2014 Explanatory Notes

Commodity Credit Corporation

Contents

COMMODITY CREDIT CORPORATION

Purpose Statement

The Commodity Credit Corporation (CCC or Corporation) is a wholly owned Government corporation created in 1933 under a Delaware charter and reincorporated June 30, 1948, as a Federal corporation within the Department of Agriculture by the Commodity Credit Corporation Charter Act, approved June 29, 1948 (15 U.S.C. 714). CCC assists in stabilizing, supporting, and protecting farm income and prices, helps to maintain balanced and adequate supplies of agricultural commodities, helps in the orderly distribution of these commodities, and assists in the conservation of soil and water resources. The goal is to promote economic stability in the farm sector through an approach that supports farm income and facilitates prices that are reasonable to consumers and competitive in world markets, while retaining basic management responsibilities of farmers and minimizing Federal interference in the agricultural economy.

Management of the Corporation is vested in a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex-officio director and chairman of the board. The board consists of seven members, in addition to the Secretary. Various Department of Agriculture officials are ex-officio officers of the Corporation. The activities of the Corporation are carried out mainly by the personnel and through the facilities of the Farm Service Agency (FSA) and the FSA State and county committees. The Foreign Agricultural Service (FAS), the Natural Resources Conservation Service (NRCS), and other agencies and offices of the Department, and commercial agents also carry out certain phases of the Corporation's activities. With respect to FSA-administered CCC programs, FSA utilizes its headquarters offices in Washington, D.C. and Kansas and FSA State and county offices. There are 50 State offices, an insular area office in Puerto Rico, and over 2,100 county offices. Similarly, NRCS-administered programs are carried out through the national office of NRCS and its nationwide office structure. CCC activities carried out by FAS require the use of the FAS headquarters office and agricultural attachés located throughout the world.

Historically, the principal operations conducted by CCC related to the operation of price and income support programs for producers of agricultural commodities. While the CCC Charter Act provides broad authority with respect to the support of U.S. Agriculture, the majority of CCC activities are those that the Corporation is required to implement under various statutes, such as the Food, Conservation, and Energy Act of 2008 (the 2008 Act). Operations of the CCC include:

Buying	Donating	Transporting	Crop Loss Protection
Selling	Lending	Making Payments	
Bartering	Storing	Conservation Operations	

In addition, a significant amount of CCC funds are expended in the operation of numerous conservation programs, principally under the Food Security Act of 1985. Most of these conservation programs are administered on behalf of CCC by NRCS.

CCC is the principal source of funds for the international activities of the Department of Agriculture. Under the CCC Charter Act and other acts, most notably P.L. 480 and the Agricultural Trade Act of 1978, the Corporation provides assistance in the development of international markets and 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, and storage, handling, and disposition of commodities acquired under the various programs. CCC funds, and CCC-acquired commodities, are also used with respect to the administration of developmental programs in foreign countries.

CCC-owned commodities are also available for use in the administration of domestic nutrition and feeding programs administered by the Food and Nutrition Service.

FINANCING

The Corporation has an authorized capital stock of $100 million held by the United States, with the authority to have outstanding borrowing of up to $30 billion at any one time. Its capital structure is replenished each year by appropriations to restore net realized losses on support operations and to reimburse costs of other programs.

Borrowing Authority

Funds are borrowed from the Treasury and may also be borrowed from private lending agencies and others. The Corporation maintains a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by such agencies and others. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the Act of March 8, 1938 (15 U.S.C. 713a-4). Reservation of borrowing authority for these purposes has not been required for many years.

Interest on borrowings from the Treasury (and on capital stock) is paid at a rate based upon the average interest rate of all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. Interest may also be paid on other notes and obligations at a rate prescribed by the Corporation and approved by the Secretary of the Treasury.

The Department of Agriculture and Related Agencies Appropriations Acts of 1966 made provision for terminating interest after June 30, 1964 on the portion of the Corporation's borrowings from the Treasury equal to the unreimbursed realized losses recorded on the books of the Corporation after the end of the fiscal year in which such losses are realized.

Contract Authority

Support and other programs required by statute may result in the Corporation's incurring obligations in excess of available funds or borrowing authority. Such obligations are liquidated from subsequent appropriations and other funds that may become available to the Corporation. Any increase in obligations in excess of available fund resources is reported as contract authority in the year involved; a decrease is reported as the application of appropriations and other funds to liquidate the contract authority.

Appropriations

Reimbursement for Net Realized Losses. Under Section 2 of Public Law 87-155, the Act of August 17 1961 (15 U.S.C. 713a-11), annual appropriations are authorized for each fiscal year, commencing with 1961, to reimburse the Corporation for net realized losses. The Omnibus Budget Reconciliation Act of 1987 amended Public Law 87-155 to authorize that the Corporation is reimbursed for its net realized losses by means of a current, indefinite appropriation. However, the Corporation has continued to be reimbursed by annual appropriations for net realized losses sustained, but not previously reimbursed, except under the enactment of the 2000 Appropriations Act. The 2000 Appropriations Act, P.L. 106-78, authorized a current, indefinite appropriation up to the amount of actual losses reflected on the books of the Corporation as of the close of the immediately preceding fiscal year. The 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013 Continuing Resolution (CR) Appropriations Acts, P.L. 107-76, P.L. 108-7, P.L. 108-199, P.L. 108-447, P.L. 109-97, P.L. 110-5, P.L. 110-161, P.L. 111-8, P.L. 111-80, and P.L 112-55, respectively, authorized the Corporation to be reimbursed for net realized losses sustained, but not previously reimbursed, pursuant to section 2 of the Act of August 17, 1961 (15 U.S.C. 713a-11).

CCC Export Credit Guarantee Liquidating Account. Under the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990, a permanent, indefinite appropriation for the Corporation's Export Credit Guarantee Programs (GSM-102 and GSM-103) is authorized to cover the obligations and commitments of pre-fiscal year 1992 guarantees. Therefore, the Export Credit Guarantee Program activity is no longer financed through CCC borrowing authority.

CCC Export Credit Guarantee Program Account. Under the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990, a permanent, indefinite appropriation for the Corporation's Export Credit Guarantee Programs (GSM-102, including Facility Guarantees) is authorized to cover the subsidy costs of the current year's program. The 2014 estimate represents the present value of CCC's estimated net cash flows over the lifetime of the credit guarantees to be made in 2014. A current, definite amount is appropriated by Congress for the administrative costs of carrying out the export guarantee programs. Therefore, CCC borrowing authority is not used.

Hazardous Waste Management Program. Legislation affecting this program includes the Safe Drinking Water Act and the Comprehensive Environmental Response, Compensation, and Liability Act. CCC conducted a grain storage program from the 1930's to the early 1970's. At its peak during the 1950's, CCC operated grain storage facilities on leased property at approximately 4,500 locations nationwide. During this period, some of the grain was authorized for fumigation using carbon tetrachloride to control destructive insects. In 1985, use of carbon tetrachloride was prohibited and the EPA assigned a maximum allowable contaminant level. Since that time, over 50 former CCC grain bin sites have been found to have carbon tetrachloride ground water contamination levels exceeding the EPA maximum. From 1992 through 2003, CCC received annual funding from the USDA Hazardous Waste Management Fund to conduct its own investigations. For 2003 and 2004, USDA funding was greatly reduced, and for 2005 and 2006 no funding was provided; therefore CCC has relied more on its Section 11 borrowing authority to conduct both operation and maintenance of existing treatment systems as well as remedial actions. In 2012, $4.7 million was provided for reimbursable agreements through Section 11, and $4.250 million was provided in 2013. CCC is authorized to use its borrowing authority, not to exceed $5 million, for site investigations, ongoing operations and maintenance and remediation expenses.

COMMODITY PROGRAMS

CCC provides loans, purchases, and payments along with other programs in order to support farm income and prices and stabilize commodity markets. These actions are authorized under the Commodity Credit Corporation Charter Act, as amended, the Agricultural Act of 1949, as amended, (including amendments and extensions made by the Food, Conservation, and Energy Act of 2008 and the American Taxpayer Relief Act of 2012 (ATRA) which extended the authorization of the 2008 Farm Bill for certain programs (hereinafter referred to as the 2008 Farm Bill).

CCC is required to support the price of dairy products. Marketing assistance loans are required to be available for wheat, feed grains, cotton, long grain and medium grain rice, soybeans, minor oilseeds, pulse crops, honey, wool and mohair at levels provided for by law. Pulse crops include both large and small chickpeas. CCC has to make an offer; open to all producers, to make loans upon or purchase any quantity of these commodities produced which meet eligibility requirements. Eligibility requirements include grade, moisture content, adequacy of storage, and compliance with conservation use provisions. Income support in the form of direct and counter-cyclical payments is required by law to be available to growers of feed grain, wheat, upland cotton, soybeans, minor oilseeds, peanuts and rice.

The 2008 Farm Bill added the Average Crop Revenue Election (ACRE) program as an alternative to counter-cyclical payments and in exchange for a 20 percent reduction in direct payments and a 30 percent reduction in marketing assistance loans rates for all commodities produced on the farm except for seed cotton loans. The election to enroll a farm in ACRE may be made for any of the crop years 2009-2012, but once the election is made, it is irrevocable through the 2012 crop. For crop year 2013, producers are allowed to opt out of the ACRE program.

CCC has little control over the volume of loan business it must handle. The relationship of the market price for each commodity to the loan rate largely determines the volume of that commodity which will be placed under loan or acquired by the CCC. Price, in turn, is determined by weather conditions, insect damage, use of fertilizers, existing supplies, domestic and export demand, and all other factors influencing production and affecting the market. Dispositions of inventory are governed by the same set of economic factors. These circumstances can cause tremendous variations over relatively short periods in the volume of CCC commodity loan and related operations.

