

**FY 2002**

**BUDGET SUMMARY**



**U. S. DEPARTMENT OF AGRICULTURE**

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## INTRODUCTION

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The Budget Summary describes the fiscal year 2002 budget for the U.S. Department of Agriculture (USDA). All references to years refer to fiscal year, except where specifically noted. Throughout the booklet, “1996 Farm Bill” is used to refer to the Federal Agriculture Improvement and Reform Act of 1996.

The Summary is organized into four sections: Funding Overview, Mission Area Highlights, Mission Area/Agency Details, and Appendix Tables.

Basic budget terminology:

- **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, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.
- **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. 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 measures are used 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. Estimates for 2001 have been adjusted to reflect the impact of rescissions under Public Law 106-554, the Consolidated Appropriations Act of 2001. Finally, the reader should understand that many 2002 estimates are very tentative, especially where programs are sensitive to weather or economic conditions.

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

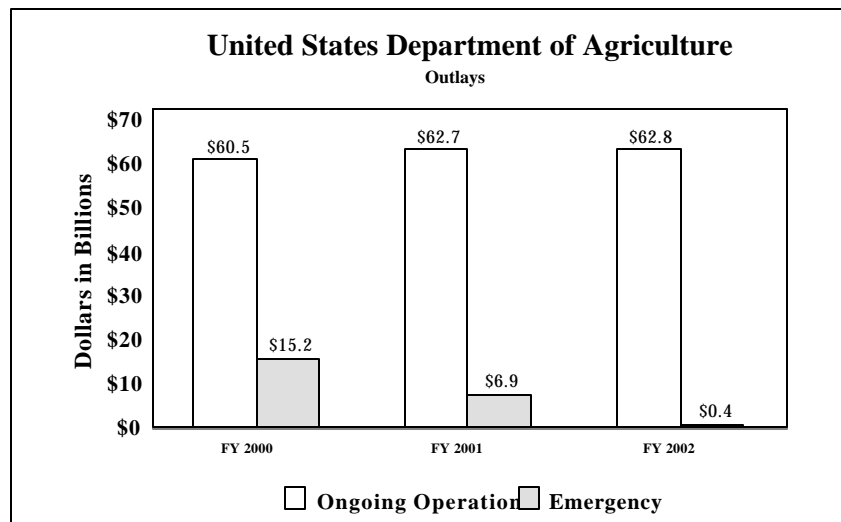
# FUNDING OVERVIEW

## 2002 Funding Overview

Emergency funding to address natural and economic disasters in the agriculture and rural economies in recent years is reflected in USDA outlay trends. About \$15 billion, or one-fifth, of 2000 outlays were associated with supplemental funding to address farm income and natural disasters. Supplemental funding enacted in the 2001 Agriculture and Interior Appropriations Acts, together with funding in the Agricultural Risk Protection Act of 2000 (ARPA), is projected to result in \$6.9 billion, or about ten percent of total 2001 outlays. Outlay estimates for 2002, although about \$6.3 billion below 2001, are above the 2001 enacted level for ongoing operations, reflecting budget proposals which ensure adequate funding for key priorities.

USDA's 2002 discretionary program outlays, about \$19.1 billion, or about 30 percent of total USDA outlays, include the Special Supplemental Nutrition Program for Women, Infants and Children (WIC); programs to address agricultural pest and disease threats; rural development; research and education; soil and water conservation technical assistance; management of the National Forests and Grasslands and other Forest Service activities; and domestic and international marketing assistance. Mandatory programs account for the remaining 70 percent of USDA outlays, about \$44.2 billion in 2002. These programs provide services as required by law and include the majority of the nutrition assistance programs, commodity programs, and a number of conservation programs.

Funding for emergency needs, such as Forest Service firefighting, emergency watershed protection, emergency conservation and other programs is addressed in 2002 through a National Emergency Reserve funded on a governmentwide basis at \$5.6 billion to cover sudden, urgent, unforeseen and non-permanent needs. Funds would be released from the Reserve only after approval by both the President and the Congress. The President's Budget also provides approximately \$1 trillion over a ten-year period for a reserve to meet unforeseen needs on a governmentwide basis, including the potential need for assistance to farmers above levels in existing programs, such as the Marketing Assistance Loan and Loan Deficiency Payment Programs. More detailed information is provided under the relevant sections of this document.



**UNITED STATES DEPARTMENT OF AGRICULTURE**  
**Overview of Budget Totals**  
(Dollars in Millions)

	Program Level				Outlays			
	2000 Actual	2001 Current Estimate	2002 Budget	Change 2001 to 2002	2000 Actual	2001 Current Estimate	2002 Budget	Change 2001 to 2002
Discretionary Budget:								
Ongoing Programs.....	\$28,541	\$31,658	\$32,028	\$370	\$16,225	\$17,608	\$18,769	\$1,161
Emergency.....	946	4,363	19	-4,344	905	1,954	322	-1,632
Total, Discretionary Programs.....	29,487	36,021	32,047	-3,974	17,130	19,562	19,091	-471
Mandatory Budget:								
Ongoing Programs.....	61,590	62,499	62,824	325	\$49,326	\$49,975	\$49,446	-529
Emergency and ARPA Programs.....	14,322	5,230	0	-5,230	14,327	4,970	40	-4,930
Total, Mandatory Programs.....	75,912	67,729	62,824	-4,905	63,653	54,945	49,486	-5,459
Total Budget:								
Ongoing Programs.....	90,131	94,157	94,852	695	65,551	67,583	68,215	632
Emergency and ARPA Programs.....	15,268	9,593	19	-9,574	15,232	6,924	362	-6,562
Loan Repayments & Reestimates.....	0	0	0	0	-4,050	-3,314	-4,549	-1,235
Receipts.....	0	0	0	0	-1,070	-1,594	-778	816
Total, USDA.....	105,399	103,750	94,871	-8,879	75,663	69,599	63,250	-6,349

**UNITED STATES DEPARTMENT OF AGRICULTURE**  
(Dollars in Millions)

AGENCY / PROGRAM	Program Level				Outlays			
	2000 Actual	2001 Current Estimate	2002 Budget	Change 2001 to 2002	2000 Actual	2001 Current Estimate	2002 Budget	Change 2001 to 2002
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>								
<b>Farm Service Agency (p. 12):</b>								
Farm Loan and Grant Programs.....	\$3,826	\$3,096	\$3,858	\$762	\$183	\$121	\$194	\$73
Agricultural Risk Protection Act.....	0	145	0	-145	0	11	0	-11
Carry Over.....	0	1,009	0	-1,009	0	99	0	-99
Conservation Reserve Program.....	1,513	1,656	1,788	132	1,530	1,657	1,788	131
Emergency Supplemental Funding.....	0	35	0	-35	0	37	0	-37
Conservation and Other Programs.....	0	0	0	0	6	7	7	0
Emergency Supplemental Funding.....	60	80	0	-80	65	82	64	-18
Commodity Programs:								
Ongoing Programs.....	23,734	21,102	19,271	-1,831	15,885	12,993	10,315	-2,678
Emergency Programs:								
Market Loss Assistance and Other.....	12,436	2,159	0	-2,159	12,441	2,159	-23	-2,182
Disaster Assistance.....	1,452	2,348	0	-2,348	1,452	2,348	0	-2,348
Commodity Credit Corporation Programs.....	(43,382)	(32,809)	(25,894)	(-6,915)	(32,210)	(20,516)	(13,051)	(-7,465)
Salaries and Expenses.....	1,006	1,093	1,213	120	929	1,103	1,244	141
Emergency Supplemental Funding.....	134	50	0	-50	121	58	5	-53
Total, Farm Service Agency.....	44,161	32,773	26,130	-6,643	32,612	20,675	13,594	-7,081
<b>Risk Management Agency (p. 22):</b>								
Administrative and Operating Expenses.....	77	65	75	10	64	69	92	23
Crop Insurance Fund.....	1,976	2,948	3,079	131	1,878	2,570	2,921	351
Emergency Supplemental Funding.....	400	13	0	-13	400	13	0	-13
Total, Risk Management Agency.....	2,453	3,026	3,154	128	2,342	2,652	3,013	361
<b>Foreign Agricultural Service (p. 24):</b>								
Export Credit Guarantees.....	3,082	3,792	3,904	112	193	301	261	-40
Market Development Programs.....	119	120	120	0	107	153	120	-33
Export Subsidy Programs.....	80	512	520	8	114	526	517	-9
P.L. 480.....	1,293	1,107	995	-112	1,288	1,295	1,110	-185
Section 416(b) Donations: Ocean Freight and Overseas Distribution Costs.....	504	565	0	-565	334	280	6	-274
Food for Progress Program.....	108	94	94	0	97	91	88	-3
Salaries and Expenses.....	183	202	207	5	148	133	149	16
Total, Foreign Agricultural Service.....	5,369	6,392	5,840	-552	2,281	2,779	2,251	-528
Total, Farm and Foreign Agricultural Servi	51,983	42,191	35,124	-7,067	37,235	26,106	18,858	-7,248
<b>RURAL DEVELOPMENT</b>								
<b>Rural Utilities Service (p. 35):</b>								
Ongoing Loans and Grants.....	4,149	5,129	4,954	-175	608	616	618	2
Emergency Loans and Grants.....	0	133	0	-133	0	40	30	-10
Total, Rural Utilities Service.....	4,149	5,262	4,954	-308	608	656	648	-8
<b>Rural Housing Service (p. 37):</b>								
Ongoing Loans and Grants.....	4,548	5,760	5,759	-1	1,200	1,436	1,500	64
Emergency Loans and Grants.....	53	392	0	-392	20	90	97	7
Total, Rural Housing Service.....	4,601	6,152	5,759	-393	1,220	1,526	1,597	71
<b>Rural Business - Cooperative Service (p. 40):</b>								
Ongoing Loans and Grants.....	1,107	1,739	1,118	-620	113	115	121	6
Emergency Loans and Grants.....	5	1,170	0	-1,170	2	5	16	11
Agricultural Risk Protection Act.....	0	15	0	-15	0	5	7	2
Total, Rural Business - Cooperative Servic	1,112	2,924	1,118	-1,806	115	125	144	19
Salaries and Expenses.....	529	580	596	16	110	130	110	-20
<b>Rural Community Advancement Program (p. 34).....</b>								
Emergency Loans and Grants.....	(2,656)	(3,535)	(2,939)	(-596)	(594)	(714)	(688)	(-26)
Total, Rural Development.....	10,390	14,917	12,427	-2,490	2,053	2,437	2,499	62
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>								
<b>Food and Nutrition Service (p. 42):</b>								
Food Stamp Program.....	18,812	19,678	21,067	1,389	18,194	19,622	20,824	1,202
Child Nutrition Programs.....	9,856	10,239	10,836	597	9,569	10,223	10,744	521
Agricultural Risk Protection Act.....	34	76	0	-76	34	76	0	-76
Women, Infants and Children (WIC).....	4,153	4,241	4,273	32	3,950	4,084	4,129	45
Agricultural Risk Protection Act.....	0	1	0	-1	0	1	0	-1
All Other.....	493	518	524	6	481	508	513	5
Total, Food and Nutrition Service.....	33,348	34,753	36,700	1,947	32,228	34,514	36,210	1,696
Section 32 Funds.....	232	128	216	88	122	126	213	87
Agricultural Risk Protection Act.....	0	200	0	-200	0	200	0	-200
Total, Food, Nutrition, and Consumer Servi	33,580	35,081	36,916	1,835	32,350	34,840	36,423	1,583
<b>FOOD SAFETY</b>								
<b>Food Safety and Inspection Service (p. 46).....</b>								
	751	794	817	24	645	698	736	38

**UNITED STATES DEPARTMENT OF AGRICULTURE**

(Dollars in Millions)

AGENCY / PROGRAM	Program Level				Outlays			
	2001 Actual	2001 Current Estimate	2002 Budget	Change 2001 to 2002	2001 Actual	2001 Current Estimate	2002 Budget	Change 2001 to 2002
<b>NATURAL RESOURCES AND ENVIRONMENT</b>								
<b>Natural Resources Conservation Service (p. 50)</b>								
Conservation Operations.....	661	712	773	61	640	747	769	22
Watershed Operations.....	102	110	111	1	104	121	126	5
Emergency Supplemental Funding.....	84	110	0	-110	156	129	88	-41
Other Conservation Programs.....	40	48	43	-5	77	84	68	-16
Programs financed by CCC:								
Environmental Quality Incentives Program.....	170	174	174	0	132	152	167	15
Emergency Supplemental Funding.....	0	26	0	-26	0	5	6	1
Wetlands Reserve Program.....	165	162	0	-162	125	192	89	-103
Farmland Protection Program.....	0	0	0	0	7	9	0	-9
Agricultural Risk Protection Act.....	0	56	a/	-56	0	9	7	-2
Total, Natural Resources Conservation Service.....	1,222	1,398	1,101	-297	1,241	1,448	1,320	-128
<b>Forest Service (p. 54):</b>								
National Forest System Ongoing Appropriations.....	1,263	1,303	1,314	11	1,279	1,297	1,312	15
Emergency Supplemental Funding.....	0	7	0	-7	0	7	0	-7
Forest and Rangeland Research.....	202	229	235	6	213	221	244	23
State and Private Forestry Ongoing Appropriations.....	206	271	238	-33	192	220	282	62
Emergency Supplemental Funding.....	0	142	0	-142	0	142	0	-142
Wildland Fire Management Ongoing Appropriations.....	561	837	1,280	443	786	886	1,328	442
Emergency Supplemental Funding.....	393	925	0	-925	393	925	0	-925
Capital Improvement and Maintenance.....	403	519	524	5	353	527	588	61
Land Acquisition.....	156	151	131	-20	223	141	172	31
All Other.....	26	15	9	-6	17	19	16	-3
Total, Discretionary Accounts.....	3,210	4,399	3,731	-668	3,456	4,385	3,942	-443
Mandatory.....	632	684	861	177	525	637	790	153
Total, Forest Service.....	3,842	5,083	4,592	-491	3,981	5,022	4,732	-290
Total, Natural Resources and Environment .....	5,064	6,481	5,693	-788	5,222	6,470	6,052	-418
<b>MARKETING AND REGULATORY PROGRAMS</b>								
<b>Animal and Plant Health Inspection Service (p. 60)....</b>								
Agricultural Risk Protection Act.....	0	38	0	-38	0	7	31	24
Emergency Supplemental Funding.....	217	326	19	-307	148	364	16	-348
Total, APHIS.....	766	1,059	888	-171	659	1,060	1,034	-26
<b>Agricultural Marketing Service (p. 64).....</b>								
Agricultural Risk Protection Act.....	0	72	0	-72	0	71	1	-70
Total, Agricultural Marketing Service.....	241	346	285	-61	177	168	179	11
<b>Grain Inspection, Packers and Stockyards Administration (p. 66).....</b>								
Total, Marketing and Regulatory Programs.....	1,068	1,480	1,249	-231	861	1,260	1,242	-18
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>								
<b>Agricultural Research Service (p. 69):</b>								
Ongoing Appropriations for Research & Information..	855	920	939	19	836	908	931	23
Ongoing Appropriations for Buildings & Facilities.....	53	74	30	-44	51	62	56	-6
Agricultural Risk Protection Act.....	0	18	0	-18	0	14	4	-10
Total, Agricultural Research Service.....	908	1,012	969	-43	887	984	991	7
<b>Cooperative State Research, Education, and Extension Service (p. 73):</b>								
Ongoing Appropriations for CSREES.....	954	990	874	-116	923	961	992	31
Initiative for Future Agriculture & Food Systems.....	120	120	120	0	0	48	96	48
Agricultural Risk Protection Act.....	0	28	0	-28	0	14	7	-7
Total, CSREES.....	1,074	1,138	994	-144	923	1,023	1,095	72
<b>Economic Research Service (p. 77).....</b>								
Total, Economic Research Service.....	64	66	67	1	70	66	67	1
<b>National Agricultural Statistics Service (p. 78).....</b>								
Total, Research, Education, and Economics.....	2,145	2,317	2,144	-173	1,983	2,172	2,265	93
<b>OTHER ACTIVITIES</b>								
Departmental Offices (p. 79).....	119	129	134	5	161	125	129	4
Centralized Activities.....	158	199	204	5	150	224	208	-16
Outreach for Socially Disadvantaged Farmers.....	3	3	3	0	4	3	3	0
Common Computing Environment.....	13	40	59	19	9	58	59	1
Emergency Supplemental Funding.....	0	19	0	-19	0	13	6	-7
Office of the Inspector General (p. 84).....	65	69	71	2	65	69	70	1
Fund for Rural America (p. 85).....	60	30	30	0	45	32	27	-5
Loan Repayments & Reestimates.....	0	0	0	0	-4,050	-3,314	-4,549	-1,235
Receipts.....	0	0	0	0	-1,070	-1,594	-778	816
<b>USDA, TOTAL.....</b>	<b>\$105,399</b>	<b>\$103,750</b>	<b>\$94,871</b>	<b>-\$8,879</b>	<b>\$75,663</b>	<b>\$69,599</b>	<b>\$63,250</b>	<b>-\$6,349</b>

a/ The Agricultural Risk Management Act provides \$10 million for Agricultural Management Assistance to be allocated by the Secretary.



## MISSION AREA HIGHLIGHTS

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The Department's 2002 Budget supports achievement of its Strategic Goals as follows:

- ! *Expand economic and trade opportunities for U.S. agricultural producers.*
- ! *Promote health by providing access to safe, affordable and nutritious food.*
- ! *Maintain and enhance the nation's natural resources and environment.*
- ! *Enhance the capacity of all rural residents, communities and businesses to prosper.*
- ! *Operate an efficient, effective and discrimination-free organization.*

Following are mission area highlights of the Department's budget proposals in support of these goals:

### FARM AND FOREIGN AGRICULTURAL SERVICES

This mission area supports expanded economic and trade opportunities for agricultural producers through commodity and income support, export promotion, farm credit, risk management, and related programs. These programs provide a safety net to help ensure the long-term economic vitality of American farmers and ranchers.

The Administration is committed to working with the Congress to maintain the safety net for farmers and to formulate sound farm policy for the future; and the Administration is implementing the strengthened Crop Insurance Program as reformed by ARPA. In addition, complementary conservation programs are maintained to promote environmentally sound land management while strengthening farm income. The 2002 budget includes resources to:

- **Ensure that family farmers have sufficient credit to maintain their farming operations.** The budget proposes a total loan level of \$3.9 billion for direct and guaranteed farm loans. This is approximately the same level of funding that has been budgeted in recent years and is expected to provide operating loans to about 31,000 farmers and ownership loans to about 6,000 people. (See page 13.)
- **Promote and expand U.S. agricultural exports by providing a total program level of over \$5.8 billion for the Department's international programs and activities.** The budget includes a program level of \$3.9 billion for CCC export credit guarantee programs, \$120 million for market development programs, including the Market Access Program and Cooperator Program, \$478 million for the Export Enhancement Program, and \$42 million for the Dairy Export Incentive Program. For the P.L. 480 foreign food assistance programs, the budget provides a program level of just under \$1 billion, which is expected to provide approximately 2.7 million metric tons of commodity assistance. Increased funding is provided for the Foreign Agricultural Service (FAS) to strengthen its market

## MISSION AREA HIGHLIGHTS

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intelligence capabilities at overseas posts and its expertise for addressing and resolving technical trade issues with foreign trading partners. (See page 24.)

### RURAL DEVELOPMENT

The Rural Development (RD) mission area helps to improve the quality of life for rural Americans and to create opportunities for rural businesses and cooperatives to compete in the global marketplace. RD provides financial and technical assistance to help individuals, local communities and rural businesses, concentrating on those with the greatest need. These opportunities include decent, safe, affordable housing, establishment of rural businesses and community facilities, development of modern and affordable water and waste services, and installation of electric and telecommunications services.

The budget provides \$12.4 billion for direct loans, loan guarantees, grants, and technical assistance. Highlights of the request include:

- **Support for about 56,000 more homeownership opportunities in rural America.** The budget requests \$1.1 billion in direct loans and \$3.1 billion in guaranteed loans for decent, safe, affordable single family housing. This funding will improve the availability and quality of housing for some of the poorest families in the country. (See page 38.)
- **Support for the water and waste disposal program.** Provides \$809 million in direct loans and \$529 million in grants for the water and waste disposal program. In addition, \$75 million in guaranteed loans is requested. The program will provide over 1.4 million rural residents with safer and cleaner drinking water and over 500,000 with waste disposal services. (See page 36.)

### FOOD, NUTRITION, AND CONSUMER SERVICES

This mission area works to improve the nutritional levels of Americans and provides direct support to improve food security for low-income families. The 2002 budget requests \$36.7 billion for nutrition assistance programs for needy Americans. The budget request funds the expected needs of the Food Stamp, Child Nutrition, WIC, and other related programs. (See page 42.)

The 2002 budget includes:

- **Support for 18.4 million food stamp participants. Due to economic conditions as well as a projected increase in the unemployment rate, participation is estimated to increase by 0.8 million over the 2001 estimates.** The 2002 budget funds the Food Stamp Program at a program level of \$21.1 billion, an increase of \$1.4 billion above 2001. In addition, \$1 billion is provided as a contingency reserve. The budget will allow the Department to continue its efforts in aggressively fighting error and fraud and implementing the Electronic Benefit Transfer (EBT) system. Funding is included for food stamp nutrition education and program information activities to inform eligible non-participants of the availability of food stamp benefits. Also funded in this request is the Food Distribution Program on Indian Reservations, Nutrition Assistance for Puerto Rico, and Nutrition Assistance to American Samoa.

## MISSION AREA HIGHLIGHTS

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- **Support for 28 million children in the School Lunch Program and 8.4 million children in the School Breakfast Program.** The 2002 budget funds the Child Nutrition Programs at a program level of \$10.8 billion, an increase of \$600 million above 2001. This includes funds to provide for additional meals in child care and after school settings as authorized by the William F. Goodling Child Nutrition Reauthorization Act of 1998. This level provides for an increase in participation and food inflation costs and continues Team Nutrition funding. The number of meals projected for 2002 in the School Lunch Program is 4.7 billion, an increase of 1.5 percent over the 2001 level. The number of snacks that are served in the after-school snack program (funded within the School Lunch Program) is projected to increase by 125 million or 8 percent over the 2001 level. The number of meals projected for 2002 in the School Breakfast Program is 1.4 billion, an increase of 3.8 percent over the 2001 level. The budget continues funding for strengthened education efforts on food safety in school meals.
- **Support for a monthly average of 7.25 million WIC participants.** The 2002 budget funds the WIC Program at a program level of \$4.3 billion, an increase of \$49 million above 2001. The budget includes \$14 million for infrastructure funding, the same as 2001. Of this amount \$6 million is for EBT systems development and \$8 million is available to meet other infrastructure needs such as breastfeeding promotion, and special state projects that are designed to help improve the delivery of WIC services.
- **Fund the Farmers' Market Nutrition Program at \$20 million.** The Farmers' Market Nutrition Program (FMNP) provides WIC participants access to fresh fruits and vegetables and expands the awareness and use of farmers' markets to consumers. The FMNP is now operational in 39 state agencies, including 4 Indian tribes, Guam, and the District of Columbia. In 1999, the FMNP provided coupons to 1.5 million WIC participants. The participants redeemed their coupons at 1,827 authorized Farmers' Markets, providing revenue to 11,457 small family farms.

