



DEPARTMENT OF AGRICULTURE

Funding Highlights:

- The President's FY 2017 Budget provides \$24.6 billion in discretionary resources for the Department of Agriculture (USDA) to invest in rural communities; rural youth; beginning farmers and ranchers; nutrition assistance for vulnerable populations; agricultural research; food safety; and natural resources. This includes:
 - Investing in rural America through programs such as the Business and Industry loan guarantee and other business programs to create or preserve over 55,000 jobs; increasing energy independence through the Rural Energy for America Program yielding nearly 290 million kilowatt hours of renewable energy; improving the infrastructure in Rural America by providing 1.7 million people new or improved water facilities; supporting almost 1,000 additional essential community facilities; expanding the availability of broadband by nearly tripling the number of grants provided for improving access in unserved rural area; and providing home ownership opportunities to nearly 167,000 rural residents.
 - Enhancing the effectiveness of program delivery across the country in areas of critical need, including over 900 rural persistent poverty counties through investment in place-based initiatives, like StrikeForce, Rural Corps, the Rural Child Poverty Program and Rural Home Visits.
 - Supporting new and beginning farmers and ranchers, including military veterans through mentorship and educational opportunities, education, and easier access to farm credit.
 - Ensuring access to credit for over 43,000 farmers and ranchers to cover operating costs and purchase or refinance farm property.
 - Serving 3.4 million individuals in food insecure countries through the McGovern-Dole Program with another 68,000 individuals assisted through the Local and Regional Food Aid Procurement program.
 - Providing the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) the resources it needs to support the projected number of participants, which will improve birth outcomes and support child development.
 - Investing \$12 billion in mandatory funding over 10 years to expand the Summer Electronic Benefit Transfer for Children Program on a permanent and nationwide basis to improve food security and nutrition for low-income children.

- Providing a total of \$700 million for Agriculture and Food Research Initiative (AFRI) competitive research grants, including \$375 million in discretionary funding and \$325 million in mandatory funding to address key research needs. Also provides \$1.1 billion for intramural research and \$95 million in critical laboratory infrastructure investments needed for USDA to conduct quality scientific agricultural research.
- Supporting activities to increase the resiliency of the Nation's natural resources including landscape and watershed restoration, hazardous fuels reduction, additional recreational opportunities, and historic levels of financial and technical assistance on private lands.
- Enhancing the animal disease response infrastructure to help prepare for and minimize the impact of animal disease outbreaks, such as highly pathogenic avian influenza.

Reforms:

- Brings about a fundamental shift in wildfire funding, investing in programs to improve the resilience of the Nation's forests and rangelands and providing a stable funding source for wildfire suppression.
- Proposes smart and targeted reforms to crop insurance subsidies that reduce the cost of the program to the taxpayer, while maintaining a strong safety net for farmers.

Under the President's leadership, we have turned our economy around and created 14 million jobs. Our unemployment rate is below five percent for the first time in almost eight years. Nearly 18 million people have gained health coverage as the Affordable Care Act has taken effect. And, we have dramatically cut our deficits by almost three-quarters and set our Nation on a more sustainable fiscal path.

Yet, while it is important to take stock of our progress, this Budget is not about looking back at the road we have traveled. It is about looking forward and making sure our economy works for everybody, not just those at the top. It is about choosing investments that not only make us stronger today, but also reflect the kind of country we aspire to be – the kind of country we want to pass on to our children and grandchildren.

The Budget makes critical investments in our domestic and national security priorities while adhering to the bipartisan budget agreement signed into law last fall, and it lifts sequestration in future years so that we continue to invest in our economic future and our national security. It also drives down deficits and maintains our fiscal progress through smart savings from health care, immigration, and tax reforms.

The Budget shows that the President and the Administration remain focused on meeting our greatest challenges – including accelerating the pace of innovation to tackle climate change and find new treatments for devastating diseases; giving everyone a fair shot at opportunity and economic security; and advancing our national security and global leadership – not only for the year ahead, but for decades to come.

The U.S. Department of Agriculture (USDA) provides leadership on issues related to nutrition, agriculture, economic development in rural communities and natural resources, including energy, based on sound public policy, the best available science, and efficient management. USDA works to expand economic opportunity through the development of innovative practices and research and provides financing needed to help expand job prospects and improve housing, utilities, and community infrastructure in rural America.