USDA has incorporated stochastic price and production variability into its 10-year budget baseline process starting with the 2007 President’s Budget. For the 2013-2023 crops, CCC outlay projections for counter-cyclical payments, marketing loan benefits, and milk income loss contract payments are based on price probability distributions and flexibilities generated by the Economic Research Services’ Food and Agricultural Policy Simulation model. This approach was used for feed grains (corn, barley, sorghum, and oats), wheat, rice, upland cotton, soybeans, sugar and dairy. The following paragraphs highlight specific commodity activity:

Dairy program. Dairy qualifies for milk price supports and dairy market loss payments. The 2008 Farm Bill authorized the Dairy Product Price Support Program, which is effective for calendar years 2008-2013. It requires the Secretary to support the price of cheddar cheese, butter and nonfat dry milk through purchases of such products at prices not less than $1.13 per pound for cheddar cheese in blocks, not less than $1.10 per pound for cheddar cheese in barrels, not less than $1.05 per pound for butter, and not less than $0.80 per pound for nonfat dry milk. Purchase prices for milk products may be adjusted lower based on preset levels of product net removals. The 2008 Farm Bill extends the Milk Income Loss Contract (MILC) Program through September 30, 2013. The payment calculation percentage is raised from 34 to 45 percent and the payment quantity is raised from 2,400,000 to 2,985,000 million pounds per fiscal year effective October 1, 2008 through August 31, 2012. A feed cost adjuster is added that raises the $16.94 base price when the national average ration cost exceeds $7.35 per hundredweight for a given month, through August 31, 2012. The payment calculation percentage, payment quantity, and feed cost adjuster are reduced after August 31, 2013.

Tobacco program. The American Jobs Creation Act of 2004, P.L. 108-357 eliminated the tobacco program effective with the 2005 crop. In return for termination of the program, growers and quota holders will receive a "buyout." The owner of quota is paid $7 per pound for the quota they hold. The actual producer is paid $3 per pound for quota they produced. The legislation eliminates all geographic and poundage restrictions on tobacco production as well as price support. The buyout cost is funded by assessments on the tobacco product manufacturers and importers. The program will cost $10.14 billion and the growers and quota holders will be paid over a 10-year period.

Peanut price support program. Under the 2008 Farm Bill, peanuts qualify for ACRE or direct payments, counter-cyclical payments, marketing assistance loans and loan deficiency payments for the 2009 through 2013 crops.

The 2002 Farm Bill terminated the marketing quota programs and repealed price support programs. The prior quota programs remained in effect for the 2001 crop only, with payments being made during fiscal years 2002 through 2006. This legislation also established marketing assistance loans for the 2002 through 2007 crops, with a loan rate of $355 per ton. The payment rate is the amount by which the established loan rate exceeds the rate at which a loan may be repaid. The 2008 Farm Bill also requires that for crop years 2008 through 2013, CCC pay storage, handling, and other associated costs to ensure proper storage of peanuts for which a loan is made, but the producer repays CCC these costs if the loan is repaid. If the peanuts placed under loan are forfeited to CCC, then CCC pays storage, handling, and other associated costs

Sugar program. Sugar qualifies for price support. The 2008 Farm Bill increased the national average sugar loan rates through the 2013 crop at 18.75 cents per pound for raw cane sugar and 24.1 cents per pound for refined beet sugar. Loans are available to processors of domestically grown sugarcane and sugar beets for a term of nine months that fall within one fiscal year. The non-recourse loans are available through the 2013 crop for processors of domestically produced sugar beets and sugarcane including for in-process sugar. Loans for in-process sugar have a loan rate of 80 percent of the loan rate for raw cane sugar or refined beet sugar (based on the source material used). If forfeitures occur, the processor shall convert the in-process into final product at no cost to the CCC. Upon transfer, the processor will receive payment based on the loan rate less 80 percent of raw cane or refined beet sugar rate times the quantity of sugar transferred. The 2008 Farm Bill increased the loan rates for beet and cane sugar and extended the marketing allotment provisions of the 2002 Act, except they are now permanent and cannot be set at a level less than 85 percent of estimated sugar deliveries for human consumption. The 2008 Farm Bill introduced the Feedstock Flexibility Program (FFP) in Title IX, which requires the diversion of sugar from food use to ethanol producers, if needed, to keep sugar prices above levels at which sugar processors might otherwise forfeit sugar under loan to the CCC. If the program is managed correctly, CCC will purchase surplus and preempt any forfeitures under the Title I sugar program.

Non-Insured Assistance Program (NAP). The Federal Crop Insurance Reform Act of 1994 P.L. 103-354, removed the authority in the Agricultural Act of 1949 for disaster payments and expanded crop insurance authorities to provide for catastrophic coverage at 50 percent yield protection at a flat fee for crops currently covered by insurance programs. Farmers are able to pay an additional premium to increase coverage.

Where crop insurance coverage is not available through the Risk Management Agency, producers of crops for food and fiber and certain other crops are covered under NAP, which is financed by CCC and operated through the FSA. The program reimburses producers at the same rates and terms as the catastrophic crop insurance program.

Payments to Producers:
Direct Payments and Counter-Cyclical Payments. The 2002 Farm Bill rescinded production flexibility contracts and established direct and counter-cyclical payments for crop years 2002 through 2007. The eligible commodities for both direct payments and counter-cyclical payments are wheat, corn, grain sorghum, barley, oats, upland cotton, rice, soybeans, other oilseeds, and peanuts. The 2008 Farm Bill adds long grain and medium grain rice and large chickpeas as eligible commodities.

Counter-cyclical payments are made to producers for eligible commodities for which payment yields and base acres are established if it is determined that the effective commodity price is less than the target commodity price. Counter-cyclical payments are made for the crop as soon as practicable after the end of the 12-month marketing year for the eligible commodity. If, before the end of the 12-month marketing year it is determined that counter-cyclical payments will be required for the eligible commodity, producers will be provided the option to receive partial payment of the projected counter-cyclical payment. Partial payments are not available after crop year 2010.

Direct payments are made to producers for eligible commodities for which payment yields and base acres are established. The commodity payment amount is calculated as follows: Payment Amount = specified rate x payment acres x payment yield. The producer can choose to receive advance payments (up to 50 percent) during the producer's selected month, which may be any month during the period beginning on December 1 of the calendar year before the calendar year in which the crop of the covered commodity is harvested through the month within which the direct payment would otherwise be made. The Deficit Reduction Act of 2005, P.L. 109-171, signed February 8, 2006, amended the 2002 Farm Bill by authorizing advance direct payments for covered commodities of up to 40 percent of the direct payment for the 2006 crop year and up to 22 percent for the 2007 crop year. The 2008 Farm Bill continues the 2002 Farm Bill payment rates; however, payment acres decrease from 85 to 83.3 percent of base acres for 2009-2011 crops, and no advance payments are available for the 2012 and subsequent crops.

Direct payments do not vary based upon actual production or prices. As a result, landowners receive direct payments during times of record profitability, yet the direct payments may not provide an adequate safety-net during difficult times.

Average Crop Revenue Election (ACRE) Payments. The 2008 Farm Bill added the ACRE program for the 2009-2012 crop years. Producers who elect to enroll a farm in ACRE are eligible for ACRE payments in lieu of counter-cyclical payments on the farm and in exchange for a 20 percent reduction in direct payments on the farm and a 30 percent reduction in the marketing assistance loan rates for all commodities produced on the farm except the loan rate for seed cotton loans. The election to enroll a farm in ACRE may be made for any of the crop years 2009-2012, but once the election is made, it is irrevocable through the 2012 crop. For crop year 2013, producers are allowed to opt out of the ACRE program.

Marketing Assistance Loans and Loan Deficiency Payments. The 2008 Farm Bill authorized non-recourse marketing assistance loans to producers of each eligible loan commodity for crop years 2008 through 2013. These loans have a term of 9 months beginning on the first day of the first month after the month in which the loan is made, and they cannot be extended. The producer must comply with applicable conservation requirements under subtitle B of title XII of the Food Security Act of 1985 and applicable wetland protection requirements under subtitle C of title XII of the Act during the term of the loan.

Producers of eligible commodities can repay a marketing assistance loan at a rate that is the lesser of the loan rate established for the commodity plus interest; or a rate that the Secretary determines. Special rules apply to upland cotton, rice, and extra long staple cotton. Commodities eligible for marketing assistance loans include wheat, corn, grain sorghum, barley, oats, soybeans, other oilseeds, upland cotton, long grain and medium grain rice, peanuts, large and small chickpeas, dry peas, lentils, triticale, honey, wool, and mohair. Producers also have the option for most commodities to take loan deficiency payments in lieu of a marketing assistance loan when repayment rates are below the loan rate.

Market Loss Assistance for Asparagus Producers. The 2008 Farm Bill authorized the use of $15 million to make payments to 2007 crop asparagus producers. Of the total, $7.5 million was available to fresh asparagus producers and $7.5 million was available to frozen market asparagus producers.

Bio-based Fuel Production. Section 4(e) of the CCC Charter Act authorizes CCC to take action to increase the consumption of agricultural commodities by "…aiding in the development of new and additional markets, marketing facilities, and uses for such commodities." Under this authority, CCC will make available up to $170 million to subsidize the production of bio-based jet fuel. Because there is no existing viable commercial source for the large-scale production of such fuel, CCC has entered into an agreement with the Department of Energy and the Navy to assist in the development of this product.

The following table shows estimated CCC payments made directly to producers, assuming the provisions of the 2008 Farm Bill:

COMMODITY CREDIT CORPORATION
Direct, Counter-Cyclical, ACRE, Production Flexibility, Marketing Loss Assistance, Loan Deficiency, Emergency Disaster, and Noninsured Assistance Payments
Fiscal Years 2011 – 2014
(Thousands of Dollars)

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Total Production Flexibility Payments				
For all Commodities	-$268	-$-451	0	0
Direct Payments:				
Corn	$1,894,795	$1,558,176	$1,978,400	$1,978,400
Grain Sorghum	180,360	148,791	189,100	190,300
Barley	72,325	62,836	77,900	78,400
Oats	2,774	2,448	2,900	2,912
Total Feed Grains	2,150,254	1,772,251	2,248,300	2,250,012
Wheat	1,025,273	864,586	1,067,732	1,069,458
Upland Cotton	555,797	464,790	581,842	592,521
Rice	394,077	323,671	414,960	414,960
Peanuts	65,087	55,766	67,655	67,655
Soybeans	530,529	433,234	556,000	523,000
Other Oilseeds	17,378	14,606	18,033	18,135
Unidentified Commodity	6,563	-91,443	0	0
Total Fixed Decoupled Payments	4,744,958	3,837,461	4,954,522	4,935,741

