



FY 2010

**BUDGET SUMMARY
AND
ANNUAL PERFORMANCE PLAN**

U.S. DEPARTMENT OF AGRICULTURE

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INTRODUCTION

This Budget Summary and Annual Performance Plan describes the fiscal year (FY) 2010 budget for the U.S. Department of Agriculture (USDA). All references to years refer to fiscal year, except where specifically noted. The funding estimates presented for FY 2009 are based on the Omnibus Appropriations Act, 2009, Division A and Division E of P.L. 111-8. Throughout the Summary, “2008 Farm Bill” and “The Farm Bill” are used to refer to the Food, Conservation, and Energy Act of 2008. In addition, “Recovery Act” is used to refer to the American Recovery and Reinvestment Act of 2009.

The Budget Summary is organized into four sections:

- **Funding Overview** – describes changes in budget authority and outlays and provides a summary table of funding by mission area and agency.
- **Highlights by Mission Area** - identifies key proposals within USDA’s mission areas.
- **American Recovery and Reinvestment Act** - describes USDA’s efforts in implementing the American Recovery and Reinvestment Act of 2009.
- **Mission Area/Agency Details** - summarizes agency funding and programs and performance goals.

Budget and Performance Plan Terms:

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

INTRODUCTION

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

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

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

FUNDING OVERVIEW

Mission Statement

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

Vision Statement

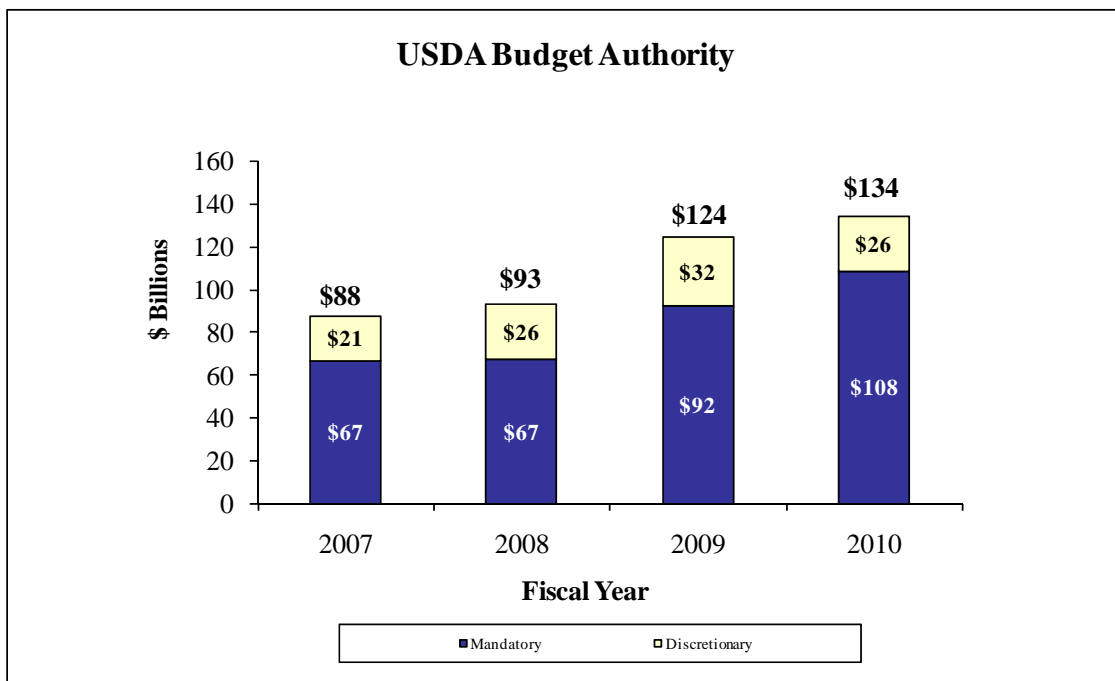
We want to be recognized as a dynamic organization that is able to efficiently provide the integrated program delivery needed to lead a rapidly evolving food and agriculture system. This includes leading efforts to support modern rural communities; promoting a safe, sustainable, and nutritious food supply; developing a modern workforce; and finding renewable energy and climate change solutions in a transparent, participatory, and collaborative fashion.

Recovery Act Activities

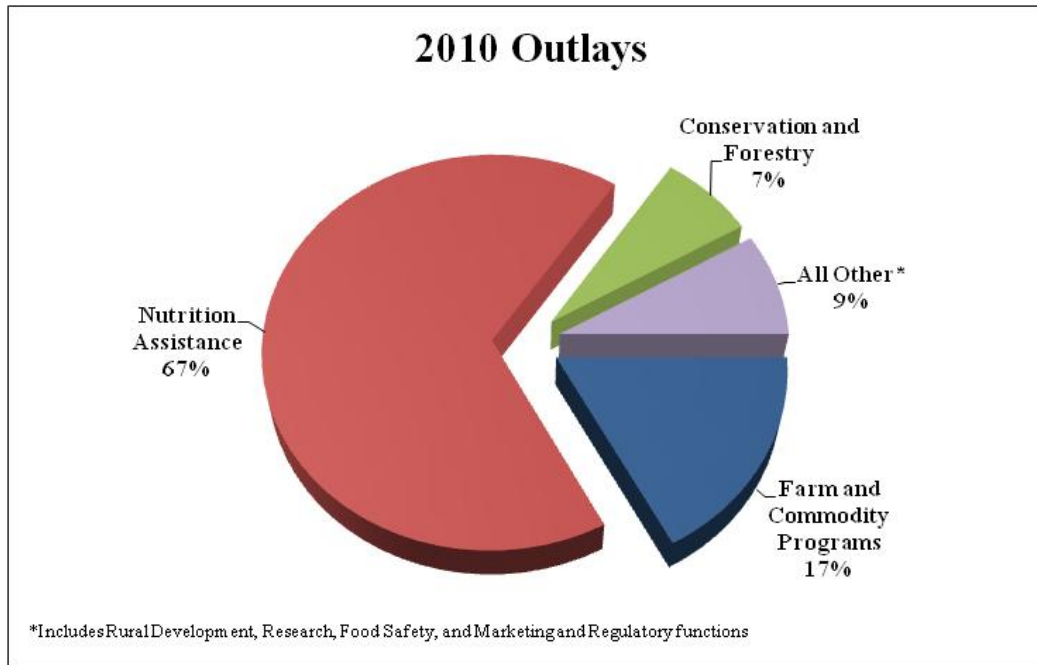
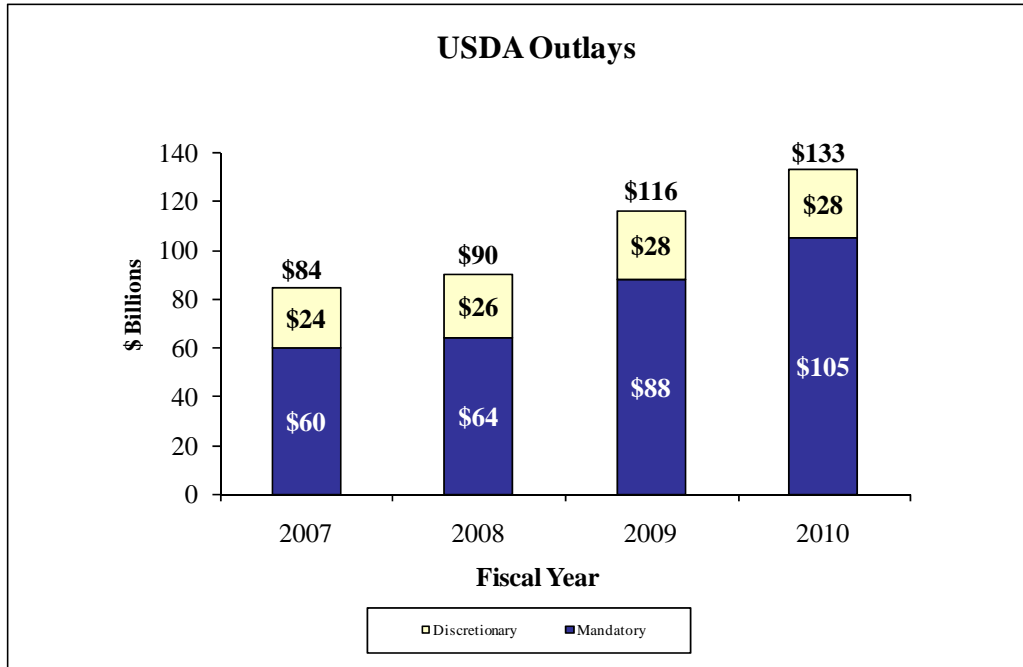
USDA was appropriated \$28 billion of Recovery Act funding for infrastructure programs and government benefits programs which increase nutrition assistance; expand opportunities for broadband loans and grants to rural communities; expand funding opportunities to develop water and waste facilities; provide funding to protect and conserve the nation's forests and farm land; and provide assistance to farmers.

2010 Funding Overview

USDA's budget authority totals \$134 billion in 2010. The 2010 discretionary level is about \$6 billion below the 2009 level and funds the Administration's most important priorities. The reduction is primarily due to the reduction in one-time funding through the Recovery Act and other supplementals. The mandatory budget authority increases above 2009 are due primarily to an anticipated increase in nutrition assistance participation and crop assistance.



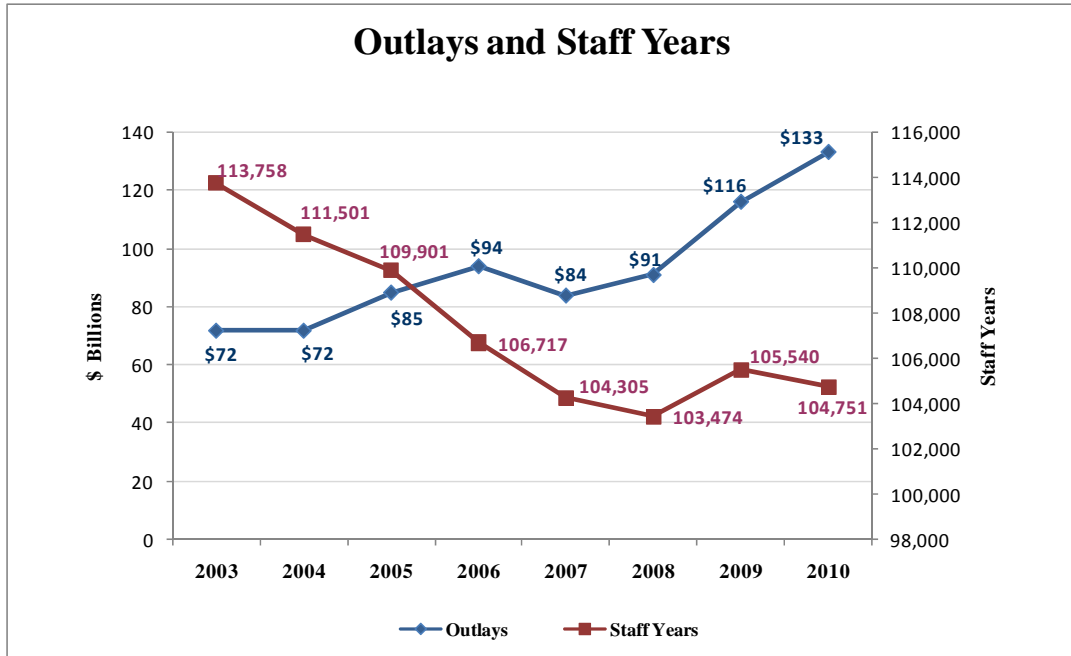
FUNDING OVERVIEW



USDA’s total outlays for 2010 are estimated at \$133 billion. Roughly 80 percent of outlays, about \$105 billion in 2010, are associated with mandatory programs that provide services as required by law. These include the majority of the nutrition assistance programs, farm commodity programs, export promotion programs and a number of conservation programs. The increase in mandatory outlays in 2010 is primarily due to nutrition assistance and crop insurance. The remaining 20 percent

FUNDING OVERVIEW

of outlays, estimated at \$28 billion in 2010, are associated with discretionary programs such as the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); rural development loans and grants; research and education; soil and water conservation technical assistance; animal and plant health; management of National Forests, wildland fire, and other Forest Service activities; and domestic and international marketing assistance.



FUNDING OVERVIEW

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Budget Authority				
AGENCY/PROGRAM	2008 Enacted	2009 Estimate	2010 Budget	Change 2009 to 2010
FARM AND FOREIGN AGRICULTURAL SERVICES				
Farm Service Agency:				
Ongoing Discretionary Programs.....	\$1,593	\$1,644	\$1,698	\$54
Ongoing Mandatory Programs (excluding CCC).....	883	739	761	22
Recovery Act.....	0	794	0	-794
Other Supplementals.....	826	0	0	0
Commodity Credit Corporation Programs (mandatory).....	8,694	12,465	11,364	-1,101
Total, Farm Service Agency.....	11,996	15,642	13,823	-1,819
Risk Management Agency:				
Ongoing Discretionary Programs.....	76	77	80	3
Ongoing Mandatory Programs.....	4,146	4,059	7,503	3,444
Total, Risk Management Agency.....	4,222	4,136	7,583	3,447
Foreign Agricultural Service:				
Ongoing Discretionary Programs (excluding P.L. 480).....	262	270	387	117
Ongoing Mandatory Programs.....	0	84	0	-84
Recovery Act.....	0	90	90	0
P.L. 480 (discretionary).....	1,214	1,229	1,693	464
Other Supplementals.....	850	695	0	-695
Total, Foreign Agricultural Service.....	2,326	2,368	2,170	-198
Total, Farm and Foreign Agricultural Services.....	18,544	22,146	23,576	1,430
RURAL DEVELOPMENT				
Rural Utilities Service:				
Ongoing Discretionary Programs.....	655	660	668	8
Ongoing Mandatory Programs.....	120	0	0	0
Recovery Act.....	0	1,878	1,886	8
Total, Rural Utilities Service.....	775	2,538	2,554	16
Rural Housing Service:				
Ongoing Discretionary Programs.....	1,332	1,755	1,895	140
Recovery Act.....	0	320	0	-320
Total, Rural Housing Service.....	1,332	2,075	1,895	-180
Rural Business - Cooperative Service:				
Ongoing Discretionary Programs.....	178	134	257	123
Ongoing Mandatory Programs.....	0	239	364	125
Recovery Act.....	0	145	0	-145
Total, Rural Business - Cooperative Service.....	178	519	621	102
Rural Development Salaries and Expenses:				
Ongoing Discretionary Programs.....	169	193	196	3
Recovery Act.....	0	131	0	-131
Other Supplementals.....	188	0	0	0
Total, Salaries and Expenses.....	357	324	196	-128
Total, Rural Development.....	2,642	5,456	5,266	-189
FOOD, NUTRITION, AND CONSUMER SERVICES				
Food and Nutrition Service:				
Ongoing Discretionary Programs.....	6,526	7,239	8,161	922
Ongoing Mandatory Programs.....	53,571	69,064	79,279	10,215
Recovery Act.....	0	5,945	5,925	-20
Total, Food, Nutrition, and Consumer Services.....	60,097	82,248	93,365	11,117
FOOD SAFETY				
Food Safety and Inspection Service:				
Ongoing Discretionary Programs.....	930	972	1,019	47
Ongoing Mandatory Programs.....	10	9	9	0
Total, Food Safety.....	940	981	1,028	47
NATURAL RESOURCES AND ENVIRONMENT				
Natural Resources Conservation Service:				
Ongoing Discretionary Programs.....	937	968	907	-61
Ongoing Mandatory Programs.....	1,951	2,365	2,749	384
Recovery Act.....	0	340	0	-340
Other Supplementals.....	490	0	0	0
Total, Natural Resources Conservation Service.....	3,378	3,673	3,656	-17

FUNDING OVERVIEW

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

AGENCY/PROGRAM	Budget Authority			Change 2009 to 2010
	2008 Enacted	2009 Estimate	2010 Budget	
Forest Service:				
Ongoing Discretionary Programs.....	4,488	4,764	5,238	474
Ongoing Mandatory Programs.....	473	869	816	-53
Recovery Act.....	0	1,150	0	-1,150
Other Supplementals.....	1,275	200	0	-200
Total, Forest Service.....	6,236	6,983	6,054	-929
Total, Natural Resources and Environment.....	9,614	10,656	9,710	-946
MARKETING AND REGULATORY PROGRAMS				
Animal and Plant Health Inspection Service:				
Ongoing Discretionary Programs.....	868	882	877	-5
Ongoing Mandatory Programs.....	237	168	192	24
Other Supplementals.....	101	29	0	-29
Total, Animal and Plant Health Inspection Service.....	1,206	1,079	1,069	-10
Agricultural Marketing Service:				
Ongoing Discretionary Programs.....	88	88	92	4
Ongoing Mandatory Programs.....	773	874	1,654	781
Total, Agricultural Marketing Service.....	861	962	1,746	785
Grain Inspection, Packers and Stockyards				
Administration:				
Ongoing Discretionary Programs.....	39	40	42	2
Total, Marketing and Regulatory Programs.....	2,106	2,081	2,857	776
RESEARCH, EDUCATION, AND ECONOMICS				
Agricultural Research Service:				
Ongoing Discretionary Programs.....	1,172	1,187	1,153	-34
Ongoing Mandatory Programs.....	21	20	20	0
Recovery Act.....	0	176	0	-176
Other Supplementals.....	5	0	0	0
Total, Agricultural Research Service.....	1,198	1,383	1,173	-210
National Institute of Food and Agriculture:				
Ongoing Discretionary Programs.....	1,187	1,226	1,171	-55
Ongoing Mandatory Programs.....	40	127	143	16
Total, National Institute of Food and Agriculture.....	1,227	1,353	1,314	-39
Economic Research Service:				
Ongoing Discretionary Programs.....	77	80	82	2
Ongoing Mandatory Programs.....	1	0	0	0
Total, Economic Research Service.....	78	80	82	2
National Agricultural Statistics Service:				
Ongoing Discretionary Programs.....	162	152	162	11
Ongoing Mandatory Programs.....	1	0	0	0
Total, National Agricultural Statistics Service.....	163	152	162	11
Total, Research, Education, and Economics.....	2,666	2,968	2,731	-237
OTHER ACTIVITIES				
Departmental Activities:				
Ongoing Discretionary Programs.....	342	403	586	183
Ongoing Mandatory Programs.....	3	4	4	0
Recovery Act.....	0	24	0	-24
Total, Departmental Activities.....	345	431	590	159
Office of Civil Rights.....	20	22	24	2
Office of Inspector General:				
Ongoing Discretionary Programs.....	79	86	89	3
Recovery Act.....	0	22	0	-22
Other Supplementals.....	5	0	0	0
Total, Office of Inspector General.....	84	108	89	-19
Total, Departmental Activities.....	449	561	703	142
USDA SUB-TOTAL.....	\$97,057	\$127,096	\$139,236	\$12,140
Offsetting Receipts.....	-4,106	-2,680	-5,120	-2,440
USDA TOTAL.....	\$92,951	\$124,416	\$134,116	\$9,700
RECAP:				
Ongoing Discretionary Programs.....	22,393	24,071	26,477	2,406
Ongoing Mandatory Programs.....	70,924	91,086	104,858	13,773
Recovery Act.....	0	11,015	7,901	-3,114
Other Supplementals.....	3,740	924	0	-924
Offsetting Receipts.....	-4,106	-2,680	-5,120	-2,440
	\$92,951	\$124,416	\$134,116	\$9,700

HIGHLIGHTS BY MISSION AREA

FARM AND FOREIGN AGRICULTURAL SERVICES

The Farm and Foreign Agricultural Services (FFAS) mission area implements programs and provides services that support expanded economic and trade opportunities for America's farmers and ranchers. FFAS agencies deliver commodity, credit, trade promotion, conservation, disaster, and emergency assistance programs that help improve the stability and economic vitality of the agricultural economy. FFAS also carries out economic development and trade capacity building activities that help developing countries to become economically stable and improve their prospects to participate in and benefit from expanding global trade in agricultural products.

Key Proposals for the 2010 Budget:

- **Reflect the President's commitment to maintain a strong safety net for farmers who need it the most.** The budget supports a robust safety net for producers that provides protection from market disruptions, weather disasters, and pests and diseases that threaten the viability of American agriculture. The budget proposes to maintain the three-legged stool of farm payments, crop insurance, and disaster assistance. In keeping with the President's pledge to target farm payments, the budget proposes a hard cap on all program payments at \$250,000 and to phase out direct payments to the largest producers. The Department is prepared to work with Congress and stakeholders as these proposals are considered. The budget also eliminates the requirement that the Government pay cotton storage credits, which have been found to have a negative impact on cotton markets. In addition, the budget proposes to reduce subsidies to producers and companies in the delivery of crop insurance. The current subsidies exceed what is required to encourage participation in the crop insurance program and do not constitute a sound value to taxpayers.
- **Support U.S. agricultural exports by providing \$5.5 billion of CCC export credit guarantees.** Because of tight international credit markets, demand for CCC export credit guarantees has increased dramatically. Sales registrations under the program have increased from \$1.4 billion in 2007 to \$3.1 billion in 2008 and are now expected to reach \$5.5 billion in 2009 and 2010. The budget also provides increased funding for the administrative costs of carrying out the program. The additional resources will ensure proper administration, including effective analysis of country risk and foreign bank limits, which is needed to minimize program defaults and claims.
- **Support modernization of Farm Service Agency (FSA) information technology for program delivery.** The 2010 budget provides an increase of \$67.3 million to continue the FSA IT modernization known as MIDAS and to provide for the funding necessary to stabilize its legacy computing environment. Modernization of the FSA information technology and business systems is essential for the delivery of farm program benefits. Modernization will help to ensure the security of producer information maintained by FSA, provide for prompt payment of program benefits, and safeguard taxpayer dollars by reducing the potential for erroneous payments.
- **Support a major expansion in U.S. foreign food assistance.** The budget includes a substantial increase in funding for U.S. foreign food assistance programs. Appropriated funding for the McGovern-Dole International Food for Education and Child Nutrition

HIGHLIGHTS BY MISSION AREA

Program is increased to nearly \$200 million, a doubling of the 2009 enacted level. The proposed increase will strengthen the Department's contribution to supporting economic development and food security in developing countries by assisting over 4.5 million women and children in 2010. In addition, as part of the Administration's doubling of U.S. foreign assistance to meet critical and emergency food aid needs, the P.L. 480 Title II program is funded at \$1.7 billion, an increase of \$464 million over the 2009 enacted base level.

- **Provide \$16.4 million of increased funding for the Foreign Agricultural Service (FAS).** The budget provides additional resources for FAS and budgets for FAS in a more transparent manner to ensure it is able to conduct its activities and provide services to U.S. agriculture. Particular emphasis has been placed on maintaining FAS' overseas presence so that its representation and advocacy activities on behalf of U.S. agriculture can continue and on upgrading and rebuilding FAS' information technology infrastructure.

RURAL DEVELOPMENT

Rural Development offers a balance between Federal incentives for ensuring rural participation in national priorities, such as low-interest financing for renewable energy or access to broadband, and Federal responsiveness to local priorities in economic and community development, such as capitalizing locally-controlled revolving loan funds or providing low-interest financing and grants for public libraries, food banks, or emergency services. Through its loan guarantee programs, Rural Development galvanizes private investment in Rural America while mitigating the financial risks associated with lending in areas of lower tax bases and greater economic vulnerability from the loss of a single employer. The budget proposal reflects the President's priorities in all of these areas.

While Rural America encompasses a diversity of economic and quality of life conditions, as a whole, it has suffered tremendously from the economic downturn of the last year. Many of our Nation's most persistently poor counties are largely rural, but many more now face economic uncertainty. Rural Development has responded, as it has for decades, by working closely with home owners, tenants, business owners, community leaders, and private lenders to service its portfolio in a manner that respects the interests of borrowers and taxpayers. Single Family Housing delinquency and foreclosure rates, for example, remain relatively low compared to other lenders.

The 2010 budget provides funding for Rural Development program in tandem with the following spending bills: (1) The 2008 Farm Bill, which provides significant support for renewable energy activities and small business development annually through 2012; (2) The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009 provides \$188 million in budget authority to support housing, utility and business development in rural communities affected by hurricanes, floods and natural disasters that occurred in 2008, in areas that were declared Presidential disaster areas and for 2005 hurricanes Katrina and Rita; and (3) the Recovery Act which provides \$4.36 billion in funding for Rural Development programs in 2009 and 2010.

Lead the Discussion on Public Investment in Rural America. The 2010 budget totals over \$3 billion in budget authority to support \$21 billion in direct loans, loan guarantees, grants,

HIGHLIGHTS BY MISSION AREA

technical assistance, and administrative expenses. While that makes Rural Development one of the largest lenders in the country, Rural Development cannot meet all of Rural America's needs by itself. Funding levels are sufficient, though, to attract other investors in the public sector to rural communities as partners in job creation and development or redevelopment of infrastructure, housing, and essential community facilities. The Recovery Act provides funding both through Federal agencies and directly to state governments. It affords the perfect opportunity for Rural Development's leaders at all levels of the Mission Area to re-engage with other Federal agencies, with state and local governments, and with private for-profit and non-profit organizations to identify projects of greatest need or greatest opportunity and focus public resources on making them happen.

Of the total budget request, the rural utilities programs account for about \$668 million in budget authority and \$9.5 billion in direct and guaranteed loans and grants. This assumes that all of the funding that the Recovery Act provided for the water and waste disposal program will be used in 2009. It is likely that a substantial portion of the broadband funding will carry over into 2010. Rural Housing and Community Facilities programs account for \$1.9 billion in budget authority to support nearly \$9.8 billion direct loans, loan guarantees and grants. The \$1.9 billion in budget authority includes a \$188 million increase for the Rental Assistance Payment program and is \$133 million over the total amount appropriated for the Housing and Community Facilities programs in 2009, excluding funding for disaster areas. The Business programs account for \$257 million in budget authority to support a program level of \$1.5 billion in direct loans, loan guarantees and grants. In addition to the budget request, funding for Rural Development includes \$364 million budget authority from the 2008 Farm Bill for energy and small business activities. It also assumes that all the Recovery Act funding for the Business and Industry and Rural Business Enterprise Grants programs is used in 2009. The Administration is requesting increases in appropriated funding for several key business programs, including \$17 million for the Biorefinery Assistance Program, \$63 million for the Rural Energy for America Program, \$22 million for the Rural Microentrepreneur Assistance program and \$26 million for the Value Added Producer Grants and other grant programs.

Key Proposals for the 2010 Budget:

- **Encourage Renewable Energy and Energy Efficiency.** The 2010 budget requests \$68 million in discretionary funding for the Rural Energy for America Program (REAP) that will support a program level of \$246 million for loan guarantees and \$34 million in grants, a substantial increase over 2009. Since its creation, this program has funded 1,882 successful projects across the country and has been over-subscribed each year. The 2010 budget request supports the active interest in this program. The 2010 budget also requests \$17 million in discretionary funding to support \$49 million for guaranteed loans for the development of biorefineries for advanced biofuels under the Biorefinery Assistance Program (BAP). These requests are in addition to the mandatory funding provided by the 2008 Farm Bill for loan guarantees and grants under REAP and BAP.
- **Enhance Telecommunication Infrastructure Across Rural America.** The 2010 budget requests \$52 million in funding for the on-going Broadband loan and grant program, an increase of \$23 million over the regular appropriation for 2009. This funding will support \$532 million in direct loans and \$13 million in grants. In addition, the 2010 budget

HIGHLIGHTS BY MISSION AREA

maintains a \$690 million direct loan level for the on-going Telecommunications program, which contributes to broadband access. Combined with the \$2.5 billion in funding from the Recovery Act for 2009 and 2010, this represents a significant investment in telecommunication infrastructure throughout rural America.

- **Support for Rural Infrastructure.** The 2010 budget maintains significant support for infrastructure programs such as the Water and Waste Disposal program and the Electric program. The budget provides \$546 million in funding for essential water and waste disposal services that will support a program level of nearly \$1.6 billion in loan, loan guarantee and grant assistance. Additionally, the budget provides \$6.6 billion in funding for loans for the construction of electric distribution, transmission systems and maintaining the viability of existing generation facilities.
- **Support Small Business Development.** The 2010 budget provides \$166.2 million in budget authority to support \$1.2 billion in loans, loan guarantees, grants and technical assistance for small business development through the Business and Industry Guaranteed Loan program, the Rural Business Enterprise Grant program, the Rural Business Opportunity Grant program, the Intermediary Relending program, the Rural Microentrepreneur Assistance program, the Rural Cooperative Development Grant program, and the Value Added Producer Grant program.
- **Support for Rural Housing.** The 2010 budget includes \$130 million in budget authority to support direct and guaranteed Single Family Housing loans with a program level of \$7.3 billion. This level of funding is expected to provide more than 59,000 homeownership opportunities. The 2010 budget also contains sufficient funding for renewing all expiring rental assistance payment contracts and maintains other housing programs at about the same level as supported by the regular appropriations for 2009.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food, Nutrition and Consumer Services works to harness the Nation's agricultural abundance to end hunger and improve health in the United States. Its agencies include the Food and Nutrition Service, which administers the Federal domestic nutrition assistance programs, and the Center for Nutrition Policy and Promotion, which links scientific research to the nutrition needs of consumers through science-based dietary guidance, nutrition policy coordination, and nutrition education.

Key Proposals for the 2010 Budget:

- **Support an estimated monthly average of 35 million Supplemental Nutrition Assistance Program participants.** The 2010 budget for the Supplemental Nutrition Assistance Program is \$61.4 billion, an increase of \$7.4 billion over 2009. The budget anticipates a 2.4 million increase in average monthly participation. Within the total, the budget includes a \$3 billion contingency fund to cover unanticipated increases in participation. Supplemental Nutrition Assistance Program funding provides for food benefits for low-income people along with nutrition education which is critical for improving dietary quality, and reducing

HIGHLIGHTS BY MISSION AREA

and preventing hunger. Funding is provided for efforts to improve participation rates among elderly applicants.

- **Reauthorize the Child Nutrition and WIC Programs.** The Administration is currently focused on the reauthorization of the Child Nutrition and WIC programs. The Administration is proposing to add \$10 billion over the next ten years for these important programs, which touch most Americans at some point in their lives - providing nutritious food, nutrition education, and connections to critical health services. Reauthorization of these programs will play a significant role in the President's efforts to eliminate childhood hunger by 2015. The proposals provide resources aimed at improving access to nutritious meals, particularly for low-income children. The proposals also provide for reforms aimed at improving access to healthy fruits and vegetables and reducing the prevalence of obesity by improving the diets of school children and by teaching children to make wise food choices, and enhancing services for participants by improving program performance and integrity.
- **Support balanced meals for school children via the National School Lunch Program serving an average of 32.1 million children each day, and the School Breakfast Program serving 11.3 million children each day.** The 2010 budget funds the Child Nutrition Programs at \$16.9 billion, an increase of approximately \$1.8 billion above 2009. This level provides an increase to meet projected participation growth and food cost inflation. The National School Lunch Program projects about 5.4 billion reimbursable lunches in 2010, an increase of 1.6 percent over the 2009 level. The proposed funding will help reduce obesity and hunger, improve participation rates, ensure that free and reduced price meal recipients are correctly certified, and improve the appeal and nutritional quality of meals.
- **Budget responsibly for WIC by supporting a monthly average of 9.8 million low-income, nutritionally at-risk WIC participants.** The President's budget provides a total WIC funding level of \$7.8 billion, an increase of \$917 million over 2009. The budget provides for a \$350 million contingency fund to cover unanticipated increases in participation and \$30 million for State management information system improvements.

