legislation***

The Budget proposes to authorize the collection of about \$9 million in user fees for Animal Welfare activities, about \$7 million in user fees for Veterinary Biologics activities, and \$4 million in user fees for Biotechnology Regulatory Services activities. As recipients of these services are the direct beneficiaries of many of the services provided by the respective division of APHIS, the proposed user fees will place a portion of the costs of providing these services on the recipient rather than the U.S. taxpayer. See Appendix for details.

**AGRICULTURAL MARKETING SERVICE***Table MRP-2. AMS Budget Authority (millions of dollars)*

Program	2016 Actual	2017 Estimate	2018 Budget
<b>Discretionary:</b>			
Marketing Services:			
Market News.....	\$35	\$35	\$33
Egg Surveillance and Standardization .....	7	7	7
Market Protection and Promotion.....	31	31	29
National Bioengineered Food Disclosure Standard .....	0	0 <sup>a</sup>	1
Transportation and Market Development .....	8	8	7
Total, Marketing Services.....	81	81	77
Payments to States and Possessions.....	1	1	1
Total, Discretionary Programs .....	82	82	78
<b>Mandatory:</b>			
Funds for Strengthening Markets, Income, and Supply (Section 32):			
Commodity Program Expenses .....	752	788	786
Section 32 Administrative Funds:			
Marketing Orders and Agreements .....	19	20	20
Commodity Purchase Services.....	34	34	36
Total, Section 32 Administrative Funds .....	53	54	56
Total, Section 32 Funds .....	805	842	842
User Fees:			
Perishable Agricultural Commodities Act.....	11	11	11
Commodity Grading Services.....	164	158	161
Total, User Fee Funded Programs.....	175	169	172
Trust Funds:			
Wool Research, Development & Promotion .....	2	2	2
Farm Bill:			
Specialty Crop Block Grants <sup>a</sup> .....	68	67	85
Farmers Market and Local Food Promotion Program .....	28	28	30
National Organic Certification Cost-Share <sup>b</sup> .....	11	0	0
Agricultural Management Assistance, Organic Cost-Share <sup>b</sup> .....	(1)	(0)	(0)
Total, Farm Bill Programs.....	107	95	115
Total, Mandatory Programs .....	1,089	1,108	1,131
Total, AMS Programs, Current Law .....	1,171	1,190	1,209
Proposed Legislation <sup>c</sup> .....	0	0	-135
Total, AMS Programs .....	1,171	1,190	1,074

<sup>a</sup> In 2017, \$1 million was approved for transfer from Specialty Crop Block Grants to Marketing Services for this program.

<sup>b</sup> The National Organic Certification Cost Share and Agricultural Management Assistance Organic Cost Share programs were transferred from AMS to FSA in 2017.

<sup>c</sup> The Budget includes proposals for changes to certain programs above. Amount shown reflects estimated collections as well as budgetary savings. See details in Appendix.



AMS's mission is to facilitate the competitive and efficient marketing of agricultural products in domestic and international markets, while ensuring fair trading practices. AMS programs aid producers in meeting the changing demands of consumers, and domestic and international marketing practices. The Budget proposes discretionary funding of about \$78.5 million.

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

### ***Market News***

The Budget proposes \$33.4 million for Market News to support data collection and reporting of commodity information. This work provides timely, accurate, and unbiased information on cotton, dairy, fruits, vegetables, specialty crops, livestock, grain, and poultry. The Budget reflects the completion of the development stage of the Market Analysis Reporting Service computer system.

### ***Egg Surveillance and Standardization***

The Budget maintains funding for the Egg Surveillance and Standardization at \$7 million. The Shell Egg Surveillance Program inspects registered shell egg facilities and monitors the disposition of restricted eggs to limit the number of restricted eggs in consumer channels. The program prevents eggs not meeting minimum U.S. standards from entering the consumer marketplace.

### ***Market Protection and Promotion-Federal Seed Act Program***

The Budget provides \$2.1 million for the Federal Seed Act Program, which reflects a cost savings attributed to recently purchased seed evaluation equipment. The Federal Seed Act Program promotes fair competition in the seed trade, by among other requirements, ensuring seed is accurately labeled.

### ***Market Protection and Promotion-Country of Origin Labeling Program***

The Budget provides \$3.7 million for the Country of Origin Labeling Program (COOL). The program requires retailers to notify their customers of the country of origin of covered commodities, and that the method of production for fish and shellfish be noted at the final point of sale. In 2018, the program will focus on follow-up audits at stores known to have compliance issues rather than initial visits to additional retailers.

### ***Market Protection and Promotion-National Organic Program***

The Budget provides \$8.1 million for the National Organic Program, which works to meet consumer demand for organically-produced goods by supporting the development, maintenance, and enforcement of national standards governing the production and handling of organic agricultural products.

### ***Market Protection and Promotion-Pesticide Data Program (PDP)***

The Budget provides \$15.1 million for the Pesticide Data Program, which is the main supplier of data regarding actual levels of pesticide residues on commodities. PDP works collaboratively with the Environmental Protection Agency and the Centers for Disease Control and Prevention to target residue data collection related to high risk commodities and vulnerable populations.

***National Bioengineered Food Disclosure Standard***

The Budget requests \$1.0 million for National Bioengineered Food Disclosure Standard. Public Law 114-216 requires USDA to put in place a national mandatory system for disclosing the presence of bioengineered material. The requirements of the disclosure will be developed through rulemaking.

***Transportation and Market Development***

The Budget requests \$7.2 million for Transportation and Market Development. The program will fulfill its core functions that benefit agricultural producers and rural communities.

***Payments to States and Possessions***

Under the Federal-State Marketing Improvement Program, AMS provides matching funds to State Departments of Agriculture for projects aimed at improving marketing efficiency, reducing marketing costs for producers, and lowering food costs for consumers. The Budget requests a total of \$1.1 million for the program.

***Section 32 Funds***

Section 32 of the Act of August 24, 1935, authorizes the appropriation for each fiscal year of an amount equal to 30 percent of the gross receipts from duties collected under customs laws of the United States during the preceding calendar year. These funds are used to encourage domestic consumption of perishable commodities that are not eligible for price support from USDA, and encourage the export of agricultural products, including: purchases of commodities and removal of surplus commodities from the marketplace for distribution to Federal nutrition assistance programs such as the National School Lunch Program and diversion programs that bring production in line with demand. Section 32 funds are also used to finance the administrative costs associated with the purchase of commodities and developing the specifications used for food procurement throughout the Federal government. The Budget requests a total of about \$36 million for administration of commodity purchasing. The proposed increase will provide security related updates to the Web-Based Supply Chain Management system.

Marketing Orders and Agreements help stabilize market prices and the supply of milk and certain specialty crops. The Orders are administered locally by marketing order committees and market administrators. Local activities are funded through assessments on regulated handlers. For 2018, \$20 million will be used to finance Federal oversight activities for marketing orders and agreements at the national level. The Proposed Legislation section provides details on a proposed Marketing Orders and Agreements user fee that would cover these oversight costs.

***User Fee Programs***

AMS operates programs funded through license or user fees. The Commodity Grading Services program provides voluntary commodity grading and classing services for dairy products, fresh and processed fruits and vegetables, meat and meat products, poultry, eggs, tobacco, and cotton. AMS also offers certification services to verify contract specifications on quantity and quality, acceptance and condition inspection services for all agriculture commodities upon request, and export certification services for a number of commodities. AMS' audit verification services review production and quality control systems, and verify industry marketing claims. In addition, AMS enforces the Perishable Agricultural Commodities Act which prohibits unfair and fraudulent practices in the marketing of perishable agricultural commodities by regulating shippers, distributors, and retailers. Full and prompt payment for fresh fruits and vegetables is a key objective of the program.

***Proposed Legislation***

The Budget includes legislative proposals to eliminate the Specialty Crop Block Grant Program and the Farmers Market and Local Food Promotion Program for which there is no Federal purpose. In addition, the Budget proposes the authority to collect a fee from the Marketing Orders and Agreements programs to recover the full cost of the agency's oversight of these programs. The industries that substantially benefit from Marketing Orders and Agreements should pay for the oversight of these programs. The user fee proposal would result in approximately \$20 million in receipts. See Appendix for details.

**GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION****Table MRP-3. GIPSA Budget Authority (millions of dollars)**

Program	2016 Actual	2017 Estimate	2018 Budget
<b>Discretionary:</b>			
Salaries and Expenses:			
Grain Regulatory Program.....	\$20	\$20	\$20
Packers and Stockyards Program.....	23	23	23
Total, Salaries and Expenses.....	43	43	43
<b>Mandatory:</b>			
Inspection and Weighing User Fees .....	55	55	60
Total, GIPSA Programs, Current Law .....	98	98	103
Proposed Legislation <sup>a</sup> .....	0	0	-30
Total, GIPSA Programs.....	98	98	73

<sup>a</sup> The Budget includes proposals for changes to certain programs above. Amount shown reflects estimated collections. See details in Appendix.

GIPSA establishes the official U.S. standards and quality assessment methods for grain and related products, regulates handling practices to ensure compliance with the U.S. Grain Standards Act and Agricultural Marketing Act of 1946, and manages a network of Federal, State, and private laboratories that provide impartial, user-fee funded official inspection and weighing services. The agency regulates and monitors the activities of dealers, market agencies, stockyard owners, live poultry dealers, packer buyers, packers, and swine contractors in order to detect prohibited unfair, unjust, discriminatory, deceptive, or 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.

The Budget includes a total budget authority for GIPSA of \$103 million, of which \$60 million is estimated to come from authorized inspection and weighing user fees. Of the discretionary appropriation request, about \$20 million is allocated to the Grain Regulatory Program for standardization, compliance, and methods development activities; and about \$23 million is for the Packers and Stockyards Program.

The Budget seeks to remove the obligation cap in appropriations language for inspection and weighing user fees to ensure alignment with trade activity and demand. Removing the cap would allow GIPSA to spend its estimated collections and meet increasing requests for official services.

**Proposed legislation**

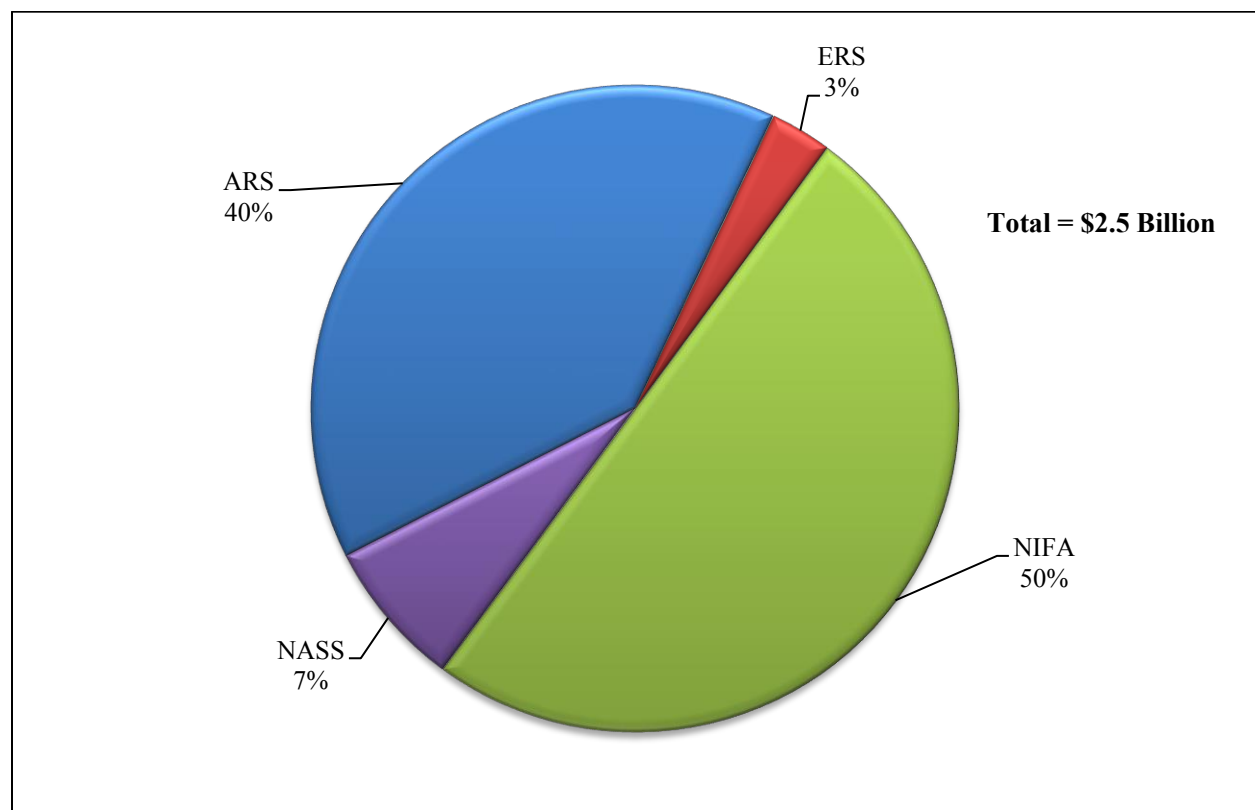
The Budget includes legislative proposals for the agency to collect a user fee for grain standardization and a Packers and Stockyards license fee. The proposal would result in approximately \$30 million in receipts (\$7 million and \$23 million, respectively). See Appendix for details.

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

### **MISSION**

Today, we need to feed some 7 billion people. By the year 2050, that population will swell to over 9.5 billion, over half of which will be living in under-developed conditions. USDA works to address the challenges of food security, as well as food safety, improving human health and nutrition, building the bioeconomy, and doing this in a way that is sustainable over the long term and resilient to environmental and economic changes. These research topics are complex challenges that requires multi-faceted approaches, and are addressed by both in-house research and extramural funding through USDA agencies. USDA brings together expertise from animal science, veterinary medicine, food safety, nutrition, wildlife, plant science, economics, ecology, biotechnology, and other agricultural and health disciplines to develop innovative approaches to today's challenges.

REE responsibilities are carried out by four agencies: (1) the Agricultural Research Service (ARS) conducts intramural research in natural and biological sciences; (2) the National Institute of Food and Agriculture (NIFA) partners with land grant and non-land grant colleges and universities in carrying out extramural research, higher education, and extension activities; (3) the Economic Research Service (ERS) performs intramural economic and social science research; and (4) the National Agricultural Statistics Service (NASS) conducts the Census of Agriculture and provides the official, current statistics on agricultural production and indicators for the economic and environmental welfare of the farm sector.



***Figure REE-1. REE Discretionary Budget Authority***

**AGRICULTURAL RESEARCH SERVICE**

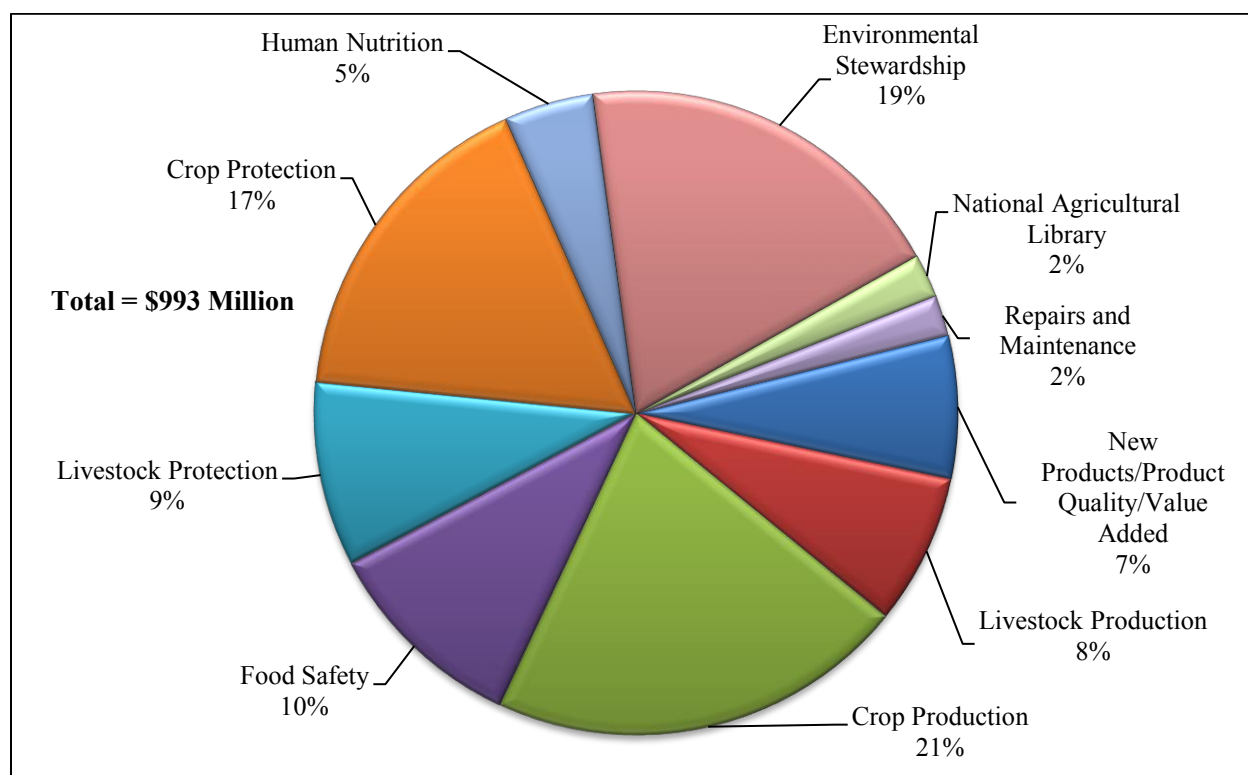
ARS is the USDA's chief scientific, in-house research agency. The agency conducts research to solve technical problems of broad scope and high national priority, and provides access to scientific information. This research covers a wide range of critical problems affecting American agriculture and the Nation as a whole, ranging from animal and crop protection and production to human nutrition, food safety, and natural resources conservation. ARS employs around 6,600 employees and carries out approximately 690 research projects at over 90 research locations throughout the Nation and in several foreign countries. The agency includes the National Arboretum and the National Agricultural Library, the Nation's major information resource on food, agriculture, and natural resource sciences.