Since 2009, USDA has made significant and targeted investments in America's rural communities to bring transformative change. Those investments have generated substantial results in the burgeoning bio-economy, an expanding local and regional food system, unparalleled investments in renewable energy, and improved nutrition interventions for young people, historic partnerships in conservation and natural resources, and major contributions in rural communities.

The President's 2017 Budget will continue to expand opportunity for America's agricultural producers, rural communities, and the most vulnerable populations. The Budget provides \$24.6 billion in discretionary resources to support its important mission, a decrease of about \$1.1 billion below the 2016 enacted level which included several one-time funding increases. Critical investments are made to strengthen rural communities, expand agricultural trade, provide more opportunities for hard working American families, modernize key infrastructure, and build resilience in the face of a changing climate.

Promoting Stronger Communities and Job Creation

Encourages Job Creation and Invests in Rural Infrastructure. The Budget provides over \$1 billion in financial assistance to rural businesses for a broad range of purposes that bring prosperity to rural America. For 2017, this level of funding would lead to the creation or preservation of over 55,000 jobs in rural communities. The Budget almost quadruples the financial assistance available to rural small business through microloans and grants that assist companies that employ 10 or fewer people to expand and grow their operations. The Budget also makes significant investments in rural infrastructure by increasing access to broadband, expanding educational opportunities for students, facilitating affordable health care and ensuring the availability of reliable emergency equipment and services. In 2017, USDA will invest \$2.2 billion in community facilities loans to improve the quality of life in rural areas. This level of funding will support almost 1,000 loans for essential community facilities in rural areas. Approximately, 25 percent of rural households lack access to high speed internet. The Budget proposes to more than triple the number of broadband grants that serve the neediest, most rural communities from \$10 million in FY 2016 to \$39 million in FY 2017. These grants will bring the benefits of broadband, including new educational, business and public health and safety opportunities, to residents living in some of the most remote parts of our Nation.

Tackles Rural Poverty. The rural poverty rate has exceeded that of urban areas for over 30 years, with one in four rural children now living in poverty. Not only is rural child poverty pervasive, it is also persistent as rural parents tend to have less education and are more likely to be underemployed than urban parents. People in rural areas often lack access to social services, educational and workforce opportunities, technology, and transportation. To address these systemic challenges, the Budget includes \$25 million to support a demonstration program to implement innovative strategies to combat rural child poverty, which includes \$5 million to support greater alignment between nutrition, health, and social service data systems. The Budget also includes \$20 million for a new Home Visits for Remote Areas Program, through which competitive grants will be provided to enhance maternal, child, and family health in rural counties with high levels of poverty. In addition, the Budget includes funding to establish a Rural Corps for community economic development and funding to enhance USDA's place-based initiatives in rural persistent poverty counties with a particular focus on Alaskan Native villages.

Makes Homeownership a Reality. Helping rural residents obtain safe and affordable housing is key to maintaining stable communities and creating jobs. Homeownership means long-term financial stability and security for these rural families. In 2017, USDA will provide approximately 167,000 rural residents the assistance needed to become homeowners by making available nearly \$25 billion in loans to increase housing opportunities in rural area. This includes \$900 million in direct loans to ensure that the very-low and low- income borrowers with the ability to repay mortgage debt are provided with a vehicle to access mortgage financing for homes located in rural areas.

Provides Greater Opportunities for New, Beginning, Socially Disadvantaged and Veteran Farmers. According to the 2012 Census of Agriculture, 22 percent of all farmers were beginning farmers in 2012. That means one out of every five farmers operated a farm for less than 10 years. In addition, agriculture provides significant opportunities to the more than 5 million veterans living in rural areas. To support and strengthen these opportunities, the Budget doubles funding for grants to community based organizations that serve socially disadvantaged and veteran farmers and ranchers. The Budget also includes funding to support additional targeted outreach and technical assistance from multiple USDA agencies, including a certified training program for veteran farmers, a pilot network of mentors for beginning farmers, a pilot program to connect landowners with new and beginning farmers to facilitate land transfers to the next generation of farmers and ranchers, increased outreach and educational efforts to agricultural youth organizations, loan fee waivers for veterans, and additional farm program loan funding targeted to veteran farmers. The Budget proposes a loan level of about \$6.4 billion for Farm Service Agency direct and guaranteed farm ownership and operating loans. Funding related to beginning and new farmers and ranchers is also provided through the National Institute of Food and Agriculture, the National Agricultural Statistics Service, and the Economic Research Service.

