2017 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 Highly Fractionated Indian 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 (guaranteed loans only), 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 $1,399,000, 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. Effective with the 2014 Farm Bill, interest rates for joint financing loans (loans made in conjunction with a commercial lender providing over 50 percent of the credit) are established at 2 percentage points less than the regular borrower rate, but no less than 1 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, $50,000 for a Microloan and $1,399,000, 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 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.

  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.

- 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 $1,399,000. 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 80 percent of the principal amount of the loan (90 percent for beginning and socially disadvantaged farmers), and loans are to be disbursed geographically to the maximum extent possible.

- Highly Fractionated Indian Land Loans**.** These loans provide a way for tribes and tribal members to obtain loans to purchase fractionated interests through intermediary lenders. FSA lends from a revolving fund account to eligible intermediary lenders who will relend loan funds to purchasers of highly fractionated lands. Eligible purchasers are Indian tribes, tribal entities and members of both. The loan program is limited to purchases of fractionated interests of agricultural land. Eligible intermediaries must be lenders with knowledge and familiarity of working with Indian Country and experience in working with the Bureau of Indian Affairs.

- 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 a maximum of $500,000 annually and must not exceed 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 (DCP) and the Average Crop Revenue Election (ACRE) Program are repealed and replaced by two new programs, Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC). 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 became available, upland cotton was eligible for Cotton Assistance Transition Payments (CTAP) for the 2014 and 2015 crops.

- The Marketing Assistance Loan Program **(**MAL**)** and sugar loans continue mostly unchanged. The Milk Income Loss Contract (MILC) Program continues through September 1, 2014, when it was replaced by a Dairy Margin Protection Program (MPP-Dairy).

- 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 Noninsured Crop Disaster Assistance Program was 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 considered permanent programs. The Supplemental Revenue Assistance (SURE) Program, which covered losses through September 30, 2011, was not reauthorized.

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 Assistance 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 Disaster 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 required the Secretary to promulgate regulations to define “significant contribution of active personal management” as part of this determination. In December 2015, FSA published regulations to define “significant contribution of active personal management” to ensure that payments are issued only to active managers at farms that operate as joint ventures or general partnerships.

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; Cotton Assistance Transition Payments 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 added 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 had a one-time opportunity, in 2015, 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 had 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.

ARC - County**:** 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).

ARC – Individual: 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 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 ASSISTANCE PROGRAM (CTAP**)**

For the 2014 crop year, transition payments were provided to cotton producers on farms that had cotton base acres in 2013. For the 2015 crop year, transition payments were offered in counties where STAX is unavailable. The transition payment was 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 Margin Protection Program for Dairy Producers (MPP-Dairy) replaces Milk Income Loss Contract (MILC) program and is effective 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 INDEMNITY 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 Farm Bill 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 were 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 authorized at $25 million per fiscal year.

NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)

NAP has been expanded to include buy-up coverage, 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 to also 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 was re-authorized and provides assistance to geographically disadvantaged farmers and ranchers for a portion of the transportation cost of certain agricultural commodities or inputs.

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.

Export Commodity Procurement Activities

Procurement activities are governed by the following legislation: 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.

- 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.

  Under these programs the following products were procured:

International Program Purchases		
Item	**Quantity**	**Unit**
Bags	9,258,000	Count
Bulk Grain Products	785,760	Metric Tons
Peas, Beans and Lentils	123,250	Metric Tons
Corn Products	93,390	Metric Tons
Oil Products	91,372	Metric Tons
Wheat Products	28,260	Metric Tons
Rice Products	48,450	Metric Tons
Whole Grain Products	9,260	Metric Tons
Emergency Food Products	7,080	Metric Tons
Dehydrated Potato Products	370	Metric Tons

- 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, 2015, was 3,920. FSA non-Federal permanent employment in USDA Service Centers was 7,213. The total number of Federal and non-Federal permanent full time positions in the Washington, DC headquarters office was 1,185 and the total number in the field offices was 9,948.

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OIG Reports – Completed

03601-0003-AT	07/31/14	2005 Hurricane Relief Initiatives – Tree Indemnity Program
03601-0002-22	07/31/14	Economic Adjustment Assistance to Users of Upland Cotton
03702-0001-32	12/10/14	Livestock Forage Program
03501-0001-12	05/26/15	Review of FSA's Initiative to Modernize and innovate the Delivery of Agricultural Systems
03702-0001-31	07/31/15	Noninsured Crop Disaster Assistance Program
03601-0003-22	09/23/15	FSA Microloan Program
50601-0002-12	09/24/15	FFAS' Compliance with Contractor Past Performance Reporting Requirements

OIG Reports – In Progress

03601-0001-22	Farm Serve Agency Compliance Activities
03601-18-CH	FSA Farm Loan Security
06401-0005-11	CCC FY 2015 Financial Statement Audit
06401-0020-FM	CCC Financial Statements for FYs 2005 and 2004
50601-0003-22	Coordination of USDA Farm Program Compliance – FSA, RMA and NRCS
50601-0005-31	USDA Monitoring of Highly Erodible Land and Wetland Conservation Violations *(NRCS Lead)*

GAO Reports – Completed

GAO-14-0428	12/29/14	USDA FARM PROGRAMS: Farmers Have Been Eligible for Multiple Programs and Further Efforts Could Help Prevent Duplicative Payments
GAO-15-0506	06/18/15	FARM PROGRAM MODERNIZATION: FSA Needs to Demonstrate the Capacity to Manage IT Initiatives (Statement of Action is pending Secretary's signature)

GAO Reports – In Progress

100285	Foreign Ownership of Government-Leased Space
131349	Federal Manufacturing Programs
191043	Budgetary Subsidy Cost Estimates for Federal Credit Programs
361647	Coordination of Efforts to Farmers by the USDA's FSA, NRCS and RMA
441286	Federal Disaster Expenditures
451136	FY2014 Sequestration of Mandatory Accounts

FARM SERVICE AGENCY

Available Funds and Staff Years
(Dollars in thousands)

Item	2014 Actual		2015 Actual		2016 Enacted		2017 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Salaries and Expenses:								
Discretionary Appropriations	$1,177,926	8,901	$1,200,180	9,024	$1,200,180	8,952	$1,209,751	8,982
ACIF Program Account:								
FSA S&E Transfer	306,998	2,265	306,998	2,245	306,998	2,478	306,998	2,478
Subsidy	90,014	-	78,727	-	69,575	-	81,337	-
Individual Development Grants	-	-	-	-	-	-	1,500	-
Admin. Expenses Non-Recoverable Loan Costs	7,721	-	7,920	-	7,920	-	10,070	-
State Mediation Grants	3,782	-	3,404	-	3,404	-	3,404	-
Grassroots Source Water Protection Program	5,526	-	5,526	-	6,500	-	-	-
Reforestation Pilot Program	600	-	600	-	600	-	-	-
Geog. Disadvantaged Farmers and Ranchers	1,996	-	1,996	-	1,996	-	-	-
Emergency Conservation Program	-	-	9,216	-	17,000	-	-	-
Emergency Conservation Program (Stafford)	-	-	-	-	91,000	-	-	-
Emergency Forest Restoration Program	-	-	3,203	-	4,000	-	-	-
Emergency Restoration Program (Stafford)	-	-	-	-	2,000	-	-	-
Subtotal Appropriations	1,594,563	11,166	1,617,770	11,269	1,711,173	11,430	1,613,060	11,460
Transfers In:	-	-	-	-	-	-	-	-
Credit Reform Transfers:								
CCC Export Loans Program Account	354	3	354	3	354	3	2,463	20
P.L. 480 Program Account	2,735	23	2,528	21	2,528	20	149	3
Congresssional Relations	135	-	135	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Adjusted Appropriation	1,597,787	11,192	1,620,787	11,293	1,714,055	11,453	1,615,672	11,483
Balance Available, SOY	-40,500	-	47,907	-	27,000	-	-	-
Other Adjustments (Net)	994	-	-	-	-	-	-	-
Total Available	1,558,281	11,192	1,668,694	11,293	1,741,055	11,453	1,615,672	11,483
Lapsing Balances	21,174	-	-56,404	-	-	-	-	-
Balance Available, EOY	-47,907	-	-27,000	-	-	-	-	-
Obligations	1,531,548	11,192	1,585,290	11,293	1,741,055	11,453	1,615,672	11,483
Obligations under other USDA appropriations:								
Foreign Agricultural Service	4,778	21	4,601	20	3,636	20	3,636	20
Risk Management Agency	2,409	14	2,863	14	2,966	14	2,966	14
Food & Nutrition Service	2,426	23	1,979	18	-	-	-	-
Agricultural Marketing Service	530	5	530	5	-	-	-	-
Natural Resources Conservation Service	5,451	-	793	7	745	6	725	6
Flying Contracts	10,014	3	10,845	3	12,000	4	12,000	4
Farm Bill	13,415	-	25,287	3	7,000	3	0	3
CCC to Administer P.L. 480 Title II Grants	4,857	32	6,410	38	7,089	43	7,089	43
Miscellaneous	20,361	2	37,621	7	9,916	1	9,409	1
Total, Other USDA	64,241	100	90,929	115	43,352	91	35,825	91
Total, Agriculture Appropriations	1,595,789	11,292	1,676,219	11,408	1,784,407	11,544	1,651,497	11,574
Other Federal Funds:								
Sale of Aerial Photographs	8	-	449	-	-	-	-	-
Warehouse Examinations	3,885	34	5,104	40	4,866	40	4,866	40
Total, Other Federal	3,893	34	5,553	40	4,866	40	4,866	40
Non-Federal Funds								
Loan Service Fee Financing	1,306	23	1,730	22	1,739	22	1,739	22
Producer Measurement Service	241	3	1,051	14	1,057	14	1,057	14
Farm Bill	2,470	62	27,774	836	24,054	850	-	-
Miscellaneous	-	-	1,794	4	1,666	3	1,659	3
Total, Non-Federal	4,017	88	32,349	876	28,516	889	4,455	39
Total, FSA	1,603,699	11,414	1,714,121	12,324	1,817,789	12,473	1,660,818	11,653

FARM SERVICE AGENCY

Permanent Positions by Grade and Staff Year Summary

2014 and 2015 Actuals and Estimated 2016 and 2017

	2014 Actual			2015Actual			2016 Enacted			2017 Estimate		
Item	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive Service………….	10	0	10	11	0	11	11	0	11	11	0	11
Senior Level………………………..	0	0	0	0	0	0	0	0	0	0	0	0
GS 15………………………………..	60	44	104	59	47	106	59	47	106	59	47	106
GS 14………………………………..	141	3	144	138	7	145	137	6	143	137	6	143
GS 13………………………………..	359	361	720	364	392	756	379	378	757	379	378	757
GS 12………………………………..	331	891	1,222	281	927	1,208	306	900	1,206	306	900	1,206
GS 11………………………………..	42	569	611	44	511	555	49	506	555	49	506	555
GS 10………………………………..	0	0	0	0	0	0	0	0	0	0	0	0
GS 9………………………………….	44	169	213	64	231	295	66	238	304	66	238	304
GS 8………………………………….	29	18	47	25	22	47	25	23	48	25	23	48
GS 7………………………………….	49	649	698	42	649	691	54	633	687	54	633	687
GS 6………………………………….	10	27	37	11	55	66	11	55	66	11	55	66
GS 5………………………………….	5	7	12	2	57	59	2	65	67	2	65	67
GS 4………………………………….	1	0	1	0	0	0	0	0	0	0	0	0
GS 3………………………………….	0	0	0	0	0	0	0	0	0	0	0	0
GS 2………………………………….	0	0	0	0	0	0	0	0	0	0	0	0
Other Graded Positions..............................	0	0	0	9	1	10	8	1	9	8	1	9
Total Permanent Positions........................	1,081	2,738	3,819	1,050	2,899	3,949	1,107	2,852	3,959	1,107	2,852	3,959
Total, Permanent Full-Time Employment, end-of-year..	1,153	2,666	3,819	1,185	2,735	3,920	1,128	3,116	4,244	1,128	3,116	4,244
Staff-Year Estimate...................................	1,209	2,713	3,922	1,180	2,750	3,930	1,184	2,958	4,142	1,184	2,988	4,172

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 Specialist, County Office Reviewers (COR), Adminstrative Officers/Executive Officers and Administrative Specialist.

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 of 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 share management office situations. State office level employees use vehicles to attend outreach functions, public meetings, attend and perform training. They also travel to county office 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 five vehicles in 2016 is the result of planned disposal of four Light truck-4 X4 vehicles and one Medium Duty Vechicle. In 2017, a decrease of two Sedans and Station Wagons and, one Mediun Duty Vehicle are offset with an addition of two Light Truck, SUV/Van and two Heavy duty trucks for an overall net increase of one vehicle.

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						
2014 Actual	347	282	0	64	0	0	0	693	$3,256
Change	+5	-14	0	+9	0	0	2	+2	+48
2015 Actual	352	268	0	73	0	0	2	695	$3,304
Change	0	-4	0	-1	0	0	0	-5	+943
2016 Estimate	352	264	0	72	0	0	2	690	$4,247
Change	-2	+2	0	-1	0	0	+2	+1	-48
2017 Estimate	350	266	0	71	0	0	4	691	$4,199

* 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.

FARM SERVICE AGENCY

Statement of Proposed Purchase of Passenger Motor Vehicles

Fiscal Year	Net Active Fleet, SOY	Disposals	Acquisitions: Replace-ments	Acquisitions: Additions to Fleet	Acquisitions: Total	Net Active Fleet, EOY
2013	485	94	-	97	97	488
2014	488	59	-	59	59	488
2015	488	62	-	60	60	486
2016	486	62	-	60	60	484

FARM SERVICE AGENCY

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

<u>Salaries and Expenses (Including Transfers of Funds):</u>

For necessary expenses of the Farm Service Agency,[$1,200,180,000] <u>$1,209,751,000</u>: *Provided*, [That not more than 50 percent of the $129,546,000 made available under this heading for information technology related to farm program delivery, including the Modernize and Innovate the Delivery of Agricultural Systems and other farm program delivery systems, may be obligated until the Secretary submits to the Committees on Appropriations of both Houses of Congress a plan for expenditure that (1) identifies for each project/ investment over $25,000 (a) the functional and performance capabilities to be delivered and the mission benefits to be realized, (b) the estimated lifecycle cost, including estimates for development as well as maintenance and operations, and (c) key milestones to be met; (2) demonstrates that each project/investment is, (a) consistent with the Farm Service Agency Information Technology Roadmap, (b) being managed in accordance with applicable lifecycle management policies and guidance, and (c) subject to the applicable Department's capital planning and investment control requirements; and (3) has been reviewed by the Government Accountability Office and approved by the Committees on Appropriations of both Houses of Congress: *Provided further*, That the agency shall submit a report by the end of the fourth quarter of fiscal year 2016 to the Committees on Appropriations and the Government Accountability Office, that identifies for each project/investment that is operational (a) current performance against key indicators of customer satisfaction, (b) current performance of service level agreements or other technical metrics, (c) current performance against a pre-established cost baseline, (d) a detailed breakdown of current and planned spending on operational enhancements or upgrades, and (e) an assessment of whether the investment continues to meet business needs as intended as well as alternatives to the investment: *Provided further*,] 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 [:*Provided further*, That none of the funds available to the Farm Service Agency shall be used to close Farm Service Agency county offices: *Provided further*, That none of the funds available to the Farm Service Agency shall be used to permanently relocate county based employees that would result in an office with two or fewer employees without prior notification and approval of the Committees on Appropriations of both Houses of Congress].

<u>The first change</u> proposes deletion of the language included in the 2016 Enacted, specifying the funding levels for MIDAS and farm program delivery as well as the request for a project/investment expenditure plan. Since this was a non-recurring provision applicable to fiscal year 2016 only, retention of the language in fiscal year 2017 is unnecessary.