***Table REE-1. ARS Budget Authority (millions of dollars)***

<b>Program</b>	<b>2016 Actual</b>	<b>2017 Estimate</b>	<b>2018 Budget</b>
<b>Discretionary :</b>			
Product Quality/Value Added .....	\$101	\$101	\$71
Livestock Production.....	87	87	75
Crop Production .....	218	217	210
Food Safety .....	112	112	102
Livestock Protection.....	93	93	92
Crop Protection.....	195	194	167
Human Nutrition.....	87	87	45
Environmental Stewardship .....	203	203	189
Total, Research Programs .....	1,095	1,093	951
National Agricultural Library.....	24	24	22
Repair and Maintenance .....	20	20	20
Decentralized GSA and DHS Security Payments .....	5	5	0 <sup>a</sup>
Buildings and Facilities.....	212	212	0
Total, Discretionary Programs.....	1,356	1,353	993
<b>Mandatory:</b>			
Trust Funds.....	24	24	24
Total, Agricultural Research Service .....	1,380	1,377	1,017

<sup>a</sup> Rent is distributed among the various research programs.

The Budget requests approximately \$993 million for ARS research programs, with an emphasis on basic research and efforts to support the transfer of research and development products to industry to promote the Nation's economic growth through innovation. The Budget proposes the termination of lower-priority and extramural research projects and closure of 17 laboratories, locations, or worksites.



**Figure REE-2. 2018 ARS Research Programs**

### **Major Research Programs**

#### **Product Quality/Value Added**

ARS has active research programs directed toward: (1) improving the efficiency and reducing the cost for the conversion of agricultural products into biobased products and biofuels; (2) developing new and improved products for domestic and foreign markets; and (3) providing higher quality, healthy foods that satisfy consumer needs in the United States and abroad. The Budget requests \$71 million for this program.

#### **Livestock Production**

ARS' livestock production program is directed toward: (1) safeguarding and utilizing animal genetic resources, associated genetic and genomic databases, and bioinformatic tools; (2) developing a basic understanding of the physiology of livestock and poultry; and (3) developing information, tools, and technologies that can be used to improve animal production systems. The research is heavily focused on the development and application of genomics technologies to increase the efficiency and product quality of beef, dairy, swine, poultry, aquaculture, and sheep systems. The Budget requests \$75 million for this program.

#### **Crop Production**

ARS' crop production program focuses on developing and improving ways to reduce crop losses while protecting and ensuring a safe and affordable food supply. The research program concentrates on effective production strategies that are environmentally friendly, safe to consumers, and compatible with sustainable and profitable crop production systems. Research activities are directed at safeguarding and utilizing plant genetic resources and their associated genetic, genomic, and bioinformatic databases that facilitate selection of varieties and/or germplasm with significantly improved traits. The Budget requests \$210 million for this program.

**Food Safety**

Ensuring that the United States has the highest levels of affordable, safe food requires that the food system be protected at each stage from production through processing and consumption from pathogens, toxins, and chemical contaminants that cause diseases in humans. ARS' current food safety research is designed to yield science-based knowledge on the safe production, storage, processing, and handling of plant and animal products, and on the detection and control of toxin producing and/or pathogenic bacteria and fungi, parasites, chemical contaminants, and plant toxins. The Budget requests \$102 million for these efforts.

**Livestock Protection**

ARS' animal health program is directed at protecting and ensuring the safety of the Nation's agriculture and food supply through improved disease detection, prevention, control, and treatment. Basic and applied research approaches are used to solve animal health problems, with emphasis on methods and procedures to control animal diseases. A total of \$92 million is requested in the Budget for this program.

**Crop Protection**

ARS research on crop protection is directed toward epidemiological investigations to understand pest and disease transmission mechanisms, and identify and apply new technologies that increase understanding of virulence factors and host defense mechanisms. A total of \$167 million is requested in the Budget to support these activities.

**Human Nutrition**

As excessive consumption replaces diseases related to malnutrition as a primary public health concern in the United States, the ARS human nutrition research program has increasingly focused on research studying the maintenance of health throughout the lifespan along with prevention of obesity and chronic diseases via food-based recommendations. The Budget requests \$45 million for this program.

**Environmental Stewardship**

ARS research programs in environmental stewardship emphasize developing technologies and systems that support profitable production and enhance the Nation's vast renewable natural resource base. ARS is currently developing the scientific knowledge and technologies needed to meet challenges and opportunities in: water availability and watershed management, changes in climate, gaseous and particulate matter emissions, soil health and productivity, agricultural and industrial byproducts, agricultural system competitiveness and sustainability, and conservation and restoration of range lands, pasture ecosystems, and agroecosystems. The Budget requests \$189 million for this program.

**National Agricultural Library (NAL)**

NAL is the primary agricultural information resource of the United States. The Library is the premier library for collecting, managing, and disseminating agricultural knowledge. It provides services directly to the staff of USDA and to the public, primarily via the NAL web site, [www.nal.usda.gov](http://www.nal.usda.gov). NAL provides library and information services that provide agricultural information to the public through Agricultural Online Access (AGRICOLA); conserves rare and at-risk items; and works in partnership with other USDA and Federal agencies to broadly disseminate information. The Budget requests \$22 million for NAL.



**Repair and Maintenance**

In addition to the research funding referenced above, ARS allocates funding for the repair and maintenance of existing ARS facilities and infrastructure. Performing regular repair and maintenance on ARS infrastructure can extend the life span of research laboratories and facilities, provide opportunities for longer term savings, and ensure Federal scientists' capacity to conduct safe, quality research. Funding will support specific projects such as the replacement of air handling units, boilers, and chillers that have reached the end of their service lives. The Budget requests \$20 million to continue to address ARS repair and maintenance needs.

**NATIONAL INSTITUTE OF FOOD AND AGRICULTURE**

NIFA has 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 State agricultural experiment stations, the State Cooperative Extension System, land grant universities, colleges, and other research and education institutions, as well as individual researchers. Federal funds are distributed to enhance capacity at universities and institutions by statutory formula funding and competitive grants. NIFA is responsible for administering the nation's leading competitive grants program for agricultural sciences, the Agriculture and Food Research Initiative (AFRI), which supports research with strong potential to contribute to major breakthroughs in the food, agricultural, natural resource, and human sciences.

The Budget requests approximately \$1.3 billion in discretionary funding for NIFA, including nearly \$350 million for AFRI, while eliminating lower priority programs. The Department continues to focus on the use of capacity funds and competitive grants to generate the solutions to the Nation's most critical food and agriculture problems.