FOOD SAFETY

Food Safety is responsible for ensuring that the Nation's commercial supply of meat, poultry, and processed egg products is safe, wholesome, and properly labeled, and packaged, whether those products are imported or domestic. This mission area also plays a key role in the Food Safety Working Group, which is co-chaired by the Secretaries of Agriculture and Health and Human Services, and is charged with reviewing the national food safety system.

Key Proposals for the 2010 Budget:

- **Continue protection of the Nation's supply of meat, poultry and egg products while investing in staff and the Public Health Information System.** The 2010 budget includes a funding level of \$1 billion for the Food Safety and Inspection Service (FSIS). This funding level will cover the costs of Federal inspection; Federal support for State inspection programs; and support continued development of a stronger, science-based and data-driven

HIGHLIGHTS BY MISSION AREA

inspection system. An increase of \$23 million will strengthen the food safety infrastructure. This includes the Public Health Information System which will enhance FSIS' ability to collect, analyze and present data to allow decision making based on relevant, timely product and process data, utilizing the best science available. Linking inspection data with other public health information through the Public Health Information System will improve FSIS' ability to quickly and accurately identify trends and vulnerabilities. In addition, the budget requests \$4 million to increase the agency's ability to conduct additional food safety assessments which help increase our ability to identify potential public health risks. Legislation to create a performance user fee in 2010 will also be sought. This proposal would provide the authority to collect user fees from plants that have sample failure or require additional inspection activities stemming from a pattern of regulatory non-compliance.

NATURAL RESOURCES AND ENVIRONMENT

The Natural Resources and Environment mission area promotes conservation and sustainable use of natural resources on the Nation's private lands through education, technical, and financial assistance. The mission area is also responsible for meeting public demands for recreation, timber and other goods and services. The Administration is committed to preserving natural resources for future generations through assistance to farmers, ranchers and other private landowners and through sound management of public lands. The mission area includes two agencies, the Natural Resources Conservation Service (NRCS) and the Forest Service (FS).

Key Proposals for the 2010 Budget:

- **Provide technical and financial assistance to enhance the conservation of natural resources.** In addition to over \$900 million in discretionary funds, NRCS will deliver about \$2.8 billion in mandatory funds to implement the conservation programs authorized in the Farm Bill. These funding levels support NRCS' locally led, voluntary conservation efforts including ongoing high priority activities such as the development of waste management plans for animal feeding operations and the rehabilitation of Federally-funded dams that have passed their useful lives and must be repaired in order to protect lives and property. Finally, the President's budget reflects a proactive strategy to increase the ability of conservation programs to address and meet critical National needs such as energy conservation, renewable energy production, and reductions in carbon emissions. The implementation of the Farm Bill programs includes steps to incorporate this strategy by identifying ways in which conservation programs can address these critical needs.
- **Eliminate Resource Conservation and Development (RC&D) program and Conservation Operations earmarks.** As part of the Administration's commitment to fiscal responsibility, the budget proposes to eliminate the RC&D program. First begun in 1962, the program was intended to build community leadership skills through the establishment of RC&D councils that would access Federal, State, and local programs for the community's benefit. After 47 years, this goal has been accomplished. RC&D councils should have developed sufficiently strong State and local ties to secure funding for their continued operation without Federal assistance. In addition, approximately \$32 million in earmarks

HIGHLIGHTS BY MISSION AREA

within the Conservation Operations account are eliminated. Savings from earmark elimination will be redirected to improve resources and better integrate internal processes to ensure conservation planning assistance to farmers and ranchers keeps abreast of increased Farm Bill funding for conservation programs.

- **Establish a contingency reserve for firefighting.** The budget includes an increase of \$135 million to maintain the inflation-adjusted ten-year cost average for wildland fire suppression activities. In addition, it includes a proposal to establish a \$282 million discretionary contingency reserve for firefighting on catastrophic wildfires, available when the appropriated 10-year average is exhausted. The Forest Service will also implement reforms to improve decision making to promote safe, cost effective and accountable outcomes from investments made in managing fires.
- **Boost the Forest Legacy Program.** Reflecting a Presidential Initiative to conserve new lands, the budget includes a \$42 million increase to the Land and Water Conservation Fund for the Forest Service's Forest Legacy Program. The Program funds conservation easements on forested lands that are prone to conversion from development pressures.
- **Boost funding for Capital Improvement and Maintenance.** The budget includes a \$62 million increase to the Capital Improvement and Maintenance account, which is used to pay for the maintenance and decommissioning of Forest Service buildings, recreation sites, facilities, roads, and trails. Reflecting a Presidential Initiative to protect national parks and national forests, this increase will improve operations, address the backlog in maintenance needs, and enhance the components of the National Forest System.

MARKETING AND REGULATORY PROGRAMS

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

Key Proposals for the 2010 Budget:

- **Support diversity in production.** The budget includes increased funding to support organic producers, independent livestock producers, and specialty crop growers. With a 74-percent increase in funding (\$2.9 million), the National Organic Program of the Agricultural Marketing Service (AMS) would provide enhanced outreach and education, and ensure program compliance to maintain labeling credibility. With nearly an additional \$1 million, the Grain Inspection, Packers and Stockyards Program would hire additional field staff to help strengthen enforcement of the Packers and Stockyards Act, which prohibits unfair, deceptive, and fraudulent practices by market agencies, dealers, packers, swine contractors, and live poultry dealers. The budget also proposes an increase of \$2.3 million in Section 32 funds for AMS to work with the fruit and vegetable industry to develop, establish, and

HIGHLIGHTS BY MISSION AREA

operate Federal marketing agreements or orders that will involve quality factors affecting food safety for U.S. leafy greens or other fruits and vegetables.

- **Protect American agriculture from plant and animal health threats.** The budget includes increased funding to support efforts to mitigate and eliminate plant and animal threats, including an additional \$10 million in appropriations to combat the Asian longhorned beetle, an invasive species which is a present threat to ecosystems and specific industries in the Northeast. An additional \$3 million in appropriations would address the growing problem of cattle fever ticks along the Mexican border, which threaten the Texas cattle industry. The budget also continues funding Emerald Ash Borer activities at \$35 million.

RESEARCH, EDUCATION, AND ECONOMICS

The Research, Education, and Economics (REE) mission area's four agencies have Federal leadership responsibility for the creation and dissemination of knowledge spanning the biological, physical, and social sciences related to agriculture and nutrition and natural resources, economic analysis, statistics, extension, and higher education. Through its research, REE enhances the U.S. position as a global leader in a highly competitive food, fiber, and renewable fuels production system; promotes sustainable agricultural practices; and contributes to the enhancement of rural communities.

Key Proposals for the 2010 Budget:

- **Improve rural education and quality of life.** Increases totaling \$70 million are proposed for rural education and improving the quality of rural life. Funds will be used to provide incentives for educators teaching in rural areas to enhance their teaching skills by pursuing professional development. The funds will also allow educators to update and revise curricula and encourage coordination in research and extension activities in the food and agricultural sciences at rural secondary, 2-year postsecondary, and higher education institutions. The initiative will strengthen teaching, research, and extension programs in the food and agricultural sciences at minority-serving institutions as well as implement a competitive grant program that will utilize the existing infrastructure of 1862 and 1890 land-grant institutions to implement training and web-based tools for rural citizens and communities. Additionally, competitive grants will support cooperative programs between State cooperative extension services and nonprofit organizations to provide stress assistance programs to individuals who are engaged in farming, ranching, and other agriculture-related occupations.
- **Enhance bioenergy research.** The emphasis on renewable energy is leading America's farmers to an increased focus on production of energy crops. USDA is working to develop technologies that will result in the sustainable, efficient and economic production of energy from forestry and agricultural products in ways that enhance the natural resource base and sustain existing markets for food, feed, and fiber. The 2010 budget proposes an \$11 million initiative for USDA research that emphasizes the development of feedstocks with traits for optimal production and conversion to biofuels and systems that address resource management, productivity and sustainability issues. Additionally, an increase of \$1.85

HIGHLIGHTS BY MISSION AREA

million is proposed to develop a new data series on the supply and location of the renewable commodities being used to make biofuels.

- **Strengthen childhood obesity prevention research.** The increasing number of overweight and obese children is unprecedented in U.S. history and is a major cause of escalating health care costs and a predisposition of America's youth to cardiovascular disease and Type 2 diabetes. There is a critical need for effective, proven methods for the prevention of weight gain in children as an important step for reducing overall obesity and overweight in the population. The 2010 budget includes about a \$13 million increase for USDA research to strengthen the adoption of the *Dietary Guidelines* among children, define family-based interventions to prevent obesity in children, define genetic and cultural traits that influence weight gain in various populations, and increase emphasis on developing technologies to produce healthier foods.
- **Support global climate change and environmental services markets research.** As the environment changes, farmers and ranchers responsible for producing food, feed, fiber, and fuel will need new information to adapt and help maintain productivity in the face of climatic uncertainties. The 2010 budget includes a \$9 million increase to conduct USDA research leading to commercially viable technologies to enable producers, policy makers, and natural resource managers to determine and adapt to the risks imposed by climate change on key aspects of agricultural systems and their natural resource foundation. The goal of this initiative will focus on water management and drought, varietal development and production system development to both minimize and capitalize on changing environmental effects. Additionally, the budget proposes a \$1.8 million increase to help develop efficient environmental service markets. Research will be conducted to: (1) analyze the economic consequences of alternative approaches in the implementation of green house gas mitigation policies; (2) investigate potential tradeoffs among competing conservation goals and climate policies; and (3) apply economic techniques to better understand agriculture's role in environmental service markets.
- **Reduce World Hunger.** World hunger is a threat to global stability. Population increases are occurring most rapidly in regions of the world that are currently the most food stressed. Preventing grain diseases and increasing animal health and feed efficiency are keys to meeting the demands of the growing population and addressing world hunger. The 2010 budget includes an increase of \$2 million to characterize genetic traits that are important for food animal production and improve the health, growth, and productivity of food animals. Additionally, an increase of \$1.8 million will address a critical aspect of world hunger by avoiding catastrophic losses from new and emerging cereal diseases.
- **Implement Farm Bill Research Title.** Title VII of the 2008 Farm Bill makes major changes to the structure and programs of the REE mission area. Most notably, section 7511 transfers all authorities of the Cooperative State Research, Education and Extension Service to the new National Institute of Food and Agriculture (NIFA). It also establishes the Research, Education, and Extension Office within the Under Secretary's Office to coordinate the research programs and activities of the Department and develop the Roadmap for Agricultural Research, Extension, and Education.

HIGHLIGHTS BY MISSION AREA

Some of the new programs that NIFA has implemented include the Agriculture and Food Research Initiative (formerly the National Research Initiative), USDA's primary competitive research grants program; the Organic Agriculture Research and Extension Initiative created to solve critical organic agriculture problems through the integration of research and extension grants; the Specialty Crop Research Initiative instituted to solve critical specialty crop issues through research and extension activities; the Beginning Farmer and Rancher Development Program established to develop education, outreach, curricula, workshops, educational teams, training, and technical assistance programs to assist beginning farmers and ranchers in the United States and its territories in entering, establishing, building and managing successful farm and ranch enterprises; and the Veterinary Medicine Loan Repayment Program amended the National Veterinary Medical Services Act to create a mechanism to repay the loans of veterinarians who agree to serve in areas that have a shortage of food supply veterinarians.

DEPARTMENTAL ACTIVITIES

The Departmental Offices provide leadership, coordination and support for all administrative and policy functions of the Department. These offices are critical in USDA for the implementation of the Administration's policy priorities for improving the efficiency and transparency of the Government. These offices assist USDA's program agencies in providing effective customer service and efficient program delivery. These offices also work closely with the Office of Management and Budget on matters involving information technology, financial management, budget, performance management, and other activities. In addition, these offices also provide information and assistance, as necessary, to the authorizing and appropriating Congressional committees for the Department. The 2010 budget proposes funding to provide management leadership, oversight, and coordination to achieve the goals and objectives of the Administration.

Key Proposals for the 2010 Budget:

- **Expand outreach to underserved constituents.** The 2010 budget implements the Farm Bill by establishing the **Office of Advocacy and Outreach** (\$3 million) through which USDA will increase the accessibility of programs to socially disadvantaged producers, small-scale producers, and beginning farmers and ranchers. The Office will also serve as an advocate for underserved constituents and as an avenue for them to have input into programmatic and policy decisions to improve their viability and profitability. The Office of Advocacy and Outreach will be separate from the Office of Civil Rights, which will remain focused on the rights of employees and service to all USDA customers. This funding underscores the increased effort underway by the Administration to encourage and advocate for full participation by all Americans in USDA programs.

USDA will also support enhanced government-to-government relations through funding for the **Office of Tribal Relations** (\$1 million) in the Office of the Secretary. This funding will allow the Department to better conduct Tribal consultation and outreach activities related to USDA programs. This consultation and communication will allow the Department to better understand the diverse needs of Indian Tribes and the impacts of program decisions on Tribal organizations and communities.

HIGHLIGHTS BY MISSION AREA

- **Support the Administration's energy and climate change goals through enhanced coordination.** In addition to research, USDA manages a broad portfolio of renewable energy and climate change activities. Through these programs, the Department strives to identify the challenges and opportunities for agriculture, forestry, and rural communities in renewable energy development and climate change mitigation and adaptation. The 2010 budget identifies avenues to increase coordination of USDA activities through the expansion of the Office of Energy and Climate Change, funded at \$5 million, under the Office of the Chief Economist. This Office will help the Department ensure that its energy and climate change programs are integrated with the Administration's broader policy goals and objectives. In addition, this Office will lead the Department's efforts to engage affected parties in the discussions surrounding the establishment of ecosystem services markets. Through the creation of these markets, farmers and ranchers will benefit from new economic opportunities as they deliver environmental services, such as carbon sequestration, clean water, and wildlife habitat.
- **Ensure a secure IT network and systems through a Department-wide cyber security initiative.** The Department relies on its information technology (IT) network to effectively and efficiently provide its broad portfolio of programs. IT security, therefore, is critical to the on-going operations of the Department, and efforts must be made to ensure the systems and sensitive data of USDA are protected. To achieve this goal, the 2010 budget includes an increase of \$45.8 million to implement a Department-wide cyber security initiative. Implementation of this initiative is necessary to eliminate critical vulnerabilities that threaten the integrity of the USDA network and the security and privacy of Departmental systems and information. Through this initiative, USDA will conduct network security assessments to examine and identify any vulnerabilities in its network and systems; procure and deploy advanced security tools to enable comprehensive system monitoring; and establish a Security Operations Center to provide around-the-clock cyber security support and staffing.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

The American Recovery and Reinvestment Act of 2009 (Recovery Act) was signed into law on February 17, 2009, and provides over \$787 billion in tax and spending proposals aimed to stimulate the economy and create jobs. The Recovery Act makes USDA part of the solution through increases in nutrition and food assistance programs, rural development programs, farmer assistance, and conservation programs. USDA has moved rapidly to implement the Recovery Act and to ensure effective coordination and support among our partners and stakeholders.

USDA was appropriated \$28 billion of the package, including:

- An estimated \$19.8 billion to increase the monthly benefits of the Supplemental Nutrition Assistance Program;
- Increased assistance for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the school meal programs, The Emergency Food Assistance Program (TEFAP), and the Food Distribution Program on Indian Reservations (FDPIR);
- Increased opportunities for broadband loans and grants to rural communities;
- Construction of and improvements to community drinking water and wastewater treatment projects serving rural households and businesses;
- Direct and guaranteed loans for single family housing;
- Support for community facilities in rural communities (e.g., public safety, libraries, education, community centers, day care, and rural medical clinics);
- High priority maintenance and upgrades for USDA research facilities;
- Assistance for farmers, including funding for direct operating loans targeted to beginning and socially disadvantaged farmers;
- Authorization of a new \$50 million grant program for aquaculture producers to compensate them for their share of high feed prices in 2008;
- Funding for conservation programs, including floodplain easements, watershed operations, and watershed rehabilitation; and
- Reauthorization of the Trade Adjustment Assistance for farmers.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

UNITED STATES DEPARTMENT OF AGRICULTURE
American Recovery and Reinvestment Act of 2009
(Dollars in Millions)

Agency/Program	Estimate
DEPARTMENTAL ADMINISTRATION:	
Agriculture Buildings and Facilities and Rental Payments.....	\$24
AGRICULTURAL RESEARCH SERVICE:	
Buildings and Facilities.....	176
OFFICE OF INSPECTOR GENERAL:	
Oversight and Audit.....	22
FARM SERVICE AGENCY:	
Salaries and Expenses - Information Technology.....	50
Agricultural Credit Insurance Fund Program Account:	
Farm Operating Direct Loans.....	20
Loan Level.....	(173)
Total FSA.....	70
NATURAL RESOURCES CONSERVATION SERVICE:	
Watershed and Flood Prevention Operations.....	290
Watershed Rehabilitation Program.....	50
Total NRCS.....	340
RURAL DEVELOPMENT:	
Salaries and Expenses.....	131 a/
Rural Business-Cooperative Service:	
Rural Business and Industry Guaranteed Loans Program.....	126
Loan Level.....	(2,899)
Rural Business Enterprise Grants.....	19
Total RBS.....	145
Rural Housing Service:	
Rural Community Facilities Loans Program.....	65
Loan Level.....	(1,136)
Rural Community Facilities Grants Program.....	61
Section 502 Direct Single Family Housing Loan Program.....	65
Loan Level.....	(967)
Section 502 Guaranteed Single Family Housing Loan Program.....	129
Loan Level.....	(10,250)
Total RHS.....	320

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

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

Agency/Program	Estimate
Rural Utilities Service:	
Rural Water & Waste Disposal Direct Loan Program.....	400
Loan Level.....	(2,734)
Rural Water & Waste Disposal Grants Program.....	939
Distance Learning, Telemedicine, & Broadband Grants Program....	1,940
Distance Learning, Telemedicine, & Broadband Loan Program.....	485
Loan Level.....	(7,160)
Total RUS.....	3,764
FOOD AND NUTRITION SERVICE:	
WIC Management Information Systems.....	100
WIC Contingency Fund.....	400
Total WIC.....	500
Supplemental Nutrition Assistance Program:	
Increased Benefits.....	19,837
State Administrative Expenses.....	291
FDPIR Administrative Expenses.....	5
FNS Management and Oversight.....	5
Total SNAP.....	20,137
Child Nutrition: Equipment Assistance.....	100
The Emergency Food Assistance Program.....	150
FOREST SERVICE:	
Capital Improvement and Maintenance.....	650
Wildland Fire Management.....	500
Total FS.....	1,150
AGRICULTURAL DISASTER ASSISTANCE TRANSITION:	
2008 Transition Assistance.....	674 ^{b/}
Aquaculture Assistance Grants (CCC Funds).....	50
Total Disaster Assistance.....	724
FOREIGN AGRICULTURAL SERVICE:	
Trade Adjustment Assistance for Farmers.....	203 ^{c/}
RECAP:	
Total, USDA Discretionary Funds.....	6,942
Total, USDA Mandatory Funds.....	21,013
Total, USDA.....	\$27,955

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

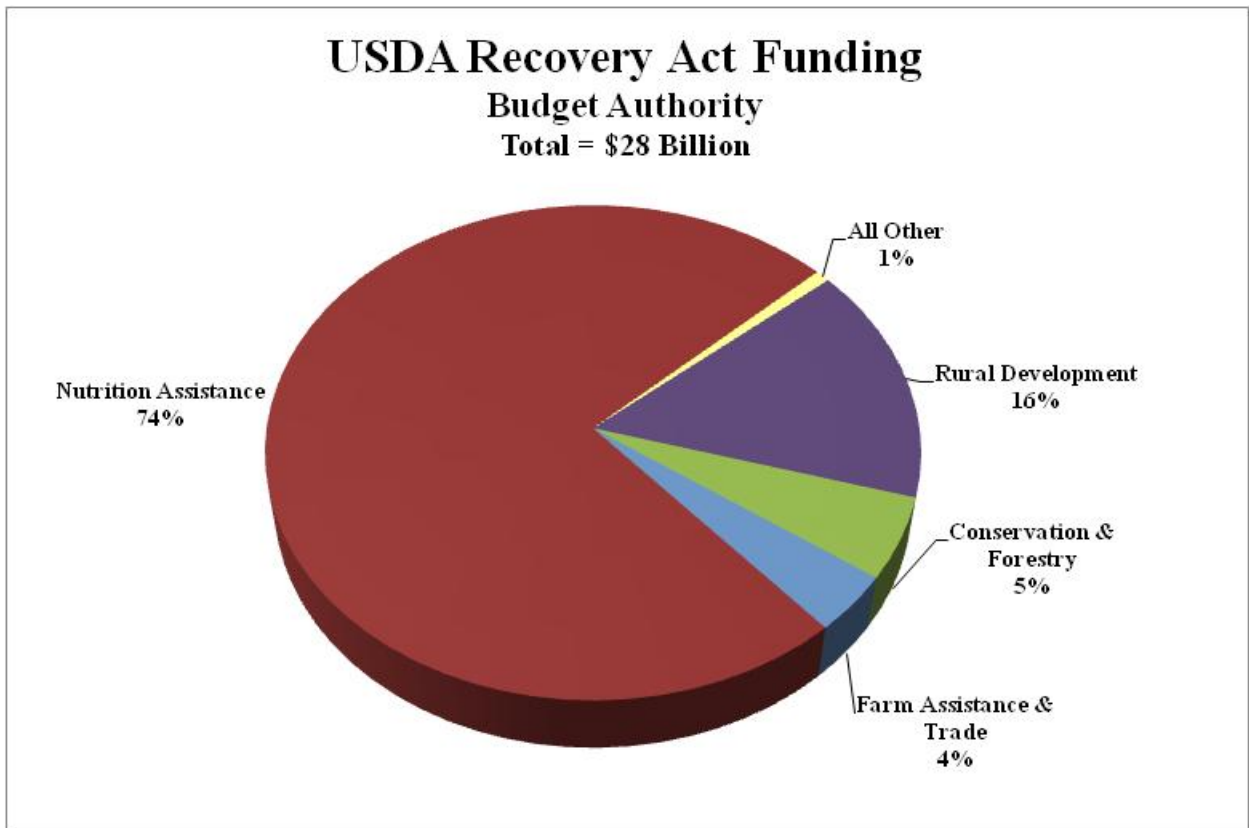
^{b/} CBO scored at \$744 million.

^{c/} Provides \$90 million annually for FY 2009 and FY 2010 and \$22.5 million for the first quarter of FY 2011.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

Accomplishments

In a little over the two months since enactment, USDA has increased the Supplemental Nutrition Assistance Program benefits by 13.6 percent; made over \$173 million in loans to over 2,500 farmers; allocated over \$125 million in emergency food assistance; made approximately \$3.4 billion in guaranteed and single family housing loans; announced \$616 million for water and waste projects; allocated almost \$100 million for Forest Service capital improvement and wildfire management projects; allocated \$45 million for watershed rehabilitation; and allocated \$85 million for flood prevention projects. In addition, a national sign-up for up to \$145 million in floodplain easements was announced and extended to ensure landowners impacted by recent flooding in states like North Dakota and Minnesota are given an opportunity to apply. USDA will continue to aggressively implement the Recovery Act ensuring funds are expended responsibly and in a transparent manner. Please visit www.Recovery.gov for more information.



FARM AND FOREIGN AGRICULTURAL SERVICES

MISSION AREA

The Farm and Foreign Agricultural Services (FFAS) mission area has responsibility for the delivery of most programs and services which focus on enhancing the international competitiveness of American agriculture and enhancing the competitiveness and sustainability of rural and farm economies. FFAS also plays an important role to protect and enhance the Nation's natural resource base and environment.

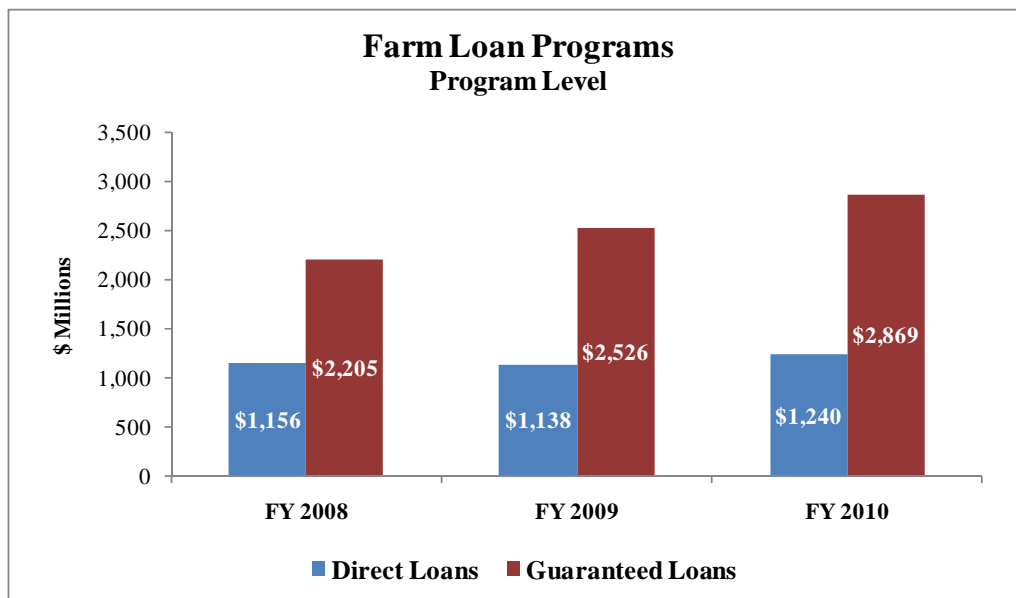
Specifically, the FFAS mission area supports the following activities: (1) expand and maintain international export opportunities; (2) support international economic development and trade capacity building; (3) improve the global sanitary and phytosanitary (SPS) system to facilitate agricultural trade; (4) expand domestic market opportunities; (5) provide risk management and financial tools to farmers and ranchers; (6) protect watershed health to ensure clean and abundant water; and (7) enhance soil quality to maintain productive working cropland.

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

FARM SERVICE AGENCY (FSA)

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

FSA received funding from the Recovery Act which is reflected in the following table. A discussion of the specific uses of Recovery Act funding will be provided later in this section.



FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency Budget Authority (Dollars in Millions)

Program	2008 Enacted	2009 Estimate	2010 Budget
Discretionary:			
FSA Salaries and Expenses:			
Salaries and Expenses (Direct Appropriation).....	\$1,126	\$1,170	\$1,254
Transfers from Program Accounts.....	(304)	(312)	(321)
Subtotal, Salaries and Expenses.....	(1,430)	(1,482)	(1,575)
Agricultural Credit Insurance Fund Program Account:			
Transfer to FSA Salaries and Expenses.....	301	309	318
Subsidy.....	149	147	109
Loan Program Expenses.....	8	8	8
Total, Agricultural Credit Insurance Fund Program Account.....	458	464	435
State Mediation Grants.....	4	4	4
Grassroots Source Water Protection Program.....	4	5	5
Reforestation Pilot Program.....	1	1	0
Total, Ongoing Discretionary Programs.....	1,593	1,644	1,698
Emergency Funding:			
FSA Salaries and Expenses.....	20	0	0
Emergency Conservation Program.....	204	0	0
USDA Disaster Assistance.....	602	0	0
Total, Emergency Funding.....	826	0	0
Recovery Act:			
FSA Salaries and Expenses.....	0	50	0
Agricultural Credit Insurance Fund (Subsidy).....	0	20	0
Total, Recovery Act.....	0	70	0
Total, Discretionary Programs.....	2,419	1,714	1,698
Mandatory:			
Dairy Indemnity Program.....	a/	1	1
Farm Bill:			
FSA Salaries and Expenses.....	50	0	0
Agricultural Disaster Relief Fund.....	833	738	760
Total, Farm Bill Programs.....	883	738	760
Recovery Act:			
Aquaculture Assistance Grants.....	0	50	0
Agricultural Disaster Relief Fund.....	0	674	0
Total, Recovery Act.....	0	724	0
Total, Mandatory Programs.....	883	1,463	761
Total, Farm Service Agency.....	\$3,302	\$3,177	\$2,459

a/ Less than \$0.5 million.

FARM AND FOREIGN AGRICULTURAL SERVICES

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

Program	2008		2009		2010	
	<u>Enacted</u>		<u>Estimate</u>		<u>Budget</u>	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Farm Operating Loans:						
Guaranteed Unsubsidized.....	\$899	\$23	\$1,017	\$25	\$1,150	\$27
Guaranteed Subsidized.....	135	23	270	37	144	20
Direct.....	629	81	575	68	700	33
Total, Operating Loans.....	1,663	127	1,862	130	1,994	80
Farm Ownership Loans:						
Guaranteed Unsubsidized.....	1,171	5	1,239	4	1,500	6
Direct.....	382	17	200	13	393	16
Total, Ownership Loans.....	1,553	22	1,439	17	1,893	22
Indian Land Acquisition Loans.....	0	0	4	a/	2	0
Boll Weevil Eradication.....	100	0	100	0	60	0
Conservation Loans:						
Guaranteed.....	0	0	0	0	75	a/
Direct.....	0	0	0	0	75	1
Total, Conservation Loans.....	0	0	0	0	150	1
Indian Fractionated Land Loans.....	0	0	0	0	10	1
Total, Ongoing Farm Loan Programs.....	3,316	149	3,405	147	4,109	104
Recovery Act:						
Direct Farm Operating Loans.....	0	0	173	20	0	0
Total, Farm Loan Programs.....	3,316	149	3,578	167	4,109	104
Individual Development Accounts.....	0	0	0	0	5	5
Emergency Loans b/.....	45	5	86	12	0	0
Total, Farm Loan and Grant Programs...	\$3,361	\$154	\$3,664	\$179	\$4,114	\$109

a/ Less than \$0.5 million.

b/ From funds carried over from prior years.

Farm Loan and Grant Programs. The farm credit programs are an important safety net for America's farmers by providing a source of credit when they are temporarily unable to obtain credit from commercial sources. The 2010 budget supports about \$4.1 billion in direct and guaranteed farm loans compared to \$3.4 billion in 2009. In addition, the Recovery Act provided FSA with \$20 million in subsidy to provide an additional \$173 million in direct farm operating loans. By April 1, 2009, this additional funding was entirely obligated, providing an immediate boost to farmers and rural economies throughout the United States.

