2015 Explanatory Notes
Farm Service Agency

Contents

FARM SERVICE AGENCY

Purpose Statement

The Farm Service Agency (FSA) was established October 13, 1994, pursuant to the Department of Agriculture Reorganization Act of 1994, Public Law (P.L.) 103-354, as amended by the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127. FSA's mission is to deliver timely, effective programs and services to America's farmers and ranchers to support them in sustaining our Nation's vibrant agricultural economy, as well as to provide first-rate support for domestic and international food aid efforts. FSA provides the personnel to carry out many of the programs funded by the Commodity Credit Corporation (CCC) and is responsible for the overall coordination of budgetary and fiscal matters of the CCC.

FSA administers programs authorized by the Agricultural Act of 2014 (Public Law 113-79), commonly called the 2014 Farm Bill and a variety of other laws. Descriptions of the programs administered by FSA and funded by CCC appear in the CCC Purpose Statement of these Explanatory Notes. The following is a summary of FSA's programs and activities.

Farm Loan Programs: FSA's farm loan programs provide a safety net for farmers and ranchers temporarily unable to obtain sufficient credit elsewhere to finance their operations at reasonable rates and terms.

Most farm loan programs administered by FSA are authorized by the Consolidated Farm and Rural Development Act, P.L. 87-128, August 8, 1961, as amended. Subtitle A of this act authorizes direct and guaranteed farm ownership and conservation loans. Subtitle B authorizes direct and guaranteed operating loans. Subtitle C authorizes emergency loans. The Agriculture Credit Improvement Act of 1992, P.L. 102-554, establishes special assistance to qualified beginning farmers and ranchers to enable them to conduct viable farming and ranching operations. Indian Tribal Land Acquisition Loans and Indian Highly Fractionated Land Loans are authorized by Public Law 91-229, April 11, 1970, as amended.

The Agricultural Credit Insurance Fund Program Account was initiated in FY 1992, as required by the Federal Credit Reform Act of 1990. The account shows the direct loan obligations and guaranteed loan commitments of FSA's farm loan programs and the associated subsidy costs. Subsidy costs are obtained by estimating the net present value of the Government's cash flows resulting from direct and guaranteed loans made through this account.

The programs funded by this account are:

- **Farm Ownership Loans.** FSA makes direct and guaranteed loans for family farmers to purchase farmland; make capital improvements to a farm or ranch; restructure their debts, including utilizing their real estate equities to refinance heavy short-term debts; and make adjustments in their operations to comply with local sanitation and pollution abatement requirements, keep up with advances in agricultural technology, better utilize their land and labor resources, or meet changing market requirements.

  Loans are made for a term of 40 years or less. A direct loan may not exceed $300,000 and a guaranteed loan may not exceed $1,302,000, adjusted annually. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost of money to the Government plus up to 1 percent. However, loans to limited resource borrowers (farmers who need special supervision or who cannot afford the regular interest rate due to low income) bear interest of not more than one-half of the Treasury rate for marketable obligations with maturities of 5 years plus not more than 1 percentage point, with a minimum of 5 percent. Effective with the 2008 Farm Bill, interest rates for beginning farmer down-payment loans are established at 4 percentage points less than the regular borrower rate, with a minimum of 1.5 percent. The interest rate for guaranteed loans is negotiated by the lender and borrower.

At least 40 percent of the amounts appropriated for guaranteed farm ownership loans will be reserved for beginning farmers and ranchers during the first 6 months of the fiscal year. Also, at least 75 percent of the amount appropriated for direct farm ownership loans will be reserved for qualified beginning farmers and ranchers.

- **Farm Operating Loans.** Farm operating loans are targeted to family farmers unable to obtain credit from private sources at reasonable rates and terms and are accompanied by supervisory assistance in farm and financial management.

  Operating loans may be made for paying costs incident to reorganizing a farming system for more profitable operations; purchasing livestock, poultry, and farm equipment; purchasing feed, seed, fertilizer, insecticides, and farm supplies and meeting other essential operating expenses; financing land and water development, use, and conservation; and refinancing existing indebtedness. In FY 2013, FSA implemented the Microloan program. Microloans are direct farm operating loans with a shortened application process and reduced paperwork designed to meet the needs of smaller, non-traditional, and niche type operations.

  Farm operating loans are for periods of 1 to 7 years depending on loan purposes. The loan limit is $300,000 for a direct loan, $35,000 for a Microloan and $1,302,000, adjusted annually, for a guaranteed loan. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost of money to the Government plus up to 1 percent. However, loans to limited resource borrowers bear interest of not more than one-half of the Treasury rate for marketable obligations plus not more than 1 percentage point, with a floor of 5 percent. The interest rate for guaranteed loans is negotiated by the lender and borrower and may be subsidized under the interest assistance program.

  The Agricultural Credit Improvement Act of 1992, Public Law 102-554, requires at least 50 percent of the amounts available for direct farm operating loans be reserved for qualified beginning farmers and ranchers during the first 11 months of the fiscal year.

- **Emergency Loans.** Emergency loans are made available in designated areas (counties) and in contiguous counties where property damage and/or severe production losses have occurred as a direct result of a natural disaster. Areas may be declared a disaster by the President or designated for emergency loan assistance by the Secretary of Agriculture, or by the FSA Administrator for physical loss loans only.

  Emergency loans are made to established, eligible, family-size farms and ranches (including equine farms and ranches) and aquaculture operators who have suffered at least a 30 percent loss in crop production or a physical loss to livestock, livestock products, real estate, or chattel property. Partnerships and private domestic corporations and cooperatives may also qualify, provided they are primarily engaged in agricultural or aquaculture production. Loans may be made only for actual losses arising from natural disasters. A farmer who cannot receive credit elsewhere is eligible for an actual loss loan of up to $500,000 or the calculated actual loss, whichever is less, for each disaster, at an interest rate of 1 percent above the direct operating loan interest rate. Actual loss loans may be made to repair, restore, or replace damaged or destroyed farm property, livestock and livestock products, and supplies and to compensate for disaster-related loss of income based on reduced production of crops and/or livestock products. Eligible farmers may use actual loss loan funds to pay costs incident to reorganizing a farming system to make it a sound operation that is approximately equivalent in earning capacity to the operation conducted prior to the disaster. Under certain conditions, loan funds may be used to buy essential home equipment and furnishings and for limited refinancing of debts.

All emergency loans must be fully collateralized. The specific type of collateral may vary depending on the loan purpose, repayment ability, and the individual circumstances of the applicant. If applicants cannot provide adequate collateral, their repayment may be considered as collateral to secure the loan. Repayment terms for actual loss loans also vary according to the purposes of the loan, type of collateral available to secure the loan, and the projected repayment ability of the borrower. Loans for actual production or physical losses to crops, livestock, supplies, and equipment may be scheduled for repayment for up to 7 years. Under some conditions a longer repayment period may be authorized for production loss loans, but not to exceed 20 years. Generally, real estate will be needed as security when a loan term of more than 7 years is authorized. Loss loans for actual losses to real estate will generally be scheduled for repayment within 30 years but under some conditions may be scheduled for up to 40 years. Applications for emergency loans must be received within 8 months of the county's disasater or quarantine designation date.

- **Indian Tribal Land Acquisition Loans.** These loans allow Native Americans to repurchase tribal lands and maintain ownership for future generations. They are limited to acquisition of land within the defined boundaries of a tribe's reservation. To be eligible, a tribe must be recognized by the Secretary of the Interior or be a tribal corporation established pursuant to the Indian Reorganization Act. In addition, a tribe must be without adequate funds to acquire the needed land and be unable to obtain sufficient credit elsewhere for the purchase. The tribe must also have a satisfactory management and repayment plan. Loan interest rates are fixed for the life of the loan at the current interest rate charged by FSA on the loan closing date and are made for a period not to exceed 40 years.

- **Boll Weevil Eradication Loans.** Boll weevil eradication loans provide assistance to producer associations and State governmental agencies to eradicate boll weevils. Loans are made in major cotton producing States.

- **Credit Sales of Acquired Property.** Loans are authorized for the sale of security properties previously acquired by FSA during the servicing of its loan portfolio. Loans for sales of acquired property have been financed under the direct farm ownership loan program since separate funding for credit sales has not been appropriated.

- **Conservation Loans.** These are made as guaranteed loans to eligible borrowers to cover the cost of implementing qualified conservation projects. Loans for conservation projects must be part of a USDA-approved conservation plan. Eligible conservation plans may include projects for construction or establishment of conservation structures, forest and permanent cover, water conservation and waste management systems, improved permanent pasture, or other projects that comply with Section 1212 of the Food Security Act of 1985, and other purposes approved by the Secretary. Eligible borrowers include farmers, ranchers, and other entities controlled by farmers and ranchers and primarily and directly engaged in agricultural production. The program gives priority to qualified beginning farmers, ranchers, socially disadvantaged farmers or ranchers, owners or tenants who use the loans to convert to sustainable or organic agricultural production systems, and producers who use the loans to build conservation structures or establish conservation practices. Direct conservation loans have a maximum indebtedness of $300,000, and guaranteed loans have a maximum indebtedness of $1,302,000. The repayment term for direct conservation loans is a maximum of 7 years for loans secured by chattel and 20 years for real estate, unless the applicant requests a lesser term. The interest rate for direct conservation loans is equivalent to the direct farm ownership rate and the guaranteed conservation loans interest rate is determined by the lender. Loan guarantees are 75 percent of the principal amount of the loan, and loans are to be disbursed geographically to the maximum extent possible.

- **Indian Highly Fractionated Land Loans.** Provides direct loans to eligible purchasers of highly fractionated lands under relevant provisions of the Indian Land Consolidation Act. Eligible purchasers are Indian tribal members.

- **Beginning Farmer and Rancher Individual Development Grant Accounts.** Section 333 B of the Consolidated Farm and Rural Development Act authorizes an Individual Development Account Pilot Program of at least five years in duration in at least fifteen states, which provides for matching-funds savings accounts for beginning farmers or ranchers to be used for specified farming-related expenses. Eligible beginning farmers and ranchers lack significant assets and have an income that is either below 80 percent of their State's median or below 200 percent of their State's poverty income guidelines. Eligible participants cannot receive more than $6,000 in matching funds for each fiscal year of contract. Participants must also complete financial training established by a qualified entity.

State Mediation Grants: Section 502 of the Agricultural Credit Act of 1987, P.L. 100-233, authorized the Secretary of Agriculture to help States develop and operate mediation programs to assist agricultural producers, their creditors, and other persons directly affected by the actions of USDA in resolving disputes confidentially, efficiently, and cost effectively compared to administrative appeals, litigation, and bankruptcy. Under the program, FSA makes grants to States to support mediation programs established under State statute and certified by FSA. Grants can be up to $500,000 annually, or 70 percent of the State's cost of operating its program for the year. The 2014 Farm Bill extended the program through 2018.

Originally designed to address farm loan disputes, the program was expanded by the Department of Agriculture Reorganization Act of 1994, P.L. 103-354, to include other agricultural issues such as wetland determinations, conservation compliance, rural water loan programs, grazing on National forest system lands, and pesticides. Pursuant to the authority in this statute, the Secretary of Agriculture acted in 2000 to add USDA rural housing and business loans and crop insurance disputes to the list of issues that can be mediated.

The Grain Standards and Warehouse Improvement Act of 2000, P.L. 106-472, clarified that certified State programs can provide mediation training and consulting services to producers, lenders, and USDA agencies within the context of mediation for a specific case.

Farm Programs: The Agricultural Act of 2014 (Public Law 113-79), commonly called the 2014 Farm Bill, was signed by President Obama on February 7, 2014. The Act repeals certain programs, continues some programs with modifications, and authorizes several new programs administered by the Farm Service Agency (FSA). Most of these programs are authorized and funded through 2018.

OVERVIEW

- The **Direct and Counter-Cyclical Program** and the **Average Crop Revenue Election Program** are repealed and replaced by two new programs, Price Loss Coverage and Agricultural Risk Coverage. Upland cotton is the only “covered commodity” that is no longer eligible to participate in these programs, but rather, becomes eligible for the new Stacked Income Protection Plan (STAX) offered by the Risk Management Agency (RMA). Until STAX becomes available, upland cotton is eligible for transition payments made by FSA for 2014 and 2015 crops.

- The **Marketing Assistance Loan Program** and sugar loans continue mostly unchanged. The Milk Income Loss Contract Program continues through September 1, 2014, unless it is replaced by the Dairy Margin Protection Program prior to that date.

- The **Conservation Reserve Program (CRP**), USDA’s largest conservation program, continues through 2018 with an annually decreasing enrolled acreage cap. The contract portion of the Grassland Reserve Program enrollment has been merged with CRP. The Biomass Crop Assistance Program is extended and funded at $25 million per year.

- The **Noninsured Crop Disaster Assistance Program** has been expanded to include protection at higher coverage levels, similar to buy-up provisions offered under the federal crop insurance program. The Livestock Forage Disaster Program, the Livestock Indemnity Program, the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish, and the Tree Assistance Program are continued, with modifications. The Supplemental Revenue Assistance Program (SURE), which covered losses through September 30, 2011, is not reauthorized.

- The credit title of the 2014 Farm Bill improves the direct and guaranteed loan programs that provide many farmers and ranchers the opportunity to obtain the credit they need to begin and continue their operations. The changes in the 2014 Farm Bill provide FSA greater flexibility in determining eligibility, including expanded definitions of eligible entities, years of experience for farm ownership loans, and allowing youth loan applicants from urban areas to access loans. FSA's microloan and down payment loan programs, important to assisting beginning farmers, have been improved by raising loan limits and emphasizing beginning and socially disadvantaged producers. The 2014 Farm Bill also provides enhancements for lenders to participate in the guaranteed conservation loan program and eliminates term limits for the guaranteed operating program, allowing farmers and ranchers the opportunity for continued credit in cases where financial setbacks may have prevented them from obtaining commercial credit.

ADJUSTED GROSS INCOME: Adjusted gross income (AGI) provisions have been simplified and modified. Producers whose average AGI exceeds $900,000 during a crop, fiscal, or program year are not eligible to participate in most programs administered by FSA and the Natural Resources Conservation Service (NRCS). Previous AGI provisions distinguished between on-farm and nonfarm AGI.

PAYMENT LIMITATIONS: The total amount of payments received, directly and indirectly, by a person or legal entity (except joint ventures or general partnerships) for Price Loss Coverage, Agricultural Risk Coverage, marketing loan gains, and loan deficiency payments (other than for peanuts), may not exceed $125,000 per crop year. A person or legal entity that receives payments for peanuts has a separate $125,000 payment limitation. Separate payment limitations also apply for certain conservation programs.

Cotton transition payments are limited to $40,000 per year. For the livestock disaster programs, a total $125,000 annual limitation applies for payments under the Livestock Indemnity Program, the Livestock Forage Program, and the Emergency Assistance for Livestock, Honey Bees and Farm-Raised Fish Program. A separate $125,000 annual limitation applies to payments under the Tree Assistance Program.

ACTIVELY ENGAGED IN FARMING: Producers who participate in the Price Loss Coverage or Agricultural Risk Coverage programs are required to provide significant contributions to the farming operation to be considered as "actively engaged in farming." The 2014 Farm Bill requires the Secretary to promulgate regulations to define “significant contribution of active personal management” as part of this determination.

COMPLIANCE: The 2014 Farm Bill continues to require an acreage report for all cropland on the farm. The acreage report is required to be eligible for Price Loss Coverage; Agriculture Risk Coverage; transition assistance for producers of upland cotton; marketing assistance loans; and loan deficiency payments.

Compliance with Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) provisions continues to be required for participation in most FSA and NRCS programs. These provisions place restrictions on the planting of an agricultural commodity on highly erodible land or wetlands. Further, they prohibit the conversion of a wetland to make possible the production of an agricultural commodity.

The 2014 Farm Bill adds premium assistance for crop insurance as a benefit subject to compliance with HELC and WC provisions. New provisions are created for determinations, administration, and penalties relating to HELC and WC provisions that are unique to crop insurance. FSA will make HELC/WC eligibility determinations for crop insurance participants based on NRCS technical determinations of HELC/WC compliance.

PRICE LOSS COVERAGE (PLC) AND AGRICULTURAL RISK COVERAGE (ARC)

Base Reallocation and Yield Updates: Owners of farms that participate in PLC or ARC programs for the 2014-2018 crops have a one-time opportunity to: (1) maintain the farm's 2013 bases through 2018; or (2) reallocate base acres (excluding cotton bases). Covered commodities include wheat, oats, barley, corn, grain sorghum, rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed, dry peas, lentils, small chickpeas, and large chickpeas. Upland cotton is no longer considered a covered commodity, but the upland cotton base acres on the farm are renamed "generic" base acres. Producers may receive payments on generic base acres if those acres are planted to a covered commodity.

A producer also has the opportunity to update the counter-cyclical program payment yield for each covered commodity based on 90 percent of the farm's 2008-2012 average yield per planted acre, excluding any year when no acreage was planted to the covered commodity. Program payment yields are used to determine payment amounts for the Price Loss Coverage program.

Price Loss Coverage: Payments are issued when the effective price of a covered commodity is less than the respective reference price for that commodity established in the statute. The payment is equal to 85 percent of the base acres of the covered commodity times the difference between the reference price and the effective price times the program payment yield for the covered commodity.

County ARC: Payments are issued when the actual county crop revenue of a covered commodity is less than the ARC county guarantee for the covered commodity and are based on county data, not farm data. The ARC county guarantee equals 86 percent of the previous 5-year average national farm price, excluding the years with the highest and lowest price (the ARC guarantee price), times the 5-year average county yield, excluding the years with the highest and lowest yield (the ARC county guarantee yield). Both the guarantee and actual revenue are computed using base acres, not planted acres. The payment is equal to 85 percent of the base acres of the covered commodity times the difference between the county guarantee and the actual county crop revenue for the covered commodity. Payments may not exceed 10 percent of the benchmark county revenue (the ARC guarantee price times the ARC county guarantee yield).

Individual ARC: Payments are issued when the actual individual crop revenues, summed across all covered commodities on the farm, are less than ARC individual guarantees summed across those covered commodities on the farm. The farm for individual ARC purposes is the sum of the producer's interest in all ARC farms in the State. The farm's ARC individual guarantee equals 86 percent of the farm's individual benchmark guarantee, which is defined as the ARC guarantee price times the 5-year average individual yield, excluding the years with the highest and lowest yields, and summing across all crops on the farm. The actual revenue is computed in a similar fashion, with both the guarantee and actual revenue computed using planted acreage on the farm. The individual ARC payment equals: (a) 65 percent of the sum of the base acres of all covered commodities on the farm, times (b) the difference between the individual guarantee revenue and the actual individual crop revenue across all covered commodities planted on the farm. Payments may not exceed 10 percent of the individual benchmark revenue.

Election Required: All of the producers on a farm must make a one-time, unanimous election of: (1) PLC/County ARC on a covered-commodity-by-covered-commodity basis; or (2) Individual ARC for all covered commodities on the farm. If the producers on the farm elect PLC/County ARC, the producers must also make a one-time election to select which base acres on the farm are enrolled in PLC and which base acres are enrolled in County ARC. Alternatively, if Individual ARC is selected, then every covered commodity on the farm must participate in Individual ARC.

The election between ARC and PLC is made in 2014 and a producer cannot switch to ARC (from PLC), or vice versa, in subsequent years. If an election is not made in 2014, the farm may not participate in either PLC or ARC for the 2014 crop year and the producers on the farm are deemed to have elected PLC for subsequent crop years, but must still enroll their farm to receive coverage. If the sum of the base acres on a farm is 10 acres or less, the producer on that farm may not receive PLC or ARC payments, unless the producer is a socially disadvantaged farmer or rancher or is a limited resource farmer or rancher. Payments for PLC and ARC are issued after the end of the respective crop year, but not before October 1.

Producers enrolling in PLC, and who also participate in the Federal crop insurance program, may, beginning with the 2015 crop, make the annual choice whether to purchase additional crop insurance coverage called the Supplemental Coverage Option (SCO). SCO provides the producer the option of covering a portion of his or her crop insurance deductible and is based on expected county yields or revenue. The cost of SCO is subsidized and indemnities are determined by the yield or revenue loss for the county or area. SCO is not available to producers who enroll in ARC.

COTTON TRANSITION

For the 2014 crop year, transition payments are provided to cotton producers on farms that had cotton base acres in 2013. For the 2015 crop year, transition payments will only be offered in counties where STAX is unavailable. The transition payment is equal to 60 and 36.5 percent of the farm's 2013 cotton base acres for 2014 and 2015, respectively, times the farm's program payment yield times the transition rate provided in the statute.

MARKETING ASSISTANCE LOANS (MALS) AND SUGAR LOANS: The 2014 Act extends the authority for sugar loans for the 2014 through 2018 crop years and nonrecourse marketing assistance loans (MALs) and loan deficiency payment (LDPs) for the 2014-2018 crops of wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded and nongraded wool, mohair, honey, unshorn pelts and peanuts. Availability of loans for some commodities may be affected by appropriations language. Provisions are mostly unchanged from the 2008 farm bill, except marketing loan gains and loan deficiency payments are subject to payment limitations.

DAIRY PROGRAMS: The 2014 Act extends the Milk Income Loss Contract Program (MILC) from October 1, 2013, through the earlier of the date on which the Secretary certifies that the Dairy Margin Protection Program is operational or September 1, 2014. Dairy producers who were enrolled in 2013 do not need to re-apply. MILC payments are issued when the Boston Class I milk price falls below $16.94 per hundredweight (cwt), as adjusted by a dairy feed ration formula.

The Dairy Margin Protection Program replaces MILC and will be effective not later than September 1, 2014, through December 31, 2018. The margin protection program offers dairy producers: (1) catastrophic coverage, at no cost to the producer, other than an annual $100 administrative fee; and (2) various levels of buy-up coverage. Catastrophic coverage provides payments to participating producers when the national dairy production margin is less than $4.00 per hundredweight (cwt). The national dairy production margin is the difference between the all-milk price and average feed costs. Producers may purchase buy-up coverage that provides payments when margins are between $4.00 and $8.00 per cwt. To participate in buy-up coverage, a producer must pay a premium that varies with the level of protection the producer elects.

In addition, the 2014 Act creates the Dairy Product Donation Program. This program is triggered in times of low operating margins for dairy producers, and requires USDA to purchase dairy products for donation to food banks and other feeding programs.

DAIRY IDEMNITY PAYMENT PROGRAM (DIPP)

The program provides payments to dairy producers when a public regulatory agency directs them to remove their raw milk from the commercial market because it has been contaminated by pesticides and other residues.

CONSERVATION RESERVE PROGRAM (CRP)

The 2014 Act continues CRP with modifications. The acreage cap is gradually lowered to 24 million acres for fiscal years 2017 and 2018. The requirement to reduce rental payments under emergency haying and grazing is eliminated. Rental payment reductions of not less than 25 percent are required for managed haying and grazing.

Producers are also given the opportunity for an "early-out" from their CRP contracts, but only in fiscal year 2015. The rental payment portion of the Grassland Reserve Program enrollment has been incorporated into the CRP.

The Transition Incentive Program (TIP) continues to allow for the transition of CRP land to a beginning or socially disadvantaged farmer or rancher so land can be returned to sustainable grazing or crop production. TIP now includes eligibility for military veterans (i.e., "veteran farmers").

BIOMASS CROP ASSISTANCE PROGRAM (BCAP)

BCAP provides incentives to farmers, ranchers and forest landowners to establish, cultivate and harvest eligible biomass for heat, power, bio-based products, research and advanced biofuels. Crop producers and bioenergy facilities can team together to submit proposals to USDA for selection as a BCAP project area. BCAP has been extended through 2018 and is funded at $25 million per fiscal year.

NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)

NAP has been expanded to include buy-up protection, similar to buy-up provisions offered under the federal crop insurance program. Producers may elect coverage for each individual crop between 50 and 65 percent, in 5 percent increments, at 100 percent of the average market price. Producers also pay a fixed premium equal to 5.25 percent of the liability. The waiver of service fees has been expanded from just limited resource farmers also to include beginning farmers and socially disadvantaged farmers. The premiums for buy-up coverage are reduced by 50 percent for those same farmers. NAP coverage is expanded to include crops grown expressly for the purpose of producing a feedstock for renewable biofuel, renewable electricity, or biobased products. NAP is also made available to producers that suffered a loss to a 2012 annual fruit crop grown on a bush or tree in a county declared a disaster by the Secretary due to a freeze or frost. Grazing land is not eligible for buy-up coverage.

REIMBURSEMENT TRANSPORTATION COST PAYMENT PROGRAM (RTCP) FOR GEOGRAPHICALLY DISADVANTAGED FARMERS AND RANCHERS

The RTCP is re-authorized to provide assistance to geographically disadvantaged farmers and ranchers for a portion of the transportation cost of certain agricultural commodities or inputs.

EMERGENCY LOANS

A Secretarial disaster designation or a Presidential declaration provides producers with emergency loans to help cover the recovery costs for physical and production losses. Farm bill revisions expand the type of entities eligible for loans.

FARM OPERATING LOANS AND MICROLOANS

Farm Operating Direct and Guaranteed Loan Programs provide low-interest financing for producers to purchase farm and ranch operating inputs. FSA is authorized to implement the program through the Consolidated Farm and Rural Development Act, often referred to as the Con Act. The 2014 Farm Bill revisions expand the types of entities eligible, provide favorable interest rates for joint financing arrangements, increase loan limits for microloans, make youth loans available in urban areas, and eliminate term limits for guaranteed operating loans.

FARM OWNERSHIP LOANS

Farm Ownership Direct and Guaranteed Loan Programs provide low-interest financing for producers to purchase farms and ranches and other real estate related needs. FSA is authorized to implement the program through the Consolidated Farm and Rural Development Act, often referred to as the Con Act. The 2014 Farm Bill revisions expand the types of entities eligible, provide favorable interest rates for joint financing arrangements, provide a larger percent guarantee on guaranteed conservation loans, increase the loan limits for the down payment program, and authorize a relending program to assist Native American producers purchase fractionated interests of land.

DISASTER PROGRAMS

The following four disaster programs authorized by the 2008 farm bill have been extended indefinitely (beyond the horizon of the 2014 Farm Bill). The programs are made retroactive to Oct. 1, 2011. Producers are no longer required to purchase crop insurance or NAP coverage to be eligible for these programs (the risk management purchase requirement) as mandated by the 2008 farm bill.

- **Livestock Forage Disaster Program (LFP):** provides compensation to eligible livestock producers that have suffered grazing losses due to drought or fire on land that is native or improved pastureland with permanent vegetative cover or that is planted specifically for grazing. LFP payments for drought are equal to 60 percent of the monthly feed cost for up to 5 months, depending upon the severity of the drought. LFP payments for fire on federally managed rangeland are equal to 50 percent of the monthly feed cost for the number of days the producer is prohibited from grazing the managed rangeland, not to exceed 180 calendar days.

- **Livestock Indemnity Program (LIP):** provides benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather or by attacks by animals reintroduced into the wild by the Federal Government. LIP payments are equal to 75 percent of the average fair market value of the livestock.

- **Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP):** provides emergency assistance to eligible producers of livestock, honeybees and farm-raised fish for losses due to disease (including cattle tick fever), adverse weather, or other conditions, such as blizzards and wildfires, not covered by LFP and LIP. Total payments are capped at $20 million in a fiscal year.

- **Tree Assistance Program (TAP):** provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines damaged by natural disasters.

FEEDSTOCK FLEXIBILITY PROGRAM (FFP)

FFP is continued through fiscal year 2018. Congress reauthorized the FFP in the 2014 Farm Bill, allowing for the purchase of sugar to be sold for the production of bioenergy in order to avoid forfeitures of sugar loan collateral under the Sugar Program.

NON-FARM BILL PROGRAMS

The following programs continue under laws other than the 2014 Farm Bill.

Emergency Conservation Program (ECP)

ECP is authorized by Title IV of the Agricultural Credit Act of 1978, Section 401 (P.L. 95-334)(16 U.S.C. 2201). ECP provides emergency cost-share assistance to farmers and ranchers to help rehabilitate farmland and ranchland damaged by natural disasters and to carry out water conservation measures during periods of severe drought. Cost-share assistance may be offered only for emergency conservation practices to restore land to a condition similar to that existing prior to the natural disaster.

Emergency Forest Restoration Program (EFRP)

EFRP is authorized by Title IV of the Agricultural Credit Act of 1978, Section 407 (16 U.S.C. 2206). EFRP was established to provide financial and technical assistance to owners of non-industrial private forest land damaged by natural disaster to carry out emergency measures to restore damaged forests and rehabilitate forest resources.

Farm Storage Facility Loan Program (FSFL)

FSFL provides low-interest financing for producers to build or upgrade farm storage and handling facilities.

Sugar Storage Facility Loan Program (SSFL)

SSFL provides low-interest financing for processors to build or upgrade farm storage and handling facilities for raw or refined sugar.

Commercial Warehouse Activities: Under the United States Warehouse Act (USWA), first enacted in 1916 and reauthorized by the Grain Standards and Warehouse Improvement Act of 2000, P.L. 106-472, FSA operates a nationwide, voluntary program, under which FSA licenses warehouse operators who store agricultural products. Under the USWA, FSA also licenses qualified persons to sample, inspect, weigh, and grade agricultural products. Entities which receive a USWA license must meet minimum financial standards and maintain physical warehouse facilities capable of handling and storing applicable agricultural commodities. In order to ensure compliance with the provisions of these licenses, FSA periodically makes unannounced examinations of the license holders. The USWA authorizes the use of user fees to cover the costs of administering that Act. Warehouses engaged in export food aid operations are now required to be licensed under the USWA and are also subject to a licensing fee structure and unannounced warehouse examinations.

Domestic and Export Commodity Procurement Activities: Procurement activities are governed by the following legislation: National School Lunch Act, Sections 6(a) and (e), 13 and 17; Emergency Food Assistance Act of 1983, as amended; Agricultural Trade Development and Assistance Act of 1954 (Public Law 83-480, Title II), as amended; Food for Progress Act of 1985, as amended; the Food, Conservation, and Energy Act of 2008, and the Agricultural Act of 1949, Section 416(b), as amended.

- **Domestic Nutrition and Feeding Programs.** FSA procures commodities for domestic food programs administered by the Food and Nutrition Service. These programs include the National School Lunch Program; elderly, disaster, and emergency feeding programs; food aid to Native Americans living on reservations; and other programs that help individuals in need. FSA also donates surplus Government-owned commodities for use in feeding programs, using CCC authority, when these products are available.

- **Foreign Food-Aid Humanitarian and Developmental Assistance Programs.** FSA procures commodities for overseas humanitarian and developmental use for the Food for Progress and Section 416(b) programs, the McGovern-Dole International Food for Education and Child Nutrition Program, and under P.L 480.

- **Surplus Removal and Disaster and Food Assistance Programs.** FSA procures commodities under Executive Order and congressional mandate for surplus removal and disaster and food assistance programs. In response to natural disasters, FSA distributes Government-owned food from warehouses and may make special purchases of food as part of the disaster relief effort.

AGENCY STRUCTURE: FSA delivers its programs through more than 2,100 USDA Service Centers, 50 State offices, and an area office in Puerto Rico. FSA has headquarters offices in Washington, DC, two field offices in Kansas City, an office in Salt Lake City, and a field office in St. Louis servicing farm loan programs. Personnel at the Washington headquarters office are responsible for program policy decisions, program design, and program oversight. Personnel at the Washington headquarters office and the Kansas City complex are responsible for financial management, IT support for program delivery, and commodity operations.

FSA's permanent, full-time, end-of-year Federal employment as of September 30, 2013, was 4,135. FSA non-Federal permanent employment in USDA Service Centers was 7,355. The total number of Federal and non-Federal permanent full time positions in the Washington , DC headquarters office was 1,303 and the total number in the field offices was 10,187.

.