***Table REE-2. NIFA Budget Authority (millions of dollars)***

<b>Program</b>	<b>2016 Actual</b>	<b>2017 Estimate</b>	<b>2018 Budget</b>
<b>Discretionary:</b>			
Formula Grants:			
Smith-Lever 3 (b) and (c) .....	\$300	\$299	\$299
Hatch Act .....	244	243	243
1890 Research and Extension .....	100	100	100
McIntire-Stennis Cooperative Forestry .....	34	34	29
Expanded Food and Nutrition Education Program .....	68	68	68
Renewable Resources Extension Act (RREA) .....	4	4	0
Facility Improvements at 1890 Institutions .....	20	20	20
Tribal Colleges Education Equity Grants Program .....	3	3	3
Animal Health and Disease Research .....	4	4	0
Total, Formula Grants .....	777	775	762
1890 Capacity Building Grants (Research) .....	19	19	19
Agriculture and Food Research Initiative .....	350	349	349
Integrated Activities - Section 406 Organic Transition .....	4	4	0
Crop Protection and Pest Management Activities .....	31	31	26
Sustainable Agriculture Research/Education and Extension .....	25	25	19
Native American Endowment Fund Interest .....	5	5	5
Other Higher Education Programs .....	24	24	16
STEM Programs .....	11	11	1
Federally-Recognized Tribes Extension Program .....	3	3	3
Food Safety Outreach Program .....	5	5	5
Extension Services at 1994 Institutions .....	4	4	4
Federal Administration .....	13	14	20
Decentralized GSA/DHS Payments .....	6	6	0 <sup>a</sup>
Electronic Grants Administration System .....	8	8	7
Food and Ag. Defense Initiative (Regional Diagnostic Network) ...	7	7	6

Program	2016 Actual	2017 Estimate	2018 Budget
Veterinary Medical Services Act.....	5	5	5
Children, Youth, and Families at Risk .....	8	8	8
Other Research, Extension and Integrated Programs .....	26	26	2
Total, Discretionary Programs.....	1,331	1,329	1,257
<b>Mandatory:</b>			
Native American Endowment Fund. ....	12	12	12
Farm Bill: <sup>b</sup>			
Biomass Research and Development.....	3	3	0
Organic Agriculture Research and Education Initiative .....	19	19	20
Beginning Farmer and Rancher Development Program .....	18	18	20
Specialty Crop Research Initiative .....	51	51	55
Emergency Citrus Research and Extension Program .....	23	23	25
Food Insecurity Nutrition Incentive Program .....	19	19	25
Agricultural Risk Management Education Program.....	5	5	5
Biodiesel Fuel Education Program <sup>c</sup> .....	(1)	(1)	(1)
Community Food Projects <sup>d</sup> .....	(9)	(9)	(9)
Total, Farm Bill Programs.....	147	147	160
Total, Mandatory Programs.....	159	159	172
Total, National Institute of Food and Agriculture.....	1,490	1,488	1,429

<sup>a</sup> Beginning in 2018, GSA rent payments will be included within the Federal Administration total.

<sup>b</sup> Farm Bill numbers include impact of sequestration of mandatory funds in 2016 and 2017.

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

<sup>d</sup> Funding authority delegated to the Food and Nutrition Service and administered by NIFA.

### Major Research Programs

#### Formula (Capacity) Programs

NIFA has a number of programs that provide grants to the States on the basis of statutory formulas. These formula grants provide long-term, sustainable support needed to grow the capacity for agricultural research, education, and extension activities at land-grant institutions and State agricultural experiment stations. These programs include Hatch Act, Smith-Lever 3(b) and 3(c), 1890s research and extension, McIntire-Stennis Cooperative Forestry, and other grants. The Budget includes \$762 million for these programs.

#### 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. AFRI programs are aligned with six Farm Bill Priority Areas: 1) plant health and production and plant products; 2) animal health and production and animal products; 3) food safety, nutrition, and health; 4) bioenergy, natural resources, and environment; 5) agriculture systems and technology; and 6) agriculture economics and rural communities. The Budget proposes funding of \$349 million for AFRI.

#### Minority-Serving Institution Programs

NIFA has a number of programs dedicated to strengthening research and extension capacity at minority-serving institutions and the ability of these institutions to continue their effective programming. These include research, extension, and facilities programs at the 1890s institutions;

education and extension grants for Tribal colleges (including the Federally Recognized Tribes Extension Program) and Hispanic-serving institutions; and education grants for Alaska Native-Serving, Native Hawaiian-Serving institutions, and Insular Areas institutions. These programs support minority-serving institutions in reaching underrepresented students interested in entering the food and agricultural workforce. In total, the Budget proposes \$166 million for these programs.

**Expanded Food and Nutrition Education Program (EFNEP)**

EFNEP provides formula funds to States for the employment of paraprofessional staff to influence nutrition and physical activity behaviors of low income families, youth, and young children. EFNEP uses a holistic nutrition educational approach to address the needs of these low-income and minority populations. The Budget proposes \$68 million for EFNEP.

**Food Safety Outreach Program**

NIFA's Food Safety Outreach Program is focused on assisting owners and operators of small to mid-sized farms, producers, and processors to learn about and implement food safety guidelines, particularly those resulting from the Food Safety Modernization Act. The program emphasizes outreach to farmers of all types, encompassing those working in a variety of agricultural production systems from conventional to organic farmers, among others. The Budget proposes around \$5 million for the Food Safety Outreach Program.

**Veterinary Medical Services Act – Loan Repayment Program**

NIFA provides competitive grants to defray qualified educational loans of eligible veterinarians who agree to serve in a Secretary-designated veterinarian shortage situation for a period of three years to promote the capacity of food animal medicine, public health, epidemiology, and food safety in rural America. The Budget requests around \$5 million for this program.

**Children, Youth, and Families at Risk (CYFAR)**

CYFAR supports land-grant university extension services to promote community-based programs for at-risk children and their families. CYFAR also supports building resiliency and protective factors in youth, family, and communities. Projects focus on early childhood, school age youth, teen, and family outcomes with emphasis on science and reading literacy, and building youth and family program and community capacity. The Budget requests around \$8 million for CYFAR.

**Food Insecurity Nutrition Incentive (FINI)**

FINI supports projects to increase the purchase of fruits and vegetables among low-income consumers participating in the Supplemental Nutrition Assistance Program by providing incentives at the point of purchase. Mandatory funding for FINI increases to \$25 million in 2018.

**ECONOMIC RESEARCH SERVICE**

The mission of ERS is to inform and enhance public and private decision making on a broad range of economic and policy issues related to agriculture, food, natural resources, and rural America. Key clientele include USDA and White House policy officials; USDA program administrators; the U.S. Congress; other Federal agencies; State and local government officials; and organizations, including farm and industry groups interested in public policy issues. To deliver this mission, ERS anticipates issues that are on the horizon and conducts objective, peer-reviewed economic research. ERS also provides statistical indicators for the health of the farm sector (including farm income estimates and projections), current and expected performance of agricultural industry and trade, and food security in the United States and abroad. Research results and economic indicators are fully disseminated to public and private decision makers via reports, articles, and databases on the ERS website; special staff analyses, briefings, and individual contact. The Budget requests approximately \$77 million to fund core programs of research, data analysis, and market outlook.

*Table REE-3. ERS Budget Authority (millions of dollars)*

<b>Program</b>	<b>2016 Actual</b>	<b>2017 Estimate</b>	<b>2018 Budget</b>
Economic Research Service.....	\$85	\$85	\$77

### **NATIONAL AGRICULTURAL STATISTICS SERVICE**

The mission of NASS is to provide timely, accurate, and useful statistics in service to U.S. agriculture. Each year, NASS conducts over 450 surveys on 200 different commodities. These data illustrate the changing nature and needs of agriculture and provide accurate and up-to-date information necessary for decision-making by producers, agribusinesses, farm organizations, commodity groups, public officials, and others. NASS data also keep agricultural markets stable, efficient, and fair by ensuring accessible and objective data are available to both commodity market buyers and sellers. NASS also conducts the quinquennial Census of Agriculture, a complete count of U.S. farms and ranches and the people who operate them. The Census of Agriculture surveys farmers on land use and ownership, operator characteristics, production practices, income and expenditures, and other topics.

The Budget requests about \$186 million in program funding, including an increase of approximately \$22 million to conduct the 2017 Census of Agriculture. The Census of Agriculture provides comprehensive data on the agricultural economy with national, State, and county level details. The Census data are relied upon to measure trends and new developments in the agricultural sector. NASS will mail questionnaires for the 2017 Census of Agriculture to farm and ranch operators in December 2017 to collect data for the 2017 calendar year, and will process and analyze approximately 3 million forms in 2018.

The Budget includes a reduction of \$4 million in Agricultural Estimates by reducing the sample size of some surveys.