FARM AND FOREIGN AGRICULTURAL SERVICES

A portion of both direct and guaranteed farm operating and ownership loan funds is targeted to socially disadvantaged borrowers based on county level demographic data. Although targets vary by loan program and county, on average about 14 percent of loan funds are targeted to socially disadvantaged borrowers. A key performance measure for the farm credit programs is the percentage of beginning farmers, racial and ethnic minority farmers and women farmers financed by FSA.

Key Performance Measure	2005	2006	2007	2008	2009	2010
Percentage of beginning farmers, racial and ethnic minority farmers and women farmers financed by FSA (Percent)	15.0	15.5	15.9	16.2	17.0	17.5

The 2010 budget proposes loan levels that generally reflect actual usage in recent years; however, some increases are proposed in light of the current global economic climate. For farm operating loans, the 2010 budget provides \$700 million for direct loans and about \$1.3 billion for guaranteed loans. These loan levels will serve an estimated 20,000 farmers, about 13,000 of whom will receive direct loans and 7,000 who will receive guarantees. The availability of farm operating loans provides farmers with short term credit to finance the costs of continuing or improving their farming operations, such as purchasing seed, fertilizer, livestock, feed, equipment, and other supplies. For farm ownership loans, the 2010 budget provides \$393 million in direct loans and \$1.5 billion for guaranteed loans. The 2010 levels will provide almost 6,900 people with the opportunity to either acquire their own farm or keep an existing one. About 2,600 borrowers will receive direct loans and 4,300 will receive guaranteed loans.

The 2010 budget requests no funding for emergency loans, the need for which is difficult to predict in advance. The 2010 budget reduces program level funding for Indian land acquisition loans to \$2 million. Program level funding for the boll weevil eradication loan program would be reduced to \$60 million, compared to \$100 million in 2009. Demand for boll weevil eradication loans has declined in recent years due to the successful completion of eradication efforts in several areas.

The 2010 budget also provides funding for direct and guaranteed conservation loans, direct Indian fractionated land loans, and beginning farmer individual development accounts, all of which were newly authorized in the 2008 Farm Bill. The 2010 budget provides \$75 million each for direct and guaranteed conservation loans. These loan levels will serve an estimated 1,000 farmers, about 500 of whom will receive direct loans and 500 who will receive guarantees. The availability of conservation loans provides farmers with short term credit to finance the costs of carrying out qualified conservation projects, including the establishment of forest cover for sustainable timber management, erosion control or shelterbelts, installation of water conservation measures, and installation of waste management systems. The 2010 budget provides \$10 million for direct loans for Indian Fractionated Land. These loans will serve an estimated 70 Native American farmers and ranchers to purchase fractionated land pursuant to the Indian Land Consolidation Act. The 2010 budget also provides \$5 million in grants for beginning farmer individual development accounts. This funding will establish demonstration programs with

FARM AND FOREIGN AGRICULTURAL SERVICES

qualified entities with expertise in dealing with financial management aspects of farming. Entities must provide at least 50 percent non-Federal matching funds to qualify.

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

Commodity Credit Corporation Budget Authority (Dollars in Millions)

Program	2008 Enacted	2009 Estimate	2010 Budget
Mandatory:			
Commodity Credit Corporation Fund.....	\$7,554	\$11,505	\$10,404
Tobacco Trust Fund.....	1,140	960	960
Total, Mandatory Programs.....	8,694	12,465	11,364
Total, Commodity Credit Corporation.....	\$8,694	\$12,465	\$11,364

Commodity Credit Corporation. The Commodity Credit Corporation (CCC) provides funding for commodity programs administered by FSA and many Farm Bill programs such as the conservation programs administered by FSA and the Natural Resources Conservation Service (NRCS) and export programs administered by FAS. CCC borrows funds needed to finance these programs from the U.S. Treasury and repays the borrowings, with interest, from receipts and from appropriations provided by Congress. The commodity programs are critical components of the farm safety net, serving to expand domestic market opportunities and provide risk management and financial tools to farmers and ranchers.

A key performance measure for the commodity programs is the percentage of eligible crops with Non-Insured Crop Disaster Assistance Program (NAP) coverage.

Key Performance Measure	2005	2006	2007	2008	2009 ¹	2010 ¹
Percentage of eligible crops with NAP coverage. (Percent)	13.0	12.7	11.8	7.2	23.5	24.7

¹ Targets have been adjusted to reflect expected impact of 2008 Farm Bill provisions linking the purchase of NAP to eligibility for disaster assistance.

FARM AND FOREIGN AGRICULTURAL SERVICES

Commodity Credit Corporation Net Outlays (Dollars in Millions)

Program	2008 Enacted	2009 Estimate	2010 Budget
Commodity Programs:			
Marketing Assistance Loans and Price Support.....	\$450	\$2,813	\$2,228
Direct Payments.....	4,821	5,436	4,820
Countercyclical Payments.....	359	820	1,221
Loan Deficiency Payments.....	6	152	151
Milk Income Loss Contract Payments.....	2	600	282
Cotton User Marketing Payments and Cotton Economic Adjustment Assistance Payments.....	30	84	83
Noninsured Crop Disaster Assistance Program.....	74	275	275
Tobacco Payments.....	955	960	960
Other Direct Payments.....	3	15	0
Farm Storage Facility Loans.....	62	6	5
Purchases and Sales.....	-243	-1,185	-1,157
Processing, Storage and Transportation.....	8	39	33
Operating Expenses.....	8	54	6
Interest Expenditures.....	-29	19	25
Change in Working Capital.....	169	250	250
Other.....	38	316	107
Total, Commodity Programs Baseline.....	6,713	10,654	9,289
Conservation Programs:			
Conservation Reserve Program.....	1,991	1,958	1,936
Emergency Forestry Conservation Reserve Program.....	10	23	16
Voluntary Public Access and Incentives Program.....	0	0	17
Other Conservation Programs.....	3	3	0
Total, Conservation Programs.....	2,004	1,984	1,969
Export Programs:			
Quality Samples Program.....	1	3	2
Market Access Program (MAP).....	179	212	200
Foreign Market Development (Cooperator) Program.....	33	35	34
Technical Assistance for Specialty Crops Program.....	1	3	6
Emerging Markets Program.....	17	9	9
Dairy Export Incentive Program.....	0	100	25

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Commodity Credit Corporation Net Outlays (Dollars in Millions)

Program	2008 Enacted	2009 Estimate	2010 Budget
Food for Progress Program.....	220	226	148
Local and Regional Commodity Procurement Pilot Program....	0	3	15
Export Credit.....	98	110	43
Other.....	35	30	29
Total, Export Programs.....	584	731	511
Subtotal, CCC.....	9,301	13,369	11,769
Pre-credit Reform Loan Repayments.....	-224	0	-2
CCC Baseline.....	9,077	13,369	11,767
Reduce MAP by 20%.....	0	0	-4
Legislative Changes to Reduce Spending.....	0	0	-195
Total, CCC.....	\$9,077	\$13,369	\$11,568

Changes over the last decade in commodity, disaster, and conservation programs due to policy, weather, and market conditions have dramatically changed the level, mix, and variability of CCC outlays. CCC net outlays have declined from a record high of \$32.3 billion in 2000 to \$9.1 billion in 2008, reflecting higher prices for most commodities resulting from increased demand for bioenergy production and strong export demand. Outlays in 2009 will include impact of 2008 Farm Bill provisions and are estimated to total \$13.4 billion. They will also reflect greater outlays for dairy support programs and for the cotton program, both of which are affected by lower market prices this year.

Commodity Programs. Commodity loan and income support programs constitute the majority of CCC outlays. The commodity programs are mandated by provisions of the 2008 Farm Bill. The programs include direct payments to producers of feed grains, wheat, upland cotton, rice, soybeans, other oilseeds, and peanuts. The direct payments, based on historical program acreage and yields, are set by law and do not vary with market prices or current plantings. The 2008 Farm Bill also provided counter-cyclical payments for producers of the above crops when market prices decline below specified target prices. In addition, the 2008 Farm Bill authorized revenue-based counter-cyclical payments (ACRE) as an alternative to the traditional price-based counter-cyclical payments. Sign-up for the new ACRE program began April, 27 2009. On March 31, 2009, USDA announced that sign-up for direct and counter-cyclical payments (DCP) and ACRE payments would be extended by 10 weeks to August 14, 2009, to give producers ample time to decide whether to participate in ACRE or remain in the traditional DCP program. Nearly 1.9 million farms are enrolled in the direct and counter-cyclical payment programs. The 2010 budget includes a proposal to phase out direct payments for large farms. The Department is prepared to work with Congress and stakeholders as this proposal is considered.

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The CCC marketing assistance loan (MAL) program is available to producers of commodities eligible for direct and counter-cyclical payments as well as for wool, mohair, honey, and pulses. CCC marketing assistance loans provide interim financing to eligible producers allowing them to delay selling their crop at harvest when prices are typically at their lowest. The 2010 budget includes a proposal to cap the amount of MAL and loan deficiency payment (LDP) gains that can be received at \$145,000. A similar cap was included in the 2002 Farm Bill but was dropped in the 2008 Farm Bill. The cap, when combined with existing limits on direct and counter-cyclical payments, would create an effective limit of \$250,000 on all forms of assistance. The 2010 budget also proposes to eliminate cotton storage payment credits in the MAL program for cotton.

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

Program	2008 Enacted	2009 Estimate	2010 Budget
Commodity:			
Feed Grains.....	\$2,141	\$2,636	\$2,216
Wheat.....	869	1,298	1,048
Rice.....	301	574	405
Upland and Extra Long Staple Cotton.....	1,631	2,676	2,923
Tobacco.....	1	4	0
Dairy.....	a/	1,064	523
Soybeans and Products.....	446	660	547
Minor Oilseeds.....	15	25	18
Peanuts.....	144	81	112
Sugar.....	-35	0	0
Honey.....	-2	a/	a/
Wool and Mohair.....	6	8	8
Vegetable Oil Products.....	43	45	36
Other Commodities.....	102	22	3
Subtotal, Assistance To Farmers.....	5,662	9,093	7,839
Other b/.....	1,051	1,561	1,450
Commodity Programs Baseline.....	6,713	10,654	9,289
Legislative Changes to Reduce Spending.....	0	0	-195
Total, Commodity Programs.....	\$6,713	\$10,654	\$9,094

a/ Less than \$0.5 million.

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

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

Program	2008 Enacted	2009 Estimate	2010 Budget
Conservation Reserve Program.....	\$1,990	\$1,946	\$1,936
Emergency Forestry Conservation Reserve Program.....	10	23	16
Voluntary Public Access and Habitat Incentives Program...	0	0	50
Total, Conservation Programs.....	\$2,000	\$1,969	\$2,002

Conservation Programs. The Farm Bill also provides authority for conservation programs. The focus of USDA conservation programs administered by NRCS and FSA is to use environmentally sound management systems for agricultural production to meet food and fiber needs of the Nation. FSA administers the Conservation Reserve Program (CRP) and the Emergency Forestry Conservation Reserve Program (EFCRP), which are CCC programs, in addition to the Emergency Conservation Program (ECP). All other USDA cost-share and easement conservation programs such as the Environmental Quality Incentives Program, Wetlands Reserve Program, and the Conservation Stewardship Program are administered by NRCS. These programs are described beginning on page 73.

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

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

Key Performance Measure	2005	2006	2007	2008	2009 ¹	2010 ¹
CRP restored wetland acreage (million acres)	1.96	2.03	2.08	1.99	1.91	1.93

¹ Targets have been reduced to reflect 2008 Farm Bill changes which reduced the maximum enrollment in CRP from 39 million acres to 32 million acres.

Acreage that counts toward CRP's total enrollment cap includes acres enrolled through scheduled general signups and those enrolled through a continuous, non-competitive signup that has been under way since September 1996 with the purpose of enrolling land in filter strips, riparian buffers, and other high priority conservation and environmental enhancement practices. Continuous signup acreage also includes enrollment under the Conservation Reserve Enhancement Program (CREP) that is designed to target program benefits to address specific

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local and regional conservation problems. At this time, 32 States have approved CREP agreements.

CRP enrollment totaled 34.6 million acres at the end of 2008 with over 90 percent of the acreage having been enrolled under scheduled general signups. A general signup of 1.0 million acres was held in 2006; however, no general signup has been held since then. Due to expiring contracts, the budget projects that CRP acreage will drop from 34.6 million acres in 2008 to a total of 33.9 million acres in 2009. The budget projects a further decline to about 30.4 million acres at the end of 2010 with further modest declines for at least two years before rising again. CRP is limited to a maximum of 32 million acres by the 2008 Farm Bill.

Under ECP, the Department shares the cost of carrying out practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters. In particular, it addresses those problems which represent damage that is unusual and would not recur frequently in the same area and if left untreated would: (1) impair or endanger the land; (2) materially affect the productive capacity of the land; (3) be so costly to rehabilitate that Federal assistance would be required to return the land to productive agricultural use. For the past several years, this program has been funded through emergency supplemental appropriations. The budget is proposing no new funding for the ECP in 2010 since funding needs are difficult to predict in advance.

Supplemental Agricultural Disaster Assistance. The 2008 Farm Bill authorized 5 new disaster assistance programs. FSA will administer the 5 new disaster programs; however, unlike prior ad hoc disaster programs the new disaster assistance programs are funded through the Agricultural Disaster Relief Trust Fund (Trust Fund) rather than through CCC. The Trust Fund receives funding equivalent to 3.08 percent of the amounts received under the Harmonized Tariff Schedule of the United States.

The Supplemental Revenue Assistance Payments Program (SURE) provides assistance to eligible crop producers on farms in primary and contiguous disaster counties designated by the Secretary of Agriculture or in other counties in which weather-related losses exceeded 50% of the normal production for that year. The Livestock Indemnity Program (LIP) provides assistance to eligible livestock producers on farms that have incurred livestock death losses in excess of normal mortality rates due to adverse weather during the calendar year. The Livestock Forage Program (LFP) provides assistance to eligible livestock producers for grazing losses for covered livestock due to drought conditions or fire. The Emergency Livestock Assistance Program (ELAP) provides assistance to eligible producers of livestock (including horses), honey bees, and farm-raised fish for losses not covered under the other disaster programs. The Tree Assistance Program (TAP) provides assistance to eligible orchardists and nursery tree growers that planted trees for commercial sale (including Christmas trees) for losses resulting from a natural disaster. The Recovery Act provided an estimated \$674 million of additional disaster assistance through the above programs (except for LIP) for producers who suffered losses in crop year 2008 but had not yet paid the crop insurance related fees necessary to become eligible.

In addition, the Recovery Act appropriated \$50 million for Aquaculture Grants which are intended to compensate aquaculture growers of high feed costs during the 2008 fiscal year. The grants will be administered as block grants to the States which will in turn provide the assistance

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to eligible growers. Under the provisions of the Recovery Act, producers who receive assistance under the Aquaculture Grants program will be unable to receive assistance under ELAP for the same losses.

Farm Service Agency Staff Years

Program	2008 Enacted	2009 Estimate	2010 Budget
Federal.....	5,094	5,259	5,259
Non-Federal:			
Permanent Full-Time.....	8,678	8,775	8,775
Temporary.....	927	650	650
Total, Non-Federal.....	9,605	9,425	9,425
Total, FSA Staff Years.....	14,699	14,684	14,684

Salaries and Expenses. The 2010 budget proposes a level of \$1.6 billion to support 5,259 Federal staff years and 9,425 non-Federal staff years. The 2008 Farm Bill provided \$50 million in CCC funding to help support initial administrative costs for implementing the new farm bill provisions. Total estimated staff years will be maintained at the 2009 level. The budget includes funding to support ongoing operational needs based on current programs and the current delivery system.

Information Technology (IT) Modernization and Stabilization. The Farm Service Agency relies on one of the oldest information technology systems (hardware and software) within the Department of Agriculture. Billions of dollars of farm program payments, conservation payments, and loans to producers mandated by the 2008 Farm Bill are dependent upon the continued viability of this antiquated IT system. FSA must upgrade the aging technology infrastructure and equipment which is creating inefficiencies and threatening the delivery of fundamental services to producers. The 2010 budget provides an increase of \$67.3 million to continue the Agency’s IT modernization known as MIDAS and to provide for the funding necessary to stabilize its legacy computing environment.

Recently the Recovery Act provided \$50 million for FSA IT maintenance and modernization needs. The combined funds from the Recovery Act and the 2010 Budget are a partial payment of the total funding needed for FSA stabilization and modernization. Additional funding will be required in subsequent years to complete the stabilization and modernizations efforts.

The antiquated IT systems of the Farm Service Agency are highly vulnerable to security breaches because inadequate data storage capacity requires sensitive producer data and financial information to be uploaded into mainframe computers from physical media, sent by mail from county offices across the country, rather than electronically. Continued funding is needed as part of the FSA IT stabilization plan to correct these security problems by providing the capability for field offices to transmit this information electronically. An independent review conducted pursuant to Section 1618 of the 2008 Farm Bill concluded that “Modernization will bring

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significant benefits such as improvements in cost efficiency, producer access, fraud mitigation, staff efficiency and morale....More fundamentally, Modernization will replace the aging platforms that are difficult to maintain and incapable of supporting the fiduciary requirements that FSA faces today and will continue to face in the future.”

FSA’s core program delivery systems are based on COBOL programming languages and 1980’s technology which is no longer in production or supported by manufacturers. Replacement parts are increasingly difficult to obtain and costly to maintain. The core delivery system is not capable of supporting modern web-based software applications or operating systems such as Microsoft Windows. Over the years FSA has modified program delivery software or created new software applications in order to deliver new programs authorized by Congress. However, due to the limitations of the current FSA IT system, it has been necessary for FSA to develop much of this software in the outdated COBOL programming languages which are the only ones capable of being run within its antiquated operating environment.

Since 2000, Congress has provided over \$500 million for the development of the modern web-based Common Computing Environment (CCE). The CCE is a common computing platform for the three Service Center Agencies (the Farm Service Agency, the Natural Resources Conservation Service and Rural Development). The CCE provides common voice and data capabilities, internet access, and a shared technology environment for the Service Center Agencies. It is the platform upon which the FSA specific modernization (MIDAS) can be built.

FSA has already leveraged the capabilities of the CCE to develop a number of valuable applications that have improved FSA’s ability to deliver programs, improve customer service, and create efficiencies in its county based offices. These applications include the Geospatial Information System, the electronic Loan Deficiency Payment Service, and the Farm Loan Programs’ Farm and Business Plan. The additional resources requested in the 2010 budget will aid the Department’s efforts to continue the FSA IT modernization and will help to provide farmers and ranchers with the level of service expected in the 21st century.

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RISK MANAGEMENT AGENCY (RMA)

Program Level			
(Dollars in Millions)			
Program	2008 Enacted	2009 Estimate	2010 Budget
SUMMARY OF GOVERNMENT COSTS:			
Discretionary:			
Administrative and Operating Expenses.....	\$76	\$77	\$80
Mandatory:			
Delivery and Other Administrative Expenses <u>a/</u>	2,043	1,696	1,621
Gross Indemnities.....	4,378	6,893	8,837
Underwriting Gains <u>b/</u>	1,577	967	915
Farm Bill: Agricultural Management Assistance.....	(6)	(6)	(4)
Subtotal, Crop Insurance Program Level.....	7,998	9,556	11,373
Less: Producer Premium and Administration Fees.....	-3,646	-4,085	-3,870
Total, Government Costs.....	<u>\$4,428</u>	<u>\$5,548</u>	<u>\$7,583</u>

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

b/ Payments to private insurance companies.

Discretionary funds for the Federal Crop Insurance Program cover Federal salaries and related expenses to manage the program. The 2010 budget includes about \$80.3 million for these costs, compared to about \$77.2 million for 2009. The increase includes \$1.3 million for pay costs to maintain current staffing levels and \$1.8 million for 15 additional staff years to address critical compliance needs identified by the Government Accountability Office (GAO), the Office of Inspector General (OIG), and others. The GAO report included a number of recommendations intended to help reduce the potential for fraud, waste, and abuse in the Federal Crop Insurance Program. In particular, GAO recommended that RMA develop a plan to strengthen its oversight of the insurance companies' implementation of the quality control review system and to better ensure that field inspections are used to the maximum effect to address fraud, waste, and abuse in the Federal Crop Insurance Program.

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

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

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key external factor which can significantly affect performance measurements for the crop insurance program.

Key Performance Measures	2005	2006	2007	2008	2009	2010
Value of FCIC risk protection coverage provided through FCIC sponsored insurance (\$Billions)	\$44.3	\$49.9	\$67.3	\$89.9	\$81.4	\$78.7
Normalized value of FCIC risk protection coverage provided through FCIC sponsored insurance (\$Billions)	\$44.7	\$48.1	\$50.7	\$51.5	\$51.4	\$53.4

For the 2009 crop year, the Federal Crop Insurance Program is expected to provide about \$81.4 billion in risk protection on about 286 million acres. This represents about 80 percent of the Nation's acres planted to principal crops. In 2008, about 60 percent of the policies sold were revenue products which provide protection against both a loss of yield and a decline in commodity prices.

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

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

Actual indemnities for fiscal year 2008 reflect crop year 2007 losses which were paid out in fiscal year 2008 plus crop year 2008 losses which were paid out in fiscal year 2008. The relatively low actual indemnities for fiscal year 2008 reflects the very low loss ratios experienced for crop years 2007 and 2008. The actual loss ratio for crop year 2007 was a record low 0.60. Losses for crop year 2008 are not yet finalized; however, the current estimate is a loss ratio of about 0.80.

Estimated indemnities for fiscal year 2009 reflect about 65 percent of the estimated losses for crop year 2008 plus 35 percent of the estimated losses for crop year 2009. Losses for crop years 2009 and 2010 reflects an estimated loss ratio of 1.0. Estimated indemnities for fiscal year 2010 are calculated in the same manner as 2009.

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There is a one year lag between crop year underwriting gains and the fiscal year in which they are paid out. Consequently, the underwriting gains for fiscal year 2008 reflect the extremely low loss ratio experienced for crop year 2007. The lower underwriting gain total for fiscal year 2010 reflects the assumption that the loss ratio in crop year 2009 will be 1.0.

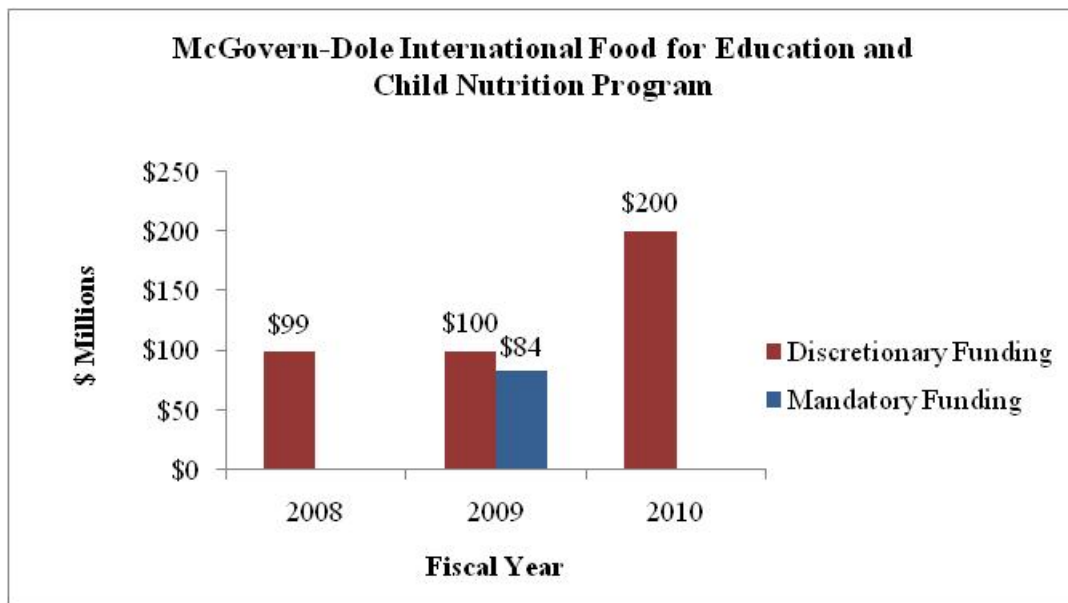
In fiscal year 2008, actual total Government costs for the Federal Crop Insurance Program were about \$4.4 billion. Of this amount, about \$732 million was for net indemnities to producers (gross indemnities minus producer paid premiums). The remaining amount of nearly \$3.7 billion was for payments to the private insurance companies to deliver the program.

The 2010 budget also reflects the impact of the Administration's budget proposals which are expected to reduce the mandatory costs of the Crop Insurance Program by about \$429 million beginning in fiscal year 2011. The multi-faceted proposal would: (1) reduce the premium on policies at the catastrophic (CAT) level of coverage commensurate with historical losses, (2) increase the administrative fee paid by producers for CAT coverage consistent with the amount of protection provided, (3) decrease premium subsidies for all coverage levels above CAT, and (4) increase the government's share of underwriting gains commensurate to the risk borne by both the government and the approved insurance providers.

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FOREIGN AGRICULTURAL SERVICE (FAS)

FAS administers a variety of programs that are designed to expand access to markets overseas and thereby help to secure a more prosperous future for American agriculture. FAS also carries out activities that support economic development and trade capacity building that reinforce these market expansion efforts by helping developing countries to become economically stable and improve their prospects to participate in and benefit from expanding global trade in agricultural products. Working bilaterally and with international organizations, FAS encourages the development of transparent and science-based regulatory systems that take the least restrictive measures needed to protect animal and plant health.



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Foreign Agricultural Service Budget Authority (Dollars in Millions)

Program	2008 Enacted	2009 Estimate	2010 Budget
Discretionary:			
FAS Salaries and Expenses:			
Salaries and Expenses (Direct Appropriation).....	\$158	\$165	\$180
Transfer from CCC Export Credit Program Account.....	(5)	(5)	(7)
Total, FAS Salaries and Expenses.....	(163)	(170)	(187)
Foreign Food Assistance:			
P.L. 480 Title II Donations.....	1,211	1,226	1,690
Emergency Funding:			
P.L. 480 Title II Donations (Enacted).....	850	395	0
P.L. 480 Title II Donations (Proposed).....	0	300	0
Total, Emergency Funding.....	850	695	0
Total, P.L. 480 Title II Donations.....	2,061	1,921	1,690
P.L. 480 Title I Program Account:			
Transfer to Farm Service Agency Salaries and Expenses.....	3	3	3
Commodity Credit Corporation Export Credit Program Account:			
Transfer to FSA and FAS Salaries and Expenses.....	5	5	7
McGovern-Dole International Food for Education Program.....	99	100	200
Total, Discretionary Programs.....	2,326	2,194	2,080
Mandatory:			
Quality Samples Program.....	1	2	2
Farm Bill:			
Market Development Programs:			
Market Access Program.....	200	200	160
Foreign Market Development (Cooperator) Program.....	34	34	34
Technical Assistance for Specialty Crops Program.....	4	7	8
Emerging Markets Program.....	10	10	10
Dairy Export Incentive Program.....	0	100	25
Foreign Food Assistance:			
McGovern-Dole International Food for Education Program....	0	84	0
Food for Progress - CCC Funded	155	206	146
Bill Emerson Humanitarian Trust.....	266	7	a/
Local and Regional Commodity Procurement Pilot Program...	0	5	25
Total, Farm Bill Programs.....	669	653	408
Recovery Act:			
Trade Adjustment Assistance for Farmers.....	0	90	90
Total, Mandatory Programs.....	670	745	500
Total, Foreign Agricultural Service.....	\$2,996	\$2,939	\$2,580

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

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

Program	2008		2009		2010	
	<u>Enacted</u>		<u>Estimate</u>		<u>Budget</u>	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
GSM-102 Guarantees.....	\$3,115	\$39	\$5,400	\$37	\$5,400	0
Facilities Financing Guarantees.....	0	0	70	3	100	\$11
Total, CCC Export Credit.....	\$3,115	\$39	\$5,470	\$40	\$5,500	\$11

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

The budget includes an overall program level of \$5.5 billion for CCC export credit guarantees in 2010. 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 2010, \$5.4 billion will be made available under the GSM-102 program, which provides guarantees on commercial export credit extended with short-term repayment terms (up to 3 years).

The budget also includes an estimated program level of \$100 million for facility financing guarantees in 2010. Under this activity, CCC provides guarantees to facilitate the financing of goods and services exported from the United States to improve or establish agriculture-related facilities in emerging markets. By supporting such facilities, these guarantees enhance sales of U.S. agricultural products to countries where demand is constricted due to inadequate storage, processing, or handling capabilities.

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

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Market Development Programs. FAS administers a number of programs, in partnership with private sector cooperator organizations, that support the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products.

Under the Quality Samples Program, CCC provides funding to assist private entities to furnish samples of U.S. agricultural products to foreign importers in order to overcome trade and marketing obstacles. The program provides foreign importers with a better understanding and appreciation of the characteristics of U.S. agricultural products. Carried out under the authority of the CCC Charter Act, the budget includes \$2.5 million of CCC funding for the Quality Samples Program for 2010.

Under the Market Access Program (MAP), CCC funds are used to reimburse participating organizations for a portion of the costs of carrying out overseas marketing and promotional activities, such as direct consumer promotions. Historically, more than 80 percent of MAP funding has been devoted to building export markets for high-value products. MAP participants include nonprofit agricultural trade organizations, State-regional trade groups, cooperatives, and private companies which qualify as small businesses. The 2010 budget proposes to reduce the annual funding level for MAP by \$40 million to \$160 million in order to reduce spending and the size of the Federal deficit. Under the proposal, greater emphasis will be placed on promoting generic American products overseas. Funding for overseas brand promotions will be reduced and benefits that large for-profit entities indirectly gain as members of trade associations will be minimized.

Under the Foreign Market Development (Cooperator) Program, cost-share assistance is provided to nonprofit commodity and agricultural trade associations to support overseas market development activities that are designed to remove long-term impediments to increased U.S. trade. These activities include technical assistance, trade servicing, and market research. Unlike MAP, Cooperator Program activities are carried out on a generic commodity basis and do not include brand-name or consumer promotions. Consistent with provisions of the 2008 Farm Bill, a funding level of \$34.5 million is provided for the Cooperator Program for 2010.

The Technical Assistance for Specialty Crops (TASC) Program is designed to address unique barriers that prohibit or threaten the export of U.S. specialty crops. Under the program, grants are provided to assist U.S. organizations in activities designed to overcome sanitary, phytosanitary, or related technical barriers to trade. As authorized in the 2008 Farm Bill, funding for TASC will increase to \$8 million in 2010, up from \$7 million in 2009.