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
ACRE Payments:				
Corn	97,245	957	0	0
Grain Sorghum	937	3	5,454	0
Barley	15,123	461	79	0
Oats	2,117	252	0	0
Total Feed Grains	115,422	1,673	5,533	0
Wheat	304,378	8,582	40,070	0
Upland Cotton	18	0	0	0
Rice	0	2,232	1,459	0
Lentils	0	742	59	800
Large Chickpeas	0	0	11	0
Small Chickpeas	31	1,150	1	0
Dry Edible Peas	2,329	437	1	0
Soybeans	27	0	4,813	2,581
Peanuts	2	1	0	0
Other Oilseeds	9,243	161	73	0
Unidentified Commodity	5	-3,866	0	0
Total Acre Payments	431,455	11,112	52,020	3,381
Counter-Cyclical Payments **a/**:				
Corn	-2	0	0	0
Total Feed Grains	-2	0	0	0
Wheat	-2	0	0	0
Upland Cotton	82,643	1,069	0	0
Peanuts	41,159	10,291	0	0
Unidentified Commodity	161	-1,429	0	0
Total Counter-Cyclical Payments	123,959	9,931	0	0
Market Loss Assistance Payments:				
Dairy - Milk Income Loss Contract Payments.	566	403,204	370,000	0
Asparagus Market Loss Asst Payments	14,766	54	0	0
Other Commodities	-95	-49	0	0
Unidentified Commodity	0	-8	0	0
Total Market Loss and MILC Payments	15,237	403,201	370,000	0

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Loan Deficiency Payments **a**/:				
Corn	-383	-65	0	0
Grain Sorghum	0	-24	0	0
Barley	11	-6	0	0
Total Feed Grains	-372	-95	0	0
Wheat	27,282	-126	0	0
Dry Peas	-6	-2	0	0
Wool	2,172	85	0	845
Pelts	1,063	24	0	63
Mohair	3	0	0	22
Soybeans	-352	-18	0	0
Other Oilseeds	0	-2	0	0
Total Loan Deficiency Payments	29,790	-134	0	930
Noninsured Assistance Programs	71,071	253,588	225,000	168,000
Crop Disaster Program:				
Crop Disaster Payments	-684	-605	0	0
Tree Assistance Program	0	218	0	0
Livestock Indemnity Program	-598	0	0	0
Total Disaster Payments	-1,282	-387	0	0
Other Programs:				
Upland Cotton Econ Adjustment Asst	77,120	60,186	48,244	49,450
Tobacco Payments	953,253	953,420	960,000	960,000
Total Other Payments	1,030,373	1,013,606	1,008,244	1,009,450
Payments, Grand Total	**6,445,293**	**5,527,927**	**6,609,786**	**6,117,502**

EXPORT PROGRAMS

Export Credit Guarantees. Under the short-term Export Credit Guarantee Program (GSM-102), CCC guarantees (for up to 3 years) payments due U.S. exporters, or their assignees (U.S. financial institutions), from defaults in payments by foreign banks on export credit sales due to commercial as well as noncommercial risks. Facility payment guarantees operate under the general provisions of the GSM-102 program and provide export financing for capital goods and services to improve handling, marketing, processing, storage, or distribution of imported agricultural products.

On July 1, 2005, the guarantee fees (premia) charged under the export credit guarantee programs were changed from a flat fee basis to a country risk-based approach. The revised premia respond to a World Trade Organization (WTO) dispute panel decision and are intended to remove any long-term subsidy component of the program, prospectively. Fees were updated using the risk-based approach in October 2011. Also in response to the panel decision, the GSM-

103 intermediate export credit guarantee program was suspended on July 1, 2005. Both GSM-103 and the Supplier Credit Guarantee were repealed by Title III, Section 3101, of the Food, Conservation, and Energy Act of 2008.

Total loan guarantee commitments in 2012 were $4.132 billion, all for the GSM-102 program. Total program levels for 2013 and 2014 are estimated to be $5.5 billion each year, including $5.4 billion for GSM-102 and $100 million for facility guarantees.

The 2014 budget continues to reflect credit reform procedures for Federal credit programs authorized by the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. These procedures require that for guarantees issued since 1992, budget authority and outlays for these programs represent estimated subsidy costs over the life of the program, rather than claim disbursements and repayments. The appropriation language specifies the portion of the requested budget authority to be used for administrative expenses, which are funded via a discretionary annual appropriation. Budget authority for the subsidy represents the present value of CCC's estimated net cash flows over the lifetime of the credit guarantee. Budget authority and outlays for subsidy are presented in the Budget in the program account. Budget authority is not required for 2014 subsidy due to a negative subsidy rate projected for the program. All claims disbursement and repayment activity related to loans made in 1992 or later appear in a "financing account" and are considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for pre-1992 portfolios of guarantees and claims are reflected in the budget in "liquidating accounts" and are calculated on a cash basis as before, to represent claim disbursements and borrower repayments.

Direct Export Credit. Under the short-term export credit sales program, GSM-5, CCC may provide direct financing on terms not to exceed three years for the commercial sale of agricultural commodities from private stocks. There have been no sales under the direct credit program since 1985.

CONSERVATION PROGRAMS

Title II of the Food 2008 Farm Bill re-authorized funding for new and existing conservation programs implemented by FSA or NRCS. The bill provided funding through September 30, 2012 to help farmers adopt and maintain conservation systems that protect water quality, reduce soil erosion, protect and enhance wildlife habitat and wetlands, conserve water and sequester carbon. NRCS administers many of the programs that are financed through CCC, and detailed descriptions of program operations and performance indicators can be found under NRCS elsewhere in these Explanatory Notes.

Conservation Reserve Program (CRP) Administered by FSA, the purpose of CRP is to cost-effectively assist farm owners and operators in conserving and improving soil, water, air, and wildlife resources by converting highly erodible and other environmentally sensitive acreage normally devoted to the production of agricultural commodities to a long-term resource-conserving cover. CRP participants enroll contracts for periods from 10 to 15 years in exchange for annual rental payments and cost-share and technical assistance for installing approved conservation practices.

The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands, on all highly erodible cropland, other environmentally sensitive cropland, and certain marginal pastureland meeting the eligibility criteria. In addition to cropland in areas adjacent to lakes and streams converted to buffers, and cropland that can serve as restored or constructed wetlands, eligible land may include cropland contributing to water quality problems, and other lands posing environmental threats. Also eligible for the CRP are water quality or wildlife habitat impaired areas that do not meet the highly erodible land (HEL) criteria, such as the Chesapeake Bay, Great Lakes, and Long Island Sound watershed regions.

CRP was established by the 1985 Food Security Act and amended and extended under subsequent farm bills. In the 2008 Farm Bill (P.L. 110-246), CRP was re-authorized CRP through September 30, 2012. The bill permitted CRP to enroll up to 32 million acres at any one time beginning October 1, 2009; expanded Farmable Wetlands Program (FWP) eligibility; included provisions for funding a tree thinning cost-share program; and included a program transitioning expiring CRP lands from retiring producers to beginning and socially disadvantaged farmers. Most recently, the American Taxpayer Relief Act of 2012 (P.L. 112-240) extended the CRP enrollment authority through

September 30, 2013.

CRP enrolls land through general signups, Conservation Reserve Enhancement Program (CREP) signups, and non-CREP continuous signups, including FWP. Under general signup provisions, producers compete nationally during specified enrollment periods for acceptance based on an environmental benefits index. Under continuous signup provisions, producers enroll specified high-environmental value lands such as wetlands, riparian buffers, and various types of habitat at any time during the year without competition.

CRP enrollment totaled 19.5 million acres at the end of 2012 with approximately 82 percent of the acreage having been enrolled under scheduled general signups. A general signup in 2012 approved 3.9 million acres for enrollment. The American Taxpayer Relief Act extended the authority to operate CRP through 2013. A general sign-up for 2013 has been announced and we project about 2.8 million acres in 2013, and a continuous signup of about 700,000 acres. Under continuous signup, including CREP and FWP, a combined total of 5.3 million acres were under contract as of the end of fiscal year 2012. The 2014 enrollment is expected to rise slightly, ending at about 27.6 million acres.

Fiscal year 2012 ended with 29.5 million acres under contract. With contracts expiring on 6.5 million acres on September 30, 2012 and contracts beginning on 3.6 million acres from FY 2012's general signup and 500,000 acres of continuous signup, 2012 enrollment began with 27.1 million acres under contract. General and continuous signup are assumed to be held annually with enrollment projected to range between 30 and 32 million acres throughout the baseline period.

Conservation Reserve Program
Net Expenditures
(Dollars in Thousands)

Program Level	2011 Actual	2012 Actual	2013 Estimated	2014 Estimated
Financial Assistance	$1,795,307	$1,814,322	$2,034,412	$2,040,248
Technical Assistance	95,293	98,227	118,487	119,307
Total, Program Level	$1,890,600	$1,912,549	$2,152,899	$2,159,555

Emergency Forestry Conservation Reserve Program (EFCRP). The Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act of 2006, P.L. 109-148, as amended by P.L. 109-234 and P.L. 110-28, mandates that the Secretary shall carry out an emergency pilot program in States that the Secretary determines have suffered damage to merchantable timber in counties affected by hurricanes during the 2005 calendar year. The Act provided $404.1 million for this program, called the Emergency Forestry Conservation Reserve Program (EFCRP). P.L. 109-234 increased funding for EFCRP by $100 million, to $504.1 million. P.L. 110-28 lifted a restriction limiting the program to calendar year 2006. Signup ended on January 30, 2009. There were 231,365 acres enrolled as of September 30, 2012. These acres have not counted against the CRP maximum program authority for acreage enrollment.

Voluntary Public Access and Habitat Incentive Program (VPA-HIP). was established by the Food Security Act of 1985, as amended with the passage of the Food, Conservation, and Energy act of 2008 (2008 Farm Bill). VPA-HIP is a competitive grant program, with up to $50 million available through FY 2012. Funding is limited to State and tribal governments establishing new public access programs, expanding existing public access programs, and/or enhancing wildlife habitat on lands enrolled in public access programs.

The primary objective of the VPA-HIP is to encourage owners and operators of privately-held farm, ranch, and forest land to voluntarily make that land available for access by the public for wildlife-dependent recreation, including hunting or fishing, under programs implemented by State or tribal governments. VPA-HIP will provide environmental, economic and social benefits including, but not limited to, enhanced wildlife habitat, improved wildlife populations, increased revenue for rural communities, and expanded opportunities for re-connecting

Americans with the great outdoors. To date, nearly $30 million of VPA-HIP funding has been obligated to 26 state fish and wildlife agencies and one tribal government entity. Pursuant to the Consolidated and Further Continuing Appropriations Act, 2012 (P.L. 112-55), no funding was made available for VPA-HIP in fiscal year 2012. The 2014 Budget proposes funding for a similar program to be administered by the Natural Resources Conservation Service. However, in January 2013, the American Taxpayer Relief Act of 2012 (P.L. 112-240) authorized up to $10 million to be appropriated for VPA-HIP in fiscal year 2013 but funds must still be appropriated through separate legislation.