OIG Reports – Completed

03401-0002-11	07/26/13	FSA Financial Statements for Years 2012 and 2011
03601-0011-AT	11/14/12	Minority Participation in FSA's Farm Loan Programs
03601-0017-CH	01/17/14	Controls Over Guaranteed Farm Loan Interest Rates and Interest Assistance
03601-0051-TE	11/14/12	CRP – Soil Rental Rates
06401-0024-FM	08/08/13	CCC Financial Statements for Fiscal Years 2009 and 2008
06401-0025-FM	08/08/13	CCC Financial Statements for Fiscal Years 2010 and 2009
06401-0002-11	11/09/12	CCC Financial Statements for Fiscal Years 2012 and 2011
06401-0003-11	12/05/13	CCC Financial Statements for Fiscal Years 2013 and 2012

OIG Reports – In Progress

03401-0003-11	FSA Accounting for FY 2013
03601-0001-22	FSA Compliance Activities
03601-0002-22	FSA Economic Adjustment Assistance to Users of Upland Cotton
03601-0018-CH	FSA Farm Loan Security
03601-0023-KC	2005 Hurricane Relief Initiatives: LIP and FIP
03601-0028-KC	Biomass Crop Assistance – Collection, Harvest, Storage and Transportation Matching Payments Program
03702-0001-13	Review of FSA Disaster Assistance Program Databases
03702-0001-31	Noninsured Crop Disaster Assistance Program
03702-000132	Livestock Forage Program
06401-0020-FM	CCC Financial Statements for Fiscal Years 2005 and 2004
50601-0003-31	Beginning Farmers and Ranchers (multiple Agencies)
50601-0014-AT	Effectiveness and Enforcement of Suspension and Debarment Regulations *(OCFO is lead; however, FSA has outstanding recommendations)*
50601-0015-KC	NASS Establishments of Average Yields *(NASS is lead, however, FSA has an outstanding recommendation)*

GAO Reports – Completed

GAO-13-0503	11/22/13	USDA Needs to Do More to Prevent Improper Payments to Deceased Individuals
GAO-13-0741	10/31/13	USDA Additional Steps Needed to Help Prevent Payments to Participants Whose Incomes Exceeds Limits

GAO Reports – In Progress

320968	Emergency Food Aid
361465	Potential Overlap and Duplication Among Federal Farm Safety Net Programs
GAO-13-0781	Changes Are Needed to Eligibility Requirements for Being Actively Involved in Farming

FARM SERVICE AGENCY

Available Funds and Staff Years
(Dollars in thousands)

Item	2012 Actual		2013 Actual		2014 Estimate		2015 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Salaries and Expenses:								
Discretionary Appropriations	$1,198,966	9,321	$1,208,290	9,242	$1,177,926	9,721	$1,139,323	8,625
ACIF Program Account:								
FSA S&E Transfer	289,728	2,325	282,143	2,151	306,998	2,411	306,998	2,688
Subsidy	$108,213	-	97,970	-	90,014	-	78,728	-
Individual Development Account Grants	-	-	-	-	-	-	2,500	-
Admin. Expenses Non-Recoverable Loan Costs	$7,904	-	7,920	-	7,721	-	7,920	-
State Mediation Grants	$3,759	-	4,369	-	3,782	-	3,404	-
Grassroots Source Water Protection Program	$3,817	-	5,500	-	5,526	-	-	-
Subtotal Appropriations	1,612,387	11,646	1,606,192	11,393	1,591,967	12,132	1,538,873	11,313
Rescission								
FSA S&E	-	-	-32,720	-	-	-	-	-
State Mediation Grants	-	-	-119	-	-	-	-	-
Grassroots Source Water Program	-	-	-149	-	-	-	-	-
Agricultural Credit Insurance Fund Program Account	-	-	-2,867	-	-	-	-	-
Sequestration								
FSA S&E	-	-	-60,315	-	-	-	-	-
State Mediation Grants	-	-	-189	-	-	-	-	-
Grassroots Source Water Program	-	-	-192	-	-	-	-	-
Agricultural Credit Insurance Fund Program Account	-	-	-5,841	-	-	-	-	-
Credit Reform Transfers:								
CCC Export Loans Program Account	355	2	327	2	354	2	354	2
P.L. 480 Program Account	2,500	20	2,604	21	2,735	21	2,528	21
Congresssional Relations	146	-	135	-	-	-	-	-
Adjusted Appropriation	1,615,388	11,668	1,506,866	11,416	1,595,056	12,155	1,541,755	11,336
Balance Available, SOY	18,037	-	31,909	-	-	-	-	-
Other Adjustments (Net)	12,912	-	1,699	-	-	-	-	-
Total Available	1,646,337	11,668	1,540,474	11,416	1,595,056	12,155	1,541,755	11,336
Lapsing Balances	-9,379	-	-7,041	-	-	-	-	-
Balance Available, EOY	-23,008	-	-48,630	-	-	-	-	-
Obligations	1,613,950	11,668	1,484,803	11,416	1,595,056	12,155	1,541,755	11,336
Subtotal Obligations, FSA	1,613,950	11,668	1,484,803	11,416	1,595,056	12,155	1,541,755	11,336
Obligations under other USDA appropriations:								
Foreign Agricultural Service	4,563	31	4,305	30	4,407	30	4,407	30
Risk Management Agency	2,266	18	2,180	11	2,288	11	2,288	11
Food & Nutrition Service	2,100	24	2,733	27	2,426	25	230	2
Agricultural Marketing Service	500	4	669	6	530	5	400	3
Forest Service	394	-	0	-	0	-	0	-
Natural Resources Conservation Service	33,152	18	42,329	18	1,850	18	1,850	18
Rural Development	6,199	-	7,639	-	75	-	75	-
Flying Contracts	10,570	3	10,833	3	8,763	3	8,763	3
CCC Section 714 CRP	43,164	531	22,041	297	-	-	-	-
CCC to Administer P.L. 480 Title II Grants	9,559	84	6,639	44	8,613	73	8,613	73
Miscellaneous	7,645	25	13,390	14	11,988	17	5,827	2
Total, Other USDA	120,112	738	112,758	450	40,940	182	32,453	142
Total, Agriculture Appropriations	1,734,062	12,406	1,597,561	11,866	1,635,996	12,337	1,574,208	11,478
Other Federal Funds:								
Sale of Aerial Photographs	134	2	14	-	-	-	-	-
Total, Other Federal	134	2	14	-	-	-	-	-
Non-Federal Funds								
Loan Service Fee Financing	2,459	33	1,913	26	1,958	27	1,958	27
Producer Measurement Service	528	7	490	7	660	9	660	9
Warehouse Examinations	4,546	42	4,100	43	4,100	43	4,100	43
Sale of Aerial Photographs	193	6	-		-		-	
Total, Non-Federal	7,726	88	6,503	76	6,718	79	6,718	79
Total, FSA	1,741,922	12,496	1,604,078	11,942	1,642,714	12,416	1,580,926	11,557

FARM SERVICE AGENCY

Permanent Positions by Grade and Staff Year Summary

2012 and 2013 Actuals and Estimated 2014 and 2015

Item	2012 Actual			2013 Actual			2014 Estimate			2015 Estimate		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive Service…………	10	0	10	13	0	13	13	0	13	13	0	13
Senior Level………………………..	1	0	1	0	0	0	0	0	0	0	0	0
GS 15………………………………..	62	4	66	59	3	62	53	3	56	53	3	56
GS 14………………………………..	154	7	161	147	7	154	140	6	146	140	6	146
GS 13………………………………..	340	419	759	349	414	763	335	385	720	335	385	720
GS 12………………………………..	358	1,034	1,392	331	999	1,330	303	978	1,281	303	978	1,281
GS 11………………………………..	43	641	684	37	630	667	32	596	628	32	596	628
GS 10………………………………..	1	1	2	1	0	1	0	0	0	0	0	0
GS 9………………………………….	39	209	248	37	181	218	30	185	215	30	185	215
GS 8………………………………….	36	28	64	35	25	60	35	25	60	35	25	60
GS 7………………………………….	76	765	841	58	724	782	58	724	782	58	724	782
GS 6………………………………….	14	51	65	12	41	53	12	41	53	12	41	53
GS 5………………………………….	7	17	24	5	11	16	5	11	16	5	11	16
GS 4………………………………….	0	3	3	0	0	0	0	0	0	0	0	0
GS 3………………………………….	1	0	1	0	0	0	0	0	0	0	0	0
GS 2………………………………….	0	1	1	0	0	0	0	0	0	0	0	0
Other Graded Positions...........................	0	0	0	10	0	10	0	0	0	0	0	0
Total Permanent Positions.......................	1,142	3,180	4,322	1,094	3,035	4,129	1,016	2,954	3,970	1,016	2,954	3,970
Total, Permanent Full-Time Employment, end-of-year..	1,142	3,180	4,322	1,094	3,035	4,135	1,016	2,954	3,970	1,016	2,954	3,970
Staff-Year Estimate.................................	1,377	3,111	4,488	1,329	2,920	4,249	1,407	3,029	4,436	1,221	3,171	4,392

FARM SERVICE AGENCY
Size, Composition, and Cost of Motor Vehicle Fleet

1/ The passenger motor vehicles are used by County Level Employees - County Executive Directors, Program Technicans, Farm Loan Managers, Farm Loan Officers, Real Estate Appraisers and Farm Loan Program Technicans as well as State Office Level Employees – State Executive Directors, Program Chiefs and Program Specialists, County Office Reviewers (COR), Adminstrative Officers/Executive Officers and Administrative Specialists.

FSA county level employees use vehicles to meet with farmers and ranchers on-site at their operations to perform a variety of functions to deliver Farm Programs and Farm Loan Programs (FLP) services. County level employees of FSA conduct on-site program compliance and crop inspections; real estate appraisals and inspections; and chattel appraisals and inspections. FLP employees will meet on-site with farmers and ranchers to develop projected and actual cash flows as part of the loan making and loan servicing processes. County level FSA employees use vehicles to attend outreach functions, other public meetings, attend training and travel between county offices while on detail or performing duties in shared management office situations. State office level employees use vehicles to attend outreach functions, public meetings, attend and perform training. They also travel to county offices to meet with county office employees and perform administrative and program functions and review.

2/ Changes to the motor vehicle fleet.

The net decrease of 26 vehicles is the result of a correction made by GSA to remove Rural Development (RD) vehicles they had mistakenly assigned to FSA in the GSA inventory system.

3/ Replacement of passenger motor vehicles. There are no replacement vehicles

4/ Impediments to managing the motor vehicle fleet. There are no identified impediments to managing the motor vehicle fleet in the most cost-effective manner.

5/

Fiscal Year	Number of Vehicles by Type *								Annual Operating Costs ($ in 000) **
	Sedans and Station Wagons	Light Trucks, SUVs, and Vans		Medium Duty Vehicles	Ambu-lances	Buses	Heavy Duty Vehicles	Total Number of Vehicles	
		4X2	4X4						
2012	376	157	218	4	-	-	2	757	$4,799
Change	+109	+41	-217	+43	-	-	-2	-26	-3,359
2013	485	198	1	47	-	-	0	731	1,440
Change	-	-	-	-	-	-	-	-	-
2014	485	198	1	47			0	731	1,440
Change	-	-	-	-	-	-	-	-	-
2015	485	198	1	47			0	731	1,440

* Numbers include vehicles owned by the agency and leased from commercial sources or GSA.

** Excludes acquisiton costs and gains from sale of vehicles as shown in FAST.

Notes: The reason for the 75% reduction in FSA motor vehicles' operating costs from Fiscal Year 2012 to Fiscal Year 2013 is that for 2013, the GSA leased vehicles portion of the operating costs did not upload into the annual report in the Federal Automotive Statistical Tool (FAST).

FARM SERVICE AGENCY

The estimates include appropriation language for this item as follows (new language underscored: deleted matter enclosed in brackets):

Salaries and Expenses (Including Transfers of Funds):

For necessary expenses of the Farm Service Agency, [$1,177,926,000] $1,139,323,000. Provided, That the Secretary is authorized to use the services, facilities, and authorities (but not the funds) of the Commodity Credit Corporation to make program payments for all programs administered by the Agency: Provided further, That other funds made available to the Agency for authorized activities may be advanced to and merged with this account: Provided further, That funds made available to county committees shall remain available until expended.

.

FARM SERVICE AGENCY

Lead-Off Tabular Statement

Salaries and Expenses

Budget Estimate, 2015	$1,449,203,000
2014 Enacted	1,488,013,000
Change in Appropriation	-38,810,000

FARM SERVICE AGENCY

Summary of Increases and Decreases
(Dollars in thousands)

Program	2012 Actual	2013 Change	2014 Change	2015 Change	2015 Estimate
Discretionary Appropriation:					
Farm Loan Programs……….……………………	$289,728	$-8,164	$+25,434	0	$306,998
Income Support and Disaster Assistance……….	869,423	-60,578	+45,950	-$28,719	826,076
Conservation Programs…………………………...	306,461	-21,258	+15,563	-10,091	290,675
Commodity Operations…………….……………	25,937	-1,799	+1,316	+0	25,454
Total	1,491,549	-91,799	+88,263	-38,810	1,449,203

FARM SERVICE AGENCY

Project Statement
Detailed Staff Year (SYs) Appropriations
(Dollars in thousands)

Program	2012 Actual		2013 Actual		2014 Estimate		Inc. or Dec		2015 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Farm Loan Programs	$289,728	2,325	$281,564	2,151	$306,998	2,411	-	+366	$306,998	2,688
Income Support and Disaster Assistance	869,423	7,307	808,845	6,797	854,795	7,168	$-28,719	-875	826,076	6,343
Conservation Programs	306,461	1,952	285,203	2,388	300,766	2,493	-10,091	-304	290,675	2,228
Commodity Operations	25,937	84	24,138	80	25,454	83	+0	-6	25,454	77
Total Adjusted Approp	1,491,549	11,668	1,399,750	11,416	1,488,013	12,155	-38,810 (1)	-819	1,449,203	11,336
Rescissions and Transfers:										
Program Transfers	-292,583	-	-284,494	-2,174	-310,087	-2,434	+207	-277	-309,880	-2,711
Rescission	-	-	32,720	-	-	-	-	-	-	-
Sequestration	-	-	60,315	-	-	-	-	-	-	-
Total Appropriation	1,198,966	11,668	1,208,291	9,242	1,177,926	9,721	-38,603	-1,096	1,139,323	8,625
Transfers In:										
Cong. Relations	146	-	135	-	-	-	-	-	-	-
Credit Reform Transfers	292,583	-	284,494	2,174	310,087	2,434	-207	+277	309,880	2,711
Subtotal	292,729	-	284,629	2,174	310,087	2,434	-207	+277	309,880	2,711
Rescission	-	-	-32,720	-	-	-	-	-	-	-
Sequestration	-	-	-60,315	-	-	-	-	-	-	-
Bal. Available, SOY	18,037	-	31,909	-	-	-	-	-	-	-
Recoveries, Other (Net)	12,912	-	1,699	-	-	-	-	-	-	-
Total Available	1,522,644		1,433,493	11,416	1,488,013	12,155	-38,810	-819	1,449,203	11,336
Lapsing Balances	-9,379	-	-7,041	-	-	-	-	-	-	-
Bal. Available, EOY	-23,008	-	-48,630	-	-	-	-	-	-	-
Total Obligations	1,490,257	11,668	1,377,822	11,416	1,488,013	12,155	-38,810	-819	1,449,203	11,336

FARM SERVICE AGENCY

Project Statement
Obligations Detail and Staff Years (SYs)
(Dollars in thousands)

Program	2012 Actual		2013 Actual		2014 Estimate		Change		2015 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Farm Loan Program………..........................	$289,728	2,325	$281,564	2,151	$306,998	2,411	-	+277	$306,998	2,688
Income Support & Disaster Assistance..........	868,464	7,307	792,494	6,797	854,795	7,168	-$28,719	-825	826,076	6,343
Conservation Programs………………………	306,154	1,952	278,444	2,388	300,766	2,493	-10,091	-265	290,675	2,228
Commodity Operations………………………	25,911	84	25,320	80	25,454	83	-	-6	25,454	77
Total Obligations...	1,490,257	11,668	1,377,822	11,416	1,488,013	12,155	-38,810	-819	1,449,203	11,336
Lapsing Balances..	9,379		7,041		-	-	-	-	-	-
Bal. Available, EOY...	23,008		48,630		-	-	-	-	-	-
Total Available..	1,522,644	11,668	1,433,493	11,416	1,488,013	12,155	-38,810	-819	1,449,203	11,336
Transfers In..	-292,729		-284,629		-310,087	-	+207	-	-309,880	-
Rescission...			32,720		-	-	-	-	-	-
Sequestration..			60,315							
Bal. Available, SOY...	-18,037		-31,909		-	-	-	-	-	-
Other Adjustments (Net)....................................	-12,912		-1,699		-	-	-	-	-	-
Total Appropriation..	1,198,966	11,668	1,208,291	11,416	1,177,926	12,155	-38,603	-819	1,139,323	11,336

Justification of Increases and Decreases

1) A net decrease of $38,810,000 and 819 staff years for Farm Service Agency Salaries and Expenses ($1,488,013,000 and 12,155 direct staff years available in 2014)

(a) A net increase of $ 18,538,000 for Federal Offices.

1) An increase of $5,714,000 for the proposed pay raise for 4,244 direct Federal staff years.

The increase in pay will provide FSA a pay incentive to retain quality staff, which is so vital to achieving the agency's mission to deliver timely, effective programs and services to America's farmers and ranchers to support them in sustaining our Nation's vibrant agricultural economy, as well as to provide first-rate support for domestic and international food aid efforts.

Without the increase of $5,714,000, FSA could be forced to cut staffing and reduce operating expenses. This increase includes $1,371,000 for annualization of the FY 2014 pay raise and $4,343,000 for the anticipated FY 2015 pay raise. These reductions will have an adverse impact on necessary supplies and equipment and general operation of USDA offices.

2) A net decrease of $6,787,000 related to net decrease of 4 federal direct staff years.

The net decrease of $6,787,000 supports a net decrease of 4 federal direct staff years from the FY 2014 budget. FSA will initiate a number of streamlining efforts aimed at reinvesting FSA's human capital resources in program delivery and customer service positions. This approach will include mobility of staff for onsite consultation and business transactions with customers. FSA plans on reducing the more costly headquarters and state office staffs and replacing them with field delivery staff. The $32.1 million cost for approximately 304 headquarters and state office employees will be replaced with $25.3 million to hire nearly the same level of FTE's in the field offices. This increase is necessary to administer the nearly 7,700 new loans to beginning farmers anticipated in FY 2015. The additional personnel are needed to provide individualized credit supervision and technical assistance, as required by statute, to the significant number of new borrowers on an on-going basis. The increase will also mitigate the trend of an increasing borrower to loan officer ratio which over the past few years has climbed to 92; the result will be an incremental improvement in customer service and program management

3) A net decrease of $ 4,943,000 for Information Technology (IT)

FSA plans, acquires and manages funded IT resources (technology, data, people and applications) that enable business processes and program delivery systems to support the mission of FSA and USDA as well as the President's initiatives. FSA program delivery is currently supported in a mixed environment of applications and systems within FSA's network. This includes a centralized Web farm of applications, mainframe applications, and applications on the legacy AS 400 System 36 computers in the State and county offices. In 2013 and 2014, FSA expects to have program delivery applications web-enabled at USDA Service Centers for nearly 80 percent of all programs supported.

FSA's Base Funding of $334,903,000 provides IT resources and services that are (a) required to ensure minimal core organizational functions and operations to "keep the lights on", and (b) needed to support the acquisition of contractual support and IT resources for the ongoing support of current program delivery and modernized applications, recently deployed and/or in development. Over 40 percent of this core operational funding is FSA's share of contributions to USDA's Greenbook and Working Capital Fund (WCF). These cover the operational support for IT Infrastructure provided by the Office of the Chief Information Officer (OCIO) for both core and above-core services paid by FSA to the department to/thru OCIO's ITS organization, for services provided by OCIO's National Information

Technology Center (NITC) and Office of Chief Financial Officer's (OCFO) National Finance Center (NFC) support areas.

MIDAS ("Modernize and Innovate the Delivery of Agricultural Systems") Base Funding of $65,470,000 includes following capabilities: (a) a common process, interface, and a system for managing Customer and Land information; (b) integration with GIS for land management, including acreage reporting; and (c) maintaining Business Partner information (address, contact and banking) and viewing farm and acreage information. These capabilities build on the foundation to further reduce redundant data collection and data entry, increase flexibility for producers to file acreage reports and inventory reports, allow FSA to accept third-party acreage reports, and align FSA's acreage and inventory reporting with USDA's ACRSI initiative. Funding enhances MIDAS capabilities supporting FSA programs requiring maintenance of historical producer data (i.e. CRP) and increases direct producer access to producer, land, and acreage information.

The 2015 Budget proposes a total decrease of $4,943,000 to fund critical IT modernization projects to support core FSA operations. Of this amount:

a) A decrease of $4,943,000 to IT infrastructure operations and support services. FSA will continue to work with Executive Leadership within the agency, OCIO and OCFO to achieve these cost savings through reliance on efficiency and leveraging strategies including shared administrative efforts, increased use of Enterprise Infrastructure shared services, and more Enterprise contract licensing agreements. Also, FSA will manage this decrease by reassessing priorities of FSA IT investments, balancing reductions and schedule impacts, to achieve an optimal mix of IT resources to support program delivery and sustain the operations and maintenance of non-MIDAS IT modernization efforts. Priority adjustments to scope, schedule, and cost will have some impacts on level of program delivery support, FSA's commitment to replace and decommission outdated technology, and implementation of non-MIDAS IT modernization for Financial Systems, Farm Loan Programs and FSA Administrative systems.

4) <u>A decrease of $2,588,000 in operating expenses.</u>

The decrease of $2,588,000 in operating expenses will be achieved by reducing administrative costs. Other operating expenses will also be reduced for travel and supplies.

5) <u>An increase of $27,142,000 for the decentralization of GSA Rental Payments and DHS payments.</u>

USDA proposes in FY 2015 the decentralization of GSA Rental Payments and DHS payments. The amount is FSA's equivalent share of the current GSA Rent and DHS central appropriations based upon current space occupancy across the continental United States. The appropriations request for USDA's central GSA rent account and the DHS payment account has been reduced accordingly.

(b) <u>A total net decrease of $57,348,000 for Non-Federal Offices</u>:

1) <u>An increase of $4,262,000 for the proposed pay costs for 7,092 direct non-Federal staff years.</u>

The increase in pay will provide FSA a pay incentive to retain quality staff, which is so vital to achieving the agency's mission to deliver timely, effective programs and services to America's farmers and ranchers to support them in sustaining our Nation's vibrant agricultural economy, as well as to provide first-rate support for domestic and international food aid efforts.

Without the increase of $4,262,000, FSA could be forced to cut staffing and reduce operating expenses. This increase includes $1,031,000 for annualization of the FY 2014 pay raise and

$3,231,000 for the anticipated FY 2015 pay raise. These reductions will have an adverse impact on necessary supplies and equipment and general operation of USDA offices.

2) A decrease of $5,000,000 in rent.

The first priority of FSA is always providing the highest possible levels of customer service. Achieving this requires a workforce that is equipped with the proper knowledge, training, and supplies. In recent years, FSA has made cuts to operating expenses in order to manage budget challenges and this has come at the expense of the agency's workforce. Moving forward, FSA is looking to reinvest in its workforce to ensure that it doesn't just have a large workforce, it has the right workforce. One way FSA will do that is by reviewing its national footprint of County Offices and reevaluating how they are located and structured. Our goal is to create a new "Model Service Center" concept that redefines the criteria that is used to determine county office staffing and locations. This will provide the agency with the opportunity to consolidate its County Office footprint and reshape its workforce to increase the emphasis on customer service.

FSA has already begun the process of reviewing county offices and staffing levels, and believes that there is a potential to close or consolidate 250 field offices. If the agency is able to close these offices by the end of FY 2014, it would provide a savings of approximately $5 million in FY 2015. Those savings could then be reinvested to ensure that all of the agency's employees have the equipment, training, and resources necessary to provide the highest levels of customer service

3) An increase of $5,000,000 in operating expenses.

As stated above, FSA will reinvest the first year savings from office closures in ensuring that offices are properly equipped and employees are properly trained. In order to fulfill the goal of a "Model Service Center", the offices open to the public should be staffed with cross-trained and multi-functional employees capable of offering a full range of USDA programs with the necessary supplies and equipment.

4) A decrease of $61,610,000 for a reduction in personnel expenses.

A decrease of $61,610,000 in salary and benefits due to a decrease of 815 PFT non-Federal staff years from the FY 2014 staffing levels. As stated above, as FSA's administrative budget continues to shrink, the agency is forced to find new efficiencies and cost-savings in order to maintain acceptable levels of customer service. Moving forward, the agency's goal will be to find opportunities to move human capital resources from administrative or operational positions to program delivery and customer service positions. However, the agency also recognizes that at this time, in order to right size its workforce and maintain other key investments in operating expenses, a reduction in non-federal staff years may be necessary. FSA will make these reductions through a hiring freeze and natural attrition to the greatest degree possible, and the use of VERA/VSIP authority if necessary.

FARM SERVICE AGENCY
Geographic Breakdown of Obligations and Staff Years
(Dollars in thousands and Staff years (SY's))

State/Territory	2012 Actual		2013 Actual		2014 Enacted		2015 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama	$18,214	199	$17,848	197	$17,528	202	$17,141	190
Alaska	942	5	821	6	1,250	8	1,222	7
Arizona	4,661	48	4,527	46	4,520	47	4,420	46
Arkansas	23,521	259	22,282	250	22,844	267	21,069	248
California	16,008	178	15,471	160	14,654	170	14,330	163
Caribbean	5,018	48	4,492	44	4,811	49	4,705	47
Colorado	14,010	142	13,649	149	13,761	150	13,457	140
Connecticut	2,249	20	1,844	16	2,137	19	2,090	18
Delaware	1,623	17	1,572	17	1,749	18	1,762	17
District of Columbia	522,158	1,128	446,542	1,145	518,437	1,219	505,441	1,073
Florida	11,985	119	11,011	104	11,639	117	11,382	113
Georgia	26,674	312	25,496	301	26,355	315	25,773	298
Hawaii	3,304	32	3,273	29	3,634	28	4,555	28
Idaho	13,289	140	12,607	132	13,160	141	12,869	130
Illinois	43,562	528	42,237	505	43,946	527	42,975	491
Indiana	29,884	328	29,618	334	30,577	358	29,901	328
Iowa	53,954	600	49,875	580	52,451	640	51,292	592
Kansas	43,128	475	42,743	492	41,791	513	40,867	480
Kentucky	30,939	338	29,475	326	30,890	350	30,207	325
Louisiana	18,740	200	17,842	193	18,687	209	17,004	199
Maine	5,076	54	5,234	54	5,510	54	5,588	52
Maryland	7,862	78	7,582	78	7,313	82	7,252	79
Massachusetts	3,694	36	3,064	28	3,578	34	3,499	33
Michigan	22,770	242	21,997	243	22,841	251	22,172	239
Minnesota	38,296	441	37,705	430	38,212	450	37,368	421
Mississippi	25,189	263	24,192	266	26,034	269	25,459	250
Missouri	39,987	433	38,739	423	49,469	576	48,376	535
Montana	19,274	210	19,612	211	21,406	213	20,933	202
Nebraska	38,389	437	37,538	427	38,600	440	37,620	419
Nevada	2,209	24	2,209	23	2,351	24	2,299	23
New Hampshire	2,114	21	1,902	15	2,142	17	2,195	19
New Jersey	4,069	36	3,707	32	4,150	32	4,358	32
New Mexico	7,092	75	6,771	75	7,084	73	6,927	70
New York	17,333	187	17,160	187	16,474	185	16,110	175
North Carolina	30,000	343	28,762	330	29,918	350	29,257	329
North Dakota	28,507	307	27,546	308	27,782	328	27,168	313
Ohio	30,369	321	28,453	309	29,707	336	27,780	318
Oklahoma	28,499	324	28,092	315	27,022	329	26,425	310
Oregon	9,891	97	9,537	98	9,791	100	9,675	97
Pennsylvania	17,381	188	16,383	185	17,672	194	17,381	186
Rhode Island	1,272	10	1,350	10	1,330	7	1,401	8
South Carolina	13,349	151	12,878	140	14,089	150	13,878	144
South Dakota	31,554	340	30,128	330	31,572	352	29,604	332
Tennessee	26,333	288	25,701	274	24,369	280	23,830	260
Texas	68,203	724	64,252	700	64,465	732	63,040	670
Utah	7,994	83	7,736	76	13,350	140	13,055	132
Vermont	4,984	47	4,530	46	4,637	45	4,535	44
Virginia	17,873	190	17,218	187	17,500	165	15,843	152
Washington	11,242	108	10,422	110	10,571	115	10,337	109
West Virginia	9,119	88	8,283	83	8,450	86	8,365	80
Wisconsin	29,600	338	29,230	325	29,078	329	28,435	305
Wyoming	6,870	70	6,683	71	6,725	70	6,576	67
Obligations	1,490,257	11,668	1,377,821	11,416	1,488,013	12,155	1,449,203	11,336
Lapsing Balances	9,379		7,041					
Bal. Available, EOY	23,008		48,630					
Total, Available or Estimate	1,522,644	11,668	1,433,492	11,416	1,488,013	12,155	1,449,203	11,336

FARM SERVICE AGENCY

Classification by Objects

(Dollars in thousands)

		2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
Personnel Compensation:					
	Washington D.C.	$105,587	$105,920	$109,651	$97,242
	Field	217,986	213,217	220,855	231,567
11	Total personnel compensation	323,573	319,137	330,506	328,809
12	Personal benefits	100,419	100,325	100,893	101,517
13.0	Benefits for former personnel	5,817	658	0	0
	Total, personnel comp. and benefits	429,809	420,120	431,399	430,326
Other Objects:					
21.0	Travel and transportation of persons	7,251	8,621	6,367	6,367
22.0	Transportation of things	2,123	2,450	1,396	1,396
23.1	Rental payments to GSA	277	0	0	3,217
23.2	Rental payments to others	5,973	4,465	4,297	4,297
23.3	Communications, utilities, and misc. charges	6,639	6,089	4,287	4,287
24.0	Printing and reproduction	482	749	212	212
25	Other contractual services	368,682	290,547	358,522	377,504
26.0	Supplies and materials	3,464	2,245	2,276	2,276
31.0	Equipment	3,315	4,390	2,944	356
41.0	Grants	662,095	638,064	676,233	618,885
42.0	Insurance claims and indemnities	134	81	67	67
43.0	Interest and dividends	13	0	13	13
	Total, Other Objects	1,060,448	957,701	1,056,614	1,018,877
99.9	Total, new obligations	1,490,257	1,377,821	1,488,013	1,449,203

	2012	2013	2014	2015
Position Data:				
Average Salary (dollars), ES Position	$166,252	$167,129	$168,591	$170,277
Average Salary (dollars), GS Position	$76,090	$77,165	$77,840	$78,618
Average Grade, GS Position	12.4	12.4	12.4	12.4

FARM SERVICE AGENCY

Shared Funding Projects
(Dollars in thousands)

	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
Working Capital Fund:				
Adminstration:				
Beltsville Service Center	$771	$535	$553	$573
Mail and Reproduction Management	495	1,060	903	941
Integrated Procurement System	209	253	270	267
Procurement Operations	-	2,595	7	7
Subtotal	1,475	4,443	1,733	1,788
Communications:				
Creative Media & Broadcast Center	1,075	808	489	285
Finance and Management:				
NFC/USDA	6,040	6,051	4,833	4,751
NFC/Non-USDA	-	-	-	-
Controller Operations	1,573	1,890	3,140	3,136
Financial Systems	12,993	21,312	13,398	16,683
Internal Control Support Services	370	589	534	487
Subtotal	20,976	29,842	21,905	25,057
Information Technology:				
NITC/USDA	14,852	10,819	14,936	15,001
NITC/Non-USDA	-	-	-	-
International Technology Services	116,760	124,516	96,460	97,692
Telecommunications Services	664	515	508	507
Subtotal	132,276	135,850	111,904	113,200
Correspondence Management	596	579	508	603
Total, Working Capital Fund	156,398	171,522	136,539	140,933
Department-Wide Reimbursable Programs:				
1890's USDA Initiatives	405	346	345	345
Advisory Committee Liason Services	10	8	9	9
Continuity of Operations Planning	230	245	247	247
E-GOV Initiatives HSPD-12	832	782	793	793
E-GOV Initiatives Content Management	-	49	49	49
Emergency Operations Center	315	274	273	273
Facility and Infrastructure Review and Assessment	36	49	53	53
Faith-Based Initiatives and Neighborhood Partnerships	54	46	46	46
Federal Biobased Products Preffered Procurement Program	47	41	41	41
Hispanic-Serving Institutions National Program	267	234	234	234
Honor Awards	8	5	9	9
Human Resources Transformation (inc. Diversity Council)	222	189	191	191
Intertribal Technical Assistance Network	263	366	359	359
Medical Services	35	39	41	41
Personnel and Document Security	28	113	116	116
Pre-authorizing Funding	461	403	438	438
Radiation Safety	12	12	12	12
Retirement Processor/Web Application	71	67	67	67

FARM SERVICE AGENCY

Shared Funding Projects
(Dollars in thousands)

	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
Sign Language Interpreter Services	121	129	135	135
TARGET Center	118	107	108	108
USDA 1994 Program	106	91	92	92
Virtual University	280	244	243	243
Visitor Information Center	106	102	115	115
Total, Department-Wide Reimbursable Programs	4,027	3,941	4,016	4,016
E-Gov:				
Budget Formulation and Execution Line of Business	12	12	12	12
Disaster Assistance Improvement Plan	53	51	57	57
Enterprise Human Resources Integration	384	295	263	263
E-Rulemaking	61	125	120	120
E-Training	543	465	327	327
Financial Management Line of Business	9	21	21	21
Geospatial Line of Business	-	15	-	-
GovBenefits.gov	107	131	155	155
Grants.gov	-	-	73	73
Grants Management Line of Business	-	-	-	-
Human Resources Line of Business	33	33	32	32
Integrated Acquisition Environment - Loans and Grants	160	161	223	223
Integrated Acquisition Environment	77	82	79	79
Recreation One-Stop	-	-	-	-
Total, E-Gov	1,439	1,391	1,362	1,362
Agency Total	161,864	176,854	141,917	146,311

FARM SERVICE AGENCY
SALARIES AND EXPENSES

STATUS OF PROGRAM

Current Activities:

FSA's major program areas are:

- **Farm Loans** – FSA's farm loan programs provide direct loans or loan guarantees to family farmers who could not otherwise obtain agricultural credit. The programs improve access to capital and mitigate market losses, including those resulting from disasters, and thus contribute to the success of farms and ranches, a market-based agriculture sector, and thriving agricultural communities.
- **Income Support and Disaster Assistance** – FSA's income support and disaster assistance programs are key components of USDA's efforts to provide America's farmers and ranchers with an economic safety net to help them maintain their operations during difficult times. The programs mitigate market losses, including those resulting from disasters, and thus contribute to the success of farms and ranches, a market-based agriculture sector, and thriving agricultural communities. The programs also contribute to affordable food and fiber, a secure supply of quality food and fiber, and effective domestic and international food aid.
- **Commodity Operations** – FSA's commodity operations include management of the U.S. Warehouse Act (USWA) and acquisition, procurement, storage, and distribution of commodities. The programs expand market opportunities for farmers and thus contribute to the success of farms and ranches, a market-based sector, and thriving agricultural communities. These programs also contribute to affordable food and fiber, a secure supply of quality food and fiber, and effective domestic and international food aid.
- **Conservation** – FSA conservation programs help maintain and enhance the nation's natural resources and environment. Certain conservation programs mitigate losses from natural disasters and thus contribute to the success of farms and ranches, a market-based agricultural sector, and thriving agricultural communities. The programs target land to maximize conservation benefits and contribute to quality soil, water, wildlife habitat, and air.