<u>The second change</u> proposes deletion of the language included in the 2016 Enacted, prohibiting office closures and limiting employee relocations. Since this was a non-recurring provision applicable to fiscal year 2016 only, retention of the language in fiscal year 2017 is unnecessary.

FARM SERVICE AGENCY

Lead-Off Tabular Statement

Salaries and Expenses

Budget Estimate, 2017	$1,519,361,000
2016 Enacted	1,510,060,000
Change in Appropriation	+9,301,000

FARM SERVICE AGENCY

Summary of Increases and Decreases

(Dollars in thousands)

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Discretionary Appropriation:					
Direct Programs………..………………………	$1,177,926	$22,254	0	$9,571	$1,209,751
Farm Loan Programs………..…………………	306,998	0	0	0	306,998
Other Credit Programs………..………………	3,089	-207	0	-270	2,612
Total Discretionary Appropriations	1,488,013	+22,047	+0	+9,301	1,519,361

FARM SERVICE AGENCY

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

Program	2014 Actual		2015 Actual		2016 Enacted		Inc. or Dec		2017 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Total Appropriations……………………………………	$1,488,013	11,192	$1,510,060	11,293	$1,510,060	11,453	$9,301	+30	$1,519,361	11,483
Rescissions and Transfers:..										
Program Transfers……………………..........................										
Farm Loan Programs..	-306,998	-2,265	-306,998	-2,245	-306,998	-2,478	-	-	-306,998	-2,478
Other Credit Programs	-3,089	-26	-2,882	-24	-2,882	-23	270	0	-2,612	-23
Total Appropriation………………………..............	1,177,926	8,901	1,200,180	9,024	1,200,180	8,952	+9,571	+30	1,209,751	8,982
Transfers In:...										
Cong. Relations………………………………................	135	-	135	-	-	-	-	-	-	-
Credit Reform Transfers……………………................	310,087	2,291	309,880	2,269	309,880	2,501	-270	-	309,610	2,501
Subtotal…………………………………………….......	310,222	2,291	310,015	2,269	309,880	2,501	-270	-	309,610	2,501
Rescission……………………………………………...............		-	-	-	-	-	-	-	-	-
Sequestration………………………………....................		-	-	-	-	-	-	-	-	-
Bal. Available, SOY………………………......................	40,500	-	47,907	-	27,000	-	-27,000	-	-	-
Recoveries, Other (Net)…………………….......................	994	-	-	-	-	-	-	-	-	-
Total Available…………………………………….......	1,529,642	11,192	1,558,102	11,293	1,537,060	11,453	-17,699	+30	1,519,361	11,483
Lapsing Balances………………………………..................	-21,174	-	-56,404	-	-	-	-	-	-	-
Bal. Available, EOY……………………………..................	-47,907	-	-27,000	-	-	-	-	-	-	-
Total Obligations………………………………….....	1,460,561	11,192	1,474,698	11,293	1,537,060	11,453	-17,699	30	1,519,361	11,483

FARM SERVICE AGENCY

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

Program	2014 Actual		2015 Actual		2016 Enacted		Inc. or Dec.		2017 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Direct Obligations………..............................	$1,153,147	8,901	$1,164,818	9,024	$1,227,180	8,952	-$17,429	+30	$1,209,751	8,982
Farm Loan Program………...........................	304,325	2,265	306,998	2,245	306,998	2,478	-	-	306,998	2,478
Other Credit Programs..................................	3,089	26	2,882	24	2,882	23	-270	-	2,612	23
Total Reimbursable Obligations................	307,414	2,291	309,880	2,269	309,880	2,501	-270	-	309,610	2,501
Total Obligations..	1,460,561	11,192	1,474,698	11,293	1,537,060	11,453	-17,699	+30	1,519,361	11,483
Lapsing Balances..	21,174	-	56,404	-	-	-	-		-	-
Bal. Available, EOY..	47,907	-	27,000	-	-	-	-		-	-
Total Available...	1,529,642	11,192	1,558,102	11,293	1,537,060	11,453	-17,699	30	1,519,361	11,483
Transfers In...	-310,087	-	-309,880	-	-309,880	-	+270	-	-309,610	-
Transfers Out...	-	-	-	-	-	-	-	-	-	-
Cong. Relations………………………..........	-135		-135							
Rescission...	-	-	-	-	-	-			-	-
Sequestration..										
Bal. Available, SOY..	-40,500	-	-47,907	-	-27,000	-		-	-	-
Other Adjustments (Net).....................................	-994	-	-	-	-	-		-	-	-
								-		
Total Appropriation.......................................	1,177,926	11,192	1,200,180	11,293	1,200,180	11,453	+9,571	+30	1,209,751	11,483

Justification of Increases and Decreases

A net increase of $9,301,000 and 30 staff years for Farm Service Agency Salaries and Expenses ($1,510,060,000 and 11,453 direct staff years available)

1) A net increase of $550,000 for Federal Offices ($855,834,000 and 4,011 staff years available in 2016)

   a) An increase of $6,674,000 for salaries and expenses.

      An increase of $6,674,000 for the proposed pay costs for direct Federal Staff years. This includes $1,392,000 for annualization of the FY 2016 pay raise and $5,282,000 for the anticipated FY 2017 pay raise. These staffing levels are necessary to support program oversight and administrative support in state and headquarters offices.

   b) A net decrease of $270,000 for PL 480 Title I and CCC Export Credit Guarantees (a decrease of $2,379,000 for PL 480 Title I and an increase of $2,109,000 for CCC Export Credit Guarantees)

      Farm Service Agency supports both the PL 480 Title I and CCC Export Credit Guarantee (GSM) loan programs in various areas including financial management and information technology. FSA analyzed the workload associated with the two loan portfolios and as a result, a realignment of funding between the two programs was necessary. Workload in PL 480 was significantly less than previously estimated. Although no new loans are being made under PL 480 title I, the FY 2017 request is commensurate with the workload of the remaining $3 billion portfolio. The workload review of GSM revealed that FSA personnel costs for financial management and information technology (IT) support, as well as other IT costs associated with supporting this program, were severely underfunded. Funds were realigned between the two programs to more accurately represent the workload associated with each program.

   c) An increase of $12,989,000 in operating expenses.

      This increase is necessary to properly support administration of FSA's programs and to ensure that agency operational needs are met to cover training requirements**.** FSA's Human Capital Strategic plan identifies goals for supporting the recruitment, development, and retention of the workforce required to meet FSA's mission. Consistent with the plan, FSA plans to invest in its workforce by providing training opportunities to develop high-performing employees, especially in mission-critical areas.

      The increase will also provide funding for several non-IT service contracts for personnel and physical security programs and financial accounting support. FSA aims to heighten focus on personnel security and FSA has been aggressively increasing funding in this area and is on target to be in full compliance with the Federal regulations by the end of FY 2017. Funding will support background checks on landlord personnel at FSA leased facilities and background investigations for new and existing FSA employees. FSA will invest in an electronic access control systems to facilitate compliance with HSPD-12 initiatives and alarm systems and monitoring for service centers and state office facilities.

   d) A net decrease of $24,283,000 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 USDA and FSA's network. This includes a centralized Web farm of applications, mainframe applications, and Commercial off the Shelf (COTS) applications.

      FSA IT Funding of $321,513,000 provides resources and services required to ensure core organizational functions and operations, support improved IT management and internal controls, and provide continued enhancements to IT solutions enabling program delivery. FSA IT Funding includes:

      - Implementation and maturity of IT internal controls including governance, requirements management, performance management, and IT security controls to mature investment management processes and drive improvements in cost, schedule, and performance of FSA IT services. The effort also further addresses the management requirements related to recent findings and recommendations in OIG and GAO reports on FSA's information technology management, and USDA oversight and regulatory requirements, including the Federal Information Technology Acquisition Reform Act management control (FITARA). Additionally, investment in an IT organization redesign and human capital management will position FSA to more efficiently deliver mission benefits to customers. Investments in IT human capital will equip the Agency to more effectively deliver stable IT services with appropriate oversight and controls.

- FSA program enablement for FSA farm programs, farm loan programs, commodity operations, financial management, and geospatial services.   Program enablement allows FSA to continually improve IT solutions to support current and updated business needs in response to legislative, regulatory, policy, and business functional changes. Additionally, it supports the implementation of enterprise-wide data management, reporting capabilities, and analytics to support efficient operations in State and County offices and effective, integrated management oversight by FSA and USDA leadership.

- Continued support for use of FSA's footprint in over 2,100 rural offices and an 11,000 full-time employee workforce, including its repository of geospatial and farm information. This initiative will support, in an integrated way, the delivery of FSA programs and provide support for other USDA agencies, state and local agriculture organizations, and agriculture commodity groups as well. This is central to effectively achieving the Secretary's vision of having FSA county offices serve as the place to go for farmers and other customers looking for information by offering a full continuum of available resources provided locally by USDA agencies, other units of federal, state and local government, and strategic not-for-profit partners. Having FSA offices act as the bridge or connector to opportunities (Bridges-to-Opportunity) will help our customers be more successful and enhance the greater agricultural economy.

e) <u>An increase of $3,940,000 and 25 staff years for New, Beginning and Veteran Farmers and Ranchers</u>

i. An increase of $90,000 to support a certified training program to all veteran farmers to be prequalified for FSA Direct Farm Ownership (FO) loans upon completion of a program.

ii. An increase of $2,100,000 to support 25 new FTEs who will conduct cross-cutting outreach and farm loan activities in support of Secretarial initiatives (e.g., New and Beginning Farmers, Veterans, StrikeForce, Know Your Food (KYF2). Funding will provide stipends for an estimated 200 mentors, cooperative agreements to develop guidance, and technology developments to manage mentoring relationships.

iii. An increase of $250,000 to establish a pilot network of mentors for beginning farmers participating in FSA loan and farm programs. County committee members are leaders of their communities and provide a direct link between the farm community and USDA, and are well positioned to serve as mentors to beginning farmers and ranchers. Mentors from the retired local farm managers and bankers community will also be explored.

iv. An increase of $1 million for a pilot to support landowners seeking to transition their land to support the next generation of agriculture. This will provide funding to support local/regional cooperative agreements. One of the most critical issues facing the next generation of farmers and ranchers is access to land. With gaps existing between generations inheriting farmland and generations seeking the opportunity to farm, additional assistance to connect landowners and prospective farmers is vital. FSA will offer supportive funding through a pilot project for the purposes of enabling their services to mediate inter-generational transfers and leasing issues between one generation and the next.

v. An increase of $500,000 to support youth-serving organizations to conduct targeted outreach, for administrative expenses and support a pilot youth internship program in county and state offices.

f) An increase of $1,500,000 and 5 staff years to enhance program effectiveness and coordination through place-based activities for the StrikeForce Initiative.

Currently, 85 percent of our country's persistent poverty counties are in rural America. These counties are defined as places where over 20 percent of the population has been living at or below the poverty line for 30 years or more. The fact that a person's zip code is such a strong determinant of their life opportunities, can only be understood by considering place in a broader framework in which race, class, education, and other forces are important factors. For instance, recent data shows that more than one third of rural Americans and one in four rural American children live in poverty. Those children that grow up in families earning twice the poverty threshold or below are nearly three times as likely as other children to have poor health, are more likely to finish two fewer years of school, and are more likely to earn half as much money in their adult life. In order to break this cycle, it is necessary to combat the issues underlying these high rates of poverty in rural America. Recognizing this, the Department shifted its focus to place-based program delivery in the communities that are most affected by persistent poverty. Since 2010, USDA has delivered this strategy through the StrikeForce initiative that now operates in 970 counties, in 25 States and in Puerto Rico. The addition of resources dedicated exclusively to the coordination of USDA investments in these communities is essential to achieve further advancement of StrikeForce and other place-based initiatives.

The USDA's StrikeForce initiative utilizes a dual strategy for place-based work; undertaking micro-scale, place-based initiatives that tackle problems at the local level; while working to simultaneously address macro-scale issues through high-level systems change. This collaborative approach to addressing "spatially-concentrated poverty" combines supporting initiatives and civic infrastructure capacity building, with community based learning centers, community colleges, and cooperative extension resources to create a "campus of learners" where residents can live in an educational setting designed, not as a long-term subsidized destination, but as a place to prepare for an independent future. When this approach is focused by area, it allows for the concentration of resources in close proximity, developing synergies and investment vehicles that would otherwise be impractical on a larger scale. The resulting development of neighborhood topology is crucial because the proximity of different income groups creates natural ladders for household advancement. Low-income families are more likely to hear about promising employment opportunities if they are living near and socializing with people who have solid jobs with career ladders. Low-income parents are more likely to get engaged in educational oversight and governance when they regularly witness the engagement of middle class parents in the process. Start-up entrepreneurs are more likely to succeed if they have access to more established business owners and customers.

USDA's StrikeForce initiative has demonstrated the overwhelming success of this comprehensive approach to Federal engagement in rural America each year by partnering with more than 1,500 community organizations, businesses, foundations, universities, and other groups to support almost 188,000 projects, investing close to $23.8 billion in high poverty areas. In 2015 alone, StrikeForce created or saved more than 11,595 jobs and made over 133,000 investments in housing members of those communities. Despite these results, the long-term success of this strategy is dependent on consistent and strategic investments with an ever expanding scope of impact.

Taking the view that communities are not monolithic entities but they are complex, ever-changing collections of diverse populations, interest groups, factions, stakeholders, and organizations which require analysis based on their civic capacity for collaborative problem solving, creating a shared community narrative, and attracting residents who are new economic participants, mandates an in-depth understanding of local community factors and personal relationships with community leaders. This has increasingly become a challenge as the growth of StrikeForce and other important place based initiatives has overtaken field staff capacity for implementation. Due to its inarguable success, StrikeForce has grown exponentially, more than doubling its geographic footprint each year, rapidly exceeding the capability of State and local staff that often accomplish place-based activities as a collateral duty, detrimentally affecting the group's ability to engage communities where they are and meet their needs.

Further, public policies provide an overall environment for directing resources to areas of concentrated poverty, and local initiatives ensure that specific neighborhoods can absorb those resources. Conversely, neighborhood initiatives provide prototype solutions and proof points that inform and build the case for public policies. This combination of policy and problem solving, with demonstrable results, would be accomplished through the continuity of a strategic place-based focus complemented by a dedicated and permanent staffing structure to ensure the long-term and continued success of this policy priority. Provision of the requested funding to each of the three USDA Service Center Agencies (SCAs), RD, FSA, and NRCS would support five additional field staff per SCA, whose primary focus will be to ensure that USDA resources are coordinated to address rural poverty challenges through place-based strategies. In particular, there will be an emphasis on focusing resources in support of Alaskan Native communities. It is expected that at least two staff from each SCA would focus on supporting these communities. In addition, each of the place-based staff will focus on improved coordination of USDA activities in support of economic recovery activities stemming from natural disasters and other emergency events.

These critical employees would enhance the collaborative results of USDA programs in the field by providing a center-point relational understanding of all programs available to a community while empowering community leaders as they see how their neighborhood initiatives are integrated with policy, help create an impetus where independent neighborhood initiatives learn from one another based on self-defined needs, and foster replication of best practices in a free form, decentralized manner. The ability of these staff to facilitate the communication and coordination among SCAs that is necessary to effectively leverage USDA resources across the country for a common purpose, will also enhance the capability of Departmental resources to improve economic recovery efforts by taking advantage of expanded cost saving measures accomplished through newly realized strategic sourcing opportunities, yielding efficiencies in activities such as outreach and strategic planning of community investments.

2) A net increase of $8,751,000 for Non-Federal Offices ($654,226,000 and 7,442 staff years available in 2016)

a) A net increase of $8,751,000 for salary and benefits.