Biomass Crop Assistance Program (BCAP). The 2008 Farm Bill amended the 2002 Farm Bill to authorize this program to support the establishment and production of eligible crops for conversion to bioenergy in selected BCAP project areas; and to assist agricultural and forest land owners and operators with the collection, harvest, storage, and transportation of eligible material for use in a biomass conversion facility.

BCAP is a primary component of the domestic agriculture, energy, and environmental strategy to reduce U.S. reliance on foreign oil, improve domestic energy security, reduce carbon pollution, and spur rural economic development and job creation. BCAP is the only federal program focused on growing the crops needed for bioenergy production (heat, power, liquid fuels). BCAP provides two categories of assistance: (1) establishment costs and annual payments to produce eligible biomass crops; and (2) matching payments for the delivery of eligible material to qualified biomass conversion facilities by eligible material owners.

For establishment and annual payments in FY 2012, BCAP processed the submission of project proposals seeking more than $80 million to enroll more than 76,000 acres. FSA designated two new project areas and expanded on existing project area, targeting acreage signup in FY 2012 of 9,000 acres. BCAP project area signups were held from June to September 2012, resulting in the enrollment of over 3,129 acres for three different feedstock's (shrub willow, switch grass, & two varieties of giant miscanthus) with intended conversion to fuel pellets, bio-ethanol, and biobased products.

The total BCAP obligations for fiscal year 2012 were approximately $11.6 million. Of that, project area investment (obligation) was approximately $3.3 million: $2.1 million for five-year contracts on herbaceous crops and approximately $1.2 million for the support of woody crops (shrub willow) over twelve years. Much needed support for existing establishments of giant miscanthus in areas of Missouri, Arkansas, Ohio and Pennsylvania that were affected by the drought in 2012 was provided with drought relief. The total drought relief re-establishment investment (obligation) was $5.0 million on 7,066 acres. The fiscal year 2012 BCAP matching payments total investment (obligation) was approximately $557,443, supporting the collection, harvest, storage and transportation of nearly 10,320 dry tons of herbaceous crop residue (corn stover) for conversion to bioenergy in fiscal year 2012. Fiscal year 2012 BCAP obligations for appeals, technical assistance, IT and other administrative costs totaled approximately $2.7 million. The Consolidated and Further Continuing Appropriations Act, 2012 (P.L. 112-55) limited funding for the program in fiscal year 2012 to $17 million. In January 2013, the American Taxpayer Relief Act of 2012 (P.L. 112-240) authorized up to $20 million to be appropriated for BCAP in fiscal year 2013 but funds must still be appropriated through separate legislation.

Agricultural Management Assistance Program (AMA). The Agricultural Risk Protection Act of 2000 authorized CCC funding of $10 million for 2001 and subsequent years for the Agricultural Management Assistance Program (AMAP). AMAP provides cost-share assistance to producers in states in which Federal Crop Insurance Program participation is historically low as determined by the Secretary of Agriculture. The Secretary delegated authority to implement this program to the Natural Resources Conservation Service, Risk Management Agency, and the Agricultural Marketing Service. The 2008 Farm Bill increased funding to $15 million for 2008-2012 and increased to 16 the number of States eligible to participate. P.L. 112-55 extended the $15 million dollar level through fiscal year 2014. The 2014 Budget proposes a reduction of the level to $10 million in FY 2014.

OTHER CCC PROGRAMS

Tree Assistance Program. The following CCC funding was provided under Division B, Chapter 1, of the 2005 Military Construction Appropriations and Emergency Hurricane Supplemental Appropriations Act: Sec. 101(c)(1): Such sums as necessary (estimated at $10 million) for assistance to producers who suffered tree losses during the period December 1, 2003, to December 31, 2004, excluding those who received assistance from Section 32 for 2004 hurricane crop losses; Sec. 101(c)(2): $15 million for losses on production of periodic crops of timber; Sec. 111: $8.5 million for assistance to pecan producers for tree loss or damage due to any hurricane or tropical storm of the 2004 hurricane season in counties declared a disaster by the President. The Emergency Agricultural Disaster Assistance Act of 2006, P.L. 109-234, authorized such sums as are necessary from CCC to producers who suffered tree losses in hurricane-affected counties and fruit and tree nut producers in hurricane-affected counties for site preparation, replacement, rehabilitation and pruning. Tree Assistance Program outlays in 2012 were $218,000.

Milk Income Loss Contract. The 1996 Farm Bill had established a Dairy Recourse Loan Program that was never implemented due to repeated legislative extensions of the Dairy Price Support Program. The 2002 Farm Bill repealed all legislative authority for the Dairy Recourse Loan Program, but established a new Milk Income Loss Contract Program, under which the Secretary may contract with eligible producers up to September 30, 2005, to make monthly payments when milk prices fall below specified levels. The Milk Income Loss Contract Program was extended through August 31, 2007 by the Deficit Reduction Act of 2005, P.L. 109-171. The 2008 Farm Bill extends the MILC program through December 31, 2013. The Milk Income Loss Contract Program outlays in 2012 were $403 million.

Payment Limitations. Statutory provisions for program payment limitations and adjusted gross income (AGI) eligibility criteria for various commodity programs are found in the Food Security Act of 1985 (7 U.S.C. 1308), as amended. The 2008 Farm Bill rescinded the three-entity rule for payment limitation purposes for the 2009-2012 crops. Instead, payments received directly or indirectly by a person or legal entity are tracked and limited. The total amount of “direct payments” made to a person or legal entity during any crop year for one or more covered commodities may not exceed $40,000. Similarly, “counter-cyclical payments” are limited to $65,000 while average crop revenue election (ACRE) payments are limited to $65,000 plus any reduction to direct payments incurred due to ACRE program participation. Separate but equivalent payment limitations were established for peanuts. Beginning with the 2009 crop, the 2008 Farm Bill rescinded the payment limitation for both marketing loan gains and loan deficiency payments. A variety of other payment limitations apply to other programs’ payments.
Under the 2008 Farm Bill, designated program payments are subject to farm and nonfarm adjusted gross income (AGI) eligibility criteria for 2009-2012 crop years. Accordingly, a person or legal entity is ineligible to receive applicable program year payments if that person’s or legal entity’s applicable 3-year average AGI exceeds a specified amount. In the case of direct payments, the average AGI limit for farm income is $750,000. Moreover, if average nonfarm AGI exceeds $500,000, then a person or legal entity is ineligible for following types of benefits: direct, counter-cyclical, ACRE, marketing assistance loan gains and loan deficiency payments, noninsured crop disaster assistance, milk income loss contracts (MILC) payments, and supplemental agricultural disaster assistance. The Consolidated and Further Continuing Appropriations Act of 2012 (P.L. 112-55) also prohibited persons or legal entities with an average AGI in excess of $1 million from receiving 2012-crop direct payments.
The American Taxpayer Relief Act of 2012 (P.L. 112-240) extended many of the 2008 Farm Bill’s commodity programs and related provisions (including payment limitations and AGI eligibility criteria) through the 2013 crop year or fiscal year, as applicable.

Foreign Market Development Programs. CCC funds are used extensively to enhance U.S. competitiveness and expand foreign markets for U.S. agricultural commodities and products. The following programs highlight CCC activity in these areas:

Market Access Program (MAP). Under the MAP, CCC Funds are used to reimburse participating organizations for a portion of the costs of carrying out overseas marketing and promotional activities. The 2008 Farm Bill, as amended by the American Taxpayer Relief Act of 2012 continued the authority for the MAP program with funding of $200 million for 2008-2013. The 2014 Budget assumes funding is $200 million.

Foreign Market Development (Cooperator) Program (FMD). Under the FMD, cost-share assistance is provided to nonprofit commodity and agricultural trade associations to support overseas market development activities that are designed to remove long-term impediments to increased U.S. trade. The 2002 Farm Bill increased the available funds for this program to $34.5 million for 2002 through 2007 and the 2008 Farm Bill, as amended by the American Taxpayer Relief Act of 2012 continues this funding level for 2008-2013. The 2014 level is expected to be established in the new Farm Bill.

Technical Assistance for Specialty Crops (TASC) Program. TASC is designed to address unique barriers that prohibit or threaten the export of U.S. specialty crops. Under the program, grants are provided to assist U.S. organizations in activities designed to overcome phytosanitary and related technical barriers to trade. The 2008 Farm Bill, as amended by the American Taxpayer Relief Act of 2012 re-authorized the program through 2013. The 2014 level is expected to be established in the new Farm Bill.

Emerging Markets Program. The Emerging Markets Program authorizes CCC funding to be made available to carry out technical assistance activities that promote the export of U.S. agricultural products and address technical barriers to trade in emerging markets. Many types of technical assistance activities are eligible for funding, including feasibility studies, market research, industry sector assessments, specialized training, and business workshops. The 2008 Farm Bill, as amended by the American Taxpayer Relief Act of 2012 re-authorized this program through 2013. The 2014 level is expected to be established in the new Farm Bill.

Quality Samples Program (QSP). Under the QSP, 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. The program provides foreign importers with a better understanding and appreciation of the characteristics of U.S. agricultural products. The program is carried out under the authority of the CCC Charter Act and is not subject to reauthorization under the Farm Bill. For 2014, the budget includes $2.5 million of CCC funding for this program.

Transfers of Funds. The 2002 and 2008 Farm Bills and the 2006 through 2012 Appropriations Acts authorized CCC to transfer funds to various agencies to fulfill authorized programs through 2012. The following table shows recipient agencies and amounts of transfers for 2011 and 2012, and anticipated amounts for 2013 and 2014:

CCC Farm Bill Transfers 1/
(Dollars in Thousands)

Agencies Receiving Transfers:	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**
Agricultural Marketing Service	$66,500	$66,500	$56,500	$1,500
Animal and Plant Health Inspection Service	55,000	55,000	50,000	50,000
Office of Chief Economist	1,000	1,000	0	0
National Institute of Food and Agriculture	119,000	129,000	0	0
Departmental Administration	22,000	22,000	0	0
Food and Nutrition Service	20,600	20,600	20,600	20,600
Natural Resources Conservation Service	3,127,014	3,424,965	3,486,000	3,835,000
Risk Management Agency	6,000	6,000	6,000	6,000
Rural Development	159,000	87,000	7,000	0
Other Transfers	0	0	0	0
Total	$3,576,114	$3,812,065	$3,626,100	$3,913,100

1/ Excludes transfers to Animal and Plant Health Inspection Service for emergency plant and animal disease eradication programs.