Strengthening Production Agriculture and Exports

Expands Local and Regional Procurement and Relations with Cuba for Mutual Benefits. People who are increasingly free from the debilitating effects of hunger and disease are better able to meet their own needs, build assets, develop vibrant local and national economies, and become part of the global marketplace. U.S. food and agricultural assistance policies have helped to engage recipient countries not only by delivering food assistance, but also by fostering stronger internal production capacity and infrastructure, generating employment, boosting revenue, and developing new markets and productive economic partnerships. The Budget provides \$15 million to support the local and regional procurement of food aid commodities for distribution overseas to complement existing food aid programs and to fill in nutritional gaps for targeted populations or food availability gaps caused by unexpected emergencies. In addition, \$5 million in funding under the McGovern-Dole program may be used for local and regional procurement. Agriculture will play an important role as the U.S. and Cuba expand relations, acting as a bridge that can foster cooperation, understanding, and the exchange of ideas. USDA needs an in-country presence in Cuba to cultivate key relationships, gain firsthand knowledge of the country's agricultural challenges and opportunities, and develop programs for the mutual benefit of both countries. U.S. agricultural exports have grown significantly since trade was authorized in 2000. In FY 2014, Cuba imported over \$2 billion in agricultural products including \$300 million from the United States, and an in-country presence will capitalize on opportunities this nearby market provides for U.S. agricultural exporters.

Enhances Animal Disease Response. In recent years, USDA has responded to outbreaks of swine enteric coronavirus disease (SECD) and highly pathogenic avian influenza (HPAI) that have caused significant industry impacts. In FY 2015, USDA worked with State and industry partners to eliminate the HPAI virus on 232 infected premises and depopulated, disposed, and appraised the value of approximately 50 million birds. The Budget provides \$30 million to strengthen USDA's

preparedness and response capabilities and to assist producers in actions to minimize the impacts of a future infestation, should one occur.

Spurs Innovation by Advancing Priority Research. USDA research plays a key role in fostering innovation and advancing technologies that increase the efficiency, sustainability, and profitability of American agriculture. Economic analysis finds strong and consistent evidence that investment in agricultural research has yielded high returns per dollar spent. The Budget provides a total of \$700 million for the Nation's premier competitive, peer-reviewed research program for fundamental and applied agricultural sciences. Investments would be targeted to challenges being faced by agricultural producers, such as climate change, pollinator health, anti-microbial resistant bacteria, and bioenergy. In addition to the \$375 million provided in discretionary funding, the Budget includes a legislative proposal to make available \$325 million in mandatory funding for the program as part of a Government-wide investment in research and development.

Strengthens Efforts to Combat Antimicrobial Resistance. The rise of antibiotic-resistant bacteria represents a serious threat to public health and the economy and fighting it is a national security priority. As part of a coordinated Federal strategy, the Budget includes a total of \$61 million, an increase of about \$35 million to address antimicrobial resistance in pathogens of humans and livestock, and to seek answers to key questions about the relationships among microbes and livestock, the environment, and human health.

Modernizes Research Facilities. The Budget provides \$94.5 million to invest in the backlog of priority facility construction and renovation to maintain the quality of Agricultural Research Service (ARS) scientific research. ARS' aging infrastructure requires investment to sustain the capacity for conducting research on challenges to global food, agriculture, and natural resources systems. The Budget funds two of USDA's highest laboratory construction and renovation needs that were identified in ARS' 2012 Capital Investment Strategy. The first is modernization of the Foreign Disease – Weed Science Research Laboratory where scientists research foreign plant pathogens that pose a potential threat to American agriculture. The second is the Agricultural Research Technology Center, where research is conducted on alternatives to methyl bromide as a soil fumigant for control of soilborne pests. The research also develops scientifically based organic crop production practices and methods for weed, insect, and disease control.