An increase of $8,751,000 for the proposed pay costs for non-federal staff years. This includes $1,835,000 for annualization of the FY 2016 pay raise and $6,916,000 for the anticipated FY 2017 pay raise. This staffing level is necessary to fully support program delivery from FSA’s county offices to farmers and ranchers.

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

State/Territory	2014 Actual		2015 Actual		2016 Enacted		2017` Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama…………………………	$17,891	185	$18,329	187	$24,225	190	$23,895	190
Alaska……………………………	836	6	943	7	956	7	943	7
Arizona…………………………	4,285	44	4,556	42	4,848	43	4,782	43
Arkansas…………………………	21,729	244	21,894	251	24,423	255	24,090	255
California………………………	15,316	164	15,145	161	16,807	164	16,578	164
Caribbean………………………	4,415	42	4,438	43	5,038	44	4,969	44
Colorado…………………………	13,679	139	14,130	139	14,485	141	14,288	141
Connecticut………………………	1,786	17	1,827	12	2,001	12	1,974	12
Delaware…………………………	1,611	15	1,735	11	1,905	11	1,879	11
District of Columbia……………	530,939	1,065	522,217	1,096	517,203	1,113	513,405	1,143
Florida……………………………	10,737	104	10,790	104	11,682	106	11,523	106
Georgia…………………………	25,766	297	26,207	296	27,188	300	26,817	300
Hawaii……………………………	2,990	17	3,147	23	3,044	24	3,003	24
Idaho………………………………	12,405	126	12,449	129	13,464	131	13,281	131
Illinois……………………………	42,898	491	46,283	521	45,074	529	44,460	529
Indiana……………………………	30,395	330	30,978	338	31,490	343	31,061	343
Iowa………………………………	51,255	584	53,226	621	59,597	630	58,785	630
Kansas……………………………	43,480	496	44,666	476	44,434	483	43,829	483
Kentucky…………………………	28,729	315	29,753	341	33,366	346	32,911	346
Louisiana…………………………	17,558	186	17,959	189	19,490	192	19,225	192
Maine………………………………	5,476	53	5,612	47	5,608	48	5,532	48
Maryland…………………………	7,667	75	7,248	63	8,184	64	8,072	64
Massachusetts……………………	3,043	27	3,236	26	4,129	27	4,073	27
Michigan…………………………	21,244	232	21,780	247	23,206	251	22,890	251
Minnesota…………………………	38,180	431	38,344	437	39,400	443	38,863	443
Mississippi………………………	24,358	255	24,349	254	24,620	258	24,285	258
Missouri…………………………	38,704	431	39,420	423	51,509	429	50,807	429
Montana…………………………	19,658	210	20,772	213	21,607	216	21,313	216
Nebraska…………………………	38,709	425	38,908	419	40,230	425	39,681	425
Nevada……………………………	2,149	23	2,358	17	2,472	17	2,438	17
New Hampshire…………………	1,933	19	2,018	12	2,096	12	2,067	12
New Jersey………………………	3,651	30	3,768	27	4,336	28	4,277	28
New Mexico………………………	7,067	76	7,056	69	6,913	70	6,819	70
New York…………………………	16,142	175	16,174	171	18,057	173	17,811	173
North Carolina……………………	28,655	326	29,869	328	33,723	333	33,263	333
North Dakota……………………	27,331	307	28,578	311	32,140	315	31,702	315
Ohio………………………………	28,388	316	28,948	330	32,658	335	32,212	335
Oklahoma…………………………	28,114	326	29,496	322	32,140	327	31,702	327
Oregon……………………………	9,497	97	10,005	96	10,068	98	9,931	98
Pennsylvania……………………	16,475	175	17,394	191	19,180	194	18,919	194
Rhode Island……………………	1,102	8	1,040	4	1,542	4	1,521	4
South Carolina……………………	13,095	141	13,396	137	13,975	139	13,785	139
South Dakota……………………	29,786	326	30,384	326	31,574	331	31,143	331
Tennessee…………………………	25,430	266	25,481	262	26,172	266	25,815	266
Texas………………………………	64,234	700	64,538	687	64,726	697	63,844	697
Utah………………………………	7,523	76	7,443	71	13,675	72	13,489	72
Vermont…………………………	4,587	42	4,714	38	4,842	39	4,776	39
Virginia……………………………	17,550	186	17,619	179	13,544	182	13,359	182
Washington………………………	10,719	107	11,007	107	11,302	109	11,148	109
West Virginia……………………	8,175	81	8,442	79	8,336	80	8,222	80
Wisconsin…………………………	27,115	316	28,180	342	27,785	347	27,407	347
Wyoming…………………………	6,104	67	6,449	60	6,589	61	6,499	61
Obligations………………………	1,460,561	11,192	1,474,698	11,293	1,537,060	11,453	1,519,361	11,483
Lapsing Balances……………….	21,174		56,404					
Bal. Available, EOY ………..….	47,907		27,000					
Total, Available or Estimate…….	1,529,642	11,192	1,558,102	11,293	1,537,060	11,453	1,519,361	11,483

FARM SERVICE AGENCY
Classification by Objects
(Dollars in thousands)

		2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
Personnel Compensation:					
	Washington D.C.	$162,442	$100,775	$99,937	$101,939
	Field	156,695	202,454	217,430	224,802
11	Total personnel compensation	302,970	303,229	317,367	326,741
12	Personal benefits	96,962	101,297	103,839	104,739
13.0	Benefits for former personnel	3,436	254	0	0
	Total, personnel comp. and benefits	403,368	404,780	421,206	431,480
Other Objects:					
21.0	Travel and transportation of persons	8,121	10,619	9,100	9,100
22.0	Transportation of things	1,677	1,585	1,585	1,585
23.1	Rental payments to GSA	0	24,620	24,620	24,620
23.2	Rental payments to others	3,678	4,687	4,687	4,687
23.3	Communications, utilities, and misc. charges	152	913	913	913
23.3	Postage	3,941	7,255	5,000	5,000
24.0	Printing and reproduction	742	1,026	742	742
25	Other contractual services	376,893	361,028	388,790	372,066
25.3	Other contractual services	-	3,138	3,217	3,217
26.0	Supplies and materials	1,767	1,963	1,963	1,963
31.0	Equipment	10,917	6,322	807	807
41.0	Grants	648,872	646,558	674,226	662,977
42.0	Insurance claims and indemnities	433	204	204	204
43.0	Interest and dividends	0	0	0	0
	Total, Other Objects	1,057,193	1,069,918	1,115,854	1,087,881
99.9	Total, new obligations	1,460,561	1,474,698	1,537,060	1,519,361
	DHS Building Security Payments (incl in 25.3)	-	3,138	3,217	3,217
Position Data:					
	Average Salary (dollars), ES Position	$168,591	$169,855	$171,129	$170,692
	Average Salary (dollars), GS Position	$77,840	$78,424	$79,012	$80,584
	Average Grade, GS Position	12.4	11.0	11.0	11.0

FARM SERVICE AGENCY

Shared Funding Projects
(Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017* Estimate
Working Capital Fund:				
Adminstration:				
HR Enterprise System Management	-	-	154	154
Integrated Procurement System	270	304	297	298
Mail and Reproduction Management	821	752	997	990
Material Management Service Center	496	162	260	179
Procurement Operations Division	7	97	69	65
Subtotal	1,594	1,315	1,777	1,686
Communications:				
Creative Media & Broadcast Center	494	253	433	754
Finance and Management:				
National Finance Center	4,732	4,476	4,863	4,400
Financial Systems	20,957	19,491	13,198	13,220
Internal Control Support Services	534	470	549	586
Subtotal	26,223	24,437	18,610	18,206
Information Technology:				
National Information Technology Center	9,018	24,855	28,026	25,200
Client Technology Service	124,488	98,151	92,304	91,468
Subtotal	133,506	123,006	120,330	116,668
Correspondence Management	508	439	393	426
Total, Working Capital Fund	**162,325**	**149,450**	**141,543**	**137,740**
Departmental Shared Cost Programs:				
1890's USDA Initiatives	343	335	420	420
Classified National Liaison Services	-	121	67	67
Continuity of Operations Planning	237	255	259	259
Emergency Operations Center	271	272	292	292
Facility and Infrastructure Review and Assessment	52	54	56	56
Faith-Based Initiatives and Neighborhood Partnerships	26	46	50	50
Federal Biobased Products Preffered Procurement Program	41	-	-	-
FITARA Administration and Operations	-	-	761	1,049
Hispanic-Serving Institutions National Program	234	219	285	285
Honor Awards	9	9	9	9
Human Resources Transformation	200	207	184	184
Identity & Access Management (HSPD-12)	791	813	835	835
Intertribal Technical Assistance Network	359	372	474	474
Medical Services	41	77	119	119
People's Garden	68	87	81	81
Personnel Security Branch (formerly PDSD)	117	101	184	184
Preauthorizing Funding	425	456	510	510
Retirement Processor/Web Application	67	72	74	74
Sign Language Interpreter	83	-	-	-
TARGET Center	108	168	180	180
USDA 1994 Program	88	87	163	163
Virtual University	229	238	246	246
Visitor Information Center	27	-	-	-
Total, Departmental Shared Cost Programs	**3,816**	**3,989**	**5,249**	**5,537**

FARM SERVICE AGENCY

Shared Funding Projects
(Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017* Estimate
E-Gov:				
Budget Formulation and Execution Line of Business	12	12	11	11
Disaster Assistance Improvement Plan	57	45	43	42
Enterprise Human Resources Intigration	263	254	241	241
E-Rulemaking	120	96	36	2
E-Training	327	334	398	-
Financial Management Line of Business	21	20	17	12
Geospatial Line of Business	-	-	23	13
GovBenefits.gov	155	154	127	98
Grants.gov	73	65	-	-
Human Resources Line of Business	32	33	34	34
Integrated Acquisition Environment - Loans and Grants	223	228	-	-
Integrated Acquisition Environment	79	80	468	937
Total, E-Gov	**1,362**	**1,321**	**1,398**	**1,390**
Agency Total	**167,503**	**154,760**	**148,190**	**144,667**

*** The 2017 E-Gov estimates are a placeholder until final budget decisions are made for fiscal year 2017.**

FARM SERVICE AGENCY
SALARIES AND EXPENSES

STATUS OF PROGRAMS

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 commercial agricultural credit. The programs improve access to capital and mitigate losses, including those resulting from disasters, and thus enhance the success of farms and ranches, the market-based agriculture sector, and 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

Improper Payments and Related Compliance (Based on FY 2015 Review Cycle). The FY 2015 Improper Payment Information Act (IPIA) Review Cycle included a statistical sample of the following programs designated as high risk: Emergency Conservation Program-Hurricane Sandy (ECP-Sandy), Emergency Forest Restoration Program-Hurricane Sandy (EFRP-Sandy) (designated as high risk by Hurricane Sandy legislation), Loan Deficiency Payments (LDPs), Livestock Indemnity Program (LIP), Livestock Forage Disaster Program (LFP), Supplemental Revenue Assistance Payments (SURE) and Noninsured Crop Disaster Assistance Program (NAP). All programs reported a projected improper payment rate of less than 10 percent. The LDP was not statistically sampled due to zero outlays for the FY 2015 IPIA Review Cycle.

In addition, the former high risk programs Direct and Counter-Cyclical Program (DCP) and Milk Income Loss Contract (MILC) were phased out with the FY 2015 IPIA Review Cycle. Per approval from the Office of Management and Budget (OMB), DCP and MILC were relieved from the annual improper payment reporting requirements.

Furthermore, OMB approved FSA's request to classify Emergency Assistance for Livestock, Honeybees, and Farm Raised Fish Program (ELAP), and Tree Assistance Program (TAP) as low risk, and to review and determine if programs are susceptible to significant improper payments. The Agricultural Act of 2014 authorized LIP, LFP, ELAP and TAP as permanent disaster programs.

FSA is enrolled in the Do Not Pay (DNP) Portal on-boarding process for pre-award and eligibility checks, at an applicable point in the program's business process to prevent improper payments. DNP is a centralized system of multiple data sources to assist FSA in determining whether a payment is proper or improper.

Outreach. FSA has strengthened program education and stakeholder engagement efforts. State and county FSA offices participated in over 4,500 meetings last year educating producers on farm bill programs and changes. FSA entered into over 68 cooperative agreements totaling almost $3 million to provide education and outreach for farmers and ranchers in the Marginal Protection Program (MPP) Dairy, Agriculture Risk Coverage /PLC and Non-Insured Crop Disaster Assistance program (NAP) programs. New farmer outreach coordinator regional positions were created to facilitate and guide beginning farmer outreach, provide support and cross – cutting customer service training and enhance partnerships. In FY 2015, FSA announced $2.5 million available for cooperative agreements with non-profits and colleges/university of higher education. The FSA outreach and education initiative provided $2.5 million for FY 2016 for competitive cooperative agreements with nonprofits having a 501(c)(3) status with the IRS and public and State-controlled institutions of higher education to provide additional outreach and education to producers related to Agency programs and operations. Specific goals include increasing access to FSA programs and services and improving technical assistance and financial education related to FSA farm and farm loan programs. FSA expects between 25-125 awards ranging from $20,000 to $99,999.

StrikeForce. FSA has partnered with other agencies within USDA in the Strike Force 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. In FY 2015, the StrikeForce Initiative served 880 counties in 21 states and Puerto Rico.

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, Farm Records, 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
- Allows farmers and ranchers the flexibility to visit any County Office to update their farm information
- Consolidates land maps and customer information onto one screen and links the data, improving accuracy of FSA program participation
- Seamlessly integrates with modernized USDA and FSA web-based systems to allow sharing of farm and customer information among USDA agencies, reducing duplicate data entries and increasing data integrity while preserving customer privacy and security
- Incorporates direct field feedback to create system stability in Operations and Maintenance (O&M) sub-releases

The FY 2014 and FY 2015 MIDAS budget and the supporting modernization efforts continued program delivery and operations, and expanded the operating capability of MIDAS in FY 2015. The second release, Business Partner, in December 2014, included the following functionality:

- Automates manual processes, such as notification to multi-county offices of changes to customer records
- Enables farmers and ranchers with multiple customer records to choose which record acts as the payment entity by linking all records with the same social security number
- Improves accuracy of customer records and reduces improper payments through automated validation of address and tax information
- Provides program eligibility information through a single consolidated view, eliminating the need to toggle between multiple systems

MIDAS has had positive business impacts beginning in FY 2013. The processes developed by the MIDAS project on the SAP platform, the technical foundation of an Enterprise Resource Planning (ERP) system by software provider SAP, are Mission Critical for maintaining core customer and farm information. This critical data is used by FSA and USDA partner Agencies to sign up a producer for a program, determine eligibility, and administer programs such as the Livestock Forage Disaster Program (LFP), Agriculture Risk Coverage/Price Loss Coverage

(ARC/PLC), etc. Through the successful deployment of Release 1 and Release 2, Farm Records and Business Partner respectively, MIDAS has delivered a common system for a large part of FSA's core farm and producer data. This backbone of integrated information and functionality will in turn be leveraged by other program-specific applications. The systems deployed under the MIDAS investment will continue to integrate with modernized FSA Web-based information technology (IT) systems, architecture, and infrastructure to support specialized functions and 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. Capitalizing on the sustainable platform established through the completion of the Farm Records and Business Partner releases, FSA will continue with the next phase of Agency transformation and modernization efforts to support web-based farm program delivery and integrated business processes.

USDA has engaged a non-USDA independent third party to conduct an analysis to determine if the current enterprise solution provides the necessary functionality and is the most cost effective modernization solution. The analysis will focus on two areas: 1) analysis of FSA technology, including MIDAS, to provide recommendations to determine if the current enterprise solution provides the necessary functionality and is the most cost effective modernization solution; and 2) assessment of the FSA IT organization maturity to determine its capacity to develop, deploy, and effectively manage its IT portfolio. The independent third-party analysis is expected to be completed on or before March 31, 2016, after which USDA will and address its findings.