### FOOD SAFETY

This mission area ensures that the Nation's meat, poultry and processed egg product supply is safe, wholesome and properly labeled, and oversees the work of the U.S. Manager for Codex Alimentarius (a commission that develops international food safety standards). The Administrator of the Food Safety and Inspection Service (FSIS) was recently elected to serve a two year term as Chairman of the Codex Alimentarius Commission. The meat and poultry inspection system is being modernized through the implementation of the final rule on Pathogen Reduction-HACCP Systems. Both industry and USDA have worked hard to successfully implement HACCP in all meat and poultry establishments. HACCP was fully implemented in January 2000, after very small plants were required to have HACCP plans in place. For 2002, the budget requests resources necessary to support FSIS food safety activities, including maintaining approximately 7,600 meat and poultry inspectors funded through direct appropriations with no new user fees proposed. Additional funding of \$4 million is included to expand testing under the National Residue Program to address recent requirements imposed on the U.S. by the European Union. An increase of \$0.6 million is included to strengthen the follow-up investigations and increase the number of on-site audits of foreign inspection programs. (See page 46.)

## MISSION AREA HIGHLIGHTS

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### 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 through management of approximately 192 million acres of National Forests and grasslands. 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 budgets for conservation (See page 50.) and Forest Service (See page 54.) programs include resources to:

- **Provide technical and financial assistance to enhance the conservation of natural resources.** The USDA budget includes \$678 million for NRCS conservation technical assistance activities, an increase of \$59 million over the 2001 level. This will maintain the agency's locally led, voluntary conservation effort and will also support many of the Department's enrollment activities for the Conservation Reserve Program. It will also help animal feeding operations (AFOs) develop and implement waste management plans. The budget proposes \$174 million for the Environmental Quality Incentives Program (EQIP) through which technical, educational and financial assistance is provided to landowners that face serious natural resource challenges that impact soil, water and related natural resources.
- **Reduce damage caused by wildfires, restore and maintain ecosystem health, and deliver cost effective goods and programs to the public through the National Fire Plan.** The 2002 budget includes \$1.3 billion in funding for the National Fire Plan, a reduction of about \$600 million from the 2001 level. The reduction from 2001 is a result of reducing one-time emergency funding that was enacted to meet short-term needs. The National Fire Plan is organized into the following major areas: firefighting; rehabilitation and restoration; hazardous fuel reduction; forest health management; rural and community assistance; and research and development. The 2002 budget for the National Fire Plan includes: \$209 million for hazardous fuel reduction on 1.8 million acres; \$623 million to achieve 100 percent of the most efficient level for fire preparedness; and \$325 million for suppression activities. Funds for rehabilitation needs arising from future fires will be available through fire suppression funds. The 2002 budget also includes a proposed National Emergency Reserve of \$5.6 billion which would be available to fund disaster needs Governmentwide including emergencies related to the fire fighting program if the fire fighting needs exceed the base amount included in the 2002 budget. The National Emergency Reserve is intended to cover sudden, urgent, unforeseen and non-permanent expenditures. Funds will be released from the National Emergency Reserve only after approval by both the President and Congress.
- **Enhance the ability of the National Forest System to meet multiple demands.** A total of \$1.3 billion is proposed for management of the National Forests. Funding for the management of the National Forests, for the most part, is the 2001 enacted level plus pay costs. Funding for the management of the National Forests includes \$261 million to support a timber sales offer level of between 952 Million Board Feet and 2.0 Billion Board Feet (bbf) depending on salvage sales volume.

## MISSION AREA HIGHLIGHTS

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In 2001, 3.2 bbf is programmed to be offered for sale, however Forest Service projects that 2.0 bbf will be offered due to changed conditions and increased unit costs.

### MARKETING AND REGULATORY PROGRAMS

The mission of the Marketing and Regulatory agencies is to expand the domestic and international marketing of U.S. agricultural products and to protect the health and care of animals and plants. These programs improve market competitiveness and the farm economy for the overall benefit of both consumers and American agriculture. The budget proposes funding to:

- **Protect American agriculture from plant pests and animal diseases.** The APHIS program level request of \$888 million, an increase of \$122 million over 2000, includes \$277 million for Agricultural Quarantine Inspection (AQI) activities, the front-line defense to protect American agriculture from imported diseases and pests. The budget includes \$196 million in appropriated funds to continue emergency operations to eradicate Mediterranean fruit fly, Citrus Canker, Asian Longhorned Beetle, Pseudorabies, scrapie, and other infestations. An increase of \$2.5 million is requested to address the growing need to resolve sanitary and phytosanitary trade issues. By strengthening the Nation's animal health monitoring and surveillance and plant pest detection and exclusion activities, the Department can reassure U.S. trading partners of its commitment to pest and disease control. These efforts will help open new export markets and strengthen the domestic and international marketability of U.S. grains, fruits and vegetables, livestock and poultry. There are budget reductions which reflect the successes achieved in the brucellosis eradication program. The Boll Weevil Eradication Program is also reduced by targeting cost-sharing resources and by eliminating funding previously provided for debt retirement. (See page 60.)
- **Expand economic and trade opportunities for agricultural producers.** A total program level of \$284 million is requested for the Agricultural Marketing Service (AMS) which includes \$73 million from appropriated funds. The budget includes an increase of \$4 million to develop the agency's capacity to differentiate bioengineered from conventional fruits and vegetables. The budget also includes \$1 million to increase the agency's involvement in international standard setting activities. Increased participation is necessary to ensure that U.S. interests are represented and considered during the development of agricultural standards that have an impact on export opportunities for U.S. producers. (See page 64.)
- **Inspect and Weigh Grains.** The Grain Inspection, Packers and Stockyards Administration (GIPSA) program level request is \$76 million. It includes an increase of almost \$0.5 million to develop methods to perform uniform assessments of biotech grains and an increase of \$0.7 million to develop a certification program that would help resolve international grain trade disputes. The GIPSA budget also maintains funding to address Packers and Stockyards Act issues regarding fair and competitive marketing of livestock and poultry. GIPSA would continue to improve the investigative capability for identifying anti-competitive behavior, evaluating the competitive structure of the poultry industry, providing rapid response teams and enhancing outreach and information efforts. (See page 66).

### RESEARCH, EDUCATION, AND ECONOMICS (REE)

## MISSION AREA HIGHLIGHTS

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The Research, Education, and Economics (REE) mission area and its four agencies have Federal leadership responsibility for the creation and dissemination of knowledge spanning the biological, physical, and social sciences related to agricultural and food research, economic analysis, statistics, Extension, and higher education. Through its programs, REE enhances the U.S. position as a global leader in a highly competitive food and fiber system; promotes sustainable agricultural practices in harmony with the environment; and contributes to continued agricultural prosperity, thriving rural communities, and well-informed consumers. Total funding for the REE agencies in 2002 is estimated at \$2.1 billion, a reduction of 7 percent from 2001 and about the same level as provided in 2000. There are increases for selected programs and to cover Federal pay costs. Proposed reductions are limited to Congressional earmarks and facility construction. All other programs are continued at 2001 levels. Highlights in the REE budget include:

- **Accelerating the development of new markets, and production and commercialization of new uses for agricultural products.** Scientific advances in bioenergy and biobased products research and technology have created enormous potential to enhance U.S. energy security, develop markets for agriculture and forestry products, new economic opportunities for rural America, and protect the environment. The budget includes increases of \$15 million for ARS research on the conversion of agricultural materials and feedstocks into energy, the development of biomass energy crops, and the development of new biobased products. (See page 70.)
- **Preventing and controlling exotic diseases and pests that threaten U.S. agriculture.** Increases totaling \$12 million are proposed to fund critical ARS research, including an increase of \$5 million to develop the tools needed to address prevention, control and eradication of invasive weeds and insects such as leafy spurge, salt cedar, and the Asian Longhorned Beetle. In 2002, an increase of \$5 million for animal health research will focus primarily on Bovine Spongiform Encephalopathy (BSE) or “mad cow disease” and an increase of \$2 million is included for research on plant diseases. (See page 71.)
- **Developing underlying database and information analysis tools and assessing risk associated with biotechnology.** An increase of \$7.5 million is proposed for biotechnology research, including the development of databases used to store, analyze and interpret the sequencing, mapping and functional genomics data for plants, animals and microbes. Proposals on risk assessment will initially focus on the risk of transferring foreign genes from genetically engineered crop plants to closely related weed species, on methods for enhancing nutritional value and for removing potential allergens, and on preventing the buildup of resistant pest populations. (See page 71.)
- **Providing continued support for core university-based research.** The Cooperative State Research, Education, and Extension Service (CSREES) programs provide base funding for research and extension activities at the 1862, 1890 historically Black and 1994 Tribal Land-Grant schools and foster inter-state cooperation and Federal-state collaboration in planning and conducting agricultural research and extension. CSREES is the lead Federal agency for linking teaching, research and extension in the food and agricultural sciences, which is accomplished through programs providing funds for capacity building at the 1890 colleges, as well as for higher education programs supporting multi-cultural scholars and schools that serve Hispanics, Alaska Natives and Native Hawaiians. Funds are also provided for competitive grants supporting integrated research, education and extension

## MISSION AREA HIGHLIGHTS

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activities such as food safety, water quality, and pest management programs. The two major competitive grant programs in CSREES, the National Research Initiative, and the Initiative for Future Agriculture and Food Systems are supported at the 2001 funding levels of \$106 million and \$120 million, respectively. (See page 73.)

- **Support for mandatory price reporting.** An increase of \$1.2 million in the ERS budget will support the implementation of a retail meat price reporting system. The system is designed to facilitate an orderly marketing of meat products by publishing information on retail purchases via the Internet. (See page 77.)
- **Preparations for the 2002 Census of Agriculture.** The budget includes an increase of \$10 million for the National Agricultural Statistics Service (NASS). This will support statistical activities associated with preparations for the 2002 Census of Agriculture, which will be mailed in December 2002. This is the third year in a five-year funding cycle for the 2002 Census. Preparations include, but are not limited to list building, developing plans for improving coverage of small and American Indian farms, designing and printing questionnaires, testing procedures, and purchasing hardware and software for data collection and dissemination improvements. The budget also includes an increase of \$0.5 million for security enhancements to the NASS information technology systems. (See page 78.)

## **FARM AND FOREIGN AGRICULTURAL SERVICES**

### **MISSION**

The mission of the Farm and Foreign Agricultural Services (FFAS) area is to ensure the well-being of U.S. agriculture through delivery of commodity, credit, conservation, insurance, and export programs. FFAS agencies include the Farm Service Agency (FSA), the Risk Management Agency (RMA), and the Foreign Agricultural Service (FAS). The Commodity Credit Corporation (CCC) is the source of funding for most of the conservation and commodity programs administered by FSA and the export programs administered by FAS.

### **FARM SERVICE AGENCY (FSA)**

#### **Program Level (Dollars in Millions)**

<b>Program</b>	<b>2000 Actual</b>	<b>2001 Current Estimate</b>	<b>2002 Budget</b>
Farm Loan and Grant Programs.....	\$3,826	\$4,250	\$3,858
Commodity Programs.....	23,734	21,102	19,271
Emergency Supplemental Funding.....	13,888	4,507	0
Conservation and Other Programs.....	1,513	1,656	1,788
Emergency Supplemental Funding.....	60	115	0
Salaries and Expenses.....	1,006	1,093	1,213
Emergency Supplemental Funding.....	134	50	0
Total, FSA.....	<u>\$44,161</u>	<u>\$32,773</u>	<u>\$26,130</u>
Recap:			
Ongoing Appropriations.....	\$30,079	\$28,101	\$26,130
Emergency Supplemental Funding.....	14,082	4,672	0



## FARM AND FOREIGN AGRICULTURAL SERVICES

**Farm Service Agency  
Farm Loan and Grants Programs  
Program Level (P.L.) and Budget Authority (B.A.)  
(Dollars in Millions)**

Program	2000 <u>Actual</u>		2001 <u>Current Estimate</u>		2002 <u>Budget</u>	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
<b>Farm Operating Loans:</b>						
Guaranteed Unsubsidized.....	\$802	\$71	\$1,387	\$19	\$1,500	\$53
Guaranteed Subsidized.....	999	14	473	39	500	68
Direct.....	664	39	700	63	600	54
Total, Operating Loans.....	2,465	124	2,560	121	2,600	175
<b>Farm Ownership Loans:</b>						
Guaranteed Unsubsidized.....	873	5	1,010	5	1,000	5
Direct.....	233	9	131	14	128	3
Total, Ownership Loans.....	1,106	14	1,141	19	1,128	8
Emergency Loans.....	151	23	299	73	25	3
Indian Land Acquisition Loans.....	1	a/	2	a/	2	a/
Boll Weevil Eradication.....	100	0	100	0	100	0
Texas Boll Weevil Eradication Foundation, Inc. Loan b/.....	0	0	10	6	0	0
Seed Loans b/.....	0	0	35	4	0	0
Apple Loans b/.....	0	0	100	5	0	0
Subtotal, Farm Loan Programs.....	3,823	161	4,247	228	3,855	186
State Mediation Grants.....	3	3	3	3	3	3
Total, Farm Loan and Grants Programs...	\$3,826	\$164	\$4,250	\$231	\$3,858	\$189
<b>RECAP:</b>						
Ongoing Appropriations.....	\$3,826	\$164	\$3,096	\$119	\$3,858	\$189
Agricultural Risk Protection Act.....	0	0	145	15	0	0
Carry Over.....	0	0	1,009	97	0	0

a/ Less than \$0.5 million.

b/ ARPA provision.

The 2002 budget supports \$3.9 billion in direct and guaranteed farm loans. For 2001, a total program level of \$4.2 billion is available, including \$1 billion in carry over from prior year appropriations.

## **FARM AND FOREIGN AGRICULTURAL SERVICES**

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Continuing a trend of the last decade, a higher proportion of borrowers will be served through guaranteed loans rather than direct loans. Guaranteed loans have lower subsidy costs and are serviced by private lenders. Guaranteed farm operating loans are commonly used by private lenders to continue serving borrowers who become higher credit risks due to economic adversity. Guaranteed farm ownership loans are a critical source of credit for some borrowers because they allow real estate equity to be used to restructure short term debt. Emphasis will continue to be placed on providing assistance to socially disadvantaged farmers. As required by statute, a portion of both direct and guaranteed farm operating and ownership loan funds are 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.

For farm operating loans, the 2002 budget provides \$600 million for direct loans and \$2 billion for guaranteed loans. These loan levels will serve an estimated 31,000 farmers, about 14,500 of whom will receive direct loans. 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 2002 budget provides \$128 million as direct loans and \$1 billion for guaranteed loans. The 2002 levels will provide almost 6,000 people with the opportunity to either acquire their own farm or save an existing one. About 1,250 borrowers would receive direct loans and 4,500 would receive guaranteed loans.

The 2002 budget also provides funding for emergency loans, Indian land acquisition loans, and the Boll Weevil Eradication Loan Program. No additional funding is provided for the one-time seed and apple loan programs and the loan for the Texas Boll Weevil Eradication Foundation, Inc., authorized by ARPA.

Funding for State Mediation Grants would be maintained at \$3 million. 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.

## FARM AND FOREIGN AGRICULTURAL SERVICES

### Farm Service Agency Commodity Credit Corporation (Dollars in Millions)

Program	Program Levels			Net Outlays		
	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002
<b>Commodity Programs:</b>						
<b>Ongoing Programs</b>						
Price Support and Marketing						
Assistance Loans.....	\$9,669	\$8,571	\$9,172	\$3,342	\$1,197	\$876
Production Flexibility Contracts.....	5,057	4,072	3,952	5,057	4,072	3,952
Loan Deficiency Payments.....	6,419	5,506	4,225	6,419	5,506	4,225
Noninsured Assistance Payments.....	38	157	160	38	157	160
Farm Storage Facility Loans.....	102	175	125	0	6	3
Cotton User Marketing Payments .....	0	214	151	0	214	151
Other Direct Payments.....	1	39	14	1	39	14
Purchases and Sales.....	1,388	1,585	522	535	1,018	-99
Interest Expenditures.....	888	437	673	736	336	548
Other.....	172	346	277	-243	448	485
Total, Ongoing Programs.....	23,734	21,102	19,271	15,885	12,993	10,315
<b>Emergency Programs</b>						
Market Loss Assistance and Other.....	12,436	2,159	0	12,441	2,159	-23
Disaster Assistance.....	1,452	2,348	0	1,452	2,348	0
Total, Emergency Programs.....	13,888	4,507	0	13,893	4,507	-23
Total, Commodity Programs.....	37,622	25,609	19,271	29,778	17,500	10,292
<b>Conservation Programs:</b>						
CRP Program Payments.....	1,513	1,656	1,788	1,511	1,656	1,788
Environmental Quality Incentives.....	170	174	174	132	152	167
Wetlands Reserve Program.....	165	162	0	125	192	89
Farmland Protection Program.....	0	0	0	7	9	0
Other--Emergency.....	0	99	0	0	51	13
Total, Conservation Programs.....	1,848	2,091	1,962	1,775	2,060	2,057
<b>Export Programs:</b>						
Export Credit.....	3,082	3,792	3,904	193	301	261
Market Access Program.....	90	90	90	96	123	90
Foreign Market Development						
Cooperator Program.....	28	28	28	10	28	28
Quality Samples Program.....	1	2	2	1	2	2
Export Enhancement Program.....	2	478	478	1	478	478
Dairy Export Incentive Program.....	79	34	42	113	48	39
Section 416(b) Donations a/.....	504	565	b/	334	280	6
Food for Progress Program.....	108	94	94	97	91	88
Other.....	18	26	23	26	22	22
Total, Export Programs.....	3,912	5,109	4,661	871	1,373	1,014
Subtotal, CCC.....	43,382	32,809	25,894	32,424	20,933	13,363
Pre-credit Reform Loan Repayments.....	0	0	0	-214	-417	-312
Total, CCC.....	\$43,382	\$32,809	\$25,894	\$32,210	\$20,516	\$13,051

## FARM AND FOREIGN AGRICULTURAL SERVICES

### Farm Service Agency Commodity Credit Corporation (Dollars in Millions)

Program	<u>Program Levels</u>			<u>Net Outlays</u>		
	FY 2000	FY 2001	FY 2002	FY 2000	FY 2001	FY 2002
<b>RECAP:</b>						
Ongoing Appropriations.....	\$29,494	\$28,203	\$25,894	\$18,317	\$15,958	\$13,061
Emergency and ARPA Funding.....	13,888	4,606	0	13,893	4,558	-10
Total, CCC.....	\$43,382	\$32,809	\$25,894	\$32,210	\$20,516	\$13,051

- a/ Value of commodities to be made available under 416(b) are included under purchases and sales.
- b/ Level of 416(b) programming to be determined based on availability of uncommitted CCC commodity inventory.

The Commodity Credit Corporation (CCC) provides funding for commodity programs administered by FSA, conservation programs administered by FSA and 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.

Changes over the last decade in commodity, disaster, and conservation programs have dramatically changed the level, mix, and variability of CCC outlays. CCC outlays increased from \$19.2 billion in 1999 to a record high of \$32.2 billion in 2000 and are projected to total over \$20 billion in 2001. The increase in spending between 1999 and 2000 is largely accounted for by higher marketing assistance loan program outlays associated with low market prices and by emergency spending authorized in the enacted appropriations for 2000 and by ARPA. Outlays for emergency spending authorized in the appropriations acts and ARPA totaled over \$5 billion in 1999, about \$14 billion in 2000, and approximately \$5 billion in 2001. CCC outlays are projected to decline under current law to about \$13 billion in 2002, largely due to the fact that no emergency supplemental assistance has been authorized for 2002, although some reforms made in 2001 continue in 2002, primarily for the Noninsured Assistance Program (NAP).

Conservation program outlays represent the second largest major category of CCC expenditures. The 1996 Farm Bill authorized CCC funding for the Conservation Reserve Program (CRP) administered by FSA and the Wetlands Reserve Program (WRP) and several new conservation programs administered by NRCS. The Environmental Quality Incentives Program (EQIP) gives producers incentives to address natural resource concerns. The Farmland Protection Program (FPP) provides for the purchase of easements limiting nonagricultural uses on prime and unique farmland, protecting it from development. ARPA includes a new CCC-funded program, Soil and Water Conservation Assistance, designed to address threats to soil, water, and other natural resources through cost-share or incentive payments.

Finally, provisions of the Commodity Credit Corporation Charter Act limit CCC expenditures for computer equipment and cap at the 1995 level total allotments and transfers to Federal and state agencies under section 11 of that Act for administrative support services. Limits on CCC expenditures for computer

## FARM AND FOREIGN AGRICULTURAL SERVICES

equipment and related activities imposed by the 1996 Farm Bill preclude CCC funding of these services and equipment in 2001 and subsequent years.

### Farm Service Agency Commodity Program Outlays (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Commodity:			
Feed Grains.....	\$11,651	\$4,880	\$3,446
Wheat.....	5,365	2,121	1,120
Rice.....	1,894	920	859
Upland Cotton.....	4,015	827	709
Tobacco.....	634	148	-97
Dairy.....	684	1,217	157
Soybeans and Products.....	2,870	3,379	2,821
Peanuts.....	35	62	a/
Sugar.....	465	-37	-28
Honey.....	7	26	-10
Wool and Mohair.....	-2	35	-13
Other Crops.....	327	759	256
Subtotal.....	27,945	14,337	9,220
Disaster Assistance.....	1,452	2,348	0
Other b/.....	381	815	1,072
Total, Commodity Programs.....	\$29,778	\$17,500	\$10,292

a/ Less than \$500 thousand.

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

Commodity loan and income support programs are administered by FSA and financed through CCC. These commodity programs were changed dramatically by provisions of the 1996 Farm Bill. In the past, deficiency payments for producers of feed grains, wheat, upland cotton and rice (contract commodities) were tied to market prices and decreased when market prices were high and increased when market prices were low. The 1996 Farm Bill replaced deficiency payments with fixed production flexibility contract payments. The production flexibility contract payments, based on historical program acreage and yields, are set by law for each of the 7 years from 1996-2002, and do not vary with market prices or current plantings. About 98 percent of the eligible crop acreage base has been enrolled in production flexibility contracts.

The CCC marketing assistance loan programs for contract commodities and oilseeds have provided producers with protection against sharp declines in market prices in 1998, 1999, and 2000. Marketing assistance loan placements doubled between 1997 and 2000. Marketing loan gains and loan deficiency

## FARM AND FOREIGN AGRICULTURAL SERVICES

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payments increased from negligible levels in 1997 to over \$4 billion in 1999 and \$8 billion in 2000 and are expected to remain near \$7 billion in 2001 and about \$5 billion in 2002. Projected commodity prices, while improving slightly for some, still remain low, particularly for soybeans, and thus, estimated outlays for marketing assistance loans and loan deficiency payments are only slightly lower in 2002.