Administrative Efficiencies

Reduction of improper payments to include compliance work. At the completion of the 2012 reporting cycle, all but two of the seven high risk programs (Marketing Assistance Loan Program, Livestock Forage Disaster Program, Milk Income Loss Contract Program, Conservation Reserve Program, Supplemental Revenue Assistance Payments Program, Noninsured Crop Disaster Assistance Program, and Miscellaneous Disaster Programs) reported an improper payment rate of less than 10 percent. As a result, all programs were in compliance with the Improper Payments Elimination and Recovery Act (IPERA).

To meet the objectives of IPERA, USDA needed a robust payment recapture/recovery auditing (PRRA) service and strategy that covered the breadth and depth of USDA programs and activities—including grants, loans, benefits, contracts and other assistance. To that end, USDA has contracted with Accenture to perform this cost effective Payment Recapture/Recovery Auditing Service. Accenture is currently collecting information on improper payment causes; providing recommendations to prevent future improper payments; and performing comprehensive payment analysis of USDA payments made through a variety of evolving Departmental and agency systems. Accenture will provide recommendations to strengthen program integrity, accountability and/or make improvements to processes/systems that address the causes of improper payments.

Disaster Designation. In July 2013, FSA streamlined the USDA Disaster Designation process to make assistance more readily available and with less burdensome paperwork. The streamlined process provides for nearly an automatic disaster designation for any county in which drought conditions in any portion of the county are categorized by the U.S. Drought Monitor as in severe drought for eight consecutive weeks. Also, FSA is using GIS to identify disaster areas quicker and more accurately.

Strike Force. FSA has partnered with other agencies within USDA in the StrikeForce Initiative to provide relief to persistent high-poverty counties through a team concept. The initiative helps improve outreach methods and provide assistance to persistent poverty communities and farmers. Ultimately we want to increase awareness of and participation in USDA's programs, as well as provide additional economic benefits to these areas in order to create sustainability in these distressed areas.

Retirement of the outdated legacy AS400/S36 Technology by web-enabling. A key performance measure for FSA Information Technology (IT) modernization is the percentage of program delivery applications at FSA Service Centers that are Web-enabled and not reliant upon obsolete legacy technology. FSA continues to make progress toward retirement of the outdated legacy AS400/S36 technology by web-enabling and streamlining business applications to provide a timelier, more accurate, and more reliable delivery of benefits to producers. Improving the broad array of IT systems, including those for farm programs, farm loan programs, disaster assistance, and conservation programs, enhances services provided to producers and alleviates the risk of IT system failure due to outmoded technology. FSA has web-enabled 78 percent of its program delivery applications at FSA Service Centers, exceeding its 2013 target of 76 percent. Web-enabled applications allow users to access the information systems applications via standard Web browsers. Web modernization projects delivered in FY13 enabled additional Non-insurable Disaster Assistance Program (NAP) and Conservation Program processes on the web. Web modernization of remaining Farm Storage Facility Loan and Marketing Assistance Loan legacy processes are scheduled for delivery in FY14 and early FY 2015.

Modernize and Innovate the Delivery of Agricultural Systems (MIDAS). The FY 2013 MIDAS budget and the supporting modernization efforts enabled the MIDAS Program to complete an initial operating capability release of the solution in April 2013, which included the following functionality being deployed to FSA Service Center based employees:

- Farm records with Geospatial Information Systems (GIS) integration
- Maintenance of farm records and supporting master data

The FY2014 MIDAS budget and the supporting modernization efforts are enabling the MIDAS Program to expand the operating capability of the solution in FY 2014 with the following functionality:

- Creation and maintenance of customer business partner information from multiple external systems to the MIDAS solution to reduce redundant data collection and increase data integrity
- Acreage Reporting with Geospatial Information Systems (GIS) integration to reduce redundant data entry and increase data integrity
- Alignment with the Acreage Crop Reporting Streamlining Initiative (ACRSI) standards to establish the foundation to accept acreage reports from third parties
- Initial customer self-service capabilities to producers

The FY2015 MIDAS budget and the supporting modernization efforts will enable the MIDAS Program to expand the operating capability of the solution in FY 2015, which will include the following functionality:

- Ability to capture year-specific Farm Records and Acreage Reporting information to support legislatively driven program eligibility and payment calculations
- Further reduction of redundant data entry and processing time for acreage report submission through pre-population of prior year data in select fields with the acreage report

- Additional customer self-service capabilities to provide producers with the ability to view and modify business partner information and view farm records and acreage reporting information

The FY 2013 budget focused on the completion of the system design, configuration, and deployment of system capabilities to support the initial release.

MIDAS had positive business impacts beginning in FY 2013. The MIDAS Program is scheduled to achieve full operating capability in FY 2015. The MIDAS solution will continue to integrate with modernized FSA Web-based IT systems, architecture, and infrastructure to support specialized functions and extend common processes from the SAP Commercial-Off-the-Shelf package. MIDAS will also continue to be closely aligned with other Agency and Department-wide modernization efforts, such as the Department-wide Financial Management Modernization Initiative (FMMI) and GIS modernization. FMMI is integral to the delivery of farm program benefits, and GIS modernization will enable MIDAS to use and leverage digital data to enhance program delivery and support.

Improving the delivery of customer benefits through MIDAS remains one of the Agency's highest priorities. Consequently, FSA will continue to prioritize the MIDAS implementation, but will need to maintain operating flexibility under expected funding levels to help ensure progress on MIDAS and full FSA IT modernization, while continuing program delivery and operations.

National Aerial Imagery Program (NAIP). NAIP strengthens program delivery by providing current, high quality image reference maps for applications in FSA programs. The imagery is acquired during crop growing seasons that are defined at the FSA State Office level to optimize information content, and is available for use before local conditions change significantly, generally within 45-60 days of acquisition. The imagery is delivered by contractors to FSA's Aerial Photography Field Office, and within 48 hours of receipt, web services are built and served out to FSA State Offices and USDA Service Centers for consumption in FSA enterprise applications, such as the Thin Client Maintenance Tool and the MIDAS Application, when deployed. This streamlines delivery by keeping data assets centralized, and allows access from multiple sources. Historical versions of the imagery are also available on-line to support programs that require it.

In 2013, NAIP imagery was acquired for 23 states. FSA conducts annual user surveys to ensure product specifications meet customer requirements, and to look for service improvement opportunities. Survey results from 2012 NAIP include:

- NAIP imagery was used 2.6 million times to generate maps, an average of approximately 2000 times per respondent.
- NAIP was used approximately 250 times in appeal adjudications.
- 86 percent of respondents were either very satisfied or satisfied with 2012 NAIP delivery time in regards to various farm program usage.
- 89 percent of respondents were either very satisfied or satisfied with the date the imagery was acquired in regards to various farm program usage.
- 92 percent of respondents were either very satisfied or satisfied with the acquisition and delivery of the 2012 NAIP imagery.

NAIP imagery is used by federal cost share partners to meet their mission needs. Due to cost sharing between federal partners, and an unrestricted, unlicensed data distribution policy, NAIP has widespread use. The National Earth Observation Portfolio Assessment conducted by the Office of Science and Technology Policy in the Office of the President rated NAIP as number 5 out of portfolio of 149 earth observation systems in terms of impacting the ability of federal agencies to fulfill their mission and providing societal benefits.

FSA Programs, Activities and Workload Indicators

FSA programs, activities, and workload indicators in FY 2013 are outlined in the following pages.

Common activities. A certain number of processes must be initiated for new producers and maintained for existing producers who receives loans and/or payments from FSA programs:

- Personal, contact and location information must be collected and maintained.
- Bank information must be collected and Direct Deposit records established.
- Delegation of Authority forms may be signed by a producer to designate a person with signing authority in the producer's absence. In the case of entities, persons with signing authority must be designated.
- Determinations must be completed for Payment Limitation, Adjusted Gross Income, Highly Erodible Land and Wetland Conservation, Sod-Swamp, and Cash Rent Tenant Rule. This information must be reviewed, verified or revised annually or when changes occur. For multi-county producers these processes are completed in the producer's home county and information is passed on to all other applicable county offices.
- Acreage reports must be filed each year in order for producers to participate in many of the major programs. This consists of reporting planted crop, number of acres, planting date and intended use for each field within a tract of cropland and reporting any changes to grassland, on the producer's farm(s).
- If any Fruits and/or Vegetables (OFAVs) are reported, employees must then perform certain calculations to determine whether a violation has occurred, the severity of said violation (whether it be a Reporting Violation or a Planting Violation), and determine whether any monetary penalty applies. If a monetary penalty is applied to the DCP contract, the participant(s) is notified in writing and provided with a copy of the OFAV Report.
- Producers must have crop insurance in order to participate in certain programs and employees must verify existence of the policy as part of producer eligibility.
- Prior to issuing payments, overpayment, receivable and claim records must be accessed to determine whether the payment may be released to the producer. Payments processed through the National Payment System must be reviewed and certified by one employee and approved by a second party.
- All programs require that a certain number of producers are spot checked for compliance with program rules and regulations including farming practices, weed control, verification of planted acres, quantity and quality of commodities under farm-stored loans. In most cases this requires a farm visit, however some spot checks are completed using digital photography.

Farm Loans

FSA provides several loan programs for beginning, socially disadvantaged, and family size farmers delivered through FSA county service centers.

Direct Farm Loan Program: The loan staff in service centers receives applications for direct loan assistance and processes each application according to applicable statutes, FSA regulations, and other Federal program requirements. Loan staff provides the applicant with detailed information on FSA's loan programs and assistance in completing the application, if necessary.

Farm Loan Officers determine whether an applicant is eligible for assistance based on general and specific program requirements, and assure that there is adequate collateral for loans when they are made. Farm Loan Officers work with applicants to develop an individualized farm business plan that considers the unique characteristics of the applicant, their farm, and other resources, to determine whether an applicant can repay the loan. They also provide technical assistance and credit counseling when applicants do not meet eligibility requirements or are not creditworthy, to help them correct problems and become eligible in the future.

All through the process, the service center staff communicates with the applicant both in person and by correspondence to ensure that he or she is up-to-date on the processing of the application. Once the loan is approved, funds are obligated, paperwork is completed, closing conditions are met and the loan is closed. After the loan is closed, the farm loan staff provides technical assistance and supervision by visiting the farm, inspecting collateral and assessing the operation's progress, offering advice and expert referrals, when necessary. The Service Center staff receives repayments on loans and processes them through the established FSA payment system.

If a borrower becomes distressed or delinquent on repaying the loan, the farm loan staff may be able to provide assistance with a number of servicing options. They notify the borrower of the availability of loan servicing options and when a borrower applies, they process the application required for loan servicing. The farm loan staff will assist a borrower in developing a servicing application, determine eligibility for this benefit, and explain other options if loan restructuring is not feasible.

Direct Farm Loan Programs: In 2013, activity under the Agricultural Credit Insurance Fund included:

Number of direct loans.. 22,725
Dollar value of direct loans.. $1,542,543,000

Guaranteed Farm Loan Program In the case of FSA guaranteed loans, a commercial lender will submit an application to the FSA service center on behalf of their applicant with a request for a guarantee on the loan against loss. The Service Center works with the commercial lender to process the guarantee. Guaranteed loans are the property and responsibility of the lender. The lender and applicant complete the Application for Guarantee and submit it to the FSA Service Center in their lending area. The Farm Loan Officer reviews the application for applicant eligibility, repayment ability, adequacy of collateral, and compliance with other regulations, and if the applicant meets those requirements, the request is approved. The Service Center issues the lender a conditional commitment outlining the terms of the loan guarantee and indicating that the loan may be closed. The lender closes the loan and advances funds to the applicant, after which the Service Center staff issues the guarantee. The lender makes the loan and services it to conclusion. If the loan fails, the lender is responsible for foreclosure and liquidation. In the event the lender suffers a loss, FSA will reimburse the lender according to the terms and conditions specified in the guarantee.

Guaranteed Farm Loan Programs: In 2013, activity under the Agricultural Credit Insurance Fund included:

Number of guaranteed loans.. 7,410
Dollar value of guaranteed loans... $2,397,983,000

State Mediation Grants (SMG): In 2013, SMG activity included:

Number of Grants made to States………………...38
Dollar value of grants.. $4,016,000
Amount of SMG payments issued.. $4,205,000

Income Support and Disaster Assistance

Direct and Counter-Cyclical Program (DCP) provides payments to eligible producers on farms enrolled for the 2008 through 2013 crop years. Employees review all documentation provided, i.e. recorded deeds, signed leases, partnership agreements, Articles of Incorporation, Trust papers, to determine proper vesting and the percentage of shares each applicant has in the contract. All land owned and/or operated by a participant is properly identified. Property is delineated, correct acreage is verified, and all maps are printed. Contract information is entered into the system. All shares are applied to each participant based on ownership of land and applicable lease agreement. All participant signatures are obtained, and the contract is approved by the County Executive Director. Final payments are issued once a year, the timeline varies dependent upon the crops enrolled.

Direct and Counter-cyclical Program (DCP) and Average Crop Revenue Election (ACRE): FY 2013 activity consisted of participant annual enrollment, contract maintenance, and payment processing.

Total number of DCP contracts …………….. ………………………………………..………..……..1,607,883
Dollar value of direct payments made.. $4,843,336,000
Dollar value of counter-cyclical payments made... $1,117,000

Average Crop Revenue Election (ACRE) program provides producers an option to earn payments to protect against declines in market revenue. To enroll, the producer completed an application which enrolled the farm from the current year to the conclusion of the 2008 Farm Bill. The American Taxpayer Relief Act (ATRA) extended ACRE through the 2013 crop year. Producers were allowed to elect to enroll in either ACRE or DCP for the 2013 crop. The producer must provide proof of cash lease or share crop information. The completed contract is reviewed and approved by the County Committee (COC). For the first year the farm is enrolled in ACRE, the operator must provide a history of production for the previous 5 years to establish a benchmark farm yield for the farm. This information is then entered into the application software by year and by tract. Thereafter, the producer must provide production information for each year of enrollment after the crop has been harvested.

If more than one eligible crop is planted on a farm enrolled in ACRE and the sum of acres planted is more than 120 percent of the total base acres on the farm, the producer must complete a form for Designation of Payment Acres. If the form is not signed by September 30th of the crop year or if all producers with a share of the covered commodities cannot agree on the allocation by the end of the contract period then the COC shall allocate the ACRE payment acres based on the percentage. The producer must also file a Farm Operating Plan which is used to adjust Payment Limitation where necessary. Adjustments are made in the automated system. There are two payments issued in the ACRE program: 1) the Direct Payment which is based on the base acres on the farm, and 2) the ACRE payment which is calculated using the current year yield and must meet both the State and Farm Trigger. The ACRE payment is issued two years after the crop year.

ACRE activity in FY 2013 included:

Total number of ACRE contracts……………………………………………………………...…... 80,724
Dollar value of ACRE payments made………….……………………………....……………..…$49,586,000

Marketing Assistance Loans (MAL) are available for producers to receive loan funds using commodities as collateral. Both farm-stored and warehouse-stored commodities are eligible. The county office employee accepts an application which includes producer information, commodity type, certification of farm-stored bushels/hundredweight (cwt) or a warehouse receipt, and storage location. Producer eligibility and the amount of commodity pledged must be verified. FSA prepares lien documents as FSA requires first lien on all loan commodity. A review must be completed to determine if other liens have been previously filed on the commodity and waivers must be prepared and other lien-holders signatures obtained. Multi-county producers' MALs must be verified with other county office to ensure that the collateral is not used for multiple loans. The loan matures in 9 months and producers may make a single or multiple payments during that time. A certain amount of farm-stored loans require a spot-check inspection which includes measuring and sampling the grain in each storage facility under loan. If grain is not in storable condition the producer is notified to take action or settle the loan. Loans may be paid back at the posted county price or principal plus interest, whichever is determined by the county office to be the lower. If producers are delinquent on the loan it may convert to a receivable and steps may be required to take physical possession of the grain to settle the debt.

Loan Deficiency Payments (LDP) may be taken on a producer's eligible commodities in lieu of a MAL if the posted county price is less than the county loan rate. While not subject to liens, all of the other steps for a MAL must be completed which includes being subject to spot-check for quantity and quality of the commodity. Producer certified LDP's may require the producer to provide production evidence to support the LDP quantity. This may be submitted by sales records or may require an employee to complete a paid farm-stored measurement service to determine the quantity in storage supports the certified quantity.

Marketing Assistance Loans and Loan Deficiency Payments: Marketing assistance loans, loan deficiency payments, and other price support program activities in FY 2013 included:

Commodity	Marketing Assistance Loans		Loan Deficiency Payments (LDP's)	
	Number of Loans	Dollar Value ($000)	Number of LDP's	Dollar Value ($000)
Corn c/	7,544	$663,032	0	$-115
Grain Sorghum c/	16	614	0	0
Barley c/	116	6,565	0	-5
Oats c/	39	326	0	0
Wheat	1,056	65,479	-17	-487
Rice c/	2,473	306,013	0	-1
Cotton a/ c/	6,624	2,281,480	0	10,331
Soybeans	4,871	281,772	0	-22
Minor Oilseeds c/	104	7,892	0	-1
Sugar b/	371	1,189	0	0
Peanuts c/	9,073	936,424	0	0
Honey c/	133	3,146	0	0
Pulse Crops c/	56	2,501	0	0
Wool & Mohair	0	0	12	-176
Total	32,476	$5,744,195	-5	$9,524

a/ Reflects loans made through the county offices. In addition, loans are made through cooperative associations; the number of those loans is not available.
b/ LDP's are not available for sugar.
c/ There was no LDP activity for corn, grain sorghum, barley, oats, rice, cotton, minor oilseeds, peanuts, pulse crops and honey.

Farm Storage Facility Loans (FSFL) program allows producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities for all CCC Charter Act commodities they produce. Employees meet with applicants to review the proposed new construction or renovation to an existing storage system. FSFL collateral must be used for the purpose the facility was constructed for the entire FSFL term. An eligibility review is necessary to determine if the additional storage is needed and is essential to the proper functioning of a storage system. A computation of storage need is based on crops grown on the producer's farm(s) during the past three years less any additional storage space currently owned by the applicant. In addition, county employees must determine if the proposed project is compliant with local land use laws, zoning and evaluate the potential environmental impacts. The requested loan amount is evaluated to determine credit worthiness of the applicant and whether the applicant's expected cash flow shows any debt exposure that could impact the applicant's ability to make their annual installments. Loan amounts exceeding $50,000 or an aggregate loan balance to an applicant exceeding $50,000, will require additional security to be pledged to ensure repayment of the loan in the form of real estate lien or a letter of credit. For FSFL loans secured by real estate, CCC's interest in the real estate shall be superior to other lien-holders, which requires when necessary lien subordinations from other lien holders. The loan application can only be approved after the loan applicant and equipment eligibility, and feasibility of loan repayment are determined. Prior to loan approval it must be determined that environmental conditions of the construction site will not place CCC at risk and the required security is obtained. Once approved, FSA county staff monitors the construction progress during the six month approval period. During approval period, severance agreements and lien waivers are obtained, verification of all peril structure insurance and flood insurance, if applicable, are obtained from the applicant. Also, sales documents and receipts are submitted to the County Office as evidence of the total cost of the project. The County Office then obtains release of liability forms from all contractors and suppliers submitting bills for the FSFL project and obtains proof the applicant has paid the required down-payment amount. FSA again completes an onsite inspection to verify completion of the project as approved. When construction is complete and all documents necessary to disburse the loan are received, the County Office will schedule a loan closing with the applicant. FSFL's secured by real estate are closed by an attorney or title company. Once disbursed, FSFLs require annual servicing to collect installment amounts for the 7, 10, or 12 year terms of the loan. Annual servicing responsibilities include verifying structural insurance, flood insurance, the Universal Commercial Code (UCC) financing statement is current and the structure is being maintained. 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.
FSFL program activities in 2013 included:

Farm Storage Facility Loans closed... 2,007
Amount of Farm-Storage Facility Loans... $240,308,028

Milk Income Loss Contract (MILC) Program is available to dairy cow operations who commercially marketed milk in the United States between October 1, 2007 and December 31, 2013. The county office takes producer information for each operation in which the producer may be involved. If more than one operation is claimed by a producer, a determination is needed by the County office to establish whether operations are separate. The county office must verify that the dairy operation is physically located in the county. If the entire operation is moving from another county, dairy operation records must be obtained through a transfer process. Producers select a start date to indicate when they want to start receiving payment. The month can be changed by the producer multiple times prior to payment. Any modifications to the operation or the start month require the County Office to document the changes. Changes must be approved by those delegated the authority. The producer also indicates whether or not the County Office can accept production evidence directly from the milk handler for the dairy operation. Producers or their representatives, submit production evidence of commercially marketed milk to the County Office on a monthly basis for each contract number. Based on market conditions of both milk and feed costs, CCC determines on a monthly basis whether there will be a payment rate. Once determined, the County Office loads production for all producers who have not reached their maximum payment pounds. Production loaded into the automated system is second party verified prior to payments being issued.

MILC activity in FY 2013 included:

Number of MILC payments..337,092
Amount of MILC payments $280,547,828

Non-Insured Crop Disaster Assistance Program (NAP) a producer obtains NAP coverage by completing a NAP Application for Coverage by the application closing date applicable to their crop(s) and paying the applicable service fee. For 2009 and subsequent years the service fees are $250 per crop, $750 per county or $1875 per multi-county producer. In the event a natural disaster causes damage to the crop, a Notice of Loss must be filed within 15 calendar days after the disaster occurrence, or the date damage to the crop became apparent. The county office will schedule a Loss Adjuster to visit the farm to perform an appraisal if the crop will not be harvested or if the producer intends to destroy the crop. Actual production will be used to determine loss if crop is taken to harvest. Producers of hand-harvested crops are required to notify the county office 15 calendar days after harvest is complete and before destruction of the crop, so an appraisal of remaining production can be completed. COC reviews, and approves or disapproves the Notice of Loss and the county office notifies the producer. The producer files an Application for Payment once an appraisal or harvest is complete and total production records are obtained. The deadline for filing an Application for Payment is no later than the immediately subsequent crop year acreage reporting date for the crop. An approved yield is generated for the producer based a 4-10 year average of prior year actual production reported for crop, or the COC assigns a yield according to NAP policy and procedure. The Program Technician, County Executive Director (CED) and/or District Director reviews application and production evidence and calculates the payment amount to be presented to the COC for action. The producer is provided with a NAP Estimated Calculated Payment Report reflecting a projection of their potential payment. The COC ensures the payments are proper by checking that eligibility documents are properly on file; the acreage report, notice of loss, and application for payment have been timely certified; and the production evidence submitted is verifiable or reliable. The COC must approve before payment is issued. If payment is disapproved, the county office notifies the producer and appeal rights are given. The NAP payment is issued within 30-calendar days from the later of: the date the State Office has approved national crop data for the county, or the date the producer signs, dates, and submits a properly completed application for payment.

NAP activity in FY 2013 included:

Number of actual production history records completed for NAP.. 75,212
Number of NAP applications for coverage..241,717
Amount of NAP payments issued...$346,136,147

Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) has provided emergency relief to producers of livestock, honey bees, and farm-raised fish. County office employees provide information and application support for producers.

ELAP activity in FY 2013 included:

Number of ELAP applications……………………………………………………………….……....31
Amount of ELAP payments—Disaster Trust Funds – FSA……………..…………………….…......$286,837

Livestock Forage Disaster Program (LFP) has provided assistance to livestock producers who suffer grazing losses due to drought or fire. County office employees assist producers with filing an application by the established deadline. Eligibility requirements for livestock must be determined. The employee collects disaster information provided by the producer such as date and location for qualifying disaster conditions. Physical location of livestock in inventory on the beginning date of the qualifying grazing loss as well as location of current livestock inventory is required. If the grazing loss was due to fire on Federally managed rangelands, the applicant must provide documentation from the Federal agency to show that they were prohibited from grazing on said land due to fire. Proof of Federal Crop Insurance for the forage must be provided, or proof of participation in the Non-Insured Assistance Program for the grazing land incurring losses. Acreage reports are required. Completed applications must be approved by the applicable County Committee. Upon approval by the County Committee, payments are then issued through the National Payment Service.

Livestock Forage Disaster Program activity in FY 2013:

Number of LFP contracts...7,849
Amount of LFP payments - Disaster Trust Fund - FSA.. $-1,359,730

Livestock Indemnity Payment (LIP) provides assistance to producers for livestock deaths that result from disaster. County office employees provide information and application support for producers.

Livestock Indemnity Program activity in FY 2013:

Number of LIP applications ……………………………..5,456
Amount of LIP payments- Disaster Trust Fund - FSA.. $141,108

Supplemental Revenue Payment Program, (SURE**)** has provided assistance to eligible crop producers whose farms are located in primary and contiguous disaster counties designated by the Secretary of Agriculture or whose farm's actual production is less than 50 percent of the normal production for that year due to weather related losses. Applications may be filed in either a producer's recording or administrative county office. The recording county coordinates and receives all SURE information from all counties where the producer has an interest and ensures that application is complete. A recording county is responsible for notifying producers and administrative counties when applications are incomplete, approved, and disapproved. The employee works with the COC to determine producer eligibility and eligible acres. The employee calculates tolerance when RMA and FSA acreages do not match. Acreage outside of tolerance levels requires notification to RMA of the discrepancy. The employee must resolve other RMA – FSA discrepancies such as shares and correct producer of record and notify RMA when their information is incorrect. Employees shall assist the State Office in establishing and loading county expected yields and historical marketing percentages in the National Crop Table according to NAP policy, and when not provided, assist in establishing guarantee prices, national average market prices, quality adjustment factors and maximum average loss levels. The employee may assist producers to ensure that all required production and production evidence is provided, based on information already provided to FSA, however, the producer is solely responsible for providing accurate documentation to support the application. All data required for SURE is loaded into the SURE workbook by the County Office. Administrative counties complete the sections of the application that pertain to crop acreage in their county, approve or disapprove application, and send it to the recording county. Recording counties ensure that all administrative counties have provided applications, complete remaining sections, approve or disapprove, and submit approved applications for payment.

SURE activity in FY 2013 included:

Number of SURE applications………………………………………………………………………91,055
Amount of SURE payment—Disaster Trust Fund – FSA……………………………………$1,761,707,395

Tree Assistance Program (TAP) has provided financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines damaged by natural disasters occurring on or after January 1, 2008, and before October 1, 2011. County office employees provide information and application support for producers.

Tree Assistance Program activity for FY 2013 included:

Number of TAP applications..167
Amount of TAP payments – Disaster Trust Fund..$2,089,258

Tobacco Transition Assistance Program (TTAP) establishes a revenue program to fund issuing TTPP payments for FY 2005 through FY 2014. The Tobacco Transition Payment Program (TTPP) was the program that distributed the money that purchased the tobacco allotments that were in place prior to the buyout. The buyout of these allotments established the allotment holders as the TTPP contract holders. The bulk of the work has to do with the successor-in-interest type changes to these contracts when a contract holder either dies or when they decide to gift these benefits to a blood relative. In the event of a death, the executer of the estate brings in the death certificate and signs authorizing the change of the contract to the rightful heir to the estate. The authorization to make this change into the new contract holder's name requires at least two forms which identify the old and new contract holders, the amount of money involved, and the amount of tobacco allotment sold that justified the funding of this contract. Funds then have to be de-obligated from the original contract holder and then re-obligated to the new contract holder. In January of each year payments to these contract holders are made. Finally, the work involves answering questions from the public regarding the CCC-1099 entry of imputed interest generated by the gains related to this contract.

Reimbursement Transportation Cost Payment for Geographically Disadvantaged Farmers and Ranchers Program (RTCP) reimburses geographically disadvantaged producers for a portion of the transportation cost for transporting their agricultural commodity, or inputs used to produce an agricultural commodity, during a fiscal year. County Office employees provide information and application support for producers.

Commodity Operations

CCC-Owned Inventories Storage and Handling: The Commodity Credit Corporation (CCC) took title to 303 bales of cotton, 20,797 tons of peanuts and 1,707,500 hundredweight of sugar during FY 2013. All inventories were disposed of rapidly after they were taken into inventory; the cotton and peanuts were transferred to The Seam in exchange for Barter Delivery Obligations (BDOs), and the sugar was exchanged for re-export credits and sold to bio-refineries. As a result of quick actions to dispose of inventories, storage and handling costs incurred in FY 2013 were minimal.

Economic Adjustment Assistance Program for Domestic Users of Upland Cotton: The 2008 Farm Bill authorized USDA to provide economic adjustment assistance to domestic users of upland cotton in the form of payments. In FY 2013, $49.2 million was paid to domestic users of upland cotton to support U.S. manufacturing infrastructure.

Extra-Long Staple (ELS) Cotton Competitiveness Program: The ELS Program did not "trigger-in" during FY 2013. The domestic price of ELS cotton remained above the statutorily defined limit of 134 percent of the loan rate.

Domestic Nutrition and Feeding Programs: In FY 2013, FSA purchased 427.9 million pounds, valued at $447.2 million, of peanut products, dairy products, flour, pasta, vegetable oil, and corn and rice products to fulfill domestic food distribution program requirements.

Foreign Food-Aid Humanitarian and Developmental Assistance Programs: In FY 2013, FSA procured more than 1.45 million metric tons of grains, processed grain products, vegetable oil, pulses (such as dried beans, peas and lentils), and other products valued at approximately $743 million for food assistance programs throughout the world.

Dairy Product Price Support Program (DPPSP): Because market prices were above support levels, DPPSP did not trigger in FY 2013.

Market Rates/Posted County Prices (PCPs): Extensive market research is done on a daily basis to value 23 commodities that are eligible under Price Support. Over 160,000 prices are calculated daily to establish PCPs, based on market research. This process is directly tied to the 2008 Farm Bill, Section 1204 and is used by other components of USDA.

Warehouse Activities

The objective of CCC in carrying out its warehouse activities is to make efficient use of commercial facilities in the storage of CCC-owned commodities, and to license warehouses under the United States Warehouse Act (USWA).

Licensing Activities: In FY 2013, 931 USWA licenses were in effect at 3,193 locations. There were 70 staff years, which includes Federal examiners, used in administering the Federal licensing of warehouses under the USWA, performing audits for CCC programs, performing quality assurance reviews at suppliers facilities and review of on-site examinations at 1,385 grain, 327 cotton, 89 peanut, and 139 miscellaneous commodity warehouses. In addition, CCC storage agreement onsite examinations were performed at 286 grain, 293 cotton, 35 miscellaneous and 112 sugar commodity warehouses.