Protecting Our Natural Resources

Protects our National Forests. The Budget supports efforts to protect and restore critical forest landscapes through multi-year, landscape scale restoration projects on the National Forest System, hazardous fuels reduction and land acquisition to restore resilient ecosystems and promote recreational opportunities in the Northwest, Rockies, Southeast, and the Blue Ridge regions. These efforts are designed to reduce the risk of catastrophic fire, while improving water quality, increasing carbon sequestration, improving wildlife habitat, and encouraging the creation of sustainable jobs in rural America

Encourages Voluntary Conservation Practice Implementation. The Budget provides an increase of roughly \$11 million to support conservation planning and to gather and use evidence to support voluntary conservation programs. These additional funds are expected to result in over 8,000 additional conservation plans being prepared or applied, which translates into 2.9 million additional acres of planned conservation. Additionally, the Budget funds the Environmental Quality Incentives Program (EQIP) at the authorized funding level. This unprecedented level of funding provided for EQIP will help farmers and ranchers make their operations more resilient to climate change, increase access to greenhouse gas markets, and protect wildlife habitat, among other benefits. The strong support for conservation planning as well as robust funding for the mandatory conservation programs

follows through with the principles laid out in USDA's Building Blocks for Climate Smart Agriculture and Forestry.

Facilitates Development of the Biobased Economy. The Budget proposes a \$25 million increase in competitive research funding to support development of biobased energy sources. In addition, the Budget includes \$450 million for the Rural Energy for America Program to assist agricultural producers and rural small businesses in developing renewable energy systems, energy efficiency improvements, and renewable energy development through loans and grants. Further, the Budget provides \$6.5 billion in loans to rural electric cooperatives and utilities that will support the transition to clean-energy and increased energy efficiency.

Preventing Hunger and Supporting Healthy Eating

Prevents Hunger. The Supplemental Nutrition Assistance Program (SNAP) is the cornerstone of the Nation's nutrition assistance safety net, touching the lives of approximately 44.5 million Americans, the majority of whom are children, the elderly, and people with disabilities. Recent research has shown that SNAP not only helps families put food on the table, but it has a positive long-term impact on children's health and education outcomes. In large part because of administrative complexities associated with application and recertification, elderly individuals continue to be an underserved population. To help address this concern, the Budget proposes to allow States to streamline application and recertification processes to improve SNAP access for the elderly. One State implementing a similar waiver reports having seen a 55 percent increase in elderly participation over the past 6 years. In addition to increasing seniors' participation in SNAP, the Budget also provides about \$236 million in the Commodity Supplemental Food Program, which largely services elderly populations, to provide for higher costs and increase the caseloads in the upcoming year. To improve low-income children's access to nutritious meals during the summer months when school is not in session and the risk of food insecurity increases, the Budget invests \$12.2 billion over 10 years to implement a permanent, nation-wide Summer Electronic Benefits Transfer (EBT) for Children Program. This proposal is based on the Summer EBT pilots, which have proven successful in reducing childhood hunger and improving nutrition for children experiencing very low food security in the months when school meals are unavailable.

Supports Healthy Eating. The Budget provides \$6.35 billion for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), continuing the Administration's commitment to serve the number of eligible individuals projected to seek WIC benefits. In 2017, 8.1 million low-income women, infants and children are expected to participate in the program. WIC is a proven, effective program and is helping build a stronger, healthier America by providing nutrition assistance, promoting healthy eating, and encouraging physical activity. The Budget includes \$80 million for breastfeeding peer counseling to help increase breastfeeding rates. The Budget supports the ongoing implementation of the Healthy, Hunger-Free Kids Act of 2010. More than 97 percent of schools report that they are successfully meeting the updated nutrition standards, serving meals with more whole grains, fruits, vegetables, lean protein and low-fat dairy, and less sodium and fat. However, there is a significant unmet need for kitchen equipment in schools, and outdated equipment can make it more difficult to prepare healthy meals. To help schools purchase needed kitchen equipment as they continue to provide school lunches and breakfasts that give children the nutrition they need to learn and grow, the Budget includes \$35 million for equipment grants. The Budget supports efforts to promote healthy eating and active lifestyle behaviors, in part by the use and promotion of the *Dietary Guidelines for Americans* through technology-based solutions such as MyPlate, as well as funding for the first ever dietary guidance on the birth to age 2 group, as mandated for the 2020 *Dietary Guidelines for Americans*.