Appropriations acts provided about \$5 billion of emergency assistance in 1999 and about \$8.5 billion in 2000 to help farmers cope with some of the lowest commodity prices in many years. The emergency funding included market loss payments of \$3.1 billion in 1999 and \$5.5 billion in 2000 for the 1999 crop and ARPA provided another \$5.5 billion in 2000 for market loss assistance payments for the 2000 crop. Total emergency assistance for 2000 was nearly \$14 billion including the over \$11 billion in market loss assistance for the 1999 and 2000 crops. Other compensation for crop and livestock losses and other emergency items was funded at over \$2.2 billion in 1999 and about \$1.5 billion in 2000. Oilseeds, tobacco and peanut producers were provided nearly \$0.9 billion in emergency assistance in 2000. Emergency assistance for 1999 and 2000 included \$400 million financed by transfers from CCC to the FCIC Fund for incentive payments for farmers purchasing crop insurance on 1999 and 2000 crops. Crop insurance coverage was improved by ARPA to help farmers better manage production risk in the future. The Noninsured Assistance Program (NAP), administered by FSA and funded through CCC, was also improved by ARPA to provide coverage similar to catastrophic crop insurance and will continue to provide assistance to producers with losses on crops for which insurance is unavailable.

The 2001 Agriculture Appropriations Act provided over \$3.3 billion in emergency assistance in 2001 in addition to the ARPA provisions which provided about \$1.3 billion. Emergency assistance for 2001 included over \$2.3 billion in disaster assistance including crop loss disaster assistance estimated to cost about \$1.8 billion, and nearly \$500 million in livestock and related assistance. About \$2.2 billion of market loss and other emergency assistance was provided in 2001, including dairy market assistance estimated at \$675 million, \$500 million for oilseeds payments, and other emergency assistance for apples, cranberries, tobacco, and other products.

In total, CCC outlays for commodity and related market support programs are projected to be lower in 2002 due to the fact that emergency assistance levels have not been estimated and are not incorporated in the estimates. Outlays for ongoing programs are only modestly lower. Dairy program outlays are projected to decline in 2002 in part due to the expiration of the price support program at the end of calendar year 2001. Some commodity support activities such as peanuts, tobacco, honey and sugar programs are projected to show little or no net outlays or even small net receipts in 2002 due to repayment of price support loans and/or collection of assessments from producers as required by the 1996 Act.

The President's budget for 2002 provides for a contingency reserve to be available for unanticipated or difficult to estimate emergency and special needs throughout the Government. In the event emergency farm assistance were needed in 2002, the contingency reserve may be available to help meet these needs.

## FARM AND FOREIGN AGRICULTURAL SERVICES

### Farm Service Agency Conservation and Other Programs Program Level (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Conservation Reserve Program.....	\$1,513	\$1,656	\$1,788
Emergency Supplemental Funding.....	0	35	0
Emergency Conservation Program.....	60	80	0
Total, Conservation Programs.....	\$1,573	\$1,771	\$1,788
RECAP:			
Ongong Appropriations.....	\$1,513	\$1,656	\$1,788
Emergency Supplemental Funding.....	60	115	0

The Conservation Reserve Program, a CCC program, is administered by FSA in addition to the Emergency Conservation Programs. All other cost-share and easement conservation programs such as the Environmental Quality Incentives Program, Wetlands Reserve Program, Conservation Farm Option Program, Farmland Protection Program, Wildlife Habitat Incentives Program, and Soil and Water Conservation Assistance Program are administered by the Natural Resources Conservation Service. However, FSA assists NRCS with EQIP program policy and procedures development, and implementing administrative processes and procedures for contracting, financial reporting, and other financial operations.

**Conservation Reserve Program (CRP).** CRP is USDA's largest conservation/environmental program. The purpose of CRP is to cost-effectively 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 and cost-share and technical assistance for installing approved conservation practices. New signups are authorized through December 31, 2002, with a maximum cumulative enrollment cap of 36.4 million acres.

Acreage that counts toward the total enrollment cap includes acres enrolled in the CRP through scheduled general signups and those enrolled through a continuous, noncompetitive signup that has been underway since September 1996 with the purpose of enrolling land in filter strips, riparian buffers, and similar conservation practices. Continuous signup acreage also includes enrollment under the Conservation Reserve Enhancement Program (CREP) that is designed to target program benefits to address specific local and regional conservation problems. At this time, 15 states have approved CREP agreements and another 9 states have CREP proposals pending. Finally, the 2001 Appropriations Act authorized the Secretary to enroll 500,000 acres during 2001 and 2002 in a Farmable Wetlands Pilot Program, and these acres will also count toward the cap.

## FARM AND FOREIGN AGRICULTURAL SERVICES

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As of October 1, 2000, there were about 33.9 million total acres enrolled in the CRP. Budget projections indicate that total enrollment will reach the maximum authorized level of 36.4 million acres by December 31, 2002. Included in this total are 4.2 million cumulative acres that are projected to be enrolled under the continuous signup as well as the 500,000 acres that will be enrolled under the Farmable Wetlands Pilot Program.

**Emergency Conservation Program (ECP).** Under this program, 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 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; and (4) represent damage that is unusual and would not recur frequently in the same area. For the past several years, this program has been funded through emergency supplemental appropriations. A total of \$60 million was appropriated in 2000 and \$80 million in 2001. While the budget proposes no funding for the ECP in 2002, it does include a \$5.6 billion National Emergency Reserve which is intended to cover sudden, urgent and unforeseen expenditures. Funds will be released from the National Emergency Reserve only after approval by both the President and Congress.

**Salaries and Expenses.** Supplemental appropriations in 2000 and 2001 have allowed FSA to employ additional temporary staff to meet heavy workload needs in the field arising from the additional emergency payments. The 2002 budget proposes a program level of \$1.2 billion estimated to support a ceiling of 5,901 Federal staff years and 11,496 non-Federal staff years. Non-Federal county staff years will decrease from 11,957 in 2001 to 11,496 in 2002 because the temporary staff years needed to carry out programs for crop and market loss assistance are expected to decline modestly. However, FSA temporary staff years are expected to remain at twice the pre-farm-crisis levels of 1996 through 1998. Permanent non-Federal county staff years are estimated to remain the same in 2001 and 2002 at 9,496. The 2002 salaries and expenses budget also includes funding for information technology modernization. The Administration expects long-term savings from the merging of information technology services of the three county-based agencies (the Farm Service Agency, the Natural Resources Conservation Service, and Rural Development). The Department also will review the field office structure for streamlining opportunities to reduce costs and improve service.



## FARM AND FOREIGN AGRICULTURAL SERVICES

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### Farm Service Agency Staff Years

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	<b>2000</b>	<b>2001</b>	<b>2002</b>
	<b>Actual a/</b>	<b>Current Estimate a/</b>	<b>Budget</b>
Federal.....	5,869	5,901	5,901
Non-Federal:			
Permanent Full-Time.....	9,305	9,496	9,496
Temporary.....	2,228	2,461	2,000
Total, Non-Federal.....	11,533	11,957	11,496
Total, FSA Staff Years.....	17,402	17,858	17,397

a/ Includes staff years supported by emergency appropriations.

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## FARM AND FOREIGN AGRICULTURAL SERVICES

### RISK MANAGEMENT AGENCY (RMA)

#### Crop Insurance Program Program Level (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Net Indemnities to Producers:			
Gross Indemnities.....	\$2,464	\$3,275	\$3,348
Producer-Paid Premium a/.....	-890	-1,295	-1,222
Total, Net Indemnities.....	1,574	1,980	2,126
Administrative/Delivery and Other			
Expenses.....	879	1,046	1,028
Total, Government Costs.....	2,453	3,026	3,154
FUNDING SOURCE DETAIL:			
<b>Mandatory Program Level:</b>			
Delivery and Other Administrative Expenses b/.....	544	759	736
Gross Indemnities.....	2,464	3,275	3,348
Underwriting Gains.....	258	222	217
Subtotal, Mandatory Program Level.....	3,266	4,256	4,301
<b>Discretionary Program Level:</b>			
Administrative and Operating Expenses.....	77	65	75
Total Program Level.....	3,343	4,321	4,376
Less: Producer Premium.....	-890	-1,295	-1,222
<b>Total, Government Costs.....</b>	<b>\$2,453</b>	<b>\$3,026</b>	<b>\$3,154</b>
Loss Ratio c/.....	0.95	1.075	1.075
RECAP:			
Ongoing Appropriations .....	\$2,053	\$3,013	\$3,154
Emergency Supplemental Funding .....	400	13	0

a/ Producer Paid Premium in FY 2000 reflects a \$400 million premium discount, as authorized by P.L. 106-78. FY 2001 reflects a \$13 million premium discount, in accordance with P.L. 106-387.

b/ Includes reimbursements to private companies and certain costs for research, development and other activities authorized by the ARPA.

c/ Estimated.

The primary responsibility of the RMA is to administer the Crop Insurance Program. The program is expected to provide over \$36 billion in risk protection on about 222 million acres in 2002. This represents about 84 percent of the Nation's acres planted to principal crops.

## FARM AND FOREIGN AGRICULTURAL SERVICES

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Crop insurance is delivered to producers through private insurance companies that share in the risk of loss. The companies are reimbursed for their delivery expenses and receive underwriting gains in years of favorable loss experience.

Significant reforms to the program were enacted in ARPA. Provisions of ARPA that increased the subsidy rates for crop insurance were implemented for the 2001 crop, and will remain in place for 2002. In response, farmers have already begun to buy higher levels of coverage, for example 75 percent of production and 100 percent of expected market price. Further, more farmers are choosing revenue insurance, which protects them against market losses as well as production losses. These trends are expected to continue through 2002.

ARPA also includes provisions for pilot programs, including one for livestock insurance, risk management education, cost sharing for risk management practices in states with low crop insurance participation, and contracts for obtaining private sector expertise for compliance and research and development. All of these provisions are being implemented during 2001.

The 2002 budget requests “such sums as necessary” for the mandatory costs associated with the crop insurance program, including 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. Mandatory costs to the Government for 2002 are estimated to be about \$3.1 billion. In addition, producers are expected to pay about \$1.2 billion in premiums.

Discretionary costs for the crop insurance program cover Federal salaries and related expenses. The 2002 budget includes about \$75 million for these costs, compared to about \$65 million appropriated for 2001. The increase includes \$1.4 million for pay increases and \$7.9 million for improvements in information technology systems, such as data mining, e-commerce, and data storage. These improvements are needed to meet the changing responsibilities of the Risk Management Agency resulting from implementation of ARPA, particularly with regard to improved compliance and internet applications for producers to purchase crop insurance on-line.

## FARM AND FOREIGN AGRICULTURAL SERVICES

### FOREIGN AGRICULTURAL SERVICE (FAS)

#### International Programs and Activities Program Level (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
CCC Export Credit Guarantees:			
Short-term Guarantees (GSM-102).....	\$2,928	\$3,501	\$3,379
Intermediate-term Guarantees (GSM-103).....	33	101	100
Supplier Credit Guarantees.....	116	150	330
Facilities Financing Guarantees.....	5	40	95
Total, Export Credit Guarantees.....	3,082	3,792	3,904
Market Development Programs:			
Market Access Program.....	90	90	90
Foreign Market Development (Cooperator) Program.....	28	28	28
Quality Samples Program.....	1	2	2
Total, Market Development Programs.....	119	120	120
Export Subsidy Programs:			
Export Enhancement Program.....	2	478	478
Dairy Export Incentive Program.....	78	34	42
Total, Export Subsidy Programs.....	80	512	520
Foreign Food Assistance:			
Public Law 480.....	1,293	1,107	995
Section 416(b) Donations (Ocean Freight and Overseas Distribution Costs).....	504	565	<u>a/</u>
Food For Progress b/.....	108	94	94
Total, Foreign Food Assistance.....	1,905	1,766	1,089
FAS Salaries and Expenses	183	202	207
Total, International Programs.....	<u>\$5,369</u>	<u>\$6,392</u>	<u>\$5,840</u>

a/ Level of Section 416(b) programming to be determined based on the availability of uncommitted CCC commodity inventory.

b/ Includes only that portion of Food for Progress programming supported by CCC funds.

FAS administers a variety of export promotion, food assistance, and foreign market development programs. These activities are instrumental for achieving a primary objective of the Department's strategic plan – the expansion of global market opportunities for U.S. agricultural producers. Changes in Federal farm policy have made U.S. farmers and ranchers more dependent upon exports to maintain and expand

## FARM AND FOREIGN AGRICULTURAL SERVICES

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their income, and more vulnerable to shifting conditions in international markets. By helping to maximize export sales opportunities, the export programs help to stabilize prices and incomes and thereby contribute to a greater safety net for U.S. producers.

**CCC Export Credit Guarantee Programs.** Under these programs, CCC provides 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, but where financing may not be available without CCC guarantees.

The budget includes an overall program level of \$3.9 billion for CCC export credit guarantees in 2002, an increase of just over \$100 million above the current estimate for 2001. These estimates reflect the levels of sales expected to be registered under the export credit guarantee programs. However, the actual levels of programming are likely to vary from these estimates, 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 2002, \$3.4 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), and \$100 million will be made available under the GSM-103 program, which provides intermediate-term credit guarantees (3 to 10 year repayment terms).

For supplier credit guarantees, the budget includes an estimated program level of \$330 million for 2001. Under this credit activity, CCC guarantees payments due from importers under short-term financing (up to 180 days) that exporters extend directly to the importers for the purchase of U.S. agricultural products. This credit activity is particularly useful in facilitating sales of high value agricultural products. Program utilization of supplier credit guarantees has more than doubled the last 2 years, growing from \$18 million in 1998, to \$46 million in 1999, and to more than \$100 million in 2000. This growth is expected to continue in 2001 and 2002.

The budget also includes an estimated program level of \$95 million for facility financing guarantees in 2002. 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.

**Market Development Programs.** FAS administers a number of programs which support the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products. 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 U.S. high value agricultural products. MAP participants include nonprofit agricultural trade organizations, state-regional trade groups, cooperatives, and private companies which

## FARM AND FOREIGN AGRICULTURAL SERVICES

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qualify as small business concerns. The budget provides funding for MAP in 2002 at the maximum authorized level of \$90 million, unchanged from 2001.

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 which 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. For 2002, the budget provides funding of \$27.5 million for the Cooperator Program, unchanged from the 2001 level.

The budget continues funding for the Quality Samples Program (QSP) which was implemented during 2000. Under the 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. This program provides foreign importers with a better understanding and appreciation of the characteristics of U.S. agricultural products. For 2002, the budget continues CCC funding for the QSP at the 2001 level of \$2.5 million.

**Export Subsidy Programs.** The Department currently has two export subsidy programs: the Export Enhancement Program (EEP) and Dairy Export Incentive Program (DEIP). Under these programs, bonus payments are made available to exporters of U.S. agricultural commodities to enable them to be price competitive and thereby make sales in targeted overseas markets where competitor countries are making subsidized sales.

EEP programming has been limited in recent years due to world supply and demand conditions; nevertheless, the budget includes funding for the program and the awarding of bonuses can be resumed whenever market conditions warrant. For 2002, the budget provides a program level of \$478 million for EEP, the maximum level authorized by the Agricultural Trade Act of 1978.

For DEIP, the budget assumes a program level of \$42 million for 2002, a slight increase above the current estimate for 2001 of \$34 million. The projected levels of DEIP programming in 2001 and 2002 are reduced from the levels of recent years for several reasons. These include full implementation of the Uruguay Round export subsidy reduction commitments and the expiration in 2000 of so-called "rollover authority" which allowed countries under certain conditions to exceed their annual export subsidy commitments by drawing on unused subsidy authority from previous years.

In addition, increases in world market prices for nonfat dry milk have allowed the size of DEIP bonuses to decline significantly. The average subsidy rate for nonfat dry milk declined from approximately \$1,040 per metric ton in 1999 to \$668 per metric ton in 2000. For the first 5 months of 2001, the rate has been further reduced to approximately \$60 per metric ton. Nonfat dry milk comprises the largest category of dairy products exported under DEIP.

## FARM AND FOREIGN AGRICULTURAL SERVICES

### Foreign Agricultural Service Public Law 480 Food Assistance Programs Program and Tonnage Levels

Program	2000 Actual	2001 Current Estimate	2002 Budget
Title I Credit Sales:			
Dollars in Millions.....	\$346 <u>a/</u>	\$180	\$160
Million Metric Tons Grain Equivalent.....	1.3 <u>a/</u>	0.7	0.7
Title II Donations:			
Dollars in Millions.....	942	927 <u>b/</u>	835
Million Metric Tons Grain Equivalent.....	2.5	2.2	2.0
Title III Grants:			
Dollars in Millions.....	5	<u>c/</u>	0
Million Metric Tons Grain Equivalent.....	<u>d/</u>	0.0	0.0
Total, P.L. 480 Programs:			
Dollars in Millions.....	\$1,293	\$1,107	\$995
Million Metric Tons Grain Equivalent.....	3.8	2.9	2.7

a/ Includes \$124 million of programming for Russia (635,000 metric tons) that carried over from FY 1999.

b/ Includes \$92 million in carryover funds and transfers.

c/ Less than \$500 thousand.

d/ Less than 50 thousand metric tons.

**Public Law 480 (P.L. 480).** P.L. 480 is the primary means by which the United States provides foreign food assistance. This assistance is provided through three separate program authorities.

Title I provides concessional financing for sales of U.S. agricultural commodities to developing countries and private entities. In allocating assistance to be provided under the Title I program, priority is given to agreements which provide for the export of U.S. agricultural commodities to those developing countries which have demonstrated the potential to become commercial markets, are undertaking measures to improve their food security and agricultural development, and demonstrate the greatest need for food. 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. The assistance is provided primarily through private voluntary organizations, cooperatives, or international organizations, including the World Food Program of the United Nations. In the case of donations made in response to emergency needs, Title II assistance can also be provided through government-to-government agreements. The Title II program is administered by the Agency for International Development (AID).

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Title III provides food assistance on a grant basis to least developed countries through government-to-government agreements. The donated commodities may be sold in the domestic market of the recipient countries, and the revenue generated from the sale is used to support programs of economic development. The Title III program is also administered by AID.

For 2002, the budget includes a total program level for P.L. 480 food assistance of just under \$1 billion, which is expected to provide approximately 2.7 million metric tons of commodity assistance. Appropriated funding for P.L. 480 programs has been maintained at the 2001 level. However, the Title I credit level is reduced due to higher estimated subsidy costs for the program, which result from changes in country allocations and financial terms. In the case of Title II donations, although appropriated funding is unchanged from 2001, some reduction in program level is anticipated because carryover funding balances which have increased programming this year are not assumed to be available in 2002.

As in last year's budget, no specific level of funding is requested for Title III grants; however, current authorities provide that up to 15 percent of the funds of any title of P.L. 480 may be transferred to carry out any other title. This authority provides flexibility for program managers to determine the appropriate level of resources for the individual P.L. 480 programs and thereby enhances the U.S. response to changing world food needs.

As stated in the President's Budget Blueprint, the Administration proposes to undertake a review of the Title I program to evaluate its effectiveness and to develop options for possible program reforms. The review will examine a range of factors, including the program's continued relevance in view of the increasing emphasis on private sector transactions in international agricultural trade and the ongoing negotiations on international agricultural credit, which have been underway under the auspices of the Organization for Economic Cooperation and Development.

**Section 416(b) Donations.** Section 416(b) of the Agricultural Act of 1949 authorizes the donation of surplus CCC-owned commodities in order to carry out programs of assistance in developing countries and friendly countries. Commodities eligible for donation include those which have been acquired by CCC through price support operations, surplus crop removal purchases, or otherwise acquired by CCC in the normal course of its operations and which are excess to domestic program requirements. The commodities are made available for donation through agreements with foreign governments, private voluntary organizations and cooperatives, and the World Food Program.

Donations of commodities under section 416(b) authority have been at record levels in recent years. During 2000, agreements were signed providing more than 4.2 million metric tons of commodities under section 416(b). Of this amount, commodity procurement and ocean freight contracting for over 3.1 million metric tons had been completed by the end of the fiscal year. The estimated value of those commodities is \$502 million.

For 2001, decisions on the level of section 416(b) programming have not been completed. However, programming plans to date exceed 2.6 million metric tons, including 1.1 million metric tons that carried over from prior year agreements and over 900,000 metric tons for emergency feeding programs. An additional



## FARM AND FOREIGN AGRICULTURAL SERVICES

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630,000 metric tons will be donated under the Global Food for Education Initiative (GFEI). Under the initiative, commodities will be provided to support school feeding programs in developing countries with the objectives of reducing hunger, improving health, and promoting school enrollment, attendance, and performance. The GFEI will be implemented during 2001 on a pilot basis at an estimated cost of \$300 million. This includes an estimate of \$156 million for the value of the commodities, and \$143 million for ocean freight, overseas distribution costs, and administrative costs.

For 2002, the level of section 416(b) programming will be estimated once the availability of uncommitted commodities in CCC inventory has been determined at the beginning of the fiscal year. In addition, the Administration intends to undertake a review of recent commodity donation activities under the authority of section 416(b). The review will evaluate the effects of the donations, both domestically and overseas, and the decision-making procedures used in carrying them out. Among other things, the review will consider what programmatic objectives are appropriate for section 416(b) activities and future availabilities of surplus U.S. commodity inventories.

**Food for Progress.** Under this program, U.S. agricultural commodities are provided to developing countries and emerging democracies which have made commitments to introduce and expand free enterprise in their agricultural economies. Food for Progress agreements can be entered into with foreign governments, private voluntary agencies, nonprofit agricultural organizations, cooperatives, or intergovernmental organizations. Agreements may provide for the commodities to be supplied on either long-term credit or grant terms.

P.L. 480 Title I funds may be used for the procurement and transportation costs of the commodities. Alternatively, either CCC-owned commodities may be made available or CCC may purchase commodities if not in its inventory, with transportation and other non-commodity expenses paid with CCC funds. The Food for Progress authority limits annual programming to not more than 500,000 metric tons and limits CCC funding for the non-commodity costs (e.g., transportation) of programming to \$30 million per year.

The budget assumes that approximately \$94 million of CCC funds will be used to support Food for Progress programming in 2002, unchanged from the current estimate for 2001.

## FARM AND FOREIGN AGRICULTURAL SERVICES

### Foreign Agricultural Service Salaries and Expenses (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Market Access.....	\$27	\$28	\$30
Market Development, Promotion, and Outreach.....	32	33	34
Market Intelligence.....	24	25	28
Financial Marketing Assistance.....	9	10	10
Long-term Market and Infrastructure Development.....	22	23	24
Total, Appropriated Programs.....	114	119	126
Emerging Markets Program Funded by CCC.....	10	10	10
CCC Computer Facility and Other IRM Costs Funded by CCC.....	10	13	13
Global Food for Education Initiative Funded by CCC	0	3	0
Development Assistance Programs Funded by AID and Other Organizations.....	46	55	56
Other Reimbursable Agreements.....	3	2	2
Total, Reimbursable Program Activity.....	69	83	81
Total, FAS Program Level.....	\$183	\$202	\$207

FAS' mission is to serve U.S. agriculture's international interests by expanding export opportunities for U.S. agricultural, fish, and forest products and promoting world food security. FAS carries out its mission on a worldwide basis through the following activities:

- C **Market Access** -- international trade policy formulation, negotiation and monitoring activities designed to reduce foreign trade barriers and increase market access for U.S. agricultural products.
- C **Market Development, Promotion, and Outreach** -- activities designed to increase domestic awareness of export opportunities, facilitate export readiness, and link export-ready and new-to-export firms to market entry opportunities; and activities designed to create demand for U.S. agricultural products in foreign markets, including the Cooperator Program, MAP, and food and agricultural trade shows.
- C **Market Intelligence** -- market intelligence and reporting activities which provide U.S. producers, exporters, and government officials with information and analysis of world agricultural production and trade, as well as reporting on and addressing foreign government policies and issues that affect the competitiveness of U.S. agricultural exports.
- C **Financial Marketing Assistance** -- administration of the Department's major commercial export programs, including the CCC export credit guarantee and export subsidy programs.