In accordance with the Grain Standards and Warehouse Improvement Act of 2000, user fees were charged for warehouse examination services for warehouses licensed under the USWA.

Storage Agreement Activities: In FY 2013, CCC had storage agreements with about 2,500 commercial warehouse operators in over 6,400 locations in the United States for the storage of Government-owned and loan grain and rice, cotton, peanuts, sugar and processed commodities.

The capacities of the warehouses with CCC storage agreements in FY 2013 were as follows: 8.9 billion bushels of grain and rice; 20.7 million bales of cotton; 3.3 million short tons of peanuts; 13.7 billion pounds of sugar; 2.3 billion pounds of processed (dry); 3.8 million pounds of processed (frozen), and 3.9 million pounds of processed (refrigerated).

Grain, rice, and cotton warehouses that are not licensed under the USWA may be assessed fees for CCC storage agreement; the collection of these fees is currently suspended.

Conservation

Emergency Conservation Program (ECP**)** is administered subject to availability of funds. After a disaster event occurs, the COC assesses whether the damage meets the minimum requirements of the program. The COC and County Executive Director (CED) consult with state committee to obtain concurrence before approving the disaster damage for cost-share (C/S) assistance. COC and CED ensure the county practice and component cost data is up-to-date, accept applications from producers and determine individual land eligibility based on on-site inspections of damaged land and. CED performs needs determinations on practices and refers certain applications to technical agencies. COC and CED determine the cost share amount for approval, the sufficiency of signatures and authority of persons signing in a representative capacity, the value of contributions of each person or legal entity involved in performing a practice. COC and CED determine whether completing a component is a reasonable attainment toward completing the conservation practice and prescribe the time for practice completion. COC and CED compute cost share to payee, approve payments to producers, determine division of payment between contributors and perform spot checks.

Emergency Conservation Program (ECP): FY 2013 activity included:

Number of ECP payment applications.. 14,127
Amount of ECP payments issued.. $41,084,697

Hazardous Waste Management Program: Carbon tetrachloride, formerly used as a pesticide to treat stored grain, has been detected above the Environmental Protection Agency Maximum Contaminant Level in groundwater samples taken at numerous former CCC grain storage facilities. Current environmental liability posed by these sites is estimated to exceed $50 million. CCC does not receive an annual appropriation from the USDA Hazardous Materials Management Account (HMMA) and relies solely on its Section 11 borrowing authority to conduct site investigations, operate and maintain remedial systems, and monitor sites as directed by state agencies and U.S. EPA. CCC is authorized to use its borrowing authority, not to exceed $5 million, for these purposes.

Although the funding has declined annually in real dollars, numerous fiscal commitments have continued to increase. These include the costs of environmental monitoring and sampling needed to comply with regulatory mandates. New and more costly expenditures are anticipated to comply with regulatory determinations to install remedial systems at former CCC sites. For these reasons the Hazardous Waste Program has made efforts to reestablish CCC access to the U.S. Department of Justice Judgment Fund.

Hazardous Waste Management Program FY 2013 activity included:

Total Contaminated Sites in CCC Inventory	79
Investigation/Remediation Complete or Active	37
Investigation/Remediation Pending	27
Sites Closed/No Further CCC Action/Liability	15
FY 2013 Funding	$5M

Conservation Reserve Program (CRP) and Emergency Forestry Conservation Reserve Program (EFCRP) Producers submit offers during sign-up for the acreage they intend to enroll in the program. The county Office accepts offers and determines land, producer and payment eligibility. County Offices send notification of offer acceptance to producers and provide appropriate documents to NRCS to develop the conservation plans. After NRCS has developed the conservation plan, the COC or CED approves the plan and the CRP contract. The County Committee determines compliance with the terms and conditions of the CRP contract. Before CRP payments are issued, the County Office reviews prepayment reports to ensure all producer payments are issued accurately. After October 1, County Offices issue CRP annual rental payments.

Conservation Reserve Program (CRP) and Emergency Forestry Conservation Reserve Program (EFCRP): FY 2013 activity included:

Number of active CRP contracts..699,470
Number of CRP cost-share payments. 60,222
Amount of CRP cost-share payments...$74,969,361
Number of CRP rental payments... 912,497
Amount of CRP annual rental payments... $1,668,397,084
Number of CRP acres approved for enrollment.. 4,061,838
Number of EFCRP cost share payments…………………………………………………...…....…63
Amount of EFCRP cost-share payments... $82,979
Number of EFCRP rental payments……………………………………………………………..1,683
Amount of EFCRP annual rental payments…………………………………………………….$4,503,982

The Biomass Crop Assistance Program (BCAP) provides two categories of assistance: matching payment applications and crop establishment & annual payment rental contracts. County offices receive the producer applications and delineate the acreage for all payments. Matching payment applications are web based and maintained by the county office typically for a one year period, which requires the county office to delineate acreage, coordinate the development of a conservation plan, work with COC to approve the application and then receive the eligible material (e.g. bales of stover) proof of delivery documents. Establishment payments are recorded for perennial crops on a web based cost share application by the County office. County offices, following the offer of BCAP rental acreage, create a web based contract, and develop a GIS scenario to digitize the contract acreage offered. County offices record the soil rental rate in the annual rental contract and send the offered acreage over to NRCS to develop a conservation plan. The cost share web based system records the practices, components and costs associated with the conservation plan. When the conservation plan is complete the county office re-opens the annual rental contract and approves the offered acreage following a final digital delineation of the acreage. Establishment and annual rental contracts are maintained by the County office for up to five years for herbaceous crops and up to 15 years for woody crops. County offices also work with State FSA offices to provide outreach information during new project area sign ups. Project area sign ups are typically 2 to 4 months in length.

Biomass Crop Assistance Program (BCAP): FY 2013 activity did not include matching payments, but included:

Number of BCAP Cost Share Payments	632
Amount of BCAP Cost Share Payments	$6,207,713
Number of BCAP Project Area Active contracts	856
Number of BCAP Annual Rental Payments	982
Amount of BCAP Annual Payments	$3,019,599

Grassland Reserve Program (GRP). County offices accept applications, which includes gathering producer and farm information and providing it to NRCS who then ranks the applications. For eligible applications, producer eligibility information is validated, county office employees establish GRP rental and easement application information in the system 36 and issue needed payments. County employees are responsible for tracking and maintaining the fiscal integrity of the program. County office employees also coordinate and share program/producer information with NRCS as needed.

Grassland Reserve Program (GRP): FY 2013 activity included:

Number of Applications	253
Number of GRP active contracts and easements	4,075

Emergency Forestry Restoration Program (EFRP) provides payments to eligible owners of nonindustrial private forest (NIPF) land in order to carry out emergency measures to restore land damaged by a natural disaster. Funding for EFRP is appropriated by Congress. Subject to availability of funds, COCs are authorized to implement EFRP for all disasters except drought and insect infestations, which are authorized at the FSA national office. EFRP program participants may receive financial assistance of up to 75 percent of the cost to implement approved emergency forest restoration practices as determined by COC. To restore NIPF, EFRP program participants may implement EFRP practices, including emergency measures necessary to repair damage caused by a natural disaster to natural resources on nonindustrial private forest land; and restore forest health and forest related resources on the land. Other emergency measures may be authorized by COC, with approval from State Committee and the FSA national office.

Emergency Forest Restoration Program (EFRP): FY 2013 activity included:

Number of Applications	931
Number of Payments	971
Amount of EFRP payments	$5,452,319

FARM SERVICE AGENCY
State Mediation Grants

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

State Mediation Grants:

For grants pursuant to section 502(b) of the Agricultural Credit Act of 1987, as amended (7 U.S.C. 5101-5106), [$3,782,000] $3,404,000.

Lead-Off Tabular Statement

Budget Estimate, 2015	$3,404,000
2014 Enacted	3,782,000
Change in Appropriation	-378,000

Summary of Increases and Decreases
(Dollars in thousands)

Program	2012 Actual	2013 Change	2014 Change	2015 Change	2015 Estimate
Discretionary Appropriations:					
State Mediation Grants	$3,759	+$303	-$280	-$378	$3,404
Total	3,759	+303	-280	-$378	3,404

FARM SERVICE AGENCY
State Mediation Grants

Project Statement
Appropriations Detail
(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Change Amount	2015 Estimate Amount
Discretionary Appropriations:					
State Mediation Gramts...........	$3,759	$4,062	$3,782	-$378 (1)	$3,404
Subtotal...............................	3,759	4,062	3,782	-378	3,404
Total Adjusted Approp............	3,759	4,062	3,782	-378	3,404
Rescissions, Transfers, and Seq.	-	307	-	-	-
Total Appropriations............	-	4,369	-	-	-
Rescission...................................	-	-118	-	-	-
Sequestration................................	-	-189	-	-	-
Total Available.......................	3,759	4,062	3,782	-378	3,404
Lapsing Balances........................	-	-29	-	- -	-
Total Obligations....................	3,759	4,033	3,782	-378	3,404

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Change Amount	2015 Estimate Amount
Discretionary Obligations:					
State Mediation Grants............	$3,759	$4,033	$3,782	-$378	3,404
Total Obligations....................	3,759	4,033	3,782	-378	3,404
Lapsing Balances........................	-	29	-	- -	-
Total Available.......................	3,759	4,062	3,782	-378	3,404
Rescission...................................	-	118	-	-	-
Sequestration................................	-	189	-	-	-
Total Appropriation.................	3,759	4,369	3,782	-378	3,404

Justification of Increases and Decreases

(1) A decrease of $378,000 for State Mediation Grants Program ($3,782,000 is available in 2014).

The FY 2015 Budget request is sufficient to cover base funding needs.

The State Mediation Grant program provides funding to states to mediate cases that are authorized by statute and the Secretary of Agricultural for funding under the grant program. Only the following issues are considered covered: (1) agricultural credit, including both direct and guaranteed FSA loans and those from commercial lenders and suppliers, (2) NRCS wetland determinations, (3) compliance with farm programs, including conservation programs, (4) rural water loan programs, (5) grazing on National Forest System lands; (6) USDA-related pesticide issues, (7) Rural Development housing loans, (8) Rural Development business loans, and (9) RMA crop insurance issues.

FARM SERVICE AGENCY
State Mediation Grants
Geographic Breakdown of Obligations and Staff Years
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Alabama	-	$77	$80	$72
Arizona	$90	108	105	95
Arkansas	47	66	54	49
Colorado	20	26	25	23
Florida	31	43	45	41
Hawaii	-	66	70	63
Idaho	-	55	50	45
Illinois	93	52	65	59
Indiana	136	154	104	94
Iowa	276	241	235	212
Kansas	309	356	345	311
Maine	62	94	90	81
Maryland	92	115	125	113
Massachusetts	125	90	90	81
Michigan	103	100	100	90
Minnesota	284	350	325	293
Mississippi	45	86	90	81
Missouri	-	27	25	23
Montana	-	51	50	45
Nebraska	124	112	110	99
New Hampshire	-	60	50	45
New Jersey	12	3	4	4
New Mexico	91	49	63	57
New York	245	303	298	268
North Carolina	86	89	90	81
North Dakota	142	152	151	136
Oklahoma	216	163	104	94
Oregon	37	42	26	23
Pennsylvania	61	3	10	9
Rhode Island	22	34	30	20
South Dakota	82	97	100	90
Texas	270	236	200	180
Utah	16	17	15	14
Vermont	181	146	145	131
Virginia	36	-	-	-
Washington	135	72	63	57
Wisconsin	212	168	150	135
Wyoming	78	105	100	90
Undistributed	-	25	-	-
Obligations	3,759	4,033	3,782	3,404
Lapsing Balances	-	29	-	-
Total, Available	3,759	4,062	3,782	3,404

FARM SERVICE AGENCY
State Mediation Grants

Classification by Objects
(Dollars in thousands)

		2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
Other Objects:					
41.0	Grants	$3,759	$4,033	$3,782	$3,404
99.9	Total, new obligations	3,759	4,033	3,782	3,404

STATE MEDIATION GRANTS

STATUS OF PROGRAM

Current Activities: The Farm Service Agency (FSA) provides funding for State-designated mediation programs through the State Mediation Grants Program. The program reported a total of 1,657 covered cases during FY 2013. Covered cases are those authorized by the governing statute and the Secretary of Agriculture. Only the following matters are considered covered: (1) agricultural credit, including private lenders and creditors as well as FSA direct and guaranteed loans; (2) NRCS wetland determinations; (3) compliance with Farm Programs, including conservation programs; (4) rural water loan programs, (5) grazing on National Forest System lands; (6) USDA-related pesticide disputes; (7) Rural Development housing loans; (8) Rural Development business loans; and (9) Risk Management Agency crop insurance issues.

Agricultural credit (both private and through FSA) was by far the most frequently mediated issue, accounting for more than 78 percent of the total caseload. FSA Farm Programs was second, with about 7.5 percent, followed by the Natural Resources Conservation Service, Forest Service grazing permits, Rural Housing loans, Rural Business loans, and Risk Management Agency crop insurance issues. No mediations were reported for rural water loans or USDA-related pesticide issues.

Selected Examples of Recent Progress: The 1,657 cases reported this year represent a 46 percent increase over the 1,136 cases reported in FY 2012. For FY 2013, FSA provided more detailed guidance and requested more detailed information on Annual Reports, which we believe resulted in increased specificity and accuracy in the data provided by State Agricultural Mediation Programs (AMPs).

FY 2013 also saw a significant increase over the previous year in the number of cases reported as resolved with an agreement. More information was provided by AMPs in response to FSA's queries, giving a better assessment of the grantees' mediation results.

During FY 2013, 38 AMP grantees received a total of $3,040,838 through the FSA State Mediation Grants Program. AMPs also disbursed $1,164,261 in FY 13 from prior year funds. The AMPs provided a 30% match of their total budget to qualify for the grants.

The cost per covered case was $2,538, dramatically lower than the $6,864 in FY 2012. We believe this can also be attributed in part to more accurate reporting.

Program Results Comparison – FY 2012 and FY 2013[1]

	FY 2012	FY 2013
Number of cases for which mediation was requested in FY 2013	1,136	1,657
Mediation not completed in FY 2013 and carried over to FY 2014	*	166
No mediation (request withdrawn, settled prior to mediation, etc.)	*	111
Cases mediated	1,067	1,380
Cases resolved with agreement	380	1,101
Cases closed with no agreement	175	279
Percentage of cases mediated that resulted in agreement	69%	80%
Average cost per case	$6,864	$2,538

* This category was not included in FY 2012 report.

[1] From FY 2013 annual reports provided by grantees and estimates for those not yet reporting, based on their FY 2013 mid-year assessments.

State	Obligations	Outlays [2]
Alabama	$77	$139
Arizona	108	108
Arkansas	66	66
Colorado	26	13
Florida	43	77
Hawaii*	66	66
Idaho*	55	55
Illinois	52	39
Indiana	154	154
Iowa	241	241
Kansas	356	400
Maine	94	51
Maryland	115	97
Massachusetts	900	106
Michigan	100	100
Minnesota	350	350
Mississippi	86	69
Missouri	27	17
Montana	51	51
Nebraska	112	149
New Hampshire	60	60
New Jersey	13	13
New Mexico	49	79
New York	303	303
North Carolina	890	137
North Dakota	152	139
Oklahoma	163	192
Oregon	42	48
Pennsylvania	3	31
Rhode Island	3	19
South Dakota	97	130
Texas	236	228
Utah	17	17
Vermont	146	146
Virginia	0	19
Washington	72	72
Wisconsin	168	153
Wyoming	105	70
Total	**$4,016**	**$4,205**

[2] Includes outlays from both current and prior year obligations.

FARM SERVICE AGENCY
Grassroots Source Water Protection Program

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Grassroots Source Water Protection Program:

1 [For necessary expenses to carry out wellhead or groundwater protection activities under section 1240O of the Food Security Act of 1985 (16 U.S.C. 3839bb–2), $5,526,000, to remain available until expended.]

This change reflects the Presidents Budget submission which proposes no funding in 2015.

Lead-Off Tabular Statement

Budget Estimate, 2015	0
2014 Enacted	$5,526,000
Change in Appropriation	-5,526,000

Summary of Increases and Decreases
(Dollars in thousands)

Program	2012 Actual	2013 Change	2014 Change	2015 Change	2015 Estimate
Discretionary Appropriations:					
Grassroot Source Water Protection	$3,817	+$1,342	+$367	-$5,526	-
Total	3,817	1,342	367	-5,526	-

FARM SERVICE AGENCY

Grassroots Source Water Protection Program

Project Statement

Adjusted Appropriations Detail

(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Change Amount	2015 Estimate Amount
Discretionary Appropriations:					
Grassroots Source Water Protection.....	$3,817	$5,159	$5,526	-$5,526 (1)	-
Subtotal..	3,817	5,159	5,526	-5,526	-
Total Adjusted Approp.........................	3,817	5,159	5,526	-5,526	-
Rescissions, Transfers, and Seq. (Net)…...……….…..…	-	341	-	-	-
Total Appropriations........................	-	5,500	-	-	-
Rescission..	-	-149	-	-	-
Sequestration...	-	-192	-	-	-
Total Available....................................	3,817	5,159	5,526	-5,526	-
Lapsing Balances.....................................	-		-	- -	-
Total Obligations.................................	3,817	5,159	5,526	-5,526	-

Project Statement

Obligations Detail

(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Change Amount	2015 Estimate Amount
Discretionary Obligations:					
Grassroots Source Water Protection.....	$3,817	$5,159	$5,526	-$5,526	-
Total Obligations.................................	3,817	5,159	5,526	-5,526	-
Total Available....................................	3,817	5,159	5,526	-5,526	-
Rescission..	-	149	-	-	-
Sequestration...	-	192	-	-	-
Total Appropriation..............................	3,817	5,500	5,526	-5,526	-

Justification of Increases and Decreases

(1) A decrease of $5,526,000 for Grassroots Source Water Protection Program ($5,526,000 is available in 2014).

The FY 2015 Budget proposes no funding for this program.

FARM SERVICE AGENCY
Grassroots Source Water Protection Program
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	2015 Estimate Amount
Alabama	$116	$103	$110	-
Alaska	-	103	110	
Arizona	116	103	110	-
Arkansas	116	103	110	-
California	116	103	110	-
Colorado	116	103	110	-
Connecticut	-	103	110	-
Deleware	-	103	110	-
Florida	116	103	110	-
Georgia	116	103	110	-
Hawaii	-	103	110	-
Idaho	116	103	110	-
Illinois	115	103	110	-
Indiana	115	103	111	-
Iowa	115	103	110	-
Kansas	116	103	111	-
Kentucky	-	103	110	-
Louisiana	115	103	111	-
Maine	-	103	111	-
Maryland	-	103	110	-
Massachusetts	-	103	110	-
Michigan	-	103	111	-
Minnesota	115	103	110	-
Mississippi	116	103	110	-
Missouri	115	103	111	-
Montana	115	103	110	-
Nebraska	-	103	110	-
New Hampshire	115	103	111	-
New Jersey	-	103	110	-
Nevada	-	103	110	-
New Mexico	115	103	110	-
New York	-	103	111	-
North Carolina	-	103	110	-
North Dekota	-	103	110	-
New Mexico	115	103	110	-
Ohio	115	103	111	-
Oklahoma	115	103	111	-
Oregon	115	103	110	-
Pennsylvania	-	103	110	-
Rhode Island	115	103	110	-
South Carolina	115	103	110	-
South Dakota	115	103	110	-
Tennessee	115	103	110	-
Texas	115	103	110	-
Utah	-	103	110	-
Virginia	115	103	110	-
Washington	115	103	110	-
West Virginia	115	103	110	-
Wisconsin	115	103	110	-
Wyoming	115	103	110	-
Undistributed	16	-	-	-
Obligations	3,817	5,159	5,526	-
Total, Available	3,817	5,159	5,526	-

FARM SERVICE AGENCY

Grassroots Source Water Protection Program

Classification by Objects

(Dollars in thousands)

	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
Other Objects:				
41.0 Grants	$3,817	$5,159	$5,526	-
99.9 Total, new obligations	3,817	5,159	5,526	-

GRASSROOTS SOURCE WATER PROTECTION PROGRAM

STATUS OF PROGRAM

Current Activities: The Grassroots Source Water Protection Program (GSWPP) is a joint project by FSA and the nonprofit National Rural Water Association (NRWA) designed to help prevent source water pollution in States through voluntary practices installed by producers and other landowners at the local level. GSWPP uses the onsite technical assistance capabilities of each State rural water association that operates a source water protection program in the State. State rural water associations deliver assistance in developing source water protection plans within watersheds for the common goal of preventing the contamination of drinking water supplies.

Selected Examples of Recent Activity: During FY 2013, $5.16 million was provided by P.L. 113-6, the Consolidated and Further Continuing Appropriations Act, 2013. The thirty-three States participating in the GSWPP through August, 2013 were chosen based on objective technical criteria relating to water quality and population.

During 2013, $5.16 million was obligated and disbursed. The GSWPP completed 117 source water plans with management activities implemented in the source water areas. These water plans provide protection measures for 416 public drinking water sources (376 wells and 40 surface water intakes). Through August, 2013 GSWPP was active in 33 states. In September, 2013 the program was expanded to all 50 states.

The following table shows appropriations from fiscal years 2005 through 2013.

Grassroots Source Water Protection Program
Appropriations for Fiscal Years 2005-2013

Fiscal Year	Appropriations	
2005	$3,244,000	1/
2006	3,712,500	
2007	3,712,500	
2008	3,687,009	
2009	5,000,000	
2010	5,000,000	
2011	4,241,000	
2012	3,817,000	
2013	5,159,043	

1/ Funds were transferred from the Natural Resources Conservation Service to FSA to assist in the implementation of the program.

FARM SERVICE AGENCY
Dairy Indemnity Program

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Dairy Indemnity Program (including transfer of funds):
For necessary expenses involved in making indemnity payments to dairy farmers and manufacturers of dairy products under a dairy indemnity program, such sums as may be necessary, to remain available until expended: *Provided* , That such program is carried out by the Secretary in the same manner as the dairy indemnity program described in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (Public Law 106-387, 114 Stat. 1549A-12).

Lead-Off Tabular Statement

Budget Estimate, 2015	$500,000
2014 Enacted	500,000
Change in Appropriation	0

Summary of Increases and Decreases
(On basis of appropriation)
(Dollars in thousands)

Program	2012 Actual	2012 Change	2013 Change	2014 Change	2015 Estimate
Mandatory Appropriations:					
Dairy Indemnity Program	$100	+$1,798	-$1,398	-	$500
Total, Appropriation or Change	100	+1,798	-1,398	-	500

FARM SERVICE AGENCY

Dairy Indemnity Program

Project Statement

Appropriations Detail

(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Inc. or Dec. Amount	2015 Estimate Amount
Mandatory Appropriations:					
Dairy Indemnity Program........................	$100	$1,898	$464	+36	$500
Total Adjusted Appropriation.................	100	1,898	464	36	500
Rescissions, Transfers, and Seq. (Net)…...………..…..…	-	102	36	-36	-
Total Appropriation.................................	100	2,000	500	-36	500
Transfers In:					
Commodity Credit Corporation................	-	102	-	-	-
Subtotal..	-	102	-	-	-
Sequestration...		-102	-36	+36	-
Bal. Available, SOY....................................	763	-	-	-	-
Recoveries, Other (Net)...............................	9	-	-	-	-
Total Available..	872	2,000	464	+36	500
Lapsing Balances...	-592	-352	-	-	-
Total Obligations.....................................	280	1,648	464	+36	500

Project Statement

Obligations Detail

(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Inc. or Dec. Amount	2015 Estimate Amount
Mandatory Obligations:					
Dairy Indemnity Program........................	$280	$1,648	$500	-	$500
Total Obligations.....................................	280	1,648	500	-	500
Recoveries, Other (Net)...............................	-9	-	-	-	-
Lapsing Balances...	592	352	-	-	-
Total Available..	863	2,000	500	-	500
Transfers In..	-	102	-	-	-
Sequestration...	-	-102	-36	+36	-
Bal. Available, SOY....................................	-763	-	-	-	-
Total Appropriation.................................	100	2,000	464	+36	500

FARM SERVICE AGENCY

Dairy Indemnity Program

Geographic Breakdown of Obligations

(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Alabama...............................		$29	$30	$15
Arkansas.............................	-	42	12	12
Delaware.............................	-	24	18	18
Georgia...............................	$39	90	39	39
Illinois.................................	-	311	2	2
Indiana................................	-	19	3	3
Iowa....................................	-	23	4	4
Kansas................................	-	230	1	5
Kentucky.............................	-	20	1	5
Louisiana............................	-	5	1	5
Mississippi..........................	-	23	15	15
Missouri..............................	-	128	50	33
Nebraska.............................	-	8	1	2
Oklahoma...........................	2	44	2	2
Texas..................................	239	595	260	300
Utah....................................	-	78	45	45
West Virginia......................	-	8	10	10
Obligations......................	280	1,648	464	500
Recoveries, Other (Net).......	-9	-		
Lapsing Balances................	592	352	-	-
Total, Available................	863	2,000	464	500

Classification by Objects

(Dollars in thousands)

		2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
41.0	Grants.................................	$280	$1,648	$464	$500
99.9	Total, new obligations...	280	1,648	464	500

DAIRY INDEMNITY PROGRAM
STATUS OF PROGRAM

Current Activities: During 2013, 90 dairy farmers in 16 States filed 158 claims totaling $1,625,388 under the Dairy Indemnity Program. 158 claims resulted from severe drought areas throughout the United States causing an increase in aflatoxin contamination, a naturally occurring toxin that may inadvertently contaminate grain used for feed. Outlays for 2013 totaled $917,615.

Payments to dairy farmers since the program's inception in 1965 total $22.3 million. The provision for making indemnity payments to manufacturers of dairy products became effective on November 30, 1970. Since that time, 20 manufacturers have received indemnity payments totaling $3.9 million, which is unchanged since 1987.

Selected Examples of Recent Activity: The following tables show (a) allocations and outlays by State during 2013 and (b) payments and number of payees from 1965 through 2013.

Dairy Indemnity Program
Allocations and Outlays by State
Fiscal Year 2013

State	Allocations	Outlays
Illinois	$308,053	$106,969
Alabama	29,060	17,457
Delaware	23,426	23,426
Nebraska	8,312	8,312
Missouri	125,866	90,788
Texas	584,228	453,488
Iowa	23,127.	12,385
Kansas	229,289	129,314
Georgia	87,945	29,756
Arkansas	41,523	38,880
Wisconsin	6,039	6,039
Oklahoma	43,862	795
Indiana	19,417	0
Utah	71,729	0
Louisiana	4,777	0
Kentucky	18,735	0
Total	$1,625,388	$917,615

Dairy Indemnity Program
Payments and Number of Payees
Fiscal Years 1965-2013

Fiscal Years	Payments to Dairy Farmers	Payments to Manufacturers of Dairy Products	Total Payments	Number of Payees
1965 to 2011	$21,133,792	$3,911,439	$25,045,231	1495
2012	273,724	--	286,777	32
2013	917,615	--	917,615	158
Total	$22,325,131	$3,911,439	$26,249,623	1,617

FARM SERVICE AGENCY

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Credit Insurance Fund Program Account (including transfers of funds)

For gross obligations for the principal amount of direct and guaranteed farm ownership (7 U.S.C. 1922 et seq.) and operating (7 U.S.C. 1941 et seq.) loans, emergency loans (7 U.S.C. 1961 et seq.), Indian tribe land acquisition loans (25 U.S.C. 488), boll weevil loans (7 U.S.C. 1989), guaranteed conservation loans (7 U.S.C. 1924 et seq.), and Indian highly fractionated land loans (25 U.S.C. 488) to be available from funds in the Agricultural Credit Insurance Fund, as follows: $2,000,000,000 for guaranteed farm ownership loans and [$575,000,000] $1,500,000,000 for farm ownership direct loans; [$1,500,000,000] $1,393,443,000 for unsubsidized guaranteed operating loans and [$1,195,620,000] $1,252,004,000 for direct operating loans; emergency loans, [$34,658,000] $34,667,000; Indian tribe land acquisition loans, $2,000,000; guaranteed conservation loans, $150,000,000; Indian highly fractionated land loans, $10,000,000; and for boll weevil eradication program loans, $60,000,000: Provided, That the Secretary shall deem the pink bollworm to be a boll weevil for the purpose of boll weevil eradication program loans.

For the cost of direct and guaranteed loans and grants, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, as follows:[farm ownership, $4,428,000 for direct loans;] farm operating loans, [$65,520,000] $63,101,000 for direct operating loans, [$18,300,000] $14,770,000 for unsubsidized guaranteed operating loans, emergency loans, [$1,698,000] $856,000, to remain available until expended; [and Indian highly
1 fractionated land loans, $68,000] and for individual development account grants, $2,5000,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan
2 programs, [$314,719,000] $314,918,000, of which $306,998,000 shall be [transferred to and merged with] paid to the appropriation for "Farm Service Agency, Salaries and Expenses".

Funds appropriated by this Act to the Agricultural Credit Insurance Program Account for farm ownership, operating and conservation direct loans and guaranteed loans may be transferred among these programs: Provided, That the Committees on Appropriations of both Houses of Congress are notified at least 15 days in advance of any transfer.

1 The first change proposes new funding for Individual Development Account Grants authorized by 7 U.S.C. 1981-2008r.

2 The second change clarifies the appropriation language for the Farm Service Agency Salaries and Expenses account for work to administer the Agriculture Credit Insurance Fund Programs.

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Lead-Off Tabular Statement

Budget Estimate, 2015	$396,146,000
2014 Enacted	404,733,000
Change in Appropriation	-8,587,000

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
Summary of Increases and Decreases
On basis of appropriation
(Dollars in Thousands)

Program	2012 Actual		2013 Change		2014 Change		2015 Change		2015 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Discretionary Appropriations:										
Direct Loans:										
Farm Ownership	$475,000	$22,800	-$36,466	-$4,206	+$136,466	-$14,166	+$925,000	-$4,428	$1,500,000	-
Farm Operating	1,050,090	59,120	-80,616	-5,120	+226,146	+11,520	+56,384	-2,419	1,252,004	$63,101
Emergency	-	-	+21,635	+1,216	+13,023	+482	+9	-842	34,667	856
Indian Land Acquisition	2,000	-	-	-	-	-	-	-	2,000	-
Boll Weevil Eradication	100,000	-	-	-	-40,000	-	-	-	60,000	-
Indian Highly Fractionated Land	10,000	193	-768	-33	+768	-92	-	-68	10,000	-
Subtotal	1,637,090	82,113	-96,215	-8,144	+336,403	-2,255	+981,393	-7,757	2,858,671	63,957
Guaranteed Loans:										
Farm Ownership, Unsubsidized	1,500,000	-	-	-	+500,000	-	-	-	2,000,000	-
Farm Operating, Unsubsidized	1,500,000	26,100	-115,156	-9,620	+115,156	+1,820	-106,557	-3,530	1,393,443	14,770
Conservation	150,000	-	-	-	-	-	-	-	150,000	-
Subtotal	3,150,000	26,100	-115,156	-9,620	+615,156	+1,820	-106,557	-3,530	3,543,443	14,770
Individual Development Grants	-	-	-	-	-	-	+2,500	+2,500	2,500	2,500
Administrative Expenses	-	297,632	-	-8,756	-	+25,843	-	+199	-	314,918
Total Appropriation or Change	4,787,090	405,845	-211,371	-26,521	+951,559	+25,409	+877,335	-8,587	6,404,613	396,146

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Project Statement
Appropriations Detail
(Dollars in thousands)

Program	2012 Actual Loan Level	2012 Actual Subsidy	2013 Actual Loan Level	2013 Actual Subsidy	2014 Estimate Loan Level	2014 Estimate Subsidy	Inc. or Dec. Loan Level		Inc. or Dec. Subsidy		2015 Estimate Loan Level	2015 Estimate Subsidy
Discretionary Appropriations:												
Direct Loans:												
Farm Ownership	$475,000	$22,800	$438,534	$18,594	$575,000	$4,428	$925,000		-$4,428		$1,500,000	-
Farm Operating	1,050,090	59,120	969,474	54,000	1,195,620	65,520	+56,384		-2,419		1,252,004	$63,101
Emergency	-	-	21,635	1,216	34,658	1,698	+9		-842		34,667	856
Indian Land Acquisition	2,000	-	2,000	-	2,000	-	-		-		2,000	-
Boll Weevil Eradication	100,000	-	100,000	-	60,000	-	-		-		60,000	-
Indian Highly Fractionated Land	10,000	193	9,232	160	10,000	68	-		-68		10,000	-
Subtotal	1,637,090	82,113	1,540,875	73,969	1,877,278	71,714	981,393	(1)	-7,757	(5)	2,858,671	63,957
Guaranteed Loans:												
Farm Ownership, Unsubsidized	1,500,000	-	1,500,000	-	2,000,000	-	-		-		2,000,000	-
Farm Operating, Unsubsidized	1,500,000	26,100	1,384,844	16,480	1,500,000	18,300	-106,557		-3,530		1,393,443	14,770
Conservation	150,000	-	150,000	-	150,000	-	-		-		150,000	-
Subtotal	3,150,000	26,100	3,034,844	16,480	3,650,000	18,300	-106,557	(2)	-3,530	(5)	3,543,443	14,770
Individual Development Grants	-	-	-	-	-	-	2,500		+2,500	(3)	2,500	2,500
Administrative Expenses	-	297,632	-	288,876	-	314,719	-		+199	(4)	-	314,918
Total Adjusted Appropriations	4,787,090	405,845	4,575,719	379,324	5,527,278	404,733	+877,335		-8,587		6,404,613	396,146

Table Continued on next page.