CCC NET EXPENDITURES

CCC net expenditures for 2013 are estimated at $10.1 billion, an increase of $2.2 billion from 2012 outlays of $7.9 billion. Baseline expenditures for 2014 are estimated at $9.1 billion.

The following table shows CCC net expenditures by commodity and program for 2011 through 2014.

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Corn	$1,862,690	$1,571,149	$2,044,583	$2,020,765
Grain Sorghum	195,783	143,653	191,227	191,345
Barley	80,561	64,709	85,058	79,005
Oats	4,364	2,960	3,895	3,031
Corn and Sorghum Products	2663	90	0	0
Total Feed Grains and Products	2,146,061	1,782,561	2,324,763	2,294,146
Wheat and Products	1,377,880	905,466	1,253,614	1,085,568
Rice	364,366	396,271	374,218	446,592
Upland Cotton	677,568	522,931	670,687	702,971
ELS Cotton	696	8,801	-7,041	-616
Tobacco	24,560	61,985	983	983
Honey	-285	-234	18	10
Dairy and Products	30,398	403,159	370,000	37,423
Soybeans and Products	522,841	441,984	571,355	555,919
Other Oilseeds	25,287	14,982	19,363	18,388
Sugar	0	0	0	0
Peanuts	76,716	70,989	74,636	62,584
Wool and Mohair	3,140	89	0	950
Vegetable Oil Products	93,854	4,929	41,397	39,264
Other Commodities	198,509	-111,316	-3,721	506
Total Commodities	5,541,591	4,502,597	5,690,272	5,244,688
Tobacco Trust Fund	931,836	890,602	960,000	960,000
Export Guarantee Program, Liquidating	-16,184	-33,994	-6,000	-6,000
Export Guar. Program Account (subsidy and admin)	131,707	76,101	66,000	7,000
Market Access Program	210,132	204,245	193,244	197,284
Foreign Market Development Cooperator	32,498	34,432	35,280	18,474
Quality Samples Program	1,447	1,265	2,351	2,082
Export Donations - Ocean Transportation	45,774	45,188	45,812	48,300
Crop Disaster Assistance	-629	-605	0	0
Noninsured Assistance Program	49,944	232,514	203,083	145,645
Livestock Indemnity	-122	0	0	0

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Tree Assistance	0	218	0	0
Bio-based Fuel Production	0	0	170,000	0
Conservation Reserve Program (CRP)	1,890,600	1,912,549	2,152,899	2,159,555
Emergency Forestry CRP	6,058	5,906	6,074	5,762
Wetlands Reserve Program	-12	-4	0	0
Tech Assistance and Capacity Building for Brazilian Cotton	147,300	147,300	147,300	0
Voluntary Public Access & Habitat Incentives Program	22,687	6,827	75	0
Pilot Program for Local and Regional Food Aid	36,675	11,806	6,014	0
Biomass Crop Assistance	24,338	15,883	15,285	9,404
Technical Assistance for Specialty Crops	3,753	6,110	11,726	8,432
Interest	-58,564	-61,692	-500	-1,642
Change in Working Capital	-168,702	-180,014	250,000	250,000
CCC Operating Expenses	6,496	9,559	9,761	11,761
All Other	66,688	93,842	169,906	62,178
Total Programs and Expenses	3,363,189	3,418,038	4,438,310	3,878,235
Farm Storage Facility Loan Program Account	6,738	7,517	8,000	0
Total Net Expenditures, CCC Baseline	**8,911,518**	**7,928,152**	**10,136,582**	**9,122,923**

COMMODITY CREDIT CORPORATION
Statement of Available Funds
(Dollars in Thousands)

Item	2011 Actual	2012 Actual	2013 Estimated	2014 Estimated
Reimbursement for Net Realized Losses	$15,089,209	$9,526,872	$9,155,656	$12,538,880
CCC Export Loans Program Account (current, discretionary)	6,806	6,820	6,862	6,748
Total Commodity Credit Corporation	15,096,015	9,533,692	9,162,518	12,545,628

COMMODITY CREDIT CORPORATION
Classification by Objects
(Dollars in Thousands)

		2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Direct Obligations:					
22.0	Transportation of things.............	$51,541	$43,340	$193,300	$193,300
25.2	Other services............................	263,925	263,493	161,913	180,840
25.2	Other services: storage and handling.	0	589	667	0
26.0	Supplies and materials......................	985,462	812,913	1,034,366	862,597
41.0	Grants..	9,772,454	9,792,663	9,039,556	8,440,808
42.0	Insurance Claims and Indemnities	0	0	50,000	0
43.0	Interest and Dividends......................	7,207	3,404	11,258	17,062
	Subtotal Direct Obligations..........	11,080,589	10,916,402	10,491,060	9,694,607
Reimbursable Obligations					

22.0	Transportation of things...............	1,081,182	865,412	925,000	730,000
26.0	Supplies and materials..................	964,535	745,360	925,000	730,000
		2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
33.0	Investments and loans..................	7,103,319	5,659,614	6,921,365	6,810,967
	Subtotal, Reimbursable Obligations	9,149,036	7,270,386	8,771,365	8,270,967
99.9	Total, new obligations...........	20,229,625	18,186,788	19,262,425	17,965,574

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows:

COMMODITY CREDIT CORPORATION FUND

Reimbursement for Net Realized Losses

For the current fiscal year, such sums as may be necessary to reimburse the Commodity Credit Corporation for net realized losses sustained, but not previously reimbursed, pursuant to section 2 of the Act of August 17, 1961 (15 U.S.C. 713a-11): Provided, That of the funds available to the Commodity Credit Corporation under section 11 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714i) for the conduct of its business with the Foreign Agricultural Service, up to $5,000,000 may be transferred to and used by the Foreign Agricultural Service for information resource management activities of the Foreign Agricultural Service that are not related to Commodity Credit Corporation business.

Hazardous Waste Management
(Limitation on Expenses)

For the current fiscal year, the Commodity Credit Corporation shall not expend more than $5,000,000 for site investigation and cleanup expenses, and operations and maintenance expenses to comply with the requirement of section 107(g) of the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. 9607(g)), and section 6001 of the Resource Conservation and Recovery Act (42 U.S.C. 6961).

Commodity Credit Corporation Reimbursement for Net Realized Losses	
Appropriations Act, 2013 ……………………………………………………..…	$9,155,656,000
Budget Estimate, 2014…………………………………………………………...	12,538,880,000
Change from 2013 Appropriations……………………………………….……	+3,383,224,000

COMMODITY CREDIT CORPORATION
Summary of Increases and Decreases – Current Law
(Dollars in thousands)

	2011 Actual	2012 Change	2013 Change	2014 Change	2014 Estimate
Mandatory Appropriations: Reimbursement, Net Realized Losses………………………..	$15,089,209	-$5,562,337	-$371,216	$3,383,224	$12,538,880
Total, Appropriation or Change………………………	15,089,209	-5,562,337	-371,216	3,383,224	$12,538,880

PROJECT STATEMENT (On basis of appropriation) (Dollars in thousands)					
Item	2011 Actual	2012 Actual	2013 Estimated	Increase	2014 Estimated
Reimbursement of Losses: Appropriation………………	$15,089,209	$9,526,872	9,155,656	$3,383,224	12,538,880

2013 losses will be reimbursed through the 2014 Appropriations Act.

RECONCILIATION TO BUDGET AUTHORITY

The preceding analysis of realized losses explains the actual 2012 losses of CCC. Regardless of whether appropriations made to CCC are to restore losses or are for other purposes, CCC must record losses in its books for numerous required purposes, including the computation of capital impairment.

The following table reconciles budget authority with appropriations:

(Dollars in thousands)

	FY 2011	FY 2012	FY 2013	FY 2014
Appropriation (for realized losses) **a/**	$15,089,209	$9,526,872	$9,155,656	$12,538,880
Portion applied to CCC debt reduction	-11,502,173	-5,693,513	-5,534,556	-8,625,880
Transferred to Other Accounts	-3,587,036	-3,833,359	-3,621,100	-3,913,000
Adjusted Appropriation	0	0	0	0
Adjustments:				
Authority to borrow	8,064,000	7,758,000	9,148,000	8,064,000
CCC Export Loans Program Account	6,806	6,820	6,862	6,748
Budget Authority (net)	8,070,806	7,764,820	9,154,862	8,070,748

The following tables reflect actual and estimated losses by commodity and program for fiscal years 2011 through 2014:

FY 2011 - ACTUAL (millions of dollars)