## FARM AND FOREIGN AGRICULTURAL SERVICES

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**C Long-Term Market and Infrastructure Development** -- administration of foreign food assistance programs and international cooperation and development activities, including scientific and technical exchanges, cooperative research, liaison with international food and agricultural organizations, and agricultural technical assistance and training, including the Cochran Fellowship Program.

The budget includes appropriated funding of \$126 million for FAS in 2002. This is an increase of \$7 million above the 2001 level and supports several important trade-related initiatives.

First, \$2.7 million is provided to strengthen the agency's market intelligence capabilities at its overseas posts. Over the past several years, the emergence of increasingly complex trade policy and food security issues has led to a dramatic increase in workload at FAS overseas offices. Meeting these priority workload demands – in addition to regular commodity reporting, marketing, and representation duties – has overwhelmed the capacity of a number of offices in key locations.

To address this situation, the budget supports the placement of additional personnel in those areas where workload demands have become acute, including China, the Philippines, Colombia, Thailand, and Turkey. This action will enable the Department to address more effectively foreign government policies and other issues that affect the competitiveness of U.S. exports, including host government compliance with existing trade rules, policies for the new round of multilateral trade negotiations, and competitor activities within those markets.

An additional \$750,000 is provided to bolster FAS' capabilities in addressing and resolving technical trade issues. Technical issues, such as those related to food safety and biotechnology, have become the fastest growing and most sensitive trade issues in U.S. agriculture today. They are increasing daily and have the potential to threaten U.S. agricultural exports. The budget provides funding for an expansion in FAS efforts to address technical trade issues, such as ensuring that regulatory actions taken by trading partners do not impede U.S. exports and comply with the Sanitary and Phytosanitary disciplines of the Uruguay Round Agreement.

The FAS budget also includes an increase of \$3 million to meet projected pay cost increases in 2002. Funding for the Cochran Fellowship Program is maintained at the current level of \$4 million.

In addition, the budget includes an estimated \$81 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 which FAS carries out overseas on behalf of AID, foreign governments, and international organizations. It also includes funding made available by CCC for the Emerging Markets Program. This program supports technical assistance and related activities in order to further U.S. market development objectives in promising overseas growth markets.

## RURAL DEVELOPMENT

### MISSION

The Rural Development (RD) mission area strives to improve the quality of life in rural America by providing financial assistance and working with rural communities through partnerships, empowerment and technical assistance. Three agencies comprise the RD mission area: the Rural Utilities Service (RUS), the Rural Housing Service (RHS) and the Rural Business-Cooperative Service (RBS). Under the Department's streamlining and reorganization effort, the field office delivery system for the three agencies was consolidated within USDA Service Centers.

### RURAL DEVELOPMENT

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

Program	2000 Actual		2001 Current Est.		2002 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Rural Utilities Service.....	\$4,149	\$643	\$5,262	\$785	\$4,954	\$621
Rural Housing Service.....	4,601	921	6,152	1,238	5,759	1,071
Rural Business-Cooperative Service.....	1,112	101	2,924 <sup>a/</sup>	165	1,118	113
Salaries and Expenses.....	529	529	580	580	596	596
Total, Rural Development.....	\$10,390	\$2,194	\$14,917	\$2,768	\$12,427	\$2,400
RECAP:						
Ongoing Appropriations.....	\$10,332	\$2,177	\$13,207	\$2,520	\$12,427	\$2,400
Agricultural Risk Protection Act.....	0	0	15	15	0	0
Emergency Supplemental Funding.....	58	17	1,695	233	0	0

a/ Reflects amounts available from ongoing appropriations and emergency supplemental funding.

The 2002 budget includes \$12.4 billion in loans, grants and related assistance for rural residents and communities.

The major provisions of the RD budget include:

- The 2002 budget maintains most of the rural development programs at the same levels as provided through the regular appropriations for 2001. It does not, however, provide additional funding to continue programs at levels that were augmented through 2001 emergency supplementals.
- The budget reflects flexibility within funding streams under the Rural Community Advancement Program (RCAP) that was enacted as part of the 1996 Farm Bill. RCAP allows funds to be transferred between programs to ensure better coordination in meeting local priorities. The table on page 34 indicates the program levels included in RCAP.
- \$2.6 billion in direct loans and loan guarantees for rural electric systems, the same as 2001.

## RURAL DEVELOPMENT

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- \$495 million in direct loans for the telecommunication program and \$300 million in direct loans and \$25 million in grants for the distance learning and telemedicine program. The budget assumes continued progress toward privatization of the Rural Telephone Bank (RTB) and, therefore, does not provide for the use of Federal funds for the RTB to make new loans.
- Proposal to make \$100 million in direct loans and \$2 million in grants for a grant/loan combination to finance installation of broadband transmission capacity (i.e. the fiber optic cable capacity needed to provide enhanced services such as the Internet or high speed modems) for rural communities. The other purpose for which a loan and grant combination would be provided is local dialup Internet service to under served areas. These funds could be targeted to communities that currently lack Internet access via a local call.
- \$529 million in grants, \$809 million in direct loans, and \$75 million in guaranteed loans for water and waste disposal projects.
- \$1.1 billion in direct loans and \$3.1 billion in guaranteed loans for single family housing, the same as available for 2001. Direct loans are available only to low-income and very low-income families, those with less than 80 percent of area median income, who can receive an interest subsidy. Guaranteed loans are available to families with incomes up to 115 percent of area median income. The 2002 program levels will allow the agency to provide loans and grants to provide about 56,000 homeownership opportunities and to improve about 12,000 existing units.
- \$114 million for direct loans and \$100 million in guaranteed loans for multi-family housing, the same as available for 2001. The guaranteed loan program was first introduced in 1997 and is used to leverage other Federal, state and local or private financing.
- \$694 million for rural rental assistance payments, up from \$679 million appropriated for 2001 excluding emergency supplemental funding. The higher level of assistance is needed to provide for the renewal of existing contracts, to support new multi-family and farm labor housing projects, and to provide limited funding for servicing existing projects. This assistance makes up the difference between what the tenant pays and the rent required for the project owner to meet debt servicing requirements. Tenants receiving this assistance are mostly elderly, have very low-income and minimal financial assets.
- \$15 million in grants for Round II Empowerment Zones and Enterprise Communities (EZ/EC). Five new rural empowerment zones were authorized by the Taxpayer Relief Act of 1997. Twenty new enterprise communities were authorized by the 1999 Appropriations Act, and \$15 million in discretionary funds was appropriated each year in 1999, 2000 and 2001. This funding is in addition to funding targeted to EZ/EC's under RD's on-going programs, which is estimated to be about \$172 million in 2002.
- An increase of \$16 million from \$580 million in 2001 to \$596 million in 2002 to cover pay increases for salaries and expenses.

## RURAL DEVELOPMENT

### Rural Community Advancement Program (Dollars in Millions)

Program	2000 Program Level	2001 Program Level	2002 Program Level
Water and Waste Disposal Loans:			
Direct.....	\$766	\$807	\$809
Emergency Supplemental Funding.....	0	73	0
Guarantees.....	11	75	75
Water and Waste Disposal Grants.....	558	529	529
Emergency Supplemental Funding.....	0	40	0
Emergency Community Water Assistance Grants.....	0	20	0
Solid Waste Management Grants.....	3	4	4
Community Facility Loans:			
Direct.....	199	248	249
Emergency Supplemental Funding.....	0	171	0
Guarantees.....	87	210	210
Grants.....	16	24	19
Emergency Supplemental Funding.....	0	110	0
Business and Industry Loans:			
Direct.....	30	50	0
Guarantees.....	948	1,540	1,000
Emergency Supplemental Funding.....	0	1,160	0
Rural Business Opportunity Grants.....	4	3	3
Rural Business Enterprise Grants.....	34	46	41
Emergency Supplemental Funding.....	5	0	0
Total, Loans and Grants.....	\$2,661	\$5,109	\$2,939
RECAP:			
Ongoing Appropriations.....	\$2,656	\$3,535	\$2,939
Emergency Supplemental Funding.....	5	1,574	0

## RURAL DEVELOPMENT

### RURAL UTILITIES SERVICE (RUS)

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

Program	2000 Actual		2001 Current Est.		2002 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Loan Programs:						
Electric Loans:						
Direct 5%.....	\$122	\$1	\$121	\$12	\$121	\$4
Municipal.....	295	11	294	20	294	0
Direct Treasury Rate.....	0	0	500	0	500	0
FFB Guaranteed.....	1,647	0	1,600	0	1,600	0
Guaranteed CFC/CoBank.....	53	<u>a/</u>	100	<u>a/</u>	100	<u>a/</u>
Total, Electric Loans.....	2,117	12	2,615	33	2,615	4
Telecommunications Loans:						
Direct 5%.....	75	1	75	8	75	2
Treasury Rate.....	300	2	300	<u>a/</u>	300	<u>a/</u>
FFB Guaranteed.....	120	0	120	0	120	0
Total, Telecommunications Loans.....	495	3	495	8	495	2
Rural Telephone Bank (RTB).....	175	3	175	3	0	0
Total, Electric, Telecommunications, and RTB...	2,787	18	3,285	43	3,110	5
Distance Learning Program:						
Distance Learning Treasury Rate Loans.....	6	<u>a/</u>	300	0	300	0
Broadband Treasury Rate Loans.....	0	0	100	0	100	0
Distance Learning & Telemedicine Grants.....	19	19	28	28	25	25
Broadband Grants.....	0	0	2	2	2	2
Total, Distance Learning Program.....	25	19	430	30	427	27
Water and Waste Disposal Programs:						
Direct b/.....	766	77	807	110	809	56
Emergency Supplemental Funding b/.....	<u>a/</u>	0	73	10	0	0
Guaranteed b/.....	11	0	75	0	75	0
Water and Waste Disposal Grants b/.....	558	526	529	529	529	529
Emergency Supplemental Funding b/.....	0	0	40	40	0	0
Emerg. Community Water Assistance Grants b/.....	<u>a/</u>	0	20	20	0	0
Solid Waste Management Grants b/.....	3	3	4	4	4	4
Total, Water & Waste Disposal Programs.....	1,337	606	1,547	713	1,417	589
Total, RUS Loans & Grants.....	\$4,149	\$643	\$5,262	\$785	\$4,954	\$621
RECAP:						
Ongoing Appropriations.....	\$4,149	\$643	\$5,129	\$716	\$4,954	\$621
Emergency Supplemental Funding.....	<u>a/</u>	0	133	70	0	0

a/ Less than \$500 thousand.

b/ These are included in the Rural Community Advancement Program. (See page 34.)

## RURAL DEVELOPMENT

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The electric and telecommunications programs administered by RUS provide loans to establish, expand, and modernize facilities to improve service to rural residents.

The President's proposal to stop making new Rural Telephone Bank (RTB) loans with Federal funds is to continue the progression of the RTB toward becoming a private bank. The RTB has the potential to obtain funding from the major capital markets, and remain a vital source of credit for telephone borrowers. The RTB was established in 1971 as a supplemental source of funding for telephone loans. The first step toward privatization was taken in 1996 with the retirement of \$18 million in government-owned, Class A stock. Since 1996, an additional \$97.4 million in such stock has been retired, leaving an outstanding balance of \$476.7 million. Current law authorizes a two-phase process for privatizing the RTB. During the first phase, 51 percent of the Class A stock is redeemed. The second phase occurs when 100 percent of the stock is redeemed.

The President's budget includes a proposal for a broadband program. This program would fund \$2 million in grants and \$100 million in Treasury rate loans in 2002 to be used in a grant/loan combination to finance installation of broadband transmission capacity (i.e. the fiber optic cable capacity needed to provide enhanced services such as the Internet or high speed modems) for rural communities. The other purpose for which a loan and grant combination would be provided is local dialup Internet service to under served areas. These funds could be targeted to communities that currently lack Internet access via a local call. Recipients of these loans and grants would be Rural Utilities Service telecommunication cooperatives and businesses serving rural areas and communities. If the proposal is not approved, the funding for grants will remain part of the DLT program available for DLT grants.

The Water and Waste Disposal Program provides financing for rural communities to establish, expand or modernize water treatment and waste disposal facilities. For the most part, eligibility is limited to communities of 10,000 or less in population, and that cannot obtain credit elsewhere. Grants are limited up to 75 percent of project costs, and are available only to those communities with low median household income levels. Typically, the grants are only 35 to 45 percent of the project cost because the regulations stipulate the grant amount should only be as much as necessary to bring the user rates down to a reasonable level for the area. Interest rates on loans range from 4.5 percent for poverty communities to a ceiling of 7 percent, and grant and loan funds are usually combined based on the income levels of users.



## RURAL DEVELOPMENT

### RURAL HOUSING SERVICE (RHS)

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

Program	2000 Actual		2001 Current Est.		2002 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Rural Housing Loans:						
Single Family:						
Direct .....	\$1,100	\$94	\$1,065	\$171	\$1,065	\$140
Emergency Supplemental Funding.....	41	4	10	0	0	0
Modular Housing Demonstration Loans.....	0	0	2	<u>a/</u>	0	0
Modular Housing Demonstration Grants.....	0	0	5	5	0	0
Guarantees.....	2,151	13	3,136	7	3,138	40
Multi Family Housing:						
Direct (Section 515).....	114	45	114	56	114	48
Emergency Supplemental Funding.....	0	0	35	0	0	0
Guarantees (Section 538).....	100	0	100	2	100	4
Emergency Supplemental Funding (no-year).	0	0	31	<u>a/</u>	0	0
Very Low-Income Repair.....	26	8	32	11	32	10
Emergency Supplemental Funding.....	1	<u>a/</u>	13	0	0	0
Self-Help Housing.....	1	<u>a/</u>	5	<u>a/</u>	5	<u>a/</u>
Housing Site Development.....	1	0	5	0	5	<u>a/</u>
Credit Sales.....	7	1	12	1	12	1
Total, Housing Loans.....	3,542	165	4,566	254	4,471	244
Grants and Payments:						
Very Low-Income Repair.....	26	25	30	30	30	30
Emergency Supplemental Funding.....	4	4	7	0	0	0
Mutual and Self-Help.....	31	28	34	34	34	34
Housing Demonstration Program.....	0	0	5	5	0	0
Supervisory and Technical Asst.....	1	1	2	2	1	1
Compensation for Construction Defects.....	1	0	0	0	0	0
Rural Housing Preservation.....	5	5	8	8	8	8
Rental Assistance Payments.....	640	640	679	679	694	694
Emergency Supplemental Funding.....	0	0	14	14	0	0
Total, Grants and Payments.....	708	704	779	771	766	766

## RURAL DEVELOPMENT

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

Program	2000		2001		2002	
	Actual		Current Est.		Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Farm Labor Housing Program:						
Loans .....	25	11	28	15	28	13
Emergency Supplemental Funding.....	4	2	1	0	0	0
Grants.....	16	14	15	15	15	15
Emergency Supplemental Funding.....	3	3	a/	0	0	0
Total, Farm Labor Program.....	48	29	44	30	43	28
Community Facility Programs:						
Direct b/.....	199	10	248	29	249	14
Emergency Supplemental Funding b/.....	0	0	171	20	0	0
Guarantees b/.....	87	0	210	0	210	0
Community Facility Grants b/.....	16	13	24	24	19	19
Emergency Supplemental Funding b/.....	0	0	110	110	0	0
Total, Community Facility Programs.....	302	23	763	183	478	33
Total, Loans and Grants.....	\$4,601	\$921	\$6,152	\$1,238	\$5,759	\$1,071
RECAP:						
Ongoing Appropriations.....	\$4,548	\$909	\$5,760	\$1,095	\$5,759	\$1,071
Emergency Supplemental Funding.....	53	12	392	143	0	0

a/ Less than \$500 thousand.

b/ These are included in the Rural Community Advancement Program. (See page 34.)

The single family housing direct loan program provides subsidized loans for the purchase of modest housing in rural areas. Direct loans are made at a graduated interest rate level from 1 percent to 150 basis points over the Treasury rate, depending on family income. Direct loans are limited to families who have income under 80 percent of the area median income. The average annual income of a direct loan borrower is generally about 55 percent of area median income or about \$17,000 on a national basis. Loan guarantees primarily serve families with moderate incomes, with the interest rate negotiable between the lender and borrower.

The 2002 budget includes \$1.1 billion in direct loans and \$3.1 billion in guaranteed loans for single family housing, the same as 2001. These levels will provide homeownership opportunities for about 56,000 rural families. The fee on guaranteed loans was raised from 1 percent to 2 percent in 2001.

The section 515 multifamily housing loan program provides direct loans to construct and maintain multifamily rental projects that serve low and very low-income families. Projects receive payment assistance to make rents affordable. The average annual income of a section 515 tenant is \$7,900. The

## RURAL DEVELOPMENT

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2002 budget provides for the construction of 1,700 new units and the rehabilitation of about 5,100 existing units.

The section 538 multifamily housing loan guarantee program provides guarantees of loans that are made by private lenders. The program is designed to leverage other sources of financing. It serves rural families with incomes up to 115 percent of the area median income, who can afford to pay unsubsidized rents.

The rental assistance program provides funding for five year contracts with project owners for reducing rent payments to make up the difference between the 30 percent of income the low-income tenant pays and the rent required for the project owner to meet debt servicing requirements. Most of the funding for this program is used to renew expired contracts.

The community facilities program provides direct loans, guarantees and grants to finance essential community facilities, with priority given to health and safety facilities. There are three interest rates available on direct loans, with the lowest, 4.5 percent, offered to communities where the median income is below the poverty level and for projects to meet health and safety standards. For community facility programs, the 2002 budget provides \$249 million in direct loans, \$210 million in guarantees, and \$19 million in grants. This level of funding will support over 560 new or improved health care facilities, child care, fire and emergency services and other facilities lacking in rural America.

## RURAL DEVELOPMENT

### RURAL BUSINESS-COOPERATIVE SERVICE (RBS)

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

Program	2000 Actual		2001 Current Est.		2002 Budget	
	P.L.	B.A.	P.L.	B.A.	P.L.	B.A.
Loans:						
Business and Industry:						
Guarantees a/.....	\$948	\$28	\$1,540	\$15	\$1,000	\$27
Emergency Supplemental Funding a/.....	0	0	1,160	10	0	0
Direct a/.....	30	0	50	3	0	0
Intermediary Relending Program.....	38	17	38	19	38	16
Rural Economic Development b/.....	15	3	15	4	15	4
Total, Loans.....	1,032	48	2,803	51	1,053	48
Grants:						
Rural Business Enterprise a/.....	34	33	46	46	41	41
Emergency Supplemental Funding a/.....	5	5	0	0	0	0
Rural Business Opportunity a/.....	4	4	3	3	3	3
National Sheep Industry Improvement Center.....	10	0	9	5	0	0
Rural Cooperative Development.....	2	2	3	3	3	3
Value Added Agricultural Product Market (ARPA)	0	0	10	10	0	0
Emergency Supplemental Funding.....	0	0	10	10	0	0
Agricultural Marketing Resource Center (ARPA)...	0	0	5	5	0	0
Appropriate Technology Transfer for Rural						
Areas.....	2	2	2	2	2	2
Rural Economic Development.....	4	0	3	0	0	0
Cooperative Research Agreements.....	1	1	0	0	0	0
Grants to Assist Minority Producers.....	2	2	1	1	1	1
Empowerment Zones and Enterprise						
Communities c/.....	17	5	28	28	15	15
Total, Grants.....	80	53	120	113	65	65
Total, RBS Loans and Grants .....	\$1,112	\$101	\$2,924	\$165	\$1,118	\$113
RECAP:						
Ongoing Appropriations.....	\$1,107	\$96	\$1,739	\$130	\$1,118	\$113
Agricultural Risk Protection Act.....	0	0	15	15	0	0
Emergency Supplemental Funding.....	5	5	1,170	20	0	0

a/ These are included in the Rural Community Advancement Program. (See page 34.)

b/ Funding for these loans are offset by a rescission of an equivalent amount of BA from the "cushion of credit" accounts of electric borrowers. Thus the cost for these loans is a net of zero for the taxpayers.

c/ In FY 2000, \$15 million was appropriated. Some of this amount is carried in to FY 2001 and added to the \$15 million appropriated in 2001. Carryover from previous years is also included in FY 2001.

## RURAL DEVELOPMENT

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RBS administers the Department's rural business assistance programs, including technical assistance, development, and research on agricultural cooperatives. The agency delivers a wide variety of services to its clients. Business and Industry (B&I) loan guarantees, for example, provide protection against loan losses so that private lenders are willing to extend credit to establish, expand, or modernize rural businesses. Special efforts are being made to help rural communities diversify their economies, particularly into value-added processing, by focusing on cooperative ventures.

The 2002 budget supports a \$1 billion program level for business and industry guaranteed loans. In recent years, the program has operated at the \$1 billion level for guaranteed loans, after sustained growth from a \$100 million level that prevailed in the early 1990's. Direct loans were first introduced in 1997 and have remained a relatively modest part of the overall program. For 2001, there is sufficient funding to support a level of \$2.7 billion in guaranteed loans and \$50 million in direct loans, including amounts funded through emergency supplementals. However, there is no longer a significant backlog of loan requests and demand may not be sufficient to result in full utilization of the funding that is available. Therefore, a \$1 billion level in guaranteed loans is adequate for 2002. The direct loan program has had authority to provide \$50 million in loans since 1997 (the first year of the program), but has yet to utilize the full amount. Further, the subsidy rate has gone from being negative in 1997 through 2000 to 6 percent in 2001, and to 28 percent for 2002, indicating a much higher default rate than anyone anticipated. Direct loan borrowers must have been rejected from a private bank in order to qualify. The high default rate indicates that the program is not providing long-term, stable jobs to rural America. For these reasons, it is appropriate to discontinue funding.

Subsidy costs for guaranteed loans have increased appreciably due, in part, to increased losses. While these losses occurred on loans made in the past, they were used to compute subsidy rates on new loans. For example, the subsidy rate for 2001 is less than 1 percent. Without any change in the program, the rate for 2002 would increase to 3.74 percent. In order to partially offset this cost increase, the budget includes a proposal to increase the guarantee fee, which is paid by private lenders at the time of the guarantee. Currently, this fee is 2 percent. The proposal would increase it to the equivalent of 3.25 percent. This will be achieved through a regulatory change, new legislation is not required.

RBS also administers a wide variety of relatively small programs that provide specific assistance. Most of these programs are maintained at their 2001 level. Exceptions include the national sheep industry improvement center which received \$5 million in 2001, but also has some carry-over funds; rural economic development grants which are funded with earnings on "cushion of credit account" of rural electric borrowers, these earnings will be used in 2002 to fund loans; value added agricultural product market grants and the agricultural marketing resources center that received funding from the ARPA.

The 2002 budget also includes \$15 million in grants for Round II Empowerment Zones and Enterprise Communities, the same as last year.

# FOOD, NUTRITION, AND CONSUMER SERVICES

## FOOD AND NUTRITION SERVICE (FNS)

The Food and Nutrition Service (FNS) administers America's domestic nutrition programs. The mission of FNS is to improve the nutritional levels of Americans by providing children and needy families better access to a healthful diet. FNS fulfills its mission via nutrition promotion and direct nutrition assistance provided through the programs shown in the table below. The Food Stamp Program is the cornerstone of America's commitment to helping the needy achieve adequate nutritional levels. The other programs serve specific categories of the population. Increasing the public understanding of proper nutrition, a major Departmental objective, is also promoted through the nutrition assistance programs.

