Since 2009, the agriculture sector has seen strong growth, with farm income and agriculture exports both reaching highs not witnessed in decades. Net farm income and net cash incomes after adjusting for inflation are at near record levels. These higher income levels are coupled with historically low levels of debt relative to assets and equity, making the agriculture sector better insulated from the risks associated with commodity production. Agriculture exports have had the strongest five-year period of growth in our nation's history, and set a new record in calendar year 2013 at $144.1 billion. A strong agriculture sector is key to strong rural communities, supporting one out of every 12 jobs in the economy.

At the same time, rural America is facing significant challenges. During the 2010 to 2012 period, rural America for the first time recorded a net decline in population. In the same timeframe, net job growth in rural areas has been near zero while metro areas have shown steady growth in jobs. Nonmetro counties also experience persistent and higher poverty rates than metro counties. In addition to these economic challenges, farming and natural-resource dependent areas are facing implications of climate change with declines in forest health and stresses from drought and increasingly severe wildfires. Recent data also point to a continuation of a 30 year trend of an increasing age of farm operators.

Passage of the 2014 Farm Bill brings an enhanced array of authorities and resources to address these challenges and provide a foundation to help rural communities prosper, enhance the resiliency of forests and private working lands and ensure access to a safe, diverse and nutritious food supply. The FY 2015 Budget builds on the successes of the past five years and proposes a set of investments to spur innovation, create new markets and job opportunities, provide farmers and land managers new tools to succeed in a changing climate and ensure access to a safe, nutritious food supply.

The 2015 Budget supports increases in key areas to address these opportunities and challenges.

**Support for Agriculture.** Agriculture accounts for about $746 billion in economic activity and 16 million jobs that are directly or indirectly supported. Agriculture provides a major foundation for rural prosperity. The 2015 Budget continues a strong farm safety net and makes investments to meet challenges of a competitive global market, changing climate and an aging farm population.

- **Direct and guaranteed loans to support 40,000 producers,** 85% of which will be beginning farmers and ranchers and socially disadvantaged producers. **Additional assistance for beginning farmers** includes Individual Development Accounts, technical assistance for small farms and others affected by implementation of the Food Safety Modernization Act and a new program to assist veterans pursue an agriculture career.

- **Resources to support crop insurance coverage on an estimated $63 billion in crop production** (normalized value).
USDA FY 2015 BUDGET HIGHLIGHTS

- Plant and animal pest and disease control programs to protect $165 billion of livestock, poultry and specialty crops.

- Assistance in supporting over $140 billion in agricultural trade, including nearly $4 billion in trade preserved through resolution of foreign market access issues.

Rural Opportunities. Since 2009, USDA has helped more than 800,000 rural families buy, refinance, or repair a home and has provided loan or grant financing to help about 75,000 small rural businesses create and save over 377,000 jobs. The 2015 budget continues to make investments to increase rural opportunities including funding to support the infrastructure and other investments in rural America:

- A total of $878 million to support rural business creation and expansion. This level of funding is estimated to provide approximately 44,000 jobs in rural areas. This funding will support revolving loan funds and micro entrepreneur development activities in rural areas. Additionally, funding is provided to support agricultural producers develop and market value added products.

- Loans for rural electric improvements will improve service for 4.6 million rural residents and Loans and grants for telecommunications projects will improve services for 140,000 households and businesses.

- Loans and grants for water and waste water systems will improve services for 2.2 million people.

- 13.7 million residents will benefit from improved health, safety and educational facilities.

- 166,000 families will enjoy homeownership opportunities.

Conservation for Private Working Lands and Public Spaces. Farms and forests help generate rural wealth through agriculture, recreation and tourism, the creation of green jobs and the production of wood products and energy. These lands are also critical in offering benefits of clean air, clean and abundant water and critical wildlife habitat. Continued prosperity and benefits rely upon careful stewardship of these lands, particularly in the face of a changing climate. The 2015 Budget supports significant investments in conservation efforts.

- About 23 million acres will be added to the nation's conservation efforts assisting more than 500,000 landowners and producers. This includes enrollment of an additional 10 million acres into the Conservation Stewardship Program. In addition, 25 million acres will be protected in the Conservation Reserve Program.

- 193 million acres of Forest and Grasslands will be maintained by the Forest Service enabling 166 million visitors to enjoy the beauty and serenity of these forests and lands.
The 2015 Budget proposes an alternative funding approach to wildland fire suppression which does not rely on fire transfers and does not increase total discretionary spending. In this proposed approach, additional budget resources are made available to USDA through a budget cap adjustment to cover wildland fire suppression above the base appropriation. This approach will allow the Forest Service to stabilize and invest in programs that more effectively restore forested landscapes and prepare the 70,000 communities in the Wildland Urban Interface to avert and minimize damage from future wildfires.