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
Project Statement
Appropriations Detail
(Dollars in thousands)

Program	2012 Actual Loan Level	2012 Actual Subsidy	2013 Actual Loan Level	2013 Actual Subsidy	2014 Estimate Loan Level	2014 Estimate Subsidy	Inc. or Dec. Loan Level	Inc. or Dec. Subsidy	2015 Estimate Loan Level	2015 Estimate Subsidy
Recissions	-	-	82,824	11,126	-	-	-	-	-	-
Sequestration	-	-	151,981	20,416	-	-	-	-	-	-
Direct Loans:										
Transfers(Internal) Farm Ownership	55,000	2,640	10,000	424	-	-	-	-	-	-
Transfers(Internal) Farm Operating	120,000	6,756	91,867	5,117	-	-	-	-	-	-
Subtotal, Direct Transfers	175,000	9,396	101,867	5,541	-	-	-	-	-	-
Guaranteed Loans:										
Transfers(Internal) Farm Operating, Unsubsidized	-540,000	-9,396	-465,630	-5,541	-	-	-	-	-	-
Subtotal, Guaranteed Transfers	-540,000	-9,396	-465,630	-5,541	-	-	-	-	-	-
Total Appropriation	4,422,090	405,845	4,446,761	410,866	5,527,278	404,733	+$877,335	-8,587	6,404,613	396,146
Recissions	-	-	-82,824	-11,126	-	-	-	-	-	-
Sequestration	-	-	-151,981	-20,416	-	-	-	-	-	-
Bal Available, SOY	68,397	3,605	37,279	2,095	30,018	1,490	-16,075	-807	13,943	683
Recoveries, Other (Net)	-	75	-	55		10	-	-10	-	-
Total Available	4,490,487	409,525	4,249,235	381,474	5,557,296	406,233	861,260	-9,404	6,418,556	396,829
Lapsing Balances	-268,774	-1,138	-283,183	-974	-	-	-	-	-	-
Balance Available, EOY	-36,961	-2,095	-25,526	-1,490	-13,943	-683	13,943	683	-	-
Total Obligations	4,184,752	406,292	3,940,526	379,010	5,543,353	405,550	875,203	-8,721	6,418,556	396,829

Loan levels and subsidy may change for individual programs throughout the year due to Secretarial decisions authorized in the Consolidated Farm and Rural Development Act (ConAct) and annual appropriations acts.

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Project Statement
Obligations Detail
(Dollars in thousands)

	2012 Actual		2013 Actual		2014 Estimate		Inc. or Dec.		2015 Estimate	
Program	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Discretionary Appropriations:										
Direct Loans:										
Farm Ownership	$529,812	$25,430	$448,237	$19,005	$575,000	$4,428	+$925,000	-$4,428	$1,500,000	-
Farm Operating	1,169,232	65,828	1,060,918	59,093	1,195,620	65,520	+56,384	-2,419	1,252,004	$63,101
Emergency	31,436	1,585	33,388	1,876	48,601	2,435	9	-896	48,610	1,539
Indian Land Acquisition	-	-	-	-	2,000	-	-	-	2,000	-
Boll Weevil Eradication	20,900	-	-	-	60,000	-	-	-	60,000	-
Indian Highly Fractionated Land	-	-	-	-	10,000	68	-	-68	10,000	-
Subtotal	1,751,380	92,843	1,542,543	79,974	1,891,221	72,451	+981,393	-7,811	2,872,614	64,640
Guaranteed Loans:										
Farm Ownership, Unsubsidized	1,499,491	-	1,498,676	-	2,000,000	-	-	-	2,000,000	-
Farm Operating, Unsubsidized	933,881	16,250	899,232	10,701	1,502,132	18,380	-108,689	-3,610	1,393,443	14,770
Conservation	-	-	75	-	150,000	-	-	-	150,000	-
Subtotal	2,433,372	16,250	2,397,983	10,701	3,652,132	18,380	-108,689	-3,610	3,543,443	14,770
Individual Development Grants	-	-	-	-	-	-	+2,500	+2,500	2,500	2,500
Administrative Expenses	-	297,199	-	288,335	-	314,719	-	+199	-	314,918
Subtotal	-	297,199	-	288,335	-	314,719	2,500	2,699	2,500	317,418
Total Obligations	4,184,752	406,292	3,940,526	379,010	5,543,353	405,550	875,203	-8,721	6,418,556	396,829
Lapsing Balances	268,774	1,138	283,183	974	-	-	-	-	-	-
Balance Available, EOY	36,961	2,095	25,526	1,490	13,943	683	-13,943	-683	-	-
Total Available	4,490,487	409,525	4,249,235	381,474	5,557,296	406,233	861,260	-9,404	6,418,556	396,829
Rescissions	-	-	82,824	11,126	-	-	-	-	-	-
Sequestration	-	-	151,981	20,416	-	-	-	-	-	-
Bal Available, SOY	-68,397	-3,605	-37,279	-2,095	-30,018	-1,490	+$16,075	807	-13,943	-683
Other Adjustments (Net)	-	-75	-	-55	-	-10	-	10	-	-
Total Appropriation	4,422,090	405,845	4,446,761	410,866	5,527,278	404,733	877,335	-8,587	6,404,613	396,146

Loan levels and subsidy may change for individual programs throughout the year due to Secretarial decisions authorized in the Consolidated Farm and Rural Development Act (ConAct) and annual appropriations acts.

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Justification of Increases and Decreases

(1) A net increase of $981,393,000 in direct loan levels ($1,877,278,000 available in 2014)

The 2015 budget proposes increases for Direct Ownership, Direct Operating, and Emergency loan levels.

The increase of $925,000,000 in the Direct Ownership loan program primarily benefits beginning and socially disadvantaged (SDA) farmers who have no alternative source of financing; over 85 percent of the funding is reserved for these two groups. The increase in land prices in most areas of the country is making farm ownership for minority and beginning farmers nearly impossible without full or partial FSA financing. Lack of funding in this program has a direct and adverse impact on the groups that the Department seeks to assist. Applicants with approved loans are forced to wait long periods of time for available funding, sometimes a year or more. In many cases, the funding shortage prevents both beginning and minority farmers from taking advantage of unique, often one-time opportunities to purchase a property which affords them the best possibility for success. Increased funding to support a larger farm loan portfolio that doesn't have these intermittent gaps in loan availability each year would benefit the core FSA customers. The increase requested will support an additional 5,474 loans above the 2014 level, of which an additional 4,061 will be to new and beginning farmers.

The increase of $56,384,000 in Direct Operating loans also benefits beginning and SDA farmers who have no alternative source of financing – over 60 percent of the funding is reserved for these two groups. Additionally, the program is now financing an increasing number of small and local food producers, and includes the successful new microloan program designed to better reach these growers, increasing and supporting the availability of fresh, local food. Initial appropriations in recent fiscal years have been inadequate to meet the demand for approved loans. Demand in FY 2013 continued the trend of increases in recent years, as the cost of farm production inputs increase and the Agency does a better job of reaching beginning and SDA farmers. The requested program level should be sufficient to support the anticipated demand. The increase requested will support an additional 989 loans above the 2014 level, of which 529 will go to new and beginning farmers.

An increase of $9,000 is requested for Emergency loans to support a total of $34.667 million in loans.

(2) A decrease of $106,557,000 in guaranteed loan levels ($3,650,000,000 available in FY 2014)

The 2015 budget proposes a decrease of $106,557 in the guaranteed operating unsubsidized loan program. Demand for this program has fallen over the last two years, and the requested loan level is anticipated to be adequate to meet demand in FY 2015.

(3) An increase of $2,500,000 in Individual Development Account Grants ($0 available in FY 2014)

Individual development account grants provide for matching-funds savings accounts for beginning farmers and ranchers to be used for farm-related expenses. The purpose of the program is to encourage eligible beginning farmers and ranchers (those that lack significant assets and have an income that is either below 80% of a State's median income or below 200% of a State's poverty income guidelines) to either begin or enhance farming operations. As this is a pilot program that has not yet been implemented, there is no data on how many grants will be issued. The maximum amount of any matching grant to an individual is $3,000.

(4) An increase of $199,000 in administrative expenses budget authority ($314,719,000 available in FY 2014)

The proposed increase of $199,000 is for additional program loan cost expenses (PLCE) resulting from an anticipated increase in farm ownership loans. PLCE funding available in FY 2014 is $7,721,000.

(5) A decrease of $11,287,000 in subsidy budget authority (BA) ($90,014,000 available in 2014).
Subsidy budget authority for direct loans decreases $7,757,000 due to proposed increases in the borrower interest rates for ownership, operating and emergency loans. Borrower interest rates are currently set at 0.5% above the Treasury interest rate for similar maturity loans. FSA has statutory authority to charge up to 1.0% above the Treasury rate for loans under ACIF, and that is the basis for the current proposal. The result is a higher program level than FY 2014 with less budget authority required to support that program level.

The $3,530,000 decrease in subsidy budget authority for guaranteed operating unsubsidized loans is a direct result of the lower program level requested in the budget.

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
DIRECT FARM OWNERSHIP PROGRAM

Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual Loan Level	2013 Actual Loan Level	2014 Estimate Loan Level	2015 Estimate Loan Level
Alabama	$4,930	$4,655	$5,971	$15,578
Alaska	133	100	128	335
Arizona	480	150	192	502
Arkansas	4,302	4,736	6,075	15,849
California	8,124	9,606	12,323	32,146
Colorado	5,751	7,864	10,088	26,316
Connecticut	340	245	314	820
Delaware	1,424	1,019	1,307	3,410
Florida	3,165	3,563	4,571	11,923
Georgia	6,853	6,605	8,473	22,103
Hawaii	1,101	767	984	2,567
Idaho	5,029	4,987	6,397	16,689
Illinois	33,016	15,677	20,111	52,462
Indiana	17,429	11,253	14,435	37,658
Iowa	56,070	35,484	45,519	118,745
Kansas	26,551	21,785	27,946	72,902
Kentucky	16,819	15,154	19,440	50,712
Louisiana	350	1,162	1,491	3,889
Maine	1,634	1,327	1,702	4,441
Maryland	2,068	2,400	3,079	8,031
Massachusetts	3,118	3,858	4,949	12,911
Michigan	10,641	9,213	11,818	30,831
Minnesota	29,867	23,067	29,590	77,192
Mississippi	1,634	2,096	2,689	7,014
Missouri	21,962	19,296	24,753	64,573
Montana	9,027	6,485	8,319	21,702
Nebraska	39,268	24,388	31,285	81,613
Nevada	1,129	820	1,052	2,744
New Hampshire	485	532	682	1,780
New Jersey	636	1,091	1,400	3,651
New Mexico	3,926	2,872	3,684	9,611
New York	5,208	3,472	4,454	11,619
North Carolina	4,001	4,100	5,259	13,720
North Dakota	9,178	7,767	9,964	25,992
Ohio	17,706	14,891	19,102	49,832
Oklahoma	47,204	49,937	64,059	167,111
Oregon	4,562	4,418	5,667	14,785
Pennsylvania	10,317	10,215	13,104	34,184
Rhode Island	-	423	543	1,416
South Carolina	3,611	3,716	4,767	12,435
South Dakota	18,219	17,278	22,164	57,820
Tennessee	8,665	6,895	8,845	23,074
Texas	22,127	24,557	31,502	82,179
Utah	6,512	7,637	9,797	25,557
Vermont	1,458	1,899	2,436	6,355
Virginia	7,754	6,175	7,921	20,664
Washington	5,301	7,543	9,676	25,242
West Virginia	2,941	1,858	2,383	6,218
Wisconsin	29,831	25,234	32,370	84,444
Wyoming	3,240	2,421	3,106	8,102
Puerto Rico	4,715	5,544	7,114	18,551
Obligations	529,812	448,237	575,000	1,500,000
Lapsing Balances	188	297		
Total, Available	530,000	448,534	575,000	1,500,000

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
GUARANTEED FARM OWNERSHIP PROGRAM
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual Loan Level	2013 Actual Loan Level	2014 Estimate Loan Level	2015 Estimate Loan Level
Alabama	$27,772	$41,920	$55,943	$55,943
Arizona	2,555	2,764	3,689	3,689
Arkansas	68,601	65,965	88,031	88,031
California	37,589	40,052	53,450	53,450
Colorado	17,039	18,205	24,295	24,295
Connecticut	3,106	584	779	779
Delaware	5,004	7,122	9,504	9,504
Florida	3,943	8,199	10,942	10,942
Georgia	16,581	21,481	28,667	28,667
Hawaii	2,433	3,926	5,239	5,239
Idaho	25,316	27,448	36,630	36,630
Illinois	117,682	134,585	179,605	179,605
Indiana	86,069	70,682	94,326	94,326
Iowa	92,140	87,081	116,211	116,211
Kansas	21,178	17,240	23,007	23,007
Kentucky	39,274	45,766	61,075	61,075
Louisiana	5,037	2,847	3,799	3,799
Maine	4,665	1,720	2,295	2,295
Maryland	4,175	12,338	16,465	16,465
Massachusetts	4,150	1,835	2,449	2,449
Michigan	44,576	18,230	24,328	24,328
Minnesota	68,419	69,554	92,821	92,821
Mississippi	16,020	11,789	15,733	15,733
Missouri	72,376	62,651	83,608	83,608
Montana	28,532	26,691	35,619	35,619
Nebraska	52,252	52,040	69,448	69,448
Nevada	2,196	8,172	10,906	10,906
New Hampshire	836	1,221	1,629	1,629
New Jersey	2,436	1,981	2,644	2,644
New Mexico	5,750	8,699	11,609	11,609
New York	24,109	13,597	18,145	18,145
North Carolina	33,137	25,757	34,373	34,373
North Dakota	14,455	12,862	17,164	17,164
Ohio	148,813	161,771	215,885	215,885
Oklahoma	29,453	25,550	34,097	34,097
Oregon	18,457	17,253	23,024	23,024
Pennsylvania	13,795	17,507	23,363	23,363
Rhode Island	575	-	-	-
South Carolina	19,018	24,373	32,526	32,526
South Dakota	46,357	52,568	70,153	70,153
Tennessee	26,553	26,087	34,813	34,813
Texas	39,157	22,730	30,333	30,333
Utah	16,188	15,477	20,654	20,654
Vermont	9,296	9,099	12,143	12,143
Virginia	13,522	7,751	10,344	10,344
Washington	7,005	8,693	11,601	11,601
West Virginia	3,876	3,480	4,644	4,644
Wisconsin	144,651	172,668	230,427	230,427
Wyoming	10,555	8,145	10,870	10,870
Puerto Rico	2,817	520	695	695
Obligations	1,499,491	1,498,676	2,000,000	2,000,000
Lapsing Balances	509	1,324		
Total, Available	1,500,000	1,500,000	2,000,000	2,000,000

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
DIRECT FARM OPERATING PROGRAM
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama	$15,104	$17,632	$19,871	$20,808
Alaska	1,108	458	516	540
Arizona	7,720	5,862	6,606	6,918
Arkansas	41,474	26,833	30,240	31,666
California	29,134	27,735	31,256	32,730
Colorado	14,725	20,576	23,188	24,282
Connecticut	1,056	584	658	689
Delaware	403	426	480	503
Florida	19,195	18,263	20,582	21,552
Georgia	43,545	44,486	50,134	52,499
Hawaii	1,985	2,165	2,440	2,555
Idaho	23,653	20,386	22,974	24,058
Illinois	16,740	16,986	19,143	20,045
Indiana	7,615	6,329	7,133	7,469
Iowa	71,864	63,873	71,983	75,377
Kansas	36,441	33,214	37,431	39,196
Kentucky	57,749	50,990	57,464	60,174
Louisiana	16,469	17,209	19,394	20,309
Maine	5,993	3,790	4,271	4,473
Maryland	2,642	1,978	2,229	2,334
Massachusetts	7,729	5,214	5,876	6,153
Michigan	20,514	20,908	23,563	24,674
Minnesota	57,517	51,546	58,091	60,830
Mississippi	17,358	19,558	22,041	23,081
Missouri	25,853	23,809	26,832	28,097
Montana	20,852	16,107	18,152	19,008
Nebraska	73,841	72,623	81,844	85,703
Nevada	3,694	2,967	3,344	3,501
New Hampshire	1,077	1,978	2,229	2,334
New Jersey	3,592	3,937	4,437	4,646
New Mexico	7,034	7,299	8,226	8,614
New York	15,296	12,853	14,485	15,168
North Carolina	24,248	21,070	23,745	24,865
North Dakota	28,252	23,929	26,967	28,239
Ohio	8,581	10,255	11,557	12,102
Oklahoma	49,011	48,881	55,087	57,685
Oregon	15,712	14,170	15,969	16,722
Pennsylvania	27,605	23,677	26,683	27,942
Rhode Island	1,246	945	1,065	1,115
South Carolina	33,209	29,472	33,214	34,780
South Dakota	48,276	39,352	44,348	46,440
Tennessee	30,043	27,283	30,747	32,197
Texas	73,859	67,852	76,467	80,073
Utah	26,523	22,376	25,217	26,406
Vermont	5,607	4,106	4,627	4,846
Virginia	22,674	20,812	23,454	24,561
Washington	24,120	22,418	25,264	26,456
West Virginia	9,742	9,050	10,199	10,680
Wisconsin	60,875	48,210	54,331	56,893
Wyoming	3,884	2,879	3,245	3,398
Puerto Rico	6,695	5,487	6,184	6,475
Virgin Islands	74	70	79	83
Western Pacific Territories	24	50	58	60
Obligations	1,169,232	1,060,918	1,195,620	1,252,004
Lapsing Balances	858	423		
Total, Available	1,170,090	1,061,341	1,195,620	1,252,004

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
GUARANTEED FARM OPERATING UNSUBSIDIZED PROGRAM
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual Loan Level	2013 Actual Loan Level	2014 Estimate Loan Level	2015 Estimate Loan Level
Alabama	$2,982	$2,524	$4,216	$3,911
Arizona	9,623	19,021	31,774	29,475
Arkansas	78,378	65,341	109,150	101,252
California	43,017	42,650	71,245	66,090
Colorado	9,884	15,492	25,879	24,006
Connecticut	1,223	1,877	3,135	2,909
Delaware	482	422	705	654
Florida	13,476	9,882	16,507	15,313
Georgia	45,113	37,646	62,886	58,336
Hawaii	62	163	272	253
Idaho	28,242	24,097	40,253	37,340
Illinois	22,683	23,063	38,526	35,738
Indiana	40,234	34,470	57,581	53,414
Iowa	38,437	35,562	59,405	55,106
Kansas	18,362	16,357	27,324	25,347
Kentucky	21,873	21,976	36,710	34,054
Louisiana	50,918	34,977	58,428	54,200
Maine	954	2,336	3,902	3,620
Maryland	1,213	1,333	2,227	2,066
Massachusetts	1,816	658	1,099	1,020
Michigan	28,932	19,496	32,567	30,211
Minnesota	46,884	38,543	64,385	59,726
Mississippi	12,281	7,523	12,567	11,658
Missouri	34,094	36,783	61,445	56,999
Montana	19,668	20,740	34,645	32,138
Nebraska	21,539	29,552	49,365	45,793
Nevada	1,797	1,098	1,834	1,701
New Hampshire	117	299	499	463
New Jersey	2,025	1,930	3,224	2,991
New Mexico	2,997	4,412	7,370	6,837
New York	17,074	13,049	21,798	20,221
North Carolina	13,516	19,140	31,973	29,659
North Dakota	26,141	23,646	39,500	36,642
Ohio	15,674	18,074	30,192	28,007
Oklahoma	26,074	22,230	37,134	34,447
Oregon	15,393	13,681	22,854	21,200
Pennsylvania	9,859	11,503	19,215	17,825
Rhode Island	230	40	67	62
South Carolina	15,619	14,375	24,013	22,275
South Dakota	23,633	22,757	38,015	35,264
Tennessee	17,181	18,028	30,115	27,936
Texas	55,499	45,520	76,039	70,537
Utah	6,095	10,174	16,995	15,766
Vermont	6,855	8,140	13,598	12,614
Virginia	8,514	12,382	20,684	19,190
Washington	25,821	24,037	40,153	37,247
West Virginia	292	751	1,255	1,164
Wisconsin	46,761	67,543	112,828	104,664
Wyoming	3,935	2,594	4,333	4,020
Puerto Rico	400	1,345	2,246	2,082
Western Pacific Territories	9		-	-
Obligations	933,881	899,232	1,502,132	1,393,443
Lapsing Balances	26,119	19,982	-	-
Bal. Available, EOY	1,495	2,186	-	-
Total, Available	961,495	921,400	1,502,132	1,393,443

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
EMERGENCY LOAN PROGRAM
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual Loan Level	2013 Actual Loan Level	2014 Estimate Loan Level	2015 Estimate Loan Level
Arkansas	$2,591	$910	$2,625	$2,625
California	1,979	722	2,025	2,025
Colorado	361	316	508	508
Connecticut	389	-	292	292
Delaware	-	110	82	82
Florida	500	538	778	778
Georgia	1,381	570	1,463	1,463
Illinois	40	1,500	1,155	1,155
Indiana	-	199	149	149
Iowa	125	1,059	888	888
Kansas	285	2,935	2,414	2,415
Kentucky	-	827	620	620
Louisiana	1,085	-	813	814
Maryland	211	-	158	158
Massachusetts	1,353	287	1,230	1,230
Michigan	200	3,805	3,003	3,003
Minnesota	338	360	523	523
Mississippi	86	-	64	64
Missouri	24	207	173	173
Montana	313	469	586	586
Nebraska	-	305	229	229
Nevada	-	200	150	150
New Jersey	1,723	216	1,454	1,454
New Mexico	307	1,374	1,260	1,261
New York	1,847	1,160	2,254	2,255
North Carolina	5,178	90	3,950	3,950
North Dakota	784	634	1,063	1,063
Ohio	86	324	307	307
Oklahoma	646	3,539	3,138	3,138
Oregon	194	-	145	145
Pennsylvania	1,751	176	1,445	1,445
South Carolina	1,564	-	1,173	1,173
South Dakota	29	830	644	644
Tennessee	-	466	349	349
Texas	5,787	4,879	7,997	7,998
Utah	-	361	271	271
Virginia	217	409	469	469
Wisconsin	62	2,944	2,254	2,254
Wyoming	-	667	500	504
Obligations	31,436	33,388	48,601	48,610
Bal. Available, EOY	35,466	23,340	13,943	
Total, Available	66,902	56,728	62,544	48,610

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
GUARANTEED CONSERVATION LOAN PROGRAM
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Virginia	-	$75	-	-
Undistributed	-	-	$150,000	$150,000
Obligations	-	75	150,000	150,000
Lapsing Balances	-	149,925	-	-
Total, Available	-	150,000	150,000	150,000

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
BOLL WEEVIL ERADICATION LOAN PROGRAM
Geographic Breakdown of Obligations
(Dollars in thousands)

	2012 Actual	2013 Actual	2014 Estimated	2015 Estimated
	Loan Level	Loan Level	Loan Level	Loan Level
Undistributed	$20,900	-	$60,000	$60,000
Total Obligation	20,900	-	60,000	60,000
Lapsing Balances	79,100	$100,000	-	-
Total, Available	100,000	100,000	60,000	60,000

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
INDIAN LAND ACQUISITION LOAN PROGRAM
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimated	2015 Estimated
	Loan Level	Loan Level	Loan Level	Loan Level
Undistributed	-	-	$2,000	$2,000
Total Obligation	-	-	2,000	2,000
Lapsing Balances	$2,000	$2,000	-	-
Total, Available	2,000	2,000	2,000	2,000

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
INDIVIDUAL DEVELOPMENT GRANT
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimated	2015 Estimated
	Loan Level	Loan Level	Loan Level	Loan Level
Undistributed	-	-	-	$2,500
Total Obligation	-	-	-	2,500
Total, Available	-	-	-	2,500

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
INDIAN HIGHLY FRACTIONATED LAND PROGRAM
Geographic Breakdown of Obligations
(Dollars in thousands)

	2012 Actual	2013 Actual	2014 Estimated	2015 Estimated
	Loan Level	Loan Level	Loan Level	Loan Level
Undistributed	-	-	$10,000	$10,000
Total Obligation	-	-	10,000	10,000
Lapsing Balances	$10,000	$9,232	-	-
Total, Available	10,000	9,232	10,000	10,000

FARM SERVICE AGENCY

AGRICULTURAL CREDIT INSURANCE FUND

Classification by Objects

(Dollars in thousands)

		2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
25.3	Other purchases of goods and services from Federal sources................................	$297,199	$288,335	$314,719	$314,918
41.0	Grants, subsidies and contributions.............	109,093	90,675	90,831	81,910
99.9	Total, new obligations...........................	406,292	379,010	405,550	396,829

AGRICULTURAL CREDIT INSURANCE FUND

STATUS OF PROGRAM

Current Activities: Through the Agricultural Credit Insurance Fund (ACIF), FSA offers direct and guaranteed loans to farmers temporarily unable to obtain regular commercial credit. Under the guaranteed loan program, FSA guarantees up to 95 percent of the principal amount of loans made by conventional agricultural lenders. Applicants unable to qualify for a guaranteed loan may be eligible for a direct loan made and serviced by FSA loan officers, who also provide loan supervision and credit counseling.

- Farm Ownership Loans. FSA makes direct and guaranteed loans to family farmers to purchase farmland; restructure debts, including utilizing real estate equity to refinance heavy short-term debts; and modify their operations to comply with sanitation and pollution abatement requirements, keep up with advances in agricultural technology, better utilize their land and labor resources, or meet changing market requirements.

- Farm Operating Loans. Direct and guaranteed operating loans may be made to pay costs incidental to reorganizing a farming system for more profitable operations; purchasing livestock, poultry, and farm equipment; purchasing feed, seed, fertilizer, insecticides, and farm supplies and meeting other essential operating expenses; financing land and water development, use, and conservation; developing recreation and other non-farm enterprises; and refinancing existing indebtedness.

- Emergency Loans. Direct loans are made available in designated counties and contiguous counties where property damage and/or severe production losses have occurred as a result of natural disaster.

- Indian Tribe Land Acquisition Loans. Direct loans are made to eligible Native American tribes to assist them in repurchasing lands within the boundaries of their reservations and maintaining ownership for future generations.

- Boll Weevil Eradication Loans. Direct loans assist producer associations and State governmental agencies in cotton-producing States to carry out boll weevil eradication programs.

- Conservation Loans. Guaranteed loans allow farming operations of any size access to credit to implement conservation practices approved by the Natural Resources Conservation Service.

- Indian Highly Fractionated Land Loans. Direct loans are available to eligible purchasers of highly fractionated lands under relevant provisions of the Indian Land Consolidation Act. Eligible purchasers are Indian tribal members.

Direct and guaranteed loan programs provided assistance totaling $1.7 billion to beginning farmers during 2013, of which $742 million was in the ownership program and $965 million was in the operating program. Loans for socially disadvantaged farmers totaled $569 million, of which $268 million was in the farm ownership program and $301 million was in the farm operating program.

Selected Examples of Recent Progress: Lending to beginning farmers was strong during 2013. FSA loaned or guaranteed beginning farmer loans for 15,595 borrowers. The ratio of direct loans made to minority borrowers increased more than 5 percent from FY 2012, while those to women borrowers showed a 6.43 percent increase from FY 2012. Outreach efforts by FSA field offices to promote and inform beginning and socially disadvantaged farmers about available FSA programs has resulted in increased lending to these groups in the last few years.

Although overall loan totals were generally lower from 2012 to 2013, the trend in lending to beginning and socially disadvantaged farmers has increased as a percentage of total loans made. The number of beginning farmer loans increased by 5 percent and the number of socially disadvantaged loans increased by 3 percent. In regard to direct and guaranteed farm ownership and operating programs, the following tables represent changes in loan activity from 2012 to 2013 for total loans as well as both Beginning Farmers and Socially Disadvantaged Farmers:

The following tables reflect 2013 ACIF program activity:

FY 2013 Actual Agricultural Credit Insurance Fund Loans and Obligations

Total Direct and Guaranteed Loans			
	FY 2012	**FY 2013**	**Percent Change**
Total Number Of Loans			
Direct Farm Ownership	3,231	2,563	-21%
Guaranteed Farm Ownership	3,850	3,522	-9%
Ownership Subtotal	**7,081**	**6,085**	**-14%**
Direct Operating	20,413	19,780	-3%
Guaranteed Operating	4,250	3,887	-9%
Operating Subtotal	**24,663**	**23,667**	**-4%**
Grand Total Number of Loans	**31,744**	**29,752**	**-6%**
Total Dollar Value Of Loans ($000)			
Direct Farm Ownership	$529,813	$448,237	-15%
Guaranteed Farm Ownership	1,499,491	1,498,676	0%
Ownership Subtotal	**2,029,304**	**1,946,913**	**-4%**
Direct Operating	1,169,232	1,060,918	-9%
Guaranteed Operating	933,880	899,232	-4%
Operating Subtotal	**2,103,112**	**1,960,150**	**-7%**
Grand Total Dollar Value of Loans	**$4,132,416**	**$3,907,063**	**-5%**

Beginning Farmer Loans a/			
	FY 2012	**FY 2013**	**Percent Change**
Total Number Of Loans			
Direct Farm Ownership	1,248	1,345	8%
Direct Farm Ownership Down-payment	1,187	550	-54%
Guaranteed Farm Ownership	1,169	1,149	-2%
Ownership Subtotal	**3,604**	**3,044**	**-16%**
Direct Operating	10,949	11,046	1%
Guaranteed Operating	1,490	1,505	1%
Operating Subtotal	**12,439**	**12,551**	**1%**
Grand Total Number of Loans	**16,043**	**15,595**	**1%**
Total Dollar Value Of Loans ($000)			
Direct Farm Ownership	$229,284	$253,973	11%
Direct Farm Ownership Down-payment	175,475	83,027	-53%
Guaranteed Farm Ownership	355,045	405,111	14%
Ownership Subtotal	**759,804**	**742,111**	**-2%**
Direct Operating	711,678	664,576	-7%
Guaranteed Operating	283,691	301,215	6%
Operating Subtotal	**995,369**	**965,791**	**-3%**
Grand Total Dollar Value of Loans	**$1,755,173**	**$1,707,902**	**-3%**

Socially Disadvantaged Farmer Loans a/			
	FY 2012	**FY 2013**	**Percent Change**
Total Number Of Loans			
Direct Farm Ownership	809	758	-6%
Guaranteed Farm Ownership	345	306	-11%
Ownership Subtotal	**1,154**	**1,064**	**-8%**
Direct Operating	5,044	5,671	12%
Guaranteed Operating	336	377	12%
Operating Subtotal	**5,830**	**6,048**	**12%**
Grand Total Number of Loans	**6,534**	**7,112**	**9%**
Total Dollar Value Of Loans ($000)			
Direct Farm Ownership	$130,230	$125,949	-3%
Guaranteed Farm Ownership	138,514	142,480	3%
Ownership Subtotal	**268,744**	**268,429**	**0%**
Direct Operating	194,498	215,549	11%
Guaranteed Operating	79,539	85,886	8%
Operating Subtotal	**274,037**	**301,435**	**10%**
Grand Total Dollar Value of Loans	**$542,781**	**$569,864**	**5%**

a/ Please note that the number of loans shown above are subsets of the total. For example, a direct farm ownership socially disadvantaged farmer could also be a beginning farmer and would be included in both categories so the numbers may exceed the total.

FSA utilized transfer authority provided in the 2013 Appropriations Act, P.L. 113-6 to fund direct farm operating loan requests. Guaranteed operating un-subsidized funds were transferred to provide $91.9 million in direct farm operating loans to applicants.

FSA also utilized statutory transfer authorities (Sec. 346 of The Consolidated Farm and Rural Development Act) to fund direct farm ownership down payment loan requests. Through the use of the transfer, additional direct farm ownership down payment funds of $10 million were made available from the guaranteed operating unsubsidized loan funds.