<u>Retirement of the outdated legacy AS400/S36 Technology by web-enabling.</u> 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 made significant progress on modernizing the final AS400/S36 business process for Marketing Assistance Loans (MALs) through the web-based Commodity Loan Processing System (CLPS), being delivered in incremental releases that began in FY 2015, thereby allowing the agency to begin closure of FSA AS400 Data Centers. In accordance with the Federal Data Center Consolidation Initiative (FDCCI) guidelines, FSA closed 1,286 AS400 Data Centers by the end of September 2015. Once the modernization of business processes for MALs is complete and no further business processing is occurring on the AS400/S36 platform, the remaining FSA AS400 Data Centers will be closed by the end of September 2016. FSA continues to make progress 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. Retirement of the old systems and software also helps facilitate the breaking down of stove-pipes between software applications and provides an opportunity to optimize data sharing across applications, which leads to better reporting and less redundancy. This improved integration was achieved with the new CLPS system being better integrated into other common processes applications. Similarly, FSA was able to leverage the existing information technology investments used by Farm Loan Programs to deliver a Farm Program—the Farm Storage Facility Loan (FSFL) program. By sharing resources within the two major FSA lines-of-business, FSA was able to reuse the common processes related to Farm Loan Program loan-making and servicing for the FSFL program.

<u>National Agriculture Imagery Program (NAIP).</u> NAIP strengthens program delivery by providing current, high quality image reference maps for applications in FSA programs and is an important tool for FSA program compliance. For example, the imagery is used as a backdrop to update farm and field boundaries, map producer acreage reports, and respond to disaster events. Moreover, NAIP imagery is integral to FSA aerial compliance activities across all programs. NAIP 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, shortly after which 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. This streamlines delivery by keeping data assets centralized, and allows access from multiple sources. To further streamline delivery, for the third year FSA piloted Early Access Web Services (EAWS), which

enabled the NAIP contractor to deliver minimally processed imagery via web services direct to the FSA user within 2-7 days of acquisition. This near real time delivery allowed FSA and partner agencies to perform time sensitive work with the most current imagery available months in advance of receiving production level NAIP imagery. Further, historical versions of the imagery are also available on-line to support programs that require it.

In 2015, NAIP imagery was acquired for 27 states.

- NAIP imagery is accessed over a million times a day by FSA enterprise applications
- FSA conducted a requirements workshop in 2015 to ensure product specifications meet customer requirements through the next contract cycle

NAIP imagery is also 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 2014 National Earth Observation Portfolio Assessment conducted by the White House 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 2015 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 receive 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 Buster/Swamp Buster 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 each 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 contract, the participant(s) is notified in writing and provided with a copy of the OFAV Report.
- Prior to issuing payments, overpayment, receivable and claim records must be accessed and analyzed 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.
- Data-matching processes that utilize information from the Internal Revenue Service (IRS) and Social Security Administration (SSA) are integrated into the producer compliance and program payment processes as internal controls to prevent the issuance of improper payments to deceased program participants and participants with incomes in excess of income limitations.

Producer compliance and payment eligibility information collected and maintained by FSA are made available through a web service for use by other USDA agencies. The Natural Resources Conservation Service (NRCS) and the Risk Management Agency (RMA) use and rely on this information in the administration of conservation and crop insurance programs

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 reviews each application according to applicable statutes, FSA regulations, and other program requirements. The loan staff provides an applicant with 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 ensure that there is adequate collateral for loans when they are made. Farm Loan Officers work with applicants to develop an individual 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 address credit issues to 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 they are up-to-date on the application status. Once the loan is approved, funds are obligated, paperwork is completed, 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 2015, activity under the Agricultural Credit Insurance Fund included:

Number of direct loans... 28,385
Dollar value of direct loans... $2,272,498,059

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 jointly 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 through its duration. 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 2015, activity under the Agricultural Credit Insurance Fund included:

Number of guaranteed loans... 9,225
Dollar value of guaranteed loans... $3,407,934,686

State Mediation Grants (SMG): In 2015, SMG activity included:

Number of Grants made to States………………..38
Dollar value of grants... $3,363,000
Amount of SMG payments issued.. $3,343,395

Income Support and Disaster Assistance

Price Loss Coverage (PLC) provides payments to producers on farms and commodities that have elected and enrolled in PLC for crop years 2014 through 2018. PLC payments are authorized for a covered commodity when the effective price for the commodity is less than the reference price of the commodity.

The effective price for a covered commodity is determined by the higher of the following:

- The national average market price received by producers during the 12-month marketing year for the covered commodity as determined by the Secretary; or
- The national average loan rate for a marketing assistance loan for the covered commodity in effect for the applicable marketing year.

The payment rate for a covered commodity is the difference between the reference price and effective price as determined above. If the difference between the reference price and the effective price is determined to be zero or negative, no payment will be issued.

Payments will be made as soon as practical after October 1 in the year following the applicable marketing year for the covered commodity. Therefore, PLC payments for the 2014 crop year will begin in FY 2016. 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 Committee (COC) or designee. Final payments are issued once a year, the timeline varies dependent upon the crops enrolled.

Agriculture Risk Coverage (ARC) provides payments to producers on farms and commodities that have elected and enrolled in ARC for crop years 2014 through 2018. The ARC program provides producers an option to earn payments to protect against declines in market revenue. Current producers on the farm must elect ARC during the designated election period and then annually enroll the farm from the 2014 crop year to the conclusion of the 2014 Farm Bill. The producer must provide proof of cash lease or share crop information. FSA 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 COC or designee. Final payments are issued once a year, the timeline varies dependent upon the crops enrolled. ARC payments for the 2014 crop year will begin in FY 2016.

Cotton Transition Assistance Program (CTAP) provides assistance to producers on farms with upland cotton base acres. This assistance bridges the gap between direct program payments for upland cotton and the implementation of the Stacked Income Protection Plan (STAX) administered by the Risk Management Agency. STAX began for crop year 2015. Most cotton-producing counties and cotton producers had STAX available in crop year 2015 and were not eligible for CTAP. However, there were still some cotton-producing counties where STAX was not available in crop year 2015. Producers on farms with upland cotton in counties where STAX was not available were required to apply for the CTAP benefit. Each producer is required to provide proof of cash lease or share crop information. Employees reviewed all documentation provided, i.e. recorded deeds, signed leases, partnership agreements, Articles of Incorporation, Trust papers, and determined if 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 was delineated, correct acreage was verified, and all maps were printed. Application information was entered into the system. All shares were applied to each participant based on ownership of land and applicable lease agreement. All participant signatures were obtained, and the application was approved by the COC or designee.

CTAP was only authorized for the 2014 and 2015 crop years, and therefore will not be available for the 2016 crop year. For the 2015 crop year, payments were issued after October 1, 2015. FY 2015 activity is limited to the 2014 crop year CTAP payments.

CTAP activity in FY 2015 included:

Number of 2015 payments……………………………………………….……………………..….….275,328
Dollar value of CTAP payments made…………………………………………...…………....$484,293,000

<u>Average Crop Revenue Election</u> (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. 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 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.

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. Effective with the 2014 Farm Bill, ACRE is no longer an active program. FY 2015 activity is related to prior crop years.

ACRE activity in FY 2015 included:

Total number of ACRE payments………….……………………………………………..…...…....... 50,676
Dollar value of ACRE payments made …. ……….…………………………….....………… $279,279,229

<u>Marketing Assistance Loans (MAL)</u> offer producers interim financing at harvest time enabling them to meet their cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. MALs allow producers to delay the sale of their commodity until more favorable market conditions emerge, and they allow for more orderly marketing of commodities throughout the year. As commodity prices fell in mid-2014 the number of producers taking advantage of MALs increased by nearly 44 percent from the previous year. Additionally, many producers with outstanding Upland Cotton and Peanut MALs elected to repay their loans at an alternative repayment rate that resulted in Market Loan Gain (MLG) where the MAL was repaid at less than loan principal. MALs are available for producers to receive loan funds using commodities as collateral. Both farm-stored and warehouse-stored commodities are available. The county office employee accepts an application which includes producer information, commodity type, certification of farm-stored bushels or hundredweights, or a warehouse receipt, and storage location. Producer eligibility and the amount of the commodity pledged must be verified. FSA prepares lien documents and requires the first lien position on the 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 offices to ensure that the collateral is not used for multiple loans. MALs mature in 9 months and producers may make a single or multiple repayments during the loan period. A certain amount of farm-stored loans require a spot-check inspection which includes measuring and sampling the commodity in each storage facility under loan. If the commodity is not in storable condition the producer is notified to take action or settle the loan.- Redemption (repayment) of MALs for eligible commodities is the lesser of the prevailing market price or loan principal plus

interest. If eligible collateral is redeemed at a rate less than principal, the producer earns the aforementioned MLG. If producers are delinquent on a 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) are payments to producers who, although eligible to obtain a MAL, agree to forgo the loan in return for a payment on the eligible commodity. The LDP amount is the difference between the county loan rate and Commodity Credit Corporation (CCC) determined value for the applicable commodity times the eligible harvested quantity. Although 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 LDPs may require the producer to provide production evidence to support the LDP quantity. This may be submitted in the form of sales records or may require an employee to complete a paid farm-stored measurement service to determine that the quantity in storage supports the certified quantity.

Marketing Assistance Loans and Loan Deficiency Payments: Marketing assistance loan and loan deficiency payment activity in FY 2015 included:

Commodity	Marketing Assistance Loans (MALs)		Loan Deficiency Payments (LDPs)	
	Number of Loans	Dollar Value ($000)	Number of LDPs	Dollar Value ($000)
Corn c/	11,485	$1,109,451	0	$-113
Grain Sorghum c/	33	1,205	0	0
Barley c/	173	9,715	0	-3
Oats c/	73	812	0	0
Wheat	2,504	186,439	0	-1
Rice c/	2,295	274,964	2	0
Cotton a/ c/	3,735	2,115,678	53,972	173,315
Soybeans	6,258	405,801	0	-3
Minor Oilseeds c/	130	13,768	0	0
Sugar b/	275	838,946	0	0
Peanuts c/	7,270	757,937	8	313
Honey c/	95	4,442	0	0
Pulse Crops c/	68	2,109	0	0
Wool	1	4	0	-1
Mohair	0	0	0	4
Total	34,395	$5,721,271	53,980	$173,511

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/ LDPs 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. Minus (-) indicates credit adjustment to the program.

Farm Storage Facility Loans (FSFL) allow producers of eligible commodities to obtain low-interest financing to build or upgrade farm storage and handling facilities for all CCC Charter Act commodities, plus hay, renewable biomass, fruits and vegetables (including nuts), milk, rye, maple sap, honey, meat, poultry, eggs, cheese, butter, yogurt, aquaculture, floriculture, and hops. FSA employees meet with applicants to review the proposed new construction or renovation to an existing storage or handling system. An eligibility review is necessary to determine if the additional storage is needed and is essential to the proper functioning of a storage system. Computation of the 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. Additionally, county office 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 $100,000, or aggregate loan balances exceeding $100,000, 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 office 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. 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, FSFL's require annual servicing (repayments) to collect installment amounts for the applicable 7, 10, or 12 year term of the loan. Annual servicing responsibilities include verifying structural insurance, flood insurance, and ensuring the Universal Commercial Code (UCC) financing statement is current and the structure is being maintained. The purpose of the farm storage or handling facility that serves as collateral for the FSFL must not change during the entire loan term. CCC's objectives in carrying out its FSFL 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.

FSFL program activities in FY 2015 included:

Farm Storage Facility Loans closed...822
Amount of Farm-Storage Facility Loans... $180,000,000

<u>Margin Protection Program for Dairy (MPP-Dairy)</u> is a voluntary risk management program for dairy producers authorized by the 2014 Farm Bill through 2018. MPP-Dairy offers protection to dairy producers when the difference between the all milk price and the average feed cost –"the margin"-- falls below a certain dollar amount selected by the producer. To be eligible for MPP-Dairy, a dairy operation must produce and commercially market milk from cows located in the United States, provide proof of milk production at the time of registration, and not be enrolled in the Risk Management Agency's Livestock Gross Margin for Dairy program (LGM-Dairy). Dairy operations may consist of one or more dairy producers that are in the business of commercially producing and marketing milk as a single unit. Dairy producers who are members of the operation must share in the risk of producing milk and make contributions to the operation that are at least commensurate with their share of the proceeds of the operation. Operations must be in compliance with Highly Erodible Land and Wetland Conservation provisions. Producers may have more than one dairy operation, but they must be separate and distinct in order to have a separate contract. Dairy operations, as constituted for the previous Milk Income Loss Contract (MILC) Program, are eligible for the MPP-Dairy. Eligible operations must register for coverage at the Farm Service Agency (FSA) office where their farm records are maintained by establishing a production history by completing and submitting form CCC-781, "Production History Establishment"; completing and submitting form CCC-782, "Contract and Annual Coverage Election"; paying the $100 administrative fee; and paying any applicable premium. An administrative fee of $100 is required to be paid for each covered year through the duration of the MPP-Dairy program. Participating dairy operations establish their production history upon initial registration and all producers in the participating dairy operation must provide adequate proof of the dairy operation's quantity of milk marketed commercially. All information provided is subject to verification and spot checked by FSA. For existing dairy operations, the production history is established using the highest annual milk production marketed during the full

calendar years of 2011, 2012 or 2013. Catastrophic Coverage (CAT) of $4 margin coverage level at 90 percent of the established production history requires no premium payment, but the dairy operation must pay the $100 administrative fee. For increased protection, dairy operations may annually select a percentage of coverage from 25 to 90 percent of the established production history in five percent increments and a coverage level threshold from $4.50 to $8 in 50 cent increments. Coverage election must be made prior to the end of the annual election period. After the initial year of registration, failure to make an election results in the coverage level defaulting to the CAT level of 90 percent at $4 margin. Dairy operations may only select one coverage level percentage and coverage level threshold for the applicable calendar year. All producers in the participating dairy operation with a share and risk in the milk marketing must agree to the coverage elected on the contract, and the operation must pay an applicable premium based on the level of coverage elected. In FY 2015 FSA made $436,000 in MPP-Dairy payments.

<u>Non-Insured Crop Disaster Assistance Program (NAP):</u> 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. The service fees are $250 per crop, $750 per county or $1875 per multi-county producer. Prior to 2015, coverage was limited to 50 percent of the yield and 55 percent of the price. Additional levels of coverage are now available at 50/100, 55/100, 60/100, and 65/100 (percent yield/percent price). In the event a natural disaster causes damage to a NAP covered crop, a Notice of Loss must be filed within 15 calendar days after the disaster occurrence, or the date damage to the crop first 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. In addition to the requirement for a timely filed notice of loss within 15 days of the destruction or when damage is first apparent, producers of hand harvested crops must notify the county office within 72 hours that a loss has occurred and also within 72 hours of the completion of harvest. The COC reviews, and approves or disapproves the notice of loss and 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. Producers are required to file an application for payment within 60 days of the harvest end date. An approved yield is generated for the producer based a minimum of 4 to a maximum of 10 year average of prior year actual production history (APH) 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 review the producer's application and production evidence, and calculate 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 the 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 are on file; and the production evidence submitted is verifiable or reliable. The COC must approve before payment is issued. If an application for 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 activities and major accomplishments:

1. Instituted new buy-up coverage options with a premium tool to assist producers in making informed choices of the new options for 2015.
2. Instituted quality loss adjustments for forage.
3. Expanded options under NAP for producers electing buy-up (historical marketing percentages, contract marketing percentages, direct marketing percentages).
4. Developed policy for increasing NAP coverage options for direct market and organic crops. Instituted policy for those crops.