Food Security and Safety. A plentiful supply of safe and nutritious food is essential to the well-being and productivity of all Americans. Over the course of a year, one in four Americans will be served by one of USDA’s nutrition assistance programs designed to prevent hunger and obesity. Even more Americans will be reached through USDA nutrition education activities. The 2015 Budget supports access to a safe, nutritious food supply:

- **Funds projected participation in nutrition assistance programs**, including:
  - 46.9 million individuals will receive nutrition assistance through SNAP.
  - 30.4 million children will be served school lunches and over 14 million will be served school breakfast each day.
  - 8.7 million women, infants, and children will get better nutrition through the WIC program.

- **Provides $30 million for summer food demonstration projects** to test methods of providing access to food for low-income children during the summer months when schools are not in session.

- **All Americans will be better protected from food borne illness with more than 52,000 fewer illnesses projected in 2015 from 2013 as a result of FSIS food inspection.**

Innovation. USDA has a long history of fostering research and innovation that has helped agricultural production thrive to the benefit of all Americans. In 1929, approximately 20 percent of disposable personal income went to paying for food; recent estimates put that at 10 percent today. Progress continues in support of technological development and the biobased economy. In the past five years alone, research by USDA scientists has led to award of 215 patents covering a wide range of topics and discoveries. ARS currently has 380 active licenses of ARS-developed technology that are supporting new businesses and job opportunities. Agricultural innovation is increasingly important as rural America faces the evolving threat of a changing climate. The 2015 Budget provides strong support for innovation in a number of ways:

- **A total of $2.7 billion for agricultural research and extension activities**, including $325 million for competitive grants through the Agriculture and Food Research Initiative and $75 million to fund three new public-private innovation institutes. In-house researchers at the Agricultural Research Service will work on 800 research projects.
• $275 million for Forest Service research, including support to develop cellulosic nanopreparations that have the potential to displace petroleum-based products.

• Reallocation of $44 million in ARS to support additional climate change research to better understand the effects of climate change and its impacts on crops, range lands, pasture systems, forests, endemic pests, weeds, and plant and animal diseases, and develop adaptive strategies and technologies. The new Regional Hubs for Risk Adaptation and Mitigation to Climate Change will help to translate science and research into information to farmers, ranchers, and forest landowners on ways to adapt and adjust their resource management.

Modernization. Through the Blueprint for Stronger Service, USDA has taken proactive steps in recent years to reduce spending, streamline operations and cut costs. These proactive steps have given us the tools to carry out our mission-critical work, while ensuring that USDA's millions of customers across rural America receive stronger service. Since the implementation of this initiative in 2012 approximately $1.2 billion has been saved in administrative efficiencies. The 2015 Budget also includes reforms to key programs and builds on the success of the Blueprint for Stronger Service. These reforms not only drive savings but are focused at ensuring the long-term sustainability of several key programs, such as Rental Assistance Payments, McGovern-Dole and Food Safety.

• New, fiscally responsible fire suppression strategy that will provide certainty in addressing growing fire suppression needs and avoid funding shifts that disrupt the ability to provide stable investments in land restoration.

• New poultry slaughter rule that improves food safety and also results in a more efficient and effective use of taxpayer dollars. The proposed rule provides for a science-based, statistically validated, new inspection system that will facilitate the reduction of pathogen levels in poultry products.

• USDA – USAID effort to strengthen the coordination and enhance leveraging of McGovern-Dole resources with USAID education-focused activities. McGovern-Dole helps feed over 4 million children each year.

• The 2015 budget continues efforts to modernize the farm program delivery system through a model service center concept to ensure offices are strategically located and have adequate staffing and equipment to strengthen services to producers. Savings from consolidation of 250 Farm Service Agency offices would be re-invested in the modernization effort.

• Proposed pilot called ‘Rural Corps’ that will put economic development professionals in 10 high-need areas to provide technical assistance and hands-on support at the local level. This model will increase the likelihood that investments in infrastructure and economic
development are strategic, creating jobs and long-term economic benefits within in the region.

- An increase of $12 million to reduce waste, fraud and abuse in SNAP and ensure that program resources are targeted to those most in need.

- **Reforms to the operation of the rental assistance payments program** will generate savings and provide flexibility to manage this program, which supports about 285,000 low-income rural households.

- **Enhanced crop insurance program compliance efforts** to reduce improper payments in this program that provides protection for $63 billion of agricultural production on a normalized basis.

- **Within the Opportunity, Growth and Security Fund, $155 million to fully fund replacement of the Southeast Poultry Research Lab**, a key facility to address emerging and exotic diseases which threaten the Nation’s poultry industry. This facility is top among laboratory modernization needs identified in a comprehensive review of the Agricultural Research Service capital facilities.

- **Continued efforts to improve management of the Department**, including additional efforts to consolidate leased and owned office space and the inclusion of a proposal to provide authority to use expired, unobligated funds to invest in facilities and other capital needs to better manage the Department.