***Table REE-4. NASS Budget Authority (millions of dollars)***

<b>Program</b>	<b>2016 Actual</b>	<b>2017 Estimate</b>	<b>2018 Budget</b>
<b>Discretionary:</b>			
Agricultural Estimates.....	\$126	\$126	\$122
Census of Agriculture.....	42	42	64
Total, National Agricultural Statistics Service.....	168	168	186

## DEPARTMENTAL ACTIVITIES

### MISSION

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

### OFFICES

*Table DA-1. Departmental Activities Budget Authority (millions of dollars)*

Program	2016 Actual	2017 Estimate	2018 Budget
<b>Discretionary:</b>			
Office of the Secretary .....	\$18	\$17	\$17
Office of Homeland Security and Emergency Coordination .....	1	1	1
Office of Advocacy and Outreach .....	1	1	1
Departmental Administration <sup>a</sup> .....	25	23	23
Office of Communications .....	8	7	7
Total, Office of the Secretary .....	53	50	49
<b>Executive Operations:</b>			
Office of the Chief Economist .....	18	18	17
Office of Hearings and Appeals <sup>a</sup> .....	15	15	15
Office of Budget and Program Analysis .....	9	9	9
Total Executive Operations .....	42	42	41
Office of the Chief Information Officer .....	45	44	59
Office of the Chief Financial Officer .....	6	6	6
Agriculture Buildings and Facilities .....	64	64	62
Hazardous Materials Management .....	4	4	4
Office of the General Counsel .....	44	44	43
Office of Ethics .....	4	4	4
Total, Discretionary Programs .....	262	258	267
<b>Mandatory:</b>			
<b>Farm Bill:</b>			
Biobased Markets Program .....	3	3	3
Biodiesel Fuel Education Program .....	1	1	1
Outreach for Socially Disadvantaged Farmers .....	9	9	10
Total, Farm Bill Programs .....	13	13	14
<b>Office of the Secretary:</b>			
Trust Fund .....	1	1	1
Total, Departmental Staff Offices .....	276	272	282

<sup>a</sup> In 2017, administrative adjudication functions were transferred from Departmental Administration to Office of Hearings and Appeals. Amounts in 2017 and 2018 have been adjusted for comparability.

***Office of the Secretary (OSEC)***

The Secretary, assisted by the Deputy Secretary, the Subcabinet, and members of their immediate staffs, directs and coordinates the work of the Department. The Budget requests \$16.7 million for OSEC to fund continued policy direction for all areas of the Department including research, educational and regulatory activities, nutrition, conservation, farm groups, forestry and international agriculture, maintaining liaisons with the Executive Office of the President, members of Congress and the public.

***Office of Homeland Security and Emergency Coordination (OHSEC)***

OHSEC provides a central homeland security oversight and assistance capability within USDA and is responsible for providing oversight and coordination of Departmental security matters. The Budget requests \$1.4 million for OHSEC to provide leadership and coordination of the Departmental security matters and to ensure that USDA is prepared for potential threats or emergency situations.

***Office of Advocacy and Outreach (OAO)***

OAO increases the accessibility of USDA programs to underserved constituents. OAO activities include overseeing the Advisory Committees on Minority Farmers and Beginning Farmers and Ranchers; overseeing the activities of the Office of Small Farms Coordination and the Farm Worker Coordinator; and coordinating/conducting other outreach functions. OAO also administers the Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Grant Program (2501 Program), which received mandatory funding in the 2014 Farm Bill.

***Departmental Administration (DA)***

DA provides overall direction, leadership and coordination for the Department's management of human resources, property, procurement, facilities management, and small and disadvantaged business utilization programs. The Budget requests \$22.5 million for DA to maintain critical support activities and oversight for the Department.

***Table DA-2. KPM - Utilization***

Key Performance Measure	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Number of employees participating in core telework (one day per pay period)	9,723	10,455	11,798	12,342	12,500	12,750
Leased office and warehouse space controlled by USDA (millions of sq. ft.)	25.6	24.9	23.9	23.2	23.0	22.8

***Office of Communications (OC)***

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 Budget requests \$7.3 million for OC to continue to develop effective communications strategies that increase the visibility and the transparency of USDA programs.

***Office of the Chief Economist (OCE)***

OCE advises the Secretary and Department officials on the economic implications of Department policies, programs, associated regulations and proposed legislation; and serves as the focal point for the Department's economic intelligence, analysis and review related to domestic and



international food and agriculture markets. OCE also provides advice and analysis on bioenergy, global climate change, environmental services markets, sustainable development, agricultural labor, and new uses of agricultural products. The Budget requests \$17.2 million for OCE to continue its support of USDA policy officials and to continue dissemination of agricultural economic information.

***Office of Hearings and Appeals (OHA)***

OHA, formerly the National Appeals Division, conducts evidentiary administrative appeal hearings and reviews arising from program operations of the Service Center Agencies, which include the Rural Development mission area, the Farm Service Agency, the Risk Management Agency, and the Natural Resources Conservation Service. OHA is also responsible for the regulatory hearing and administrative proceedings conducted by the Administrative Law Judges and the Judicial Officer. The Budget requests \$14.7 million for OHA to carry out these functions.

***Office of Budget and Program Analysis (OBPA)***

OBPA provides analyses and information to the Secretary and other senior policy officials to support informed decision-making regarding the Department's programs and policies, and budget, legislative, and regulatory actions. The Budget requests \$9.1 million for OBPA for the continued delivery of analyses and support to USDA policy officials.

***Office of the Chief Information Officer (OCIO)***

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 Budget requests \$58.9 million for OCIO to fund ongoing activities and to increase efforts for cybersecurity enhancements. Included in the request is an increase of \$14 million and 12 staff years to enhance the Department's cyber security profile through the acquisition and implementation of relevant tools and services. In addition, the Budget includes \$1.6 million for operational security assessments and penetration testing. These increases will allow USDA to implement Department-wide security enhancements to protect the network and applications used for the delivery of programs and services.

***Office of the Chief Financial Officer (OCFO)***

OCFO provides overall direction and leadership in the development of financial management policies and systems and produces the Department's consolidated financial statements. OCFO also oversees the provision of administrative accounting, payroll, and related systems for USDA and other agencies through operation of the National Finance Center. The Budget requests \$5.8 million for OCFO to continue its leadership and oversight of the Department's financial management processes.

***Agriculture Buildings and Facilities (Ag B&F)***

The request for Ag B&F for 2018 is \$62.1 million. This account provides funding for all maintenance, utilities and administration of the more than 2.5 million square feet in the two USDA headquarters buildings, as well as the USDA-owned George Washington Carver Center. This funding will provide USDA Agencies with facilities necessary for them to carry out their missions.

***Hazardous Materials Management (HMM)***

HMM 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 Budget requests \$3.5 million for the HMM program.

***Office of the General Counsel (OGC)***

OGC provides legal oversight, counsel, and support to the Department's agencies and offices. The Budget requests a total of \$47 million to ensure that resources are available for OGC to carry out its full range of responsibilities and support USDA program delivery. The request includes \$4 million for the Office of Ethics, an office that reports to the General Counsel, to administer ethics regulations and statutes governing employee conduct; carry out public confidential financial disclosure reporting programs; develop and implement supplemental ethics policies, provide advice and assistance to USDA employees; and train employees on all ethics statutes, regulations, and policies.

## ***OFFICE OF CIVIL RIGHTS***

### **MISSION**

The Office of Civil Rights (OCR) provides policy guidance, leadership, coordination and training, and complaint adjudication and processing for the Department and its 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.

***Table OCR-1. OCR Budget Authority (millions of dollars)***

<b>Program</b>	<b>2016 Actual</b>	<b>2017 Estimate</b>	<b>2018 Budget</b>
Office of Civil Rights.....	\$24	\$24	\$23

## ***OFFICE OF INSPECTOR GENERAL***

### **MISSION**

The Office of Inspector General (OIG) conducts and supervises audits and investigations to prevent and detect fraud, waste, and abuse and to improve the effectiveness of USDA programs and operations. As the law enforcement arm of USDA, OIG also investigates criminal activity involving the Department's programs and personnel. The Budget requests \$92.7 million for OIG for audit and investigation review of the Department's programs.