### Food and Nutrition Service Program Level (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Food Stamp Program a/.....	\$17,544	\$18,382	\$19,731 <u>b/</u>
Nutrition Assistance for Puerto Rico.....	1,268	1,296	1,336
Total, Food Stamp Program.....	18,812	19,678	21,067
Child Nutrition Programs.....	9,856	10,239	10,836
Agricultural Risk Protection Act (Commodities).....	34	76	0
Special Supplemental Nutrition Program (WIC).....	4,134	4,204	4,253
Farmers' Market Nutrition Program.....	19	22 <u>c/</u>	20
Seniors Farmers' Market Nutrition Program.....	0	15	0
Agricultural Risk Protection Act.....	0	1	0
Commodity Assistance Program:			
Commodity Supplemental Food Program.....	93	100	100 <u>d/</u>
Soup Kitchens, Food Banks and The Emergency Food Assistance Program (TEFAP).....	143	145	145
Total, CAP.....	236	245	245
Food Donations Programs:			
Nutrition Program for the Elderly.....	141	151	150
Pacific Island Assistance and Disaster Assistance....	1	1	1
Total, Food Donations.....	142	152	151
Food Program Administration.....	115	121	128
Total, FNS.....	<u>\$33,348</u>	<u>\$34,753</u>	<u>\$36,700</u>
RECAP:			
Ongoing Appropriations.....	\$33,314	\$34,676	\$36,700
Agricultural Risk Protection Act.....	34	77	0

a/ Includes funding for the Food Distribution Program on Indian Reservations (FDPIR).

b/ In addition, \$1 billion is requested in 2002 for a contingency reserve.

c/ Includes \$2.3 million in 2002 carryover funds.

d/ Includes \$4 million in inventory drawdown not normally included as part of Program Level.

## FOOD, NUTRITION, AND CONSUMER SERVICES

The 2002 budget funds the anticipated needs of the Food Stamp, Child Nutrition, WIC and other programs. The budget continues the emphasis on modernizing benefit delivery systems and improving the overall integrity and efficiency of the nutrition assistance programs, to assure that resources go to those who need them most. Further, with Welfare Reform it is critically important to help work-able persons find and retain jobs. Central to the nutrition assistance programs is the provision of nutrition education to empower participants with the skills and knowledge to make their own food choices for a healthful diet. Some details of the nutrition programs follow.

**Food Stamps.** The 2002 budget anticipates growth in participation of about 0.8 million over 2001 estimates (for a total of 18.4 million), projects modest food price inflation, and provides \$1 billion for a contingency reserve. The 2002 budget proposes continued funding for nutrition education and program information activities, EBT implementation, and program integrity activities at the 2001 program level.

Funding for the Nutrition Assistance Program for Puerto Rico is requested at \$1.3 billion, the same as the authorized level.

**Child Nutrition Programs.** Increasing children's understanding of nutrition and improving their diets through the School Meals Initiative for Healthy Children continues to be a priority. The National School Lunch, School Breakfast, Summer Food Service, Special Milk, and Child and Adult Care Food Programs (CACFP) 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 nutritious meals for children in participating schools as well as in child care settings. Special subsidies are provided under these programs so that low-income children receive meals free or at a greatly reduced price. Under the current Child Nutrition Programs, especially CACFP, the meal subsidies provide important support for child care. This helps the Nation's working people, as well as work-able welfare recipients, to be able to train for, gain and maintain employment.

For 2002, the Child Nutrition Programs are funded at a level that will support anticipated increases in participation and food costs. The Department continues to work with the states to improve the appeal and nutritional quality of school meals and to help schools bring their meals into compliance with *The Dietary Guidelines for Americans*. The budget proposes \$2 million to fund a new program integrity initiative for the School Lunch Program. The guarantee of free meals for children from low-income households ensures that children at risk are served meals that help meet their basic nutritional needs.

**WIC.** The budget funds a program level of \$4.3 billion, an increase of \$49 million over 2001, for the WIC Program to support a monthly average of 7.25 million participants, the same as is expected for 2001. The WIC Program 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 recipient households free vouchers redeemable for foods dense in nutrients known to be lacking in their diets - foods such as milk, eggs, cheese, fruit juices, cereal and infant formula. In addition to these food supplements, WIC provides nutrition education so that recipients effectively utilize the WIC foods as well as other foods acquired by

## FOOD, NUTRITION, AND CONSUMER SERVICES

the household. Finally, WIC provides linkages to other important health and social services. In recent years 47 percent of all infants born in the United States have been WIC beneficiaries. The program has contributed to better birth outcomes and reductions in childhood anemia, key indicators of the health of America's children.

The budget includes \$6 million to continue ongoing efforts to promote the use of EBT in the WIC Program. North Dakota, Ohio, and Wyoming are in the piloting phase of their EBT system plans, and another 11 states are in various stages of planning/systems development.

The Farmers' Market Nutrition Program (FMNP) provides WIC participants access to fresh fruits and vegetables and expands the awareness and use of farmers' markets by consumers. The 2002 budget proposes \$20 million for FMNP. The most recent data available shows that the FMNP provided coupons to over 1.5 million WIC participants. The participants redeemed their coupons at 1,827 authorized farmers' markets, providing revenue to 11,457 small family farmers.

**Commodity Assistance Program.** The Commodity Assistance Program provides commodities distributed through several programs. The Emergency Food Assistance Program (TEFAP) provides administrative funding and wholesome commodities to the network of food banks and other programs which assist households in need of immediate, short-term food assistance. TEFAP providers also typically distribute significant quantities of commodities donated by the private sector, thereby leveraging the Federal investment. Commodities are also made available to soup kitchens and food banks. Funding for TEFAP includes both discretionary funding of \$45 million for program administration or for food, at the election of state officials, and \$100 million available under the Food Stamp Program appropriation to be used to purchase commodities for distribution to the states.

The Commodity Supplemental Food Program (CSFP) provides commodities to low-income elderly and pregnant, postpartum and breastfeeding women, infants and children up to age six not already on WIC. The 2002 budget funds a program level of \$100 million for CSFP. This program level will support anticipated increases in elderly participation.

**Food Donations Programs.** In coordination with the Department of Health and Human Services (DHHS), FNS provides funding for the Nutrition Program for the Elderly (NPE) which provides subsidized meals to persons aged 60 or older at low-income elderly centers and through "meals on wheels" programs. The 2002 budget proposes a program level of \$150 million for NPE, \$1 million less than the 2001 level.

**Food Program Administration.** Funding of \$125.5 million is requested to maintain program operations, enhance program integrity initiatives, provide additional resources to continue upgrading information technology infrastructure and systems, and increase the emphasis on improved nutrition among participants in the domestic nutrition assistance programs. Within the total, studies and evaluations focusing on performance and operational assessments are funded at \$3 million. In addition, \$2 million is requested for the Bill Emerson and Mickey Leland Hunger Fellowships through the Congressional Hunger Center.



# FOOD, NUTRITION, AND CONSUMER SERVICES

## Food and Nutrition Service Key Indicators

	<b>2000 Actual</b>	<b>2001 Estimate</b>	<b>2002 Budget</b>
Average Participation, millions:			
Food Stamps.....	17.2	17.6	18.4
Free School Lunch.....	13.1	13.5	13.8
Total, School Lunch.....	27.2	27.6	28.0
Free Breakfast.....	5.9	6.3	6.5
Total, Breakfast.....	7.8	8.1	8.4
WIC.....	7.20	7.25	7.25
Commodity Supplemental Food Program (CSFP):			
WIC-type.....	0.10	0.10	0.09
Elderly.....	0.29	0.33	0.36
Food Distribution Program on Indian Reservations (FDPIR).....			
Nutrition Program for the Elderly (NPE), annual meals.....	0.12	0.12	0.12
.....	252.4	261.2	262.7
Unemployment Rate.....	4.1	4.3	4.6
Average/person/month food benefit in \$:			
Food Stamps.....	\$72.77	\$74.88	\$78.35
WIC.....	32.94	33.86	34.72
CSFP: WIC-type (FNS Funded) a/.....	18.02	17.57	18.19
CSFP: Elderly (FNS Funded) a/.....	13.67	13.11	13.68
FDPIR (FNS Funded) a/.....	34.42	35.65	36.27
Per meal subsidies including commodities b/:			
Free School Lunch.....	\$2.14	\$2.18	\$2.24
Reduced Price School Lunch.....	1.74	1.78	1.84
Paid School Lunch.....	0.34	0.34	0.35
Free Breakfast.....	1.10	1.13	1.15
Paid Breakfast.....	0.21	0.21	0.21

a/ Excludes bonus commodities. In 2000, an average \$1.36, \$1.62, and \$1.62 was added for each participant monthly for WIC-type, elderly and FDPIR respectively.

b/ Excludes bonus commodities.

# FOOD SAFETY

## MISSION

Food Safety, the public health mission area of USDA, provides scientific focus, leadership and expertise in addressing the important domestic and international public health and safety issues related to meat, poultry, and egg products regulated by the Food Safety and Inspection Service (FSIS) and the general oversight of the Office of the U.S. Manager of the Codex Alimentarius Commission. Food Safety also leads efforts within the Department to respond to food safety emergencies and coordinates policies and program development with other departments, international organizations, other countries, and state and local governments on these food safety issues.

## FOOD SAFETY AND INSPECTION SERVICE (FSIS)

### Program Level (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Federal Food Inspection.....	\$555	\$596	\$609
Import/Export Inspection.....	10	11	12
Laboratory Services.....	29	31	37
Field Automation & Information Management.....	8	8	8
Grants-to-States.....	41	42	43
Special Assistance for State Programs.....	5	5	5
Codex Alimentarius.....	1	2	2
Total, FSIS Appropriations.....	649	695	716
Existing User Fees and Trust Funds.....	102	99	101
Total, FSIS Program Level.....	\$751	\$794	\$817

FSIS provides in-plant inspection to all domestic establishments preparing meat, poultry, and processed egg products for sale or distribution into interstate commerce, and also reviews and approves foreign inspection systems and plants exporting these products to the United States. FSIS provides technical and cost-sharing assistance to, and review of, states that maintain inspection programs equal to the Federal inspection program. To accomplish these functions, FSIS employees are stationed in approximately 6,000 establishments, including approximately 130 import stations. Headquarters personnel are responsible for overseeing administration of the program and ensuring that the latest scientific and technological developments are incorporated into inspection procedures. FSIS coordinates the development of its policies with other USDA agencies, the Food and Drug Administration (FDA), the Environmental Protection Agency (EPA), the Centers for Disease Control and Prevention (CDC), as well as international organizations, to ensure an integrated farm-to-table approach to food safety.

## FOOD SAFETY

For 2002, the budget proposes an appropriation of \$716 million, a net increase of about \$21 million over the 2001 current estimate. Appropriated funds are requested to cover the costs of Federal inspection and for maintaining Federal support of state inspection programs. No new user fees are being proposed in 2002. The budget requests resources necessary to support FSIS food safety activities, including maintaining approximately 7,600 meat and poultry inspectors. Additional funding of \$4 million is included to expand testing of exports under the National Residue Program to address recent European Union requirements. An increase of \$0.6 million is included to expand the level of comprehensive reviews of foreign inspection programs.

FSIS' primary program responsibilities include:

**Federal Food Inspection.** FSIS inspects all carcasses in slaughter plants for disease and other abnormalities, and samples for the presence of chemical residues and microbiological contaminants. Other responsibilities ensure that establishments develop and implement acceptable HACCP plans, sanitation standard operating procedures, and humane methods of slaughter. Meat and poultry processing operations are inspected by FSIS at a minimum on a daily basis. Typical processing operations include cutting, boning, curing, freezing and canning. Inspector activities include inspections of plant operations for sanitation and cleanliness, labeling, and packing functions. FSIS provides mandatory, continuous in-plant inspection to egg product processing plants. FSIS inspectors check the sanitation of plant and equipment, and determine if the egg products have been properly processed.

**Import/Export Inspection.** FSIS reviews and approves inspection systems in countries exporting meat, poultry and egg products to the U.S. and inspects imported products at ports-of-entry.

**Laboratory Services.** FSIS operates three laboratories and has agreements with two private laboratories to perform the scientific testing in support of inspection operations. Samples sent to the laboratories are analyzed for food chemistry and to identify the presence of pathogens, residues, additives, disease, and foreign matter.

**Field Automation and Information Management (FAIM).** FAIM provides automated technology, scheduling information, regulatory information and improved telecommunications capability among the widely dispersed field inspection workforce.

**Grants to States.** FSIS has authority to approve state meat and poultry inspection programs for products traveling in intrastate commerce. FSIS reviews state inspection programs to assure that standards, at least equal to Federal standards, are applied to meat and poultry plants under state jurisdiction. For state inspection programs, USDA contributes, through the Grants to States Program, up to 50 percent of each state's costs. Currently, 26 states participate in the program.

**Special Assistance for State Programs.** FSIS provides training and technical assistance to a variety of state and local agencies that play important roles in reducing risks associated with meat and poultry products.

## **FOOD SAFETY**

**Codex Alimentarius Commission.** FSIS coordinates U.S. participation in and informs the public of the sanitary and phytosanitary standard setting activities of the Codex Alimentarius Commission. FSIS enhances U.S. leadership in international food safety issues by training U.S. delegates in Codex procedures and gathering international support for the science-based factors needed to design international food safety standards.

**Existing User Fees and Trust Funds.** Currently, user fees are collected to recover the cost of inspection provided beyond regularly scheduled operations and on holidays. Establishments requesting voluntary inspection services, which are not mandated by law, are also charged a user fee to recover the full cost of the inspection.

## NATURAL RESOURCES AND ENVIRONMENT

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### MISSION

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. Two agencies, the Natural Resources Conservation Service (NRCS) and the Forest Service (FS), are primarily responsible for achieving this mission.

## NATURAL RESOURCES AND ENVIRONMENT

### NATURAL RESOURCES CONSERVATION SERVICE (NRCS)

<b>Program Level (Dollars in Millions)</b>			
<b>Program</b>	<b>2000 Actual</b>	<b>2001 Current Estimate</b>	<b>2002 Budget</b>
<b>Conservation Operations:</b>			
Conservation Technical Assistance.....	\$568	\$619	\$678
Soil Surveys.....	78	78	80
Snow Surveys.....	6	6	6
Plant Materials Centers.....	9	9	9
Total, Conservation Operations.....	661	712	773
Watershed and Flood Prevention Operations.....	92	99	100
Emergency Supplemental Funding.....	84	110	0
Watershed Surveys and Planning.....	10	11	11
Resource Conservation and Development.....	35	42 <sup>a/</sup>	43
Forestry Incentives Program.....	5	6	0
<b>Programs Funded by CCC:</b>			
Agricultural Management Assistance (ARPA).....	0	6	<u>b/</u>
Wildlife Habitat Incentives Program (ARPA).....	0	12	0
Farmland Protection Program (ARPA).....	0	18	0
Soil and Water Conservation Assistance (ARPA).....	0	20	0
Environmental Quality Incentives Program.....	170	174	174
Emergency Supplemental Funding.....	0	26	0
Wetlands Reserve Program.....	165	162	0
Total, NRCS.....	\$1,222	\$1,398	\$1,101
<b>RECAP:</b>			
Ongoing Appropriations.....	\$803	\$870	\$927
Emergency Supplemental Funding.....	84	110	0
Funded from CCC.....	335	362	174
Agricultural Risk Protection Act (ARPA).....	0	56	<u>b/</u>

- a/ Does not include an additional \$1 million provided to this program in 2001 from the Fund for Rural America.
- b/ The Agricultural Risk Protection Act provides \$10 million for Agricultural Management Assistance to be allocated by the Secretary.

NRCS directs its financial and technical assistance programs to land users through the USDA service centers and through local conservation districts, which are units of state or local governments organized for the purpose of developing and carrying out local conservation programs. USDA has entered into a Memorandum of Understanding with each conservation district and these formal agreements provide a basis for the Department's working relationship with each district.

## NATURAL RESOURCES AND ENVIRONMENT

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The President's 2002 budget will not renew programs that have completed their term or mission or that have goals that can be addressed through other existing or reformed programs. The Forestry Incentives Program is one such program that will be discontinued. In addition, the Wetlands Reserve Program (WRP) will reach its new acreage enrollment cap of 1,075,000 in 2001 and no new enrollment authority is being requested. Finally, any remaining funding authority for the Farmland Protection Program (FPP) and the Wildlife Habitat Incentives Program (WHIP) will end in 2001 and no new funding authority is requested in the 2002 budget.

The 2002 budget also proposes to eliminate one-time, mostly emergency funding that was provided to meet short-term needs. This includes \$110 million for the Emergency Watershed Protection program that was used to address 2000 and 2001 natural disasters. Since emergency activities are difficult to predict and vary from year to year, the budget does not request any funding for them. Emergency assistance will be evaluated and addressed as disasters arise. The 2002 budget does, however, propose a \$5.6 billion Governmentwide National Emergency Reserve which is intended to cover sudden, urgent, unforeseen and non-permanent expenditures. Funds will be released from the National Emergency Reserve only after approval by both the President and Congress.

**Conservation Operations (CO).** The 2002 budget proposes \$773 million for CO which includes \$678 million for conservation technical assistance (CTA). This will fund the agency's activities that support locally led, voluntary conservation through the unique partnership that has been developed over the years with each conservation district. This partnership provides the foundation on which the Department implements many of the critical natural resource programs including conservation compliance, the Conservation Reserve Program (CRP) and the conservation initiatives called for in the 1996 Farm Bill.

The CTA total includes up to \$44 million for technical assistance in support of the CRP which in previous years was reimbursed from the Commodity Credit Corporation. This funding will support technical assistance associated with CRP enrollments of all types in 2002 on about 2.2 million acres, including acres enrolled under general signup and continuous signup as well as acres enrolled in the new Pilot Farmable Wetlands Program. Any funding not needed for CRP enrollments will be used to support targeted high priority ongoing CTA activities, such as animal feeding operations (AFOs).

Addressing the water pollution problem caused by AFOs continues to be a high priority within the Department. NRCS will continue support for AFOs in 2002 at the same level provided in 2001, to help those AFO operators that need technical assistance to develop and implement waste management plans.

**Watershed and Flood Prevention Operations (WFPO).** The 2002 budget proposes a funding level of \$100 million for this activity which will be devoted to technical assistance and project implementation costs. The Department will again focus project implementation funds on the most cost effective and environmentally beneficial projects and emphasize nonstructural management systems. NRCS will also continue its effort to reduce the backlog of unfunded work by examining approved watershed plans in order to deactivate or revise those that have become infeasible or where local sponsor interest is no longer strong.

## NATURAL RESOURCES AND ENVIRONMENT

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**Watershed Surveys and Planning.** NRCS works with local sponsoring organizations to develop plans on watersheds dealing with water quality, flooding, water and land management, and sedimentation problems. These plans then form the basis for installing needed works of improvement. The agency also works cooperatively with state and local governments to develop river basin surveys and floodplain management studies to help identify water and related land resource problems and evaluate alternative solutions. In 2002, this activity is proposed to be funded at \$11 million, the same level as 2001.

**Resource Conservation and Development (RC&D).** The purpose of the RC&D program is to encourage and improve the capability of state and local units of government and local nonprofit organizations in rural areas to plan, develop, and carry out programs for RC&D. NRCS also helps coordinate available Federal, state, and local programs. The 2002 budget, proposing a level of \$43 million, will support the 348 RC&D areas now authorized.

**Agricultural Management Assistance (AMA) Program.** The AMA program is authorized by Section 133 of ARPA and provides cost-share assistance to producers to construct or improve water management or irrigation structures; plant trees to form windbreaks or to improve water quality; and mitigate crop failure risks through production diversification or the implementation of resource conservation practices. AMA also provides assistance to producers to enter into futures, hedging or options contracts in order to help reduce production, price or revenue risk. ARPA authorized a total of \$10 million in 2001 and each subsequent fiscal year for AMA, of which NRCS will receive \$6 million to provide cost-share assistance in 2001. The Risk Management Agency (See page 22.) will receive \$3 million and the Agricultural Marketing Service (See page 64.) will receive \$1 million in 2001. The Secretary will determine the 2002 allocation at a later date.

**Wildlife Habitat Incentives Program (WHIP).** WHIP is a voluntary program that provides cost-sharing for landowners to apply an array of wildlife practices to develop habitat that will support upland wildlife, wetland wildlife, threatened and endangered species, fisheries, and other types of wildlife. A total of \$50 million in Commodity Credit Corporation (CCC) funds was authorized for the program in the 1996 Farm Bill and these funds were fully exhausted in 1999. For 2001, an additional \$12 million in CCC funding was allocated to WHIP from funds authorized under ARPA using the Secretary's discretionary authority provided by Section 820 of the 2001 Agriculture Appropriations Act. No new funding authority is requested in the President's 2002 budget.

**Farmland Protection Program (FPP).** Through FPP, the Federal Government establishes partnerships with state, local or tribal government entities or nonprofit organizations to share the costs of acquiring conservation easements or other interests to limit conversion of agricultural lands to non-agricultural uses. FPP acquires perpetual conservation easements on a voluntary basis on lands with prime, unique, or other productive soil that presents the most social, economic, and environmental benefits. FPP provides matching funds of no more than 50 percent of the purchase price for the acquired easements. A total of \$35 million in CCC funds was authorized for the program in the 1996 Farm Bill and all of these funds were obligated by the end of 1998. For 2001, ARPA provided \$10 million in CCC funding to FPP. An additional \$7.5 million in funds was authorized under ARPA using the Secretary's discretionary authority provided



## NATURAL RESOURCES AND ENVIRONMENT

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by Section 820 of the 2001 Agriculture Appropriations Act. No new funding authority is requested in the President's 2002 budget.

**Soil and Water Conservation Assistance.** Section 211(b) of ARPA authorizes the use of CCC funding to provide cost-share and incentive payments to farmers and ranchers to address threats to soil, water, and related natural resources in areas not designated as national conservation priority areas. These voluntary efforts will help to install proven soil and water conservation practices on farms and ranches with an emphasis on conserving water or improving water quality. A total of \$20 million was made available in 2001. No new funding authority is being requested in the 2002 budget.

**Environmental Quality Incentives Program (EQIP).** The purpose of EQIP is to provide flexible technical, educational and financial assistance to landowners that face serious natural resource challenges that impact soil, water and related natural resources, including grazing lands, wetlands, and wildlife habitat management. In addition, it was designed to help producers make beneficial and cost-effective changes to cropping and grazing systems, and in manure, nutrient and pest management, changes that conserve and improve soil, water, and related natural resources. In 2002, EQIP funding will be decreased by \$26 million from the authorized level of \$200 million to \$174 million which reflects the level provided in recent years.

**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 1996 Farm Bill changed WRP to give producers the option of long-term or permanent easements, or restoration cost-share agreements under which landowners will agree to restore wetlands without payment for the land, receiving only cost-share assistance. The WRP acreage cap was increased to 1,075,000 acres from 975,000 acres by Section 808 of the 2001 Agriculture Appropriations Act. In 2001, approximately 140,000 acres will be enrolled which will result in the program reaching its maximum acreage cap. No new enrollment authority is requested in the President's 2002 budget.

