

Lecture I: An Overview of Agriculture and Agricultural Policy

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1 USDA Budget 2018

- Big Picture

Overview

- **Mission Statement** USDA provides leadership on food, agriculture, natural resources, rural development, nutrition, and related issues based on sound public policy, *scientific evidence*, and efficient management.
- **2018 Funding Overview** The 2018 request for discretionary budget authority to fund programs and operating expenses is about \$ 21 billion, approximately \$ 4.8 billion below 2017. This includes funding for Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), Rural Development, Forest Service, food safety, research, and conservation activities.
- Funding for mandatory programs is estimated to be \$ 116 billion, about \$ 7 billion below 2017.

Mandatory versus Discretionary

- USDA's total outlays for 2018 are estimated at \$ 140 billion. Roughly 82 percent of outlays, about \$117 billion, are for mandatory programs — providing services required by laws other than annual appropriations acts. These outlays include crop insurance, nutrition assistance programs, farm commodity and trade programs, and a number of conservation programs.
- The remaining 18 percent of outlays, about \$23 billion, are associated with discretionary programs such as WIC; food safety; rural development loans and grants; research and education; soil and water conservation technical assistance; animal and plant health; management of national forests, wildland fire, and other Forest Service activities; and domestic and international marketing assistance.

Distribution of Outlays

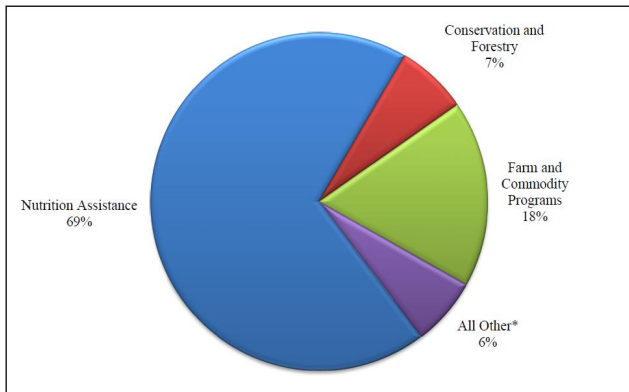


Figure OV-3. 2018 Outlays (All Other includes Rural Development, Research, Food Safety, Marketing and Regulatory, and Departmental Management.)

Farm and Foreign Agricultural Services

- **Mission** The Farm and Foreign Agricultural Services (FFAS) mission area has responsibility for the delivery of programs and services that focus on supporting a sustainable and competitive U.S. agricultural system.
- *Farm Service Agency* FSA supports the delivery of farm loans, commodity, conservation, and disaster assistance, and related programs. FSA provides administrative support for the Commodity Credit Corporation (CCC), which funds most of the commodity and export programs, and some of the USDA conservation programs. FSA delivers its programs through more than 2,100 local and regional Service Centers, 50 State Offices, and an area office in Puerto Rico.

FFAS Programs

- *Credit for Farmers:* The Budget supports a loan level of approximately \$ 7 billion for Farm Service Agency direct and guaranteed farm ownership and operating loans. Direct and guaranteed loans support about 42,000 producers, 80 percent of whom will be beginning farmers and ranchers, veterans, and socially disadvantaged producers.
- *Crop Insurance:* The Budget provides crop insurance coverage for an estimated \$ 92 billion in crops. Crop insurance is designed to ensure that farmers and ranchers effectively manage their risk through difficult periods, helping to maintain America's safe and affordable food supply.

FFAS Programs, Continued

- *Agricultural Exports:* The Budget includes a program level of \$5.5 billion for Commodity Credit Corporation (CCC) Export Guarantee Programs to provide guarantees for the commercial financing of U.S. agricultural exports. The program facilitates exports to buyers in countries that may not have access to adequate commercial credit, to maintain or increase U.S. sales.

FFAS Programs, Continued

- *Commodity Programs:* The Budget supports funding of the commodity programs administered by the Farm Service Agency (FSA) and funded by the CCC. The commodity programs are critical components of the farm safety net, serving to expand domestic market opportunities and provide risk management and financial tools to farmers and ranchers. Approximately 1.8 million farms are enrolled in the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs, which are helping cushion the financial strain felt by producers due to the downturn in some commodity prices. These programs have provided \$5.3 billion in financial assistance to producers in fiscal year 2016 for the 2014 crop year.

CCC Net Outlays (Millions of dollars)

Programs	Year		
	2016 Actual	2017 Estimate	2018 Budget
Commodity Programs			
Direct	11	0	0
ACRE	1	0	0
Loan Deficiency Payments	213	229	97
ARC/PLC	5,312	8,042	9,766
Dairy Margin Protection	11	100	117
Other	689	215	555
Subtotal, Commodity Payments	6,238	8,586	10,537
Disaster	529	413	494
Noninsured Crop Disaster	137	154	164
Bio-based Fuel Production	0	0	0
Biomass Crop Assistance Program	10	3	3
All Other	579	395	633
Total Commodity Programs	7,494	9,551	11,831

Nutrition Titles – Discretionary

Programs	Year		
	2016 Actual	2017 Estimate	2018 Budget
Special Supplemental Nutrition Program (WIC)	6,350	6,338	6,150
Commodity Assistance Program:			
Commodity Supplemental Food Program	222	236	238
The Emergency Food Assistance Program	54	54	54
Farmers' Market Nutrition Program	19	19	0
Pacific Island Assistance and Disaster Assistance	1	1	1
Nutrition Services Incentive Program	2	3	
Total	298	313	294
Nutrition Programs Administration	152	151	149
Total Discretionary	6,800	6,802	6,592

Nutritional Titles – Mandatory

Programs	Year		
	2016 Actual	2017 Estimate	2018 Budget
WIC Database	1	1	1
SNAP	80,390	78,488	73,613
Child Nutrition Programs	22,158	22,782	24,256
Permanent Appropriations	180	187	191
Farm Bill: Sneiors Farmers' Market	19	21	221
Total Mandatory	103,197	101,479	98,082

Total Government Expenditures

Department/Agency	Amount	Department/Agency	Amount
Department of Health and Human Services	1,209,620	Department of Education	70,008
Social Security Administration (Off Budget)	1,014,967	Other Civil Defense Programs	62,341
Department of Defence (Military)	656,945	Department of Homeland Security	57,133
Department of Treasury	651,849	Infrastructure Initiative	44,543
Department of Veterans Affairs	197,446	Department of Housing and Urban Development	40,689
Department of Agriculture	120,901	Department of Labor	39,282
Office of Personnel Management	101,787	International Assistance Programs	34,862
Social Security Administration (On Budget)	95,116	Department of Justice	34,630
Department of Transportation	79,737	Department of State	28,922