The Emerging Markets Program authorizes CCC funding to be made available to carry out technical assistance activities that promote the export of U.S. agricultural products and address technical barriers to trade in emerging markets. Many types of technical assistance activities are eligible for funding, including feasibility studies, market research, industry sector assessments, specialized training, and business workshops. The 2008 Farm Bill extended the authorization for the Emerging Markets Program, and the budget includes funding of \$10 million for 2010.

Dairy Export Incentive Program. Under the Dairy Export Incentive Program (DEIP), CCC funds are used to make bonus payments to exporters of U.S. agricultural commodities to enable

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them to be price competitive and, thereby, make sales in targeted overseas markets where competitor countries are making subsidized sales.

Because U.S. dairy products were competitive in overseas markets in 2008 due to favorable market conditions, no bonuses were awarded under DEIP. Recent changes in market conditions, including declining competitor prices and reduced demand, have lowered U.S. commercial export sales. If conditions warrant for a resumption of DEIP programming, the budget assumes a funding level of \$100 million for 2009 and \$25 million for 2010. The funding level is lower in 2010 because it is assumed that most of the allowable quantity of dairy products that can be subsidized under the U.S. commitments to the World Trade Organization (WTO) for the July 1, 2009 to June 30, 2010 period would be used in fiscal year 2009, leaving a smaller quantity eligible for DEIP bonuses in fiscal year 2010.

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

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

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

For 2010, the budget provides funding of nearly \$1.7 billion for P.L. 480 Title II food assistance, an increase of \$464 million over the 2009 enacted level. By providing additional funding to the program, the budget request reduces reliance on future emergency supplemental funding and reflects the fact that worldwide emergency needs for food assistance have increased substantially in recent years. Further, the increase in funding is consistent with the Administration's goals of doubling the level of foreign assistance, renewing the U.S. leadership role in global development and diplomacy, and fostering world food security.

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

McGovern-Dole International Food for Education and Child Nutrition Program. The McGovern-Dole International Food for Education and Child Nutrition Program provides for the

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

The 2010 budget provides for a major expansion in appropriated funding for the McGovern-Dole program. Funding is increased to nearly \$200 million, a 100 percent increase above the level enacted for 2009. The increase will build on an expansion of programming that is taking place in 2009 because of a one-time authorization of \$84 million of CCC funding included in the 2008 Farm Bill. The proposed increase in annual funding will strengthen the Department's contribution to supporting economic development and food security in developing countries, and help support additional school feeding and child nutrition programs in response to identified needs. At the higher level, the program is expected to assist an estimated over 4.5 million women and children in 2010.

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

Food for Progress agreements can be entered into with foreign governments, private voluntary organizations, nonprofit agricultural organizations, cooperatives, or intergovernmental organizations. Agreements currently provide for the commodities to be supplied on grant terms. The Food for Progress authorizing statute provides for the use of CCC funding for commodity procurement, transportation, and associated non-commodity costs for the program.

The 2010 budget assumes that \$146 million of CCC funding will be used to support the Food for Progress program, which is expected to support approximately 155,000 metric tons of commodity assistance.

Bill Emerson Humanitarian Trust. The Bill Emerson Humanitarian Trust (the Trust) is a commodity and/or monetary reserve designed to ensure that the United States can meet its international food assistance commitments under P.L. 480 Title II. Substantial changes in the statutory authorities for the Trust were included in the 2008 Farm Bill. These included revisions easing the criteria for release of commodities and funds from the Trust. As revised, the Trust's assets can now be released any time the Administrator of USAID determines that P.L. 480 Title II funding for emergency needs is inadequate to meet those needs in any fiscal year. The revisions also removed the annual cap on the amount of commodities and funds that can be released.

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

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During 2008, \$266 million of assistance was provided to five countries using the Trust’s authority. To date in 2009, approximately \$7 million of assistance has been provided. As of April 2009, the Trust holds \$310 million of cash and no commodities.

Local and Regional Commodity Procurement Pilot Program. The 2008 Farm Bill authorizes and provides CCC funding for a limited, field-based pilot program of local and regional procurement of food aid commodities for distribution overseas. Under the program, grants will be provided to private voluntary organizations, cooperatives, and WFP, which will undertake the procurement activities. FAS has carried out a mandated study and submit a report to Congress on the prior experience of other donor countries, private voluntary organizations, and the WFP with local and regional procurement. The agency is now preparing guidelines that will govern operation of the pilot program, which is authorized through 2012. Consistent with provisions of the Farm Bill, the budget provides \$5 million for the pilot program in 2009 and \$25 million for 2010.

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

Key Performance Measure	2005	2006	2007	2008	2009	2010
Food Aid Targeting Effectiveness Ratio (Percent)	30-35%	30-35%	38%	57%	36%	37%

Trade Adjustment Assistance for Farmers. The American Recovery and Reinvestment Act of 2009 reauthorized the Trade Adjustment Assistance for Farmers (TAAF) program that was originally authorized by the Trade Act of 2002. Statutory authority for the original program had expired in December 2007. As revised by the Recovery Act, USDA is now authorized to provide assistance to eligible producers of agricultural commodities and fishermen when production in the most recent marketing year yields less than 85 percent of the average national price, production quantity, value of production, or cash receipts for such commodity for the 3 preceding marketing years, and increases in imports contributed importantly to such declines, as determined by the Secretary.

TAAF provides producers of raw agricultural commodities and fishermen, who have been adversely affected by import competition, free technical assistance, the reimbursement of certain travel and per diem costs associated with training, and cash benefits of up to \$12,000 linked to the development and implementation of business adjustment plans. TAAF covers farmers,

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livestock producers, fish farmers, and fishermen competing with like or directly competitive imported products.

As authorized by the Recovery Act, the budget provides annual funding of \$90 million for the TAAF program for 2009 and 2010. FAS is currently preparing regulatory revisions needed to implement the revised program.

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Foreign Agricultural Service Salaries and Expenses (Dollars in Millions)

Program	2008 Enacted	2009 Estimate	2010 Budget
Market Access.....	\$56	\$58	\$65
Trade Development.....	52	54	57
Trade Related Technical Assistance.....	31	32	34
SPS Issues Resolution.....	24	26	31
Total, Appropriated Programs.....	163	170	187
FAS Computer Facility and Other IRM Costs			
Funded by CCC.....	19	22	24
Development Assistance Programs Funded by			
AID and Other Organizations.....	66	66	66
Other Reimbursable Agreements.....	29	35	37
Total, Reimbursable Program Activity.....	114	123	127
Total, FAS Salaries and Expenses.....	\$277	\$293	\$314

In support of its efforts to expand markets overseas, FAS conducts its activities and programs through offices in Washington, D.C. and at 97 overseas locations. The overseas offices represent and advocate for U.S. agricultural interests; provide reporting on agricultural policies, production, and trade for about 130 countries; and assist U.S. exporters, trade groups, and State export marketing officials in their trade promotion efforts.

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

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Key Performance Measure	2005	2006	2007	2008	2009	2010
Dollar value of agriculture trade preserved through trade agreement negotiation, monitoring, and enforcement (\$ Billions)						
Non-SPS Activities	\$0.8	<u>a/</u>	\$0.7	\$0.5	\$0.9	\$1.0
Value of trade preserved annually through USDA staff interventions leading to resolution of barriers created by SPS or Technical Barrier to Trade measures (\$ Billions)						
SPS-Related Activities	<u>2.0</u> \$2.8	<u>2.6</u> \$2.6	<u>2.5</u> \$3.2	<u>7.3</u> \$7.8	<u>2.0</u> \$2.9	<u>2.0</u> \$3.0

a/ Less than \$50 million.

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

Key Performance Measure	2005	2006	2007	2008	2009	2010
Number of countries in which substantive improvements are made in national trade policy and regulatory frameworks that increase market access	N/A	6	13	9	8	8

The budget provides an appropriated funding level of \$186.8 million for FAS activities in 2010, an increase of \$16.8 million above the 2009 enacted level. The budget has been developed to ensure the agency's continued ability to conduct its activities and provide services to U.S. agriculture. Particular emphasis has been placed on maintaining FAS' overseas presence so that its representation and advocacy activities on behalf of U.S. agriculture can continue and on upgrading and rebuilding FAS' information technology (IT) infrastructure.

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Salaries and Benefits. Included in the budget is funding to cover salary cost increases for agency personnel and to support implementation of the Foreign Service Pay Modernization proposal. The latter would amend the Foreign Service Act of 1980 to modernize the Foreign Service system and restore equity in the treatment of salaries between regular and senior Foreign Service Officers.

Overseas Operating Costs. The budget provides \$3.7 million to meet higher operating costs at FAS' overseas offices, including increased payments to the Department of State for administrative services provided at overseas posts. FAS has no administrative staff overseas and, therefore, relies on the Department of State and USAID for the provision of those services. Overseas inflation, rising wage rates and higher security costs, coupled with changes in the value of the dollar, have led to sharply higher operating costs that must be accommodated if FAS is to maintain its overseas presence.

The budget also requests an increase of \$3.6 million to meet FAS' contribution to the Capital Security Cost Sharing Program. Under this program, which was implemented in 2005, agencies with an overseas presence contribute a proportionate share of the costs of accelerated construction of new, safe U.S. diplomatic facilities over a 14-year period. The increase requested for 2010 is designed to bring the agency's contribution to an annual level that is expected to continue relatively unchanged for the duration of the construction program.

IT Infrastructure. An increase of \$4.2 million is provided for upgrading and rebuilding FAS' IT infrastructure to address mandatory network security improvements. It will also support the relocation of FAS' critical IT systems to the National Information Technology Center in Kansas City, Missouri. The relocation is part of the Department-wide Enterprise Data Center Consolidation effort that is designed to improve and modernize the physical structure of USDA's IT systems and enhance their security.

CCC Export Credit Guarantee Program Administration. For FAS' administrative costs of carrying out the CCC export credit guarantee programs, the budget provides increased funding of \$1.5 million. Because of tight international credit markets, demand for CCC export credit guarantees has increased dramatically. Increased funding will ensure proper administration of the program, including effective analysis of country risk and foreign bank credit limits, which is needed to minimize program defaults and claims.

In addition, the budget includes an estimated \$127 million in funding to be made available to FAS through reimbursable agreements. The largest component of this is funding for technical assistance, training, and research activities that FAS carries out overseas on behalf of USAID, foreign governments, and international organizations. Although funded by other agencies, these activities are an important component of the Department's efforts to support economic development and trade capacity building in developing countries.

During 2010, FAS will continue to coordinate the Department's efforts to assist in agricultural reconstruction activities in Afghanistan and Iraq. USDA is providing technical advisors assigned to Government Ministries in Iraq and on the Provincial Reconstruction Teams (PRTs) that are operating in the rural provinces of Afghanistan and Iraq. The PRTs promote economic

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development and stability in rural areas by addressing a wide range of problems brought on by years of neglect and mismanagement. USDA advisors, who serve in temporary assignments on the PRTs, provide a variety of technical expertise in support of agricultural reconstruction and rural development activities, offer advice to non-governmental organizations, and assist local authorities in setting agricultural priorities. The 2010 budget includes \$13 million in Departmental Administration to help support the costs of participating in these activities.

RURAL DEVELOPMENT

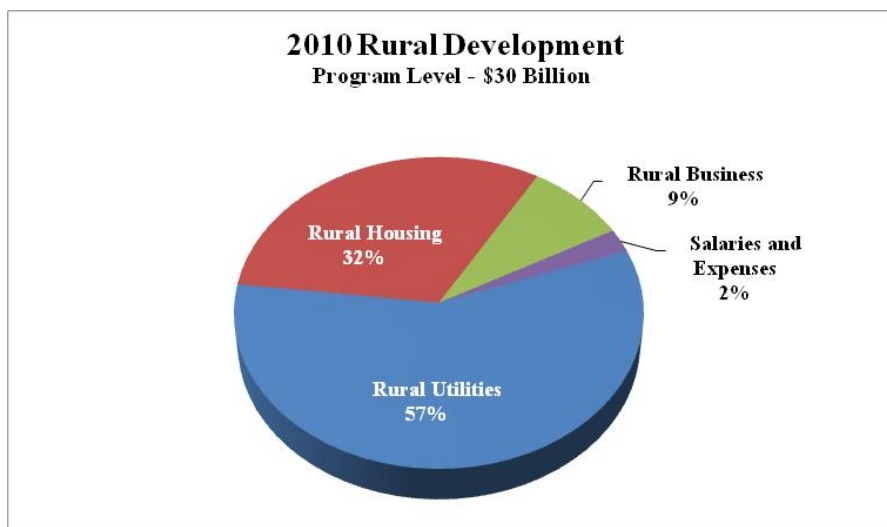
MISSION AREA

RD programs provide financial and technical assistance to rural residents, businesses, and private and public entities for a broad range of purposes that improve the economic opportunities and quality of life in rural areas. These programs are grouped within three agencies: (1) the Rural Utilities Service (RUS) which provides assistance for water and waste disposal, rural electric and telecommunications, including broadband access; (2) the Rural Housing Service (RHS) which provides assistance for home ownership, multi-family housing and essential community facilities such as health and public safety infrastructure; and (3) the Rural Business-Cooperative Service (RBS) which provides assistance to business and industry and is currently implementing new programs specifically designed for renewable energy and energy improvement projects.

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

The cost of programs that provide direct or guaranteed loans depends upon a number of factors, including whether interest rate on direct loans is subsidized by the Government, whether there are fees, and how much risk of loss is involved. In the tables, the budget authority for each program reflects the cost for the program level, while the ratio of these values reflects a subsidy rate that represents the Government's cost. Several of the loan programs operate at little or no cost to the Government. These programs account for most of the financial assistance that RD provides. They also impose an enormous responsibility on RD to ensure that these loans are repaid with the parameters reflected in the subsidy rates applied at the time the loans were made. Otherwise, unforeseen losses of the Government's investment could be incurred.

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



RURAL DEVELOPMENT

RURAL UTILITIES SERVICE (RUS)

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

Program	2008		2009		2010	
	Enacted		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Discretionary:						
Electric Programs:						
Direct Loans.....	\$6,599	a/	\$6,600	0	\$6,600	0
Guaranteed Loans	500	0	0	0	0	0
Telecommunications Programs:						
Direct Loans.....	685	\$4	690	\$1	690	0
Distance Learning and Telemedicine Programs:						
Grants.....	35	35	35	35	30	30
Broadband Programs:						
Direct Loans.....	298	7	400	16	532	39
Grants.....	13	13	13	13	13	13
High Energy Costs Grants	19	19	18	18	0	0
Water and Waste Disposal Programs:						
Direct Loans.....	1,022	70	1,022	149	1,022	77
Guaranteed Loans	75	0	75	0	75	0
Grants	469	469	389	389	469	469
Subtotal, RUS programs.....	9,715	617	9,242	621	9,431	628
Salaries and Expenses.....	38	38	39	39	40	\$40
Total, Ongoing Discretionary Programs.....	9,753	655	9,281	660	9,471	668
Supplemental funding b/.....	(68)	(25)	0	0	0	0
Recovery Act:						
Broadband Programs:						
Direct Loan.....	0	0	1,000	39	6,160	446
Grants.....	0	0	500	500	1,440	1,440
Water and Waste Programs:						
Direct Loans.....	0	0	2,734	400	0	0
Grants.....	0	0	939	939	0	0
Total, Recovery Act Programs.....	0	0	5,173	1,878	7,600	1,886
Total, Discretionary Programs.....	9,753	655	14,454	2,538	17,071	2,554
Mandatory:						
Farm Bill:						
Water and Waste Programs:						
Direct Loans.....	210	30	0	0	0	0
Grants.....	90	90	0	0	0	0
Total, Mandatory Programs.....	300	120	0	0	0	0
Total, RUS Programs.....	\$10,053	\$775	\$14,454	\$2,538	\$17,071	\$2,554

a/ Less than \$0.5 million.

b/ Funding was provided in the Disaster Assistance Fund.

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

The 2010 budget provides a program level of \$6.6 billion in electric loans and \$690 million in telecommunications loans at no cost to the government. These levels are considered to be adequate to meet the expected demand. For electric loans, the \$6.6 billion program level reflects an adequate level of funding to support loans for transmission, distribution and improvements of existing baseload generation plants.

Broadband and Distance Learning, Telemedicine. The 2010 budget requests \$52 million in subsidy for the ongoing Broadband program, an increase of \$23 million over the regular appropriation for 2009. This funding will support \$532 million in direct loans and \$13 million in grants. Efforts are underway to change the regulations for this program to implement the requirements of the 2008 Farm Bill that focus on rural areas that are lacking existing providers, and on applicants that meet high enough loan feasibility standards. The \$2.5 billion in budget authority for broadband loans and grants provided by the Recovery Act will be administered under a series of notices to reflect the specific provisions of the Recovery Act, which differ from those of the 2008 Farm Bill. A series of public meetings were held in coordination with the Federal Communications Commission and National Telecommunications Information Administration throughout March 2009 regarding the President's national broadband strategy. Comments received from these public meetings will be used in the development of the notices of funding availability. The \$2.5 billion in budget authority provided through the Recovery Act is expected to support nearly \$2 billion in grants and over \$7 billion in direct loans.

The 2010 budget also includes \$30 million in budget authority for the Distance Learning and Telemedicine Grant Program. This program is designed to assist rural communities that would otherwise be without access to learning and medical services over the internet.

Water and Waste Disposal Program. The Water and Waste Disposal Program provides financing for rural communities to establish, expand or modernize water treatment and waste disposal facilities. Eligibility is limited to communities of 10,000 or less in population that are unable to obtain credit elsewhere. In addition, financing is available only to those communities with low median household income levels. Grants are limited to a maximum of 75 percent of project costs. Program regulations stipulate that the grant amount should only be as much as necessary to bring the user rates down to a reasonable level for the area. Water and Waste Disposal grant and loan funds are usually combined based on the income levels and user costs.

The 2010 budget provides \$546 million in budget authority to support over \$1 billion in direct loans, \$75 million in guaranteed loans and \$469 million in grants for Water and Waste Disposal projects for a total program level of \$1.6 billion. The 2008 Farm Bill changed the way interest

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rates on direct loans are calculated, which reduced the cost of borrowing for most applicants and required more budget authority in 2009. However, even with that increase in cost for 2010, less budget authority is needed to maintain a program level of \$1 billion in direct loans because the estimate for Treasury cost of borrowing has declined.

The 2008 Farm Bill provided \$120 million in budget authority to support a program level of \$300 million to reduce the back log of applications for the Water and Waste Disposal program.

In response to hurricanes, floods and other natural disasters that occurred in 2008, \$25 million in budget authority has been provided from the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009, to the Water and Waste Disposal Program to address the needs of rural communities in Presidentially declared disaster areas.

The Recovery Act provided an additional \$1.3 billion in budget authority for the Water and Waste Disposal program to support \$2.7 billion in direct loans and \$939 million in grants for 2009. Rural Development has approved the first round of applications for projects that have been in the backlog of Water and Waste Disposal applications. Remaining Recovery Act funding will be utilized for new applications.

Key Performance Measure	2005	2006	2007	2008	2009	2010
Number of borrowers/subscribers receiving new and/or improved electric facilities (millions)	2.3	8.2	5.8	8.1	7.1	7.1
Number of borrowers/subscribers receiving new or improved telecommunication services (Broadband) (millions)	0.23	0.30	0.36	0.78	0.37	0.35
Number of borrowers/subscribers receiving new or improved service from agency funded water facility (millions)	1.3	1.7	1.3	4.4	1.4	1.5

RURAL DEVELOPMENT

RURAL HOUSING SERVICE (RHS)

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

(Dollars in Millions)

Program	2008		2009		2010	
	Enacted		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Discretionary:						
Single Family Housing:						
Direct Loans (Sec. 502).....	\$1,121	\$105	\$1,121	\$75	\$1,121	\$40
Guaranteed Loans (Sec. 502).....	4,191	50	6,224	79	6,204	90
Multi Family Housing:						
Direct Loans (Sec. 515).....	70	30	70	29	70	19
Guaranteed Loans (Sec. 538).....	129	12	52	8	129	1
Very Low-Income Repair (Sec. 504):						
Direct Loans	34	10	34	9	34	4
Grants	30	30	32	32	32	32
All Other Direct Loans.....	21	a/	21	1	21	1
Grants and Payments:						
Rental Assistance (Sec. 502 and 521).....	479	479	903	903	1,091	1,091
Mutual and Self-Help (Sec. 523).....	39	39	39	39	39	39
Multi-Family Housing Revitalization	31	28	31	28	31	27
All Other Grant and Loan programs.....	9	9	10	10	10	10
Farm Labor Housing Program:						
Direct Loans (Sec. 514).....	28	12	22	9	22	8
Grants (Sec. 516).....	10	10	9	9	9	9
Community Facility Programs:						
Direct Loans.....	295	16	295	17	295	4
Guaranteed Loans.....	206	8	206	6	206	7
Grants	44	44	41	41	44	44
Subtotal, RHS Programs.....	6,737	882	9,110	1,295	9,358	1,426
Salaries and Expenses.....	450	450	460	460	469	469
Total, Ongoing Discretionary Programs.....	\$7,187	\$1,332	\$9,570	\$1,755	\$9,827	\$1,895
Emergency Supplemental b/.....	(3,172)	(134)	0	0	0	0
Recovery Act:						
Single Family Housing:						
Direct (Sec. 502).....	0	0	967	65	0	0
Guaranteed Loans (Sec. 502).....	0	0	10,250	129	0	0
Community Facility Programs:						
Direct.....	0	0	1,136	65	0	0
Grants.....	0	0	61	61	0	0
Total, Recovery Act Programs.....	0	0	12,414	320	0	0
Total, Discretionary Programs.....	\$7,187	\$1,332	\$21,984	\$2,075	\$9,827	\$1,895

a/ Less than \$0.5 million.

b/ Funding was provided in the Disaster Assistance Fund.

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

The 2010 budget maintains about the same program levels for these programs as enacted for 2009, about \$1.1 billion for direct loans and \$6.2 billion for guaranteed loans. This amount of funding will provide more than 59,000 homeownership opportunities.

The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009 provided \$48 million in budget authority to support Single Family Housing activities in presidentially declared disaster areas. In addition, the Act provided \$38 million to support Single and Multi-family housing activities for areas affected by Hurricanes Katrina and Rita.

The Recovery Act provides an additional \$65 million in budget authority for direct loans which supports a program level of \$967 million. Additionally, the Recovery Act provides about \$129 million in funding for guaranteed loans that supports a program level of over \$10 billion in guaranteed loans. Recovery Act funding for both the direct and guaranteed loan programs is expected to provide more than 90,000 homeownership opportunities. Rural Development expects to use the majority of the Recovery Act funds in 2009.

Multi-Family Housing Programs. The Multi-Family Housing program provides financing for rental housing projects and rental assistance payments for low-income tenants of those projects. The portfolio of previously financed projects currently includes about 17,000 projects that provide housing for about 460,000 low-income tenants, many of whom are elderly. The average annual income of tenants is about \$8,000. Many of the projects in the portfolio are 20 or more years old and some are in need of repair or rehabilitation. In addition, there is on-going litigation regarding the possible prepayment of projects so that sponsors can utilize the properties for purposes other than low income housing. Some project sponsors are seeking damages equal to the amount of market rate rents that could have been received had the project not been required to provide low income housing.

As part of an effort to help preserve and revitalize the RHS multi-family housing portfolio, RHS has been administering a demonstration program to defer the outstanding debt of projects and offer other incentives to sponsors in exchange for a commitment to remain in the program. The demonstration program also provides vouchers to existing rural housing tenants adversely affected by loan prepayments. Since the inception of the demonstration program, nearly 300 projects have been restructured and it is anticipated that an additional 90 projects would receive such assistance with the \$27 million in funding included in the multi-family revitalization account in the 2010 budget. The 2010 budget also includes \$19 million in funding to support \$70 million in direct loans for both new construction and the repair and rehabilitation of existing

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projects, and \$1 million in funding to support \$129 million in guaranteed loans for multi-family housing projects. The funding for guaranteed loans assumes continuation of the elimination of the statutory requirement that at least 20 percent of the units in projects financed with guaranteed loans receive an interest credit subsidy and not subject to a guaranteed fee.

Most multi-family housing projects that are financed with direct loans also receive Rental Assistance Payments. The payments are used to reduce the rents of low income families to no more than 30 percent of their income. These payments are made through contracts with project sponsors. Providing funding for the renewal of expiring rental assistance payment contracts is essential to RHS' efforts to protect the Government's investment and ensure the projects are revitalized and remain in the program. In recent years, the renewal period for rental assistance contracts has been reduced from five years to one year. This change initially produced budget savings due to the reduced cost for renewing units over a shorter time frame. However, it also accelerated the rate at which units needed to be renewed. Prior to 2006, about 56,000 units (one-fifth of 280,000 units receiving rental assistance) were renewed annually with five year contracts. From 2006 to 2008, the amount appropriated for the renewal of expiring contracts went from \$653 million to \$479 million. For 2009, \$903 million is available. The 2010 budget requests \$1.091 billion to renew about 248,000 expiring contracts, of this amount; about \$5 million is rental assistance in conjunction with loans for new construction.

The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009 provided \$9 million in budget authority to support Multi-Family Housing activities in presidentially declared disaster areas.

Other Housing Programs. Rural Development offers a full array of supplemental housing programs such as Very-low Income Repair loans and grants, Farm Labor Housing loans and grants, and mutual Self-Help Housing loans. These programs are maintained at the same program levels as in 2009.

Key Performance Measure	2005	2006	2007	2008	2009	2010
Homeownership opportunities provided	45,995	42,172	43,532	66,574	63,434	59,599
Percentage of customers who are provided access to new and/or improved essential community facilities –						
Health Facilities	3.5	3.8	7.2	4.8	5.4	5.5
Safety Facilities	4.1	3.8	6.2	5.7	5.0	5.0

Community Facilities Loan and Grant Programs. RHS also administers a Community Facility program that provides funding for a wide range of essential Community Facilities. Priority is given to health facilities. The 2010 budget includes \$295 million in direct loans, \$206 million in loan guarantees and \$44 million for grants under this program.

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The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009 provided \$39 million in budget authority to support Community Facilities activities in rural communities that were affected by disasters occurring in 2008 that are located in presidentially declared disaster areas.

The Recovery Act provides an additional \$65 million in budget authority to support a program level of \$1.1 billion in direct loans and \$61 million for grants for 2009. Rural Development has begun providing Recovery Act funding through the Community Facilities program.

RURAL DEVELOPMENT

RURAL BUSINESS - COOPERATIVE SERVICE (RBS)

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

(Dollars in Millions)

Program	2008		2009		2010	
	Enacted		Estimate		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Discretionary:						
Business and Industry Guaranteed Loans	\$993	\$43	\$993	\$43	\$993	\$53
Rural Business Enterprise Grants.....	39	39	39	39	39	39
Rural Business Opportunity Grants.....	5	5	5	5	5	5
Intermediary Relending Program.....	34	14	34	14	34	9
Rural Economic Development:						
Direct Loans.....	33	0	33	0	33	0
Grants.....	10	0	10	0	10	0
Rural Microentrepreneur Assistance Program (Sec. 6022):						
Guaranteed Loans.....	0	0	0	0	52	11
Grants.....	0	0	0	0	11	11
Rural Cooperative Development Grants.....	9	9	9	9	17	17
Biorefinery Assistance Program (Sec. 9003).....	0	0	0	0	49	17
Value-added Ag. Product Market Devel.	19	19	6	6	22	22
Rural Energy for America Program (Sec. 9007):						
Guaranteed Loans.....	205	20	28	3	246	34
Grants.....	16	16	2	2	34	34
EZ/EC.....	8	8	8	8	0	0
Subtotal, RBS Programs.....	1,371	173	1,167	129	1,545	252
Salaries and Expenses.....	5	5	5	5	5	5
Total, Ongoing Programs.....	1,376	178	1,172	134	1,550	257
Supplemental Funding <u>a/</u>	(452)	(24)	0	0	0	0
Recovery Act:						
Business and Industry Guaranteed Loans.....	0	0	2,899	126	0	0
Rural Business Enterprise Grants.....	0	0	19	19	0	0
Total, Recovery Act Programs.....	0	0	2,918	145	0	0
Total, Discretionary Programs.....	1,376	178	4,090	280	1,550	257
Mandatory:						
Farm Bill:						
Biorefinery Assistance Guaranteed Loans (Sec. 9003).....	0	0	225	75	691	245
Rural Energy for America Loans (Sec. 9007).....	0	0	275	27	213	29
Rural Energy for America Grants (Sec. 9007).....	0	0	28	28	31	31
Repowering Assistance Payments (Sec. 9004).....	0	0	35	35	0	0
Bioenergy for Advanced Biofuels (Sec. 9005).....	0	0	55	55	55	55
Value-added Ag. Product Market Development	0	0	15	15	0	0
Rural Microentrepreneur Assist. Loans (Sec. 6022)....	0	0	9	3	14	3
Rural Microentrepreneur Assist. Grants (Sec. 6022)...	0	0	1	1	1	1
Total, Mandatory Programs.....	0	0	643	239	1,005	364
Total, RBS Programs.....	\$1,376	\$178	\$4,733	\$519	\$2,555	\$621

a/ Funding was provided in the Disaster Assistance Fund.

RURAL DEVELOPMENT

RBS administers RD's rural business and cooperative services programs. The primary purpose of these programs is to create and save jobs in rural areas. The 2008 Farm Bill authorized and provided mandatory funding for several energy programs that have greatly expanded RBS's responsibilities.

Business and Industry Guarantee Loan Program. The Business and Industry (B&I) loan guarantee program, with the largest program level of the RBS programs, provides protection against loan losses so that lenders are willing to extend credit to establish, expand, or modernize rural businesses. The tightening rural credit markets have brought a renewed interest in the B&I program. The 2010 budget supports a program level of nearly \$1 billion in B&I loan guarantees, the same as 2009 funding. This level of funding is expected to create or save about 16,650 jobs.

The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009, provided \$24.3 million in budget authority for business development activities in presidentially declared disaster areas. Of the amount available \$19.4 million will be provided through the B&I guaranteed program and \$4.9 million will be provided through RBEG.

The Recovery Act provides \$126 million in budget authority that will support \$2.9 billion in program level for B&I guarantees in 2009. It is anticipated that a significant portion of the funding provided by the Appropriations Act and Recovery Act will be utilized throughout 2010.

Intermediary Relending Program. The Intermediary Relending program provides one percent interest direct loans to entities that relend to rural businesses at a higher interest rate and use their interest earnings to pay for their administrative expenses and develop capital reserves. The 2010 budget supports a program level of \$34 million in direct loans under this program, the same as 2009. This level of funding is expected to create or save about 25,655 jobs.

Rural Business Enterprise Grant Program. The Rural Business Enterprise Grant program provides grants for rural projects that finance and facilitate development of small and emerging rural businesses. The 2010 budget provides \$39 million for grants, the same level as 2009. This level of funding is anticipated to create or save 18,800 jobs.

The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009, provided \$24.3 million in budget authority for business development activities in presidentially declared disaster areas. Of this funding, \$4.9 million will be provided as RBEG grants.