***Table OIG-1. OIG Budget Authority (millions of dollars)***

<b>Program</b>	<b>2016 Actual</b>	<b>2017 Estimate</b>	<b>2018 Budget</b>
Office of Inspector General.....	\$96	\$96	\$93

## APPENDIX

*Table APP-1. Staff Years*

Mission Area / Agency	2016 Actual	2017 Estimate	2018 Budget
<b>Farm and Foreign Agricultural Services:</b>			
Farm Service Agency.....	4,098	4,111	3,785
Risk Management Agency .....	476	476	476
Foreign Agricultural Service.....	952	1,003	952
<b>Rural Development:</b>			
Rural Development .....	4,847	4,825	3,900
<b>Food, Nutrition, and Consumer Services:</b>			
Food and Nutrition Service .....	1,530	1,587	1,557
<b>Food Safety:</b>			
Food Safety and Inspection Service .....	9,275	9,160	9,224
<b>Natural Resources and Environment:</b>			
Natural Resources Conservation Service .....	10,155	10,915	10,378
Forest Service.....	32,012	32,012	30,189
<b>Marketing and Regulatory Programs:</b>			
Animal and Plant Health Inspection Service.....	7,568	7,899	7,588
Agricultural Marketing Service.....	2,629	2,857	2,856
Grain Inspection, Packers and Stockyards Administration .....	681	681	681
<b>Research, Education, and Economics:</b>			
Agricultural Research Service.....	6,587	6,587	5,913
National Institute of Food and Agriculture .....	365	359	365
Economic Research Service .....	346	348	330
National Agricultural Statistics Service .....	965	982	1,022
<b>Departmental Activities:</b>			
Office of the Secretary and Assistant Secretaries .....	120	85	84
Office of Homeland Security .....	48	49	49
Office of Advocacy and Outreach.....	37	45	45
Departmental Administration.....	343	396	396
Office of Communications .....	68	81	81
Agriculture Buildings and Facilities .....	87	92	92
Hazardous Materials Management.....	4	4	6
Office of the Chief Economist .....	51	53	53
Office of Hearings and Appeals.....	76	95	90
Office of Budget and Program Analysis .....	43	49	47
Office of Chief Information Officer.....	993	1,097	1,106
Office of Chief Financial Officer.....	1,555	1,699	1,711
Office of the General Counsel.....	273	286	271
Office of Ethics .....	(21)	(21)	(20)
Office of Civil Rights.....	124	134	126
Office of Inspector General.....	492	480	458
<b>Total, USDA Federal Staffing.....</b>	<b>86,800</b>	<b>88,447</b>	<b>83,831</b>
FSA, Non-Federal Staffing .....	8,093	7,443	6,796
<b>Total, USDA Staffing.....</b>	<b>94,893</b>	<b>95,890</b>	<b>90,627</b>

*Table APP-2. Budget Authority (millions of dollars)*

Mission Area / Agency / Funding Category	2016 Actual	2017 Estimate	2018 Budget
<b>Farm and Foreign Agricultural Services:</b>			
<b>Farm Service Agency:</b>			
Discretionary Programs .....	\$1,599	\$1,597	\$1,509
Discretionary Emergency Programs .....	114	103	0
Mandatory Programs .....	1	1	1
Commodity Credit Corporation Programs (mandatory) .....	27,945	10,227	8,561
Total, Farm Service Agency .....	29,659	11,927	10,070
<b>Risk Management Agency:</b>			
Discretionary Programs .....	83	84	55
Mandatory Programs .....	4,855	5,098	8,231
Total, Risk Management Agency .....	4,938	5,182	8,286
<b>Foreign Agricultural Service:</b>			
Discretionary Programs (excluding P.L. 480) .....	397	395	188
P.L. 480 (discretionary) .....	1,716	1,713	0
Mandatory Market Development Programs .....	266	286	303
Other Mandatory Programs .....	138	166	166
Total, Foreign Agricultural Service .....	2,517	2,560	657
Total, Farm and Foreign Agricultural Services .....	37,114	19,669	19,013
<b>Rural Development:</b>			
<b>Rural Economic Infrastructure:</b>			
Discretionary Programs .....	0	0	162
<b>Rural Utilities Service:</b>			
Discretionary Programs .....	602	601	52
<b>Rural Housing Service:</b>			
Discretionary Programs .....	2,036	2,030	1,757
<b>Rural Business - Cooperative Service:</b>			
Discretionary Programs .....	95	94	0
Mandatory Programs .....	114	64	68
Total, Rural Business - Cooperative Service .....	209	158	68
<b>Rural Development Salaries and Expenses:</b>			
Discretionary Programs .....	226	225	186
Total, Rural Development .....	3,073	3,014	2,225
<b>Food, Nutrition, and Consumer Services:</b>			
<b>Food and Nutrition Service:</b>			
Discretionary Programs <sup>a</sup> .....	6,800	6,802	6,592
Mandatory Programs .....	103,197	101,354	93,187
Total, Food, Nutrition, and Consumer Services .....	109,997	108,156	99,779
<b>Food Safety:</b>			
<b>Food Safety and Inspection Service:</b>			
Discretionary Programs .....	1,015	1,013	1,038
Mandatory Programs .....	259	257	213
Total, Food Safety .....	1,273	1,270	1,251
<b>Natural Resources and Environment:</b>			
<b>Natural Resources Conservation Service:</b>			
Discretionary Programs .....	867	865	766
Discretionary Emergency Programs .....	157	103	0

Mission Area / Agency / Funding Category	2016 Actual	2017 Estimate	2018 Budget
Mandatory CCC Programs.....	3,390	3,494	3,187
Total, Natural Resources Conservation Service.....	4,414	4,462	3,953
<b>Forest Service:</b>			
Discretionary Programs .....	6,380	5,669	4,731
Mandatory Programs .....	652	499	467
Total, Forest Service .....	7,032	6,168	5,198
Total, Natural Resources and Environment .....	11,446	10,630	9,151
<b>Marketing and Regulatory Programs:</b>			
<b>Animal and Plant Health Inspection Service:</b>			
Discretionary Programs .....	903	901	813
Discretionary Emergency Programs .....	0	24	0
Mandatory Programs .....	303	272	294
Total, Animal and Plant Health Inspection Service .....	1,206	1,197	1,107
<b>Agricultural Marketing Service:</b>			
Discretionary Programs .....	82	82	78
Mandatory Programs .....	1,095	1,107	1,123
Total, Agricultural Marketing Service .....	1,177	1,189	1,201
<b>Grain Inspection, Packers and Stockyards Administration:</b>			
Discretionary Programs .....	43	43	43
Total, Marketing and Regulatory Programs .....	2,426	2,429	2,352
<b>Research, Education, and Economics:</b>			
<b>Agricultural Research Service:</b>			
Discretionary Programs .....	1,356	1,353	993
Mandatory Programs .....	24	24	24
Total, Agricultural Research Service .....	1,380	1,377	1,017
<b>National Institute of Food and Agriculture:</b>			
Discretionary Programs .....	1,331	1,329	1,257
Mandatory Programs .....	159	159	172
Total, National Institute of Food and Agriculture .....	1,490	1,488	1,429
<b>Economic Research Service:</b>			
Discretionary Programs .....	85	85	77
<b>National Agricultural Statistics Service:</b>			
Discretionary Programs .....	168	168	186
Total, Research, Education, and Economics .....	3,123	3,119	2,709
<b>Departmental Activities:</b>			
Discretionary Programs .....	286	282	291
Mandatory Programs .....	14	14	15
Subtotal, Departmental Activities.....	300	296	306
<b>Office of Inspector General:</b>			
Discretionary Programs .....	96	96	93
Total, Departmental Activities .....	396	392	398
Subtotal, USDA.....	168,847	148,679	136,877
Offsetting Receipts, Rescissions & Other Adjustments.....	-2,726	-9,708	-1,322
<b>Total, U.S. Department of Agriculture .....</b>	<b>166,121</b>	<b>138,971</b>	<b>135,555</b>

<sup>a</sup> Excludes \$220 million provided in 2016 General Provision 751(b) for management information systems, including WIC EBT, offset by a rescission to unobligated balances.