FARM SERVICE AGENCY

Reforestation Pilot Program

Lead-Off Tabular Statement

Budget Estimate, 2015	0
2014 Enacted	$600,000
Change in Appropriation	-600,000

Summary of Increases and Decreases

(Dollars in thousands)

Program	2012 Actual	2013 Change	2014 Change	2015 Change	2015 Estimate
Discretionary Appropriations:					
Reforestation Pilot Program	$600	-$46	+$46	-$600	-
Total	600	-46	46	-600	-

FARM SERVICE AGENCY
Reforestation Pilot Program

Project Statement
Appropriations Detail
(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Inc. or Dec. Amount	2015 Estimate Amount
Discretionary Appropriations:					
Reforestation Pilot Program......................	$600	$554	$600	-$600 (1)	-
Total Adjusted Appropriation...................	600	554	600	-600	-
Rescissions, Transfers, and Seq. (Net)…...……...…..…	-	46	-	-	-
Total Appropriations............................	600	600	600		
Rescission..	-	-16	-	-	-
Sequestration..	-	-30	-	-	-
Total Available...	600	554	600	-600	-
Total Obligations......................................	600	554	600	-600	-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Inc. or Dec. Amount	2015 Estimate Amount
Discretionary Obligations:					
Reforestation Pilot Program......................	$600	$554	$600	-$600	-
Total Obligations......................................	600	554	600	-600	-
Total Available...	600	554	600	-600	-
Rescission..	-	16	-	-	-
Sequestration..	-	30	-	-	-
Total Appropriation..................................	600	600	600	-600	-

Justification of Increases and Decreases

(1) A decrease of $600,000 for Reforestation Pilot Program ($600,000 is available in 2014).

The FY 2015 Budget proposes no funding for this program.

FARM SERVICE AGENCY
Reforestation Pilot Program
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	2015 Estimate Amount
Louisiana................................	$100	$94	$100	-
Mississippi.............................	500	460	500	-
Obligations.........................	600	554	600	-
Total, Available..................	600	554	600	-

Classification by Objects
(Dollars in thousands)

	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
41.0 Grants……………	$600	$554	$600	-
99.0 Total, new obligations..	600	554	600	-

REFORESTATION PILOT PROGRAM

STATUS OF PROGRAM

The 2008 Agriculture Appropriations Act, PL 110-161, directed FSA to carry out a pilot program to demonstrate the use of new technologies that increase the rate of growth of reforested hardwood trees on private, non-industrial forest lands on the coast of the Gulf of Mexico damaged by Hurricane Katrina in 2005. In addition to loss of human lives and destruction of property, the hurricanes of 2005 also caused significant damage to forest resources in the area. Larger hardwood seedlings, such as those produced through root production methodologies (RPM), are believed to have better survival and early growth. For over four years, FSA has engaged with Mississippi State University (MSU) in a demonstration project to evaluate the efficacy of the implementation of such new technologies and establishment of larger seedlings in improving hardwood reforestation success. The study is conducting trials on different types of planting stock to determine which have the highest survival and growth rates. First year plantings have shown that the RPM seedlings were two to four times larger than other planted stock at establishment. Due to different species, planting sites and growing conditions, second year plantings exhibited results slightly different from the first year with the RPM seedlings again showing exceptional growth rates.

Current Activities: Section 724 of the Consolidated and Further Continuing Appropriations Act of 2013, appropriated $600,000 to FSA to continue the pilot program. A total of $553,568 was provided to the Mississippi State University (MSU) Forest and Wildlife Research Center to deliver the pilot program and continue to study and evaluate the effectiveness and efficiency of utilizing these new technologies.

Selected Examples of Past Activity: Since the initial funding in the Agriculture Appropriations Act of 2008, $4.2 million has been appropriated to support the pilot program designed to enhance restoration of hardwood forests severely damaged by Hurricane Katrina and associated storms that ravaged the Gulf Coast in 2005. Approximately 155,581 trees have been planted and 1,558 acres of hardwood forests have been restored by the program. MSU is engaged in long term studies to determine the effectiveness and efficiency of new seedling development methods to encourage seedling survival and growth and subsequent hardwood forest ecosystem benefits.

FARM SERVICE AGENCY
Emergency Conservation Program

Lead-Off Tabular Statement

Budget Estimate, 2015	0
2014 Enacted	0
Change in Appropriation	0

Summary of Increases and Decreases
(Dollars in thousands)

Program	2012 Actual	2013 Change	2014 Change	2015 Change	2015 Estimate
Discretionary Appropriations:					
Emergency Conservation Program	$122,700	+$105,349	-$228,049	-	-
Total,	122,700	+105,349	-228,049	-	-

FARM SERVICE AGENCY

Emergency Conservation Program

Project Statement

Appropriations Detail

(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Inc. or Dec. Amount	2015 Estimate Amount
Discretionary Appropriations:					
Emergency Conservation Program Regular	-	$10,799	-	-	-
Emergency Conservation Program Stafford	$122,700	-	-	-	-
Subtotal	122,700	10,799	-	-	-
Supplemental Appropriations:					
Emergency Conservation Program Sandy	-	217,250	-	-	-
Total Adjusted Approp	122,700	228,049	-	-	-
Rescissions, Transfers, and Seq. (Net)	-	1,051	-	-	-
Total Appropriation	-	229,100	-	-	-
Transfers In:					
Agriculture Disaster Relief Trust Fund	+14,011	-	-	-	-
Transfers Out:					
EFRP	-	-23,000	-	-	-
EWPP	-	-180,000	-	-	-
Subtotal	14,011	-203,000	-	-	-
Sequestration	-	-750	-	-	-
Rescission	-	-301			
Bal. Available, SOY	105,804	172,789	$174,259	-$70,000	$104,259
Recoveries, Other (Net)	4,850	17,928	-	-	-
Total Available	247,365	215,766	174,259	-70,000	104,259
Bal. Available, EOY	-172,789	-174,259	-104,259	+50,000	-54,259
Total Obligations	74,576	41,507	70,000	-20,000	50,000

Emergency Conservation Program

Project Statement

Obligations Detail

(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Inc. or Dec. Amount	2015 Estimate Amount
Discretionary Obligations:					
Emergency Conservation Program Regular	$22,163	$25,477	$50,000	-$16,381	$33,619
Emergency Conservation Program Stafford	52,413	15,161	10,000	+$3,000	13,000
Subtotal	74,576	40,638	60,000	-13,381	46,619
Supplemental Obligations:					
Emergency Conservation Program Sandy Stafford	-	869	10,000	-6,619	3,381
Subtotal	-	869	10,000	-6,619	3,381
Total Obligations	74,576	41,507	70,000	-20,000	50,000
Bal. Available, EOY	172,789	174,259	104,259	-50,000	54,259
Total Available	247,365	215,766	174,259	-70,000	104,259
Transfers In	-14,011	-	-	-	-
Transfers Out	-	203,000	-	-	-
Rescission	-	301	-	-	-
Sequestration	-	750	-	-	-
Bal. Available, SOY	-105,804	-172,789	-174,259	+70,000	-104,259
Other Adjustments (Net)	-4,850	-17,928	-	-	-
Total Appropriation	122,700	229,100	-	-	-

FARM SERVICE AGENCY
Emergency Conservation Program
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Alabama	$6,357	$1,110	$506	-
Arizona	417	311	114	-
Arkansas	5,715	2,258	485	-
California	97	42	42	-
Colorado	-	114	174	-
Connecticut/Rhode Island	5	-	-	-
Delaware	1,709	-	-	-
Florida	81	-	-	-
Georgia	2,016	892	438	-
Hawaii	244	736	211	-
Idaho	13	15	170	-
Illinois	179	175	2	-
Indiana	245	87	33	-
Iowa	6,250	3,859	317	-
Kansas	1,210	1,426	703	-
Kentucky	1,353	1,042	480	-
Louisiana	196	220	161	-
Maine	669	264	248	-
Maryland	-	2	44	-
Massachusetts	1,369	165	80	-
Michigan	305	29	-	-
Minnesota	89	67	49	-
Mississippi	321	100	54	-
Missouri	8,176	6,074	1,610	-
Montana	2,990	2,586	3,198	-
Nebraska	8,260	3,124	4,178	-
Nevada	122	206	190	-
New Hampshire	231	83	2	-
New Jersey	270	273	144	-
New Mexico	683	250	157	-
New York	1,127	454	85	-
North Carolina	3,419	2,258	537	-
North Dakota	12	75	16	-
Ohio	530	1,993	457	-
Oklahoma	1,338	911	971	-
Oregon	472	198	1,071	-
Pennsylvania	1,021	268	88	-
South Dakota	424	1,392	120	-
Tennessee	4,522	1,910	1,460	-
Texas	7,376	2,783	1,730	-
Utah	71	299	220	-
Vermont	2,577	915	200	-
Virginia	1,215	582	54	-
Washington	192	287	309	-
West Virginia	4	765	257	-
Wisconsin	-	-	40	-
Wyoming	704	907	1,318	-
KCMO-DMD	-	-	14,988	-
Undistributed	-	-	32,289	$50,000
Obligations	74,576	41,507	70,000	50,000
Bal. Available, EOY	172,789	174,259	104,259	54,259
Total, Available	247,365	215,766	174,259	104,259

FARM SERVICE AGENCY

Emergency Conservation Program

Classification by Objects

(Dollars in thousands)

		2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
41.0	Grants	$74,576	$41,507	$70,000	$50,000
99.9	Total, new obligations	74,576	41,507	70,000	50,000

EMERGENCY CONSERVATION PROGRAM

STATUS OF PROGRAM

Current Activities: During 2013, 36 States participated in the Emergency Conservation Program (ECP), with new or continued activity from the previous year, involving approximately $41,080,697 in cost-share and technical assistance funds outlays. In FY 2013, $15 million of ECP supplemental funding for Super Storm Sandy was provided by PL. 113-2, the Disaster Relief Appropriations Act of 2013. An additional $11.1 million of ECP funding was provided by P.L. 113-6, the Consolidated and Further Continuing Appropriations Act of 2013, involving an estimated 2.1 million acres.

Selected Examples of Recent Activity: ECP provisions in prior and current years' supplemental appropriations have targeted funding needs for both regular ECP and specific disasters, such as Hurricane Sandy, western drought, tornado damage, and western wildfires. Funds are monitored through separate disaster identification accounts. ECP funds were utilized by agricultural producers to restore livestock and wildlife exclusion fencing and rehabilitate farmland which sustained flood and wind damage from Super Storm Sandy. Additionally, ECP funds continue to assist agricultural producers rehabilitate natural disaster damaged farmland by removing flood and tornado deposited debris which returns the land to productive agricultural capacity, providing emergency water for livestock in parts of the west where severe drought continues to pervade the region, grading and reshaping farmland scoured by flood waters, and restoring livestock fences and conservation structures destroyed by wildfire, tornados, and severe storms. During 2013, ECP allocated $8,583,100 in Stafford Act funds, $5,554,000 in Hurricane Sandy funds, and $47,405,250 in unrestricted funds, totaling $61,542,350. These allocations include the reallocation of any remaining funds from previous years' disasters to help producers faced with new natural disaster events.

The below tables show appropriations and outlays for 1981 through 2013 and FY 2013 allocations by State.

Emergency Conservation Program Appropriations and Outlays Fiscal Years 1981-2013			
Fiscal Year	Appropriation	1/ to 5/	Outlays
1981 - 2010	$1,131,860,070		$926,918,418
2011	0	6/	35,138,268
2012	122,700,000	7/	56,113,938
2013	25,049,415	8/	41,080,697
TOTAL	$1,279,609,485		$1,059,254,759

1/ $199.8 million in supplemental funding provided by P.L. 109-148. $38 million was transferred to NOAA by P.L. 109-234.
2/ $18 million in supplemental funding was provided by P.L. 110-28; $2 million was for Kansas only.
3/ $89.4 million in supplemental funding was provided by P.L. 110-252 and used for multiple disasters throughout the nation, and much of this funding addressed damage from the 2008 Midwest Floods. $115 million in a second supplemental was provided by P.L. 110-329 and was also used for multiple disasters throughout the nation. Much of this funding addressed damage from Hurricanes Ike and Gustav and also provided additional funding to address damage from the 2008 Midwest Floods.
4/ $66.314 million was internally re-allotted from Hurricane Katrina and Adjusted Gross Income accounts into the regular ECP account to be used for any natural disaster, per P.L. 111-32, signed June 24, 2009.
5/ During 2010, ECP provided $53.3M in total allocations.
6/ During 2011, ECP provided $28.0M in total allocations.
7/ During 2012, ECP provided $148.9M in total allocations. Also in FY 2012, $122.7 million in ECP funding was provided from the Consolidated and Further Continuing Appropriations Act, 2012, P.L. 112-55 enacted November 18, 2011, for expenses resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). Also, using the interchange authority under 7 U.S.C. 2257, $14 million in Farm Service Agency funding was transferred from the Emergency Assistance for Livestock, Honey Bees and Farm Raised Fish Program (ELAP) to ECP.
8/ In FY 2013, $15 million of ECP supplemental funding for Super Storm Sandy major disaster relief declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act was provided by PL. 113-2, the Disaster Relief Appropriations Act of 2013. $11.1 million of ECP funding was provided by P.L. 113-6, the Consolidated and Further Continuing Appropriations Act of 2013. Appropriated amounts shown are net of sequester and rescissions.

EMERGENCY CONSERVATION PROGRAM FY 2013 Allocations by State		
State	Disaster	Total Allocations
AL	Drought, Flooding, Tornados	$496,000
AR	Drought, Flooding, Tornados	1,937,000
CA	Flooding, Wildfires	803,000
CO	Drought, Flooding, Wildfires	439,000
GA	Drought, Flooding , Severe Storms, Tornados	1,378,000
IA	Drought, Flooding	2,632,400
ID	Drought, Wildfires	306,500
IL	Drought	1,515,000
IN	Drought	218,000
KS	Drought	6,216,000
KY	Drought, Flooding, Tornados	1,014,800
LA	Hurricanes	693,000
MA	Hurricanes	41,000
MD	Hurricanes	80,000
MN	Severe Storms	730,000
MO	Drought, Flooding, Tornados	7,866,000
MS	Flooding, Hurricanes, Tornados	246,850
MT	Drought, Wildfires	4,141,000
NC	Flooding, Tornados	876,000
NE	Drought, Wildfires	6,056,000
NH	Flooding, Hurricanes, Severe Storms	233,000
NJ	Hurricanes	4,300,000
NM	Drought, Flooding, Wildfires	420,000
NV	Drought	698,100
NY	Hurricanes	481,200
OH	Drought, Flooding , Severe Storms,	2,792,000
OK	Drought, Wildfires, Tornados	3,641,000
OR	Drought, Wildfires	2,561,000
SD	Drought, Wildfires	2,257,000
TN	Drought, Flooding, Tornados	590,000
UT	Drought, Flooding , Severe Storms, Wildfires	497,000
VA	Severe Storms	105,000
VT	Flooding	2,500
WA	Flooding , Wildfires	1,905,000
WV	Hurricanes, Severe Storms	1,430,000
WY	Drought, Wildfires	1,944,000
Total		$61,542,350

FARM SERVICE AGENCY

Agricultural Disaster Relief Fund

Lead-Off Tabular Statement

Budget Estimate 2015	0
2014 Enacted	0
Change in Appropriation	0

Summary of Increases and Decreases

(Dollars in thousands)

Program	2012 Actual	2013 Change	2014 Change	2015 Change	2015 Estimate
Mandatory Appropriations:					
Agricultural Disaster Relief Fund	$37	+$78	-$115	-	-
Total	37	+78	-115	-	-

FARM SERVICE AGENCY
Agricultural Disaster Relief Fund

Project Statement
Appropriations Detail
(Dollars in thousands)

Program	2012 Actual	2013 Actual	2014 Estimate	Inc. or Dec.	2015 Estimate
	Amount	Amount	Amount	Amount	Amount
Mandatory Appropriations:					
Agricultural Disaster Relief Fund...	$37	$115	-	-	-
Total Appropriation........................	37	115	-	-	-
Transfers In:					
Commodity Credit Corporation......	-	89,250	-	-	-
Borrowing Authority......................	400,000	1,595,315	-	-	-
Subtotal......................................	400,000	1,684,565	-	-	-
Transfers Out:					
Emergency Conservation Program.	-14,000	-	-	-	-
Subtotal......................................	-14,000	-	-	-	-
Sequestration......................................	-	-89,250	-		
Bal. Available, SOY...........................	485,095	176,699	-	-	-
Recoveries, Other (Net)......................	24	44	-	-	-
Total Available...............................	871,156	1,772,173	-	-	-
Bal. Available, EOY...........................	-176,699	-	-	-	-
Total Obligations............................	694,457	1,772,173	-	-	-

FARM SERVICE AGENCY
Agricultural Disaster Relief Fund

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2012 Actual	2013 Actual	2014 Estimate	Inc. or Dec.	2015 Estimate
	Amount	Amount	Amount	Amount	Amount
Mandatory Obligations:					
Agricultural Disaster Relief...	$694,457	$1,772,173	-	-	-
Subtotal............................	694,457	1,772,173	-	-	-
Total Obligations..................	694,457	1,772,173	-	-	-
Bal. Available, EOY.................	176,699	-	-	-	-
Total Available.....................	871,156	1,772,173	-	-	-
Transfers In					
(Borrowing Authority)	-400,000	-1,684,565	-	-	-
Transfers Out............................	14,000	-	-	-	-
Sequestration............................	-	89,250	-	-	-
Bal. Available, SOY.................	-485,095	-176,699	-	-	-
Other Adjustments (Net)..........	-24	-44	-	-	-
Total Appropriation..............	37	115	-	-	-

Justification of Increases and Decreases

Agricultural Disaster Relief Fund provided funding for several disaster programs. There are no changes in the request.

FARM SERVICE AGENCY
Agricultural Disaster Relief Fund
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	2015 Estimate Amount
Alabama......................	$25,868	$11,517	-	-
Alaska..........................	44	$10	-	-
Arizona........................	2,466	$674	-	-
Arkansas......................	10,356	$7,113	-	-
California....................	4,783	$6,701	-	-
Colorado......................	15,581	$35,968	-	-
Connecticut.................	793	$772	-	-
Delaware.....................	2,051	$1,019	-	-
Florida.........................	22,059	$12,354	-	-
Georgia........................	34,755	$33,557	-	-
Hawaii.........................	279	$84	-	-
Idaho............................	4,976	$3,977	-	-
Illinois.........................	45,089	$58,528	-	-
Indiana.........................	16,344	$50,475	-	-
Iowa.............................	63,106	$42,556	-	-
Kansas.........................	18,693	$224,388	-	-
Kentucky.....................	30,472	$7,358	-	-
Louisiana.....................	3,502	$6,580	-	-
Maine..........................	57	$193	-	-
Maryland.....................	3,818	$2,938	-	-
Massachusetts.............	1,427	$1,026	-	-
Michigan.....................	6,126	$4,206	-	-
Minnesota....................	7,123	$51,744	-	-
Mississippi..................	8,584	$6,839	-	-
Missouri......................	20,357	$66,025	-	-
Montana......................	14,690	$27,977	-	-
Nebraska.....................	11,215	$24,016	-	-
Nevada........................	1,575	$186	-	-
New Hampshire..........	19	$26	-	-
New Jersey..................	1,136	$817	-	-
New Mexico................	8,594	$9,582	-	-
New York....................	1,095	$1,938	-	-
North Carolina............	35,526	$45,777	-	-
North Dakota...............	18,083	$267,338	-	-
Ohio.............................	5,870	$18,198	-	-
Oklahoma....................	38,708	$100,236	-	-
Oregon.........................	8,185	$2,368	-	-
Pennsylvania...............	1,255	$2,145	-	-
Rhode Island...............	27	$86	-	-
South Carolina............	4,767	$4,941	-	-
South Dakota...............	33,484	$27,956	-	-
Tennessee....................	18,744	$9,014	-	-
Texas...........................	90,212	$575,998	-	-
Utah.............................	956	$40	-	-
Vermont......................	438	$832	-	-
Virginia.......................	26,488	$5,527	-	-
Washington.................	21,285	$6,327	-	-
West Virginia..............	149	$20	-	-
Wisconsin....................	2,966	$2,065	-	-
Wyoming.....................	1,207	$368	-	-
Puerto Rico.................	756	1,793	-	-
Undistributed.............	-1,682	-	-	-
Obligations.............	694,457	1,772,173	-	-
Lapsing Balances........	-	-	-	-
Bal. Available, EOY...	176,699	-	-	-
Total, Available......	871,156	1,772,173	-	-

FARM SERVICE AGENCY
Agricultural Disaster Relief Fund

Classification by Objects
(Dollars in thousands)

		2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
41.0	Grants	$694,457	$1,772,173	-	-
99.9	Total, new obligations	694,457	1,772,173	-	-

AGRICULTURAL DISASTER RELIEF TRUST FUND

STATUS OF PROGRAM

Current Activities: The Food, Conservation, and Energy Act of 2008, P.L. 110-246, authorized the implementation of the Supplemental Agricultural Disaster Assistance Program under Sections 12033 and 15001. The Taxpayer Relief Act of 2012 provided authority for discretionary funds to be used to execute several of the disaster programs for fiscal year 2013, but no funds were appropriated. Using funds from the Agricultural Disaster Relief Trust Fund, established under section 902 of the Trade Act of 1974, the program is administered by the USDA Farm Service Agency (FSA).

Funds from the trust fund were used to make payments to farmers and ranchers under the following five disaster assistance programs: Supplemental Revenue Assistance Payments (SURE) Program; Livestock Forage Disaster Program (LFP); Livestock Indemnity Program (LIP); Tree Assistance Program (TAP); and Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP) Program.

Obligations of $1,772,122,022 were incurred and total outlays were $1,762,864,868 in FY 2013 which includes outlays from prior year obligations. In 2013, the amount of customs receipts credited to the Agricultural Disaster Relief Trust Fund receipt account totaled $123,610 (including $875 of investment receipts).

The SURE program covered losses through crop year 2011 to eligible producers in designated areas. SURE sign-up for those losses was held from October 2012 through June 2013. $92,800,000 of borrowing authority will be utilized in 2014 to make payments for losses covered under the SURE program through crop year 2011.

Programs	Obligations	Outlays
ELAP	$282,129	$286,837
LFP	-1,412,523	-1,359,730
LIP	211,575	141,108
SURE	1,769,806,220	1,761,707,395
TAP	3,234,621	2,089,258
TOTAL	$1,772,122,022	$1,762,864,868

FARM SERVICE AGENCY

USDA Supplemental Assistance

Lead-Off Tabular Statement

Budget Estimate 2015	0
2014 Enacted	$1,996,000
Change in Appropriation	-1,996,000

Summary of Increases and Decreases

(Dollars in thousands)

Program	2012 Actual	2013 Change	2014 Change	2015 Change	2015 Estimate
Mandatory Appropriations:					
Agricultural Disaster Relief Fund	$1,996	-$154	+$154	-$1,996	-
Total	1,996	-$154	+154	-1,996	-

FARM SERVICE AGENCY
USDA Supplemental Assistance

Project Statement
Appropriations Detail
(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Inc. or Dec. Amount		2015 Estimate Amount
Discretionary Appropriations:						
Geographically Disadvantaged Farmers and Ranchers	$1,996	$1,842	$1,996	-$1,996	(1)	-
Total Adjusted Approp..................	1,996	1,842	1,996	-$1,996		-
Rescissions, Transfers, and Seq. (Net)…..………..…..…	-	154	-	-		-
Total Approp.................................	1,996	1,996	1,996	-1,996		-
Total Appropriation.......................	1,996	1,996	1,996	-1,996		-
Rescission...	-	-54	-	-		-
Sequestration.....................................	-	-100	-	-		-
Bal. Available, SOY...........................	782,438	-	-	-		-
Recoveries, Other (Net).....................	183,206	-	-	-		-
Total Available..............................	967,640	1,842	1,996	-1,996		-
Lapsing Balances...............................	-962,165	-	-	-		-
Bal. Available, EOY..........................	-3,477	-	-	-		-
Total Obligations...........................	1,998	1,842	1,996	-1,996		-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Inc. or Dec. Amount	2015 Estimate Amount
Discretionary Obligations:					
Geographically Disadvantaged Farmers and Ranchers	$1,996	$1,842	$1,996	-$1,996	-
Other...	2	-	-	-	-
Subtotal....................................	1,998	1,842	1,996	-1,996	-
Total Obligations...........................	1,998	1,842	1,996	-1,996	-
Lapsing Balances	962,165	-	-	-	-
Bal. Available, EOY..........................	3,477	-	-	-	-
Total Available..............................	967,640	1,842	1,996	-1,996	-
	185,202				
Rescissions...	-	54	-	-	-
Sequestration.....................................	-	100	-	-	-
Bal. Available, SOY...........................	-782,438	-	-	-	-
Other Adjustments (Net)....................	-183,206	-	-	-	-
Total Appropriation.......................	187,198	1,996	1,996	-1,996	-

Justification of Increases and Decreases

(1) A decrease of $1,996,000 for Geographically Disadvantaged Farmers and Ranchers ($1,996,000 is available in 2014). The FY 2015 Budget proposes no funding for this program.

FARM SERVICE AGENCY
USDA Supplemental Assistance
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Alaska	$339	$312	$339	-
California	21	19	19	-
Hawaii	759	701	759	-
Puerto Rico	879	810	879	-
Obligations	1,998	1,842	1,996	-
Recoveries	185,202	-		
Lapsing Balances	778,961	-	-	-
Bal. Available, EOY	3,477	-	-	-
Total, Available	967,640	1,842	1,996	-

Classification by Objects
(Dollars in thousands)

	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
41.0 Grants	$1,998	$1,842	$1,996	-
99.9 Total, new obligations.	1,998	1,842	1,996	-

USDA SUPPLEMENTAL ASSISTANCE PROGRAM

STATUS OF PROGRAM

REIMBURSEMENT TRANSPORTATION COST PAYMENT (RTCP) PROGRAM FOR GEOGRAPHICALLY DISADVANTAGED FARMERS AND RANCHERS

The USDA Supplemental Assistance Program is authorized by Section 1621 of the 2008 Farm Bill and extended for FY 2013 by the American Taxpayer Relief Act of 2012. Under this program, the Reimbursement Transportation Cost Payment Program for Geographically Disadvantaged Farmers and Ranchers (RTCP) program provides payments intended to offset a portion of the higher costs of transporting agricultural inputs and commodities over long distances. RTCP assists farmers and ranchers in Alaska, Hawaii and insular areas including the Commonwealth of Puerto Rico, Guam, American Samoa, Commonwealth of Northern Mariana Islands, Virgin Islands of the United States, Federated States of Micronesia, Republic of the Marshall Islands and Republic of Palau.

Section 720 of the Consolidated and Further Continuing Appropriation Act, 2013, provided $1,841,538 in discretionary funding.

Current Activities: RTCP benefits are calculated based on the costs incurred by the producer for transportation of the agricultural commodity or inputs during a fiscal year (FY), subject to an $8,000 per producer cap per FY. Payments to geographically disadvantaged farmers and ranchers for FY 2012 began June 28, 2013. Total applications received for FY 2012 were 906 – Puerto Rico (381), Hawaii (305), Alaska (173), Guam (12), North Dakota (1), American Samoa (10), Mariana Island (7) and Virgin Islands (17), totaling $1,940,906. Payments were capped and a payment factor was applied so that payments issued in the second quarter of 2013 would not exceed the amount available.

Signup for FY 2013 began on July 22, 2013, and ended on Sept. 9, 2013. Payments for FY 2013 signup will be disbursed in FY 2014. Total applications for FY 2013 are estimated to be approximately 1000.

FARM SERVICE AGENCY

Emergency Forest Restoration Program

Lead-Off Tabular Statement

Budget Estimate, 2015	0
2014 Enacted	0
Change in Appropriation	0

Summary of Increases and Decreases

(Dollars in thousands)

Program	2012 Actual	2013 Change	2014 Change	2015 Change	2015 Estimate
Discretionary Appropriations:					
Emergency Forest Restoration Program	$28,400	-$14,585	-$13,815	-	-
Total, Appropriation or Change	28,400	-14,585	-13,815	-	-

FARM SERVICE AGENCY

Emergency Forest Restoration Program

Project Statement

Appropriations Detail

(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Inc. or Dec. Amount	2015 Estimate Amount
Discretionary Appropriations:					
Emergency Forest Restoration Program Regular	-	$13,815	-	-	-
Emergency Forest Restoration Program Stafford	$28,400	-	-	-	-
Total Adjusted Approp	28,400	13,815	-	-	-
Rescissions, Transfers, and Seq. (Net)	-	385	-	-	
Total Appropriations	28,400	14,200	-	-	
Transfers In:					
ECP (Sandy Stafford)	-	23,000	-	-	-
Subtotal	-	23,000	-	-	-
Rescission	-	-385	-	-	-
Sequestration	-	-1,150			
Bal. Available, SOY	15,774	27,554	$62,570	-$32,570	$30,000
Recoveries, Other (Net)	550	4,139	-	-	-
Total Available	44,724	67,358	62,570	-32,570	30,000
Bal. Available, EOY	-27,554	-62,570	-30,000	+30,000	-
Total Obligations	17,170	4,788	32,570	-2,570	30,000

Project Statement

Obligations Detail

(Dollars in thousands)

Program	2012 Actual Amount	2013 Actual Amount	2014 Estimate Amount	Inc. or Dec. Amount	2015 Estimate Amount
Discretionary Obligations:					
Emergency Forest Restoration Program Regular	$5,768	$1,559	$12,570	+$1,811	$14,381
Emergency Forest Restoration Program Stafford	11,402	2,130	5,000	+4,868	9,868
Subtotal	17,170	3,689	17,570	+6,679	24,249
Supplemental Obligations:					
Emergency Forest Restoration Program Sandy Stafford	-	1,099	15,000	-9,249	5,751
Total Obligations	17,170	4,788	32,570	-2,570	30,000
Bal. Available, EOY	27,554	62,570	30,000	-30,000	-
Total Available	44,724	67,358	62,570	-32,570	30,000
Transfers In	-	-23,000	-	-	-
Rescission	-	385	-	-	-
Sequestration	-	1,150	-	-	-
Bal. Available, SOY	-15,774	-27,554	-62,570	+32,570	-30,000
Recoveries, Other (Net)	-550	-4,139	-	-	-
Total Appropriation	28,400	14,200	-	-	-

FARM SERVICE AGENCY
Emergency Forest Restoration Program
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
	Amount	Amount	Amount	Amount
Alabama..................................	$2,600	$528	$1,724	-
Arkansas..................................	230	90	99	-
Connecticut..............................	-	-	66	-
Georgia....................................	907	286	573	-
Idaho..	585	-	1	-
Iowa..	64	7	50	-
Kentucky..................................	-	-	34	-
Maine.......................................	69	72	-	-
Massachusetts...........................	4,453	738	537	-
Michigan..................................	-	-	281	-
Minnesota.................................	42	-	18	-
Mississippi...............................	3,142	708	1,131	-
Nebraska..................................	-	-	206	-
New Hampshire........................	195	108	110	-
New Jersey...............................	-	-	1,110	-
New York.................................	115	62	131	-
North Carolina..........................	108	80	35	-
Ohio..	51	9	34	-
Oregon......................................	-	-	699	-
Pennsylvania............................	-	-	982	-
Tennessee.................................	5	5	117	-
Texas..	4,561	1,209	2,315	-
Vermont....................................	43	8	8	-
KCMO-DMD..............................	-	878	3,664	-
Undistributed............................	-	-	18,645	$30,000
Obligations...........................	17,170	4,788	32,570	30,000
Bal. Available, EOY................	27,554	62,570	30,000	-
Total, Available.....................	44,724	67,358	62,570	30,000

Emergency Forest Restoration Program
Classification by Objects
(Dollars in thousands)

	2012 Actual	2013 Actual	2014 Estimate	2015 Estimate
41.0 Grants……………	$17,170	$4,788	$32,570	$30,000
99.0 Total, new obligations.....	17,170	4,788	32,570	30,000

EMERGENCY FOREST RESTORATION PROGRAM

STATUS OF PROGRAM

Current Activities: The Emergency Forest Restoration Program (EFRP) provides payments to eligible owners of non-industrial private forest land for implementation of emergency measures to restore forests and forest resources damaged by a natural disaster. $21.85 million of EFRP supplemental funding was appropriated for Super Storm Sandy major disaster relief by PL. 113-2, the Disaster Relief Appropriations Act of 2013. An additional $13.81 million of EFRP funding was provided by P.L. 113-6, the Consolidated and Further Continuing Appropriations Act of 2013. During 2013, 23 States participated in the EFRP with new or continued activity from the previous year, involving an estimated 1,920 acres and approximately $5,452,319 in cost-share and technical assistance outlays.