Additionally, the Recovery Act provides \$19 million in budget authority for the RBEG program in 2009. It is anticipated that a significant portion of the funding provided by the Appropriations Act and Recovery Act will be utilized throughout 2010.

Rural Microentrepreneur Assistance Program. Under this new program one percent direct loans and grants are made to microenterprise development organizations (MDO's). The loans will be used to establish reserves for relending to microentrepreneurs, and the grants are made to the MDO's which may relend a portion to provide training, operational support, business planning, and market development assistance. The 2010 budget includes \$22 million in discretionary funding. This funding will support \$52 million in loans and \$11 million in grants.

RURAL DEVELOPMENT

The 2008 Farm Bill provides \$4 million in mandatory funding in 2010 for the Rural Microentrepreneur Assistance Program.

Rural Cooperative Development Grant Program. The 2010 budget provides funding for the Value-Added Producer Grants program and the Rural Cooperative Development Grant program as part of a broader initiative within RBS to encourage small business development in rural areas. This initiative includes about \$22 million in funding for the Value-Added Producer Grants program and \$17 million for Rural Cooperative Development Grants.

2008 Farm Bill Energy Programs. The Farm Bill provides significant new authorities for renewable energy development. The Farm Bill includes over \$1 billion of additional budget authority through 2012 for the commercialization of renewable energy activities, including \$364 million in budget authority in 2010 to RBS programs that will support a program level of about \$1 billion for renewable energy activities.

- **Rural Energy for America Program.** RBS has operated a renewable energy loan and grant program for the purchase of renewable energy systems and energy efficiency improvements since the passage of the 2002 Farm Bill. Section 9007 of the Farm Bill implemented the Rural Energy for America Program (REAP). REAP provides similar assistance as its predecessor program, the Renewable Energy and Energy Efficiency Improvement Program; however, REAP can now offer funding for energy audits and feasibility studies. The Farm Bill provides mandatory funding that will support a program level of \$213 million in loans and \$31 million in grants for 2010, about \$60 million below the 2009 level. In addition, the 2010 budget supports a discretionary program level of \$246 million in loan guarantees and \$34 million in grants. This is in comparison to the \$5 million in budget authority that supported a \$30 million in program level in the 2009 budget for loan guarantees and grants.
- **Biorefinery Assistance Program.** RBS now has the capability to guarantee loan funds for biorefineries up to \$250 million per project. In January of 2009, Rural Development approved the first biorefinery assistance loan guarantee for Range Fuel. Rural Development is currently reviewing additional applications. Section 9003 of the Farm Bill provides funding to support a program level of over \$900 million in funding for the Biorefinery Assistance Program for loan guarantees for fiscal years 2009 and 2010. The 2010 budget provides \$17 million in discretionary funding to support a program level of \$49 million for these facilities. RBS anticipates a high demand for program funding and expects to fully utilize program funds.

Key Performance Measure	2005	2006	2007	2008	2009	2010
Number of jobs created or saved through USDA financing of businesses	73,328	71,715	72,710	72,907	71,040	71,167

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

RURAL DEVELOPMENT

RURAL DEVELOPMENT SALARIES AND EXPENSES

Budget Authority			
(Dollars in Millions)			
Program	2008 Enacted	2009 Estimate	2010 Budget
Salaries and Expenses:			
Appropriation.....	\$169	\$193	\$196
Transfers:			
Rural Electric and Telecomm. Loan Program....	(38)	(39)	(40)
Rural Housing Insurance Fund Program.....	(450)	(460)	(469)
Rural Development Loan Fund Program.....	(5)	(5)	(5)
Subtotal, Transfers.....	(493)	(504)	(514)
Recovery Act.....	0	131	0
Subtotal, Salaries and Expenses.....	662	828	710
Supplemental Funding.....	188	0	0
Total, Salaries and Expenses.....	\$850	\$828	\$710

The 2010 budget provides a total of \$710 million for salaries and expenses related to carrying out RD programs. This level includes an increase of \$13 million for pay cost.

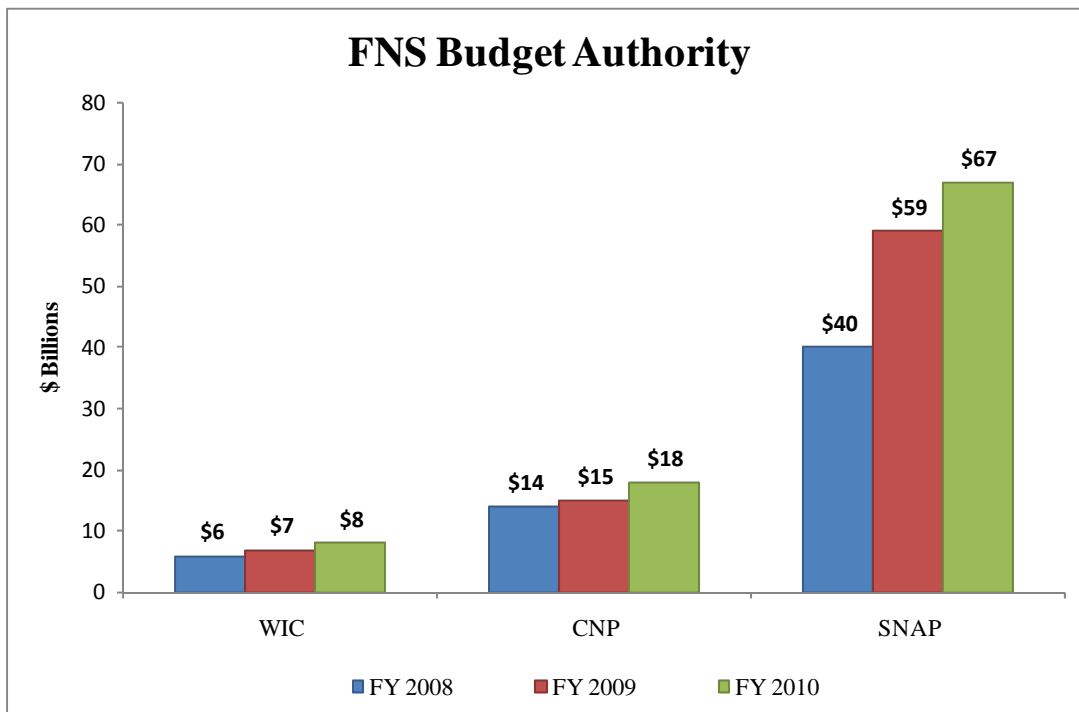
The Recovery Act provides three percent of total RD funding (\$131 million) for salaries and expenses related to the implementation of the Act. Significant portions of this funding will be utilized for IT expenditures to service and maintain the loan portfolio and to hire part time contractors to accomplish the significant workload associated with implementing loan, loan guarantee and grant programs of this size.

The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009 provides \$188 million in 2009 to implement RD disaster assistance programs. This funding provides \$25 million in budget authority for the Rural Utilities Service (page 49); \$134 million for the Rural Housing Service (page 52); and \$24 million for Rural Business and Cooperative Service (page 56). The law provided that not more than three percent (\$5 million) could be used for salaries and expenses to carry out these programs.

FOOD, NUTRITION, AND CONSUMER SERVICES

MISSION AREA

FNS administers the Department's domestic nutrition assistance programs. The mission of FNS is to increase food security and reduce hunger in partnership with cooperating organizations by providing children and low-income people access to food, a healthful diet, and nutrition education. The Federal staff leverage their efforts by working with hundreds of thousands of State and local staff who deliver nutrition assistance to recipients through the Supplemental Nutrition Assistance Program; the Child Nutrition Programs – the National School Lunch Program, the School Breakfast Program, and the Child and Adult Care Food Program; the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); and a number of other programs serving specialized needs. The Supplemental Nutrition Assistance Program is the cornerstone of the Department's effort to improve nutrition levels of low-income households and help them secure a healthful diet. The other programs target specific categories of the population. Improving dietary outcomes for all Americans by promoting healthier eating habits and lifestyles is a major Departmental objective fostered by the nutrition assistance programs.



FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Nutrition Service

Budget Authority

(Dollars in Millions)

Program	2008 Enacted	2009 Estimate	2010 Budget
Discretionary:			
Special Supplemental Nutrition Program (WIC)	\$6,020	\$6,860	\$7,777
Transfer from the Supplemental Nutrition Assistance Program.....	150	0	0
Total, WIC.....	6,170	6,860	7,777
Commodity Assistance Program:			
Commodity Supplemental Food Program.....	140	160	163
The Emergency Food Assistance Program (TEFAP), Soup Kitchens, Food Banks.....	50	50	50
Farmers' Market Nutrition Program.....	20	20	20
Pacific Island Assistance and Disaster Assistance.....	1	1	1
Nutrition Services Incentive Program.....	3	3	0
Total, Commodity Assistance Program.....	214	234	234
Nutrition Programs Administration.....	142	145	150
Total, Ongoing Discretionary Programs.....	6,526	7,239	8,161
Recovery Act:			
WIC Program.....	0	500	0
Commodity Assistance Program.....	0	150	0
Child Nutrition Programs.....	0	100	0
Total, Recovery Act.....	0	750	0
Total, Discretionary Programs.....	6,526	7,989	8,161
Mandatory:			
Supplemental Nutrition Assistance Program.....	39,772	53,970	61,352
Transfer to WIC Program.....	-150	0	0
Total, Supplemental Nutrition Assistance Program.....	39,622	53,970	61,352
Child Nutrition Programs.....	13,928	15,073	16,906
Reauthorization Proposals.....	0	0	1,000
Farm Bill:			
Seniors Farmers' Market Nutrition Program <u>a/</u>	21	21	21
Recovery Act:			
Supplemental Nutrition Assistance Program.....	0	5,195	5,925
Total, Mandatory Programs.....	53,571	74,259	85,204
Total, FNS.....	\$60,097	\$82,248	\$93,365

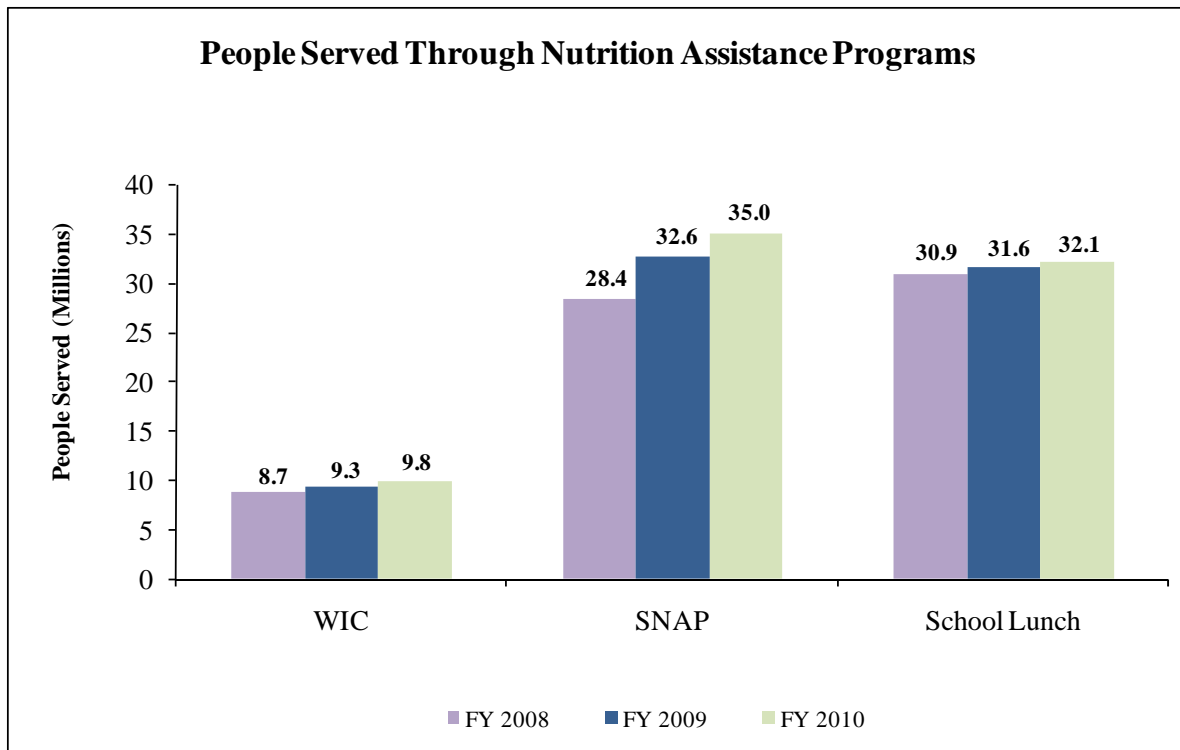
a/ Funds are transferred from the Commodity Credit Corporation.

FOOD, NUTRITION, AND CONSUMER SERVICES

The 2010 budget provides funds for anticipated changes in participation and food cost inflation for the major programs. It emphasizes improving access and operations in 2010 and improving the nutritional status of recipients. Both FNS and the Center for Nutrition Policy and Promotion will continue efforts to promote healthy eating and active lifestyle behaviors, in part by the continued use and promotion of MyPyramid.gov and the *Dietary Guidelines for Americans*. Additionally, in 2010, USDA will coordinate with the Departments of Health and Human Services and Education to develop a nutrition research plan and a strategy for addressing the problem of childhood obesity.

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

Key Performance Measure	2005	2006	2007	2008	2009	2010
Application and usage level of nutrition guidance tools (billions of pieces of nutrition guidance distributed) Baseline: 2006 = 1.5	N/A	1.5	2.0	2.5	2.5	3.0



Supplemental Nutrition Assistance Program. The 2010 budget anticipates an increase in participation on average of about 2.4 million recipients per month and assumes an increased average monthly benefit. The Recovery Act increased the average monthly benefit by increasing

FOOD, NUTRITION, AND CONSUMER SERVICES

the maximum allotment by 13.6 percent, effective April 2009. The higher benefit allotment levels will remain constant until the regular annual adjustments to benefits under the Food and Nutrition Act exceed them. This is forecast to occur in fiscal year 2014. Additionally, associated State administrative expenses are expected to increase.

The Supplemental Nutrition Assistance Program will continue to focus on encouraging all eligible persons to take advantage of program benefits, with particular emphasis on reaching underserved populations such as the elderly, Hispanics, and the working poor. An increase of \$10.6 million is included for testing the effectiveness of using “leads data” from the Center for Medicaid and Medicare Services to increase Supplemental Nutrition Assistance Program participation among low-income elderly. Nutrition education continues to be a key part of the Supplemental Nutrition Assistance Program to help low-income households improve their nutrition levels.

Key Performance Measure	2005	2006	2007	2008	2009	2010
Participation levels for the major Federal nutrition assistance programs (millions per month): Supplemental Nutrition Assistance Program	23.9	25.7	26.5	28.4	32.6	35.0

The Department is continuing its efforts to improve payment accuracy, seeking to reach a payment accuracy rate of 94.6 percent in 2010. This will be achieved through working with stakeholders to implement best practices, focusing particularly on error prone areas.

Key Performance Measure	2005	2006	2007	2008	2009	2010
Improve SNAP payment accuracy rate Baseline: 2001 = 91.3%	94.1%	94.2%	94.4%	94.3%	94.4%	94.6%

The Administration is committed to ensuring an uninterrupted flow of benefits to program participants. Since Supplemental Nutrition Assistance Program costs are not fully predictable, in a changing economic environment or in unexpected emergencies such as natural disasters, the 2010 budget includes a \$3 billion contingency reserve, the same as in recent years, to be used in the event that program needs exceed current estimates.

Child Nutrition Programs. Ensuring access to food for children and improving their eating habits continues to be a priority. The National School Lunch, School Breakfast, Summer Food Service, Special Milk, and Child and Adult Care Food Programs play a significant role in achieving this goal by assisting State and local governments in serving healthful, nutritious meals to children in various settings, with greatest emphasis on helping low-income children. These programs assist pre-school and school-aged children by subsidizing quality meals in participating

FOOD, NUTRITION, AND CONSUMER SERVICES

schools and child care settings. While children from all income levels receive some assistance from these programs, most of the funding supports meals served to low-income children for free or at a greatly reduced price. Child Nutrition Programs subsidies for meals at child care centers and family daycare homes help support child care, a critical need for working families.

To ensure the quality of the meals served in the school meals programs and the Child and Adult Care Food Program, the Department entered into a three-year contract with the National Academies' Institute of Medicine (IOM) in February 2008, to convene a panel of experts to make recommendations for updating and revising the nutrition standards and meal requirements. USDA intends to act on the IOM's recommendations with updated program standards to ensure that program meals do all they can to meet children's nutritional needs, foster healthy eating habits, and safeguard children's health.

The Administration is currently focused on the reauthorization of the Child Nutrition and WIC programs. The Administration is proposing to add \$10 billion over the next ten years for these important programs, which touch most Americans at some point in their lives - providing nutritious food, nutrition education, and connections to critical health services. Reauthorization of these programs will play a significant role in the President's efforts to eliminate childhood hunger by 2015. The proposals provide resources aimed at improving access to nutritious meals, particularly for low-income children. The proposals also provide for reforms aimed at improving access to healthy fruits and vegetables and reducing the prevalence of obesity by improving the diets of school children and by teaching children to make wise food choices, and enhancing services for participants by improving program performance and integrity.

The Recovery Act provided \$100 million for equipment grants in the National School Lunch Program to improve program infrastructure. The grants that are awarded will focus on purchasing equipment that will improve the quality of school food service meals that meet the *Dietary Guidelines*, improve the safety of food served, improve the overall energy efficiency of the school food service operations, and allow the school food authorities to support expanded participation by serving meals in non-traditional settings.

For 2010, the Child Nutrition Programs are funded at a level that will support anticipated participation and food costs. An increase of \$5 million is requested to implement Section 4405, Hunger-Free Communities, of the Farm Bill. The Hunger-Free Community Grants will focus on promotion, outreach, demonstration projects and technical assistance to support communities in exploring a significantly broader array of local strategies to prevent hunger, especially among children.

An additional \$0.7 million is requested to expand the HealthierUS School Challenge that encourages elementary schools to take a leadership role in helping students learn, at an early age, to make healthier eating and lifestyle choices. Funding will also help ensure the on-going integrity of meals served, and provide increased training and technical assistance materials to the school food service community and increased Federal oversight of meals served.

FOOD, NUTRITION, AND CONSUMER SERVICES

Key Performance Measure	2005	2006	2007	2008	2009	2010
Participation levels for the major Federal nutrition assistance programs (millions per day):						
National School Lunch Program	29.6	30.1	30.5	30.9	31.6	32.1
School Breakfast Program	9.3	9.8	10.1	10.6	11.0	11.3

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

The Recovery Act provided \$500 million in additional funding for WIC. Included in this amount are \$100 million for management information systems and \$400 million for a contingency reserve fund available until the end of 2010. The President's 2010 budget request proposes \$7.8 billion for the WIC Program, an increase of \$917 million above the 2009 level, excluding the Recovery Act funding. The funding for the WIC Program will support a monthly average of 9.8 million participants. In keeping with the Administration's promotion of childhood wellness and fitness, updated WIC food packages will be implemented by the beginning of fiscal year 2010 and are expected to improve overall nutritional intakes and further promote breastfeeding. The Administration is committed to serving all eligible individuals seeking WIC benefits. The budget provides for a \$350 million contingency fund to ensure sufficient resources for stable services should participation or food costs be higher than anticipated. Additionally, \$30 million is included to assist States in modernizing and upgrading their management information systems.

Key Performance Measure	2005	2006	2007	2008	2009	2010
Participation levels for the major Federal nutrition assistance programs (millions per month):						
WIC Program (average)	8.0	8.1	8.3	8.7	9.3	9.8

Commodity Assistance Program (CAP). CAP distributes USDA commodities through several programs. The Emergency Food Assistance Program (TEFAP) provides support to a network of food banks and other programs that assist households in need of immediate, short-term food assistance. TEFAP includes components of both discretionary and mandatory funding. The Recovery Act provided \$150 million for TEFAP to increase food assistance to Americans affected by the economic crisis. These funds are being used to purchase additional commodities (\$100 million) and to fund administrative costs associated with the distribution of the USDA commodities or privately-donated foods. In 2010, for program administration, \$49.5 million in discretionary funding is requested, any part of which, at State discretion, may be used to

FOOD, NUTRITION, AND CONSUMER SERVICES

purchase additional commodities. Under the Supplemental Nutrition Assistance Program account, mandatory funding of \$253 million is available to purchase TEFAP commodities.

Another program under CAP is the Commodity Supplemental Food Program (CSFP). CSFP provides commodities to low-income elderly and pregnant, postpartum and breastfeeding women, infants and children up to age six. The 2010 budget proposes \$163 million, an increase of \$2.4 million, to offset expected cost increases due to inflation while supporting the current participation levels.

In 2010, funding is requested for the Farmers' Market Nutrition Program (FMNP) for women, infants and children at the authorized level, \$20 million. The FMNP provides WIC participants with vouchers to purchase fresh, local fruits, vegetables and herbs directly from farmers, farmers' markets and roadside stands. In 2008, the FMNP provided coupons to 2.2 million WIC participants. The participants redeemed their coupons at 3,367 authorized farmers' markets and 2,398 roadside stands, providing revenue to 16,016 small family farmers. The Seniors FMNP, funded by CCC, provided similar benefits to 953,324 low-income seniors. In 2008, the Seniors FMNP involved over 16,603 farmers at 3,147 farmers' markets as well 2,512 roadside stands and 199 community supported agriculture programs.

Nutrition Programs Administration (NPA). Funding of \$150.1 million is requested for NPA, the account that supports Federal management and oversight of USDA's investment in nutrition assistance programs. The budget includes an increase of \$2.3 million to work directly with State and local administrators to improve payment accuracy. Another \$2.3 million is requested for an initiative to advance the utilization of technology in benefit delivery for program recipients, streamline administration for State and local partners, enhance integrity and improve nutrition education.

The 2010 *Dietary Guidelines for Americans* will be completed and rolled out in 2010 along with enhancements to MyPyramid, including interactive applications. The *Dietary Guidelines* and MyPyramid are used to help establish food benefits for the programs, and they are central to nutrition education and promotion programs government wide, as well as private sector nutrition education and promotion. USDA's ability to simplify and improve the programs, increase program efforts to improve nutritional outcomes, encourage healthy and nutritious diets and expand an obesity prevention campaign, is fostered by the Federal administrative efforts supported by these funds.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Nutrition Service Key Indicators

	2008 Actual	2009 Estimate	2010 Budget
Average Participation, Millions:			
Supplemental Nutrition Assistance Program (per month)....	28.4	32.6	35.0
Free School Lunch.....	15.5	16.4	17.0
Total School Lunch (per day).....	30.9	31.6	32.1
Free School Breakfast.....	7.5	7.9	8.2
Total School Breakfast (per day).....	10.6	11.0	11.3
WIC (per month).....	8.7	9.3	9.8
Commodity Supplemental Food Program (CSFP):			
WIC (per month).....	0.03	0.03	0.03
Elderly (per month).....	0.44	0.45	0.45
Food Distribution Program on Indian			
Reservations (FDPIR) (per month).....	0.09	0.10	0.10
Unemployment Rate (percent).....	5.8	8.1	7.9
Average/Person/Month Food Benefit in \$:			
Supplemental Nutrition Assistance Program.....	\$101.53	\$128.97	\$139.30
WIC.....	43.41	44.24	45.01
CSFP: WIC (FNS Funded) <u>a/</u>	25.27	27.67	29.04
CSFP: Elderly (FNS Funded) <u>a/</u>	19.12	20.81	21.78
FDPIR (FNS Funded) <u>a/</u>	54.52	57.52	61.54
Per Meal Subsidies Including Commodities in \$: <u>b/</u>			
School Lunch:			
Free	\$2.45	\$2.56	\$2.67
Reduced Price	2.04	2.16	2.27
Paid	0.42	0.45	0.47
School Breakfast:			
Free	1.62	1.69	1.76
Paid	0.24	0.25	0.26

a/ Excludes bonus commodities. In 2008, an average of \$3.45, \$3.26 and \$0.86 per month was added in bonus commodities for each participant monthly for CSFP/WIC, CSFP/elderly and FDPIR respectively.

b/ Excludes bonus commodities.

FOOD SAFETY

MISSION AREA

The Food Safety mission area is the public health mission area of USDA that is responsible for ensuring that the nation’s commercial supply of meat, poultry and processed egg products is safe, wholesome, and properly labeled and packaged, whether those products are imported or domestic. The mission area includes the activities of the Food Safety and Inspection Service (FSIS), which provides federal inspection; support for State inspection; support of an even stronger science-based and data-driven inspection system through the Public Health Information Systems; and determination of international equivalence of foreign systems. FSIS coordinates the development of its policies with USDA and other federal agencies, including the Food and Drug Administration, the Environmental Protection Agency, the Centers for Disease Control and Prevention, as well as foreign governments and international organizations, to ensure an integrated farm-to-table approach to food safety.

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

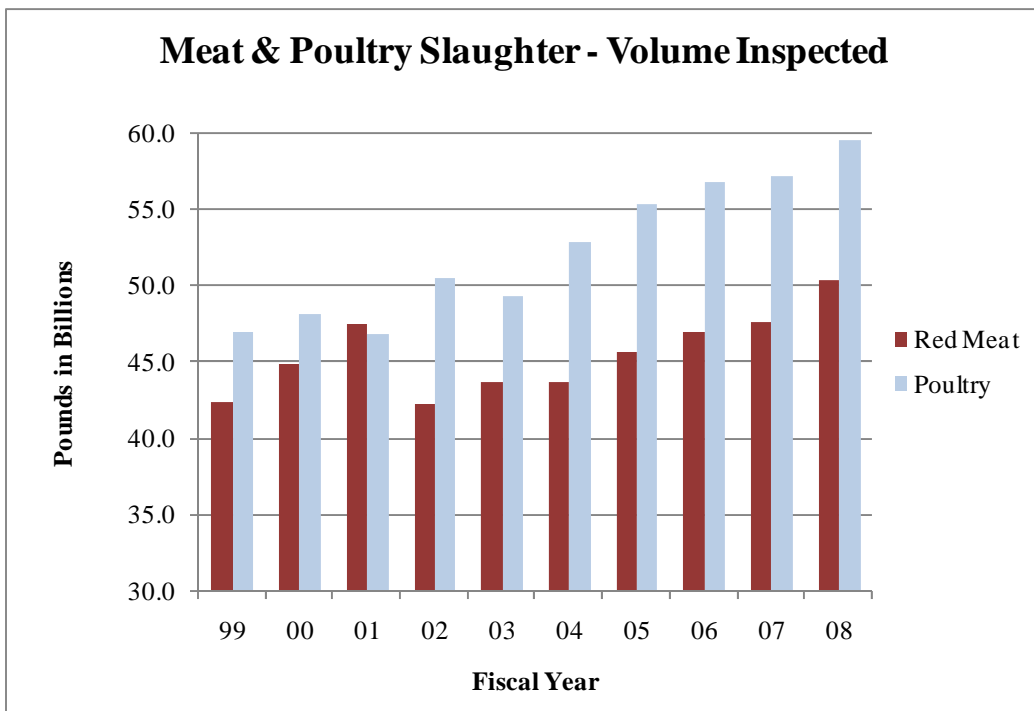
**Budget Authority
(Dollars in Millions)**

Program	2008 Enacted	2009 Estimate	2010 Budget
Discretionary:			
Federal Food Safety and Inspection.....	\$831	\$871	\$903
State Food Safety and Inspection.....	64	65	66
International Food Safety and Inspection.....	16	19	19
Public Health Data Communication Infrastructure System.....	15	13	27
Codex Alimentarius.....	4	4	4
Total, Discretionary Programs.....	930	972	1,019
Mandatory:			
Trust Funds.....	10	9	9
User Fees.....	(153)	(140)	(143)
Total, FSIS Programs.....	\$940	\$981	\$1,028

Organizational Structure. To accomplish these functions, FSIS employees are located at approximately 6,200 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 the scientific and technological developments are incorporated into inspection procedures. For Codex, FSIS coordinates U.S. participation in and informs the public of the sanitary and phytosanitary standard setting activities of the Commission.

FOOD SAFETY

Frontline Inspection. To ensure that FSIS can support its approximately 7,800 Federal in-plant and other front line personnel, the Federal share of State inspection programs, and continue to improve the data infrastructure supporting the nation's food safety system, the 2010 budget proposes a funding level of \$1 billion, an increase of \$47 million over 2009. The budget provides the full amount necessary to meet regulatory responsibilities and includes pay cost and other necessary supporting costs. An increase of \$23 million will strengthen the food safety infrastructure. This includes the Public Health Information System which will enhance FSIS' ability to collect, analyze and present data to allow decision making based on relevant, timely product and process data, utilizing the best science available. Linking inspection data with other public health information through the Public Health Information System will improve FSIS' ability to quickly and accurately identify trends and vulnerabilities. In addition, the budget requests \$4 million to increase the agency's ability to conduct additional food safety assessments which help to identify potential public health risks.



User Fees. In 2010, FSIS estimates it will collect \$152 million through existing user fee activities for providing overtime, holiday, and voluntary inspection services. Separately, FSIS will submit a legislative proposal that will permit a user fee for performance in 2010, with total collections estimated at \$4 million. The \$4 million would be collected from plants that have sample failures or require additional inspection activities stemming from a pattern of regulatory non-compliance.

Combatting Foodborne Illness. FSIS carries out the agency's mission of reducing the level of foodborne illness by targeting common and dangerous pathogens for control. Although the presence of safe and wholesome food products may decrease the likelihood of foodborne illness, it does not guarantee that after purchase, food will be properly stored, handled, and prepared so

FOOD SAFETY

as to maintain safety. For this reason, FSIS conducts public education campaigns to inform the public about safe food handling methods, a critical component of our food safety system.