NAP activity in FY 2015 included:

Number of actual production history records completed for NAP	78,055
Number of NAP applications for coverage	25,489
Amount of NAP payments issued	$124,662,000

Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) provides emergency relief to producers of livestock, honey bees, and farm-raised fish that have suffered eligible losses due to an eligible adverse weather event or loss condition. County office employees assist producers in filing applications by the established deadline. Eligibility requirements for livestock, honeybees and farm-raised fish must be determined. The employee collects disaster information provided by the producer such as date and location for eligible adverse weather events and loss conditions. Physical location of the livestock, honeybees and farm-raised fish on the beginning date of the eligible adverse weather event or loss condition as well as location of inventory is required. Acreage reports are required. Completed applications must be approved by the applicable COC. Upon approval by the COC, County Office employees must enter payment data into the ELAP database. After all application data is loaded for a specific program year, the National Office determines if requested program benefits exceeds the funding limitation of $20 million each FY and if a national payment factor will be applied to payments. County Offices will enter payment data into the Common Payment System and payments are then issued through the National Payment Service.

ELAP activity in FY 2015 included:

Number of 2015 Farm Bill ELAP payments……….………………………………………….………...4,865
Amount of ELAP payments ………………………………………………………………...$48,585,350

Livestock Forage Disaster Program (LFP) provides 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 Crop Disaster Assistance Program for the grazing land incurring losses. Acreage reports are required. Completed applications must be approved by the applicable COC. Upon approval by the COC, payments are then issued through the National Payment Service.

LFP activity in FY 2015:

Number of 2015 Farm Bill LFP payments………………..21,257
Amount of LFP payments – CCC Funds... $2,521,295,137

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.

LIP program activity for FY 2015 included:

Number of 2015 Farm Bill LIP payments…………………………………………...….……………13,581
Amount of LIP payments –CCC Funds………………………….……………………..……$52,017,998

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. County office employees provide information and application support for producers.

TAP activity for FY 2015 included:

Number of 2015 Farm Bill TAP Payments..752
Amount of TAP payments – CCC Funds………………………...$11,147,015

Tobacco Transition Payment Program (TTPP) establishes a revenue program to fund issuing TTPP payments for FY 2005 through FY 2014. The TTPP 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 involved disbursing payments to the TTPP contract holders on an annual basis, which includes payments to successors-in-interest, such as when a contract holder sells the remaining value of the contract for a lump sum to an authorized successor-in-interest account holder, transfers the contract to a blood relative, or if the contract holder dies. Should a contract holder die, the contract will transfer in this order: the surviving spouse; if a surviving spouse does not exist, then to the estate. Transfers to a blood relative requires the contract holder to complete a CCC-971 TTPP Contract Transfer Request to designate the new contract holder. In the event of a contract holder's death, authorization to make changes to the contract requires the surviving spouse or executor of the estate to provide a copy of the death certificate and to sign the CCC-971 and designate the beneficiary(s) as the new contract holder(s). Contracts transferred to an authorized successor-in-interest account for a lump sum are required to complete a CCC-962. In all transfer situations, the authorizations designated the original contract holder, the new contract holder(s), the contract value, and the amount of the tobacco allotment sold to justify the funding of the contract. Funds then were de-obligated from the original contract holder and re-obligated to the new contract holder. Payments were generally disbursed in January of each year. The final date to transfer a contract to a blood relative or to sell a contract for a lump sum was November 1, 2013. The final deadline for transfers as a reason of death was July 1, 2015. During the summer of 2015, FSA made an additional $35,007,000 in payments and closed-out the 10-year TTPP that over the course of its lifespan provided billions of dollars of benefits to former Tobacco Program quota holders. TTPP automation functions were taken offline effective September 29, 2015.

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. In FY 2015 no payments were made to producer. 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 100,104.60 tons of peanuts and 20 bales of cotton during FY 2015. CCC sold 6,648 tons of peanuts and transferred 6,060 tons of peanuts and 20 bales of cotton to The Seam. There are 87,397 tons of peanuts that remain in CCC's inventory. The total storage and handling payments made during FY 2015 was $272,049.87.

Economic Adjustment Assistance Program for Domestic Users of Upland Cotton: The 2014 Farm Bill authorized USDA to provide economic adjustment assistance to domestic users of upland cotton in the form of payments. In FY 2015, $48.98 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" during FY 2015. The domestic price of ELS cotton remained above the statutorily defined limit of 134 percent of the loan rate.

Foreign Food-Aid Humanitarian and Developmental Assistance Programs: In FY 2015, FSA procured more than 1.16 million metric tons of grains, processed grain products, vegetable oil, pulses (such as dried beans, peas and lentils), and other products valued at approximately $463 million for food assistance programs throughout the world.

Market Rates/Posted County Prices (PCPs): Extensive market research is done on a daily basis to value 23 commodities that are eligible under the Marketing Assistance Loan Program. Over 160,000 prices are calculated daily to establish PCPs, based on market research. This process is directly tied to the Farm Bill, 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 2015, 885 USWA licenses were in effect at 3,254 locations. There were 61 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 1,261 grain, 239 cotton, 85 peanut, and 126 miscellaneous commodity warehouses. In addition, CCC storage agreement onsite examinations were performed at 161 grain, 256 cotton, 7 miscellaneous, and 89 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 2015, CCC had storage agreements with about 2,500 commercial warehouse operators in over 6,300 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 2015 were as follows: 9.1 billion bushels of grain and rice; 20 million bales of cotton; 3.5 million short tons of peanuts; 14 billion pounds of sugar; 42.2 million pounds of processed (dry); 2 million pounds of processed (frozen), and 2 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 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.

ECP activity for FY 2015 included:

Number of ECP payment applications.. 9,145
Amount of ECP payments issued.. $23,926,138

Hazardous Waste Management Program: Carbon tetrachloride, formerly used as a pesticide to treat stored grain, has been detected above the United States Environmental Protection Agency (U.S. EPA) 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 ordinarily receive an annual appropriation from the USDA Hazardous Materials Management Account (HMMA) and normally 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. In FY 2015, the CCC was allocated $0.5 million from the USDA HMMA account for the design and construction of remedial systems.

Although the funding has declined annually in real dollars, 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.

Hazardous Waste Management Program FY 2015 activity included:

Total Contaminated Sites in CCC Inventory	89
Investigation/Remediation Complete or Active	41
Investigation/Remediation Pending	33
Sites Closed/No Further CCC Action/Liability	15
FY 2015 Funding	$5.0M
FY 2015 Funding (HMMA)	$0.5M
TOTAL	$5.5M

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

The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands, on all highly erodible cropland, other environmentally sensitive cropland, and certain marginal pastureland meeting the eligibility criteria. In addition to cropland in areas adjacent to lakes and streams converted to buffers, and cropland that can serve as restored or constructed wetlands, eligible land may include cropland contributing to water quality problems, and other lands posing environmental threats.

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

CRP activity for FY 2015 did not include Technical Assistance but included:

Number of active CRP contracts..655,838
Number of CRP cost-share payments. 67,763
Amount of CRP cost-share payments...$119,900,971
Number of CRP rental payments.. 817,653
Amount of CRP annual rental payments.. $1,593,649,805
Number of CRP acres approved for enrollment...702,203

Emergency Forestry Conservation Reserve Program (EFCRP)

The EFCRP was designed to provide financial assistance to owners of non-industrial private forestland that suffered damage resulting from the 2005 hurricanes (Katrina, Rita). It is no longer enrolling lands, but is still making rental payments for certain contracts.

EFCRP activity for FY 2015 included:

Number of EFCRP cost share payments…………………………………………………………………...13
Amount of EFCRP cost-share payments...$12,234
Number of EFCRP rental payments………………………………………………………………….2,046
Amount of EFCRP annual rental payments……………………………………………………….$5,187,687

The Biomass Crop Assistance Program (BCAP) provides two categories of assistance: matching payments, and crop establishment and annual rental payments. 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.

BCAP activity for FY 2015 did not include FSA Administrative Costs or Technical Assistance, but included:

Number of BCAP Cost Share Payments…………………………………………………….……………....58
Amount of BCAP Cost Share Payments…………………………………………………….….…$644,527
Number of BCAP Project Area Active contracts……………………………………………………..…860
Number of BCAP Annual Rental Payments…………………….…………………………………..……962
Amount of BCAP Annual Payments………………………………………………...………...….$3,989,061
Number of BCAP Matching Payments…………………….……………………………..….……………98
Amount of BCAP Matching Payments…………………………………………..…….…...…$1,882,352

Grassland Reserve Program (GRP): For active contracts, producer eligibility information is validated, county office employees establish GRP rental and easement application information in the GRP software 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. The Agricultural Act of 2014 repealed GRP and made grasslands eligible for the CRP. FSA may enroll up to 2 million acres of grasslands in CRP.

GRP activity for FY 2015 included:

Number of Applications………... 0
Number of GRP active contracts and easements 3,605

Emergency Forest 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.

EFRP activity for FY 2015 included:

Number of Applications………... 560
Amount of EFRP payments…………………………………………………………………..$4,391,289

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), $3,404,000.

Lead-Off Tabular Statement

Budget Estimate, 2017	$3,404,000
2016 Enacted	3,404,000
Change in Appropriation	0

Summary of Increases and Decreases - Current Law
(Dollars in thousands)

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Discretionary Appropriations:					
State Mediation Grants	$3,782	-$378	-	-	$3,404
Total	3,782	-378	-	-	3,404

FARM SERVICE AGENCY
State Mediation Grants

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Inc. or Dec Amount	2017 Estimate Amount
Discretionary Appropriations:					
State Mediation Grants............	$3,782	$3,404	$3,404	-	$3,404
Subtotal................................	3,782	3,404	3,404	-	3,404
Total Adjusted Approp............	3,782	3,404	3,404	-	3,404
Rescissions, Transfers, and Seq.	-	-	-	-	-
Total Appropriations...........	3,782	3,404	-	-	-
Rescission...................................	-	-	-	-	-
Sequestration...............................	-	-	-	-	-
Total Available.........................	3,782	3,404	3,404	-	3,404
Lapsing Balances........................	-312	-41	-	-	-
Total Obligations......................	3,470	3,363	3,404	-	3,404

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Change Amount	2017 Estimate Amount
Discretionary Obligations:					
State Mediation Grants............	$3,470	$3,363	$3,404	-	$3,404
Total Obligations......................	3,470	3,363	3,404	-	3,404
Lapsing Balances........................	312	41	-	-	-
Total Available.........................	3,782	3,404	3,404	-	3,404
Rescission...................................	-	-	-	-	-
Sequestration...............................	-	-	-	-	-
Total Appropriation..................	3,782	3,404	3,404	-	3,404

Justification of Increases and Decreases

The FY 2017 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
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actuals Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama	$82	$58	$72	$72
Arizona	68	69	95	95
Arkansas	88	74	49	49
Colorado	17	13	23	23
Florida	51	27	41	41
Hawaii	38	57	63	63
Idaho	47	51	45	45
Illinois	36	51	59	59
Indiana	166	156	94	94
Iowa	263	249	212	212
Kansas	418	338	311	311
Maine	29	47	81	81
Maryland	71	116	113	113
Massachusetts	71	37	81	81
Michigan	-	52	90	90
Minnesota	480	152	293	293
Mississippi	44	74	81	81
Missouri	25	9	23	23
Montana	55	49	45	45
Nebraska	127	119	99	99
New Hampshire	28	64	45	45
New Jersey	11	6	4	4
New Mexico	48	31	57	57
New York	278	303	268	268
North Carolina	96	76	81	81
North Dakota	69	103	136	136
Oklahoma	148	214	94	94
Oregon	18	38	23	23
Pennsylvania	31	25	9	9
Rhode Island	40	39	20	20
South Dakota	106	150	90	90
Texas	-	51	140	140
Utah	12	13	14	14
Vermont	74	146	131	131
Virginia	-	39	40	40
Washington	44	55	57	57
Wisconsin	188	209	135	135
Wyoming	87	3	90	90
Undistributed	16	-	-	-
Obligations	3,470	3,363	3,404	3,404
Lapsing Balances	312	41	-	-
Total, Available	3,782	3,404	3,404	3,404

FARM SERVICE AGENCY
State Mediation Grants

Classification by Objects
(Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
Other Objects:				
41.0 Grants, Subsidies and Contributions..................	$3,470	$3,363	$3,404	$3,404
99.9 Total, new obligations................................	3,470	3,363	3,404	3,404

STATE MEDIATION GRANTS

Status of Program

Current Activities: FSA provides funding for State-designated mediation programs through the State Mediation Grants Program. The program reported a total of 2,029 covered cases during Fiscal Year (FY) 2015. Covered cases are authorized by the governing statute and the Secretary of Agriculture. Only the following program areas are 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 issues; (7) USDA Rural Development housing loans; (8) USDA Rural Development business loans; and (9) USDA Risk Management Agency crop insurance issues.

As in previous years, agricultural credit (both private and through FSA) was the most frequently mediated issue, accounting for 1,782 cases, or roughly 88 percent of the total caseload. Rural Development Housing issues were second, 89 cases, followed by, Natural Resource Conservation Service (72 cases), FSA Farm Programs matters (67 cases), Risk Management Agency crop insurance disputes (9 cases), Forest Service grazing disputes (6 cases), USDA-related pesticide matters (2) and Rural Development Business loans (2 cases).

Selected Examples of Recent Programs: The 2,029 cases for FY 2015 represents an increase of approximately 62 percent from the previous year's 1,256 cases. Several factors have contributed to this increase, including more private agricultural credit issues being mediated.

During FY 2015, 38 program grantees received a total of $3.4 million in Federal funds of which $3.3 million was obligated and disbursed in FY 2015. With the increased caseload, the cost per covered case was $1,648.

Program Results Comparison – FY 2014 and FY 2015

	FY 2014	FY 2015
Number of cases for which mediation was requested	1,256	2,029
Mediation not completed in initial FY, and carried over to next FY	50	25
No mediation held (request withdrawn, settled prior to mediation, etc.)	66	20
Cases mediated	1,058	1,381
Cases resolved with agreement	828	1,310
Cases closed with no agreement	230	71
Percentage of cases mediated that resulted in agreement	78.26%	95%
Average cost per case	$2,536	$1,648

State Mediation Grants Grants and Outlays by State – Fiscal Year 2015 (Dollars in Thousands)		
State	Grants	Outlays
Alabama	$58	$58
Arizona	69	69
Arkansas	74	78
Colorado	13	13
Florida	27	34
Hawaii	57	46
Idaho	51	51
Illinois	51	55
Indiana	156	156
Iowa	249	197
Kansas	338	340
Maine	47	40
Maryland	116	72
Massachusetts	37	49
Michigan	52	52
Minnesota	152	290
Mississippi	74	91
Missouri	9	20
Montana	49	49
Nebraska	119	148
New Hampshire	64	64
New Jersey	6	10
New Mexico	31	55
New York	303	303
North Carolina	76	62
North Dakota	103	37
Oklahoma	214	216
Oregon	38	38
Pennsylvania	25	14
Rhode Island	39	31
South Dakota	150	64
Texas	51	56
Utah	13	3
Vermont	146	146
Virginia	39	35
Washington	55	55
Wisconsin	209	205
Wyoming	3	41
Total	**$3,363**	**$3,343**

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:

[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), $6,500,000, to remain available until expended.]

