



DEPARTMENT OF AGRICULTURE

Funding Highlights:

- Provides \$23.9 billion in discretionary funding, a decrease of \$3.2 billion. Consistent with Administration priorities, investments are made in renewable energy and key research areas. Savings are created by reducing direct payments to high-income farmers, refocusing USDA's homeownership programs, and targeting USDA conservation programs.
- Invests \$6.5 billion in renewable and clean energy to spur the creation of high-value jobs, make America more energy independent, and drive global competitiveness in the sector.
- Increases funding for the Agriculture and Food Research Initiative to \$325 million and targets increases for research in areas that are key to American leadership: human nutrition and obesity reduction, food safety, sustainable bioenergy, global food security, and climate change.
- Refocuses rural housing assistance to programs that work better, providing 170,000 new homeownership opportunities, of which at least 30,000 are expected to go to low income rural borrowers.
- Maximizes efficiency and effectiveness of forest restoration efforts to improve forest health and resiliency by combining and streamlining multiple programs.
- Funds for the Wetlands Reserve Program and the Environmental Quality Incentives Program to restore and protect 271,158 acres of wetlands and provide over \$1.4 billion for conservation assistance.
- Provides \$7.4 billion to support supplemental nutrition assistance available to low-income and nutritionally at-risk pregnant and post-partum women, infants and children up to age 5.
- Provides \$35 million for the Healthy Food Financing Initiative to bring grocery stores and other healthy food retailers to underserved communities.

The U.S. Department of Agriculture (USDA) provides leadership on issues related to food, agriculture, and natural resources based on sound public policy, the best available science, and efficient management. USDA focuses on further developing alternative markets for agricultural products and activities, providing financing needed to help expand job opportunities and

improve housing, utilities, and infrastructure in rural America. The Department also works to enhance food safety by taking steps to reduce the prevalence of food-borne hazards from farm to table, improve nutrition and health by providing food assistance and nutrition education and promotion, support international agricultural and economic development, and

manage and protect America's public and private lands by working cooperatively with other levels of government and the private sector. The President's Budget provides \$23.9 billion to support this important mission, a decrease of \$3.2 billion. In keeping with the Administration's cost-cutting goals, departmental funding focuses on renewable energy development and innovation research. Savings are created by reducing direct payments to high-income farmers, refocusing USDA's home ownership programs, and targeting USDA conservation programs to high priority ecosystems.

Invests in American Competitiveness

Funds Renewable and Clean Energy. The clean energy economy is poised to convert a fossil fuel-based industry to a sustainable system, creating high-value jobs in rural America. The Administration proposes \$6.5 billion in financial assistance to electric cooperatives, research institutes, and small businesses to promote the expansion of renewable energy and biofuels. Of this amount, \$6 billion will be targeted to decrease the Nation's reliance on fossil fuels and promote renewable and clean energy at electric generation, transmission, and distribution sites in rural communities. The President's Budget proposes a program level of approximately \$400 million to support biofuels.

Supports American Innovation by Advancing Priority Research. The Administration provides increases for select USDA research in human nutrition and obesity reduction, food safety, sustainable bioenergy, global food security, and climate change, and also fully funds the Census of Agriculture while maintaining fiscal discipline by cutting lower priority projects and activities. The Administration increases funding to \$325 million for the Agriculture and Food Research Initiative; an increase of 24 percent since 2010. To support these priorities, the Administration proposes to eliminate funding for all research grant earmarks and cancel \$224 million in unobligated balances for research construction projects, resulting in current savings and significant future cost avoidance.

Improves the Way Federal Dollars are Spent

Redirects Aid to Needy Rural Americans. Agriculture, when compared to other sectors of the economy, has weathered these tough economic times relatively well. For instance, net farm income is forecast to be \$79 billion in 2010, an increase of \$16.8 billion—or 27 percent—from 2009, and the third largest level of income earned in the history of U.S. farming. Further, the top five years for farm earnings have occurred since 2004, attesting to the profitability of farming this decade. Finally, in every year since 1996, average income of farm households has exceeded average U.S. non-farm household income. However, the economic situation in some non-farm rural communities is very different. Over a third of non-metropolitan counties lost at least 10 percent of their population from 1988 to 2008. Population loss tends to reduce property values, increase tax burdens, reduce the supply and demand for local goods and services, and result in the loss of young, highly-skilled workers. Given the unique needs of rural farm and non-farm communities, the President's Budget proposes to refocus and reprioritize assistance to rural America to more appropriately address these needs.

Decreases Long-Term Agricultural Spending. The Budget includes a decrease in agricultural spending of \$2.5 billion over 10 years. The Administration proposes that farm policy target payments to only those who really need them. The savings would be generated by reducing payments to wealthy farmers.

Refocuses Rural Housing Assistance to Programs that Work Better. The Administration proposes to refocus USDA's single-family housing assistance programs to improve effectiveness. USDA has effectively used the guaranteed single-family housing loan program to provide homeownership assistance to low to moderate income rural borrowers. The Administration proposes to provide single family housing mortgage assistance primarily through the guaranteed program and includes a \$24 billion loan level with roughly \$4 billion in loans expected to be made to low-income rural borrowers. Overall,

this loan level is expected to provide as many as 170,000 new homeownership opportunities for rural Americans.

Maximizes the Impact of Forest Restoration Resources by Consolidating Programs. To maximize the Forest Service's ability to address changing needs and manage diverse forest landscapes, the Administration supports a holistic approach to restoration and maintenance of sustainable landscapes. By merging multiple programs, the Forest Service can increase its ability to restore forest resiliency and health while supporting sustainable economic development. This streamlined approach will also improve forest management efficiency.