**Conservation Reserve Program (CRP).** CRP is administered by the Farm Service Agency (FSA) and is described on page 19.

## NATURAL RESOURCES AND ENVIRONMENT

### FOREST SERVICE (FS)

#### Program Level (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Discretionary Accounts:			
National Forest System:			
Land Management Planning.....	\$77	\$75	\$70
Inventory and Monitoring.....	190	178	174
Recreation, Heritage and Wilderness.....	245	230	235
Wildlife and Fisheries Habitat Management.....	133	129	132
Grazing Management.....	32	34	35
Forest Products.....	216	256	261
Vegetation and Watershed Management.....	169	182	186
Minerals and Geology Management.....	48	48	49
Land Ownership Management.....	72	87	88
Law Enforcement Operations.....	71	74	76
Other.....	10	17	8
Total, NFS.....	1,263	1,310	1,314
Recap - NFS			
Ongoing Appropriations.....	(1,263)	(1,303)	(1,314)
Emergency Supplemental Funding.....	(0)	(7)	(0)
Forest and Rangeland Research.....	202	229	235
State and Private Forestry.....	206	413	238
Recap - S&PF			
Ongoing Appropriations.....	(206)	(271)	(238)
Emergency Contingency Funding.....	(0)	(13)	(0)
Emergency Supplemental Funding.....	(0)	(11)	(0)
Emergency Wildland Fire Management Funding.....	(0)	(118)	(0)
Wildland Fire Management:			
Preparedness.....	372	611	623
Suppression and Hazardous Fuels.....	189	524	534
Other Fire Operations.....	0	202	41
Emergency Contingency.....	393	425	0
Forest Health Management.....	0	0	12
Cooperative Fire Protection.....	0	0	58
Cooperative Forestry.....	0	0	12
Total, Wildland Fire Management.....	954	1,762	1,280
Recap - Wildland Fire Management			
Ongoing Appropriations.....	(561)	(837)	(1,280)
Emergency Contingency Funding.....	(393)	(425)	(0)
Emergency Wildland Fire Management Funding.....	(0)	(500)	(0)

## NATURAL RESOURCES AND ENVIRONMENT

### Program Level (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Capital Improvement and Maintenance.....	\$403	\$519	\$524
Land Acquisition.....	156	151	131
Southeast Alaska Economic Disaster Fund.....	22	5	0
Other Accounts.....	4	10	9
Total, Discretionary Accounts.....	3,210	4,399	3,731
RECAP - Discretionary Accounts:			
Ongoing Appropriations.....	2,817	3,325	3,731
Emergency Contingency Funding.....	393	438	0
Emergency Supplemental Funding.....	0	18	0
Emergency Wildland Fire Funding.....	0	618	0
Mandatory Accounts:			
Permanent Working Funds.....	419	456	623
Trust Funds.....	213	228	238
Total, Mandatory Accounts.....	632	684	861
Total, Program Level.....	\$3,842	\$5,083	\$4,592

The FS, with an employment ceiling of 35,094 staff years in 2001, is the largest employer in USDA. The mission of the FS is to sustain the health, diversity and productivity of the Nation's Forests and Grasslands to meet the needs of present and future generations. For 2002, the total program level for FS activities is \$4.6 billion, a \$491 million reduction from 2001. The bulk of the decrease results from reductions in one time 2001 funding (which totaled approximately \$1 billion) enacted to meet short term 2000 and/or 2001 needs, including emergency wildland fire management expenses. A portion of the emergency funding related to the National Fire Plan has been incorporated into ongoing expenses. The FS operates in three major program areas:

- **National Forest System (NFS).** For 2002, total funding for NFS is proposed at \$1.3 billion. For the most part, NFS programs are funded at the 2001 enacted level plus pay costs. The FS manages approximately 192 million acres of public land -- an area about 110 percent the size of the State of Texas -- located in 44 states, Puerto Rico, and the Virgin Islands. These lands, known collectively as the National Forest System, are managed for multiple use on a sustained-yield basis to meet the needs of people today while maintaining or improving the productivity, health, resilience and vigor of forest resources for future generations. The National Forests produce diverse benefits for the American people ranging from outdoor recreation, wildlife and fish and watershed protection, to timber, forage and minerals. Funding for management of the National Forests includes \$261 million for forest products to support a timber sales offer level of between 952 Million Board Feet and 2.0 Billion Board Feet including salvage sales volume.

## NATURAL RESOURCES AND ENVIRONMENT

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Consistent with recommendations of the National Academy of Public Administration and the General Accounting Office, the Administration will review and start to implement streamlining and efficiency-enhancing measures for the Forest Service's field office structure, work force, and administrative operation to get more resources for "on-the-ground" activities.

- **Forest and Rangeland Research.** For 2002, the Forest Research budget is proposed at \$235 million, which is the 2001 enacted level plus pay costs. The FS maintains one of the world's largest forest research organizations. While it has a very broad mission to develop the knowledge and technology needed to enhance the economic and environmental values of all the Nation's Forests and related industries, it also must support the specific research needs that arise from the FS's prime responsibility of managing the NFS.
- **State and Private Forestry.** For 2002, funding for State and Private Forestry programs is proposed at \$238 million. The FS makes grants and provides technical assistance to state forestry agencies and other cooperators for protecting forest resources and improving sustainable forest management on nonindustrial private forest lands. Funding is provided for forest pest suppression on all Federal lands and cost-share assistance is made available for pest suppression on private lands. The Cooperative Fire Protection Program provides technical and limited financial support for state wildfire fighting organizations and communities including funding to help reduce fire hazards in the wildland-urban interface. The Forest Stewardship program provides technical assistance to nonindustrial private landowners for a variety of stewardship practices including tree planting. In addition, there are several programs which provide technical and financial assistance to natural resources-dependent rural communities.

## NATURAL RESOURCES AND ENVIRONMENT

### Forest Service - National Fire Plan (Dollars in Millions)

Program	2000 Actual a/	2001 Current Estimate	2002 Budget
Preparedness.....	\$409	\$611	\$623
Fire Operations:			
Suppression.....	139	319	325
Hazardous Fuel Reduction.....	70	205	209
Restoration and Rehabilitation.....	0	142	4
Fire Facilities.....	0	44	21
Research and Development.....	0	16	16
Forest Health Management.....	0	12	12
Economic Action Programs.....	0	12	12
Community and Private Land Fire Assistance.....	0	35	0
Total, Fire Operations.....	209	785	599
State Fire Assistance.....	24	76	76
Volunteer Fire Assistance.....	3	13	13
Emergency Contingency.....	390	425	0
Total, National Fire Plan.....	<u>\$1,035</u>	<u>\$1,910</u>	<u>\$1,311</u>

a/ FY 2000 funding is displayed for comparison purposes. The National Fire Plan was initiated in FY 2001.

### ● The National Fire Plan

A combination of hot weather, dry fuels, and little rainfall produced one of the most severe fire seasons in U.S. history in 2000. Nearly 92,000 fires burned over 7.3 million acres across the U.S. (2.3 million acres on Forest Service lands) and the Department spent over \$1.1 billion on fire suppression. Partly as a response to the ongoing 2000 fire season, a National Fire Plan was jointly prepared by the Departments of Agriculture and Interior. Congress appropriated over \$1.9 billion to the Forest Service for the National Fire Plan in 2001.

The 2002 budget includes \$1.3 billion in funding for the National Fire Plan, a reduction of about \$600 million from the 2001 level. The reduction from 2001 is a result of reducing one time emergency funding that was enacted to meet short term needs. 2001 National Fire Plan funding includes approximately \$1 billion in emergency funding. Of that emergency funding, approximately \$422 million has been incorporated into ongoing appropriations for 2002, while additional fire suppression funding will be available, as necessary, through the National Emergency Reserve.

The Wildland Fire Management programs that are involved in the National Fire Plan fund preparedness costs such as the pay and training of permanent fire crews and aircraft availability, the cost of operations to suppress fires, and hazardous fuel reduction activities. The State and Private Forestry programs in the National Fire Plan provide funds for cooperative fire assistance, increased

## NATURAL RESOURCES AND ENVIRONMENT

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volunteer fire department readiness, incentive programs to encourage the use of small diameter wood, and forest health programs to reduce fire risk.

The 2002 budget maintains funding for priority activities and is faithful to commitments made to increase efforts to fight wildfires, reduce the risk of fire, and assist communities including: \$209 million for hazardous fuel reduction (allows for the treatment of 1.8 million acres); \$623 million for preparedness (100 percent of the most efficient level); and \$325 million for suppression activities.

The budget includes a \$274 million appropriation to reimburse the prior year obligations included when the fire program incurred an Antideficiency Act violation. The agency is taking steps in 2001 and will commit the necessary fire preparedness resources in 2001 and 2002 to ensure that there will be no repeat violations in the future.

## **MARKETING AND REGULATORY PROGRAMS**

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### **MISSION**

The mission of Marketing and Regulatory Programs is to expand the domestic and international marketing of U.S. agricultural products and to protect the health and welfare of animals and plants. These programs improve market competitiveness and the farm economy for the overall benefit of both consumers and American agriculture.

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)

<b>Program Level (Dollars in Millions)</b>			
<b>Program</b>	<b>2000 Actual</b>	<b>2001 Current Estimate</b>	<b>2002 Budget</b>
Pest and Disease Exclusion:			
Agricultural Quarantine Inspection (AQI).....	\$213	\$264	\$277
Fruit Fly Exclusion and Detection.....	25	33	56
Trade Issues Resolution and Management.....	8	8	11
All Other Pest & Disease Exclusion.....	44	46	49
Plant and Animal Health Monitoring:			
Animal Health Monitoring and Surveillance.....	66	69	71
Animal and Plant Health Regulatory Enforcement.....	6	6	7
Emergency Management System.....	1	3	3
Pest Detection.....	7	7	7
Pest and Disease Management:			
Boll Weevil.....	15	79	34
Brucellosis Eradication.....	11	10	8
Emerging Plant Pests.....	4	4	100
Noxious Weeds.....	a/	1	1
Pseudorabies.....	5	4	34
Scrapie.....	3	3	21
Tuberculosis.....	5	5	19
Wildlife Services Operations.....	31	37	54
All Other Pest & Disease Management.....	17	19	22
Animal Care.....	11	13	13
Scientific and Technical Services.....	53	55	58
Contingency Fund.....	4	4	4
Total, APHIS Salaries and Expenses.....	529	670	849
Agricultural Risk Protection Act.....	0	38	0
Emergency Supplemental Funding.....	217	326	19 b/
Trust Funds.....	15	15	15
Buildings and Facilities.....	5	10	5
Total, APHIS Program Level.....	\$766	\$1,059	\$888
Recap:			
Ongoing Appropriations.....	\$356	\$455	\$619
AQI User Fees.....	178	225	230
Agricultural Risk Protection Act.....	0	38	0
Emergency Supplemental Funding.....	217	326	19 b/
Trust Funds.....	15	15	15
New User Fees.....	0	0	5



## MARKETING AND REGULATORY PROGRAMS

### Program Level (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Emergency Programs included in Program Level Above:			
Asian Longhorned Beetle.....	\$14	\$50	\$50
Belgian Sheep TSE.....	2	0	0
Citrus Canker:			
Eradication Program Operations.....	75	20	37
Residential Tree Replacement.....	7	8	0
Commercial Tree Replacement/Compensation.....	9	58	0
Total, Citrus Canker.....	91	86	37
Medfly.....	21	25	23
Pierce's Disease.....	22	0	4
Plum Pox Virus.....	17	0	5
Pseudorabies.....	40	56	30
Rabies.....	0	4	16
Scrapie.....	10	0	18
Tuberculosis.....	0	60	13
Compensation for losses due to Plum Pox, Pierce's Disease, Mexican Fruitfly, Watermelon Sudden Wilt, Mormon Crickets.....	0	45	0
Additional Needs.....	0	0	19
<b>Total, Emergency Programs.....</b>	<b>\$217</b>	<b>\$326</b>	<b>\$215</b>

a/ Less than \$500 thousand.

b/ In 2002, \$215 million is the projected need for emergency programs. The budget requests that \$196 million be appropriated to continue ongoing emergency programs. The budget includes an estimate of an additional \$19 million to be funded through CCC to begin new programs.

APHIS is responsible for protecting U.S. animal and plant resources from diseases and pests, addressing conflicts with wildlife, and responding to issues of animal well-being. The major areas of activity are as follows:

- Providing inspection and quarantine services at U.S. ports of entry to prevent the introduction of foreign or exotic diseases or pests;
- Surveying and monitoring the spread of plant pests and animal diseases for Federal, state, local, and private action and to document U.S. agricultural health status for trading partners;
- Administering control and eradication programs to combat outbreaks of plant pests and animal diseases;

## MARKETING AND REGULATORY PROGRAMS

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- Providing scientific and technical assistance to mitigate damage caused by wildlife to agricultural, industrial, natural resources, or human health;
- Inspecting for humane care and handling of animals used in research, exhibition or the wholesale pet trade; and
- Providing scientific and technical assistance for biotechnology, disease diagnostics, and pest control methods development.

APHIS conducts agricultural pest and disease inspection services at all major international airports, shipping ports and land borders. Much of the agency's work is conducted in cooperation with state and local agencies, private groups, and foreign governments.

The 2002 budget proposes a program level of \$849 million for salaries and expenses, a \$179 million increase over the current 2001 estimate. The budget provides increases for pay costs and for increased levels of activity for agricultural quarantine inspection and technical support for resolution of sanitary/phytosanitary international trade disputes. There are budget reductions which reflect the successes achieved in the brucellosis eradication program. The Boll Weevil Eradication Program is also reduced by targeting cost-sharing resources and by eliminating funding previously provided for debt retirement. The 2002 budget proposes user fees to recover some of the costs for administering Animal Care Programs. Approximately \$196 million in appropriated funds is requested to continue emergency control and eradication efforts begun in 2001 and prior years. These funds will be used to combat species such as the Asian Long-horned Beetle, citrus canker, Mediterranean fruit fly, Pierce's disease, plum pox, pseudorabies, rabies, scrapie, and tuberculosis. An additional \$19 million in emergency funds could be needed for other eradication programs. The Secretary retains authority to use funds from the Commodity Credit Corporation to combat any new emergency pest and disease outbreaks.

**Agricultural Quarantine Inspection (AQI).** The AQI program is the Nation's front-line defense against the introduction of dangerous agricultural pests and diseases from other countries. AQI activities play a key role in protecting the U.S. livestock sector from bovine spongiform encephalopathy (BSE or 'mad cow disease'), and foot-and-mouth disease. User fees are charged for inspection of international passengers, aircraft, ships, railcars and trucks. The 2002 budget proposes \$277 million for AQI activities, an increase of \$13 million over the current 2001 estimate due to an increase in appropriated funds and increased activity in the user-funded portion of the program. Expansion of the global economy and free trade have caused an increase in the volume of passengers and cargo arriving in the U.S. at additional ports of entry, with additional facilities at existing ports of entry. APHIS will improve point-of-entry inspection programs by providing additional inspectors, expanding canine teams and state-of-the art high-definition x-ray machines at high risk ports-of-entry on the Canadian and Mexican borders, and in Hawaii. APHIS has an 85 percent success rate in clearing international passengers within 30 minutes or less. Likewise, 85 percent of passengers crossing at U.S. land border points, in non-peak traffic periods, are now cleared through the inspection system in 30 minutes or less.

**Trade Resolution.** The Trade Issue Resolution Management program protects and expands U.S. access to foreign markets which may be threatened or constrained by trade barriers disguised as sanitary or phytosanitary measures. An increase of about \$2.5 million will assist efforts to provide technical support needed to resolve sanitary and phytosanitary trade issues and facilitate increased U.S. agricultural exports.

## MARKETING AND REGULATORY PROGRAMS

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**Boll Weevil.** The 2002 budget proposes funding at \$34 million, a reduction of \$45 million from the current 2001 estimate. Funding proposed for 2002 will provide 30 percent of the program costs by targeting areas not currently under the Boll Weevil Eradication Program (BWEP) and for areas which have recently begun eradication activities. About 600,000 infested acres remain outside the BWEP after growers on 2.4 million acres joined the program recently. APHIS would maintain oversight and technical support responsibilities for eradication and infested areas. Cost-sharing funds will not provide for further debt retirement.

**Brucellosis.** The Department cooperates with state governments, industry organizations, and individual herd owners to eradicate brucellosis. Consistent with continued program success, the 2002 budget proposes \$8 million, a \$2 million reduction, in brucellosis eradication expenditures. Currently, there are only 4 states in the final stages of eradication, while the remainder are classified as free of the disease.

**Animal Care.** The 2002 budget proposes \$13 million for Animal Welfare Act activities, the same as the current 2001 estimate. New user fees are proposed for animal welfare inspections, which would provide \$5 million to support current operations.

**Buildings and Facilities.** General repairs and maintenance of APHIS buildings would be funded at \$5.2 million including repair and modernization of the Plum Island Animal Disease Center.

## MARKETING AND REGULATORY PROGRAMS

### AGRICULTURAL MARKETING SERVICE (AMS)

#### Program Level (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Marketing Services:			
Market News.....	\$22	\$28	\$29
Shell Egg Surveillance and Standards Development.....	6	6	6
Global Market Expansion.....	0	0	1
Market Protection and Promotion:			
Pesticide Data Program.....	13	14	14
Microbiology Data Program.....	0	6	6
Organic Certification.....	1	2	2
Biotechnology.....	0	0	4
Other.....	4	4	4
Wholesale Market Development.....	3	3	3
Agricultural Management Assistance Program.....	0	1	a/
Transportation Service.....	3	3	3
Total, Marketing Services.....	52	67	72
Payments to States.....	1	1	1
Section 32 Funds:			
Marketing Agreements and Orders (MA&O).....	12	13	14
Commodity Purchase Services.....	8	10	10
Total, Section 32 Funds.....	20	23	24
User Fees:			
Perishable Agricultural Commodities Act.....	7	37 <u>b/</u>	7
Commodity Grading Services.....	161	217 <u>c/</u>	180
Total, User Fee Funded Programs.....	168	254	187
Total, AMS Program Level.....	\$241	\$345	\$284
RECAP:			
Ongoing Appropriations.....	\$53	\$67	\$73
User Funded Programs.....	168	183	187
Agricultural Risk Protection Act.....	0	72	0
Section 32 Funds.....	20	23	24

a/ The Agricultural Risk Protection Act provides \$10 million for Agricultural Management Assistance Program to be allocated by the Secretary.

b/ Includes \$30 million provided by the Agricultural Risk Protection Act.

c/ Includes \$41 million provided by the Agricultural Risk Protection Act.

## MARKETING AND REGULATORY PROGRAMS

AMS facilitates the marketing of agricultural products in domestic and international markets, while ensuring fair trading practices. AMS programs promote a competitive and efficient marketplace, which benefits consumers and producers. A majority of AMS programs are voluntary and funded by the users of the program. AMS has cooperative agreements with the states to administer in whole or in part several AMS programs. Under these agreements, state employees carry out the program. AMS is organized along commodity lines that reflect major segments of the agricultural industry. Headquarters staff are responsible for overseeing the administration of programs. AMS field employees are located in processing plants, at shipping points, produce terminals, auction houses, and warehouses. Field offices, established for supervision and administrative purposes, are located in key production areas.

For 2002, the AMS budget proposes a program level of \$284 million of which \$187 million (66 percent) will be funded by user fees and \$97 million (34 percent) by appropriations and Section 32 funds. The 2002 budget includes the following programmatic increases for AMS:

- \$4.2 million to develop the agency's capacity to test bio-engineered fruits, vegetables, nuts, and seeds. These services will facilitate the movement of agricultural commodities by strengthening labeling programs aimed at differentiating bioengineered from conventional commodities.
- \$1 million to increase the agency's involvement in international standard setting activities. Increased participation is necessary to ensure that U.S. interests are represented and considered during the development of agricultural standards that have an impact on export opportunities for U.S. producers.

**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 grade standards, protection of producers from unfair marketing practices, random testing 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.

**Payments to States.** 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.

**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. Unused amounts which do not exceed \$300 million are available for use in the following fiscal year. These funds are used to: encourage exports of agricultural commodities; encourage domestic consumption of such commodities; and to re-establish farmers purchasing power. Section 32 funds are also used to finance the administrative costs associated with the purchase of commodities that support domestic food and nutrition assistance programs, such as the National School Lunch Program. In addition, AMS is responsible for developing the specifications used for food procurement throughout the Federal Government.

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 also used to finance the administration of marketing agreements and orders at the national level.

## MARKETING AND REGULATORY PROGRAMS

**Perishable Agricultural Commodities Act.** This Act 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. The program is funded through an annual licensing fee paid by those subject to the Act.

**Commodity Grading Services.** AMS provides voluntary commodity grading and classing services for dairy products, fresh and processed fruits and vegetables, meat and meat products, poultry, eggs, tobacco, and cotton. AMS recovers the cost of these services through user fees.

### GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION (GIPSA)

GIPSA establishes the official U.S. standards for grain, conducts official weighing and grain inspection

#### Program Level (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Salaries and Expenses:			
Grain Inspection Activities.....	\$11	\$14	\$15
Packers and Stockyards Activities.....	15	18	18
Total, Salaries and Expenses.....	26	32	33
Inspection and Weighing User Fees.....	35	43	43
Total, GIPSA Program Level.....	61	75	76
Existing User Fees.....	-35	-43	-43
New User Fees:			
Grain Standardization.....	0	0	-4
Total, GIPSA Appropriations.....	\$26	\$32	\$29

activities, and grades rice, dry beans and peas, processed grain products, and hops. The agency regulates and monitors the activities of dealers, market agencies, live poultry dealers and packers in order to prevent unfair, unjust discriminatory or deceptive practices in the meat and poultry industries. The agency also audits these entities to ensure the financial integrity of the livestock, meat, and poultry markets.

GIPSA supervises 8 state and 51 designated private agencies for grain inspection and weighing services at domestic locations; provides supervision and other services from 21 field offices; and handles appeals of grain inspection services in Kansas City, Missouri.

For 2002, the budget proposes a program level for salaries and expenses of \$33 million with \$15 million being devoted to grain inspection activities for standardization, compliance, and methods development. Within the total, the budget provides \$18 million for Packers and Stockyards Programs. The 2002 budget also proposes legislation which would authorize the collection of \$4 million in additional user fees to cover

## MARKETING AND REGULATORY PROGRAMS

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costs of developing, reviewing, and maintaining official U.S. grain standards used by the entire grain industry. Program beneficiaries will pay the entire cost of services they receive.

The 2002 budget includes pay costs and two program increases:

- \$700,000 to meet requirements of the International Organization for Standardization (ISO) to certify U.S. grain quality and also to help resolve trade issues. As the rest of the world moves to adopt ISO 9000 grain standards, GIPSA will be able to provide internationally-accepted certification of grain quality and hence facilitate U.S. grain exports. Funds will also be used to support GIPSA's increased role in international trade services and trade activities.
- \$500,000 to develop and refine technology to detect the presence of biotechnology-derived grain and genetic traits expressed in grain, and to support the agency's role in the Department's biotechnology initiative. Improved capabilities in this area are critically needed to meet demands of world markets, as demonstrated by controversies about generically engineered corn and GIPSA's important role in addressing related concerns.