Lead-Off Tabular Statement

Budget Estimate, 2017	0
2016 Enacted	$6,500,000
Change in Appropriation	-6,500,000

Summary of Increases and Decreases - Current Law

(Dollars in thousands)

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Discretionary Appropriations:					
Grassroots Source Water Protection	$5,526	-	+$974	-$6,500	-
Total	5,526	-	974	-6,500	-

FARM SERVICE AGENCY
Grassroots Source Water Protection Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Inc. or Dec. Amount		2017 Estimate Amount
Discretionary Appropriations:						
Grassroots Source Water Protection.........	$5,526	$5,526	$6,500	-$6,500	(1)	-
Total Adjusted Appropriation..................	5,526	5,526	6,500	-6,500		-
Rescissions, Transfers, and Seq. (Net).....	-	-	-	-		-
Total Appropriations...........................	5,526	5,526	6,500	-6,500		-
Transfers In:						
Commodity Credit Corporation................	5,000	-	-	-		-
Total..	5,000	-	-	-		-
Rescission..	-	-	-	-		-
Sequestration...	-	-	-	-		-
Total Available..	10,526	5,526	6,500	-6,500		-
Total Obligations.....................................	10,526	5,526	6,500	-6,500		-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Inc. or Dec. Amount	2017 Estimate Amount
Discretionary Obligations:					
Grassroots Source Water Protection.........	$5,526	$5,526	$6,500	-$6,500	-
Subtotal...	5,526	5,526	-	-	-
Mandatory Obligations:					
Grassroots Source Water Protection.........	5,000	-	-	-	-
Subtotal...	5,000	-	-	-	-
Total Obligations.....................................	10,526	5,526	6,500	-6,500	-
Total Available..	10,526	5,526	6,500	-6,500	-
Rescission..	-	-	-	-	-
Sequestration...	-	-	-	-	-
Total Appropriation.................................	10,526	5,526	6,500	-6,500	-

Justification of Increase and Decrease

(1) A decrease of $6,500,000 for Grassroots Source Water Protection Program ($6,500,000 is available in FY 2016)

The FY 2017 Budget proposes no funding for this program.

FARM SERVICE AGENCY
Grassroots Source Water Protection Program

Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Estimate Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama	$211	$110	$130	-
Alaska	211	110	130	
Arizona	211	110	130	-
Arkansas	211	110	130	-
California	211	110	130	-
Colorado	211	110	130	-
Connecticut	211	110	130	-
Deleware	211	110	130	-
Florida	211	110	130	-
Georgia	211	110	130	-
Hawaii	211	110	130	-
Idaho	211	110	130	-
Illinois	211	110	130	-
Indiana	211	111	130	-
Iowa	211	110	130	-
Kansas	211	111	130	-
Kentucky	211	110	130	-
Louisiana	211	111	130	-
Maine	211	111	130	-
Maryland	211	110	130	-
Massachusetts	211	110	130	-
Michigan	211	111	130	-
Minnesota	211	110	130	-
Mississippi	211	110	130	-
Missouri	211	111	130	-
Montana	211	110	130	-
Nebraska	211	110	130	-
New Hampshire	211	111	130	-
New Jersey	211	110	130	-
Nevada	211	110	130	-
New Mexico	211	110	130	-
New York	211	111	130	-
North Carolina	211	110	130	-
North Dekota	211	110	130	-
New Mexico	211	110	130	-
Ohio	211	111	130	-
Oklahoma	211	111	130	-
Oregon	211	110	130	-
Pennsylvania	211	110	130	-
Rhode Island	211	110	130	-
South Carolina	211	110	130	-
South Dakota	211	110	130	-
Tennessee	211	110	130	-
Texas	211	110	130	-
Utah	211	110	130	-
Virginia	211	110	130	-
Washington	211	110	130	-
West Virginia	211	110	130	-
Wisconsin	211	110	130	-
Wyoming	211	110	130	-
Undistributed	-	-	-	-
Obligations	10,526	5,526	6,500	-
Total, Available	10,526	5,526	6,500	-

FARM SERVICE AGENCY

Grassroots Source Water Protection Program

Classification by Objects

(Dollars in thousands)

		2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
41.0	Grants, subsidies, and contributions..................	$10,526	$5,526	$6,500	-
99.9	Total, new obligations................................	10,526	5,526	6,500	-

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 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 2015, $5.5 million was provided by P.L. 113-235, the Consolidated Appropriations Act, 2015. The GSWPP completed 159 source water plans with management activities implemented in the source water areas. These water plans provide protection measures for 622 public drinking water sources (560 wells and 62 surface water intakes). The GSWPP was active in all fifty States.

The following table shows appropriations from fiscal years 2005 through 2016.

Grassroots Source Water Protection Program
Appropriations for Fiscal Years 2005-2016

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	
2014	10,526,000	2/
2015	5,526,000	
2016	6,500,000	

1/ Funds were transferred from the Natural Resources Conservation Service to (NRCS) FSA to assist in the implementation of the program.
2/ Includes mandatory funds from the Agricultural Act of 2014.

FARM SERVICE AGENCY

Dairy Indemnity Program

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, 2017	$500,000
2016 Enacted	500,000
Change in Appropriation	0

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

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Mandatory Appropriations:					
Dairy Indemnity Program	$464	+$286	-$250	-	$500
Total	464	286	-250	-	500

FARM SERVICE AGENCY
Dairy Indemnity Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2014 Actual	2015 Actual	2016 Estimate	Change	2017 Estimate
Mandatory Appropriations:					
Dairy Indemnity Program.........................	$464	$695	$463	+37	$500
Total Adjusted Appropriation..................	464	695	463	37	500
Rescissions, Transfers, and Seq. (Net)…...……….…..…	36	55	37	-37	-
Total Appropriation..................................	500	750	500	-	500
Sequestration..	-36	-55	-37	+37	-
Recoveries, Other (Net)................................	-7	-	-	-	-
Total Available...	457	695	463	+37	500
Lapsing Balances..	-78	-114	-	-	-
Total Obligations......................................	379	581	463	+37	500

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2014 Actual	2015 Actual	2016 Estimate	Change	2017 Estimate
Mandatory Obligations:					
Dairy Indemnity Program.........................	$379	$581	$463	+$37	$500
Total Obligations......................................	379	581	463	37	500
Recoveries, Other (Net)................................	7	-	-	-	-
Lapsing Balances..	78	114	-	-	-
Total Available...	464	695	463	37	500
Sequestration..	36	55	37	-37	-
Total Appropriation..................................	500	750	500	-	500

Justification of Increases and Decreases

There is no change in funding requested for FY 2017. The level of funding requested is expected to be sufficient to meet the needs of producers affected by various contaminants covered under this program.

FARM SERVICE AGENCY
Dairy Indemnity Program
Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Estimate Amount	2017 Estimate Amount
Arkansas	$67	-	-	-
Florida	12			
Georgia	5	$119	$122	$122
Illinois	55	33	33	33
Indiana	-	3	3	3
Iowa	9	7	7	7
Kansas	-	79	79	79
North Carolina	-	16	16	16
South Carolina	-	71	71	71
Missouri	8	15	15	15
New Mexico	$120	-	-	-
Oklahoma	20	12	12	12
Texas	83	226	105	142
Obligations	379	581	463	500
Recoveries, Other (Net)	-	-		
Lapsing Balances	-	-	-	-
Total, Available	379	581	463	500

Classification by Objects
(Dollars in Thousands)

		2014 Actual	2015 Actual	2016 Estimate	2017 Estimate
Other Objects:					
41.0	Grants, Subsidies and Contributions	$379	$581	$463	$500
99.9	Total, new obligations	379	581	463	500

DAIRY INDEMNITY PROGRAM
STATUS OF PROGRAM

Current Activities: During 2015, 29 dairy farmers in 11 States filed 26 claims totaling $581,144 under the Dairy Indemnity Program. 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 2015 totaled $383,711. Payments to dairy farmers since the program's inception in 1965 total $27.7 million.

Selected Examples of Recent Activity: The following tables show allocations and outlays by State during FY 2015.

Dairy Indemnity Program
Allocations and Outlays by State
Fiscal Year 2015

State	Obligations	Outlays
Georgia	$119,451	119,451
Illinois	32,987	0
Indiana	3,384	3,384
Iowa	6,854	6,854
Kansas	79,343	59,982
Missouri	15,070	12,056
Nebraska	3,700	3,700
Oklahoma	11,139	11,139
South Carolina	71,793	65,885
Texas	222,835	100,291
North Carolina	14,587	969
Total	581,144	383,711

Dairy Indemnity Program
Payments and Number of Payees
Fiscal Years 1965-2015

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	1,495
2012	273,724	--	286,777	32
2013	917,615	--	917,615	158
2014	1,073,364		1,073,364	43
2015	383,711		383,711	26
Total	$23,782,206	$3,911,439	$27,706,698	1,754

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.), Indian highly fractionated land loans (25 U.S.C. 488), and individual development account grants (7 U.S.C. 1981-2008r) to be available from funds in the Agricultural Credit Insurance Fund, as follows: $2,000,000,000 for guaranteed farm ownership loans and $1,500,000,000 for farm ownership direct loans;[$1,393,443,000] $1,432,430,000 for unsubsidized guaranteed operating loans and[$1,252,004,000] $1,460,047,000 for direct operating loans; emergency loans,[$34,667,000] $22,576,000; Indian tribe land acquisition loans,[$2,000,000] $20,000,000; 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 operating loans,[$53,961,000] $62,198,000 for direct operating loans,[$14,352,000] $15,327,000 for unsubsidized guaranteed operating
1 loans, emergency loans, $1,262,000, to remain available until expended, $2,550,000 for Indian highly
2 fractionated land loans, and for individual development account grants, $1,500,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan
3 programs,[$314,918,000] $317,068,000, 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 reflects a change to positive subsidy for the Indian Highly fractionated land loan program.
2 The second change reflects the request for funding for individual development account grants.
3 The third 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, 2017	$399,905,000
2016 Enacted	384,493,000
Change in Appropriation	15,412,000

FARM SERVICE AGENCY

AGRICULTURAL CREDIT INSURANCE FUND

Summary of Increases and Decreases

(Dollars in Thousands)

Program	2014 Actual		2015 Change		2016 Change		2017 Change		2017 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Discretionary Appropriations:										
Direct Loans:										
Farm Ownership	$575,000	$4,428	+$925,000	-$4,428	-	-	-	-	$1,500,000	-
Farm Operating	1,195,620	65,520	+56,384	-2,419	-	-$9,140	+$208,043	+$8,237	1,460,047	$62,198
Emergency	34,658	1,698	+9	-842	-	+406	-$12,091	-	22,576	1,262
Indian Land Acquisition	2,000	-	-	-	-	-	+18,000	-	20,000	-
Boll Weevil Eradication	60,000	-	-	-	-	-	-	-	60,000	-
Indian Highly Fractionated Land	10,000	68	-	-68	-	-	-	+2,550	10,000	2,550
Subtotal	1,877,278	71,714	+981,393	-7,757	-	-8,734	+213,952	+10,787	3,072,623	66,010
Guaranteed Loans:										
Farm Ownership, Unsubsidized	2,000,000	-	-	-	-	-	-	-	2,000,000	-
Farm Operating, Unsubsidized	1,500,000	18,300	-106,557	-3,530	-	-418	+38,987	+975	1,432,430	15,327
Conservation	150,000	-	-	-	-	-	-	-	150,000	-
Subtotal	3,650,000	18,300	-106,557	-3,530	-	-418	+38,987	+975	3,582,430	15,327
Individual Development Grants	-	-	-	-	-	-	+1,500	+1,500	1,500	1,500
Program Loan Cost Expense	-	7,920	-	-	-	-	-	+2,150	-	10,070
Salaries and Expenses	-	306,799	-	+199	-	-	-	-	-	306,998
Subtotal	-	314,719	-	+199	-	-	-	+2,150	-	317,068
Total	5,527,278	404,733	874,836	-11,088	-	-9,152	+254,439	+15,412	6,656,553	399,905

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2014 Actual Loan Level	2014 Actual Subsidy	2015 Actual Loan Level	2015 Actual Subsidy	2016 Estimate Loan Level	2016 Estimate Subsidy	Inc. or Dec. Loan Level	Inc. or Dec. Subsidy		2017 Estimate Loan Level	2017 Estimate Subsidy
Discretionary Appropriations:											
Direct Loans:											
Farm Ownership	$575,000	$4,428	$1,500,000	-	$1,500,000	-	-	-		$1,500,000	-
Farm Operating	1,195,620	65,520	1,252,004	$63,101	1,252,004	$53,961	+$208,043	+$8,237	(1)	1,460,047	$62,198
Emergency	34,658	1,698	34,667	856	34,667	1,262	-12,091	-	(2)	22,576	1,262
Indian Land Acquisition	2,000	0	2,000	-	2,000	-	+18,000	-	(3)	20,000	-
Boll Weevil Eradication	60,000	0	60,000	-	60,000	-	-	-		60,000	-
Indian Highly Fractionated Land	10,000	68	10,000	-	10,000	-	-	+2,550	(1)	10,000	2,550
Subtotal	1,877,278	71,714	2,858,671	63,957	2,858,671	55,223	+213,952	+10,787		3,072,623	66,010
Guaranteed Loans:											
Farm Ownership, Unsubsidized	2,000,000	-	2,000,000	-	2,000,000	-	-	-		2,000,000	-
Farm Operating, Unsubsidized	1,500,000	18,300	1,393,443	14,770	1,393,443	14,352	+38,987	+975	(1)	1,432,430	15,327
Conservation	150,000	-	150,000	-	150,000	-	-	-		150,000	-
Subtotal	3,650,000	18,300	3,543,443	14,770	3,543,443	14,352	+38,987	+975		3,582,430	15,327
Individual Development Grants	-	-	-	-	-	-	+1,500	+1,500	(4)	1,500	1,500
Administrative Expense											
Program Loan Cost Expense	-	7,920	-	7,920	-	7,920		+2,150	(5)	-	10,070
Salaries and Expenses	-	306,799	-	306,998	-	306,998		-		-	306,998
Subtotal	-	314,719	-	314,918	-	314,918	-	+2,150		-	317,068
Total Adjusted Appropriations	5,527,278	404,733	6,402,114	393,645	6,402,114	384,493	+254,439	+15,412		6,656,553	399,905

Table Continued on next page.