*Table APP-3. Program Level (millions of dollars)*

Mission Area / Agency / Program	2016 Actual	2017 Estimate	2018 Budget
<b>Farm and Foreign Agricultural Services:</b>			
<b>Farm Service Agency:</b>			
Farm Loan and Grant Programs.....	\$6,402	\$6,338	\$6,954
Conservation Programs.....	1,826	2,051	2,068
Commodity Programs.....	34,514	17,350	15,296
Commodity Credit Corporation Export Programs.....	6,074	6,079	6,136
Salaries and Expenses.....	1,510	1,507	1,428
Other Programs.....	43	43	45
Total, Farm Service Agency.....	50,369	33,367	31,927
<b>Risk Management Agency:</b>			
Salaries and Expenses.....	83	84	55
Crop Insurance Fund.....	8,618	8,864	12,277
Total, Risk Management Agency.....	8,701	8,948	12,332
<b>Foreign Agricultural Service:</b>			
Export Credit Guarantees.....	5,500	5,500	5,500
Market Development Programs.....	266	286	303
Foreign Food Assistance.....	1,918	1,914	0
Salaries and Expenses.....	310	351	322
Total, Foreign Agricultural Service.....	7,994	8,051	6,125
Total, Farm and Foreign Agricultural Services.....	67,064	50,366	50,384
<b>Rural Development:</b>			
<b>Rural Economic Infrastructure:</b>			
Loans and Grants.....	0	0	162
<b>Rural Utilities Service:</b>			
Loans and Grants.....	8,770	8,023	6,263
<b>Rural Housing Service:</b>			
Loans and Grants.....	29,464	29,451	29,017
<b>Rural Business - Cooperative Service:</b>			
Loans and Grants.....	1,467	1,411	448
<b>Salaries and Expenses</b> .....	226	225	186
Total, Rural Development.....	39,927	39,110	35,914
<b>Food, Nutrition, and Consumer Services:</b>			
<b>Food and Nutrition Service:</b>			
Supplemental Nutrition Assistance Program.....	80,839	78,488	73,613
Child Nutrition Programs.....	22,338	22,844	24,447
Women, Infants and Children (WIC).....	6,351	6,339	6,151
All Other.....	469	485	464
Total, Food, Nutrition, and Consumer Services.....	109,997	108,156	104,675
<b>Food Safety:</b>			
<b>Food Safety and Inspection Service</b> .....	1,273	1,270	1,251
<b>Natural Resources and Environment:</b>			
<b>Natural Resources Conservation Service:</b>			
Private Lands Conservation Operations (Discretionary).....	851	849	766
Farm Security and Rural Investment Programs.....	3,390	3,494	3,187
All Other.....	173	119	0
Total, Natural Resources Conservation Service.....	4,414	4,462	3,953



Mission Area / Agency / Program	2016 Actual	2017 Estimate	2018 Budget
<b>Forest Service:</b>			
National Forest System.....	1,884	1,880	1,747
Forest and Rangeland Research.....	291	290	259
State and Private Forestry.....	237	237	118
Wildland Fire Activities.....	2,011	2,008	2,495
Capital Improvement and Maintenance.....	364	363	100
Land Acquisition.....	65	64	8
All Other.....	1,528	826	4
Total, Discretionary Accounts.....	6,380	5,669	4,731
Mandatory.....	652	499	467
Total, Forest Service.....	7,032	6,168	5,198
Total, Natural Resources and Environment.....	11,446	10,630	9,151
<b>Marketing and Regulatory Programs:</b>			
<b>Animal and Plant Health Inspection Service:</b>			
Salaries and Expenses.....	900	898	790
Emergency Funding.....	0	24	0
Mandatory.....	303	272	294
Buildings and Facilities.....	3	3	3
Total, Animal and Plant Health Inspection Service.....	1,206	1,197	1,087
<b>Agricultural Marketing Service:</b>			
Section 32 Funds.....	817	842	842
All Other.....	360	347	224
Total, Agricultural Marketing Service.....	1,177	1,189	1,066
<b>Grain Inspection, Packers and Stockyards Administration</b> .....	98	98	73
Total, Marketing and Regulatory Programs.....	2,481	2,484	2,227
<b>Research, Education, and Economics:</b>			
Agricultural Research Service.....	1,380	1,377	1,017
National Institute of Food and Agriculture.....	1,490	1,488	1,429
Economic Research Service.....	85	85	77
National Agricultural Statistics Service.....	168	168	186
Total, Research, Education, and Economics.....	3,123	3,119	2,709
<b>Departmental Activities:</b>			
Office of the Secretary.....	53	50	49
Office of Civil Rights.....	24	24	23
Office of Inspector General.....	96	96	93
All Other Staff Offices.....	223	222	233
Total, Other Activities.....	396	392	398
Subtotal, USDA.....	235,706	215,527	206,707
Receipts and Loan Repayments and Other Adjustments.....	-2,726	-9,708	-1,322
<b>Total, U.S. Department of Agriculture</b> .....	<b>232,980</b>	<b>205,819</b>	<b>205,385</b>

*Table APP-4. Outlays (millions of dollars)*

Mission Area / Agency	2016 Actual	2017 Estimate	2018 Budget
<b>Farm and Foreign Agricultural Services:</b>			
Farm Service Agency.....	\$2,102	\$2,090	\$1,690
Commodity Credit Corporation Programs .....	9,563	11,859	14,246
Risk Management Agency .....	4,239	4,793	8,711
Foreign Agricultural Service.....	231	458	337
P.L. 480.....	1,426	1,121	575
<b>Rural Development:</b>			
Rural Utilities Service .....	249	261	205
Rural Housing Service .....	256	1,354	309
Rural Business - Cooperative Service.....	4,560	2,208	1,758
Salaries and Expenses .....	83	104	62
<b>Food, Nutrition, and Consumer Services:</b>			
Food and Nutrition Service .....	101,442	101,918	96,925
<b>Food Safety:</b>			
Food Safety and Inspection Service .....	1,046	1,024	1,047
<b>Natural Resources and Environment:</b>			
Natural Resources Conservation Service .....	3,671	3,893	4,306
Forest Service.....	6,364	5,690	5,327
<b>Marketing and Regulatory Programs:</b>			
Animal and Plant Health Inspection Service.....	1,461	1,442	1,153
Agricultural Marketing Service.....	373	347	350
Section 32 Funds.....	801	764	727
Grain Inspection, Packers and Stockyards Administration .....	35	43	43
<b>Research, Education, and Economics:</b>			
Agricultural Research Service.....	1,149	1,187	1,272
National Institute of Food and Agriculture .....	1,323	1,377	1,566
Economic Research Service.....	94	100	84
National Agricultural Statistics Service .....	155	193	185
<b>Departmental Activities:</b>			
Office of the Secretary .....	58	89	64
Office of the Chief Economist .....	18	31	18
Office of Hearings and Appeals.....	13	15	15
Office of Budget and Program Analysis .....	8	9	9
Office of Chief Information Officer.....	52	61	58
Office of Chief Financial Officer .....	5	6	6
Agriculture Buildings and Facilities .....	54	87	63
Hazardous Materials Management.....	1	11	6
Office of the General Counsel.....	48	53	48
Office of Civil Rights.....	21	24	23
Office of Inspector General.....	94	100	93
Working Capital Fund.....	-21	58	76
Subtotal, USDA .....	140,974	142,770	141,357
Offsetting Receipts, Rescission, Net Interest, & Other Adjustments....	-2,726	-9,708	-1,322
<b>Total, U.S. Department of Agriculture .....</b>	<b>138,248</b>	<b>133,062</b>	<b>140,035</b>

NOTE: Outlays do not include impact of legislative proposals.

*Table APP-5. Discretionary Outlays (millions of dollars)*

Mission Area / Agency	2016 Actual	2017 Estimate	2018 Budget
<b>Farm and Foreign Agricultural Services:</b>			
Farm Service Agency.....	\$1,660	\$1,782	\$1,639
Risk Management Agency .....	82	75	55
Foreign Agricultural Service.....	231	457	336
P.L. 480 .....	1,698	1,344	801
<b>Rural Development:</b>			
Rural Utilities Service.....	619	514	632
Rural Housing Service .....	1,851	1,902	2,160
Rural Business - Cooperative Service.....	115	116	60
Salaries and Expenses .....	249	261	205
<b>Food, Nutrition, and Consumer Services:</b>			
Food and Nutrition Service .....	6,446	6,202	6,407
<b>Food Safety:</b>			
Food Safety and Inspection Service .....	1,035	1,013	1,036
<b>Natural Resources and Environment:</b>			
Natural Resources Conservation Service .....	813	892	766
Forest Service.....	5,785	5,271	4,964
<b>Marketing and Regulatory Programs:</b>			
Animal and Plant Health Inspection Service.....	1,181	1,150	870
Agricultural Marketing Service.....	98	94	82
Section 32 Funds.....	0	-232	-263
Grain Inspection, Packers and Stockyards Administration .....	43	43	43
<b>Research, Education, and Economics:</b>			
Agricultural Research Service.....	1,123	1,163	1,248
National Institute of Food and Agriculture .....	1,214	1,246	1,392
Economic Research Service .....	94	100	84
National Agricultural Statistics Service .....	155	193	185
<b>Departmental Activities:</b>			
Office of the Secretary .....	45	75	50
Office of the Chief Economist .....	17	19	17
Office of Hearings and Appeals.....	13	15	15
Office of Budget and Program Analysis .....	8	9	9
Office of Chief Information Officer.....	52	61	58
Office of Chief Financial Officer .....	5	6	6
Agriculture Buildings and Facilities .....	54	87	63
Hazardous Materials Management.....	1	11	6
Office of the General Counsel.....	48	53	48
Office of Civil Rights.....	21	24	23
Office of Inspector General.....	94	100	93
Working Capital Fund.....	-21	58	76
Subtotal, USDA .....	24,829	24,104	23,166
Offsetting Receipts, Rescissions & Other Adjustments .....	-314	-510	-523
<b>Total, U.S. Department of Agriculture .....</b>	<b>24,515</b>	<b>23,594</b>	<b>22,643</b>