The 2010 budget provides the resources necessary for FSIS to maintain its level of performance in ensuring the safety of the meat, poultry, and egg products supply as indicated by the following performance measures:

Key Performance Measure	2005	2006	2007	2008	2009	2010
Reduce generic <i>Salmonella</i> on broiler carcasses by increasing the number of establishments that test at Category 1 levels *	N/A	45%	71%	80%	79%	90%
Decrease the overall percent positive rate for <i>Listeria monocytogenes</i> in ready-to-eat products	0.70%	0.60%	0.31%	0.29%	0.25%	0.24%
Reduce the prevalence of <i>E. coli</i> O157:H7 on ground beef	0.17%	0.16%	0.23%	0.24%	0.24%	0.22%
Reduce the overall public exposure to <i>Listeria monocytogenes</i> in post-lethality exposed ready-to-eat products.	N/A	N/A	N/A	N/A	0.29%	0.24%

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

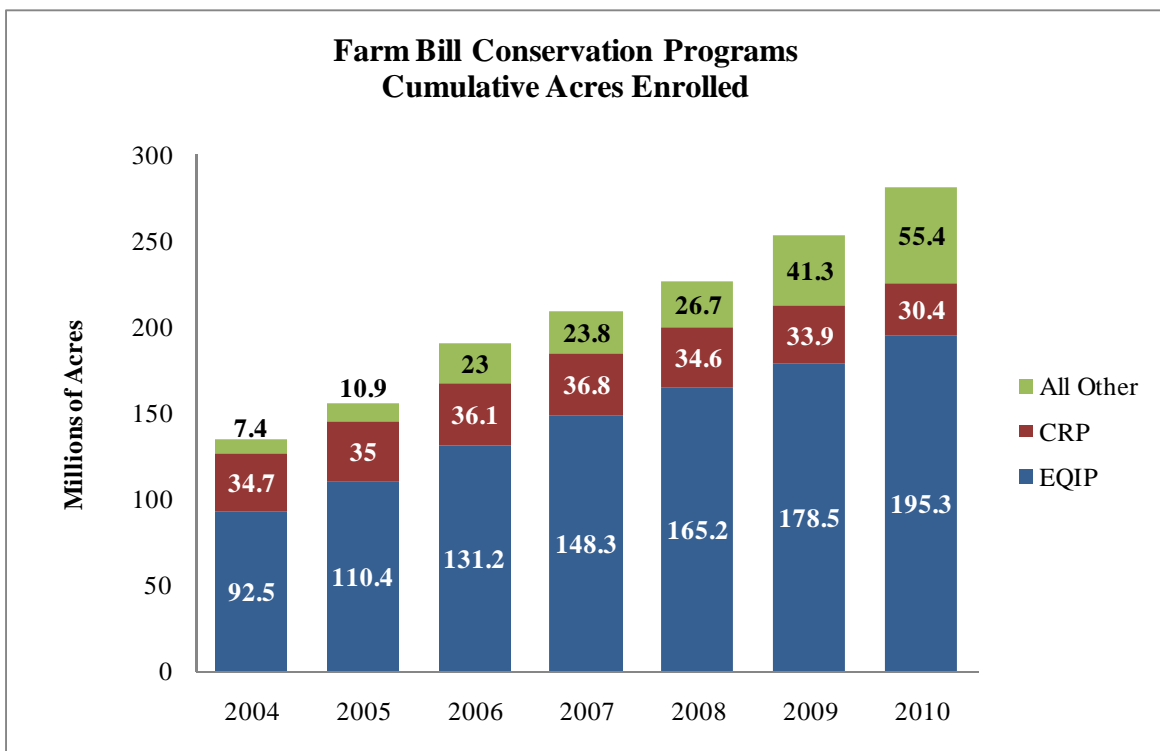
NATURAL RESOURCES AND ENVIRONMENT

MISSION AREA

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

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

The NRE mission area, primarily through NRCS, also has responsibility for implementing most of the Conservation Title of the 2008 Farm Bill which in 2010 will enroll more than 280 million acres at a total cost of about \$2.7 billion.



NATURAL RESOURCES AND ENVIRONMENT

NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

Budget Authority
(Dollars in Millions)

Program	2008 Enacted	2009 Estimate	2010 Budget
Discretionary:			
Conservation Operations:			
Conservation Technical Assistance.....	\$712	\$729	\$741
All Other Conservation Operations Programs.....	122	124	126
Total, Conservation Operations.....	834	853	867
Watershed and Flood Prevention Operations.....	30	24	0
Watershed Rehabilitation Program.....	20	40	40
Resource Conservation and Development.....	51	51	0
Healthy Forests Reserve Program.....	2	0	0
Total, Ongoing Discretionary Programs.....	937	968	907
Emergency Supplemental for Watershed Protection.....	490	0	0
Recovery Act:			
Watershed and Flood Prevention Operations.....	0	290	0
Watershed Rehabilitation Program.....	0	50	0
Total, Recovery Act Programs.....	0	340	0
Total, Discretionary Programs.....	1,427	1,308	907
Mandatory:			
Farm Bill Programs:			
Environmental Quality Incentives Program.....	1,200	1,067	1,200
Wetlands Reserve Program.....	183	418	391
Conservation Security Program.....	317	283	234
Conservation Stewardship Program.....	0	230	447
Watershed Rehabilitation Program	0	0	135
Ground and Surface Water Conservation.....	60	0	0
Agricultural Water Enhancement Program.....	0	73	73
Farm and Ranch Lands Protection Program.....	96	121	120
Wildlife Habitat Incentives Program.....	85	85	42
Grassland Reserve Program.....	3	48	54
Healthy Forest Reserve Program.....	0	10	5
Chesapeake Bay Watershed.....	0	23	43
Agricultural Management Assistance a/.....	7	7	5
Conservation Reserve Program Tech. Assist. (Reimb.).....	(63)	(56)	(65)
Total, Farm Bill Programs.....	1,951	2,365	2,749
Total, NRCS Programs.....	\$3,378	\$3,673	\$3,656

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

NATURAL RESOURCES AND ENVIRONMENT

The President's 2010 budget for NRCS supports partnering with landowners to conserve land, protect wetlands, improve wildlife habitat, and promote a variety of other conservation initiatives. The President's budget also reflects a proactive strategy to increase the ability of conservation programs to address and meet critical National needs such as energy conservation, renewable energy production, and reductions in greenhouse gas emissions. Working with local partners remains important to efficiently implementing conservation programs and initiatives, and NRCS will continue to direct financial and technical assistance programs to land owners and users through the USDA Service Centers and through local conservation districts.

Conservation Operations (CO). The 2010 budget proposes \$867 million for CO, which includes \$741 million for conservation technical assistance (CTA) as well as \$126 million for other CO activities including Soil Surveys, Snow Surveys, and Plant Materials Centers. At this level, the agency will continue to support locally-led, cooperative conservation through the unique partnership that has been developed over the years with each conservation district and local stakeholders.

The 2010 request for CTA includes an increase of \$16 million for pay costs. The 2010 budget also redirects \$31.6 million in Congressional earmarks to focus on higher priority program areas such as improving and streamlining technical assistance delivery to farmers, updating geospatial data products, and automating water supply forecasting operations.

Watershed and Flood Prevention Operations (WFPO). WFPO provides technical and financial assistance to local communities and sponsoring organizations to construct flood protection, water supply, and water quality improvement projects. The 2010 budget proposes to terminate funding for this activity because benefits are highly localized and local sponsors are expected to assume a greater role in identifying and addressing water resource problems. The Recovery Act provides \$290 million to provide funding for high priority flood prevention projects which will help stimulate rural economy through the purchase of floodplain easements and work to improve the safety of dams in need of repair.

Watershed Rehabilitation Program. This program provides financial and technical assistance to communities for planning and financing the rehabilitation of Federally-constructed flood prevention dams that have reached the end of their design lives. The budget includes \$40 million in discretionary funds, the same as 2009, for technical assistance to help local governments and private landowners plan the rehabilitation of those dams with the greatest potential for failure. In addition, \$135 million in mandatory funding is proposed to be available in 2010 as authorized in the 2002 and 2008 Farm Bills. The Recovery Act provided an additional \$50 million for rehabilitation work in 2009.

Resource Conservation and Development (RC&D). As part of the Administration's commitment to fiscal responsibility, the budget proposes to eliminate the RC&D program. First begun in 1962, the program was intended to build community leadership skills through the establishment of RC&D councils that would access Federal, State, and local programs for the community's benefit. After 47 years, the program has matured to the point that this goal has been accomplished. RC&D councils have developed sufficiently strong State and local ties to secure funding for their continued operation without Federal assistance. A number of

NATURAL RESOURCES AND ENVIRONMENT

alternatives to RC&D support also exist including the use of other Federal, State, and local programs and existing avenues such as those provided through State Technical Committees.

Environmental Quality Incentives Program (EQIP). The purpose of EQIP is to provide assistance to landowners who face serious natural resource challenges that impact soil, water and related natural resources, including grazing lands, wetlands, and wildlife habitat. The 2010 budget proposes \$1.2 billion for the EQIP program. This would enable nearly 45,000 new contracts to participate in the program and would cover nearly 16.4 million acres. The program will continue to emphasize land management practices such as the application of comprehensive nutrient management plans.

The Agricultural Water Enhancement Program (AWEP), which replaces the Ground and Surface Water Conservation program under EQIP, is funded at \$73 million. The Chesapeake Bay Watershed program, which is also operated under EQIP procedures this year, is funded at \$43 million.

Wetlands Reserve Program (WRP). WRP is a voluntary program in which landowners are paid to retire cropland from agricultural production if those lands are restored to wetlands and protected, in most cases, with a long-term or permanent easement. Landowners receive fair market value for the land and are provided with cost-share assistance to cover the restoration expenses. The 2008 Farm Bill authorized the program to enroll up to 3,041,200 acres through the end of fiscal year 2012. Total cumulative WRP enrollment through the end of FY 2008 is 1,998,230 acres, and this is expected to increase by 175,000 acres by the end of 2009. The 2010 budget request includes \$391 million to enroll 152,636 acres in 2010.

Conservation Security Program. The Conservation Security Program was established in the 2002 Farm Bill and is a voluntary program that provides financial and technical assistance on Tribal and private agricultural working lands to support ongoing conservation stewardship. The program provides payments to producers who maintain and enhance the condition of natural resources. The program was not reauthorized in the 2008 Farm Bill. The budget includes \$234 million for the Conservation Security Program in 2010 in order to service existing contracts.

Conservation Stewardship Program. The 2008 Farm Bill replaces the older Conservation Security Program with a new Conservation Stewardship Program which is distinguished from the old program in that it encourages participants to undertake new conservation activities in addition to maintaining and managing existing conservation activities. Also, the new program operates under an annual acreage limitation rather than a funding cap. The statute permits enrollment of an additional 12.8 million acres for each year from 2009 through 2017. The budget proposes \$447 million for the program to enroll 12.8 million acres during 2010.

Farm and Ranch Lands Protection Program (FRPP). Through this program, the Federal Government establishes partnerships with State, tribal, or local governments in sharing the costs of purchasing easements or development rights to limit the conversion of agricultural land to nonagricultural uses. FRPP is carried out through existing State, Tribal, and local governments, non-governmental organizations and local farmland protection programs. The 2008 Farm Bill

NATURAL RESOURCES AND ENVIRONMENT

authorized a total of \$743 million for FRPP from 2008-2012. The Farm and Ranch Lands Protection Program is funded at \$120 million in 2010.

Wildlife Habitat Incentives Program (WHIP). The 2008 Farm Bill reauthorized WHIP at \$85 million for each year from 2008-2012. The program provides financial and technical assistance to eligible participants to develop habitats for upland wildlife, wetland wildlife, threatened and endangered species, and fish and other types of wildlife. The purpose of the program is to create needed wildlife habitat that supports wildlife populations with local, State, and national significance. The budget proposes funding for the Wildlife Habitat Incentives Program at \$42 million.

Grasslands Reserve Program (GRP). GRP was authorized in the 2002 Farm Bill as a voluntary program to help landowners and operators restore and protect grassland, including rangeland, pastureland, and certain other lands, while maintaining the lands' suitability for grazing. Participants can enroll acreage in rental agreements with varying lengths or in long-term or permanent easements. The program is jointly administered by NRCS and the Farm Service Agency (FSA), which has lead responsibility for rental agreement administration and financial activities. NRCS has lead responsibility for technical issues and easement administration. The program was initiated in 2003 and reached its statutory funding limit of \$254 million in 2007. However, the 2008 Farm Bill reauthorizes 1.2 million acres for the program for 2009-2012. GRP is funded at \$54 million for 2010 to enroll an additional 308,749 acres.

Conservation Reserve Program Technical Assistance. NRCS provides technical support including land eligibility determinations, conservation planning and practice implementation for the Conservation Reserve Program (CRP). The 2010 budget includes \$65 million, an increase of \$9 million over 2009, for CRP technical assistance. CRP is administered by FSA. The program status for 2010 is described on page 29.

NATURAL RESOURCES AND ENVIRONMENT

Key Performance Measure	2005	2006	2007	2008	2009	2010
Comprehensive nutrient management plans applied (number of plans)						
CTA	2,421	2,269	1,911	1,745	1,300	1,300
EQIP	2,032	2,774	2,490	2,520	2,000	2,000

Key Performance Measures	2005	2006	2007	2008	2009	2010
Cropland with conservation applied to improve soil quality (millions of acres)						
CTA	6.0	6.4	7.3	8.3	7.5	7.5
EQIP	2.2	3.4	5.3	5.6	5.7	6.0

Key Performance Measures	2005	2006	2007	2008	2009	2010
Grazing land and forest land with conservation applied to protect and improve the resource base (millions of acres)						
CTA	9.9	12.0	13.5	15.3	13.0	13.0
EQIP	8.0	12.2	16.5	16.9	15.0	16.0

Key Performance Measure	2005	2006	2007	2008	2009	2010
Wetlands created, restored or enhanced (acres)						
WRP	180,358	181,979	149,326	128,860	100,000	125,000

NATURAL RESOURCES AND ENVIRONMENT

FOREST SERVICE (FS)

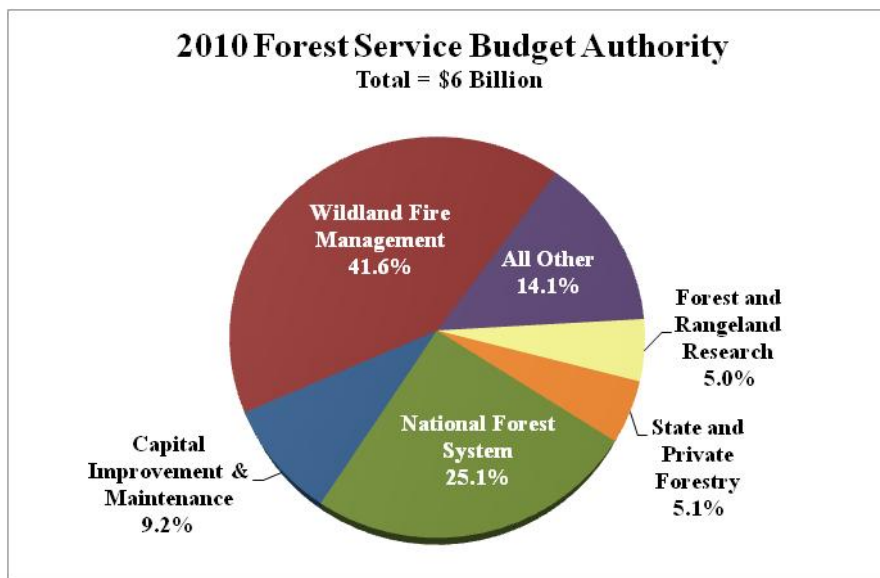
**Budget Authority
(Dollars in Millions)**

Program	2008 Enacted	2009 Estimate	2010 Estimate
Discretionary Accounts:			
Forest and Rangeland Research.....	\$286	\$296	\$302
State and Private Forestry.....	263	266	306
National Forest System:			
Land Management Planning.....	49	49	46
Recreation, Heritage and Wilderness.....	263	278	280
Wildlife and Fisheries Habitat Management.....	132	139	141
Grazing Management.....	48	50	50
Inventory and Monitoring.....	167	168	169
Forest Products.....	323	333	329
Vegetation and Watershed Management.....	177	180	182
Minerals and Geology Management.....	84	85	87
Land Ownership Management.....	91	93	94
Law Enforcement Operations.....	131	136	135
Valles Caldera National Preserve.....	4	4	4
Total, NFS.....	1,469	1,515	1,517
Wildland Fire Activities:			
Preparedness.....	666	675	675
Suppression.....	846	994	1,129
Wildland Fire Suppression Contingency Reserve.....	0	0	282
Hazardous Fuels Reduction.....	310	328	315
Other Fire Operations.....	121	135	119
Total, Wildland Fire Activities.....	1,943	2,132	2,520
Capital Improvement and Maintenance.....	475	495	557
Land Acquisition.....	43	51	30
Other Accounts.....	9	9	6
Subtotal, Ongoing Discretionary	4,488	4,764	5,238
Emergency Supplemental Funding and Repayments.....	1,275	200	0
Recovery Act:			
Capital Improvement and Maintenance.....	0	650	0
Wildland Fire Management.....	0	500	0
Total, Recovery Act Programs.....	0	1,150	0
Total, Discretionary	5,763	6,114	5,238

NATURAL RESOURCES AND ENVIRONMENT

Budget Authority (Dollars in Millions)

Program	2008 Enacted	2009 Estimate	2010 Estimate
Mandatory Programs:			
Permanent Appropriations.....	341	340	332
Secure Rural Schools.....	0	395	354
Trust Funds.....	132	134	130
Total, Mandatory.....	473	869	816
Total, Forest Service Budget Authority.....	\$6,236	\$6,983	\$6,054



The Forest Service (FS), with over 30,000 staff years, is the largest employer in USDA. For 2010, the total request for FS ongoing discretionary activities is \$5.2 billion, an increase of \$474 million over 2009. This budget will enhance the mission of the Forest Service as a protector of clean air, clean water, and wildlife habitat; a provider of recreation opportunities; and a key player in reducing greenhouse gas emissions.

Forest and Rangeland Research. For 2010, \$302 million is proposed for Forest and Rangeland Research. FS maintains the world's largest forest research organization. While its broad mission is to develop knowledge and technology needed to enhance the economic and environmental values of all of the Nation's forests, the program also supports the specific research needs that arise from managing the National Forest System (NFS). For example, during the last fire season, tools developed by this program were used to evaluate potential fire growth, values at risk, and cost-efficiency of firefighting on over 100 large wildland fire events. An increase of \$6 million over 2009 is for pay costs. The budget also includes a \$1 million rescission of unused prior year funds from lower-priority research work.

NATURAL RESOURCES AND ENVIRONMENT

State and Private Forestry. For 2010, total funding for State and Private Forestry programs is proposed at \$306 million, an increase of \$40 million above the 2009 level. Through these programs, FS makes grants and provides technical assistance to State forestry agencies and other cooperators for protecting forest resources and improving sustainable forest management on non-industrial private forest lands. Proposed funding includes a \$42 million increase in the Forest Legacy Program for the Presidential Initiative to conserve new lands. The Forest Legacy Program protects nationally prioritized forest lands from development through conservation easements.

National Forest System (NFS). For 2010, total funding for NFS is proposed at approximately \$1.5 billion, about the same as the 2009 level. FS manages over 193 million acres of public land in 44 States, Puerto Rico, and the Virgin Islands. These lands, known collectively as the NFS, are managed for multiple uses on a sustained-yield basis to meet the needs of people today while maintaining or improving the productivity, health, and resilience of forest resources for future generations. National forests produce diverse benefits for the American people ranging from outdoor recreation, wildlife, fish and watershed protection, to timber, forage and minerals. The budget includes a \$10 million rescission of prior year funds left unused due to status changes in grants or contracts, shifting project priorities or issues related to performance of on-the-ground resource management activities.

Wildland Fire Activities. For 2010, total funding for Wildland Fire Activities is proposed at \$2.5 billion, which represents an increase of \$388 million above the 2009 level excluding emergency funding. Through these activities, FS protects life, property and natural resources on NFS land and an additional 20 million acres on adjacent state and private lands through fee or reciprocal protection agreements. The budget includes an additional \$135 million above the 2009 level for Fire Suppression to fund suppression at the inflation adjusted ten-year average cost. In addition, a new \$282 million discretionary contingency reserve for firefighting will be established. This reserve will be made available when the appropriated 10-year average is exhausted. Funds are also provided in fire preparedness for a minimum of 10,480 firefighters. In 2010, the agency will target its fuel reduction treatments exclusively on high priority acres. These are typically close to urban areas and have higher unit costs. Though the agency will be able to treat fewer overall acres, treating high-priority acres should effectively lower the incidence of devastating wildfires. Also, for 2009, the Recovery Act provided \$500 million in supplemental funding for fuel reduction treatments on Forest Service and private lands.

Capital Improvement and Maintenance. For 2010, total funding for Capital Improvement and Maintenance programs is proposed at \$557 million, which represents an increase of \$62 million. This program funds the maintenance and decommissioning of buildings, recreation sites, facilities, roads, and trails. Of the increase, \$50 million is included as a Presidential Initiative to protect the nation's forests and improve operations, address the backlog in maintenance needs, and enhance the operational components of the National Forest System. Also, for FY 2009, the Recovery Act provided \$650 million in supplemental funding to address deferred maintenance on Forest Service lands.

Land Acquisition. For 2010, total funding for Land Acquisition programs is proposed at about \$30 million, a decrease of \$21 million from 2009 which reflects the elimination of earmarks.

NATURAL RESOURCES AND ENVIRONMENT

This program provides for the acquisition of lands in the NFS in an effort to protect resources or increase visitor access. In 2010, the agency will both complete the acquisition of lands begun in prior years and fund additional projects with the proposed funding.

Secure Rural Schools. The Secure Rural Schools and Community Self-Determination Act of 2000 (P.L. 106-393) provides temporary payments to counties impacted by the reduction of shared receipts stemming from lower levels of timber harvesting on Federal lands. The original Act expired in 2006, but Congress extended it for an additional year under Public Law 110-28. In 2008, Congress authorized and appropriated an additional three years of payments through the Emergency Economic Stabilization Act of 2008 (P.L. 110-343). These payments are targeted to the most affected areas, adjusted downward each year, and phased out after the fourth year. Reflecting the phasing out of payments under the program, the 2009 payment was \$395 million, and the 2010 payment will be \$354 million.

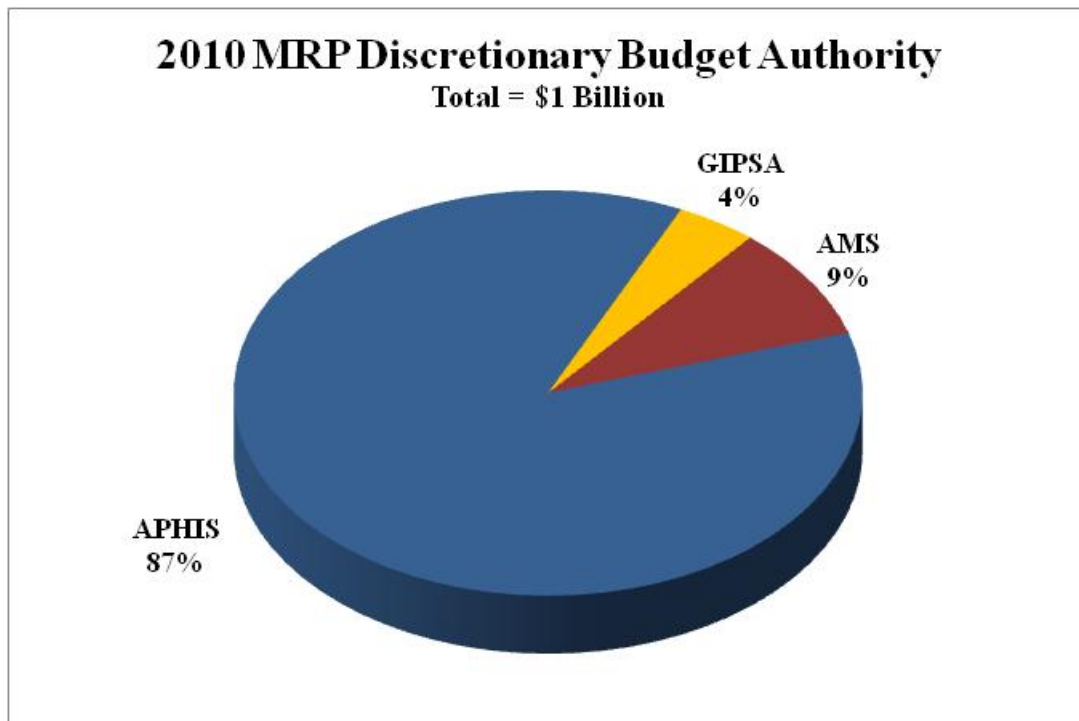
Key Performance Measures (\$ Thousands)	2005	2006	2007	2008	2009	2010
Percentage of total National Forest System land base for which fire risk is reduced through movement to a better condition class.	N/A	1.1%	1.9%	2.1%	3.0%	3.0%
Total acres treated by FS that achieved fire objectives.	2,722	2,547	3,027	3,038	2,485	2,100
Acres of hazardous fuels treated outside the Wildland-Urban Interface (WUI).	1,064	957	1,373	1,097	745	630
Acres of WUI fuels treated to reduce the risk of catastrophic fire.	1,658	1,590	1,654	1,940	1,740	1,470
Percentage of acres treated in the WUI that have been identified in Community Wildfire Protection Plans.	N/A	17%	25%	36%	28%	41%

MARKETING AND REGULATORY PROGRAMS

MISSION AREA

The mission of Marketing and Regulatory Programs (MRP) is to facilitate and expand the domestic and international marketing of U.S. agricultural products, to help protect the agricultural sector from plant and animal health threats, and to ensure humane care and treatment of certain animals. These programs provide the basic infrastructure to improve agricultural market competitiveness for the overall benefit of both consumers and producers of American agriculture. By enhancing protection of the Nation's agriculture, USDA will also help increase the competitiveness of the agricultural sector. In particular, USDA has a target of allowing zero significant introductions of foreign animal diseases or pests that spread beyond the original area of introduction and cause severe economic or environmental damage, or damage to the health of animals or humans. In addition, USDA will increase the efficiency of production and marketing systems by providing an increasing number of standards for market-identified quality attributes for a variety of agricultural products.

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



MARKETING AND REGULATORY PROGRAMS

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

**Budget Authority
(Dollars in Millions)**

Program	2008 Enacted	2009 Estimate	2010 Budget
Discretionary:			
Pest and Disease Exclusion:			
Agricultural Quarantine Inspection (AQI):			
Appropriated	\$27	\$27	\$26
Fruit Fly Exclusion and Detection.....	60	62	63
Trade Issues Resolution and Management/			
Overseas Technical and Trade Operations.....	12	16	16
All Other Pest and Disease Exclusion.....	57	55	59
Total, Pest and Disease Exclusion.....	156	160	164
Plant and Animal Health Monitoring:			
Animal Health Monitoring and Surveillance.....	123	129	127
Animal and Plant Health Regulatory			
Enforcement.....	12	14	14
Avian Influenza	67	61	60
Emergency Management Systems.....	15	16	16
Pest Detection.....	28	28	27
All Other Plant and Animal Health Monitoring.....	6	8	9
Total, Plant and Animal Health Monitoring.....	251	256	253
Pest and Disease Management:			
Emerging Plant Pests.....	127	134	144
Wildlife Services Operations.....	75	76	71
All Other Pest and Disease Management.....	147	135	126
Total, Pest and Disease Management.....	349	345	341
Animal Care.....	21	22	22
Biotechnology Regulatory Services.....	12	13	13
Veterinary Biologics and Diagnostics.....	40	41	41
Other Scientific and Technical Services.....	31	30	28
Physical/Operational Security.....	4	6	6
All Other.....	4	4	4
Total, Salaries and Expenses.....	868	877	872
Buildings and Facilities.....	0	5	5
Total, Ongoing Activities.....	868	882	877
Emergency Funding (CCC).....	96	29	0
Emergency Supplemental for Pathogen Surveillance.....	5	0	0
Total, Emergency Funding.....	101	29	0
Total, APHIS Discretionary Programs.....	\$969	\$911	\$877

MARKETING AND REGULATORY PROGRAMS

Budget Authority (Dollars in Millions)

	2008	2009	2010
Program	Enacted	Estimate	Budget
Mandatory:			
Agricultural Quarantine Inspection (AQI) Fees a/.....	\$220	\$137	\$163
Trust Funds.....	17	14	14
Farm Bill:			
National Clean Plant Network.....	0	5	0
Plant Pest and Disease Management.....	0	12	15
Total, Farm Bill Programs.....	0	17	15
Total, Mandatory Programs.....	\$237	\$168	\$192
Total, APHIS Programs.....	\$1,206	\$1,079	\$1,069

a/ Total estimated collections are \$484 million in 2009 and \$488 million in 2010. Of the total, \$347 million and \$325 million are transferred to the Department of Homeland Security in 2009 and 2010 respectively.

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

The 2010 budget proposes an appropriation of about \$877 million, of which approximately \$872 million is for salaries and expenses and about \$5 million for buildings and facilities. This total is a net decrease of about \$5 million compared to 2009, due primarily to the elimination of earmarks.

Key Performance Measure	2005	2006	2007	2008	2009	2010
Number of significant introductions of foreign animal diseases or pests that spread beyond the original area of introduction and cause severe economic or environmental damage, or damage to the health of animals or humans	0	0	0	0	0	0

Pest and Disease Exclusion. The 2010 budget includes discretionary appropriations of \$164 million and mandatory appropriations of \$163 million in APHIS related user fees for pest and disease exclusion. USDA ensures that passengers and cargoes traveling from Hawaii and Puerto Rico comply with regulations to protect the health of the agricultural sector on the Mainland. Such services previously provided by APHIS at the Canadian and Mexican borders and at ports of entry are now conducted by the Department of Homeland Security. USDA has the responsibility of promulgating regulations related to the entry of passengers and commodities into the United States. The budget includes an increase of \$3 million above the 2009 level to combat cattle fever tick along the Mexican border.

MARKETING AND REGULATORY PROGRAMS

Plant and Animal Health Monitoring. The budget requests \$253 million for plant and animal health monitoring and surveillance. Within this amount, \$14.6 million is for the National Animal Identification System which maintains the 2009 level of funding. Level funding is being sought for NAIS while the Department conducts a public listening session and reviews existing policy for animal identification. A programmatic review of the Plant and Animal Health Monitoring programs found the programs respond to a very clear need, which is to protect the agricultural sector from the impacts of pests and diseases.

Pest and Disease Management Programs. APHIS provides technical and financial support to help control or eradicate a variety of agricultural health threats. The 2010 budget requests \$341 million for pest and disease management efforts. This includes an increase of \$10 million to address the Asian longhorned beetle. The budget includes a decrease of about \$5 million to account for successes in reducing acreage infested with boll weevil and pink bollworm. Ninety-eight percent of all cotton acreage is expected to be boll weevil-free by the end of 2009 and APHIS met the goal of eradicating pink boll worm from 45 percent of the infested cotton acreage in 2008. To combat any sudden, urgent and unforeseen pest and disease outbreaks, the Secretary retains authority to transfer funds from the CCC or other USDA accounts.

Animal Care. The 2009 budget proposes \$22 million for Animal Welfare Act activities and \$0.5 million for Horse Protection Act activities. This maintains the 2009 level for activities to enforce the Animal Welfare Act. APHIS will submit legislative proposals which will permit collection of about \$9 million in user fees for Animal Welfare activities.