FARM SERVICE AGENCY

AGRICULTURAL CREDIT INSURANCE FUND

Project Statement

Adjusted Appropriations Detail

(Dollars in thousands)

Program	2014 Actual		2015 Actual		2016 Estimate		Inc. or Dec.		2017 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Direct Loans:										
Transfers(Internal) Farm Ownership	535,000	4,120	-	-	-	-	-	-	-	-
Transfers(Internal) Farm Operating	25,000	1,370	-	-	-	-	-	-	-	-
Subtotal, Direct Transfers	560,000	5,490	-	-	-	-	-	-	-	-
Guaranteed Loans:										
Transfers/Adjustments(Internal) Farm Ownership	350,000		500,000							
Transfers(Internal) Farm Operating, Unsubsidized	-449,960	-5,490	-	-	-	-	-	-	-	-
Subtotal, Guaranteed Transfers	-99,960	-5,490	500,000	-	-	-	-	-	-	-
Total Appropriation	5,987,318	404,733	6,902,114	393,645	6,402,114	384,493	+254,439	+15,412	6,656,553	399,905
Bal Available, SOY	30,018	1,490	91,937	2,239	77,528	2,864	-53,020	-1,494	24,508	1,370
Recoveries, Other (Net)	-	30	-	99	-	-	-	-	-	-
Total Available	6,017,336	406,253	6,994,051	395,983	6,479,642	387,357	+201,419	+13,918	6,681,061	401,275
Lapsing Balances	-738,791	-5,024	-1,200,494	-633	-	-	-	-	-	-
Balance Available, EOY	-46,571	-2,239	-113,125	-2,863	-37,641	-1,370	+37,641	+1,370	-	-
Total Obligations	5,231,974	398,990	5,680,432	392,487	6,442,001	385,987	239,060	15,288	6,681,061	401,275

Loan levels and subsidy may change for individual programs throughout the year as authorized by 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)

Program	2014 Actual Loan Level	2014 Actual Subsidy	2015 Actual Loan Level	2015 Actual Subsidy	2016 Estimate Loan Level	2016 Estimate Subsidy	Inc. or Dec. Loan Level	Inc. or Dec. Subsidy	2017 Estimate Loan Level	2017 Estimate Subsidy
Discretionary Appropriations:										
Direct Loans:										
Farm Ownership	$999,667	$7,698	$1,007,898	-	$1,500,000	-	-	-	$1,500,000	-
Farm Operating	1,201,284	65,830	1,251,216	$63,061	1,252,004	$53,961	+$208,043	+$8,237	1,460,047	$62,198
Emergency	18,106	887	13,383	331	74,554 1/	2,756	-27,470	-124	47,084 1/	2,632
Indian Land Acquisition	-	-	-	-	2,000	-	+18,000	-	20,000	-
Boll Weevil Eradication	-	-	-	-	60,000	-	-	-	60,000	-
Indian Highly Fractionated Land	-	-	-	-	10,000	-	-	+2,550	10,000	2,550
Subtotal	2,219,057	74,415	2,272,497	63,392	2,898,558	56,717	+198,573	+10,663	3,097,131	67,380
Guaranteed Loans:										
Farm Ownership, Unsubsidized	2,012,782	-	2,041,130	-	2,000,000	-	-	-	2,000,000	-
Farm Operating, Unsubsidized	1,000,135	12,202	1,365,450	14,474	1,393,443	14,352	+38,987	+975	1,432,430	15,327
Conservation	-	-	1,355	-	150,000	-	-	-	150,000	-
Subtotal	3,012,917	12,202	3,407,935	14,474	3,543,443	14,352	+38,987	+975	3,582,430	15,327
Individual Development Grants	-	-	-	-	-	-	+1,500	+1,500	1,500	1,500
Administrative Expense										
Program Loan Cost Expense		5,375		7,623		7,920	-	+2,150		10,070
Salaries and Expenses	-	306,998	-	306,998	-	306,998	-	-	-	306,998
Subtotal	-	312,373	-	314,621	-	314,918	-	+2,150		317,068
Total Obligations	5,231,974	398,990	5,680,432	392,487	6,442,001	385,987	+239,060	+15,288	6,681,061	401,275
Lapsing Balances	738,791	5,024	1,200,494	633	-	-	-	-	-	-
Balance Available, EOY	46,571	2,239	113,125	2,863	37,641	1,370	-37,641	-1,370	-	-
Total Available	6,017,336	406,253	6,994,051	395,983	6,479,642	387,357	+201,419	+13,918	6,681,061	401,275
Bal Available, SOY	-30,018	-1,490	-91,937	-2,239	-77,528	-2,864	+53,020	+1,494	-24,508	-1,370
Other Adjustments (Net)	-	-30	-	-99	-	-	-	-	-	-
Total Appropriation	5,987,318	404,733	6,902,114	393,645	6,402,114	384,493	+254,439	+15,412	6,656,553	399,905

Loan levels and subsidy may change for individual programs throughout the year as authorized by the Consolidated Farm and Rural Development Act (ConAct) and annual appropriations acts.
1/ Emergency loan level includes subsidy BA carryin.

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
Justification of Increases and Decreases

Base funds for the ACIF will provide direct and guaranteed loans to famers temporarily unable to obtain regular commercial credit. Continuing base funding is crucial to providing loans to the farmers.

(1) An increase of $11,762,000 in subsidy budget authority ($69,575,000 available in FY 2016)
FSA seeks to contribute significantly to the recruitment and support of a new generation of American farmers - particularly, veteran farmers. Access to sufficient capital is a commonly cited barrier to entry, which many aspiring veteran farmers fail to overcome. This increase is comprised of three distinct budget authority/loan level increases that will support this goal. The first is an increase of $8,237,000 in subsidy for direct operating loans. This increase directly supports an increase of $208 million in loan level, which will be administratively targeted to veteran farmers. The additional funds will provide loans to an estimated 3,800 veteran farmers and ranchers. The second increase is related to guaranteed operating loans. An additional $975,000 will allow us to waive application fees for veteran farmers. Compared to FY 2016, this budget funds loan levels that are $39 million higher for guaranteed farm operating. The fee waiver will also apply to guaranteed ownership loans, but there is no budget authority impact since this program has a negative subsidy rate. Finally, the third increase of $2,550,000 reflects a change in the lending approach for Indian highly fractionated land loans. By using intermediary lenders, USDA plans to charge only a 1% interest rate, which is significantly lower than previous assumptions. In order to be able to offer this interest rate, a subsidy rate increase is necessary. Loan level does not change, and the entire increase in budget authority is due to the change in the borrower interest rate.

(2) A decrease of $12,091,000 in Emergency Loans ($34,667,000 available in FY 2016)
A decrease of $12,091,000 in Emergency loan level for 2017 is due to a change in the borrower interest rate. FSA proposes a reduction in the borrower rate for emergency loans to be equal to that of direct operating loans. Emergency loans are set up for specific emergency purposes; however, a borrower may opt for a direct operating loan rather than an emergency loan due to the lower interest rate on direct operating loans. This creates an adverse impact on the availability of direct operating loans in any given year, since borrowers will use direct operating loans for purposes that emergency loans are intended to fund. The revised borrower rate would make emergency loans as cost-effective for the borrower as direct operating loans, but increases the overall cost of making an emergency loan.

(3) An increase of $18,000,000 in Indian Tribe Land Acquisition Program (ITLAP) loans ($2,000,000 available in FY 2016)
FSA proposes to increase the amount of funding available for ITLAP loans. Feedback based on outreach with native tribes indicates that the current funding amount is insufficient for a single loan to be made. Current estimates indicate that an average loan would need to be in excess of $6 million in order to be viable. Therefore, FSA proposes a modest increase to allow for a small number of loans to be made in this program. Because this program has a negative subsidy rate, there is no budget authority impact.

(4) An increase of $1,500,000 in Individual Development Account Grants ($0 available in FY 2016)
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. The maximum amount of any matching grant to an individual is $3,000.

(5) An increase of $2,150,000 in administrative expenses budget authority ($314,918,000 available in FY 2016)
The increase in administrative expenses is in the program loan cost expenses (PLCE) appropriation to further sustain the increase of assistance to beginning farmers - particularly veterans. Program loan cost funds (PLCE) are used to pay for non-recoverable costs directly attributed to farm loan program delivery and operations. This includes items and services such as collateral appraisals, data collection services and publications. In addition, these funds are used to obtain contract services to protect loan collateral and

comply with statutory requirements for loan making servicing processes when local staff resources are inadequate. Both annual loan-making and the overall portfolio value have increased over the last several years, and continue to increase without subsequent increase in PLCE funding. These funds will provide adequate levels of support to meet the needs created by significant increases in loan levels appropriated for FY 2015 and budgeted for FY 2016, and to sustain the increase in assistance to veteran farmers.

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
DIRECT FARM OWNERSHIP PROGRAM

Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2014 Actual Loan Level	2015 Actual Loan Level	2016 Estimate Loan Level	2017 Estimate Loan Level
Alabama	$7,098	$8,103	$12,000	$12,000
Alaska	235	287	450	450
Arizona	1,372	1,738	2,550	2,550
Arkansas	9,548	17,420	25,950	25,950
California	12,732	9,278	13,800	13,800
Colorado	13,731	16,148	24,000	24,000
Connecticut	379	178	300	300
Delaware	900	3,922	5,850	5,850
Florida	4,480	8,031	12,000	12,000
Georgia	13,297	10,794	16,050	16,050
Hawaii	300	900	1,350	1,350
Idaho	18,597	16,903	25,200	25,200
Illinois	57,810	44,147	65,700	65,700
Indiana	29,163	25,467	37,950	37,950
Iowa	101,697	76,345	113,550	113,550
Kansas	65,250	61,983	92,250	92,250
Kentucky	37,927	41,524	61,800	61,800
Louisiana	992	1,651	2,400	2,400
Maine	2,550	2,825	4,200	4,200
Maryland	2,183	2,940	4,350	4,350
Massachusetts	2,774	2,355	3,450	3,450
Michigan	20,362	26,547	39,450	39,450
Minnesota	66,310	35,007	52,050	52,050
Mississippi	2,714	4,671	6,900	6,900
Missouri	40,395	38,503	57,300	57,300
Montana	9,378	11,772	17,550	17,550
Nebraska	70,968	57,937	86,250	86,250
Nevada	2,121	1,475	2,250	2,250
New Hampshire	861	1,126	1,650	1,650
New Jersey	1,144	695	1,050	1,050
New Mexico	6,151	8,544	12,750	12,750
New York	4,397	7,250	10,800	10,800
North Carolina	4,515	7,743	11,550	11,550
North Dakota	19,632	19,654	29,250	29,250
Ohio	39,739	33,180	49,350	49,350
Oklahoma	98,652	124,285	184,950	184,950
Oregon	7,229	14,809	22,050	22,050
Pennsylvania	19,155	25,340	37,650	37,650
Rhode Island	127	280	450	450
South Carolina	5,827	8,757	13,050	13,050
South Dakota	39,509	39,982	59,550	59,550
Tennessee	13,419	18,862	28,050	28,050
Texas	39,441	54,037	80,400	80,400
Utah	14,260	16,259	24,150	24,150
Vermont	2,213	4,817	7,200	7,200
Virginia	14,271	19,965	29,700	29,700
Washington	5,922	10,659	15,900	15,900
West Virginia	7,390	9,667	14,400	14,400
Wisconsin	50,790	44,127	65,700	65,700
Wyoming	6,690	6,335	9,450	9,450
American Samoa	-	-	-	-
District of Columbia	-	-	-	-
Guam	-	-	-	-
Midway Islands	-	-	-	-
N. Mariana Islands	-	-	-	-
Puerto Rico	2,820	2,674	4,050	4,050
Virgin Islands	200	-	-	-
Western Pacific Territories	50	-	-	-
Obligations	999,667	1,007,898	1,500,000	1,500,000
Lapsing Balances	110,333	492,102	-	-
Total, Available	1,110,000	1,500,000	1,500,000	1,500,000

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

State/Territory	2014 Actual Loan Level	2015 Actual Loan Level	2016 Estimate Loan Level	2017 Estimate Loan Level
Alabama	$65,301	$66,064	$64,733	$64,733
Arizona	4,169	5,506	5,395	5,395
Arkansas	91,126	124,644	122,132	122,132
California	54,123	30,158	29,550	29,550
Colorado	19,297	19,520	19,127	19,127
Connecticut	1,179	733	718	718
Delaware	16,321	15,308	15,000	15,000
Florida	11,566	17,197	16,850	16,850
Georgia	33,315	35,087	34,380	34,380
Hawaii	2,161	6,372	6,244	6,244
Idaho	41,611	22,257	21,809	21,809
Illinois	97,710	87,440	85,678	85,678
Indiana	116,660	99,369	97,367	97,367
Iowa	83,564	101,985	99,930	99,930
Kansas	32,066	45,561	44,643	44,643
Kentucky	47,498	55,909	54,782	54,782
Louisiana	8,614	9,076	8,893	8,893
Maine	3,705	2,680	2,626	2,626
Maryland	7,046	14,400	14,110	14,110
Massachusetts	4,356	6,460	6,330	6,330
Michigan	40,140	45,711	44,790	44,790
Minnesota	103,891	96,207	94,268	94,268
Mississippi	41,812	50,053	49,044	49,044
Missouri	87,877	97,397	95,434	95,434
Montana	39,840	32,378	31,726	31,726
Nebraska	76,368	84,275	82,577	82,577
Nevada	9,594	7,852	7,694	7,694
New Hampshire	3,570	645	632	632
New Jersey	1,886	512	502	502
New Mexico	10,797	12,121	11,877	11,877
New York	32,475	23,289	22,820	22,820
North Carolina	50,976	41,692	40,852	40,852
North Dakota	21,759	35,644	34,926	34,926
Ohio	210,723	175,802	172,259	172,259
Oklahoma	28,759	43,487	42,611	42,611
Oregon	22,737	21,347	20,917	20,917
Pennsylvania	21,627	18,155	17,789	17,789
Rhode Island	325	500	490	490
South Carolina	31,402	35,853	35,131	35,131
South Dakota	62,453	56,082	54,952	54,952
Tennessee	36,088	38,385	37,612	37,612
Texas	38,873	40,053	39,246	39,246
Utah	18,180	20,385	19,974	19,974
Vermont	11,344	14,456	14,165	14,165
Virginia	26,731	28,517	27,942	27,942
Washington	4,853	8,903	8,724	8,724
West Virginia	4,183	3,716	3,641	3,641
Wisconsin	216,700	224,894	220,362	220,362
Wyoming	8,570	11,888	11,646	11,646
Puerto Rico	6,861	5,205	5,100	5,100
Obligations	2,012,782	2,041,130	2,000,000	2,000,000
Lapsing Balances	337,218	458,870	-	-
Total, Available	2,350,000	2,500,000	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	2014 Actual Loan Level	2015 Actual Loan Level	2016 Estimate Loan Level	2017 Estimate Loan Level
Alabama	$17,750	$20,861	$20,908	$24,383
Alaska	529	340	376	438
Arizona	6,531	6,352	6,385	7,446
Arkansas	35,839	40,443	40,440	47,160
California	25,825	21,380	21,409	24,967
Colorado	19,208	17,403	17,403	20,295
Connecticut	715	509	501	584
Delaware	165	499	501	584
Florida	21,449	20,396	20,408	23,799
Georgia	49,191	45,257	45,323	52,854
Hawaii	2,040	2,003	2,003	2,336
Idaho	24,093	21,966	22,035	25,697
Illinois	16,645	15,343	15,400	17,959
Indiana	7,665	7,995	8,013	9,344
Iowa	79,190	74,056	74,119	86,435
Kansas	41,700	45,413	45,448	53,000
Kentucky	48,352	47,505	47,576	55,482
Louisiana	20,178	23,336	23,412	27,303
Maine	3,478	3,615	3,631	4,234
Maryland	3,757	1,506	1,502	1,752
Massachusetts	3,536	2,702	2,754	3,212
Michigan	21,234	22,778	22,786	26,573
Minnesota	56,350	56,548	56,591	65,994
Mississippi	20,122	24,159	24,164	28,179
Missouri	25,334	33,276	33,303	38,837
Montana	16,083	24,325	24,289	28,325
Nebraska	85,453	90,326	90,395	105,415
Nevada	3,523	3,175	3,130	3,650
New Hampshire	1,399	1,047	1,002	1,168
New Jersey	3,131	3,212	3,255	3,796
New Mexico	10,086	10,680	10,642	12,410
New York	14,741	10,924	10,892	12,702
North Carolina	22,886	24,428	24,414	28,471
North Dakota	31,258	38,215	38,186	44,531
Ohio	11,008	11,145	11,143	12,994
Oklahoma	66,724	82,180	82,257	95,925
Oregon	13,918	13,540	13,522	15,769
Pennsylvania	25,010	23,554	23,538	27,449
Rhode Island	800	769	751	876
South Carolina	30,003	28,614	28,671	33,435
South Dakota	50,579	51,165	51,207	59,716
Tennessee	28,711	33,707	33,679	39,275
Texas	80,436	89,275	89,393	104,247
Utah	24,971	21,071	21,034	24,529
Vermont	5,781	5,428	5,384	6,278
Virginia	24,147	24,155	24,164	28,179
Washington	23,640	24,494	24,539	28,617
West Virginia	13,218	13,769	13,772	16,061
Wisconsin	55,805	56,942	56,966	66,432
Wyoming	2,676	4,619	4,632	5,402
Puerto Rico	4,170	4,635	4,632	5,402
Virgin Islands	100	50	-	-
Western Pacific Territories	151	131	124	146
Obligations	1,201,284	1,251,216	1,252,004	1,460,047
Lapsing Balances	19,336	884	-	-
Total, Available	1,220,620	1,252,100	1,252,004	1,460,047