ITEM	TOTAL	Feed Grains and Product	Wheat and Products	Rice	Upland Cotton	Soybeans	Dairy Products	All Other Commodities and Programs a/
Program Costs:								
Gain (-) or loss on sales	-.5	0.0	0.0	.1	0.0	0.0	0.0	-.6
Domestic Donations	225.3	0.0	2.7	1.5	0.0	0.0	34.2	186.9
Export Donations	269.4	20.2	100.8	10.0	0.0	.3	0.0	138.1
Storage and Handling	-2.7	0.0	0.0	0.0	0.0	0.0	.2	-2.9
Transportation	.9	0.0	0.0	0.0	0.0	0.0	.1	.8
Loan Deficiency Payments	29.8	-.4	27.3	0.0	0.0	-.4	0.0	3.3
Counter-Cyclical Payments	-22.0	.1	0.0	0.0	.1	0.0	0.0	-22.2
Direct Payments	4,967.9	-.3	-.1	0.0	0,0	-.2	0.0	4,968.5
ACRE Payment	12.1	0.0	0.0	0.0	0.0	0.0	0.0	12.1
Milk Income Loss Payments	.6	0.0	0.0	0.0	0.0	0.0	.6	0.0
Conservation Reserve Program	1,939.1	0.0	0.0	0.0	0.0	0.0	0.0	1,939.1
Other Conservation Program **b/**	28.7	0.0	0.0	0.0	0.0	0.0	0.0	28.7
Foreign Market Development Coop	31.9	0.0	0.0	0.0	0.0	0.0	0.0	31.9
Quality Samples Program	1.4	0.0	0.0	0.0	0.0	0.0	0.0	1.4
Noninsured Assistance Program	49.8	0.0	0.0	0.0	0.0	0.0	0.0	49.8
Market Access Program	207.1	0.0	0.0	0.0	0.0	0.0	0.0	207.1
Marketing Loan Write-offs	1.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0
Transfers to Other USDA Agencies	3,587.0	0.0	0.0	0.0	0.0	0.0	0.0	3,587.0
Other **c/**	-1,753.9	-6.3	5.3	-1.5	76.3	-.9	-.7	-1,826.1
Total Program Costs:	9,572.9	13.3	137.0	10.1	76.4	-1.2	34.4	9,302.9
Nonprogram Costs:								
Interest (net):								
Support and Related Costs	-58.6							
Export Credit Sales	0.0							
Loss in Interest Income	6.1							
Operating Expenses	6.5							
Total Nonprogram Costs	-46.0							
Total Net Realized Losses	9,526.9							

a/ Other commodities and programs include tobacco, soybean products, blended food products, vegetable oil products, sugar, wool, mohair, pulse crops, peanuts, honey and minor oilseeds.
b/ Other conservation programs include the Emergency Forestry Conservation Reserve Program and the Voluntary Public Habitat and Incentive Program.
c/ Other costs include upland cotton economic adjustment assistance payments, ocean transportation for export donations, and all other miscellaneous expense.

FY 2012 – ACTUAL (millions of dollars)

ITEM	TOTAL	Feed Grains and Product	Wheat and Products	Rice	Upland Cotton	Soybeans	Dairy Products	All Other Commodities and Programs a/
Program Costs:								
Domestic Donations	3.7	0.0	0.0	0.2	0.0	0.0	1.4	2.1
Export Donations	94.9	0.0	47.7	15.0	0.0	0.9	0.0	31.3
Storage and Handling	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.6
Loan Deficiency Payments	-1.1	-0.4	-0.5	0.0	0.0	0.0	0.0	-0.2
Counter-Cyclical Payments	-0.5	-0.2	0.0	-0.1	-0.2	0.0	0.0	0.0
Direct Payments	4,114.7	-0.1	-0.3	-0.3	-0.1	0	0.0	4,115.5
ACRE Payments	14.6	0.0	0.0	0.0	0.0	0.0	0.0	14.6
Milk Income Loss Payments	398.8	0.0	0.0	0.0	0.0	0.0	398.8	0.0
Conservation Reserve Program	1,763.8	0.0	0.0	0.0	0.0	0.0	0.0	1,763.8
Other Conservation Program **b/**	12.7	0.0	0.0	0.0	0.0	0.0	0.0	12.7
Foreign Market Development Coop	33.2	0.0	0.0	0.0	0.0	0.0	0.0	33.2
Quality Samples Program	1.3	0.0	0.0	0.0	0.0	0.0	0.0	1.3
Noninsured Assistance Program	233.6	0.0	0.0	0.0	0.0	0.0	0.0	233.6
Market Access Program	201.7	0.0	0.0	0.0	0.0	0.0	0.0	201.7
Marketing Loan Write-offs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers to Other USDA Agencies	3,833.4	0.0	0.0	0.0	0.0	0.0	0.0	3,833.4
Other **c/**	-1,497.6	136.4	213.4	64.6	62.7	17.4	-1.4	-1,990.7
Total Program Costs:	9,207.8	135.7	260.3	79.4	62.4	18.3	398.8	8,252.9

ITEM	TOTAL
Nonprogram Costs:	
Interest (net):	
Support and Related Costs	-64.1
Loss in Interest Income	2.4
Operating Expenses	9.6
Total Nonprogram Costs	-52.1
Total Net Realized Losses	9,155.7

a/ Other commodities and programs include soybean products, blended food products, vegetable oil products, wool, mohair, pulse crops, peanuts and minor oilseeds.
b/ Other conservation programs include Emergency Forestry Conservation Reserve Program and the Voluntary Public Habitat and Incentive Program.
c/ Other costs include upland cotton economic adjustment assistance payments, ocean transportation for export donations, and all other miscellaneous expense

FY 2013 - ESTIMATED (millions of dollars)

ITEM	TOTAL	Feed Grains and Product	Wheat and Products	Rice	Upland Cotton	Soybeans	Dairy Products	All Other Commodities and Programs a/
Program Costs:								
Export Donations	123.2	3.3	46.6	14.6	0.0	3 3	0.0	55.4
Storage and Handling	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.7
Direct Payments	4,954.5	2,248.3	1,067.7	415.0	581.8	556.0	0.0	85.7
ACRE Payments	52.0	5.5	40.1	1.5	0.0	4.8	0.0	0.1
Milk Income Loss Payments	370.0	0.0	0.0	0.0	0.0	0.0	370.0	0.0
Conservation Reserve Program	2,347.7	0.0	0.0	0.0	0.0	0.0	0.0	2,347.7
Other Conservation Program **b/**	6.1	0.0	0.0	0.0	0.0	0.0	0.0	6.1
Foreign Market Development Coop	34.7	0.0	0.0	0.0	0.0	0.0	0.0	34.7
Quality Samples Program	2.1	0.0	0.0	0.0	0.0	0.0	0.0	2.1
Noninsured Assistance Program	202.0	0.0	0.0	0.0	0.0	0.0	0.0	202.0
Market Access Program	202.6	0.0	0.0	0.0	0.0	0.0	0.0	202.6
Marketing Loan Write-offs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers to Other USDA Agencies	3,619.1	0.0	0.0	0.0	0.0	0.0	0.0	3,619.1
Other **c/**	614.4	-4.4	0.0	2.3	69.9	0.0	0.0	546.6
Total Program Costs:	12,529.1	2,252.7	1,154.4	433.4	651.7	564 1	370.0	7,102.8
Nonprogram Costs:								
Interest (net):								
Operating Expenses	9.8							
Total Nonprogram Costs	9.8							
Total Net Realized Losses	12,538.9							

a/ Other commodities and programs include soybean products, blended food products, vegetable oil products, pulse crops, peanuts and minor oilseeds.
b/ Other conservation program includes the Emergency Forestry Conservation Reserve Program.
c/ Other costs include upland cotton economic adjustment assistance payments, ocean transportation for export donations, and all other miscellaneous expense

FY 2014 - ESTIMATED (millions of dollars)

ITEM	TOTAL	Feed Grains and Product	Wheat and Products	Rice	Upland Cotton	Soybeans	Dairy Products	All Other Commodities and Programs a/
Program Costs:								
Domestic Donations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Export Donations	98.2	2.6	37.2	11.6	0.0	2.6	0.0	44.2
Storage and Handling	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	-0.5
Loan Deficiency Payments	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.9
Direct Payments	4,935.7	2,250.0	1,069.5	415.0	592.5	523.0	0.0	85.7
ACRE Payments	3.4	0.0	0.0	0.0	0.0	2.6	0.0	0.8
Conservation Reserve Program	2,159.6	0.0	0.0	0.0	0.0	0.0	0.0	2,159.6
Other Conservation Program **b/**	5.8	0.0	0.0	0.0	0.0	0.0	0.0	5.8
Foreign Market Development Coop	18.5	0.0	0.0	0.0	0.0	0.0	0.0	18.5
Quality Samples Program	2.1	0.0	0.0	0.0	0.0	0.0	0.0	2.1
Noninsured Assistance Program	145.6	0.0	0.0	0.0	0.0	0.0	0.0	145.6
Market Access Program	200.0	0.0	0.0	0.0	0.0	0.0	0.0	200.0
Transfers to Other USDA Agencies	3,727.5	0.0	0.0	0.0	0.0	0.0	0.0	3,727.5
Other **c/**	289.2	0.5	-0.1	0.2	113.2	9.7	37.4	128.3
Total Program Costs:	11,586.0	2,253.1	1,106.6	426.8	705.7	537 9	37.4	6,518.5
Nonprogram Costs:								
Interest (net):								
Support and Related Costs	-1.4							
Operating Expenses	11.8							
Total Nonprogram Costs	10.4							
Total Net Realized Losses	11,596.4							

a/ Other commodities and programs include soybean products, blended food products, vegetable oil products, wool, mohair, pulse crops, peanuts and minor oilseeds.
b/ Other conservation program includes the Emergency Forestry Conservation Reserve Program.
c/ Other costs include upland cotton economic adjustment assistance payments, ocean transportation for export donations, and all other miscellaneous expense

COMMODITY CREDIT CORPORATON
Farm Storage Facility Loans

Lead-Off Tabular Statement

2013 Estimate, Program Level	$308,500,000
Budget Estimate, 2014	308,500,000
Change in Appropriation	-

Summary of Increases and Decreases
(Dollars in Thousands)

	2011 Actual	2012 Change	2013 Change	2014 Change	2014 Estimate
Mandatory Appropriations:					
FFSL Program Level	$300,000	-	-	-	$300,000
SFSL Program Level	2,500	-	+6,000	-	8,500
Total, Program Level or Change	302,500	-	+6,000	-	$308,500

COMMODITY CREDIT CORPORATON
Farm Storage Facility Loans
Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2011 Actual Amount	2012 Actual Amount	2013 Estimate Amount	Change Amount	2014 Estimate Amount
Mandatory Appropriations:					
Program Level					
FSFL	$300,000	$300,000	$300,000	-	$300,000
SSFL	2,500	2,500	8,500	-	8,500
Subtotal Program Level	302,500	302,500	308,500	-	308,500
Subsidy Cost					
FSFL	-	-	-	-	-
SSFL	-	-	-	-	-
Subtotal Subsidy BA	-	-	-	-	-
Total Program Level Available	302,500	302,500	308,500	-	308,500
Lapsing Balances	-52,500	-102,500	-	-	-
Total Obligations (Program Level)	250,000	200,000	308,500	-	308,500