*Table APP-1. User Fee Proposals (dollars in millions)*

Mission Area / Agency / Proposal	2018 BA
<b>Food, Nutrition, and Consumer Services</b>	
Food and Nutrition Service:	
Establish application fees for retailers applying to accept Supplemental Nutrition Assistance Program benefits and retailer reauthorization. Fees would be scaled by retailer size. Total collections are estimated to be \$252 million which will reduce appropriations needs in future years. Over 10 years, total collections are estimated at \$2.4 billion .....	-252
<b>Food Safety:</b>	
Food Safety and Inspection Service:	
Establish a user fee to cover all domestic inspection and import re-inspection and most of the central operations costs for Federal, State, and International inspection programs for meat, poultry, and eggs. The fee would not cover Federal functions such as investigation, enforcement, risk analysis, and emergency response. This user fee would be implemented in 2019. Total collections are estimated to be \$5.9 billion over 10 years.....	0
<b>Natural Resources and Environment:</b>	
Forest Service:	
Retain up to \$4.5 million annually from user fees to better manage the growing use of Forest Service lands for communications facilities. Total collections are approximately \$11 million. The agency proposes to use funds from the Purchaser Elect account as an offset for FY 2018 and FY 2019, until the program is fully user funded in FY 2020.....	0
<b>Marketing and Regulatory Programs:</b>	
Agricultural Marketing Service:	
Establish a user fee from the Marketing Orders and Agreements programs to recover the full cost of the agency's oversight of these programs. Total collections estimated at \$200 million over 10 years. ....	-20
Animal and Plant Health Inspection Service:	
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 program, Virus-Serum-Toxin (VST) program, and the Biotechnology Regulatory Services (BRS). The estimated fees would result in receipts of \$20 million, which include \$9 million for animal care, \$7 million for veterinary biologics, and \$4 million for BRS. Total collections estimated at \$200 million over 10 years. ....	-20

---

**Mission Area / Agency / Proposal**

---

**2018 BA****Grain Inspection, Packers and Stockyards Administration:**

Collect a fee for grain standardization and a license fee for those covered by the Packers and Stockyards Act. The grain standardization fee would cover the development of grain standards that describe grain characteristics in terms of physical, sanitary, and intrinsic value at the time of inspection. This fee would be assessed at the first point at which the grain is sold, mostly at grain elevators. The proposed license fee would be assessed on livestock market agencies, dealers, stockyards, packers, live poultry dealers, and swine contractors. These market participants benefit from the Packers and Stockyards Program because they are protected from the adverse effects of anticompetitive and unfair business practices in meat and poultry marketing and distribution. The estimated \$30 million in receipts is split between \$7 million for grain standardization and \$23 million for licensing of packers, stockyards and other regulated entities. Total collections estimated at \$300 million over 10 years. ....

-30

*Table APP-2. Budget-Related Proposals*

Mission Area / Agency / Proposal	2018 BA
<b>Farm and Foreign Agricultural Service:</b>	
Farm Service Agency:	
Limit commodity and conservation assistance to those producers that have an Adjusted Gross Income (AGI) of \$500,000 or less. Total savings over 10 years are estimated at \$654 million. ....	-72
Administratively target enrollment of additional acres in the Conservation Reserve Program by using continuous and grassland signups. No acres will be enrolled under general signup through 2020. In addition, all Signing Incentive Payments and Practice Incentive Payments on all newly enrolled acreage will be eliminated, except for acres enrolled under the Conservation Reserve Enhancement Program. Total savings over 10 years are estimated at \$1.9 billion. ....	-82
Eliminate all funding for the Biomass Crop Assistance Program (BCAP). Total savings over 10 years are estimated at \$3 million. ....	-3
Risk Management Agency:	
Target crop insurance subsidies for producers that have an Adjusted Gross Income of \$500,000 or less. ....	0
Establish a limit of \$40,000 for premium subsidies that an individual or entity may receive. For all levels of coverage, including Catastrophic (CAT) coverage, a producer would not receive more than \$40,000 in subsidy. ....	0
Eliminate subsidized “harvest price revenue” coverage. Under this proposal, it is assumed that harvest price protection would continue to be made available through crop insurance agents without a premium subsidy, nor inclusion in the Administrative and Operating subsidy calculation for the payments to the companies, nor the underwriting gain/loss calculation. Those calculations would only include those crop insurance products for which the Government provides a premium subsidy. ....	0
The total savings over 10 years for the three Risk Management Agency proposals are estimated at \$28.6 billion. Due to interactions between the proposals, the amount of total savings attributed to any one proposal depends on the order of analysis. Savings for all three proposals are projected to begin in fiscal year 2019.	
Foreign Agricultural Service:	
Eliminate funding for the Market Access Program. Total savings over 10 years is \$1.8 billion. ....	-30
Eliminate funding for the Foreign Market Development Cooperator Program. Total savings over 10 years is \$34 million. ....	-24
Eliminate funding for the Pima Agriculture Cotton Trust Fund. Total savings over 10 years is \$16 million. ....	-16
Eliminate funding for the Agricultural Wool Apparel Manufacturers Trust Fund. Total savings over 10 years is \$60 million. ....	-30

Mission Area / Agency / Proposal	2018 BA
<b>Rural Development:</b>	
Rural Business-Cooperative Service:	
Eliminate the Rural Energy for America loan and grant program. Total savings over 10 years are estimated at \$432 million .....	-50
Eliminate the Rural Economic Development Program. Total savings over 4 years are estimated at \$477 million .....	-6
Rural Utilities Service:	
Eliminate interest payments to the Electric and Telecom Cushion of Credit account. Total savings over 10 years are estimated at \$1.4 billion .....	-131
<b>Food, Nutrition, and Consumer Services:</b>	
Food and Nutrition Service:	
As part of the Supplemental Nutrition Assistance Program (SNAP), eliminate the connection between the Low-Income Heating Energy Assistance Program and the Heating and Cooling Standard Utility Allowance, and standardize the Standard Utility Allowance methodology for all States. Total savings over 10 years are estimated to be about \$20.5 billion .....	-999
Limit waivers for Able-Bodied Adults Without Dependents to counties with annual unemployment exceeding 10 percent, and restrict Categorical Eligibility to households receiving cash assistance from Temporary Aid for Needy Families. If these proposals are implemented with the above SNAP proposals, there is a projected reduction in SNAP outlays of about \$49.7 billion over 10 years. ....	-3,220
Eliminate the minimum benefit in SNAP. The proposal is estimated to reduce outlays by about \$2.7 billion over 10 years. ....	-255
Cap SNAP benefits at the maximum allotment for a six-person household. The proposal is estimated to reduce outlays by about \$1.8 billion over 10 years .....	-163
Strengthen child support enforcement (Health and Human Services proposal). Estimated savings over 10 years are \$417 million .....	-13
Special Immigrant Visa (State Department proposal). Ten-year cost is estimated to be approximately \$58 million .....	7
Require a phased-in State match of 25 percent of SNAP benefits. Estimated 10-year savings are about \$116 billion. ....	0
<b>Marketing and Regulatory Programs:</b>	
Agricultural Marketing Service:	
Eliminate the Specialty Crop Block Grant Program. Total savings over 10 years are estimated at \$771 million .....	-85
Eliminate the Farmers' Market and Local Food Promotion Program. As the program is set to expire at the end of 2018 under current law, the total savings over 10 years are estimated at \$30 million. ....	-30

Mission Area / Agency / Proposal	2018 BA
<b>Natural Resources and Environment:</b>	
Natural Resources Conservation Service:	
Provide additional funding for the Environmental Quality Incentives Program. This is part of a larger effort to better target conservation funding. The cost over 10 years is estimated at \$1.9 billion.....	250
Provide additional funding for the Agricultural Conservation Easement Program. This is part of a larger effort to better target conservation funding. The cost over 10 years is estimated at \$3 billion.....	450
Eliminate enrollment of new acres in the Conservation Stewardship Program. This is part of a larger effort to better target conservation funding. The savings over 10 years is estimated at \$7.9 billion.....	-180
Eliminate the Regional Conservation Partnership Program. This is part of a larger effort to better target conservation funding. The savings over 10 years is estimated at \$755 million .....	-100







**United States Department of Agriculture**