Selected Examples of Recent Activity: EFRP provisions in prior year supplemental appropriations acts have targeted funding for both regular EFRP and specific disaster needs such as Hurricane Sandy, and funds are monitored through separate disaster identification accounts. Much of the Hurricane Sandy restoration included removing debris from forestland, removing dangerous tree snags broken and lodged in adjacent canopy snags, restoring wildlife habitat, and replanting tree species in forest areas damaged by floodwaters and wind. EFRP funds also assisted with the rehabilitation of western forest damaged by wildfires by removing dangerous burned standing trees and replanting tree species to restore forest resources. EFRP funds were also provided to restore forest and forest resources damaged by severe flooding in the Plains states by removing forest debris and replanting tree species and wildlife habitat. In fiscal year 2013, $24,570,600 in EFRP disaster funds were allocated to 17 states, which included reallocations of any remaining funds from previous disasters to help producers faced with new disasters.

The following tables show appropriations and outlays for 2010 through 2013 and FY 2013 allocations by State.

Emergency Forest Restoration Program Appropriations and Outlays Fiscal Years 2010-2013			
Fiscal Year	Appropriation		Outlays
2010	$18,000,000	1/	-
2011	-		$232,825
2012	28,400,000	2/	1,991,152
2013	35,665,468	3/	5,452,319
TOTAL	$82,065,468		$7,676,296

1/ $18,000,000 in supplemental funding provided by P.L. 111-212.

2/ $28,400,000 in supplemental funding provided by P.L. 112-55.

3/ $23 million of EFRP supplemental funding for Super Storm Sandy major disaster relief declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act was provided by PL. 113-2, the Disaster Relief Appropriations Act of 2013. $14.2 million was provided by P.L. 113-6, Consolidated and Further Continuing Appropriations Act of 2013. Amounts shown are net of sequester and rescissions.

EMERGENCY FOREST RESTORATION PROGRAM FY 2013 Allocations by State		
State	Disaster	Total Allocations
AL	Tornado	$24,200
AR	Drought, Tornado	401,500
CO	Wildfires	3,300,000
CT	Hurricane	550,000
GA	Tornado	126,500
MA	Hurricane	44,000
MI	Wildfire	1,650,000
MN	High Winds	19,800
MS	Tornado	17,600
NE	Flooding	7,480,000
NH	Hurricane, Severe Storms	171,500
NJ	Drought, Hurricane	5,110,000
NY	Hurricane	1,306,800
OH	High Winds	942,700
OR	Wildfire	2,128,500
PA	Hurricane	1,143,500
WA	Ice Storm	154,000
Total		$24,570,600

FARM SERVICE AGENCY

Summary of Budget and Performance
Statement of Department Goals and Objectives

The Farm Service Agency (FSA) was established October 13, 1994, pursuant to the Department of Agriculture (USDA) Reorganization Act of 1994, P.L. 103-354. The FSA mission is to deliver timely, effective programs and services to America's farmers and ranchers to support them in sustaining our nation's vibrant agricultural economy, as well as to provide first-rate support for domestic and international food aid efforts.

FSA has three Strategic Program Goals and nine Strategic Objectives that contribute to two of the USDA Strategic Goals and one Agency Priority Goal.

USDA Strategic Goal 1: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving

Objective 1.1: Enhance rural prosperity, including leveraging capital markets to increase government's investment in rural America.

Objective 1.2: Increase agricultural opportunities by ensuring a robust safety net, creating new markets, and supporting a competitive agricultural system.

Objective 1.3: Contribute to the expansion of the bio-economy by supporting development, production, and consumption of renewable energy and bio-based products.

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcomes
Agency Goal 1: Provide a financial safety net for America's farmers and ranchers to sustain economically viable agriculture production	Objective 1.1: Provide Access to Capital Objective 1.2: Support Economic Viability Objective 1.3: Protect the Interests of Commodity Owners Objective 1.4: Develop Opportunities for Non-traditional Income Streams	Direct and Guaranteed Farm Loans All Programs except Conservation Direct and Guaranteed Loan Program Income Support and Disaster Assistance All Programs, including: - Supplemental Revenue Assistance Payments Program - Emergency Conservation Program - Biomass Crop Assistance Program - All Ad Hoc Disaster Assistance Programs Commodity Operations - United States Warehouse Act - Licensing and Enforcement - Dairy Product Price Support Program - ELS Cotton Competitiveness Program - Canadian End Use Wheat Program	Successful Farms and Ranches Market Based Agriculture Thriving Rural Communities Affordable Food and Fiber Increased Food Security ______________________ *Provide credit assistance to small and family operations, women, minority, and beginning farmers and ranchers through the FSA Microloan program.

*FY 2013 USDA Agency Priority Goal (APG)

Key Performance Measures and Targets

FSA's farm loan programs provide access to credit for farmers and ranchers who are temporarily unable to obtain financing from a commercial source at reasonable rates and terms. Through direct and guaranteed farm ownership and operating loans, FSA assists tens of thousands of family farmers each year in starting and maintaining profitable farms. FSA loan programs are particularly important to beginning and socially disadvantaged (SDA) farmers and ranchers. As such, FSA targets a portion of its lending and focuses its outreach on these groups.

Through improved Web-based technologies, FSA more efficiently addresses FSA customer needs related to multiple program applications at USDA Service Centers.

Percentage Direct and Guaranteed lending to Socially Disadvantaged Farmers (SDA)							
	2009 Actual	**2010 Actual**	**2011 Actual**	**2012 Actual**	**2013 Actual**	**2014 Target**	**2015 Target**
Percent	12.7	12.9	13.1	13.3	13.6	13.4	13.5

Percentage Direct and Guaranteed lending to Beginning Farmers*							
	2009 Actual	**2010 Actual**	**2011 Actual**	**2012 Actual**	**2013 Actual**	**2014 Target**	**2015 Target**
Percent	49.5	60.3	64.9	68.8	70	70.5	71.0

Percentage of Farm Service Agency program delivery applications at USDA Service Centers that are Web-enabled							
	2009 Actual	**2010 Actual**	**2011 Actual**	**2012 Actual**	**2013 Actual**	**2014 Target***	**2015 Target****
Percent	51	57	68	72.7	78	80*	100**

*The 2014 Target reflected a 10 percent Agency reduction in IT spending as compared to historical outlays from FY 2010 through FY 2012.

** The targets reflect FSA plans to retire obsolete technology and remove legacy components that were in place for prior year program delivery. Implementation of the Agricultural Act of 2014 and IT budget reduction could lengthen that decommissioning process, currently expected to span FY 2014 and FY 2015.

Selected Past Accomplishments Toward Achievement of Key Outcomes 1, 2, 3, 4 & 5: Successful Farms and Ranches, Market-Based Agriculture, Thriving Rural Communities, Affordable Food and Fiber, and Increased Food Security.

Farm Loan Programs

FSA accomplished its goals for lending to SDA and beginning farmers in FY 2013. As of September 30, 2013, FSA had more than 61,200 SDA and beginning farmers in its loan portfolio. During FY 2013, FSA issued more than 7,100 direct and guaranteed loans to SDA farmers, a 9 percent increase in volume from FY 2012. Beginning farmer lending remained strong in FY 2013, as FSA issued nearly 15,600 beginning farmer loans. Of particular importance, FSA successfully implemented the Microloan program in FY 2013. Microloans are direct operating loans of up to $35,000 that are specifically designed to meet the needs of small family farms, beginning farmers, and niche farm operations. FSA obligated more than 3,400 Microloans in FY 2013 and greater than 80 percent were issued to beginning farmers, minorities, and women. Additionally, 55 percent of the Microloans were issued to new Agency customers. Overall, FSA issued a total of 30,135 farm loans in FY 2013 valued at more than $3.9 billion.

In FY 2013, nearly 50 percent of all borrowers receiving FSA credit assistance were beginning farmers and greater than 24 percent were SDA. FY 2013 results build on the significant strides made in providing agricultural credit to beginning and SDA farmers in ranchers in recent years. The number of direct and guaranteed SDA borrowers in FSA's loan portfolio has increased from 16,900 borrowers in 2008 to more than 18,750 at the end of 2013. Likewise, the number of beginning farmers in the portfolio has increased from roughly 27,000 to greater than 42,400 during that same time period. FSA continues to finance SDA and beginning farmers at a much higher rate than those groups proportion of the overall farm population.

The overall financial strength of the FSA farm loan portfolio remained solid in FY 2013. Delinquency and loss rates for the Direct and Guaranteed Loan Programs remain below historic averages. In the Direct Loan Program, the loss rate in FY 2013 was 1.6 percent and the delinquency rate was 5.4 percent. The Guaranteed Loan Program had a loss rate of 0.3 percent in FY 2013 and a delinquency rate of 1.07 percent. Additionally, the Agency made further improvements in the timeliness of direct and guaranteed loan application processing which helped to ensure that credit is provided when the need arises.

Income Support and Disaster Assistance
FSA helps farmers manage financial and market risks primarily through income support and disaster assistance programs. These programs help farmers and ranchers address major fluctuations in market conditions and unexpected natural or man-made disasters. These programs provide a financial safety net to farmers and ranchers and support productive farms and ranches, thriving agricultural communities, market-based agriculture, and secures affordable food and fiber. Selected Income Support and Disaster Assistance accomplishments during the year include:

The Noninsured Crop Disaster Assistance Program (NAP) provides a risk management tool for producers of crops that are unable to obtain crop insurance through an insurance product. In FY 2013, approximately $350 million in NAP payments were issued.

The American Tax Payer Relief Act of 2012 (ATRA) reauthorized four of the five programs described below under a one year extension into FY 2013 to provide assistance for crop, livestock, tree, and grazing losses that occurred due to natural disasters and related conditions. However, the four discretionary programs are subject to future appropriations.

The Supplemental Revenue Assistance Payments (SURE) Program provides assistance to eligible producers in counties that received a natural disaster declaration by the Secretary of Agriculture and have incurred crop production and/or quality losses during the current crop year. In FY 2013, approximately $1.78 billion in SURE payments have been issued covering any left over 2008 through 2010 crop losses and initial 2011 crop losses. Sign-up for 2011 crop year losses began in October 2012 and ended in June 2013. The SURE Program was not extended by ATRA.

The Tree Assistance Program (TAP) provides assistance to eligible orchardists and nursery tree growers who suffer tree, bush, or vine losses/damage, due to natural disaster. In FY 2013, approximately $2.6 million in TAP payments were issued.

The Livestock Indemnity Program (LIP) compensates eligible livestock producers for livestock losses in excess of normal mortality incurred as the result of adverse weather. In FY 2013, approximately $1.5 million in LIP payments were issued.

The Livestock Forage Disaster Program (LFP) compensates eligible livestock producers for grazing losses due to drought and fire losses on land that is native or improved pasture land with permanent vegetative cover or range land managed by a federal agency. In FY 2013, approximately $4.3 million LFP payments have been issued.

The Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP) provides disaster assistance to eligible livestock, honeybees and farm-raised fish producers that suffered losses because of disease, adverse weather or other conditions. Approximately $350,000 in ELAP payments were issued in FY 2013.

The Farm Storage Facility Loan (FSFL) Program provides financing for on-farm storage and has done so for over 970 million bushels of eligible FSFL commodities since FY 2000. Over 31,000 FSFLs were disbursed from FY 2000 through FY 2013 totaling approximately $1.6 billion. As of September 30, 2013, 2,326 FSFL applications were received totaling $212 million. A total of 959 applications have been approved with a total of $91 million disbursed.

The Marketing Assistance Loan (MAL) Program disburses non-recourse commodity loans during a crop year. The Loan Deficiency Payment (LDP) Program, applicable when market prices are low, issues all LDP benefits electronically, when LDPs are in effect. As of the end of January 2014, for crop year 2013, there have been 29,134 MALs disbursed totaling over $3.4 billion. The loan availability period for most crop year 2013 commodities continues until the end of May 2014. However, MAL producer participation for the 2013 crop year is expected to be nearly equal the 2012 crop year participation level of 59,000 commodity loans.

The Milk Income Loss Contract (MILC) Program compensates dairy producers when domestic milk prices fall below a specified benchmark price. As of February 2014, approximately $474.2 million MILC payments have been issued for FY 2012 and approximately $211.8 million has been disbursed for FY 2013. The MILC program ended September 2013.

Net Commodity Credit Corporation (CCC) expenditures in fiscal year (FY) 2013 totaled $9.165 billion. Commodity expenditures totaled $5.469 billion for FY 2013, representing 57 percent of net CCC expenditures. Direct payments, counter-cyclical payments, Average Crop Revenue (ACRE) payments, and loan deficiency payments account for around 90 percent of commodity expenditures. For FY 2013 these payments totaled $4.904 billion or 89 percent of commodity expenditures and are expected to total $4,637 billion or 93 percent for FY 2014.

In FY 2013, the Emergency Conservation Program (ECP) and the Emergency Forest Restoration Program (EFRP) helped to successfully rehabilitate farm land that was damaged by natural disasters. Under ECP and EFRP, approximately 810,000 acres of farmland and 7,600 acres of non-industrial private forest land, respectively, were rehabilitated.

The Biomass Crop Assistance Program (BCAP) provides financial assistance to owners and operators of agricultural and non-industrial private forest land to establish, produce, and deliver biomass feedstocks. Over $6.2 million in BCAP cost-share payments and over $3 million in BCAP rental payments were made to agricultural producers in fiscal year 2013. The Agricultural Act of 2014 reauthorizes BCAP through FY 2018.

Commodity Operations

FSA manages the acquisition, handling, storage, transportation, and disposition of agricultural commodities. Activities related to the United States Warehouse Act (USWA) are carried out through regulations and policies established for the warehouse industry. Protection for depositors is provided through the licensing and examination activities of the USWA.

The FSA performance measure “Reduce the average number of days between warehouse examinations,” met its target range (plus or minus 25 days) of average time between warehouse examinations. The FY 2013 target was 365 days between examinations. The examinations were performed on average of 358 days between examinations. The more frequently warehouses are examined, the sooner potential compliance issues, pest infestation, or deterioration of quality for commodities in store were discovered.

Information Technology

The FY 2013 MIDAS budget and the supporting modernization efforts enabled the MIDAS Program to complete an initial operating capability release in April 2013 which included the following functionality being deployed to FSA Service Center based employees:

- Farm records with Geospatial Information Systems (GIS) integration
- Maintenance of farm records / supporting master data

A key performance measure for Information Technology (IT) modernization is the percentage of program delivery applications at FSA Service Centers that are Web-enabled and not reliant upon obsolete legacy technology. Web-enabled applications provide a more timely, more accurate, and more reliable delivery of benefits to producers. Improving the broad array of IT systems, including those for farm programs, farm loan programs, disaster assistance, and conservation programs, enhances services provided to producers and alleviates the risk of IT system failure due to outmoded technology. Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) Program became operational in FY 2013. This hybrid Commercial-Off-the-Shelf Web-based environment supports farm programs delivery with streamlined business processes and integrated applications that share information and resources efficiently.

FSA met its 2013 target to increase the percentage Web-enabled FSA program delivery applications at FSA Service Centers. Web-enabled applications allow users to access the information systems applications via standard Web browsers. Web modernization projects delivered in FY 2013 included a MIDAS capability which integrated previously separate customer information, farm records, and farm geographic boundary management tools into a single platform to improve customer service at USDA Service Centers. Additional Noninsured Crop Disaster Assistance Program (NAP) and conservation program processes were enabled on the Web. NAP provides financial assistance to producers of non-insurable crops when low yields, loss of inventory, or prevented planting occur due to a natural disaster.

Selected Accomplishments Expected at the FY 2015 Proposed Resource Level:

Farm Loan Programs

FSA anticipates continued strong demand for its farm loan programs in FY 2015 as a result of relatively high production costs and increased operating capital needs. Given the projected level of loan funds available, FSA anticipates providing credit assistance to just over 40,000 farmers and ranchers in FY 2015.

FSA loan programs will remain particularly important in meeting the credit needs of minority, women, and beginning farmers in FY 2015. FSA loan programs are also a valuable source of credit for our military veterans interested in establishing farming operations. The recently implemented Microloan program enhances the Agency's ability to assist these groups, expanding the potential customer base for FSA operating loans by offering a streamlined application process and modified eligibility and security requirements.

FSA will continue its efforts to improve the operational effectiveness and efficiency of the farm loan programs through implementation of program streamlining and information technology initiatives. Process improvement initiatives are ongoing and are increasingly important as program resources decline while loan demand is expected to remain high.

Income Support & Disaster Assistance

Projected FY 2015 accomplishments assume an extension of most Farm Bill programs. FSA’s income support programs provide financial assistance to agricultural producers when market prices fall below certain levels, and disaster assistance programs help farmers and ranchers offset production losses and recover financially after natural disasters. Several specific program activities demonstrate this support.

The Agricultural Act of 2014 reauthorized four of the five Disaster Programs previously authorized under the 2008 Farm Bill. Those programs include Emergency Assistance for Livestock, Honeybees and Farm Raised Fish (ELAP), Livestock Indemnity Program (LIP), Livestock Forage Disaster Program (LFP) and the Tree Assistance Program (TAP). These programs generally continue and provide funding for losses starting on October 1, 2011, when the 2008 Farm Bill expired. These programs are permanent standalone disaster programs.

The Farm Storage Facility Loan (FSFL) Program expects continued program interest in FY 2013 and through FY 2014 due to the inclusion of hay and renewable biomass as eligible commodities under the 2008 Farm Bill and cold storage facilities for fruits and vegetables. Producers who must store their grain and renewable biomass commodities before delivery to ethanol and bio-fuel plants may use FSFLs to construct much of the on-farm storage they need. Fruit and vegetable producers will be constructing cold storage facilities to help preserve and extend the life of their harvested commodities from harvest until the commodity is sold. FSA expects a slight decrease in program participation in FY 2015 since it is projected there will be higher commodity prices at the time of harvest. The FSFL Program is continued with the same provisions provided in the CCC Charter Act and 2008 Farm Bill.

The Marketing Assistance Loan (MAL), Loan Deficiency Program (LDP), and Milk Income Loss Contract (MILC) Programs deliver financial assistance and facilitate the orderly marketing of major agricultural commodities by providing short-term financing or per-unit revenue support when market conditions warrant their use. Due to relatively high prices and strong market conditions for most of the eligible loan commodities, lower than average producer participation is expected for the LDP. For FY 2014, net CCC expenditures are expected to total $8.979 billion with commodity expenditures representing 56 percent of net CCC expenditures.

FSA does not expect to make any MILC payments for FY 2014 or FY 2015 milk production. The all–milk price is forecast to average $19.80 per hundred weight and feed costs to average $8.84 per hundred weight for the last three quarters of FY 2014. A projected decline in feed costs from the first half of 2014 is expected to parallel milk price declines from current record highs.

Overall, continued program participation is expected at the same levels for FSFLs, MALs, and LDPs, if available, in FY 2015. Projections for decreased budget resources will unfavorably impact delivery of programs, through administrative processes, such as approvals, compliance, software enhancements and/or upgrades. Similarly, erroneous payments are likely to occur due to reduced program oversight. Program employees will see a significant increase in workload while attempting to maintain high quality customer service. Customer outreach, employee travel, and training will be further limited. FSA customers may experience an exponential increase in process and response time.

For fiscal year 2014 net CCC expenditures are expected to total $9.120 billion with commodity expenditures representing about 58 percent of CCC expenditures.

Under the Agricultural Act of 2014 FSA anticipates an increase in Noninsured Crop Disaster Assistance Program (NAP) participation in FY 2015 due to the buy up language provide in the 2014 Farm Bill. The buy up provision allows a producer to elect a coverage level of 50 through 65 percent coverage level in increments of five percent which will significantly increase the coverage available to producers. Before the 2014 Farm Bill was signed, NAP offered a 50/55 coverage level which equates to a 27.5 percent return in the event a producer has a 100 percent loss. NAP will continue to provide coverage equivalent to catastrophic risk protection insurance (CAT) for each commercial crop or agricultural commodity, except livestock, for which CAT is not available in addition to the buy up provision explained above. Disaster assistance will continue to achieve the desired key outcomes. However, challenges including flat or reduced staffing levels will likely affect the delivery of programs. FSA's ability to decrease the average cycle time to deliver NAP crop disaster payments is expected to be adversely affected.

<u>Commodity Operations</u>
As staffing decreases, the challenge is to have examiner resources available to maintain the timeliness of examinations. The USWA licensed warehouses represent more than half of all licensed grain, cotton, and peanut warehouse capacity in the United States. The USWA trend lines are for additional warehouses to be licensed as well as increased storage capacities of warehouses currently under license. FSA examination demands especially in sugar and cotton warehouses are on the increase. Marketing and transportation complexities in the commodity industry are also expanding. The implementation of non-traditional examination procedures and use of electronic mediums will provide efficiencies in the examination process. The Agency will need to be proactive in balancing work force needs with budgetary restraints while meeting the demand of the commodity industry and FSA.

<u>Information Technology</u>
FSA's base funding provides IT resources and services will continue to support program delivery in the following ways by:

- Maintaining the current infrastructure at a level that supports required operations, services, and program delivery

- Eliminating the reliance on outmoded technology and applications,
- Modernizing FSA's IT environment to enhance and improve the delivery of information and benefits to customers, and
- Improving the quality, reliability and availability of data needed by the modernization effort to more effectively support FSA Programs and new IT. In FY 2015, FSA will determine and manage priorities to ensure progress in all four areas.

Improving the delivery of customer benefits through MIDAS remains one of the Agency's highest priorities. Consequently, FSA will continue to prioritize the MIDAS implementation but will need to maintain operating flexibility under expected funding levels to help ensure progress on MIDAS and full FSA IT modernization while continuing program delivery and operations.

MIDAS continues to integrate with the modernized FSA Web-based IT systems, architecture, and infrastructure to support specialized functions using the SAP Commercial-Off-the-Shelf package and extending those functions to meet Farm Program process needs. In addition, MIDAS remains closely aligned with other Agency and Department-wide modernization efforts. For example, it is essential that MIDAS and the Department-wide Financial Management Modernization Initiative stay aligned as the financial systems are integral to the delivery of farm program benefits. GIS modernization will enable MIDAS to use and leverage digital data to enhance program delivery and support.

The associated FSA initiative to retire or replace applications dependent on the obsolete AS 400/S 36 platform is in progress. Applications are targeted for modernization to the Web and within the Modernize and Innovate Delivery of Agricultural Systems (MIDAS) Commercial-Off-The-Shelf (COTS) systems. The archiving of all historical data and the full decommissioning of the AS 400/36 hardware is expected to span FY 2014 and FY 2015 with the MIDAS Program scheduled to achieve full operating capability in FY 2015.

MIDAS is being rolled out in several releases of programmatic capabilities. The first release became operational in April of 2013. It is expected that the last release of these functionalities will be complete in FY 2015 and provide on-line Customer Self-Service (CSS).

The FY 2014 MIDAS budget and the supporting modernization efforts are enabling the MIDAS Program to add the following functionalities in FY 2014 when another release of functionality is expected to be complete:

- Creation and maintenance of customer business partner information from multiple external systems to the MIDAS solution to reduce redundant data collection and increase data integrity
- Acreage Reporting with Geospatial Information Systems (GIS) integration to reduce redundant data entry and increase data integrity
- Alignment with the Acreage Crop Reporting Streamlining Initiative (ACRSI) standards to establish the foundation to accept acreage reports from third parties
- Initial customer self-service capabilities to producers

The FY 2015 MIDAS budget and the supporting modernization efforts will enable the MIDAS Program to add the following functionalities in FY 2015:

- Ability to capture year-specific Farm Records and Acreage Reporting information to support legislatively driven program eligibility and payment calculations
- Further reduction of redundant data entry and processing time for acreage report submission through pre-population of prior year data in select fields with the acreage report
- Additional customer self-service capabilities to provide producers with the ability to view and modify business partner information and view farm records and acreage reporting information

FSA will also continue progress to streamline and consolidate direct and guaranteed loan reporting capabilities with the Farm Loan Program Information Delivery System (FLPIDS) modernized Operational Data Store. Much of this work began during FY 2011 with progress continuing through FY 2015 and estimated completion in FY 2016. When fully operational, users will have one server-based Web-enabled reporting system; eliminating the current high cost of reporting from mainframe systems. In FY 2015, updates and modifications will be implemented in FLP systems to facilitate new and updated programs from Farm Bill 2014. The Direct Loan System (DLS) will continue modernization under the FLPIDS effort with specific milestones to eliminate the use of backend Program Loan Accounting System (PLAS) mainframe processes by 2018 for FSA Loan Delivery and retire PLAS. The FLPIDS modernization effort will also include transferring the current loan making and loan servicing functionality for Farm Storage Facility Loans (FSFL) into DLS by the end of FY 2014, which will improve loan processing functionality for FSFL and replace the System 36 based functionality that FSFL currently is dependent upon. At the end of FY 2014, 95 percent of all Service Center Loan Making and Servicing frontend transactions will be Web-enabled. When fully implemented in 2018, the FLPIDS effort will provide streamlined loan approval, real-time funds control, disbursements, collections, routine and special servicing, reporting and Business Intelligence capability through interfaces with Web-enabled delivery systems.

Through the Budget and Performance Management System, FSA has developed an integrated Managerial Cost Accounting (MCA) Activity-Based Costing (ABC) system. FSA's Activity Reporting System (ARS) has three fiscal years of data and has increased the reliability for the amount of time spent on program activities. The MCA Cost Model was fully implemented in FY 2013 with FY 2012 program data and cost-based performance measures that have proven to be valid and reliable indicators of the efficiency of the loan and farm programs. This information will be used to monitor, evaluate and better manage the cost of delivering FSA programs in FY 2014 and beyond, including implementation of new programs from the FY 2014 Farm Bill.

Agency Strategic Goal	**Agency Objectives**	**Programs that Contribute**	**Key Outcomes**
Agency Goal 3: Ensure Commodities Are Procured and Distributed Effectively and Efficiently to Increase Food Security	<u>Objective 3.1:</u> Modernize Procurement Practices for Commodity Purchases and Deliveries <u>Objective 3.2:</u> Improve the Quality and Security of Commodities Purchased for Food Assistance Programs	<u>Commodity Operations</u> - CCC Inventory Management Operations - Domestic and Foreign Food Assistance Purchases	Increased Food Security

Key Performance Measures and Targets

FSA's Goal 3 measure is International Shipping Loss Rate.

Selected Past Accomplishments toward achievement of Key Outcome: Effective food aid

Commodity Operations

In FY 2013, Commodity Operations undertook the following:

- Issued Web Based Supply Chain Management (WBSCM) contracts valued $1.2 billion, including $743 million for international food aid programs and $447 million for domestic food assistance programs.
- Issued 183 international food aid freight solicitations in WBSCM during FY2013.
- Issued Requests for Proposals to award new indefinite-delivery, indefinite-quantity (IDIQ) service contracts, or exercised option years on previously awarded IDIQ service contracts for:
    - Food and Nutrition Service national multi-food warehouse program valued at approximately $150 million over five years,
    - Foreign port/destination marine cargo discharge surveys, and
    - Port of export vessel loading observations.
- Coordinated the publication of new and revised commodity requirements for twenty commodity groups used in international and domestic food aid programs.

Information Technology

A refresh of the underlying technical components and hardware began in FY 2013 and continues through FY 2014. Business Process Review activities are planned for FY 2015 in order to begin Functional Refresh activities.

FSA, Commodity Operations joined forces with Food and Nutrition Service (FNS), the Agricultural Marketing Service (AMS), Foreign Agricultural Service (FAS), and Unites States Agency for International Development (USAID) to implement a modern WBSCM System using commercial off-the-shelf technology.

WBSCM functions continued to be implemented during FY 2013. Some of the current functions available for all FSA commodity procurements are receipt of orders from program agencies, vendor bid receipt, bid evaluation, contract award, contract administration, records management, and invoice payment. These WBSCM procurements support domestic food assistance programs including: National School Lunch Program, The Emergency Food Assistance Program, Commodity Supplemental Food Program (CSFP) and the Food Distribution Program on Indian Reservations Program (FDPIR); and international food aid programs including: PL-480 Title II Food for Peace, Food for Progress, Section 416; McGovern-Dole International Food for Education and Child Nutrition Program; and the Bill Emerson Humanitarian Trust. Additional WBSCM functionality implemented exists for Farm Service Agency's Price Support warehouse activities; and the Fresh Fruit and Vegetable Program in which FNS is the program agency, Department of Defense is the procurement agency and Commodity Operations is the payment agency. All order, procurement, finance (including budget and entitlement management) and reporting functions have been implemented.

Selected Accomplishments Expected at the FY 2015 Proposed Resource Level:

Commodity Operations

FSA will implement the Dairy Product Donation Program within 60 days after the activation of the Dairy Margin Protection Program by the Secretary. At that time, CCC will immediately purchase dairy products at prevailing market prices until a Farm Bill termination condition is met. Dairy products will be purchased in forms useable by public and private nonprofit organizations feeding low-income populations. Donation of dairy products will be immediate and direct to nonprofits, with no storage of commodities. Program audits must ensure proper use of donated commodities, without waste or resale, and with further donation only for like uses by other nonprofit institutions.

Commodity Operations will facilitate and encourage electronic commerce to reduce costs and delays associated with marketing and delivering commodities and to increase sales of targeted agricultural commodities.

Information Technology

At the proposed FY 2015 funding level, FSA will not be able to support new automated processes for Commodity Operations. Operations and maintenance will continue with AMS sponsoring and funding the majority of WBSCM through PL 74-320, Section 32 funds. Due to AMS funding ceiling limitations, FSA funds are requested for FSA's portion of the Technical Refresh/Hardware Upgrade which began in FY 2013 and will continue through FY 2014. Additionally support is needed for the Business Process Review and Functional Refresh activities planned for FY 2015.

USDA Strategic Goal 2: Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources

Objective 2.1: Improve the health of the nation's forests, grasslands, and working lands by managing our natural resources.

Objective 2.2: Lead efforts to mitigate and adapt to climate change, drought, and extreme weather in agriculture and forestry.

Objective 2.3: Contribute to clean and abundant water by protecting and enhancing water resources on national forests and working lands percentage

Agency Strategic Goal	**Agency Objectives**	**Programs that Contribute**	**Key Outcomes**
Agency Goal 2: Increase Stewardship of America's Natural Resources while Enhancing the Environment	Objective 2.1: Increase Resource Stewardship Opportunities on Private Lands Objective 2.2: Target Natural Resource Needs to Maximize Soil, Water, Plant, Animal, Air, and Socioeconomic Benefits Objective 2.3: Lead Efforts to Mitigate and Adapt to Climate Change	- Conservation Reserve Program - Conservation Reserve Enhancement Program - Conservation Direct and Guaranteed Loan Program - Voluntary Public Access and Habitat Incentives Program	Quality Soil Quality Water Quality Air Quality Wildlife Habitat

Key Performance Measure and Targets
Restored wetlands and associated buffers provide prime wildlife habitat and increase water storage capacity. Wetlands provide multiple environmental functions, including filtering of nutrients, recharging groundwater supplies, and sequestering carbon.

CRP restored wetland acres							
	2009 Actual	**2010 Actual**	**2011 Actual**	**2012 Actual**	**2013 Actual**	**2014 Target***	**2015 Target***
Acres (millions)	2.04	2.05	2.23	2.29	2.09	2.05	1.90

* Contract expirations in FY 2014 are expected to reduce enrollment in wetlands to 1.9 million acres. Future expirations will limit cumulative acres.

Selected Past Accomplishments Toward Achievement of Key Outcomes 1, 2, 3 and 4: Quality Soil, Quality Water, Quality Wildlife Habitat and Quality Air

Conservation
The FSA Conservation Reserve Program (CRP) assists producers to plant long-term, resource-conserving covers to improve water and air quality, control soil erosion, and enhance wildlife habitat on land. In return, the program provides participants with rental payments and cost-share assistance. Contract terms run between 10 and 15 years.

CRP is designed to restore and enhance wetland areas, increase sediment trapping efficiencies, improve water quality, prevent soil erosion, and provide habitat for waterfowl and other wildlife.

The program includes several initiatives for wetland restoration and enhancement. CRP wetland initiatives now include a 600,000-acre Floodplain Restoration Initiative, a 250,000-acre Bottomland Hardwood Timber Initiative, a 350,000-acre Non-Floodplain and Playa Wetland Restoration Initiative, and a 300,000-acre Prairie Pothole Duck Nesting Habitat Initiative. Total CRP enrollment stood at 26.9 million acres on September 30, 2013; total enrollment of 25.7 million acres is expected for September 2014. These acres annually reduce sedimentation, sequester carbon dioxide, and reduce greenhouse gas emissions.

FSA did not meet its FY 2013 target for restoring wetland acres of 2.23 million acres with 2.09 million acres of wetlands (including upland buffers) enrolled as of September 2013. Due to the 3.3 million acres of CRP expiring in FY 2013, the delayed extension of Farm Bill authority and apportionment, and relatively high commodity prices, USDA faced challenges in maintaining the magnitude of CRP's conservation benefits. At the end of FY 2013 USDA had CRP contracts with landowners covering 2.09 million acres of wetlands (including upland buffers), falling short of its FY 2013 target of 2.23 million acres.