Targets Conservation Funding for High-Priority Ecosystems. The Administration supports a robust conservation agenda to advance resource protection goals by strategically targeting funding to high-priority regional ecosystems and initiatives. Included in the proposal are the highest funding levels ever for the Wetlands Reserve Program and the Environmental Quality Incentives Program, which will allow for the restoration and protection of nearly 271,158 additional acres of wetlands and provide over \$1.4 billion for conservation assistance, respectively. The Administration also fully funds the Conservation Reserve Program, maintaining the program's enrollment at 32 million acres. Additionally, the Administration provides funding across a range of conservation programs to support the installation of high-impact targeted conservation practices designed to improve water quality on 6 million acres within regional ecosystems such as the Chesapeake Bay, the Bay-Delta region in California, and the Upper Mississippi River Basin. These efforts reflect a broad partnership among Federal agencies, State and local governments, Tribes, industry and agriculture to advance water policy goals.

Increases America's Healthy Food Choices

Strengthens Nutrition Assistance and Promotes Healthy Eating. America cannot be

globally competitive if too many of its people are hungry or ill because of lack of access to healthy foods. At a time of abiding need, the President's Budget provides \$7.9 billion for discretionary nutrition program support. Funding supports 9.6 million participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program, which is critical to the health of pregnant women, new mothers, and their infants. The Administration supports implementation of the Healthy, Hunger-Free Kids Act of 2010, strengthening the child nutrition programs and increasing children's access to healthy meals and snacks. As the Supplemental Nutrition Assistance Program (SNAP) continues to serve an unprecedented number of participants, the Administration re-proposes to temporarily suspend the time benefit limits for certain working-age, low-income adults without dependents for an additional fiscal year. This proposal helps remove access barriers to SNAP and increase food purchasing power among some of the hardest-to-reach populations. The Budget also proposes to restore the SNAP benefit cuts that were included in Child Nutrition Reauthorization. SNAP is the cornerstone of our Nation's food assistance safety net and touches the lives of more than 43 million people. The Administration is committed to meeting the continued needs of its beneficiaries by serving all eligible participants to reduce food insecurity.

Supports Efforts to Combat Food Deserts. The Administration supports expanding access to healthy foods for low-income Americans in rural and urban food deserts by providing \$35 million in the Office of the Secretary. In addition, other funds of Rural Development and the Agricultural Marketing Service will be available to support USDA's portion of the Healthy Food Financing Initiative. The funding will provide grants, loans, loan guarantees, and other assistance to expand retail outlets for farm products in food deserts.

Works with Congress on the Next Farm Bill. The Administration is committed to working with the Congress as it develops legislation to reauthorize the 2008 Farm Bill to simplify programs, improve access, target payments, and

enhance program performance and efficiency. These measures should strengthen rural communities and economies, improve access to healthy foods, support key conservation goals, and maintain U.S. farmers and ranchers competitiveness

as they produce our food, feed, fiber, and fuel. As part of this collaboration, USDA will also work with the Congress to improve access to SNAP benefits, program operations, and program integrity.

Department of Agriculture
(In millions of dollars)

	Actual 2010	Estimate 2011	Estimate 2012
Spending			
Discretionary Budget Authority:			
Commodities and International	4,395		4,045
Rural Development	2,973		2,443
Forest Service	5,313		5,137
Conservation	1,010		887
Food and Nutrition Service	7,827		7,879
Research	2,846		2,374
Marketing and Regulatory Programs	2,103		1,992
Central Administration	627		642
Subtotal, excluding items below	27,094	26,396	25,399
Receipts	-62	-107	-139
Mandatory savings proposals	—	-588	-1,381
Total, Discretionary budget authority	27,032	25,701	23,879
<i>Memorandum:</i>			
<i>Legislative proposal, Secure Rural Schools</i>	—	—	328
Total, Discretionary outlays	26,376	32,042	27,580
Mandatory Outlays:			
Food and Nutrition Service	86,734	96,757	99,057
Commodity Credit Corporation	12,526	13,528	10,780
Crop Insurance	4,706	6,989	3,174
Natural Resources Conservation Service	1,947	2,655	3,259
Agricultural Marketing Service	1,255	1,299	1,303
Forest Service	779	783	702
Rural Development including liquidating accounts	-2,718	-257	-1,309
Receipts, reestimates and all other programs	-2,140	-1,706	-532
Total, Mandatory outlays	103,089	120,048	116,434
Total, Outlays	129,465	152,090	144,014

Department of Agriculture—Continued
(In millions of dollars)

	Actual 2010	Estimate 2011	2012
Credit activity			
Direct Loan Disbursements:			
Farm Loans.....	2,102	1,975	1,904
Commodity Credit Corporation	7,190	7,015	7,884
Rural Utilities Service.....	6,369	8,220	8,810
Rural Housing Service	2,663	2,086	1,437
Rural Business Service.....	—	13	19
P.L. 480	62	—	—
All other programs.....	30	90	79
Total, Direct loan disbursements	18,416	19,399	20,133
Guaranteed Loan Disbursements:			
Farm Loans.....	3,117	3,271	3,097
Commodity Credit Corporation	2,539	5,500	5,500
Rural Utilities Service.....	—	2	1
Rural Housing Service	18,711	20,231	24,395
Rural Business Service.....	2,165	2,241	1,937
All other programs.....	1	19	21
Total, Guaranteed loan disbursements	26,533	31,264	34,951