Scientific and Technical Services. Within USDA, APHIS has chief regulatory oversight of genetically modified organisms. APHIS also develops methods and provides diagnostic support to prevent, detect, control, and eradicate agricultural health threats. APHIS as well works to prevent ineffective or harmful animal biologics (e.g., vaccines) from being marketed. In addition, APHIS provides Federal leadership in addressing wildlife conflicts. Several of these activities have been funded by earmarks, which are eliminated in the 2010 budget. Finally, APHIS will submit legislative proposals which will permit collection of about \$3.75 million in user fees for Biotechnology Regulatory Services activities and about \$6.75 million in user fees for Veterinary Biologics activities.

Buildings and Facilities. Funding of \$5 million for general repairs and maintenance of APHIS buildings is requested in 2010. This amount will be used for critical repairs at APHIS facilities.

MARKETING AND REGULATORY PROGRAMS

AGRICULTURAL MARKETING SERVICE (AMS)

Budget Authority
(Dollars in Millions)

Program	2008 Enacted	2009 Estimate	2010 Budget
Discretionary:			
Marketing Services:			
Market News.....	\$33	\$33	\$34
Egg Surveillance and Standardization.....	8	8	8
Market Protection and Promotion.....	28	40	43
Wholesale Market Development.....	4	3	3
Transportation Services.....	3	3	3
Total, Marketing Services.....	76	87	91
Payments to States and Possessions:			
Payments to States.....	1	1	1
Specialty Crop Block Grants.....	9	0	0
Wisconsin Grant.....	2	0	0
Total, Payments to States and Possessions.....	12	1	1
Total, Discretionary Programs.....	88	88	92
Mandatory:			
Funds for Strengthening Markets, Income, and Supply (Section 32).....	541	670	1,441
User Fees:			
Perishable Agricultural Commodities Act.....	7	10	10
Commodity Grading Services.....	183	138	142
Total, User Fee Funded Programs.....	190	148	152
Farm Bill:			
Specialty Crop Block Grants (Sec. 10109).....	10	49	55
Organic Production and Market Data Initiatives (Sec. 10302).....	4	0	0
Agricultural Mgmt Assistance, Organic Cost-Share (Sec. 2801).....	2	2	1
National Organic Certification Cost-Share Program (Sec. 10301).....	22	0	0
Farmers Market Promotion Program (Sec. 10106).....	3	5	5
National Sheep Industry Improvement Center (Sec. 11009).....	1	0	0
Total, Farm Bill Programs.....	\$42	\$56	\$61
Total, Mandatory Programs.....	\$773	\$874	\$1,654
Total, AMS Programs.....	\$861	\$962	\$1,746

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

MARKETING AND REGULATORY PROGRAMS

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

The 2010 budget includes an increase of \$2.9 million above the 2009 level to enhance outreach and education by the National Organic Program. The increase will also help the Program effectively monitor program compliance, conduct enforcement activities, and ensure the integrity of the USDA organic seal.

The 2008 Farm Bill also included assistance to the organic sector. It provided one-time funding to expand Market News reporting of organic product prices. The Farm Bill also provided organic certification cost-sharing assistance under two programs. AMS is providing assistance to organic producers in specific States through the Agricultural Management Assistance Organic Certification Cost-Share Program and to organic producers and handlers nationally through the National Organic Certification Cost-Share Program. Cost-share assistance is at a rate of 75 percent of certification costs up to a maximum of \$750 per year.

Key Performance Measure	2005	2006	2007	2008	2009	2010
Percent of market-identified quality attributes for which AMS has provided standardization	96%	96%	97%	97%	97%	99%

Payments to States and Possessions. Under this program, AMS provides matching funds to State Departments of Agriculture for projects aimed at improving marketing efficiency, reducing marketing costs for producers, and lowering food costs for consumers. The 2010 budget requests \$1.3 million for the program.

Section 32 Funds. Section 32 of the Act of August 24, 1935, authorizes the appropriation for each fiscal year of an amount equal to 30 percent of the gross receipts from duties collected under customs laws of the United States during the preceding calendar year. These funds are used to encourage domestic consumption of non-price supported perishable commodities and re-establish farmers' purchasing power through a variety of activities, including: purchases of such commodities and removal of surplus commodities from the marketplace for distribution to Federal nutrition assistance programs such as the National School Lunch Program; diversion programs that bring production in line with demand; and disaster assistance for producers. Section 32 funds are also used to finance the administrative costs associated with the purchase of commodities and developing the specifications used for food procurement throughout the Federal government. The 2010 budget requests an additional \$10 million within Section 32 Administrative funding for the Commodity Purchase Services Program to further implementation of the Web-based Supply Chain Management System. This improved information technology

MARKETING AND REGULATORY PROGRAMS

system is intended to improve management and control of commodity orders, purchases, and delivery. The 2010 budget also includes a rescission of \$43 million in unobligated balances from Section 32.

Marketing agreements and orders help stabilize market prices and the supply of milk, fruit, vegetables, and certain specialty crops. The orders are administered locally by marketing order committees and market administrators. Local activities are funded through assessments on regulated handlers. Section 32 funds are used to finance Federal oversight activities for marketing agreements and orders at the national level. The 2010 budget proposes an increase of \$2.3 million for AMS to work with the fruit and vegetable industry to develop, establish, and operate Federal marketing agreements or orders that will involve quality factors affecting food safety for U.S. leafy greens or other fruits and vegetables.

User Fee Programs. AMS operates programs funded through license or user fees. The Commodity Grading Services program provides voluntary commodity grading and classing services for dairy products, fresh and processed fruits and vegetables, meat and meat products, poultry, eggs, tobacco, and cotton. In addition, AMS enforces the Perishable Agricultural Commodities Act (PACA) which prohibits unfair and fraudulent practices in the marketing of perishable agricultural commodities by regulating shippers, distributors, and retailers. Full and prompt payment for fresh fruits and vegetables is a key objective of the program.

2008 Farm Bill. In addition to organic certification cost-sharing and greater reporting of organic market data, the 2008 Farm Bill provided funding for other AMS efforts. The Specialty Crop Block Grant Program provides funds to States solely to enhance the competitiveness of specialty crops. Specialty crops are defined as fruits, vegetables, tree nuts, dried fruits, horticulture, and nursery crops (including floriculture). AMS awarded almost \$10 million in specialty crop block grants during FY 2008. Under the Farmers' Market Promotion Program, competitive grants are provided to help improve and expand domestic farmers' markets, roadside stands, community-supported agriculture programs, agro-tourism activities, and other direct producer-to-consumer market opportunities. Entities eligible to apply include agricultural cooperatives, producer networks, producer associations, local governments, nonprofit corporations, public benefit corporations, economic development corporations, regional farmers' market authorities and Tribal governments. AMS awarded more than \$3 million in grants for FY 2008. The Farm Bill also provided one-time funding for the National Sheep Industry Improvement Center. AMS is working to establish the Center.

MARKETING AND REGULATORY PROGRAMS

GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION (GIPSA)

Budget Authority			
(Dollars in Millions)			
Program	2008	2009	2010
	Enacted	Estimate	Budget
Discretionary:			
Salaries and Expenses:			
Grain Inspection Activities.....	\$18	\$18	\$18
Packers and Stockyards Program.....	21	22	24
Total, Salaries and Expenses.....	39	40	42
Mandatory:			
Inspection and Weighing User Fees.....	(46)	(42)	(42)
Total, GIPSA Programs.....	39	40	42

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

The 2010 budget includes an increase of approximately \$1 million to strengthen enforcement of the Packers and Stockyards Act. With additional field staff, GIPSA would bolster direct enforcement and promote greater voluntary compliance with the Act. Complaints regarding potential violations of the Packers and Stockyards Act have increased 22 percent in recent years, and the Agency's current staffing levels are insufficient to address the growing need for regulatory and audit activities.

For 2010, the budget proposes a program level for salaries and expenses of about \$84 million, of which \$42 million is from existing inspection and weighing user fees. Of the appropriations request of \$42 million, about \$18 million is devoted to the grain inspection activities including standardization, compliance, and methods development activities and about \$24 million to the Packers and Stockyards Program. Separately, GIPSA will submit a legislative proposal to collect fees for the development of grain standards and to amend the Packers and Stockyards Act to provide authority to collect license fees to cover the cost of the program.

MARKETING AND REGULATORY PROGRAMS

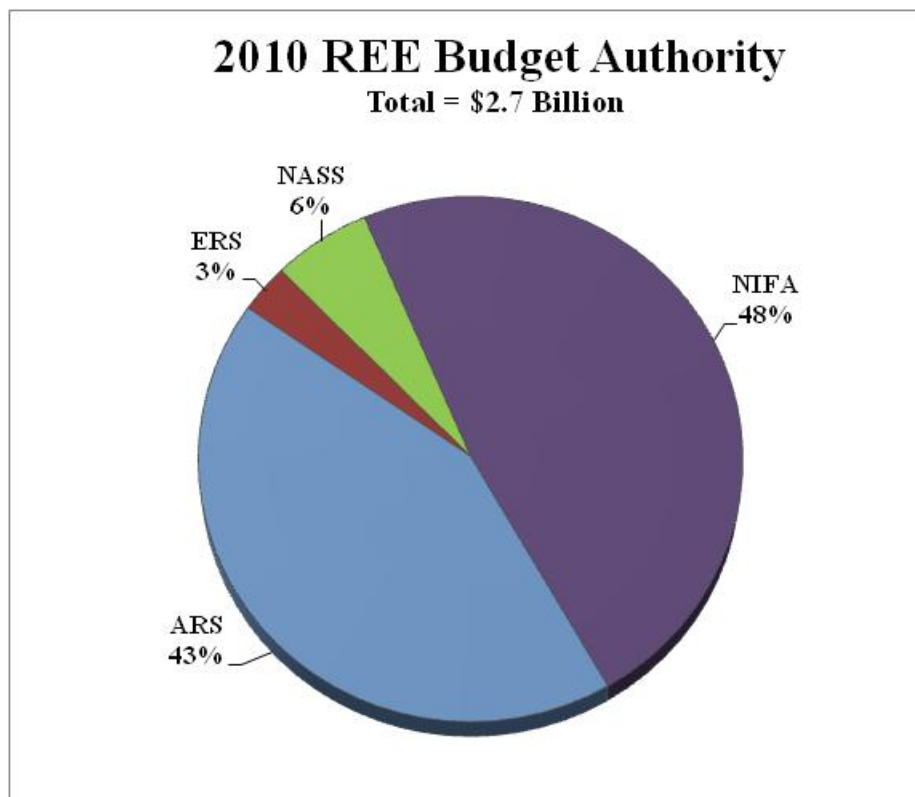
Key Performance Measure	2005	2006	2007	2008	2009	2010
Percent of market-identified quality attributes for which GIPSA has provided standardization.	96.7	94.0	95.7	97.8	98.6	99.4

RESEARCH, EDUCATION, AND ECONOMICS

MISSION AREA

The Research, Education, and Economics (REE) mission area provides Federal leadership for the discovery, application, and dissemination of information and technologies spanning the biological, physical, and social sciences through agricultural research, education, and extension activities and economic and statistical analysis. The 2010 REE budget serves to ensure a safe, sustainable, competitive U.S. food and fiber system and strong, healthy families and communities.

REE responsibilities are carried out by four agencies: the Agricultural Research Service conducts intramural research in the area of natural and biological sciences; the National Institute of Food and Agriculture (formerly the Cooperative State Research, Education and Extension Service as reorganized by section 7511 of the 2008 Farm Bill), partners with land grant and non-land grant colleges and universities in carrying out extramural research, higher education, and extension activities; the Economic Research Service performs intramural economic and social science research; and the National Agricultural Statistics Service conducts the Census of Agriculture and provides the official current statistics on agricultural production and indicators of the economic and environmental welfare of the farm sector.



RESEARCH, EDUCATION, AND ECONOMICS

AGRICULTURAL RESEARCH SERVICE (ARS)

Budget Authority (Dollars in Millions)			
Program	2008 Enacted	2009 Estimate	2010 Budget
Discretionary:			
Product Quality/Value Added.....	\$99	\$103	\$116
Livestock Production.....	79	80	83
Crop Production.....	199	200	205
Food Safety.....	104	106	108
Livestock Protection.....	74	75	76
Crop Protection.....	194	199	200
Human Nutrition.....	79	79	92
Environmental Stewardship.....	213	220	234
Total, Research Programs.....	1,041	1,062	1,114
National Agricultural Library.....	21	21	22
Repair and Maintenance of Facilities.....	18	17	17
Total, Ongoing Programs.....	1,080	1,100	1,153
Earmarked Projects.....	41	40	0
Total, Research and Information Activities.....	1,121	1,140	1,153
Buildings and Facilities.....	47	47	0
Total, Ongoing Discretionary Programs.....	1,168	1,187	1,153
Collaborative Research Program.....	4	0	0
Emergency Supplemental (Buildings and Facilities).....	5	0	0
Recovery Act:			
Buildings and Facilities.....	0	176	0
Total, Discretionary Programs.....	1,177	1,363	1,153
Mandatory:			
Trust Funds.....	21	20	20
Total, ARS.....	\$1,198	\$1,383	\$1,173

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

The 2010 budget requests approximately \$1.15 billion for ARS. About \$40 million in Congressional earmarks have been discontinued with these funds being redirected to high-priority research initiatives. Examples of high priority activities in the 2010 budget include the following:

New Products/Product Quality/Value Added. ARS research enhances the economic viability and competitiveness of U.S. agriculture by (1) maintaining the quality of harvested agricultural

RESEARCH, EDUCATION, AND ECONOMICS

commodities or enhancing their marketability; and (2) expanding domestic and global market opportunities through the development of value-added food and non-food products and processes. The 2010 budget provides an additional \$11 million for renewable energy research to develop new varieties and hybrids of feedstocks with traits for optimal production and conversion to biofuels. New research will also work to develop practices that enable the sustainable production of bioenergy feedstocks that optimize farm productivity and profitability. ARS will also create analytical tools for assessing and managing the challenges that bioenergy feedstock production poses to the environment while maintaining or enhancing water quality.

Livestock Production. ARS conducts research that develops biotechnological methods to use animal germplasm and associated genetic and genomic repositories and databases to ensure an abundant and safe food supply. Research also provides the knowledge to assess farm animal well-being, reduce animal stress, increase animal health and improve the international competitiveness and sustainability of U.S. aquaculture. With major progress being made in sequencing food animal genomes, it is now more feasible to develop rapid and efficient methods to characterize, identify, and manipulate the useful properties of genes. The 2010 budget includes an increase of \$0.6 million for genomic sequencing to characterize important traits for food animal production, and an additional \$1.4 million to fund research to identify genes that will improve the health, growth, and productivity of food animals. Addressing animal health and feed efficiency is the key to meeting the demands of the growing population and addressing world hunger.

Crop Production. ARS safeguards and utilizes plant, microbial, and insect germplasm, associated genetic and genomic databases, and bioinformatic tools to ensure an abundant, high quality, safe, and inexpensive supply of food, feed, fiber, ornamentals, and industrial products. The 2010 budget provides an increase of \$1.8 million to expand grain crop germplasm collection, enhancement, and breeding programs. This will address a critical aspect of world hunger by avoiding catastrophic losses from new and emerging cereal diseases.

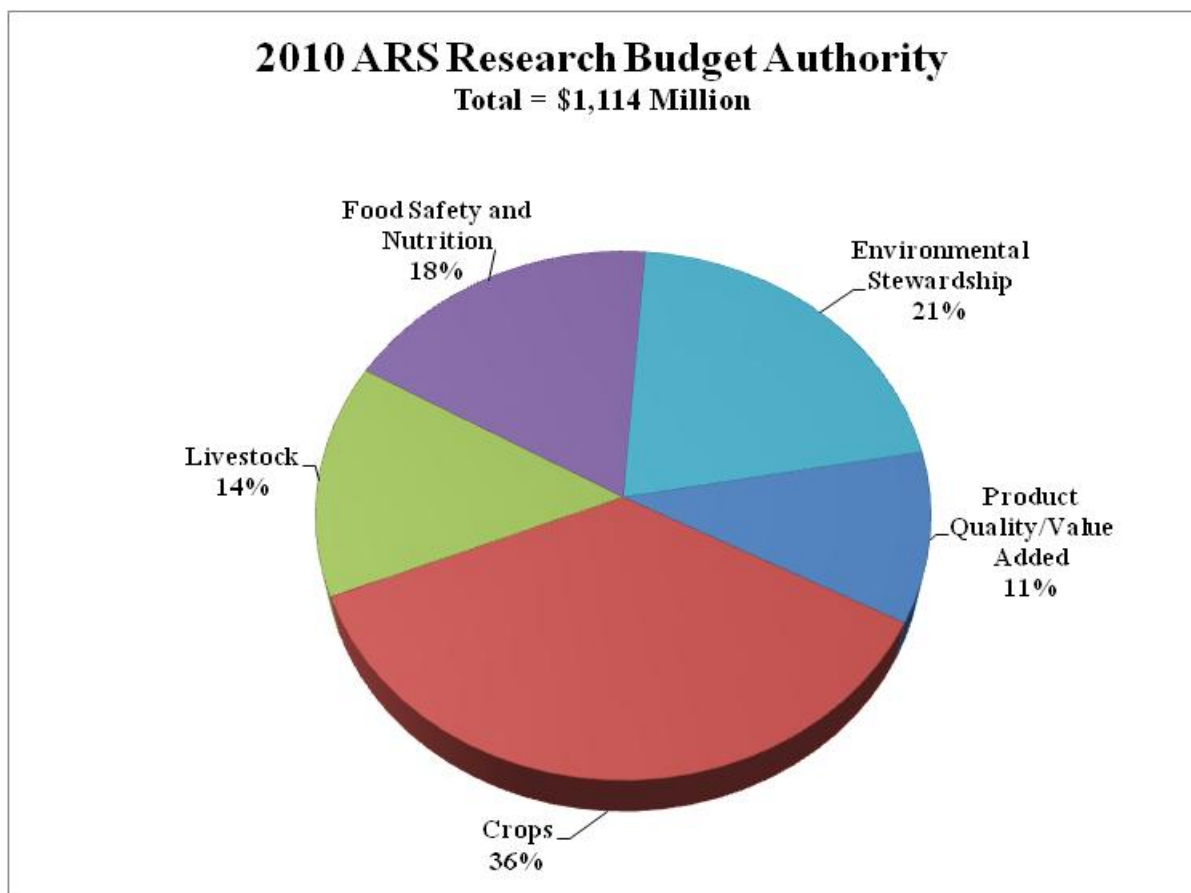
Human Nutrition. ARS centers conduct basic and applied research to identify and understand how nutrients and other bioactive food components affect the health of diverse populations, including children, the elderly, pregnant and lactating women, and healthy adults. The ultimate goal of this food-based agricultural research is to identify foods and diets, coupled with genetics and physical activity that will sustain and promote health throughout life. The 2010 budget includes an additional \$13 million to undertake health and childhood obesity prevention research. This research will seek to determine the barriers in following the healthful eating and physical activity patterns set forth in the *Dietary Guidelines*. The research will also focus on preventing obesity in children through family centered interventions and the development of new healthier foods which increase satiety, decrease caloric density, and increase dietary fiber. Success of this proposed research should reduce the health care costs attributable to obesity.

Environmental Stewardship. This broad area of research emphasizes the development of technology and scientific knowledge that will allow producers to manage, conserve, and protect the Nation's soil, water, and air resources while optimizing agricultural productivity. The 2010 budget proposes an additional \$9 million to conduct research on commercially viable technologies that will enable producers, natural resource managers, and policymakers to

RESEARCH, EDUCATION, AND ECONOMICS

determine the risks of climate change to agricultural systems, develop adaptation mechanisms, and reduce agriculture related greenhouse gases by enhancing carbon sequestration. ARS will develop crops that can thrive in variable and extreme environments to expand the options for ensuring that food, feed, fiber and biofuels production can meet market demands despite the risks of climate change. Research will also focus on developing mitigation strategies due to climate driven pest outbreaks as well as ensuring the adequate availability of water quantity and quality under changing climatic conditions.

Buildings and Facilities Repair and Modernization. The Recovery Act appropriated \$176 million for deferred maintenance at ARS facilities. These funds will be used for critical maintenance of facilities selected from the ARS Capital Project and Repair Plan. The proposed projects were chosen based upon their ability to help ARS fulfill its mission.



RESEARCH, EDUCATION, AND ECONOMICS

NATIONAL INSTITUTE OF FOOD AND AGRICULTURE (NIFA)

**Budget Authority
(Dollars in Millions)**

Program	2008 Enacted	2009 Estimate	2010 Budget
Discretionary:			
Research and Education Activities <u>b/</u>	\$669	\$691	\$623
Extension Activities <u>b/</u>	453	474	487
Integrated Activities.....	56	57	57
Native American Endowment Fund Interest.....	3	4	4
Outreach for Socially Disadvantaged Farmers.....	6	<u>a/</u>	<u>a/</u>
Total, Ongoing Discretionary Programs.....	1,187	1,226	1,171
Mandatory:			
Risk Management Education.....	5	5	5
Farm Bill:			
Biomass Research and Development.....	2	20	28
Organic Agriculture Research and Education Initiative.....	3	18	20
Outreach for Socially Disadvantaged Farmers.....	0	15	20
Healthy Urban Enterprise Development Center.....	0	1	1
Beginning Farmer and Rancher Development Program.....	0	18	19
Specialty Crop Research Initiative.....	30	50	50
Total, Farm Bill Programs.....	35	122	138
Total, Mandatory Programs.....	40	127	143
Total, NIFA.....	\$1,227	\$1,353	\$1,314

a/ The 2008 Farm Bill provides a mandatory appropriation for this program. Discretionary funds were appropriated in 2008.

b/ The 2010 discretionary funding includes \$70 million for rural revitalization. (Capacity Building Grants: \$3M; Hispanic-Serving Institution Education Grants: \$3M; Secondary Education, Two-Year Postsecondary, and Agriculture in the K-12 Classroom: \$17.5M; Higher Education Challenge Grants: \$17.5M; Improve the Quality of Life in Rural America: \$28M and Extension at the 1994 Institutions: \$1M.)

NIFA, currently the Cooperative State Research, Education, and Extension Service, is to be established under section 7511 of the 2008 Farm Bill by September 30, 2009 and will have the primary responsibility for providing linkages between the Federal and State components of a broad-based, national agricultural research, extension, and higher education system. NIFA provides funding for projects conducted in partnership with the State Agricultural Experiment Stations, State Cooperative Extension System, land grant universities, colleges, and other research and education institutions. Federal funds are distributed to universities and institutions by statutory formula funding, competitive awards, and grants. NIFA is responsible for administering USDA's primary competitive research grants program, the Agriculture and Food Research Initiative (AFRI) which was established by section 7406 of the 2008 Farm Bill. AFRI supports investigator-initiated research with strong potential to contribute to major breakthroughs in agricultural science.

RESEARCH, EDUCATION, AND ECONOMICS

National Institute of Food and Agriculture Budget Authority (Dollars in Millions)

Program	2008 Actual	2009 Estimate	2010 Budget
Discretionary:			
Formula Grants:			
Smith-Lever 3 (b&c).....	\$274	\$288	\$289
Hatch Act.....	196	207	207
1890 Research and Extension.....	77	86	86
McIntire-Stennis Cooperative Forestry.....	25	28	28
Animal Health and Disease Research.....	5	3	3
Total, Formula Grants.....	577	612	613
Agriculture and Food Research Initiative.....	191	202	202
Selected Integrated Activities:			
Water Quality.....	12	12	12
Food Safety.....	14	14	14
Rural Development Centers.....	1	1	1
International Science and Education Grants.....	2	3	3
Critical Issues.....	1	1	1
Pest Control/Management Activities.....	29	30	30
Sustainable Agriculture Research and Extension.....	19	19	19
Higher Education Programs <u>b/</u>	39	43	84
Native American Endowment Fund Interest.....	3	4	4
Federally-Recognized Tribes Extension Program.....	3	3	3
1890 Facilities.....	17	18	18
Extension Services at 1994 Institutions <u>b/</u>	3	3	4
Expanded Food and Nutrition Education Program (EFNEP)....	66	66	66
Federal Administration.....	17	19	21
Improve Quality of Life in Rural America <u>b/</u>	0	0	28
Regional Diagnostic Network.....	10	10	10
Other Research, Extension and Integrated Programs.....	38	38	38
Outreach for Socially Disadvantaged Farmers.....	6	<u>a/</u>	<u>a/</u>
Subtotal.....	1,048	1,098	1,171
Earmarked Projects and Grants.....	139	128	0
Total, Ongoing Discretionary Programs <u>b/</u>	1,187	1,226	1,171
Mandatory:			
Risk Management Education.....	5	5	5
Farm Bill Programs.....	35	122	138
Total, NIFA.....	\$1,227	\$1,353	\$1,314

a/ The 2008 Farm Bill provides a mandatory appropriation for this program. Discretionary funds were appropriated in 2008.

b/ The 2010 discretionary funding includes \$70 million for rural revitalization. (Capacity Building Grants: \$3M; Hispanic-Serving Institution Education Grants: \$3M; Secondary Education, Two-Year Postsecondary, and Agriculture in the K-12 Classroom: \$17.5M; Higher Education Challenge Grants: \$17.5M; Improve the Quality of Life in Rural America: \$28M and Extension at the 1994 Institutions: \$1M.)

RESEARCH, EDUCATION, AND ECONOMICS

The 2010 budget requests approximately \$1.2 billion in discretionary funding for NIFA. The budget includes program initiatives for rural revitalization totaling \$70 million. These increases are offset by the elimination of \$128 million in Congressional earmarks. Highlights of the proposal follows:

Improve Rural Education and Quality of Life. In support of the President’s initiative to make education a national priority, the budget proposes an increase of \$70 million for rural revitalization. This includes an increase of \$17.5 million for the Secondary Education, Two-Year Postsecondary Education, and Agriculture in the K-12 Classroom Program and \$17.5 million for the Higher Education Institution Challenge Grants Program. Additionally, an increase of \$7 million will fund research and extension programs at 1890 and 1994 land-grant institutions and Hispanic-serving institutions. The budget also proposes an increase of \$28 million to improve the quality of life in rural America. The funding will support a competitive Smith-Lever 3(d) program focused on developing training and the expanded use of web-based and other technology applications. This will allow rural citizens and communities to utilize tools and science-based information to make sound production, processing, and management decisions. Additionally, competitive grants will support cooperative programs between State cooperative extension services and nonprofit organizations to establish a Farm and Ranch Stress Assistance Network to provide stress assistance programs to individuals who are engaged in farming, ranching, and other agriculture-related occupations.

Key Performance Measure	2005	2006	2007	2008	2009	2010
The cumulative number of specific plant diseases labs are prepared to detect.	5	6	7	8	9	10
The cumulative number of specific animal diseases labs are prepared to detect.	7	8	8	9	9	10

RESEARCH, EDUCATION, AND ECONOMICS

ECONOMIC RESEARCH SERVICE (ERS)

Budget Authority			
(Dollars in Millions)			
Program	2008 Enacted	2009 Estimate	2010 Budget
Economic Research Service.....	\$77	\$80	\$82
Mandatory:			
Farm Bill:			
Organic Production and Market Data.....	1	0	0
Total, ERS.....	\$78	\$80	\$82

ERS provides economic and other social science information and analysis on agriculture, food, the environment, and rural development. ERS produces such information and analyses to inform policy and program decisions made across the spectrum of USDA missions, and supplies them in outlets that are also accessible to USDA stakeholders and the general public.

Environmental Services Markets. The 2010 budget includes an increase of \$1.8 million to support research on the economics and policies for reducing greenhouse gas emissions. ERS will develop analytical tools and assessments of the economic implications of environmental services markets design, with an emphasis on markets for carbon offsets which will capture the key policy elements critical for providing appropriate guidance to policy makers. Agriculture plays a major role in domestic cap-and-trade proposals for addressing climate change. Domestic offsets from agricultural carbon sequestration or changes in livestock or soil management can significantly reduce the Nation’s costs of greenhouse gas reductions.

RESEARCH, EDUCATION, AND ECONOMICS

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

Budget Authority			
(Dollars in Millions)			
Program	2008	2009	2010
	Enacted	Estimate	Budget
Discretionary:			
Agricultural Estimates.....	\$110	\$115	\$124
Census of Agriculture.....	52	37	38
Total, Discretionary Programs.....	162	152	162
Mandatory:			
Farm Bill:			
Organic Production and Market Data.....	1	0	0
Total, NASS.....	\$163	\$152	\$162

The mission of NASS is to provide timely, accurate, and useful statistics in service to U.S. agriculture. NASS statistics provide the information necessary to keep agricultural markets stable and efficient and to help maintain a consistency for all users of agricultural statistics.

Bioenergy Statistics. The agricultural estimation program provides a comprehensive set of unbiased data covering most agricultural commodities as well as economic, environmental, and rural demographic data. The budget includes an increase of \$1.85 million to establish a data series on key elements of bioenergy production and utilization. Specific areas to be researched include: data on the production, stocks, and utilization of biomass materials and annual maps of county-level crop production with overlays of major transportation corridors, as well as current and proposed ethanol plants. This data will provide the necessary information for future bioenergy program development.

Agricultural Chemical Use Program. Also within the agricultural estimation program, an increase of \$5.75 million is proposed that will allow NASS to restore the chemical use data series including data on major row crops on an alternating year basis, post harvest chemical use data, and alternating annual fruit, nuts, and vegetable chemical use data. This data series provides the only free publicly available agriculture chemical use information and allows USDA, EPA and others to respond adequately to questions about agricultural chemical use and its possible effects on the environment.

Census of Agriculture. The 2010 budget includes funding to support the first year of the 2012 Census of Agriculture's five year cycle. The Census of Agriculture provides comprehensive data on the agricultural economy with national, State, and county level details. The census data are relied upon to measure trends and new developments in the agricultural sector.

RESEARCH, EDUCATION, AND ECONOMICS

Key Performance Measure	2005	2006	2007	2008	2009	2010
Timeliness – Percent of time official reports are released on the date and time pre-specified to data users.	99.8%	100%	100%	99.6%	98.9%	100%

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL OFFICES AND CENTRALIZED MANAGEMENT ACTIVITIES

Budget Authority (Dollars in Millions)			
Program	2008 Enacted	2009 Estimate	2010 Budget
Discretionary:			
Departmental Offices:			
Office of the Secretary.....	\$13	\$13	\$16
Departmental Administration Staff Offices.....	23	28	30
Office of the Chief Financial Officer.....	6	6	7
Office of the Chief Information Officer.....	16	18	64
Office of the General Counsel.....	39	42	45
Office of Communications.....	9	10	10
Executive Operations:			
Office of the Chief Economist.....	11	11	18
National Appeals Division.....	14	14	15
Office of Budget and Program Analysis.....	8	9	9
Office of Homeland Security.....	1	1	3
Office of Advocacy and Outreach.....	0	0	3
Total, Departmental Offices.....	140	152	220
Centralized Activities:			
Funding to Address Trade Barrier Issues.....	2	2	2
Provincial Reconstruction Teams.....	0	0	13
Agriculture Buildings and Facilities.....	195	244	346
Hazardous Materials Management.....	5	5	5
Total, Ongoing Discretionary Programs.....	342	403	586
Recovery Act:			
Agriculture Buildings and Facilities.....	0	24	0
Total, Discretionary Programs.....	342	427	586
Mandatory:			
Trust Funds.....	1	1	1
Farm Bill:			
Biobased Markets Program.....	0	2	2
Biodiesel Fuel Education Program.....	2	1	1
Total, Farm Bill Programs.....	2	3	3
Total, Mandatory Programs.....	3	4	4
Total, Departmental Offices and Centralized Activities....	\$345	\$431	\$590

DEPARTMENTAL ACTIVITIES

The Departmental Offices provide leadership, coordination and support for all administrative and policy functions of the Department, including the Centrally-Financed Activities. These offices are vital to USDA's success in providing effective customer service and efficient program delivery. The 2010 budget proposes funding to ensure that these offices maintain the staffing levels needed to provide management leadership, oversight, and coordination. These efforts are critical to making the Department an efficient, effective, and discrimination-free organization that delivers the best return on taxpayers' investments.