Conservation Reserve Enhancement Program (CREP) addresses high-priority conservation issues of both local and national significance, with impacts to water supplies, loss of critical habitat for threatened and endangered wildlife species, soil erosion, and reduced habitat for fish populations such as salmon. CREP is a community-based, results-oriented effort centered on local participation and leadership. As of September 2013, there were 45 CREP agreements representing partnerships with 33 States, including a total of 1.3 million acres of high value conservation practices.

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 $40 million available for the period FY 2014 through 2018. 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 provides environmental, economic, and social benefits including 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. No funding was available for VPA-HIP in fiscal year 2013.

<u>Information Technology</u>
During FY 2013, FSA continued to make progress toward modernizing its conservation systems applications, and reducing dependency on outdated technology. Major accomplishments include:

- Issued 890,000 CRP annual rental payments of about $1.5 billion.
- Implemented General Signup Software System to support the 2013 CRP General Signup # 45.
- Nearly 4,000 Grassland Reserve Program (GRP) contracts and easements were completely migrated from the AS400 to the web-based environment. GRP is now completely supported in the Web-based environment.
- Continued the Web modernization of conservation processes to remove dependency from the legacy outdated technology, AS400/S36.

<u>Selected Accomplishments Expected at the FY 2015 Proposed Resource Level</u>:

<u>Conservation</u>
The Agricultural Act of 2014 reduces CRP enrollment authority to no more than 27.5 million acres in FY 2014, and 26.0 million acres in FY 2015. FY 2015 enrollment is expected to end at about 25.1 million acres. The 2.0 million

acres of CRP expiring in FY 2014, combined with relatively high commodity prices, will present FSA with a challenge in maintaining the magnitude of CRP's conservation benefits.

Due to the Agricultural Act of 2014, these targets may need to be adjusted due to changes to CRP acreage authorized. The Department remains strongly committed to attaining its conservation objectives. In FY 2014, USDA will seek reenrolled and new contracts for wetland restoration to offset the 275 thousand acres of wetland contracts that expire in FY 2014. The Department will also continue to support initiatives designed to improve wildlife habitat, including the 500,000-acre upland bird buffer, the 300,000-acre Duck Nesting Habitat Initiative, and the State Acres for Wildlife Enhancement initiative (a 1,250,000-acre initiative announced in FY 2007 and enhanced in 2012 to improve habitat for endangered, threatened, or high-priority fish and wildlife species). In addition, USDA will continue the 250,000-acre initiative to restore longleaf pine ecosystems.

The Agricultural Act of 2014 provides $40 million for VPA-HIP for the period FY 2014 through FY 2018.

Information Technology

In FY 2015, FSA plans to deliver additional functionality to the Web-based CRP contract maintenance application and provide integrated cost-share functionality. Also targeted is the completion of integrating all Conservation payments into the Common Payment Framework, bringing improving consistency across all payment programs. Expected funding uncertainties, prioritization of resources and commitment to maintaining operations may alter implementation schedules.

Agency Priority Goal for Water (FY 2012-2013) Accelerate the protection of clean, abundant water resources by advancing USDA's capacity to measure the effectiveness of conservation investments in addressing water resource concerns. In FY 2012 and FY 2013 USDA will develop and implement an interagency water resource outcome metric in two pilot watersheds and quantify improvements in those watersheds

Key Performance Measures and Targets:

USDA ensures that national forests and private working lands enhance our water resources and are conserved, restored, and made more resilient to climate change. Secretary Vilsack has identified protecting the nation's water resources as one of his top conservation objectives in the USDA's 2010-2015 Strategic Plan. Recognizing that USDA brings significant authorities and resources to bear on this resource challenge, FSA, the US Forest Service , and the Natural Resources Conservation Service were tasked with developing an integrated approach to achieve measurable results in water quality and water use efficiency:

Acres treated with High Impact Targeted Practices to improve water quality					
	2009 Actual	**2010 Actual**	**2011 Actual**	**2012 Actual**	**2013 Actual**
Acres (Millions)	N/A	1.9	1.8	1.5	1.7

Selected Past Accomplishments toward Achievement of the Key Outcome: FSA leveraged the Conservation Reserve Program (CRP) to contribute toward this Agency Priority Goal. While the combined Goal was attained, declining enrollment in CRP lowered FSA contributions. Due to how payment rates were set, CRP enrollment tended to decline during periods of increasing returns to crop production.

The Department of Agriculture (USDA) tested an interagency water quality metric in two pilot watersheds to measure the effectiveness of conservation investments made by the USDA. A measurement framework was developed for the new integrated approach for reporting on the performance of conservation programs with pilot efforts continuing with the expansion as resources allow. Using pilot watersheds, USDA could build on years of advances in agency conservation and science, and provide results-based, landscape scale conservation investment that will protect water resources more efficiently and effectively, and encourage innovations that attract private capital and create non-regulatory incentives for a variety of stakeholders to invest in sustainable water resource management practices.

In the St. Joseph River Watershed, models estimated USDA conservation investments contributed to a 51% decrease in sediment load, 30% decrease in phosphorus and 42% decrease in nitrogen load modeled at the field scale. In the Cienega Creek Watershed, modeling scenarios indicate that sediment yields for a subwatershed, Gardner Canyon, have decreased by between 4 and 33% from Pre-Conservation to Current Conditions. To expand beyond the pilot approach, key lessons learned during the will shape future similar undertakings. Three primary findings from NRCS are:

1. Common water quality measures for pollutants such as nitrogen, phosphorus, or sediment are a challenge to find but required to support the analysis of watershed condition and water quality changes.
2. Water quality outcome measurement needs to be done in such a way as to distinguish among various influences on water quality parameters such as pollutant behavior, hydrologic regime, watershed and land treatment, significant land use changes, and climate effects among others
3. Spatial and Temporal Considerations are challenging as there is a significant lag time between conservation implementation on the land and observing water quality benefits which is more difficult as factors affect watershed condition and water quality between the point where conservation is applied in a landscape and the point where downstream water quality is measured.

<u>**Agency Priority Goal (FY 2014-2015)**</u>: FSA will directly contribute to the USDA Agency Priority Goal to "create new economic opportunities through farming and the creation of new markets for agricultural products."

<u>Key Performance Measures and Targets</u>:

Performance Indicator: Provide credit assistance to small and family operations, women, minority, and beginning farmers and ranchers through the FSA Microloan program.		
	2013 Target	**2014 Target**
Number of loans (cumulative)	3000	6000

FARM SERVICE AGENCY

Strategic Goal Funding Matrix

(Dollars in Thousands)

	2012 Actual	2013 Actual	2014 Estimate	Increase or Decrease	2015 Estimate
Department Strategic Goal 1:					
Assist Rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving					
Farm Loans					
Farm Loan Programs (except cons.)	108,213	108,876	90,014	-8,786	81,228
Program Loan Cost Expenses	7,904	7,312	7,721	199	7,920
State Mediation Grants	2,667	2,970	2,690	-378	2,312
S&E	289,728	281,563	306,998	0	306,998
Total	408,512	400,721	407,423	-8,965	398,458
Staff Years	2,325	2,411	2,411	277	2,688
Income Support and Disaster Assistance					
DIP	100	250	500	0	500
Reforestation Pilot Program	600	554	600	-600	0
Geo Disadvant. Farmers and Ranchers	1,996	1,842	1,996	-1,996	0
S&E	869,423	808,845	854,795	-28,719	826,076
Total	872,119	811,491	857,891	-31,315	826,576
Staff Years	7,307	6,672	7,168	-825	6,343
Commodity Operations					
S&E	25,937	24,138	25,454	0	25,454
Staff Years	84	80	83	-6	77
Total Costs, Goal 1	1,306,568	1,236,350	1,290,768	-40,280	1,250,488
Total Staff Years, Goal 1	9,716	9,163	9,662	-554	9,108
Department Strategic Goal 2:					
Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources					
Conservation					
Conservation Loans	0	0	0	0	0
Grassroots Source Water Protection	3,817	5,159	5,526	-5,526	0
Emergency Conservation Program	122,700	25,049	0	0	0
Emergency Forest Restoration Program	28,400	35,665	0	0	0
State Mediation Grants	1,092	1,092	1,092	0	1,092
S&E	306,461	285,203	300,766	-10,091	290,675
Total Costs, Goal 2	462,470	352,168	307,384	-15,617	291,767
Total Staff Years, Goal 2	1,952	2,372	2,493	-265	2,228
Total Costs, All Strategic Goals	1,769,038	1,588,518	1,598,152	-55,897	1,542,255
Total FTEs, All Strategic Goals	11,668	11,535	12,155	-819	11,336

FARM SERVICE AGENCY
Summary of Budget and Performance
Full Cost by Department Strategic Goal
(Dollars in thousands)

Department Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving

PROGRAM	PROGRAM ITEMS	FY 2012 Amount ($000)	FY 2013 Amount ($000)	FY 2014 Amount ($000)	FY 2015 Amount ($000)
	Farm Loans				
	Direct Farm Ownership Loans	$22,800	$19,005	$4,428	0
	Direct Farm Operating Loans	59,120	59,093	65,520	$63,101
	Guaranteed Farm Ownership Loans	0	0	0	0
	Guaranteed Farm Operating Loans, unsub.	16,250	10,701	18,326	14,770
	Emergency Disaster Loans	1,585	1,876	2,381	1,198
	Indian Tribe Land Acquisition Loans	0	0	0	0
	Boll Weevil Eradication Loans	0	0	0	0
	Indian Fractionated Land Loans	0	0	68	0
	Program Loan Cost Expenses	7,904	7,312	7,721	7,920
	Individual Development Account Grants	0	0	0	2,500
	State Mediation Grants	2,819	3,025	2,837	2,553
	Administrative costs (direct)	289,728	291,501	292,965	279,915
	Indirect costs	12,077	13,207	14,033	27,083
	Total Costs[1]	**412,283**	**405,720**	**408,279**	**399,040**
	FTEs	2,325	2,411	2,411	2,688

Performance Measure: Percentage Direct and Guaranteed lending to Socially Disadvantaged Farmers

	FY 2012	FY 2013	FY 2014	FY 2015
Percent:	13.3%	13.6%	13.4%	13.5%

Performance Measure: Percentage Direct and Guaranteed lending to Beginning Farmers

	FY 2012	FY 2013	FY 2014	FY 2015
Percent:	68.8%	70.0%	70.5%	71.0%

[1] For loan programs reflects subsidy budget authority to support loan levels

PROGRAM	PROGRAM ITEMS	FY 2012 Amount ($000)	FY 2013 Amount ($000)	FY 2014 Amount ($000)	FY 2015 Amount ($000)
	Income Support and Disaster Assistance				
	Price Support and Marketing Assistance Loans	4,697,744	5,922,462	5,859,277	
	Loan Deficiency Payments	-134	9,524	0	0
	Direct Payments	3,837,461	4,843,336	0	0
	Countercyclical Payments	9,931	1,117	4,955	1,618
	ACRE Payments	11,112	49,586	242,250	64,905
	Agriculture Risk Coverage			6,749,600	8,228,400
	Price Loss Coverage			1,935,900	3,667,400
	Milk Income Loss Contract Payments	403,204	275,175	10,000	0
	Tobacco Payments	953,420	951,718	960,000	69,000
	Other Direct Payments	-23	0	0	0
	NAP Payments	253,588	334,776	248,024	155,384
	Disaster Assistance (LIP, LFP, ELAP, TIP)	0	0	825,300	966,200
	Livestock Indemnity Program [2]	26,941	0	0	0
	Supplemental Revenue Assistance Payments	569,577	1,772,173	0	0
	Livestock Forage Disaster Program [2]	85,295	0	0	0
	Emergency Assistance for Lvstk, Honey Bees, and Farm-Raised Fish [2]	9,546	0	0	0
	Tree Assistance Program (Disaster Trust) [2]	7,424	0	0	0
	Emergency Livestock Assistance [2]	0	0	0	0
	Emergency Conservation Program	74,576	41,507	70,000	50,000
	Biomass Crop Assistance	15,883	15,285	9,404	0
	Emergency Forest Restoration Program	17,170	50,554	0	0
	Tree Assistance Program (CCC)	218	0	0	0
	CCC Interest Expenditures	2,890	8,845	14,363	
	Dairy Indemnity Program	280	1,648	500	500
	Emergency Forestry Conservation Program	5,906	4,788	32,570	30,000
	USDA Supplemental Assistance, appropriated (RTCP)	1,996	1,996	1,996	0
	Reforestation Pilot Program	600	0	0	0
	Farm Storage Facility Loans	200,000	240,308	300,000	300,000
	Sugar Storage Facility Loans	0	0	20,000	20,000
	Administrative costs (direct)	684,342	691,678	671,274	619,191
	Indirect costs	223,309	225,703	219,045	228,979
	Total Costs	**12,092,256**	**15,442,179**	**18,174,458**	**14,401,577**
	FTEs	7,341.00	7,198.00	7,198.00	6,413.00

[1] LIP, LFP, ELAP and TIP included under Disaster programs in FY 2014 and FY 2015

Performance Measure: Percentage of Farm Service Agency program delivery applications at USDA Service Centers that are web enabled

	FY 2012	FY 2013	FY 2014	FY 2015
Percent:	72.7%	78.0%	*80.0%	**100.0%

* The 2014 target reflected a 10% agency reduction in IT spending as compared to historical outlays from FY 2010 through FY 2012.

** The targets reflect FSA plans to retire obsolete technology and remove legacy components that were in place for prior year program delivery. Implementation of the Agricultural Act of 2014 and IT budget reduction could lengthen that discommissioning process, currently expected to span FY 2014 and FY 2015.

PROGRAM	PROGRAM ITEMS	FY 2012 Amount ($000)	FY 2013 Amount ($000)	FY 2014 Amount	FY 2015 Amount
	Commodity Operations				
	ELS Cotton Competiveness Payments	0			
	Upland Cotton Economic Adjustment Assistance	60,186	49,430	49,000	49,220
	Commodity Purchases and Sales	812,915	834,801	580,459	371,769
	Storage, Handling, Transportation, Processing, and Packaging	45,955	4,417	-808	239
	CCC Interest Expenditures	510	5,363	8,036	12,209
	Dairy Margin Protection Program				25,000
	Administrative costs (direct)	25,369	24,744	24,290	31,797
	Indirect costs	19,724	19,239	18,886	6,818
	Total Costs	**964,659**	**937,994**	**679,863**	**497,052**
	FTEs	213	230	230	207
Total Costs for Department Strategic Goal 1 (program, direct, indirect)		**13,469,198**	**16,785,892**	**19,262,600**	**15,297,669**
	FTEs	9,879	9,839	9,839	9,308

Department Strategic Goal: Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our resources

PROGRAM	PROGRAM ITEMS	FY 2012 Amount ($000)	FY 2013 Amount ($000)	FY 2014 Amount	FY 2014 Amount
	Conservation				
	Conservation Reserve Program	1,912,549	1,875,909	1,965,191	1,957,081
	Grassroots Source Water Protection Program	3,817	5,159	5,526	0
	State Mediation Grants	940	1,008	946	851
	Guaranteed Conservation Loans (negative subsidy)	0	0	0	0
	Other Conservation Payments	6,823	75	0	0
	Administrative costs (direct)	291,676	259,777	252,140	221,542
	Indirect costs	72,004	64,129	62,244	75,576
	Total Costs	**2,287,809**	**2,206,057**	**2,286,047**	**2,255,050**
	FTEs	2,617	2,577	2,577	2,249
	Performance Measure: Increase CRP restored wetlands				
	# of acres in millions:	2.29	2.09	*2.05	*1.90

* Contract expirations in FY 2014 are expected to reduce enrollment in wetlands to 1.9 million acres. Future expirations will limit cumulative acres.

Total Costs for Department Strategic Goal 2 (program, direct, indirect)		**2,287,809**	**2,206,057**	**2,286,047**	**2,255,050**
	FTEs	2,617	2,577	2,577	2,249
Total Costs for All Strategic Goals (program, direct, indirect)		**15,757,007**	**18,991,950**	**21,548,646**	**17,552,719**
	FTEs	12,496	12,416	12,416	11,557

USDA Strategic Goal 1: Assist Rural Communities to Create Prosperity So They Are Self-Sustaining, Repopulating, and Economically Thriving

Objective 1.3: Support a Sustainable and Competitive Agricultural System

1.3.1 Percentage Direct and Guaranteed lending to Socially Disadvantaged Farmers (SDA)

Analysis of Results

FSA accomplished its goal for lending to SDA farmers and ranchers in FY 2013. The percentage of SDA farmers and ranchers nationwide (per the 2007 Census of Agriculture) that have credit through the FSA direct and guaranteed loan programs increased to 13.6 percent. The newly implemented Microloan program, which expands the potential customer base for FSA operating loans by offering a streamlined application process and modified eligibility and security requirements, directly contributed to the Agency's ability to meet this goal. Of the 3,433 Microloans obligated in FY 2013, 1,270 were to minority and women farmers. As of September 30, 2013, FSA has more than 18,750 SDA customers in its loan portfolio. During FY 2013, FSA issued more than 7,100 direct and guaranteed loans to SDA farmers, a 9 percent increase in loan volume from the previous fiscal year. The year over year increase in SDA lending is significant given that overall FSA lending declined slightly in FY 2013 in comparison to FY 2012.

Exhibit X: Performance Goal 1.3.1 Results

Annual Performance Goals, Indicators, and Trends	2008	2009	2010	2011	2012	Fiscal Year 2013		
						Target	Actual	Result
1.3.1 Percentage Direct and Guaranteed lending to Socially Disadvantaged Farmers (SDA)	12.2	12.7	12.9	13.1	13.3	13.3	13.6	Met
Allowable Data Range for Met: +/-.5								
Data Assessment of Performance Measure 1.3.1								
Completeness of Data — The FY 2013 result is based on actual final data.								
Reliability of Data — FLP data is considered reliable. A limitation is that Ag Census data is only updated every 5 years (current results based on data from the 2007 Ag Census). Despite this limitation, these data are the best available for estimating the Department's performance in reaching the targeted groups.								
Quality of Data — FLP data are of high quality. Most FLP data originate from accounting systems, which are subject to Office of Inspector General audit. FLP data are collected for multiple purposes and gathered throughout the normal lending process.								

Challenges for the Future

The U.S. agricultural sector continues to change. Farms are growing and becoming increasingly dependent on technology. Thus, entry into farming is much more capital intensive. Farm operating costs also continue to rise, resulting in significant barriers and challenges for the groups that USDA Farm Loan Programs (FLPs) are intended to assist.

USDA has implemented multiple FLP process improvement initiatives in recent years, resulting in improved operational effectiveness and efficiency. Additional process improvement initiatives are underway; these are increasingly important as program demand remains strong and program resources are expected to decline in the coming years. Process improvement efforts will help ensure continued high-quality service for farmers and ranchers, allowing the Department to achieve program goals and objectives.

1.3.2 Percentage Direct and Guaranteed lending to Beginning Farmers

Analysis of Results
FSA met its FY 2013 goal for providing credit assistance to beginning farmers. At the end of FY 2013, 70 percent of beginning farmers and ranchers (based on the 2007 Census of Agriculture) had agricultural credit through FSA's direct and guaranteed loan programs. FSA obligated nearly 15,600 operating loans and farm ownership loans to beginning farmers, which were valued at greater than $1.7 billion. FSA's Microloan program, a direct operating loan with a maximum loan amount of $35,000 and simplified application process specifically designed to meet the needs of SDA and beginning farmers, as well small family farms and niche operations, directly contributed to accomplishment of this performance goal. Microloans were implemented in January 2013 and by the end of FY 2013 FSA had obligated 2,336 Microloans to beginning farmers. These loans were valued at more than $44.6 million and represented 67% of all Microloans obligated. Perhaps most importantly, 1,887 Microloans were issued to first time FSA customers. As of September 30, 2013, FSA had nearly 42,500 beginning farmers in its direct and guaranteed loan portfolios.

Exhibit X: Performance Goal 1.3.2 Results

Annual Performance Goals, Indicators, and Trends	2008	2009	2010	2011	2012	Fiscal Year 2013		
						Target	Actual	Result
1.3.2 Percentage Direct and Guaranteed lending to Beginning Farmers	45.2	49.5	60.3	64.9	68.8	67.9	70	Met
Allowable Data Range for Met: +/-.5								
Data Assessment of Performance Measure 1.3.2								
Completeness of Data — The FY 2013 result is based on actual final data.								
Reliability of Data —FLP data is considered reliable. A limitation is that Ag Census data is only updated every 5 years (current results based on data from the 2007 Ag Census). Despite this limitation, these data are the best available for estimating the Department's performance in reaching beginning famers.								
Quality of Data — FLP data are of high quality. Most FLP data originate from accounting systems, which are subject to Office of Inspector General audit. FLP data are collected for multiple purposes and gathered throughout the normal lending process.								

Challenges for the Future
The U.S. agricultural sector continues to change. Farms are growing and becoming increasingly dependent on technology. Thus, entry into farming is much more capital intensive. Farm operating costs also continue to rise, resulting in significant barriers and challenges for the groups that USDA Farm Loan Programs (FLPs) are intended to assist.

USDA has implemented multiple FLP process improvement initiatives in recent years, resulting in improved operational effectiveness and efficiency. Additional process improvement initiatives are underway; these are increasingly important as program demand remains strong and program resources are expected to decline in the coming years. Process improvement efforts will help ensure continued high-quality service for farmers and ranchers, allowing the Department to achieve program goals and objectives.

1.3.3 Maintain or increase percentage of FSA program delivery applications at USDA Service Centers that are Web enabled

Analysis of Results
USDA met its target for this performance measure. Web-enabled applications allow users to access the information systems applications via standard Web browsers. Web modernization projects delivered in FY 2013 included

MIDAS capability which integrated previously separate customer information, farm records, and farm geographic boundary management tools into a single platform to improve customer service at USDA Service Centers. Additional Noninsured Crop Disaster Assistance Program (NAP) and conservation program processes were provided on the Web. NAP provides financial assistance to producers of non-insurable crops when low yields, loss of inventory, or prevented planting occur due to a natural disaster.

Exhibit X: Performance Goal 1.3.3 Results

Annual Performance Goals, Indicators, and Trends		2008	2009	2010	2011	2012	Fiscal Year 2013 Target	Fiscal Year 2013 Actual	Fiscal Year 2013 Result
1.3.3	Maintain or increase percentage of FSA program delivery applications at USDA Service Centers that are Web enabled	54	51	57	68	72.7	76	78.2	Met
Allowable Data Range for Met: The allowable data range is +/- 5 percent									
Data Assessment of Performance Measure 1.3.3									
Completeness of Data — Data reported are final results for the fiscal year. The FSA System Inventory Report includes all systems used by FSA for delivering its assigned missions. An active stewardship process is in place to ensure that new or retired systems are promptly recorded.									
Reliability of Data — Data are considered reliable. The measurement process involves counting the number of Web-enabled program delivery applications used in the service centers identified in the FSA Systems Inventory Report. That number is then divided by the total number of program delivery applications used in the Service Centers to calculate the percentage of these program delivery applications that are Web enabled. The report is updated weekly. The numerator is the number of Web-enabled program delivery applications used at USDA service centers. The denominator is the total number of Service Center program delivery applications in use.									
Quality of Data — The FSA Systems Inventory Report is derived from the MEGA Enterprise Architecture Repository. The data are reviewed regularly by the system custodians. Changes are approved by a change control board and incorporated prior to the developing and reporting of this measure.									

Challenges for the Future

USDA is retiring or replacing applications that depend on a previously used system that is now obsolete. Applications are targeted for modernization to the Web and MIDAS. The archiving of all historical data and the full decommissioning of the hardware is expected to span beyond FY 2014.

2.1.1 Conservation Reserve Program: Restored wetland acreage

Analysis of Results

Due to the 3.3 million acres of CRP expiring in FY 2013, and the delayed extension of Farm Bill authority and apportionment, combined with relatively high commodity prices, USDA faced challenges in maintaining the magnitude of CRP's conservation benefits. At the end of FY 2013 USDA had CRP contracts with landowners covering 2.09 million acres of wetlands (including upland buffers), falling short of its FY 2013 target of 2.23 million acres.

Total CRP enrollment currently stands at 25.6 million acres. These acres annually reduce nitrogen, phosphorus, and sediment by more than 85 percent, and sequester carbon dioxide in soils and vegetation. CRP also contributes to increased wildlife populations. CRP wetlands and grasslands have added more than two million ducks to the Prairie Pothole Region annually, and increased ring-necked pheasant and other grassland bird populations.

Exhibit X: Performance Goal 2.1.1 Results

Annual Performance Goals, Indicators, and Trends	2008	2009	2010	2011	2012	Fiscal Year 2013 Target	Fiscal Year 2013 Actual	Fiscal Year 2013 Result
2.1.1 CRP restored wetland acreage (millions of acres)	1.98	2.04	2.05	2.23	2.29	2.23	2.09	Not Met
Allowable Data Range for Met: The allowable data range is +/-.05 million acres								
Data Assessment of Performance Measure								
The data source for this measure is the National Conservation Reserve Program Contract Data Files.								
Completeness of Data — The targets and actual data are annual. Data reported are based on final results for the fiscal year. The measure reports national acres under contract with the following wetland practices: wetland restoration, marginal pastureland buffers, bottomland trees, shallow water areas for wildlife, duck nesting habitat, and farmable wetlands programs. There are no known data limitations. Acres reported include associated upland buffers.								
Reliability of Data — USDA considers the data to be reliable. CRP is authorized through FY 2013.								
Quality of Data — Overall, the quality of the data is acceptable. There are no known data limitations. Acres reported include associated upland buffers.								

Actions for Unmet Measures

Due to delayed extension of Farm Bill authority, FY 2013 signup for CRP did not begin until May. The shortened enrollment period, combined with expiring wetland contracts and high commodity prices led to lower wetland enrollments than targeted for the year.

Challenges for the Future

The Agricultural Act of 2014 reduces CRP enrollment authority to no more than 24 million acres by 2017. FY 2014 enrollment is expected to end at about 25.7 million acres. Due to the 2.0 million acres of CRP expiring in FY 2014, and the delayed extension of Farm Bill authority and apportionment, combined with relatively high commodity prices, USDA faces challenges in maintaining the magnitude of CRP's conservation benefits. USDA remains strongly committed to attaining its conservation objectives. Special focus will be placed on accelerating the protection of clean and abundant water resources.

Exhibit X: Program Evaluations

Fiscal Year 2013 Program Evaluations		
Strategic Objective And Program	**Title**	**Findings and Recommendations/Actions**
2.1.1 Restored wetland acreage Conservation Reserve Program	Environmental Benefits of the Conservation Reserve Program	**Finding:** The 26.8 million acres of grass, trees, and wetlands established by CRP benefit numerous wildlife species. Several independent studies have identified benefits to multiple bird populations including: • **Prairie Pothole Ducks** –The United States Fish and Wildlife Service estimated that the CRP contributed to a net increase of about 2 million additional ducks per year (30 percent increase in duck production) since 1992 in North Dakota, South Dakota, and Northeastern Montana. Populations fluctuate on a year-to-year basis due to differences in precipitation patterns. • **Ring-Necked Pheasants** – Western EcoSystems Technology, Inc. found that, in prime pheasant habitat, a 4 percent increase in CRP herbaceous vegetation was associated with a 22 percent increase in pheasant counts. • **Sage Grouse** – The CRP has been recognized as an important tool for aiding sage grouse (SAGR) and lesser prairie chicken (LEPC) populations. The Western Association of Fish and Wildlife Agencies developed a range-wide conservation plan for the LEPC reporting "The CRP is a voluntary program that supports the most robust populations of LEPC across their range." With respect to SAGR, the Washington Department of Natural Resources (WDNR) found that CRP enrollment was associated with halting a decline (25 percent between 1970 -1988) in sage grouse populations. The WDNR study found that a region without substantial CRP enrollment had continued sage grouse population decline. Both SAGR and LEPC are being considered for listing under the Endangered Species Act. • **Northern Bobwhite Quail** – Mississippi State University researchers found that quail were positively related to CRP upland buffer enrollment, estimating an increase of 730 thousand quail. In each year of the study, overall breeding season bobwhite densities were 70-75% greater on CRP upland wildlife buffers than on control fields. Fall covey densities increased from 50% in 2006 to 110% in 2008. The quail population response varies by landscape cover and region. • **Grassland Birds** – The CRP has repeatedly been identified as an important conservation program for grassland birds by the North American Bird Conservation Initiative (NABCI). Serious declines in grassland bird populations have been documented by the United States Fish and Wildlife Service (USFWS). The 2013 '*State of the Birds*' report states: "Conservation Reserve Program is restoring grassland habitat for breeding birds. Henslow's Sparrow populations, which have declined more than 95% since the mid-1960s, have rebounded in some areas through CRP. In Illinois, the regional Henslow's Sparrow population has significantly increased; spring bird counts for the species are now about 25 times greater than 30 years ago, prior to CRP." Researchers from the USFWS, U.S. Geological Survey, and the University of Montana found that CRP had a large impact on grassland bird populations in the Northern Plains, including two birds designated as species of continental importance by Partners in Flight.

Strategic Objective And Program	Title	Findings and Recommendations/Actions
2.1.1 Restored wetland acreage Conservation Reserve Program	Environmental Benefits of the Conservation Reserve Program	• **State Acres for Wildlife Enhancement (SAFE)** - CRP's SAFE program identifies priority habitat to be conserved for wildlife species that are threatened or endangered, have suffered significant population declines, or are important environmentally, economically, or socially. SAFE areas have created habitat for Columbian Sharp-tailed Grouse in Colorado, Idaho, and Washington; Northern Bobwhite in Missouri; American Woodcock, Henslow's Sparrow, Sedge Wren, and Grasshopper Sparrow in Indiana; Upland Sandpiper in Maine; and Ferruginous Hawk in Washington. **Finding:** CRP improves water quality. Water quality benefits accrue in multiple ways: • CRP reduces the nitrogen and phosphorus leaving a field in runoff and percolate. Using models developed by the Food and Agricultural Policy Research Institute (FAPRI), in FY 2013, 565 million pounds less nitrogen and 113 million pounds less phosphorus left fields due to CRP, 95 and 86 percent reductions, respectively. • Grass filters and riparian buffers (partial field enrollments) intercept sediment, nutrients, and other contaminants before they enter waterways. Because buffers both reduce contaminants on the land they occupy and intercept contaminants from other lands they have disproportionate benefits on water quality. • In 2013, grass and tree plantings reduced nitrate loss by 92 million pounds. Nitrate is a form of nitrogen that is biologically available to algae. Excess nitrate contributes to the formation of hypoxic zones in the Gulf of Mexico, Chesapeake Bay, and other waters. • Wetlands restored and constructed by CRP improve water quality by converting nitrate -nitrogen into benign atmospheric nitrogen. Iowa's 94 CREP constructed wetland projects are designed to intercept and treat water from underground agricultural drainage systems. In FY 2013 these projects reduced nitrate loadings by over 1.1 million pounds. **Finding:** CRP reduces greenhouse gas emissions. In 2013, CRP resulted in the equivalent of a 45 million metric ton net reduction in CO2 (equal to removing 8.7 million cars from the road for a year) from sequestration, reduced fuel use, and nitrous oxide emissions avoided from not applying fertilizer. CRP sequesters more carbon, 38 million metric tons carbon dioxide (CO2) on private lands than any other federally administered program. Carbon sequestration helps offset the release of greenhouse gases (GHG) from other sources into the atmosphere. **Finding:** CRP protects and enhances soil productivity. CRP conservation covers reduce erosion and protect soil productivity. By targeting fragile cropland and placing these lands into protective conservation covers, the CRP greatly reduces soil erosion. In 2013, CRP reduced soil erosion by over 275 million tons from pre-CRP levels. Since 1986, CRP has reduced soil erosion more than 8 billion tons.

Strategic Objective And Program	Title	Findings and Recommendations/Actions
2.1.1 Restored wetland acreage Conservation Reserve Program	Environmental Benefits of the Conservation Reserve Program	**Finding:** CRP can benefit aquifer water levels. USGS examined the relationship between CRP enrollment and Ogallala aquifer water level change. The analysis reveals that the benefits of CRP are greatest in those critical areas with the greatest water-level decline. Targeting land in these areas for increased CRP enrollment or re-enrollment is likely to be beneficial to the aquifer. **Conclusions:** FSA is using CRP enrollment data, the USDA soils and natural resource inventories, and cooperative agreements with Federal, State, and other partners to refine these performance measures and to estimate the benefits from CRP. For more information see http://www.fsa.usda.gov/FSA/webapp?area=home&subject=ecpa&topic=nra