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2011 Actual Amount	2012 Actual Amount	2013 Estimate Amount	Change Amount	2014 Estimate Amount
Mandatory Appropriations:					
Program Level					
FSFL	$250,000	$200,000	$300,000	-	$300,000
SSFL	-	-	8,500	-	8,500
Subtotal Program Level Obligations	250,000	200,000	308,500	-	308,500
Subsidy Cost					
FSFL	-	-	-	-	-
SSFL	-	-	-	-	-
Subtotal Subsidy BA Obligations	-	-	-	-	-
Total Obligations	250,000	200,000	308,500	-	308,500
Lapsing Balances	52,500	102,500	-	-	-
Total Program Level	302,500	302,500	308,500	-	308,500

COMMODITY CREDIT CORPORATON
Farm Storage Facility Loans
Geographic Breakdown of Loan Obligations and Staff Years
Dollars in thousands

State/Territory	2011 Actual Amount	2012 Actual Amount	2013 Estimate Amount	2014 Estimate Amount
Alabama	$617	$634	$740	$740
Alaska	-	-	-	-
Arizona	$264	539	317	317
Arkansas	843	1,058	1,012	1,012
California	-	97	-	-
Colorado	1,028	292	1,234	1,234
Connecticut	54	106	65	65
Delaware	438	135	526	526
Florida	54	261	65	65
Georgia	379	1,392	455	455
Hawaii	-	-	-	-
Idaho	2,583	2,283	3,100	3,100
Illinois	26,449	20,745	31,739	31,739
Indiana	11,170	7,051	13,404	13,404
Iowa	42,603	39,446	51,124	51,124
Kansas	4,251	3,280	5,101	5,101
Kentucky	4,108	3,969	4,930	4,930
Louisiana	335	-	402	402
Maine	3,713	3,451	4,456	4,456
Maryland	723	573	868	868
Massachusetts	-	-	-	-
Michigan	5,040	4,550	6,048	6,048
Minnesota	41,577	33,238	49,892	49,892
Mississippi	772	1,076	926	926
Missouri	10,722	7,173	12,866	12,866
Montana	3,880	2,998	4,656	4,656
Nebraska	19,677	15,175	23,612	23,612
Nevada	162	340	194	194
New Hampshire	27	7	32	32
New Jersey	225	1,197	270	270
New Mexico	-	-	-	-
New York	3,432	2,108	4,118	4,118
North Carolina	573	737	688	688
North Dakota	12,644	7,261	15,173	15,173
Ohio	4,547	5,632	5,456	5,456
Oklahoma	618	350	741	741
Oregon	1,257	1,851	1,508	1,508
Pennsylvania	2,783	1,840	3,340	3,340
Rhode Island	-	-	-	-
South Carolina	571	810	685	685
South Dakota	26,832	15,698	32,198	32,198
Tennessee	959	878	1,151	1,151
Texas	536	311	643	643
Utah	577	74	692	692
Vermont	329	81	395	395
Virginia	1,609	2,111	1,931	1,931
Washington	757	100	908	908
West Virginia	54	123	65	65
Wisconsin	9,455	8,815	11,346	11,346
Wyoming	773	153	9,428	9,428
Undistributed	-	-	-	-
Obligations	250,000	200,000	308,500	308,500
Lapsing Balances	52,500	102,500	-	-
Total, Available	302,500	302,500	308,500	308,500

COMMODITY CREDIT CORPORATON

Farm Storage Facility Loans

Classification by Objects

(Dollars in thousands)

		2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Other Objects:					
41.0	Grants……………………………….	$250,000	$200,000	$308,500	$308,500
99.9	Total, new obligations..................	250,000	200,000	308,500	308,500

COMMODITY CREDIT CORPORATION

STATUS OF PROGRAM

Current Activities:

Commodity Loans Made and Outstanding
(Dollars in Billions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Loans Made	$10.1	$10.7	$9.1	$12.6	$12.0	$11.3	$9.5	$8.3	$7.2	$7.1	$5.7
Loans Outstanding	$1.6	$1.6	$1.8	$1.1	$1.5	$0.7	$0.6	$0.4	$0.7	$0.3	$0.4

FY 2012 Commodity Loans
(Dollars in Thousands)

Commodity	Loans Outstanding SOY	Loans Made	Loan Reductions	Loans Outstanding EOY
Cotton	$89,420	$2,065,048	$2,061,871	$92,597
Feed Grains	46,933	1,065,159	1,051,288	60,804
Minor Oilseeds	579	3,988	3,857	710
Peanuts	19,948	495,989	491,214	24,723
Rice	107,396	491,607	439,173	159,830
Soybeans	11,712	477,969	479,900	9,781
Sugar	0	959,537	959,537	0
Wheat	56,218	89,919	103,557	42,580
Other	3,117	10,398	9,473	4,042
Total	$335,323	$5,659,614	$5,599,870	$395,067

FY 2012 Counter-Cyclical, Direct and ACRE Payments
(Dollars in Thousands)

Commodity	Counter-Cyclical	Direct	ACRE
Barley	0	$62,836	$461
Corn	0	1,558,176	957
Minor Oilseeds	0	14,606	161
Oats	0	2,448	252
Peanuts	$10,291	55,766	1
Rice	0	323,671	2,232
Sorghum	0	148,791	3
Soybeans	0	433,234	0
Upland Cotton	1,069	464,790	0
Wheat	0	864,586	8,582
Other	0	0	0
Unidentified Commodity	-1,429	-91,443	-3,866
Lentils	0	0	742
Small Chickpeas	0	0	1,150
Dry Edible Peas	0	0	437
Total	$9,931	$3,837,461	$11,112

Other Payments Made Directly to Producers. The following table includes production flexibility payments, deficiency payments, loan deficiency payments, marketing loss assistance payments, and oilseed payments, but excludes direct and counter-cyclical payments.

Other Payments to Producers
(Dollars in Millions)

Commodity	2007	2008	2009	2010	2011	2012
Cotton	$115.9	$30.3	$215.5	$107.9	$77.1	$60.2
Dairy	156.6	2.2	756.9	181.5	0.6	403.2
Feed Grains	5.7	0	1.7	1.1	-0.7	-0.2
Minor Oilseeds	0	0	0	0	0	0
Rice	-0.2	0.1	0	0	0	0
Soybeans	45.8	0.1	0	0	-0.4	0
Wheat	0	-0.1	4.0	178.2	27.3	-0.4
Wool, Mohair and Pelts	7.2	5.8	8.5	8.0	3.2	.1
Other	26.1	0.3	0.7	0	0	0
Tobacco Payments						
Total Payments	**$357.1**	**$38.7**	**$987.3**	**$476.7**	**$107.1**	**$463.8**

Minus (-) indicates credit adjustment to the program.

Purchases. Some commodities are purchased directly from processors. Milk prices are supported through purchases of processed dairy products from processors. Purchases of dairy products, purchases of wheat and wheat products, corn, oats, peanuts, and vegetable oils for donations and purchases of grains, soybeans, and oilseeds on which loans are also made totaled $812.9 million, which is comprised entirely of cash purchases in FY 2012.

Noninsured Crop Disaster Assistance Program (NAP). NAP payments in 2012 totaled $253. 6 million, with offsetting fees collected of $21.1 million. Of the payments, $0.4 million was for the 2006-2009 crop, $2.9 million was for the 2010 crop, $238.6 million was for the 2011 crop, and $11.7 million was for the 2012 crop.

Emergency Assistance. CCC funding was provided for the following emergency programs in FY 2012.

FY 2012 Emergency Assistance
(Dollars in Thousands)

Program	FY 2012 Outlays
Crop Disaster Assistance	$-605
Livestock Assistance Program	0
Tree Assistance Program	218
Livestock Indemnity Program	0
Total	**-387**

Farm Bill-Authorized CCC Transfers, FY 2012
(Dollars in Thousands)

Agencies Receiving Transfers	FY 2012 Amount
Agricultural Marketing Service	$66,500
Animal and Plant Health Inspection Service	55,000
Office of Chief Economist	1,000
National Institute of Food and Agriculture	129,000
Departmental Administration	22,000
Food and Nutrition Service	20,600
Natural Resources Conservation Service	3,424,965
Risk Management Agency	6,000
Rural Development	87,000
Total	$3,812,065

Prompt Payment Act Interest Payments. Total interest paid on late payments during 2012 was $486,750 compared to $1,193,727 in 2011. Payments were late because of program documentation delays, high number of payments being processed during payment cycle, misplacement or mishandling of documentation at the local office, and computer system processing delays as reported by State and county offices.

Farm Storage Facility Loan Program (FSFL). For 2012, loan obligations totaled $200.0 million.

Sugar Storage Facility Loans. No loans were made in 2012.

COMMODITY EXPORT ACTIVITIES

The Corporation is authorized to promote the export of U.S. agricultural commodities and products through sales, payments, direct credit, credit guarantees, and the conduct of other activities related to the exportation of commodities. During 2012, CCC commercial export credit activities consisted of credit guarantees under the GSM-102 Export Credit Guarantee Program.

Direct Credit. From the beginning of the short-term export credit sales program in 1956 through September 30, 2005, sales of agricultural commodities amounted to approximately $9,649.2 million, with an additional $722.9 million in capitalized interest resulting from debt rescheduling. However, there has been no new program activity since 1987. There has been no amount outstanding under this program since September 30, 2010, and principal repayments from inception total $9,649.2 million.

CCC Export Credit Guarantees. During 2012, the following loan commitments were made under the CCC Export Sales Guarantee Programs.

Activity	FY 2012 Loan Commitments (Dollar in Thousands)
GSM-102, Short-term Guarantees	$4,131,834
Facilities Guarantee Program	0
Total	$4,131,834

On July 1, 2005, the guarantee fees (premium) charged under the export credit guarantee programs were changed from a flat fee basis to a country risk-based approach. The revised premium respond to a World Trade Organization dispute panel decision and are intended to remove any long-term subsidy component of the program, prospectively.

U.S. Agricultural Technical Expertise Provided to Emerging Markets. The Food, Agriculture, Conservation and Trade Act of 1990, as amended, authorizes for each fiscal year through 2012, a program for promoting agricultural exports to emerging markets through the sharing of U.S. agricultural technical expertise. Actual expenditures during 2012 totaled $6.6 million, which included prior year obligations.

Dairy Export Incentive Program (DEIP). The DEIP operates on a bid bonus system similar to the former Export Enhancement Program, with cash bonus payments. No payments were made in 2012, and no bonuses were awarded in 2012.