A biotechnology reference laboratory has been established in Kansas City, Missouri in 2001. Additional funding proposed for 2002 is needed to address the complex quality information needs emerging as a result of today's biotechnological advances, and to meet market and consumer demands with respect to genetically engineered grains and grain products. New testing methods will permit more transparency in the grain inspection process, adding value to grain products so producers can continue to compete in the global economy.

Competition and improving market performance are vital to increasing confidence in the livestock and poultry sectors. For example, continuous, systematic collection and analysis of data along with aggressive investigative activities would enable GIPSA to survey procurement practices, trade practices, and competitive conditions and to analyze whether violations of the Packers and Stockyards Act are occurring or likely to occur. GIPSA has directed efforts towards investigating trade practices of packers, market agencies, and dealers to detect fraudulent transactions and to guard against unfair trade practices detrimental to producers and the industry.

## RESEARCH, EDUCATION, AND ECONOMICS

### MISSION

The Research, Education, and Economics (REE) mission area is assigned Federal leadership responsibility 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. REE responsibilities are carried out by four agencies:

- The Agricultural Research Service (ARS) is the principal in-house research agency in USDA in the area of natural and biological sciences.
- The Cooperative State Research, Education, and Extension Service (CSREES) is the Federal partner with land-grant and non-land grant colleges and universities in carrying out extramural research, higher education, and extension activities.
- The Economic Research Service (ERS) is the principal intramural economic and social science research agency in USDA.
- The National Agricultural Statistics Service (NASS) 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.

#### Program Level (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Agricultural Research Service:			
Research and Information.....	\$835	\$915	\$916
Buildings and Facilities.....	53	74	30
Trust Funds.....	20	23	23
Cooperative State Research, Education, and Extension Service:			
Research and Education Activities.....	490	544	419
Extension Activities.....	424	432	413
Integrated Activities.....	40	42	42
Initiative for Future Agriculture and Food Systems.....	120	120	120
Economic Research Service.....	64	66	67
National Agricultural Statistics Service.....	99	101	114
Total, REE.....	\$2,145	\$2,317	\$2,144
RECAP:			
Ongoing Appropriations.....	\$2,025	\$2,151	\$2,024
Initiative for Future Agriculture and Food Systems....	120	120	120
Agricultural Risk Protection Act.....	0	46	0



## RESEARCH, EDUCATION, AND ECONOMICS

The budget assumes that \$120 million will be available in 2002 for the Initiative for Future Agriculture and Food Systems, the same as the 2001 level. In addition, \$30 million, the same amount as in 2001, will be available in 2002 for rural development and research, education, and extension projects supported by the Fund for Rural America.

### AGRICULTURAL RESEARCH SERVICE (ARS)

<b>Program Level (Dollars in Millions)</b>			
<b>Program</b>	<b>2000 Actual</b>	<b>2001 Current Estimate</b>	<b>2002 Budget</b>
Research and Information:			
Soil, Water and Air Sciences.....	\$88	\$88	\$90
Plant Science.....	296	305	325
Animal Science.....	135	136	147
Commodity Conversion and Delivery.....	175	183	202
Human Nutrition.....	72	75	76
Integration of Agricultural Systems.....	32	38	38
Information and Library Sciences.....	18	20	20
Repair and Maintenance.....	19	18	18
2001 Earmarks not continued in 2002.....	0	34	0
Agricultural Risk Protection Act.....	0	18	0
Total, Research and Information.....	835	915	916
Buildings and Facilities.....	53	74	30
Trust Funds.....	20	23	23
Total, ARS.....	\$908	\$1,012	\$969
RECAP:			
Ongoing Appropriations for Research and Info.....	\$835	\$897	\$916
Ongoing Appropriations for Buildings and Facilities.....	53	74	30
Trust Funds.....	20	23	23
Agricultural Risk Protection Act.....	0	18	0

ARS provides access to scientific data, conducts research to develop new scientific knowledge, and transfers technology to the private sector to solve technical agricultural problems of broad scope and high national priority. ARS houses the National Agricultural Library (NAL), the Nation's major information resource in the food, agricultural and natural resource sciences. ARS has over 100 locations throughout the U.S. and abroad. Beltsville, Maryland is the site of the world's largest multi-disciplinary agricultural research facility. The ARS budget is comprised of seven programmatic objectives as follows:

## RESEARCH, EDUCATION, AND ECONOMICS

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- **Soil, Water, and Air Sciences.** This area of research emphasizes development of a sound scientific basis to provide advanced technical assistance and education to producers to manage and conserve soil, water, and air resources to optimize agricultural productivity and environmental quality.
- **Plant Science.** Ongoing ARS research addresses a wide range of crop production issues, including pest and disease management through use of biologically-based technologies, plant genome mapping, and the maintenance and improvement of plant germplasm.
- **Animal Science.** Research in this program is directed toward solving major issues faced by producers and consumers of meat and poultry products. Areas of emphasis include disease prevention, genetics and genome mapping, animal reproduction, food quality, and safety.
- **Commodity Conversion and Delivery.** This research focuses on post-harvest food safety and quality concerns, development of new food and industrial uses for agricultural commodities, and elimination of barriers to the export of commodities.
- **Human Nutrition.** ARS supports six research centers striving to enhance the understanding of nutritional needs of diverse populations, including children, the elderly, pregnant and lactating women, and healthy adults. Results of this work identify the impact of nutrients in reducing chronic disease risks and predicting health outcomes.
- **Integration of Agricultural Systems.** Research in this category includes projects to integrate the results of specific programs into production systems which are sustainable, environmentally-benign, and profitable for farmers and ranchers. Projects include the development of models and decision support systems to assist producers in making production decisions and managing natural resources.
- **Information and Library Services.** NAL provides access to scientific agricultural data through its online database and CD-Roms. NAL provides agricultural information electronically and is expanding efforts to catalog, manage, and disseminate agriculture-related data through the Internet.

The ARS budget includes \$916 million to support ongoing research and new activities in high priority areas. Within that total, the agency will discontinue all new Congressionally-earmarked projects for a savings of \$34 million and begin work in selected high priority areas described below. An increase of nearly \$19 million is included for increased pay costs. The ARS budget also proposes \$30.5 million to fund high priority modernization or construction projects at seven locations. The 2002 budget proposes increased funding for the following priority research areas:

- ! **New Uses for Agricultural Products (\$15 million).** The Administration supports investments in new technologies to develop advanced products based on agricultural commodities for markets in the U.S. and abroad. The Biomass Research and Development Act of 2000 also emphasizes the need to create new biobased industrial products, improve processing technology, and to reduce the costs of conversion technologies. ARS research in this area will be coordinated with other Federal agencies and national labs, universities, the private sector and other organizations. Additional investments in

## RESEARCH, EDUCATION, AND ECONOMICS

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research can potentially increase farm income and provide new opportunities for business and employment growth in rural America. The research will also benefit the environment by providing a cleaner energy source as a substitute for nonrenewable fossil resources.

- **Emerging and Exotic Diseases and Pests (\$12 million).** The budget includes an increase of \$5 million to develop the tools needed to address prevention, control and eradication of invasive weeds and insects, with an emphasis on identification and classification, biologically-based integrated pest management, and ecosystem management. An increase of \$2 million is proposed for work on plant diseases to understand the biology of pathogens, improve efficacy of biocontrol agents, develop more accurate methods for pathogen identification and detection, and improve genetic resistance to diseases in host plants. An additional \$5 million will support research on Bovine Spongiform Encephalopathy (BSE) or “mad cow disease.” ARS is proposing to conduct research on infected animals in collaboration with research agencies overseas. ARS will conduct research on suspected disease agents in quarantine to develop rapid detection methods. ARS will also investigate the nature and transmission of the BSE agent, disposal of carcasses and feedstuffs, and detection of ruminant proteins in ruminant feedstocks.
- **Biotechnology (\$7.5 million).** An increase is proposed for developing the underlying database and information analysis tools needed to support ARS genomics research, and to assess risk associated with biotech crops. Funds will support development of databases used to store, analyze and interpret the sequencing, mapping and functional genomics data for plants, animals and microbes. Increased research on risk assessment will focus on resistance management, including preventing buildup of resistant pest populations, minimizing effects on nontarget species from pest and disease tolerant transgenic plants, and decreasing allergens of biotech food products.

**Buildings and Facilities.** Innovative research depends upon the availability of modern facilities. Many of the major ARS facilities were constructed prior to 1960, are functionally obsolete and need major modernization to bring them up to current health and safety code requirements. A total of \$30.5 million is proposed in 2002 at seven locations as follows:

- **Plum Island, New York (\$3.8 million).** A \$3.8 million increase is provided for continued modernization projects at the Plum Island Animal Disease Center, such as improvements to the potable water distribution system and smaller modernization projects.
- **Peoria, Illinois (\$6.5 million).** Funding totaling \$6.5 million is provided to upgrade air handling and electrical systems, and install a sprinkler system in the Chemical Wing.
- **Philadelphia, Pennsylvania (\$5 million).** Funding is provided for the construction of the Chemical Wing, and design of the final phases of renovation of the service building and the Engineering Research Laboratory.
- **Albany, California (\$3.8 million).** Funding is provided for the second of a 5-phase effort to modernize the Western Regional Research Center, including the upgrade of deteriorating mechanical,

## RESEARCH, EDUCATION, AND ECONOMICS

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plumbing, and electrical systems, and the renovation of the Research and Development Facility's interior space.

- **National Agricultural Library (\$1.8 million).** Additional funding is provided to correct mechanical, electrical, air handling, and architectural deficiencies by continuing construction of replacement utility systems within the Library.
- **U.S. National Arboretum (\$4.6 million).** The increase will be used to continue the ongoing modernization efforts, including the Arboretum's Administrative Building and planning and design for greenhouse complex renovations, a new education and visitor center, and lab/office space.
- **Davis, California (\$5 million).** ARS conducts multi-disciplinary research involving nutrition, medicine and agriculture at the Western Human Nutrition Research Center, which is being moved to the campus of the University of California-Davis. Additional funds are needed to fully fund the construction of the facility, as originally planned by ARS and designed by the architect.

## RESEARCH, EDUCATION, AND ECONOMICS

### COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE (CSREES)

#### Program Level (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Research and Education.....	\$482	\$505	\$407
Extension Activities.....	424	432	413
Integrated Activities.....	40	42	42
Native American Endowment Fund and Interest.....	5	8	9
Subtotal, Programs.....	951	987	871
Agricultural Risk Protection Act.....	0	28	0
Community Food Projects.....	3	3	3
Fund for Rural America.....	a/	a/	a/
Initiative for Future Agriculture and Food Systems.....	120	120	120
Total, CSREES.....	\$1,074	\$1,138	\$994

RECAP:

Ongoing Appropriations.....	\$951	\$987	\$871
Agricultural Risk Protection Act.....	0	28	0
Community Food Projects.....	3	3	3
Initiative for Future Agriculture and Food Systems.....	120	120	120
Fund for Rural America.....	a/	a/	a/

a/ Of the total \$60 million available in 2000, \$20 million was allocated to CSREES to support research, education and extension activities under the Fund for Rural America. See page 85 for more information. In 2001, a total of \$30 million is available from the Fund for Rural America, to support research, extension, and education grants and rural development activities, of which \$10 million is being used to support research, education, and extension grants. A total of \$30 million available in 2002 will support research, education, and extension grants and rural development activities. The distribution among the authorized activities will not be developed until after the 2002 appropriations have been enacted.

## RESEARCH, EDUCATION, AND ECONOMICS

### Cooperative State Research, Education, and Extension Service Program Level (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Formula Grants:			
Smith-Lever 3 (b&c) Formula.....	\$276	\$276	\$276
Hatch Act.....	181	180	180
1890 Research and Extension.....	58	61	61
Cooperative Forestry.....	22	22	22
Animal Health.....	5	5	5
Total, Formula Grants.....	542	544	544
National Research Initiative Competitive Grants (NRI).....	119	106	106
Selected Integrated Activities:			
Water Quality.....	13	13	13
Food Safety.....	15	15	15
Pest Control/Management Activities:			
Pesticide Impact Assessment.....	5	5	5
Crops at Risk from FQPA Implementation.....	1	1	1
FQPA Risk Mitigation Program for Major Food Crop Systems.....	4	5	5
Methyl Bromide Transitions Program.....	2	2	2
Organic Transition Program.....	0	1	1
Pest Management and Control.....	25	24	24
Total, Pest Control/Management.....	37	38	38
Sustainable Agriculture Research and Extension.....	11	13	13
Higher Education Programs.....	23	26	26
Native American Endowment Fund and Interest.....	5	8	9
Indian Reservation Extension Agents.....	2	2	2
1890 Facilities.....	12	12	12
Extension Services at 1994 Institutions.....	3	3	3
1994 Institutions Research Program.....	1	1	1

## RESEARCH, EDUCATION, AND ECONOMICS

### Cooperative State Research, Education, and Extension Service Program Level (Dollars in Millions)

Program	2000 Actual	2001 Current Estimate	2002 Budget
Expanded Food and Nutrition Education (EFNEP) ..	59	58	58
Youth Farm Safety Education and Certification.....	0	1	1
Other Research Grants b/.....	64	92	7
Other Extension Programs.....	19	19	13
Federal Administration b/.....	26	36	10
Agricultural Risk Protection Act:			
Mitigating Greenhouse Gases, research grants.....	0	15	0
Tobacco Use for Medicinal Purposes.....	0	3	0
Soil Science and Forest Health Management.....	0	10	0
Community Food Projects.....	3	3	3
Initiative for Future Agriculture and Food Systems.....	120	120	120
Fund for Rural America.....	<u>a/</u>	<u>a/</u>	<u>a/</u>
Total, CSREES.....	<u>\$1,074</u>	<u>\$1,138</u>	<u>\$994</u>
RECAP:			
Ongoing Appropriations for CSREES.....	\$951	\$987	\$871
Agricultural Risk Protection Act.....	0	28	0
Community Food Projects.....	3	3	3
Initiative for Future Agriculture and Food Systems.....	120	120	120
Fund for Rural America.....	<u>a/</u>	<u>a/</u>	<u>a/</u>

a/ Of the total \$60 million available in 2000, \$20 million was allocated to CSREES to support research, education and extension activities under the Fund for Rural America. See page 85 for more information. In 2001, a total of \$30 million is available from the Fund for Rural America, to support research, extension, and education grants and rural development activities, of which \$10 million is being used to support research, education, and extension grants. A total of \$30 million available in 2002 will support research, education, and extension grants and rural development activities. The distribution among the authorized activities will not be developed until after the 2002 appropriations have been enacted.

b/ Reductions in 2002 due mainly to elimination of Congressional earmarks for specific projects and locations.

CSREES has primary responsibility for providing linkages between the Federal and state components of a broad-based, national agricultural research, extension, and higher education system. CSREES provides funding for projects conducted in partnership with the State Agricultural Experiment Stations, State Cooperative Extension Systems, 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 special grants. CSREES is responsible for administering USDA's primary

## RESEARCH, EDUCATION, AND ECONOMICS

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competitive research grants program, the National Research Initiative (NRI), which supports investigator-initiated research with strong potential to contribute to major breakthroughs in agricultural science.

The CSREES budget proposal, which totals nearly \$1 billion, provides funding for ongoing programs, and key provisions of the Agricultural, Research, Extension, and Education Reform Act of 1998 (the Reform Act). Beginning in 2000, CSREES was charged with administering competitive grants for research, education, and extension activities under the Initiative for Future Agriculture and Food Systems authorized by the Reform Act. The Initiative provides \$120 million per year in mandatory funds for competitive grants to address critical issues related to agricultural productivity, food safety, biobased products, and natural resource management. CSREES is also responsible for administering competitive research grants under the Fund for Rural America. In 2001, \$10 million is being used to support competitive grants addressing research, education and extension, while the remaining \$20 million supports rural development activities. During 2001, CSREES is also managing grants programs funded by ARPA, which provided funding for research grants on carbon cycle, tobacco for medicinal purposes, and soil science and forest health management. The ARPA grants are funded for one year only, and are not proposed for continued funding in the 2002 budget.

The 2002 budget proposes to fund most programs at the 2001 level, with the exception of \$118 million for earmarked projects which are not funded in the request. Larger programs receiving continued support in 2002 include:

**Formula Funds.** Support provided for research and extension formula programs is continued at the 2001 appropriated level. CSREES works closely with partner institutions through an annual planning process and other means to target funds to priority issues facing agricultural producers, natural resource managers, and rural residents.

**National Research Initiative (NRI).** The 2002 budget funds the NRI at \$106 million, the same as the 2001 appropriation. The NRI supports both fundamental and mission-linked research through a competitive, peer-reviewed process that is open to all of the Nation's top scientists.

**Pest Control/Pest Management Programs.** The budget provides \$38 million for Food Quality Protection Act (FQPA) related pest control activities, the same as the 2001 enacted level. Emphasis is placed on developing alternatives to replace chemical pest controls that are at-risk of being taken off the market due to the stricter pesticide registration requirements imposed by FQPA. The Risk Mitigation Program aims to establish longer-term pest control alternatives for major crops, while the Crops at Risk program supports projects to develop intermediate-term alternatives in place of pesticides used on fruit and vegetable crops.

**Higher Education Programs.** The budget funds higher education programs at \$35 million, including \$7.1 million to be added to the principal balance of the Native American Institutions Endowment Fund to improve the education capacity at Tribal colleges. The types of activities allowed to be supported with the interest derived from the endowment funds have recently been expanded to include facility renovation and construction projects. The budget also includes \$3 million to continue a program initiated in 2001 for Alaska-Native Serving and Native Hawaiian Serving Institutions.



## RESEARCH, EDUCATION, AND ECONOMICS

### ECONOMIC RESEARCH SERVICE (ERS)

**Program Level  
(Dollars in Millions)**

<b>Program</b>	<b>2000 Actual</b>	<b>2001 Current Estimate</b>	<b>2002 Budget</b>
Economic Analysis and Research.....	\$64	\$66	\$67

The Economic Research Service (ERS) provides economic and other social science information and analysis on agriculture, food, natural resources, and rural development. ERS supplies such information and analyses for use by the general public and to help policymakers develop, administer and evaluate agricultural and rural policies and programs.

The ERS budget reflects a net increase of \$300 thousand comprised of a decrease of \$3 million in funding for food program studies transferred to the Food and Nutrition Service and increases of \$3.3 million to cover pay cost increases and fund the following priority efforts:

- **Mandatory Price Reporting System (\$1.2 million).** This increase will support the implementation of a retail meat price reporting system that would publish information on retail purchases of representative meat products. Efficient reporting of retail meat prices will facilitate a more orderly marketing of these products. The system would provide monthly electronic publication of retail sales quantity, value, and average price for major meats (beef, pork and chicken) and for four to eight representative cuts for each. Funding will be used to purchase retail price and volume data from retailers and maintain the information system that aggregates the data and facilitates preparation and dissemination of reports.
  
- ! **Economic Analysis and Expert Witness Support for Pigford Litigation (\$0.6 million).** Additional funding is included to cover the costs of economists providing support to the Department of Justice (DOJ) in its litigation of the Pigford Track B cases. These cases resulted from a 1999 consent decree, from *Pigford v. Glickman*, that provided a framework for settling individual claims filed on behalf of African American farmers alleging racial discrimination in farm lending and benefits programs. Under Track B, claimants who believe they have evidence of extreme wrongdoing go before an Arbitrator to seek a settlement tailored to their individual circumstance, including a cash payment equal to actual damages and forgiveness of outstanding USDA loans affected by discriminatory conduct. Unanticipated caseload increases have forced ERS to more than double the number of economists it has assigned full-time to this effort. ERS staff provide estimates of economic damages resulting from alleged discrimination and function as consultants to DOJ attorneys on agricultural production practices, farming operations and management, and Government farm programs. The assignments have created gaps in ERS's ongoing research and analysis program, thereby leading to further reassignments in other areas.

## RESEARCH, EDUCATION, AND ECONOMICS

### NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

**Program Level  
(Dollars in Millions)**

Program	2000 Actual	2001 Current Estimate	2002 Budget
Agricultural Estimates.....	\$79	\$82	\$85
Statistical Research and Service.....	4	4	4
Census of Agriculture.....	16	15	25
Total, NASS.....	\$99	\$101	\$114

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

Overall, the budget reflects a net increase of \$13 million, which includes funding to cover increased pay costs and \$10.5 million for the following priority activities:

- **Census of Agriculture (\$10 million).** This funding increase reflects the changes in statistical activities associated with preparations for the 2002 Census of Agriculture, which will be mailed in December 2002. This is the third year in a 5-year funding cycle for the 2002 Census. Preparations include formulation of data collection plans targeted for American Indian and minority farm operators; equipment installation and testing; Census mail list development; printing of over three million questionnaires, letters, assistance and reference materials; completion of final specifications, development, and testing procedures for data collection, processing, and analysis phases of the Census; completion of publicity and outreach plans and printing of materials; and determination of final Census data products design, mix, and production schedules. As this is the first time NASS will have to rely solely on its own information systems in conducting the Census, funding is needed to cover start-up costs associated with systems integration, data processing, tabulation, and dissemination. NASS will also work to improve the information technology infrastructure for field offices to ensure a cooperative and efficient process.
  
- **NASS Computer Security Architecture (\$0.5 million).** This increase will help NASS address information technology security issues. With the market sensitivity of many NASS reports and the confidential nature of data collected from farmers, ranchers, and agribusinesses, there is a dire need for protection against loss, misuse, unauthorized access to, or modification of information. The increase will provide for enhancements to the NASS security architecture that ensures the protection of agency systems and information with improved technical monitoring.

## DEPARTMENTAL ACTIVITIES

### DEPARTMENTAL OFFICES AND CENTRALIZED ACTIVITIES

<b>Program Level (Dollars in Millions)</b>			
<b>Program</b>	<b>2000 Actual</b>	<b>2001 Current Estimate</b>	<b>2002 Budget</b>
Departmental Offices:			
Office of the Secretary.....	\$11	\$11	\$12
Departmental Administration Staff Offices.....	35	36	37
Outreach for Socially Disadvantaged Farmers a/....	3	3	3
Office of the Chief Financial Officer.....	5	5	5
Office of the Chief Information Officer.....	6	10	10
Office of the General Counsel.....	29	32	33
Office of Communications.....	8	9	9
Executive Operations:			
Office of the Chief Economist.....	6	7	8
National Appeals Division.....	12	12	13
Office of Budget and Program Analysis.....	7	7	7
Total, Departmental Offices.....	122	132	137
Centrally Financed Activities:			
Agriculture Buildings and Facilities and Rental Payments.....	140	182	188
Hazardous Materials Management.....	16	16	16
Mandatory Price Reporting.....	1	0	0
Trust Funds.....	1	1	1
Total, Centralized Activities.....	158	199	205
Total, Departmental Offices and Centralized Activities.....	\$280	\$331	\$342

a/ An additional \$5.2 million and \$3 million were provided to this program in fiscal years 2000 and 2001 from the Fund for Rural America.

The Secretary of Agriculture is committed to improving the management of the Department. The President's 2002 budget provides funding for the Department's key management initiatives. Improvements will focus on two longstanding problems: (1) the lack of centralized and integrated accounting and management information systems needed to provide reliable data for decision-making and produce auditable financial statements and (2) the need for further reform in the Department's field delivery system.

During 2002, the Department will continue to work towards developing centralized and integrated management information systems. These systems promise to provide timely and reliable information on the

## DEPARTMENTAL ACTIVITIES

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Department's finances, people, and purchases and make the Department's administrative operations more efficient by eliminating redundant, stove-piped and aging information systems. Among other benefits, these corporate systems should help the Department obtain a clean opinion on its financial statements and improve computer security.

