



DEPARTMENT OF AGRICULTURE

Highlights:

- 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.
- The Budget focuses on core mission-critical activities such as expansion of agricultural production jobs and research, while also supporting the Secretary's Department-wide reorganization efforts. Demonstrating fiscal constraint and responsible use of taxpayer resources, the Budget eliminates funding for unnecessary or lower priority activities and those that are duplicative of private sector efforts.
- The Budget requests \$19 billion for USDA (excluding changes in mandatory programs), a \$3.7 billion or 16-percent decrease from the 2017 enacted level.

The President's 2019 Budget:

USDA works to expand agriculture productivity and rural prosperity through the development of innovative practices and research, by improving access to technology and by providing financing needed to help grow job prospects, raise income levels and improve housing, utilities, and community infrastructure in rural America. The Department also works to promote sustainable agricultural production to protect natural resources and the long-term availability of safe and affordable food. USDA programs safeguard and protect America's food supply by reducing the incidence of food-borne hazards from farm to table.

The Department's programs also improve nutrition and health through food assistance and nutrition education. USDA works to increase foreign market access for U.S. agricultural products and provides data and analysis of foreign market conditions. This helps U.S. agricultural producers make informed decisions on international trade opportunities, and supports the U.S. economy through increased exports. In addition, USDA manages and protects America's public and private lands by working cooperatively across the Government and the private sector to preserve and conserve the Nation's natural resources through restored forests, improved watersheds, and healthy private working lands. The Budget continues some of the reforms outlined in the 2018 Budget while also streamlining programs to focus on core mission areas.

Safeguards the Nation's Food Supply. The Budget fully funds the costs necessary to support about 8,100 personnel located at more than 6,400 processing and slaughter establishments for meat,

poultry, and egg products in the United States. These personnel act as front line inspectors and investigators; they provide surveillance to protect the Nation's food supply and further the mission of the Food Safety and Inspection Service.

Protects Health Outcomes for Pregnant Women, Infants, and Young Children. The Budget requests \$5.8 billion to serve all projected participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). This program provides nutritious supplemental food packages, nutrition education and counseling, and health and immunization referrals to low-income and nutritionally at-risk pregnant and postpartum women, infants, and children.

"Our farmers deserve a Government that serves their interest and empowers them to do the hard work that they love to do so much."

President Donald J. Trump
January 8, 2018

Reforms the Food Safety Net While Promoting Work. The Budget proposes a bold new approach to nutrition assistance that combines traditional Supplemental Nutrition Assistance Program (SNAP) benefits with 100-percent American grown foods provided directly to households and focuses administrative reforms on outcome-based employment strategies. In addition, the Budget expands on previous proposals to strengthen expectations for work among able-bodied adults, preserve benefits for those most in need, promote efficiency in State operations, and improve program integrity.

Combined, these reforms maintain the Administration's commitment to ensuring Americans in need of assistance have access to a nutritious diet while significantly reducing the cost to taxpayers.

Reorganizes the Department. The Budget supports the Secretary's efforts to reorganize Agency functions to improve the customer and consumer experience. Under the new structure, the Farm Service Agency, Risk Management Agency, and the Natural Resources Conservation Service would be merged under the Under Secretary for Farm Production and Conservation. In addition, the Secretary has established an Under Secretary of Trade and Foreign Agricultural Affairs to sharpen USDA's focus on increasing agriculture exports to foreign markets. The Budget also supports consolidating fair practices, standards work, and commodity procurement within the Agricultural Marketing Service. These, and other related reorganizations, are expected to improve the way USDA delivers its services. In addition, the Budget supports the creation of a business innovation center in each mission area that would handle support activities in order to avoid duplicative functions and maximize collaboration between agencies.

Improves Customer Service. Modernizing program delivery and improving customer service at USDA is an important focus of the Administration. USDA is partnering with the White House Office of American Innovation to modernize its systems undertaking four key strategies: strengthening strategic IT governance; consolidating end-user services and data centers; enabling a strategic approach to data management and introducing data-driven capabilities; and improving the USDA customer experience. The Budget supports these efforts to improve service delivery by requesting funds to develop a centralized customer service portal for customers served by the Department's three service center agencies. This single, integrated, producer-centric web portal would provide expanded and more effective and efficient access to useful online USDA services to meet the needs of agricultural producers. By optimizing service delivery, USDA can support agricultural producers to reach their productive potential and advance the U.S. economy.