Bill Emerson Humanitarian Trust (BEHT). The BEHT is a commodity and/or monetary reserve designed to ensure that the United States can meet its international food assistance commitments under P.L. 480 Title II. Commodities or their cash equivalent that can be held in the reserve include wheat, corn, grain sorghum, and rice. Assets of the BEHT can be released any time the Administrator of the U.S. Agency for International Development determines that P.L. 480 Title II funding for emergency needs is inadequate to meet those needs in any fiscal year. When a BEHT release is authorized, the Trust's assets (whether commodities or funds) cover all commodity costs associated with the release. All non-commodity costs, including freight charges, internal transportation, storage, and handling overseas and certain administrative costs are paid by CCC. There were no donations in 2012.

STORAGE ACTIVITIES

The objectives of the Corporation in carrying out its storage program are to help producers finance needed storage facilities on their own farms and to make efficient use of commercial facilities in the storage of CCC-owned commodities.

Commercial Storage. The Corporation has contracts with about 2,500 commercial warehouse operators in over 6,700 locations in the United States for the storage of Government-owned and loan grain and rice, cotton, peanuts and processed commodities. The grain and rice facilities have a total capacity of about 9 billion bushels.

The capacities of the warehouses with CCC storage agreements in 2012 were as follows: 8.95 billion bushels of grain and rice; 21.4 million bales of cotton; 3.1 million short tons of peanuts; 14 billion pounds of sugar; 2.3 billion pounds of processed (dry); 4.2 million pounds of processed (freezer) and 4.0 million pounds of processed (cooler). In accordance with the Grain Standards and Warehouse Improvement Act of 2000, user fees are charged for warehouse examination services of all warehouses licensed under the United States Warehouse Act (USWA). Grain, rice, and cotton warehouses not licensed under the USWA may be assessed storage agreement fees; the collection of these fees is currently suspended.

SUPPLY AND FOREIGN PURCHASE ACTIVITIES

The Corporation is authorized to procure agricultural commodities in the U.S. and abroad for U.S. and foreign governmental agencies and entities, pursuant to sections 5(b) and (c) of its Charter Act, and Section 4 of the Act of July 16, 1943 (15 U.S.C. 713a-9).

ACQUISITION AND DISPOSAL ACTIVITIES

The Corporation acquires stocks of various farm products as a result of its support activities. Such acquisitions result from purchases from producers and processors and collateral acquisitions arising from loan operations. The inventory was reduced in 2012 from 2011. CCC's acquisition cost value on September 30, 2012, was $13.8 million, as compared to $52.8 million in 2011.

Summary of Dispositions. The Corporation moves substantial quantities of farm commodities into useful channels, both at home and abroad. The value (at acquisition cost) of commodities removed from CCC inventories in FY 2012 was $851.9 million, and sales proceeds were $753.2 million, with no certificate sales proceeds.

Commodity Inventories Owned by CCC
End of Year, Fiscal Years 1996-2012
(Dollars in Thousands)

	Cotton	Dairy	Feed Grains	Soybeans	Wheat	Other	Total
2012	0	0	0	0	0	$13,784	$13,784
2011	0	0	$4,725	0	0	48,046	52,771
2010	0	$6,081	355	0	$2,046	39,144	47,626
2009	0	184,499	3,696	0	3,534	13,478	205,207
2008	0	0	4,597	0	89	6,071	10,757
2007	$14,392	13,864	1,957	$3,316	144,136	7,321	184,986
2006	1,204	40,906	3,835	5,257	160,921	13,916	226,039
2005	633	95,197	4,724	37	173,281	30,314	304,186
2004	680	605,544	21,793	11	291,436	30,740	950,204
2003	27,076	1,325,207	29,673	3,606	291,731	306,863	1,984,156
2002	43,530	1,283,648	34,868	14,105	370,042	740,360	2,486,553
2001	10,400	866,800	45,500	15,700	403,700	942,807	2,284,907
2000	2,300	562,200	71,600	48,400	399,600	119,600	1,203,700
1999	2,600	206,400	42,300	25,100	425,700	11,200	713,300
1998	0	128,225	21,358	11,700	369,967	0	531,250
1997	100	23,047	7,300	0	346,334	21	376,802
1996	61	2,306	75,411	0	407,510	0	485,288

The following table shows the value of commodities disposed of during 2012:

(Dollar in Thousands)

Type of Disposition	Cost Value	Proceeds
Domestic Sales for Dollars	$73	$7,907
P.L. 480 (Export) Title I *	7,834	0
P.L. 480 (Export) Title II*	745,360	745,360
Domestic Certificate Redemption	0	0
Domestic Donations	3,738	0
Export Donations	94,852	0
Domestic Transfer to other Government Agencies	0	0
Domestic Inventory Adjustments and/or Recoveries	44	4
Subtotal Domestic Dispositions	3,855	7,911
Subtotal Export Dispositions	848,046	745,360
Total Dispositions	$851,901	$753,271

*****Proceeds represent the value of commodities charged to P.L. 480 and recorded as sales.

Explanation of Dispositions by Domestic Commercial Sales. For unrestricted use - Commodities acquired under support can be sold for unrestricted use domestically only at prices which are not below minimums prescribed by law. There are no similar minimums on sales of non storables.

For restricted use - Commodities may be sold for restricted uses or outlets at less than the minimums prescribed by law. These uses would include new or by-product uses, peanuts and oilseeds sold for extraction of oil, and commodities that have substantially deteriorated in quality or are in danger of loss or waste.

CONSERVATION
Conservation Activities in 2012

Program	Authorized Acres or Funding Level	(Dollars in Thousands) CCC Net Outlays	Transfer to NRCS
Conservation Reserve Program	32 million acres	$1,912,549	0
Emergency Forestry Conservation Reserve Program	$23.934 million	5,906	0
Wetlands Reserve Program	2.275 million acres	-4	$670,117
Voluntary Public Access & Habitat Incentives	$50 million	6,827	0
Environmental Quality Incentives Program	$1.450 billion	0	1,400,000
Farmland Protection Program	$150 million	0	150,000
Soil and Water Conservation Program	0	0	0
Agricultural Management Assistance Program	$15 million	0	2,500
Wildlife Habitat Incentives Program	$85 million	0	50,000
Conservation Security Program (terminated after September 30, 2008 by the Conservation Stewardship Program)	0	0	197,085
Grassland Reserve Program	1.220 million acres	0	66,737
Chesapeake Bay Watershed Program	$43 million	0	50,276
Conservation Stewardship Program	$230 million	0	768,500
Agricultural Water Enhancement Program	$73 million	0	60,000
Healthy Forests Reserve Program	$9.75 million	0	9,750
Total		**$1,925,278**	**$3,424,965**

(Authorized funding levels are based on the 2008 Farm Bill, P.L. 110-246, enacted June 18, 2008.)

FINANCING

Borrowing Authority. CCC operations are financed through borrowing from the U.S. Treasury. The 1988 Appropriations Act, P.L. 100-202, increased the statutory borrowing authority to $30 billion. As of September 30, 2012, $15 million of this authority was in use.

Reimbursement for Net Realized Losses. During 2012, the Corporation received $9,526.9 million for reimbursement of 2011 losses. As of September 30, 2012, unrestored realized losses totaled $9,155.7 million. These losses are financed by the Corporation's borrowing authority until reimbursed by appropriation.

Section 11 Activities. Section 161 of the 1996 Act amended Section 11 of the CCC Charter Act to limit the uses of CCC funds for reimbursable agreements and transfers and allotments of funds to State and Federal agencies. Starting 1997, total CCC funds used under that section in a fiscal year, including agreements for Automated Data Processing (ADP) or information technology management activities, were limited to the total of such allotments and transfers in 1995. The Section 11 cap was increased in 2001 from $36.2 million to $56.1 million to include Farm Service Agency loan service fees of nearly $20 million based on 1995 collection computations. Obligations in 2012 were $50.3 million.

Summary of CCC Activities for 2010 through 2012 (millions of dollars)

Item	2010 Actual	2011 Actual	2012 Actual
Loan Activity:			
Loans Outstanding, Beginning of Year	$414.0	$671.3	$335.3
Loans Made	7,189.6	7,103.3	5,659.6
Loans Repaid	-6,873.4	-7,434.6	-5,598.5
Loans Repaid – Certificates	-46.5	0	0
Marketing Loans Repaid	-1.8	-1.0	0
Collateral Acquired	-2.5	0	0
Write-offs	-2.3	-1.0	0
Transfers to Accounts Receivable	-5.7	-3.7	-1.3
Loans Outstanding, End of Year	671.4	335.3	395.1
Inventory Activity:			
Inventory, Beginning of Year	205.2	47.6	52.8
Commodity Purchases	893.7	981.8	812.9
Certificates from Loan Redemption	46.5	0	0
Collateral Acquired	2.5	0	0
Loan Collateral Settlements	.2	0	0
Processing, Packaging, etc.	17.3	3.0	0
Storage and Handling	(3.9)	(2.7)	(.6)
Transportation	(2.6)	(.9)	0
Other Transfers (net)	-12.8	-.8	0
Commodity Cost of Sales	-834.5	-485.7	753.3
Domestic Donations	-202.8	-225.3	3.7
Export Donations	-67.7	-269.4	94.9
Inventory, End of Year	47.6	52.8	13.8
Direct Cash Payments:			
Production Flexibility Payments a/	0	0	0
Direct Payments	4,898.1	4,745.1	3,837.5
Counter-Cyclical Payments	902.6	124.1	9.9
Loan Deficiency Payments	191.6	29.8	-.1
Milk Income Loss Payments	181.5	.5	403.2
Noninsured Assistance Payments a/	98.7	71.1	253.6
Conservation Reserve Payments	1,841.4	1,891.0	1,814.3
Other Conservation Payments	8.3	6.1	5.9
Other Payments	1,057.6	1,030.4	1,013.6
Total	9,178.8	7,898.1	7,337.9
Commodity Export Activities:			
CCC Export Credit Guarantee Programs			
(Program Level)	(3,090.0)	(4,123.3)	(4,131.8)
(Net Outlays)	65.2	115.5	42.1
Market Access Program			
(Program Level)	(200.00)	(200.00)	(200.0)
(Net Outlays)	202.3	210.1	204.2
Dairy Export Incentive Program			
(Program Level)	(2.4)	0	0
(Net Outlays)	20.1	0	0
Other:			
Realized Loss	15,089.2	9,526.9	9,155.7
Investment in Agricultural Commodities	719.0	388.1	408.9

a/ Reflects refunds of overpayments or accounting adjustments.
b/ Does not include fee collections.