Improving Ways Federal Dollars are Spent

Modernizes Approaches to Food Safety. The Budget provides \$8.5 million for the Food Safety and Inspection Service (FSIS) to further modernize its science-based decision-making process by developing and deploying new tools to reduce the prevalence of foodborne illnesses. FSIS will implement a whole genome sequencing initiative to characterize bacterial genomes with greater precision, and improve the speed and accuracy of outbreak investigations. This capability will also play a role in the Administration's Antimicrobial Resistance initiative by identifying resistance to antimicrobial agents and changes in virulence attributes. The agency will also expand laboratory analysis for pathogens, adulterants and chemical contaminants to more effectively decrease the contamination rate in food. Further, FSIS will increase its analytical capability. With the increased size of its data holdings, FSIS will be able to gain new insights that will aid inspectors in their mission; inform policy, rulemaking and the establishment of standards; become more proactive in food defense; and help reduce foodborne illnesses. The Budget also reflects continued implementation of the New Poultry Inspection System.

Manages Property More Effectively. In support of USDA's *Blueprint for Stronger Service* and the White House's *Reduce the Footprint* policy, the Budget provides \$20 million to continue the modernization of the Headquarters facilities, including the 80 year old South Building. The improvements would enable USDA to increase its Headquarters space utilization efficiency rates, with the goal of eventually allowing the Department to move out of leased facilities in the National Capital Region, saving over \$45 million annually. USDA's savings and cost avoidance results achieved through *Blueprint* have saved the American taxpayers \$1.4 billion in recent years.

Strengthens Cybersecurity Efforts and Improves Digital Services. USDA must manage vast amounts of data associated with its many programs and operations. This critical information ranges from agricultural statistics that drive domestic and global markets to data-driven inspection systems that help ensure our food is safe. Effective management of Information Technology (IT) projects is critical to ensuring secure, modern systems are in place to support program operations and to process resulting program data. The Budget provides an additional \$10 million to increase its monitoring for system vulnerabilities and expand its cyber security capabilities. The budget also includes \$7.6 million to build a Digital Services team that will focus on ensuring the Department's IT systems that have the greatest impact to citizens and businesses are easier to use and are more cost-effective to build and maintain.

Implementing Targeted Reforms

Safeguards Communities and Ecosystems from Wildfire Damage. The Budget again proposes a new approach to wildland fire suppression, which will allow the Forest Service to stabilize and invest in programs that more effectively restore forest lands. The Budget calls for a fundamental change in how wildfire suppression is funded to help reduce fire risk, manage landscapes more holistically, and increase the resiliency of the Nation's forests and rangelands and the communities that border them. In addition to reducing the risk of wildfire, allowing the holistic management of landscapes will protect the drinking water for one in five Americans, protect cultural resources, and allow the billions of dollars in economic activity surrounding recreation to continue unhampered. The Budget funds suppression for the most severe fire activity, including large fires that require emergency response, are near urban areas, or are for abnormally active fire seasons, as extraordinary costs that are outside the discretionary Budget caps. The Budget recognizes such fires as natural disasters. Importantly, because this funding would not allow the total funding available under existing cap adjustments to grow, it would not increase overall discretionary spending. The Budget continues to target funding for hazardous fuels management for priority areas and communities that have developed community wildfire protection plans, or an equivalent.

Restructures Crop Insurance Subsidies and Payments. The Agricultural Act of 2014 included several reforms to the Federal crop insurance program; however, there remain further opportunities for improvements and efficiencies. The Federal crop insurance program continues to be highly subsidized and costs the Government on average about \$9 billion a year. This includes \$3 billion for the private insurance companies to administer and underwrite the program and \$6 billion in premium subsidies to farmers and other expenses. The Budget includes two proposals to reform crop insurance. The first would reduce subsidies for revenue insurance policies that insure the price at the time of harvest. The second would reform prevented planting coverage, including removing optional buy-up coverage. These proposals will modify the structure of the crop insurance program so that it is less costly to the taxpayer, yet still provides a safety net for farmers. Collectively, these proposals are expected to save \$18 billion over 10 years.