Prioritizes Agricultural Research. USDA research plays a key role in fostering innovation and advancing technologies that increase the efficiency, sustainability, and profitability of American

agriculture. As such, the Budget prioritizes the USDA research portfolio by funding competitive research through the Department's flagship competitive research grant program, the Agriculture and Food Research Initiative (AFRI). The Budget requests \$375 million for AFRI, consistent with the 2017 enacted level. The Budget also requests formula funding for research and extension activities at land-grant universities at the 2017 enacted level. The Budget proposes more than \$1 billion for the Agriculture Research Service, which conducts in-house basic and applied research. Funding is targeted to achieve the President and Secretary's vision of advancing the competitiveness of American agriculture and nutritional security. This funding level would enable USDA to focus on priority research areas in the Farm Bill such as plant and animal health and production. The Budget also proposes to transfer operational responsibility for the National Bio and Agro-Defense Facility (NBAF) from the Department of Homeland Security to USDA and requests \$42 million for operations costs in 2019. Once construction is complete, USDA would operate the NBAF and use the facility to study diseases that threaten the animal agricultural industry and public health.

Streamlines and Refocuses USDA Statistical Activities to Core Mission Responsibilities.

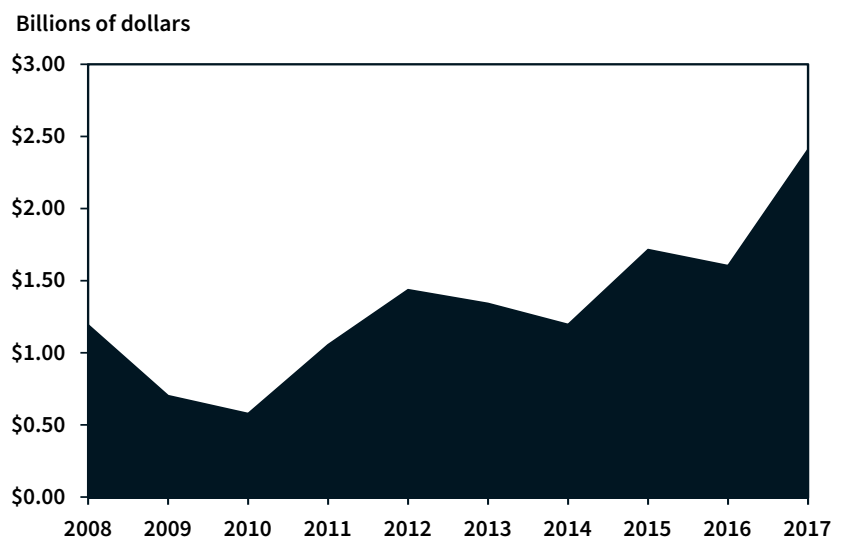
The Budget proposes to streamline the research efforts of the Economic Research Service by eliminating low priority research that is being conducted within the private sector and by non-profits and focusing on core data analyses in line with priority research areas. The Budget fully funds the anticipated needs for the release of the Census of Agriculture and provides a framework to better streamline the Department's statistical functions, leverage administrative efficiencies, and focus on core data products similar to other statistical agencies elsewhere within the Government.

Educates America's Next Generation of Farmers. The Budget requests \$50 million to increase agriculture science literacy programs and other community based efforts, such as 4H Clubs. These programs are a key component in exposing students to agriculture, developing necessary skillsets, and providing an awareness of the vast career opportunities in the agriculture sector. Developing a future agriculture workforce is not only critical to the Nation's food security, but also vital in promoting rural prosperity and improving quality of life.

Supports Trade and U.S. Agriculture Abroad. USDA's Foreign Agricultural Service works to improve foreign market access for U.S. agricultural products, build new markets, improve the competitive position of U.S. agriculture in the global marketplace, and provide technical assistance to foreign countries. The Budget requests funding to support trade policy, trade promotion activities, and capacity building abroad. In addition, the Animal and Plant Health Inspection Service also helps facilitate trade by keeping agricultural industries free from pests and diseases, and certifying that agriculture and food products meet importing countries' entry requirements.

Proposes a Comprehensive Solution to Wildfire Suppression Funding. The Forest Service routinely exceeds the funds appropriated to fight wildfire, covering these

Forest Service Spending on Wildfire Suppression



Source: National Interagency Fire Center and USDA Forest Service (in nominal dollars).

costs through transfers from other land management programs. For example, in 2017, Forest Service wildfire suppression spending reached a record \$2.4 billion as a result of increasing frequency and severity of wildfires, necessitating transfers of \$527 million from other programs. Historically, these transfers have been repaid in subsequent appropriations; however, “fire borrowing” impedes the missions of land management agencies to reduce the risk of catastrophic fire and restore and maintain healthy functioning ecosystems. To resolve concerns about the sufficiency of land management and funding wildfire suppression, the Budget responsibly funds 100 percent of the rolling 10-year average cost for wildfire suppression in the Departments of Agriculture and the Interior within discretionary budget caps. Similar to how unanticipated funding needs for other natural disasters are addressed, the Budget proposes a separate fund that would include an annual cap adjustment appropriation for wildfire suppression operations in order to ensure that adequate resources are available to fight wildland fires, protect communities, and safeguard human life during the most severe wildland fire seasons. In addition, the Administration believes that meaningful forest management reforms to strengthen our ability to restore the Nation’s forests and improve their resilience to destructive wildfires should be a part of any permanent solution.