The **Office of the Secretary (OSEC)**, assisted by the Deputy Secretary, Under Secretaries and Assistant Secretaries, and members of their immediate staffs, directs and coordinates the work of the Department. This involves providing policy direction for all areas of the Department and maintaining liaisons with the Executive Office of the President, members of Congress and the public. The 2010 budget requests \$18 million for OSEC to fund on-going policy leadership and cross-cutting trade and biotechnology activities. Of this amount, an increase of \$1 million is included for the Office of Tribal Relations. This funding will allow USDA to improve Department-wide efforts to conduct government-to-government relations and consultation activities with Native American Tribes.

Departmental Administration (DA) Staff Offices provide overall direction, leadership and coordination for the Department's management of human resources, ethics, property, procurement, emergency preparedness and physical security, hazardous materials management, facilities management, small and disadvantaged business utilization programs, and the regulatory hearing and administrative proceedings conducted by the Administrative Law Judges, and the Judicial Officer. The 2010 budget requests \$43 million for DA offices, including a \$2 million increase to support Real Property and Human Capital efforts in the Department. This increase will provide additional support for the Secretary's strategic initiatives as the Department looks to reduce its annual real property operating costs and strives to create a more diverse workforce. In addition, the budget requests \$13 million for Provincial Reconstruction Teams (PRTs) to support reconstruction and stabilization activities in the rural areas of Afghanistan and Iraq. These efforts are aimed at helping to rebuild the agricultural infrastructure in these countries to expand economic opportunities for the rural populations. Funding is being requested under the DA appropriation as DA carries out the payroll and administrative functions to support the PRT activities. Additional information on the PRTs can be found under the Foreign Agricultural Service section.

DA manages the Department's BioPreferred Program as authorized in section 9002 of the Farm Bill. A total of 70 products are expected to be designated under the program in 2010.

Key Performance Measure	2005	2006	2007	2008	2009	2010
Increase the number of products designated under the BioPreferred Program (total number of items)	N/A	6	6	26	42	70

DEPARTMENTAL ACTIVITIES

The request for **Agriculture Buildings and Facilities (Ag B&F) and Rental Payments** for 2010 is \$346 million. The account provides funding for the rental payments to the General Services Administration (GSA) and security services payments to the Department of Homeland Security (DHS). This account is also responsible for all maintenance, utilities and administration of the more than 2.5 million square feet in the two USDA headquarters buildings. The 2010 request includes \$238 million for payments to GSA for rent and \$14 million to DHS for building security. The budget includes an increase of \$69 million to pay rent charged by GSA but not funded by USDA for locations nationwide between FY 2004 through FY 2008. The total Ag B&F request also includes an increase of \$27 million to consolidate USDA leased space in the National Capital Region. This effort is expected to reduce total space leased by USDA, resulting in estimated cost avoidances for the Department of \$62 million over the 15 year lease.

In addition to the budget request for maintenance and repair activities, USDA will be using \$38.1 million provided through the Recovery Act (\$24 million) and the 2009 Omnibus Appropriations Act (\$14.1 million) to continue modernization of the Department's South Building. As the building houses over 5,800 USDA employees and is home to the leadership for many agencies, it is critical that the facility be renovated to eliminate environmental hazards and to reduce overall energy consumption. The renovation project will preserve and restore the historic features of the building; replace antiquated heating and cooling systems, plumbing and electrical systems; eliminate environmental hazards such as asbestos and lead paint; provide accommodations for persons with disabilities; and create modern and efficient office space.

The **Hazardous Materials Management (HMM) Program** provides for the efficient management and cleanup of hazardous materials on facilities and lands under the jurisdiction, custody, and control of the Department; and the prevention of releases of hazardous substances from USDA facilities. The 2010 budget requests \$5 million for the HMM program to conduct cleanup and remediation activities; to seek repayment from polluters for hazardous materials cleanup responsibilities; and to assist the Department in meeting Federal environmental laws.

The **Office of the Chief Financial Officer (OCFO)** provides overall direction and leadership in the development of financial management policies and systems and produces the Department's consolidated financial statements and Strategic Plan. OCFO also oversees the provision of administrative accounting, payroll, and related systems for USDA and other agencies through operation of the National Finance Center. The 2010 budget requests \$7 million for OCFO to continue its leadership and oversight of the Department's financial management process, including an increase of \$0.5 million to support compliance efforts associated with the Federal Funding Accountability and Transparency Act; the Improper Payments Information Act; and travel policy oversight.

The **Office of the Chief Information Officer (OCIO)** provides policy guidance, leadership and coordination for the Department's information management, technology investment and cyber security activities in support of USDA program delivery. The 2010 budget requests \$64 million for OCIO to fund on-going activities and to improve the Department's cyber security posture. This request includes an increase of \$45.8 million to implement a Department-wide cyber security initiative to address deficiencies in the USDA network and IT systems. This initiative is necessary to ensuring the integrity of the USDA network and the security and

DEPARTMENTAL ACTIVITIES

privacy of Departmental systems and information. Through implementation of the initiative, the Department will address critical vulnerabilities while establishing a multi-layer cyber security structure. The request for this initiative includes three critical components: \$19 million to conduct network security assessments, \$14.5 million to procure security tools for deployment across the USDA network, and \$12.3 million to establish a Security Operations Center. Implementation of this initiative is necessary to ensure that USDA agencies can continue to deliver program benefits and conduct business activities by protecting sensitive systems and information from unauthorized access or intrusion.

The **Office of the General Counsel (OGC)** provides legal oversight, counsel, and support to the Department's agencies. The 2010 budget requests \$45 million for OGC, including an increase of \$2.1 million to ensure that OGC has the resources to conduct necessary training and travel and other activities for which funding has been reduced in recent years to cover salary expenses. This funding will be used to maintain and improve OGC service delivery to the entire Department, ensuring legal review and input into the program and policy decisions of USDA.

The Department's **Office of Communications (OC)** provides leadership and coordination for the development of communication strategies for the Department and plays a critical role in disseminating information about USDA's programs to the general public. The 2010 budget requests \$10 million for OC, including an increase of \$0.2 million for IT upgrades to support advanced Web-based communications activities using Web 2.0 technologies, such as Pod-casting and Really Simple Syndication (RSS) feeds.

The **Office of the Chief Economist (OCE)** advises the Secretary and Department officials on the economic implications of Department policies, programs and proposed legislation; and serves as the focal point for the Department's economic intelligence, analysis and review related to domestic and international food and agriculture markets. OCE also provides advice and analysis on bioenergy, new uses of agricultural products, sustainable development, agricultural labor, and global climate change. The 2010 budget requests \$18 million for OCE, including an increase of \$5 million to consolidate and expand Department activities related to energy, climate change, and ecosystem services markets through the creation of the Office of Energy and Climate Change (OECC). As the Department manages a broad portfolio of research, commercialization, and policy activities related to renewable energy development and assessment of the impacts of climate change on agriculture and forestry, coordination and oversight through OECC are needed to implement the Administration's policies and objectives. In addition, OECC will be responsible for USDA involvement in the development of market opportunities that reward producers and landowners for conservation and renewable energy programs that provide ecosystem services such as carbon sequestration, clean water, and wildlife habitat.

The **National Appeals Division (NAD)** conducts evidentiary administrative appeal hearings and reviews arising from program operations of the Rural Development mission area, the Farm Service Agency, the Risk Management Agency, and the Natural Resources Conservation Service. The 2010 budget requests \$15 million for NAD, including an increase of \$0.5 million to improve accessibility and transparency of case management activities including electronic appeal filing, document management, customer notification, and needed IT modernization.

DEPARTMENTAL ACTIVITIES

The **Office of Budget and Program Analysis (OBPA)** provides analyses and information to the Secretary and other senior policy officials to support informed decision-making regarding the Department's programs and policies, and budget, legislative, and regulatory actions. OBPA also serves the key functions of coordinating the Department's implementation of the Farm Bill, providing oversight of Recovery Act implementation, and coordinating and providing information to the Office of Management and Budget and the Appropriations Committees. The 2010 budget requests \$9 million for OBPA, including an increase of \$0.2 million to conduct a business process re-engineering and analysis of the Department's budget formulation and execution processes. This review and analysis will examine the potential for developing a Department-wide, Web-based system to achieve efficiencies in the budget formulation and execution process.

The **Office of Homeland Security (OHS)** was created with emergency supplemental funding in 2002 for the purpose of establishing a central homeland security oversight and assistance capability within USDA. The 2010 budget requests \$3 million for OHS which includes an increase of \$1.5 million for personal security protection activities for Departmental leadership. In addition, an increase of \$0.5 million is requested to expand OHS analytical capacities in support of emergency preparedness; food, plant, and animal biosecurity matters; and national security intelligence. By expanding its analytical capabilities, OHS would be able to rely upon a dedicated group of individuals, rather than detailees, focused on security matters critical to American agriculture and food production.

The **Office of Advocacy and Outreach (OAO)** was established by the 2008 Farm Bill to increase the accessibility of USDA programs to underserved constituents. The 2010 budget requests \$3 million for OAO to carry out the provisions of the Farm Bill related to outreach to beginning, small, and socially disadvantaged farmers, ranchers, and rural communities.

OFFICE OF CIVIL RIGHTS

OFFICE OF CIVIL RIGHTS

**Budget Authority
(Dollars in Millions)**

Program	2008 Enacted	2009 Estimate	2010 Budget
Office of Civil Rights.....	\$20	\$22	\$24

The **Office of Civil Rights (OCR)** provides policy guidance, leadership, coordination and training, and complaint prevention and processing for the Department and the agencies. OCR’s mission is to facilitate the fair and equitable treatment of USDA customers and employees and ensure the delivery and enforcement of civil rights programs and activities. Through its efforts, OCR strives to: 1) foster a positive civil rights climate at USDA; 2) process Equal Employment Opportunity (EEO) and program complaints in a timely, efficient and cost effective manner; 3) reduce and prevent EEO and program complaints through training and guidance; and 4) offer alternative dispute resolution (ADR) services.

The 2010 budget requests \$24 million for OCR to meet the Administration’s commitment to improving USDA’s handling of civil rights matters. An increase of \$1 million is requested to reduce the inventory of program and employment complaints and to reduce new complaints due to discrimination. To achieve this goal, the OCR will dedicate additional resources and staff to conduct on site investigations for program complaints; standardize ADR programs across the Department and conduct ADR training and awareness activities; and implement Office of Inspector General and Government Accountability Office audit recommendations by improving business processes. In addition, an increase of \$1 million is requested to analyze the requirements for an improved civil rights records management program. This funding will be used to evaluate how USDA can best move from a paper-based process of managing civil rights records to a digital complaints records system.

OFFICE OF INSPECTOR GENERAL

OFFICE OF INSPECTOR GENERAL

**Budget Authority
(Dollars in Millions)**

Program	2008 Enacted	2009 Estimate	2010 Budget
Discretionary:			
Ongoing Appropriations.....	\$79	\$86	\$89
Emergency Supplemental.....	5	0	0
Recovery Act Funding.....	0	22	0
Total, Office of Inspector General.....	\$84	\$108	\$89

The **Office of Inspector General (OIG)** conducts and supervises audits to prevent and detect fraud, waste, and abuse and to improve the effectiveness of USDA programs and operations. As the law enforcement arm of USDA, OIG also investigates criminal activity involving the Department’s programs and personnel. OIG received \$22 million in the Recovery Act for oversight and audit of the programs, grants, and activities funded by the Act. The 2010 budget requests \$89 million for OIG for audit and investigation review of the Department’s programs. This funding includes an increase of \$0.5 million to support critical public safety health activities by increasing investigative capacities for food safety issues. The budget also requests \$0.5 million to address longstanding weaknesses in the Department’s handling of civil rights matters by increasing audit review of USDA’s controls in the discrimination complaints process and by adding investigative staff to review potential discrimination activities. Funding of \$0.3 million is also requested for necessary training activities to ensure that OIG effectively meets professional training standards and implements a management development program.

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Program Level				
AGENCY/PROGRAM	2008 Enacted	2009 Estimate	2010 Budget	Change 2009 to 2010
FARM AND FOREIGN AGRICULTURAL SERVICES				
Farm Service Agency:				
Farm Loan and Grant Programs.....	\$3,365	\$3,668	\$4,118	\$450
Conservation and Other Programs.....	2,025	1,975	2,007	32
Disaster Assistance.....	1,435	1,412	760	-652
Commodity Programs.....	17,167	19,348	17,991	-1,357
Commodity Credit Corporation Programs.....	(22,721)	(27,381)	(25,902)	(-1,479)
Salaries and Expenses.....	1,430	1,482	1,575	93
Total, Farm Service Agency.....	25,422	27,885	26,451	-1,434
Risk Management Agency:				
Administrative and Operating Expenses.....	76	77	80	3
Crop Insurance Fund.....	7,998	9,556	11,373	1,817
Total, Risk Management Agency.....	8,074	9,633	11,453	1,820
Foreign Agricultural Service:				
Export Credit Guarantees.....	3,115	5,470	5,500	30
Market Development Programs.....	249	253	214	-39
Dairy Export Incentive Program.....	0	100	25	-75
Foreign Food Assistance.....	2,581	2,323	2,061	-262
Trade Adjustment Assistance for Farmers.....	0	90	90	0
Salaries and Expenses.....	277	293	314	21
Total, Foreign Agricultural Service.....	6,222	8,529	8,204	-325
Total, Farm and Foreign Agricultural Services.....	39,718	46,047	46,108	61
RURAL DEVELOPMENT				
Rural Utilities Service:				
Loans and Grants.....	10,053	14,454	17,071	2,618
Rural Housing Service:				
Loans and Grants.....	7,187	21,984	9,827	-12,156
Rural Business - Cooperative Service:				
Loans and Grants.....	1,376	4,733	2,555	-2,178
Salaries and Expenses.....	357	324	196	-128
Total, Rural Development.....	18,973	41,494	29,649	-11,845
FOOD, NUTRITION, AND CONSUMER SERVICES				
Food and Nutrition Service:				
Supplemental Nutrition Assistance Program.....	39,451	56,173	64,282	8,109
Child Nutrition Programs.....	14,669	16,251	18,371	2,120
Women, Infants and Children (WIC).....	6,400	7,041	7,721	680
All Other.....	379	529	429	-100
Total, Food, Nutrition, and Consumer Services.....	60,899	79,994	90,803	10,809
FOOD SAFETY				
Food Safety and Inspection Service.....	1,093	1,122	1,172	50

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE (Dollars in Millions)

Program Level				
AGENCY/PROGRAM	2008 Enacted	2009 Estimate	2010 Budget	Change 2009 to 2010
NATURAL RESOURCES AND ENVIRONMENT				
Natural Resources Conservation Service:				
Conservation Operations.....	834	853	867	14
Watershed Programs.....	540	404	40	-364
Resource Conservation and Development.....	51	51	0	-51
Farm Security and Rural Investment Programs.....	1,951	2,365	2,749	384
Healthy Forests Reserve Program.....	2	0	0	0
Total, Natural Resources Conservation Service.....	3,378	3,673	3,656	-17
Forest Service:				
National Forest System.....	1,469	1,515	1,517	2
Forest and Rangeland Research.....	286	296	302	6
State and Private Forestry.....	263	266	306	40
Wildland Fire Activities.....	3,218	2,832	2,520	-312
Capital Improvement and Maintenance.....	475	1,145	557	-588
Land Acquisition.....	43	51	30	-21
All Other.....	9	9	6	-3
Total, Discretionary Accounts.....	5,763	6,114	5,238	-876
Mandatory.....	473	869	816	-53
Total, Forest Service.....	6,236	6,983	6,054	-929
Total, Natural Resources and Environment.....	9,614	10,656	9,710	-946
MARKETING AND REGULATORY PROGRAMS				
Animal and Plant Health Inspection Service:				
Salaries and Expenses.....	868	877	872	-5
Emergency Funding.....	101	29	0	-29
Mandatory.....	237	168	192	24
Other APHIS Programs.....	0	5	5	0
Total, Animal and Plant Health Inspection Service.....	1,206	1,079	1,069	-10
Agricultural Marketing Service.....	319	292	305	14
Section 32 Funds.....	541	670	1,441	771
Grain Inspection, Packers and Stockyards				
Administration.....	85	82	84	2
Total, Marketing and Regulatory Programs.....	2,151	2,123	2,899	776
RESEARCH, EDUCATION, AND ECONOMICS				
Agricultural Research Service.....	1,198	1,383	1,173	-210
National Institute of Food and Agriculture.....	1,227	1,353	1,314	-39
Economic Research Service.....	78	80	82	2
National Agricultural Statistics Service.....	163	152	162	11
Total, Research, Education, and Economics.....	2,666	2,968	2,731	-237
OTHER ACTIVITIES				
Departmental Activities.....	143	156	224	68
Centralized Activities.....	202	275	366	91
Office of Civil Rights.....	20	22	24	2
Office of Inspector General.....	84	108	89	-19
Total, Other Activities.....	449	561	703	142
USDA Sub-Total.....	\$135,563	\$184,964	\$183,775	-\$1,189
Receipts and Loan Repayments and Other Adjustments.....	-4,112	-2,688	-5,125	-2,437
USDA TOTAL.....	\$131,451	\$182,276	\$178,650	-\$3,626

APPENDIX

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

AGENCY	2008 Actual	2009 Estimate	2010 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency.....	\$2,419	\$1,716	\$1,699
Commodity Credit Corporation Programs.....	5	5	7
Risk Management Agency.....	76	77	78
Foreign Agricultural Service.....	259	265	380
P.L. 480.....	2,063	1,924	1,693
RURAL DEVELOPMENT			
Salaries and Expenses.....	357	192	196
Rural Utilities Service.....	656	4,535	668
Rural Housing Service.....	1,331	2,085	1,896
Rural Business - Cooperative Service.....	170	276	213
Rural Empowerment Zones/Enterprise Communities.....	8	8	0
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service.....	6,565	8,048	8,235
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service.....	1,427	1,308	267
Forest Service.....	5,763	6,109	5,228
FOOD SAFETY			
Food Safety and Inspection Service.....	928	972	1,019
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service.....	1,177	1,363	1,103
National Institute of Food and Agriculture.....	1,187	1,226	1,171
Economic Research Service.....	77	80	82
National Agricultural Statistics Service.....	162	152	162
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service.....	969	911	842
Agricultural Marketing Service.....	88	89	48
Grain Inspection, Packers and Stockyards Administration.....	39	40	42
DEPARTMENTAL ACTIVITIES			
Office of the Secretary.....	15	15	18
Office of Civil Rights.....	20	22	24
Departmental Administration.....	23	28	43
Agriculture Buildings and Facilities.....	195	268	346
Hazardous Waste Management.....	5	5	5
Office of the Chief Financial Officer.....	6	6	7
Office of the Chief Information Officer.....	16	18	64
Office of the General Counsel.....	39	42	45
Office of Inspector General.....	84	108	89
Office of Communications.....	9	10	10
Executive Operations:			
Office of the Chief Economist.....	11	11	18
National Appeals Division.....	14	14	15
Office of Budget and Program Analysis.....	8	9	9
Office of Homeland Security.....	1	1	3
Office of Advocacy and Outreach.....	0	0	3
Working Capital Fund.....	3	0	0
Subtotal.....	26,175	31,938	25,728
Offsetting Receipts.....	-35	-43	-67
TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....	\$26,140	\$31,895	\$25,661

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE
Outlays
(Dollars in Millions)

AGENCY	2008 Actual	2009 Estimate	2010 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency.....	\$3,713	\$2,210	\$3,694
Commodity Credit Corporation Programs.....	9,077	13,369	11,568
Risk Management Agency.....	4,151	4,068	7,733
Foreign Agricultural Service.....	223	382	458
P.L. 480.....	946	1,628	1,359
RURAL DEVELOPMENT			
Rural Community Advancement Program.....	5	0	0
Salaries and Expenses.....	171	151	208
Rural Utilities Service.....	-1,261	958	204
Rural Housing Service.....	1,095	1,704	1,345
Rural Business - Cooperative Service.....	123	236	307
Rural Empowerment Zones/Enterprise Communities.....	12	15	9
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service.....	59,779	79,090	89,765
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service.....	2,806	2,691	3,414
Forest Service.....	5,891	6,876	6,249
FOOD SAFETY			
Food Safety and Inspection Service.....	921	934	1,001
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service.....	1,295	1,202	1,316
National Institute of Food and Agriculture.....	1,142	1,227	1,279
Economic Research Service.....	78	81	81
National Agricultural Statistics Service.....	160	152	161
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service.....	1,196	1,091	1,092
Agricultural Marketing Service.....	284	252	271
Section 32 Funds.....	740	670	1,397
Grain Inspection, Packers and Stockyards Administration.....	32	40	42
DEPARTMENTAL ACTIVITIES			
Office of the Secretary.....	13	15	17
Common Computing Environment.....	53	8	10
Office of Civil Rights.....	19	22	24
Departmental Administration.....	22	30	45
Agriculture Buildings and Facilities.....	254	241	340
Hazardous Waste Management.....	11	7	7
Office of the Chief Financial Officer.....	12	6	7
Office of the Chief Information Officer.....	16	18	64
Office of the General Counsel.....	39	42	45
Office of Inspector General.....	79	89	95
Office of Communications.....	9	10	10
Executive Operations:			
Office of the Chief Economist.....	12	11	20
National Appeals Division.....	14	15	17
Office of Budget and Program Analysis.....	8	9	10
Office of Homeland Security.....	1	1	3
Office of Advocacy and Outreach.....	0	0	3
Working Capital Fund.....	-18	75	-2
Gifts and Bequests.....	1	1	1
Subtotal.....	93,124	119,627	133,669
Offsetting Receipts.....	-2,328	-3,384	-808
TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....	\$90,796	\$116,243	\$132,861

APPENDIX

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

AGENCY	2008 Actual	2009 Estimate	2010 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency.....	\$3,937	\$1,965	\$1,849
Commodity Credit Corporation Programs.....	5	5	7
Risk Management Agency.....	76	74	79
Foreign Agricultural Service.....	239	264	379
P.L. 480.....	1,376	2,030	1,695
RURAL DEVELOPMENT			
Rural Community Advancement Program.....	5	0	0
Salaries and Expenses.....	171	151	208
Rural Utilities Service.....	683	1,081	1,434
Rural Housing Service.....	1,824	2,253	2,148
Rural Business - Cooperative Service.....	164	208	178
Rural Empowerment Zones/Enterprise Communities.....	12	15	9
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service.....	6,565	7,533	8,059
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service.....	1,098	1,155	1,107
Forest Service.....	5,130	5,926	5,435
FOOD SAFETY			
Food Safety and Inspection Service.....	908	925	992
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service.....	1,276	1,182	1,296
National Institute of Food and Agriculture.....	1,121	1,179	1,181
Economic Research Service.....	78	80	81
National Agricultural Statistics Service.....	160	152	161
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service.....	959	930	886
Agricultural Marketing Service.....	96	88	48
Grain Inspection, Packers and Stockyards Administration.....	37	40	42
DEPARTMENTAL ACTIVITIES			
Office of the Secretary.....	13	15	17
Common Computing Environment.....	53	8	10
Office of Civil Rights.....	19	22	24
Departmental Administration.....	22	28	43
Agriculture Buildings and Facilities.....	254	241	340
Hazardous Waste Management.....	11	7	7
Office of the Chief Financial Officer.....	12	6	7
Office of the Chief Information Officer.....	16	18	64
Office of the General Counsel.....	39	42	45
Office of Inspector General.....	79	89	95
Office of Communications.....	9	10	10
Executive Operations:			
Office of the Chief Economist.....	10	10	19
National Appeals Division.....	14	15	17
Office of Budget and Program Analysis.....	8	9	10
Office of Homeland Security.....	1	1	3
Office of Advocacy and Outreach.....	0	0	3
Working Capital Fund.....	-18	75	-2
Subtotal.....	26,462	27,832	27,986
Offsetting Receipts.....	-35	-43	-67
TOTAL, U.S. DEPARTMENT OF AGRICULTURE.....	\$26,427	\$27,789	\$27,919

APPENDIX

UNITED STATES DEPARTMENT OF AGRICULTURE Staff Years

Agency	2008	2009 Estimate	2010 Budget
FARM AND FOREIGN AGRICULTURAL SERVICES			
Farm Service Agency.....	5,094	5,259	5,259
Risk Management Agency.....	480	553	568
Foreign Agricultural Service.....	963	1,004	1,006
Total, FFAS.....	6,537	6,816	6,833
RURAL DEVELOPMENT			
Rural Development.....	5,906	6,100	6,100
FOOD, NUTRITION, AND CONSUMER SERVICES			
Food and Nutrition Service.....	1,271	1,308	1,328
NATURAL RESOURCES AND ENVIRONMENT			
Natural Resources Conservation Service.....	11,337	12,118	11,590
Forest Service.....	33,623	33,705	33,601
Total, NRE.....	44,960	45,823	45,191
FOOD SAFETY			
Food Safety and Inspection Service.....	9,474	9,671	9,696
RESEARCH, EDUCATION, AND ECONOMICS			
Agricultural Research Service.....	8,407	8,430	8,420
National Institute of Food and Agriculture.....	382	440	440
Economic Research Service.....	387	397	399
National Agricultural Statistics Service.....	1,101	1,144	1,174
Total, REE.....	10,277	10,411	10,433
MARKETING AND REGULATORY PROGRAMS			
Animal and Plant Health Inspection Service.....	7,743	7,864	7,455
Agricultural Marketing Service.....	3,041	3,083	3,104
Grain Inspection, Packers & Stockyards Administration.....	647	657	664
Total, MRP.....	11,431	11,604	11,223
DEPARTMENTAL ACTIVITIES			
Office of the Secretary.....	75	87	92
Office of the Chief Economist.....	54	54	82
National Appeals Division.....	101	101	98
Office of Homeland Security.....	13	13	19
Office of Budget and Program Analysis.....	56	56	60
Office of Advocacy and Outreach.....	0	0	15
Office of the General Counsel.....	314	318	318
Office of the Inspector General.....	576	600	600
Office of the Chief Information Officer.....	907	1,016	1,041
Office of the Chief Financial Officer.....	1,195	1,389	1,392
Departmental Administration.....	514	525	580
Office of Civil Rights.....	120	125	127
Office of Communications.....	88	98	98
Total, Staff Offices.....	4,013	4,382	4,522
Total, USDA Federal Staffing.....	93,869	96,115	95,326
FSA, Non-Federal Staffing.....	9,605	9,425	9,425
Total, USDA Staffing.....	103,474	105,540	104,751

APPENDIX

User Fee Proposals
(Dollars in Millions)

Agency and Program	2010 Budget Authority
Food Safety	
Food Safety and Inspection Service:	
User Fee Proposal	0
<ul style="list-style-type: none">• This proposal would provide the authority to collect user fees from plants that require additional inspection activities because of performance failures, such as retesting, recalls, or inspection activities linked to an outbreak. The proposal would generate \$4 million in fees.	
Marketing and Regulatory Programs	
Animal and Plant Health Inspection Service:	
User Fee Proposal	0
<ul style="list-style-type: none">• This proposal authorizes the Secretary of Agriculture to prescribe, adjust and collect fees to cover the costs incurred for activities in relation to the review, maintenance and inspections connected to licensing activities associated with the Animal Welfare Act, Virus Serum Toxin Act, and the Plant Protection Act. The estimated fees would result in receipts of \$19.5 million in 2010, which includes \$9 million for animal care and \$10.5 million for Scientific and Technical Services.	
Grain Inspection, Packers and Stockyards Administration:	
User Fee Proposal	0
<ul style="list-style-type: none">• This proposal would establish a fee for grain standardization and a Packers and Stockyards license fee. The proposal would result in approximately \$27 million in fees.	

APPENDIX

Proposed Budget-Related Legislation
(Dollars in Millions)

Agency and Program	2010 Budget Authority
Farm and Foreign Agricultural Services	
Commodity Credit Corporation:	
Payment Limitation.....	-\$58
<ul style="list-style-type: none">Proposes a payment limitation of \$145,000 on marketing loan gains of all forms be implemented for the 2010 and succeeding crop years. In the proposal CAP would combine changes made by the 2008 Farm Bill and provide for an effective payment limitation of \$250,000.	
Direct Payment Phase Out to Large Farms.....	-85
<ul style="list-style-type: none">This proposal would phase out direct payments to farm program participants with average total agricultural sales in excess of \$500 thousand per year. This proposal aids in targeting direct payment program benefits to operators of small and medium size farms most in need of a strong economic safety net.	
Eliminate Cotton Storage Payments	-52
<ul style="list-style-type: none">This proposal would eliminate USDA payments for cotton storage costs for cotton under loan. Storage credits for cotton have been found to have a negative impact on the flow of cotton, resulting in producers storing for longer than necessary.	
Foreign Agricultural Service:	
Reform Market Access Program (MAP)	-4
<ul style="list-style-type: none">This proposal reduces annual funding for MAP by 20 percent in order to reduce spending and the size of the Federal deficit. Under this proposal greater emphasis will be placed on promotion of generic American products overseas. Funding for overseas brand promotions will be reduced and benefits that large for-profit entities indirectly gain as members of trade associations will be minimized.	

APPENDIX

Risk Management Agency:

Crop Insurance Program 0

- This proposes reforms to Federal crop insurance to reduce the administrative and operating expense reimbursement paid to insurance companies, require a more equitable sharing of the risk between the insurance companies and the Federal Government, reduce the catastrophic (CAT) coverage premium rate to better reflect losses, and increase the CAT administrative fee to better reflect the liabilities covered under the policy. Savings begin in 2011 at \$429 million.

Food, Nutrition, and Consumer Services

Food and Nutrition Service:

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

- This proposal enhances Child Nutrition Programs to improve the quality of meals served, expand participation among low-income children, and increase nutrition education, program access, and integrity. These resources would make progress toward improving the nutritional quality of school meals, reducing childhood obesity, and eliminating childhood hunger by 2015.