The Department will also review its administrative and field office structure to identify opportunities to improve service at reduced costs. Areas designated for improvement include the Forest Service's administrative operations and the field office structure of the county-based agencies. The Department will also regularly review its progress on addressing major management challenges and will ensure that senior leaders are held accountable.

These reforms will require direction from the Departmental offices, which provide leadership, coordination and support for all administrative and policy functions of the Department. The 2002 budget provides funding to ensure that these offices can maintain the staffing levels needed to carry out activities as follows.

The **Office of the Secretary**, 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 liaison with the Executive Office of the President, members of Congress and the public on all matters pertaining to Departmental policy.

The **Departmental Administration** staff offices provide staff support to policy officials and overall direction and coordination for the management of human resources, civil rights, conflict prevention and resolution, ethics, outreach, property, procurement, emergency preparedness, and the regulatory hearing and administrative proceedings conducted by the Administrative Law Judges, Judicial Officer, and Board of Contract Appeals.

The **Outreach for Socially Disadvantaged Farmers Program** authorized by section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990, provides grants to organizations in order to increase socially disadvantaged farmers' and ranchers' participation in USDA programs and to enhance the success of their operations by providing outreach and technical assistance. This program is administered by the Office of Outreach within DA. The President's budget continues to fund these grants at the 2001 appropriated level.

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 and annual plans and reports. Administering the Department's Working Capital Fund and allocating other centralized charges are also key responsibilities of OCFO. In addition, OCFO directs, develops, and implements common administrative accounting, recordkeeping, and related systems for USDA agencies and some cross-serviced Federal agencies through operation of the National Finance Center (NFC).

## DEPARTMENTAL ACTIVITIES

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The **Office of the Chief Information Officer (OCIO)** provides policy guidance, leadership and coordination to the Department's information management, technology investment and cyber security activities in support of USDA program delivery. OCIO operates the National Information Technology Center (NITC) and the Office of Telecommunications Services and Operations (TSO). NITC is a centralized computing facility providing applications and technical support to USDA agencies. TSO is responsible for telecommunications programs as well as leading migration of existing agencies' networks to a USDA corporate network. In addition, OCIO is responsible for management of the Common Computing Environment (CCE) for the county-based agencies.

Total funding for the CIO is proposed at \$10.3 million. Under the direction of the CIO, USDA is moving forward with an information systems security strategy devised to protect critical information systems from malicious intrusions. Within the base funding for the CIO the **Cyber Security Program Office** will be funded in 2002 at \$4.5 million which will support efforts that are integral to safeguarding the current and future delivery of services over the Internet. Ongoing efforts are underway to identify and address weaknesses in policies and procedures, specific information systems, training, daily network management, planning and monitoring.

Legal oversight, counsel, and support for the Department's programs is provided by the **Office of the General Counsel**. The President's budget provides funding to continue these services, including resources for addressing issues related to concentration in the livestock and meatpacking industries.

The Department's **Office of Communications** provides leadership and coordination for the development of communications strategies for the Department and plays a critical role in disseminating information about USDA's programs to the general public.

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 Nation's economic intelligence, analysis and review related to domestic and international food and agriculture markets.

The **National Appeals Division** conducts evidentiary administrative appeal hearings and reviews arising from program operations of the Rural Development mission area, Farm Service Agency, Risk Management Agency, and the Natural Resources Conservation Service.

The **Office of Budget and Program Analysis** provides analyses and information to the Secretary and other senior level policy officials to support informed decisionmaking regarding the Department's programs and policies, and budget, legislative, and regulatory actions.

The Department's request for its **Agriculture Buildings and Facilities** appropriation includes \$130 million for rental payments to the General Services Administration; \$31 million for the operation and maintenance of the headquarters complex, including the Beltsville office facility, and \$26 million for the continued renovation of the South Building in Washington D.C. The South Building is nearly 70 years old and is in need of repair to address electrical malfunctions, poor air quality, lead paint, and numerous code

## DEPARTMENTAL ACTIVITIES

violations. Renovation of the South Building began in 1998 and has been divided into seven phases. Phase 1 of the renovation (wing 3 of the South Building) was completed last year and Phase 2 (wing 4) is underway.

The **Hazardous Materials Management 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 prevention of releases of hazardous substances from USDA facilities. The program is funded through

<b>Program Level (Dollars in Millions)</b>			
<b>Program</b>	<b>2000 Actual</b>	<b>2001 Current Estimate</b>	<b>2002 Budget</b>
Common Computing Environment.....	\$13	\$40	\$59
Emergency Supplemental Funding.....	0	19	0
Total.....	\$13	\$59	\$59

a central appropriation and agency funds.

### **COMMON COMPUTING ENVIRONMENT (CCE)**

In recent years, the Department has co-located field offices of the Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS) and Rural Development (RD) and embarked on a Service Center Modernization Initiative to provide enhanced customer service to farmers and rural residents. A key element in the success of this effort is the replacement of aging business and technology systems of these partner agencies with a Common Computing Environment (CCE) that will allow sharing of data and implementation of streamlined business processes. Common information shared among these three agencies will reduce the redundant requests made of customers participating in multiple programs, as well as customer office visits and paperwork burden, and allow these agencies to operate efficiently at the lower staffing levels that have resulted from budget constraints. The CCE will also provide the infrastructure needed to meet the legislative requirement in the Freedom to E-File Act that customers be able to do business electronically with the Service Center agencies by June 2002.

Implementation of the CCE began in 1998. The Secretary assigned the Chief Information Officer (OCIO) primary responsibility for implementation of CCE. An initial telecommunications network, known as the LAN/WAN/VOICE project, was completed in 2000, and is being updated to meet demands for electronic access and filing. To date, about 35,000 desk and laptop computers have been deployed to provide common word processing, spreadsheet, and other applications to support the common business needs of the agencies. These computers allow the Service Center agency staff to communicate and share documents

## DEPARTMENTAL ACTIVITIES

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among themselves as well as outside customers and partners. In addition, FSA has acquired a system that connects its aging information technology to the CCE during the multi-year process of converting its applications programs and data to CCE.

Funds proposed for 2002 under this account would fund essential capital investments needed to achieve the goal of a fully operational common computing environment in 2002 as set forth in the Department's Service Center Modernization Plan. Priorities will include: increasing the Service Center agencies' telecommunications capacity and network security to allow customers to transact business electronically and acquiring high capacity servers needed to support the reengineered business processes. Additional funds from the partner agencies will complement this funding by supporting continued business process re-engineering, data acquisition and training needed to reap the benefits of the new technology, as well as maintenance and support of existing legacy systems.

**OFFICE OF THE INSPECTOR GENERAL**

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**OFFICE OF THE INSPECTOR GENERAL (OIG)**

<b>Program Level (Dollars in Millions)</b>			
<b>Program</b>	<b>2000 Actual</b>	<b>2001 Current Estimate</b>	<b>2002 Budget</b>
Office of the Inspector General.....	\$65	\$69	\$71

The **Office of the Inspector General (OIG)** conducts and supervises audits and investigations relating to programs and operations of the Department and, as such, is the principal provider of law enforcement operations within the Department; reviews and makes recommendations on existing and proposed legislation and regulations; and recommends policies and activities to promote economy and efficiency and to prevent and detect fraud and mismanagement in USDA operations. The request provides an increase of \$2 million to maintain OIG's 2001 staffing levels.



## FUND FOR RURAL AMERICA

### FUND FOR RURAL AMERICA

The 1996 Farm Bill established the Fund for Rural America to provide support to rural communities across the United States. The 1996 Farm Bill specifies that at least one-third of the funds be allocated to rural development activities and one-third to research activities.

The Reform Act (P.L. 105-185), extended authorization for the Fund for Rural America through October 1, 2002. The FY 2000 appropriations language blocked the use of the 2000 funds. The 2001 appropriation language releases \$30 million of the 2000 funds each year for 2001 and 2002. The following table shows how the funding available in 2001 was allocated:

**Fund for Rural America  
(Dollars in Millions)**

	<b>Budget Authority</b>	<b>Program Level</b>
Rural Development Activities:		
Rural Housing Service:		
Farm Labor Loans.....	\$1.5	\$2.9
Community Facility Grants.....	0.5	0.5
Total, Rural Housing Service.....	2.0	3.4
Rural Business-Cooperative Service:		
Rural Business Enterprise Grants/Rural Business		
Opportunity Grants.....	6.0	6.0
Intermediary Relending Program.....	3.0	5.9
Rural Economic Development Loans and Grants.....	3.0	8.7
Cooperative Development Grants.....	2.0	2.0
Total, Rural Business-Cooperative Service.....	14.0	22.6
Office of Outreach:		
Outreach for Socially Disadvantaged Farmers.....	3.0	3.0
Natural Resources Conservation Service:		
Resource, Conservation and Development		
Technical Assistance.....	1.0	1.0
Total, Rural Development Activities.....	20.0	30.0
Cooperative State Research, Education, and Extension		
Service.....	10.0	10.0
TOTAL, Fund for Rural America.....	\$30.0	\$40.0

**Rural Development Activities.** Of the funding available in 2001, \$20 million was allocated to support on-going rural development activities. Of the \$20 million, \$16 million will be used to support a program

## FUND FOR RURAL AMERICA

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level of \$26 million in community facility grants, business enterprise grants, business opportunity grants, farm labor housing loans, intermediary relending loans, rural economic development loans and grants, cooperative development grants and cooperative research agreements.

The section 2501 program for Outreach for Socially Disadvantaged Producers is funded at \$3 million, which will be used to make grants and enter into contracts and other agreements with community-based organizations and educational institutions, such as the 1890/1862/1994 Land-Grant Colleges and Hispanic-serving post secondary educational institutions, to provide outreach, training and technical assistance.

The remaining \$1 million will be used to designate 33 new Resource Conservation and Development (RC&D) areas. The funds will be distributed to the 25 states with the 33 new RC&D areas to cover costs incurred in the startup of the new areas and their projects on behalf of rural America. The RC&D areas encompass multiple communities, various units of government, Tribes, municipalities, and grassroots organizations and this additional funding will help improve the capability of these entities in rural areas in planning, developing, and carrying out programs for resource conservation and development.

**Research, Extension and Education Activities.** The \$10 million in funds available in 2001 for research, extension and education activities was allocated on a competitive basis to support proposals that:

- increase economic opportunities in farming and rural communities; and
- expand locally-owned, value-added processing.

The allocation of the \$30 million in funds that will be released in 2002 will be determined by the Secretary after the 2002 appropriations act is enacted, in accordance with the authorizing language for the Fund. The authorizing language provides considerable latitude for the Secretary to establish priorities in determining this allocation.

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

AGENCY	2000 Actual	2001 Current Estimate	2002 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency .....	\$1,270	\$1,022	\$597
Commodity Credit Corporation Programs .....	30,396	23,677	10,277
Risk Management Agency .....	775	2,870	3,112
Foreign Agricultural Service .....	125	119	126
P.L. 480 .....	454	474	490
<b>RURAL DEVELOPMENT</b>			
Rural Community Advancement Program .....	702	1,222	692
Salaries & Expenses.....	127	130	134
Rural Utilities Service .....	-1,801	-1,604	-1,581
Rural Housing Service .....	73	449	281
Rural Business - Cooperative Service .....	24	59	26
Rural Empowerment Zones / Enterprise Communities .....	15	15	15
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service .....	35,085	34,192	36,635
Section 32 Funds .....	730	737	710
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service .....	888	980	927
Forest Service .....	3,728	5,045	4,496
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service .....	652	698	719
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service .....	908	1,012	969
Cooperative State Research, Education, & Extension Service .....	1,071	1,135	991
Economic Research Service .....	64	66	67
National Agricultural Statistics Service .....	99	101	114
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service .....	811	1,057	880
Agricultural Marketing Service .....	179	258	193
Grain Inspection, Packers & Stockyards Administration .....	26	32	29
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary .....	23	9	9
Fund for Rural America .....	60	30	30
Common Computing Environment .....	0	59	59
Departmental Administration .....	35	36	37
Outreach for Socially Disadvantaged Farmers .....	3	3	3
Agriculture Buildings and Facilities .....	140	183	188
Hazardous Waste Management .....	16	16	16
Office of the Chief Financial Officer .....	5	5	5
Office of the Chief Information Officer .....	9	10	10
Office of the General Counsel .....	29	32	33
Office of the Inspector General .....	65	69	71
Office of Communications .....	8	9	9
Office of the Chief Economist .....	6	7	7
National Appeals Division .....	12	13	13
Office of Budget and Program Analysis .....	7	7	7
Gifts and Bequests .....	1	1	1
Subtotal .....	76,820	74,235	61,403
Offsetting Receipts .....	-1,070	-1,594	-778
<b>TOTAL, U.S. DEPARTMENT OF AGRICULTURE .....</b>	<b>\$75,750</b>	<b>\$72,641</b>	<b>\$60,622</b>

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

AGENCY	2000 Actual	2001 Current Estimate	2002 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency .....	\$1,411	\$1,348	\$1,408
Commodity Credit Corporation Programs .....	4	4	4
CCC Fund .....	0	0	-89
Risk Management Agency .....	64	65	75
Foreign Agricultural Service .....	125	115	122
P.L. 480 .....	943	970	971
<b>RURAL DEVELOPMENT</b>			
Rural Community Advancement Program .....	700	970	692
Salaries & Expenses .....	127	130	134
Rural Utilities Service .....	73	108	67
Rural Housing Service .....	1,327	1,449	1,459
Rural Business - Cooperative Service .....	29	43	30
Rural Empowerment Zones / Enterprise Communities .....	15	15	15
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service .....	4,439	4,484	4,576
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service .....	887	980	927
Forest Service .....	3,210	4,399	3,731
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service .....	649	695	716
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service .....	888	971	946
Cooperative State Research, Education, & Extension Service .....	951	987	871
Initiative for Future Agriculture and Food Systems .....	0	0	-120
Economic Research Service .....	64	66	67
National Agricultural Statistics Service .....	99	101	114
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service .....	660	866	722
Agricultural Marketing Service .....	53	66	72
Grain Inspection, Packers & Stockyards Administration .....	26	32	29
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary .....	23	9	9
Fund for Rural America .....	0	0	-120
Common Computing Environment .....	0	59	59
Departmental Administration .....	35	36	37
Outreach for Socially Disadvantaged Farmers .....	3	3	3
Agriculture Buildings and Facilities .....	140	183	188
Hazardous Waste Management .....	16	16	16
Office of the Chief Financial Officer .....	5	5	5
Office of the Chief Information Officer .....	9	10	10
Office of the General Counsel .....	29	32	33
Office of the Inspector General .....	65	69	71
Office of Communications .....	8	9	9
Office of the Chief Economist .....	6	7	7
National Appeals Division .....	12	13	13
Office of Budget and Program Analysis .....	7	7	7
Subtotal .....	17,102	19,322	17,892
Offsetting Receipts .....	-11	-15	-15
<b>TOTAL, U.S. DEPARTMENT OF AGRICULTURE .....</b>	<b>\$17,091</b>	<b>\$19,307</b>	<b>\$17,874</b>

UNITED STATES DEPARTMENT OF AGRICULTURE

Outlays

(Dollars in Millions)

AGENCY	2000	2001	2002
	Actual	Current Estimate	Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency .....	\$1,071	\$1,144	\$703
Commodity Credit Corporation Programs .....	32,281	20,529	13,051
Risk Management Agency .....	2,342	2,652	3,013
Foreign Agricultural Service .....	125	109	126
P.L. 480 .....	797	747	612
<b>RURAL DEVELOPMENT</b>			
Rural Community Advancement Program .....	596	876	743
Salaries & Expenses.....	110	130	111
Rural Utilities Service .....	-1,901	-1,066	-1,636
Rural Housing Service .....	28	415	275
Rural Business - Cooperative Service .....	47	43	57
Rural Empowerment Zones / Enterprise Communities .....	6	17	22
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service .....	31,831	34,117	35,813
Section 32 Funds .....	542	749	637
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service .....	977	1,081	1,051
Forest Service .....	3,981	5,022	4,732
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service .....	645	698	736
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service .....	887	984	991
Cooperative State Research, Education, & Extension Service .....	920	1,020	1,092
Economic Research Service .....	70	66	67
National Agricultural Statistics Service .....	103	99	112
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service .....	659	1,060	1,034
Agricultural Marketing Service .....	157	145	155
Grain Inspection, Packers & Stockyards Administration .....	25	32	29
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary .....	18	30	15
Fund for Rural America .....	45	32	27
Common Computing Environment .....	0	50	59
Departmental Administration .....	44	34	35
Outreach for Socially Disadvantaged Farmers .....	4	3	3
Agriculture Buildings and Facilities .....	136	199	189
Hazardous Waste Management .....	12	25	18
Office of the Chief Financial Officer .....	4	5	5
Office of the Chief Information Officer .....	44	14	11
Office of the General Counsel .....	28	30	33
Office of the Inspector General .....	65	69	70
Office of Communications .....	9	8	9
Office of the Chief Economist .....	7	7	7
National Appeals Division .....	11	12	13
Office of Budget and Program Analysis .....	6	6	7
Working Capital Fund .....	0	-1	0
Gifts and Bequests .....	1	1	1
Subtotal .....	76,733	71,193	64,028
Offsetting Receipts .....	-1,070	-1,594	-778
<b>TOTAL, U.S. DEPARTMENT OF AGRICULTURE .....</b>	<b>\$75,663</b>	<b>\$69,599</b>	<b>\$63,250</b>

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

AGENCY	2000 Actual	2001 Current Estimate	2002 Budget
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency .....	\$1,248	\$1,470	\$1,514
Commodity Credit Corporation Programs .....	4	4	4
Commodity Credit Corporation Programs .....	0	0	-7
Risk Management Agency .....	64	69	92
Foreign Agricultural Service .....	125	105	122
P.L. 480 .....	1,289	1,296	1,111
<b>RURAL DEVELOPMENT</b>			
Rural Community Advancement Program .....	596	764	743
Salaries & Expenses .....	110	130	111
Rural Utilities Service .....	90	98	109
Rural Housing Service .....	1,199	1,381	1,453
Rural Business - Cooperative Service .....	36	32	45
Rural Empowerment Zones / Enterprise Communities .....	6	17	22
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service .....	4,353	4,516	4,569
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service .....	955	1,055	1,035
Forest Service .....	3,456	4,385	3,942
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service .....	647	695	733
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service .....	867	947	964
Cooperative State Research, Education, & Extension Service .....	920	958	989
Initiative for Future Agriculture and Food Systems .....	0	0	-6
Economic Research Service .....	70	66	67
National Agricultural Statistics Service .....	103	99	112
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service .....	526	894	855
Agricultural Marketing Service .....	53	58	72
Grain Inspection, Packers & Stockyards Administration .....	25	32	29
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary .....	18	30	15
Fund for Rural America .....	0	0	-63
Common Computing Environment .....	0	50	59
Departmental Administration .....	44	34	35
Outreach for Socially Disadvantaged Farmers .....	4	3	3
Agriculture Buildings and Facilities .....	136	199	189
Hazardous Waste Management .....	12	25	18
Office of the Chief Financial Officer .....	4	5	5
Office of the Chief Information Officer .....	44	14	11
Office of the General Counsel .....	28	30	33
Office of the Inspector General .....	65	69	70
Office of Communications .....	9	8	9
Office of the Chief Economist .....	7	7	7
National Appeals Division .....	11	12	13
Office of Budget and Program Analysis .....	6	6	7
Working Capital Fund .....	0	-1	0
Subtotal .....	17,130	19,562	19,091
Offsetting Receipts .....	-11	-15	-15
<b>TOTAL, U.S. DEPARTMENT OF AGRICULTURE .....</b>	<b>\$17,119</b>	<b>\$19,547</b>	<b>\$19,076</b>

**UNITED STATES DEPARTMENT OF AGRICULTURE**

**Staff Years**

<b>Agency</b>	<b>2000</b>	<b>2001 Estimate</b>	<b>2002 Budget</b>
<b>FARM AND FOREIGN AGRICULTURAL SERVICES</b>			
Farm Service Agency .....	5,869	5,901	5,901
Risk Management Agency .....	512	568	568
Foreign Agricultural Service .....	946	966	985
<b>RURAL DEVELOPMENT</b>			
Rural Development .....	6,838	7,020	7,020
<b>FOOD, NUTRITION, AND CONSUMER SERVICES</b>			
Food and Nutrition Service .....	1,581	1,586	1,614
<b>NATURAL RESOURCES AND ENVIRONMENT</b>			
Natural Resources Conservation Service .....	11,472	11,501	11,200
Forest Service .....	34,079	35,094	35,094
<b>FOOD SAFETY</b>			
Food Safety and Inspection Service .....	9,545	9,645	9,661
<b>RESEARCH, EDUCATION, AND ECONOMICS</b>			
Agricultural Research Service .....	7,759	8,136	8,136
Cooperative State Research, Education & Extension Service .....	383	451	415
Economic Research Service .....	499	522	522
National Agricultural Statistics Service .....	1,118	1,135	1,188
<b>MARKETING AND REGULATORY PROGRAMS</b>			
Animal and Plant Health Inspection Service .....	6,468	6,900	7,000
Agricultural Marketing Service .....	3,341	3,392	3,425
Grain Inspection, Packers & Stockyards Administration .....	750	801	810
<b>DEPARTMENTAL ACTIVITIES</b>			
Office of the Secretary .....	61	82	82
Office of the Chief Economist .....	53	65	65
National Appeals Division .....	124	133	133
Office of Budget and Program Analysis .....	61	67	67
Office of the General Counsel .....	329	345	345
Office of the Inspector General .....	670	723	723
Office of the Chief Information Officer .....	264	306	306
Office of the Chief Financial Officer .....	1,179	1,191	1,191
Departmental Administration .....	626	700	700
Office of Communications .....	109	118	118
Subtotal, USDA .....	94,636	97,348	97,269
Thrift Savings Plan .....	506	525	525
<b>Total, USDA Federal Staffing .....</b>	<b>95,142</b>	<b>97,873</b>	<b>97,794</b>
FSA, Non-Federal Staffing .....	11,533	11,957	11,496
<b>Total, USDA Staffing .....</b>	<b>106,675</b>	<b>109,830</b>	<b>109,290</b>

APPENDIX

**User Fee Proposals**  
(Dollars in Millions)

Agency and Program	Budget Authority
<b>Marketing and Regulatory Programs</b>	
Animal and Plant Health Inspection Service:	
Salaries and Expenses .....	-\$5
<ul style="list-style-type: none"><li>● This proposal would establish user fees for costs for animal welfare inspections.</li></ul>	
Grain Inspection, Packers and Stockyards Administration:	
Salaries and Expenses .....	-4
<ul style="list-style-type: none"><li>● This proposal would establish a fee for grain standardization.</li></ul>	
Total, User Fee Related Proposed Legislation .....	<u>-9</u>



APPENDIX

**Proposed Legislation**  
(Dollars in Millions)

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Agency and Program	Budget Authority
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**Rural Development**

Rural Utilities Service

- Legislation will be proposed to authorize a program of broadband loans and grants . . . . . 0

**Natural Resources and Environment**

Forest Service:

Permanents . . . . . 0

- The budget proposes legislation which would authorize for four years the collection and use of all recreation receipts.