Modernizes Inspection Activities. Currently, the cost to support programs under the Federal Grain Inspection Service is funded with taxpayer dollars. The Budget proposes to offset this cost by assessing a fee to the companies that benefit directly from these programs. Similarly, the Budget proposes a user fee to cover the cost of providing Agricultural Quarantine and Inspections (AQI) within the United States, which is consistent with how AQI activities are funded for passengers and cargo originating outside of the United States.

Supports Farmers and Rural Communities through Lending. USDA invests in rural infrastructure to lift up low-income rural communities through its community facilities and water and wastewater direct loan programs. Through the Secretary’s leadership of the Task Force on Agriculture and Rural Prosperity (Task Force), the Department has identified actions to improve the quality of

Promoting Prosperity in Rural America

In April 2017, the President issued Executive Order 13790, “Promoting Agriculture and Rural Prosperity in America,” which established an inter-Departmental Task Force.

This Task Force, chaired by the Secretary of Agriculture, has identified barriers to economic prosperity in rural America and made recommendations on how innovation, infrastructure, and technology can assist agriculture and help rural communities thrive.

Supporting this effort, the Budget takes action to address problems by promoting electronic connectivity through broadband grants and loans for rural communities, and reducing regulatory burden for farmers.

life and expand economic development in rural communities. Many of these actions are supported through investments made in USDA lending activities to rural utilities and communities, and those that strengthen investments in housing programs. The Budget supports a \$3.5 billion loan level for community facility direct loans, which provide assistance to rural communities to develop or improve essential public services and facilities across rural America, such as health clinics or fire and rescue stations. The Budget also requests \$1.2 billion in direct loans for rural communities unable to get financing elsewhere to build and rehabilitate water and wastewater treatment facilities. USDA assists approved lenders in providing low- to moderate-income households the opportunity to own their primary residence through the single family housing guaranteed loan program. This program works through the private credit market and provides guarantees that collateralize private sector lending. The Budget supports a robust guaranteed single family housing loan level of \$24 billion.

In addition, the Budget requests a loan level of \$8 billion to support farm lending, providing crucial operating

capital through the Department's suite of farm loan programs, including loans that aid farmers in owning and operating their farms.

Promotes E-connectivity in Rural Areas. Electronic connectivity is fundamental for economic development, innovation, advancements in technology, workforce readiness, and an improved quality of life—reasons why such access was identified as a critical component by the Task Force. Unfortunately, access to affordable high-speed internet in rural and tribal areas still lags behind that of urban areas. Tremendous opportunities are unlocked when next generation networks connect rural communities, allowing doctors to reach patients, students to access knowledge, and small businesses to expand with access to online marketing, credit card processing, and online banking. To provide rural communities with modern information access, the Budget proposes \$30 million to fund broadband grants, \$23 million in broadband loans, and \$24 million to fund distance learning and telemedicine grants.

Supports Comprehensive Farm Safety Net Reforms and Reduces Waste. The Budget proposes to optimize and improve crop insurance and commodity programs in a way that maintains a strong safety net. The Budget does this while also achieving savings, eliminating subsidies to higher income farmers, and reducing overly generous crop insurance premium subsidies to farmers and payments made to private sector insurance companies. The Budget includes a bold set of proposals, including those that would reduce the average premium subsidy for crop insurance from 62 percent to 48 percent and limit commodity, conservation, and crop insurance subsidies to those producers that have an Adjusted Gross Income of \$500,000 or less.

In addition, the Budget proposes reductions to overly generous subsidies provided to participating insurance companies by capping underwriting gains at 12 percent, which would ensure that the companies receive a reasonable rate of return given the risks associated with their participation in the crop insurance program. The Budget proposes to eliminate an unnecessary and separate payment limit for peanut producers and limit eligibility for commodity subsidies to one manager per farm.

The Budget also includes proposals to streamline Federal conservation efforts to focus on programs that protect environmentally sensitive land and increase conservation practice implementation.