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

State/Territory	2014 Actual	2015 Actual	2016 Estimate	2017 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama	$3,881	$9,947	$10,151	$10,435
Arizona	9,278	1,970	2,010	2,067
Arkansas	57,161	82,866	84,565	86,931
California	37,668	33,948	34,644	35,613
Colorado	13,734	16,958	17,306	17,790
Connecticut	650	1,200	1,225	1,259
Delaware	854	1,615	1,648	1,694
Florida	12,528	15,962	16,289	16,745
Georgia	47,241	65,575	66,920	68,792
Hawaii	136	111	113	116
Idaho	34,756	37,295	38,060	39,125
Illinois	19,614	43,703	44,599	45,847
Indiana	25,722	46,249	47,197	48,518
Iowa	50,710	67,044	68,419	70,333
Kansas	26,251	39,259	40,064	41,185
Kentucky	25,244	18,568	18,949	19,479
Louisiana	45,907	56,790	57,954	59,576
Maine	2,642	1,812	1,849	1,901
Maryland	1,500	687	701	721
Massachusetts	350	1,414	1,443	1,483
Michigan	18,617	21,792	22,239	22,861
Minnesota	60,244	88,746	90,566	93,099
Mississippi	5,323	8,136	8,303	8,535
Missouri	39,873	55,399	56,535	58,117
Montana	21,414	22,094	22,547	23,178
Nebraska	36,244	48,908	49,909	51,305
Nevada	2,436	2,846	2,904	2,986
New Hampshire	632	233	238	244
New Jersey	1,015	399	407	419
New Mexico	10,421	4,237	4,324	4,445
New York	12,387	17,351	17,707	18,202
North Carolina	24,267	21,381	21,819	22,430
North Dakota	43,775	100,185	102,239	105,100
Ohio	16,493	14,504	14,801	15,216
Oklahoma	25,790	46,787	47,746	49,082
Oregon	13,946	18,765	19,150	19,686
Pennsylvania	7,318	5,834	5,954	6,120
Rhode Island	-	500	510	525
South Carolina	14,079	15,047	15,355	15,785
South Dakota	33,666	37,404	38,171	39,239
Tennessee	13,795	19,350	19,747	20,299
Texas	66,302	127,268	129,877	133,511
Utah	5,736	7,786	7,946	8,168
Vermont	7,665	7,473	7,626	7,840
Virginia	19,258	18,916	19,304	19,844
Washington	23,422	35,900	36,636	37,661
West Virginia	710	2,255	2,301	2,366
Wisconsin	50,403	65,536	66,879	68,750
Wyoming	4,855	4,652	4,745	4,880
Puerto Rico	4,222	2,793	2,852	2,927
Western Pacific Territories	-	-	-	-
Obligations	1,000,135	1,365,450	1,393,443	1,432,430
Lapsing Balances	49,905	27,993	-	-
Bal. Available, EOY	2,132	2,454	-	-
Total, Available	1,052,172	1,395,897	1,393,443	1,432,430

FARM SERVICE AGENCY

AGRICULTURAL CREDIT INSURANCE FUND

EMERGENCY LOAN PROGRAM

Geographic Breakdown of Obligations

(Dollars in thousands)

State/Territory	2014 Actual Loan Level	2015 Actual Loan Level	2016 Estimate Loan Level	2017 Estimate Loan Level
Alabama	$703	-	-	-
Arkansas	418	$3,936	$21,270	$13,850
Delaware	103	-	-	-
Florida	730	-	-	-
Georgia	2,171	587	3,171	2,065
Hawaii	50	50	270	176
Idaho	198	477	2,577	1,678
Illinois	25	-	-	-
Iowa	4	60	324	211
Kansas	50	-	-	-
Louisiana	41	-	-	-
Maryland	411	-	-	-
Massachusetts	105	-	-	-
Michigan	203	149	805	524
Minnesota	1,505	2,848	15,387	10,019
Missouri	476	123	1,665	433
Montana	212	221	1,194	777
Nebraska	68	-	-	-
New Hampshire	21	-	-	-
New Jersey	776	-	-	-
New Mexico	59	-	-	-
New York	340	-	-	-
North Carolina	2,106	295	2,239	1,038
North Dakota	477	1,283	6,932	4,514
Oklahoma	160	211	1,140	742
Oregon	225	-	-	-
South Carolina	5,283	3	16	10
South Dakota	324	-	-	-
Texas	554	2,718	15,284	9,562
Vermont	150	-	-	-
Wisconsin	158	-	-	-
Wyoming	-	417	2,253	1,467
Western Pacific Territories	-	5	27	18
Obligations	18,106	13,383	74,554	47,084
Lapsing Balances	-	-	-	-
Bal. Available, EOY	44,439	110,671	37,641	-
Total, Available	62,545	124,054	112,195	47,084

Balance available EOY may change in the following year due to change in subsidy rate.

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

State/Territory	2014 Actual Loan Level	2015 Actual Loan Level	2016 Estimate Loan Level	2017 Estimate Loan Level
Wisconsin...	-	$1,355	-	-
Undistributed..	-	-	$150,000	$150,000
Obligations..	-	1,355	150,000	150,000
Lapsing Balances..	$150,000	148,645	-	-
Total, Available..	150,000	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)

	2014 Actual Loan Level	2015 Actual Loan Level	2016 Estimate Loan Level	2017 Estimate Loan Level
Undistributed..	-	-	$60,000	$60,000
Total Obligation..	-	-	60,000	60,000
Lapsing Balances..	$60,000	$60,000	-	-
Total, Available..	60,000	60,000	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	2014 Actual Loan Level	2015 Actual Loan Level	2016 Estimate Loan Level	2017 Estimate Loan Level
Undistributed..	-	-	$2,000	$20,000
Total Obligation..	-	-	2,000	20,000
Lapsing Balances..	$2,000	$2,000	-	-
Total, Available..	2,000	2,000	2,000	20,000

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

	2014 Actual	2015 Actual	2016 Estimate	2017 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Undistributed	-	-	$10,000	$10,000
Total Obligation	-	-	10,000	10,000
Lapsing Balances	$10,000	$10,000	-	-
Total, Available	10,000	10,000	10,000	10,000

FARM SERVICE AGENCY

AGRICULTURAL CREDIT INSURANCE FUND

Classification by Objects

(Dollars in thousands)

		2014 Actual	2015 Estimate	2016 Estimate	2017 Estimate
25.3	Other purchases of goods and services from Federal sources................................	$312,373	$314,621	$314,918	$317,068
41.0	Grants, subsidies and contributions............	86,617	77,866	71,069	84,207
99.9	Total, new obligations...........................	398,990	392,487	385,987	401,275

AGRICULTURAL CREDIT INSURANCE FUND

Status of Program

Current Activities: Through the Agricultural Credit Insurance Fund (ACIF), administered by the Farm Service Agency (FSA) offers direct and guaranteed loans to farmers temporarily unable to obtain private 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 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.

- Highly Fractionated Indian Land Loans. A revolving loan fund is available to qualified tribal entities, who borrow from the fund and relend 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 $2.6 billion to beginning farmers during 2015, of which $1.4 billion was in the ownership program and $1.2 billion was in the operating program. Loans for socially disadvantaged farmers totaled $827 million, of which roughly $438 million was in the farm ownership program and roughly $389 million was in the farm operating program.

Selected Examples of Recent Progress: Lending to beginning farmers was strong during 2015. FSA loaned or guaranteed beginning farmer loans for 20,582 borrowers. The ratio of direct loans made to minority borrowers increased 8% from FY2014, while those to women borrowers showed a 7.17% increase from FY 2014. Outreach efforts by FSA field offices to promote and inform beginning and socially disadvantaged farmers about available FSA programs have resulted in increased lending to these groups in the last few years.

Overall loan totals were generally higher from 2014 to 2015, and 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 2%, and the number of socially disadvantaged loans increased by 8%. With regard to direct and guaranteed farm ownership and operating programs, the following tables represent generally significant increases in loan activity from 2014 to 2015; this includes loans to both Beginning Farmers and Socially Disadvantaged Farmers:

The following tables reflect 2015 ACIF program activity:

FY 2015 Actual Agricultural Credit Insurance Fund Loans and Obligations

Total Direct and Guaranteed Loans			
	FY 2014	**FY 2015**	**Percent Change**
Total Number Of Loans			
Direct Farm Ownership	5,522	5,580	1%
Guaranteed Farm Ownership	4,584	4,390	-4%
Ownership Subtotal	**10,106**	**9,970**	**-1%**
Direct Operating	17,736	16,107	-9%
Direct Operating - Microloans	4,995	6,574	32%
Guaranteed Operating	4,131	4,835	17%
Operating Subtotal	**26,862**	**27,516**	**2%**
Grand Total Number of Loans	**36,968**	**37,486**	**1%**
Total Dollar Value Of Loans ($000)			
Direct Farm Ownership	$999,667	$1,007,898	1%
Guaranteed Farm Ownership	$2,012,782	$2,042,485	1%
Ownership Subtotal	**$3,012,449**	**$3,050,383**	**1%**
Direct Operating	$1,102,719	$1,090,419	-1%
Direct Operating - Microloans	$98,565	$160,797	63%
Guaranteed Operating	$1,000,135	$1,365,450	37%
Operating Subtotal	**$2,201,419**	**$2,616,666**	**19%**
Grand Total Dollar Value of Loans	**$5,213,868**	**$5,667,049**	**9%**

Beginning Farmer Loans a/			
	FY 2014	**FY 2015**	**Percent Change**
Total Number Of Loans			
Direct Farm Ownership	1,870	1,939	4%
Direct Farm Ownership Down-payment	2,140	2,111	-1%
Guaranteed Farm Ownership	1,660	1,727	4%
Ownership Subtotal	**5,670**	**5,777**	**2%**
Direct Operating	12,927	13,167	2%
Guaranteed Operating	1,545	1,638	6%
Operating Subtotal	**14,472**	**14,805**	**2%**
Grand Total Number of Loans	**20,142**	**20,582**	**2%**
Total Dollar Value Of Loans ($000)			
Direct Farm Ownership	$361,301	$356,072	-1%
Direct Farm Ownership Down-payment	$360,201	$374,150	4%
Guaranteed Farm Ownership	$602,360	$660,417	10%
Ownership Subtotal	**$1,323,862**	**$1,390,639**	**5%**
Direct Operating	$775,111	$805,053	4%
Guaranteed Operating	$294,440	$363,800	24%

Operating Subtotal	**$1,069,551**	**$1,168,853**	**9%**
Grand Total Dollar Value of Loans	**$2,393,413**	**$2,559,492**	**7%**
Socially Disadvantaged Farmer Loans a/			
Total Number Of Loans			
	FY 2014	**FY 2015**	**Percent Change**
Direct Farm Ownership	1,025	1,223	19%
Guaranteed Farm Ownership	543	474	-13%
Ownership Subtotal	**1,568**	**1,697**	**8%**
Direct Operating	6,603	7,148	8%
Guaranteed Operating	409	419	2%
Operating Subtotal	**7,012**	**7,567**	**8%**
Grand Total Number of Loans	**8,580**	**9,264**	**8%**
Total Dollar Value Of Loans ($000)			
Direct Farm Ownership	$175,003	$208,569	19%
Guaranteed Farm Ownership	$245,194	$229,962	-6%
Ownership Subtotal	**$420,197**	**$438,531**	**4%**
Direct Operating	$244,524	$272,021	11%
Guaranteed Operating	$94,631	$116,805	23%
Operating Subtotal	**$339,155**	**$388,826**	**15%**
Grand Total Dollar Value of Loans	**$759,352**	**$827,357**	**9%**

a/ Please note that, while loans made are subsets of the total, any one loan could be counted in more than one category so that the grand total may be less than the sum of the subtotals. For example, a direct farm ownership socially disadvantaged farmer (borrower) could also be a beginning farmer and would be included in both categories; however, this would only count as one loan in the grand total.

FARM SERVICE AGENCY

Reforestation Pilot Program

Lead-Off Tabular Statement

Budget Estimate, 2017	0
2016 Enacted	$600,000
Change in Appropriation	-600,000

Summary of Increases and Decreases

(Dollars in thousands)

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Discretionary Appropriations:					
Reforestation Pilot Program	$600	-	-	-$600	-
Total	600	-	-	-600	-

FARM SERVICE AGENCY
Reforestation Pilot Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Inc. or Dec. Amount	2017 Estimate Amount
Discretionary Appropriations:					
Reforestation Pilot Program......................	$600	$600	$600	-$600 (1)	-
Total Appropriation.................................	600	600	600	-600	-
Total Available..	600	600	600	-600	-
Total Obligations.....................................	600	600	600	-600	-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Inc. or Dec. Amount	2017 Estimate Amount
Discretionary Obligations:					
Reforestation Pilot Program......................	$600	$600	$600	-$600	-
Total Obligations.....................................	600	600	600	-600	-
Total Available..	600	600	600	-600	-
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 2016).

The FY 2017 Budget proposes no funding for this program.

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

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Louisiana	$100	$100	$100	-
Mississippi	500	500	500	-
Obligations	600	600	600	-
Total, Available	600	600	600	-

Classification by Objects
(Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
41.0 Grants, Subsidies and Contributions	$600	$600	$600	-
99.0 Total, new obligations	600	600	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 five 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.

<u>Current Activities:</u> In FY 2015, $600,000 was made available to MSU to continue the pilot program. The MSU Forest and Wildlife Research Center planted an additional 230 acres with 23,652 RPM and other affected trees, and 2,400 conventional seedlings in 2015.

<u>Selected Examples of Past Activity:</u> Since the initial funding in the Agriculture Appropriations Act of 2008, $5.38 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 223,051 trees have been planted and 2,064 acres of hardwood forests have been restored by the program.

FARM SERVICE AGENCY

Emergency Conservation Program

Lead-Off Tabular Statement

Budget Estimate, 2017	0
2016 Enacted	$108,000,000
Change in Appropriation	-108,000,000

Summary of Increases and Decreases - Current Law
(Dollars in thousands)

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Discretionary Appropriations:					
Emergency Conservation Program	-	+$9,216	+$98,784	-$108,000	-
Total,	-	+9,216	98,784	-108,000	-

[1/] Of the total appropriation, $91 million is for Stafford designated disasters and $17 million is for disasters designated by the Secretary, USDA.

FARM SERVICE AGENCY
Emergency Conservation Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Inc. or Dec. Amount		2017 Estimate Amount
Discretionary Appropriations:						
Emergency Conservation Program Regular..................	-	-	$17,000	-$17,000		-
Emergency Conservation Program Stafford..................	-	$9,216	91,000	-91,000		-
Subtotal..	-	9,216	108,000	-108,000	(1)	-
Supplemental Appropriations:						
Emergency Conservation Program Sandy	-	-	-	-		-
Total Adjusted Approp..	-	9,216	108,000	-108,000		-
Rescissions, Transfers, and Seq. (Net)..............................	-	-	-	-		-
Total Appropriation...	-	9,216	108,000	-108,000		-
Bal. Available, SOY...	$174,259	155,969	135,332	+31,000		$166,332
Recoveries, Other (Net)...	9,931	5,565	-	-		-
Total Available..	184,190	170,750	243,332	-77,000		166,332
Bal. Available, EOY..	-155,969	-135,332	-166,332	+60,000		-106,332
Total Obligations...	28,221	35,418	77,000	-17,000		60,000

Emergency Conservation Program

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Inc. or Dec. Amount	2017 Estimate Amount
Discretionary Obligations:					
Emergency Conservation Program Regular..................	$15,004	$13,699	$17,000	+$6,345	$23,345
Emergency Conservation Program Stafford..................	13,029	21,510	60,000	-23,345	36,655
Subtotal..	28,033	35,209	77,000	-17,000	60,000
Supplemental Obligations:					
Emergency Conservation Program Sandy Stafford.......	188	209	-	-	-
Subtotal..	188	209	-	-	-
Total Obligations...	28,221	35,418	77,000	-17,000	60,000
Bal. Available, EOY..	155,969	135,332	166,332	-60,000	106,332
Total Available..	184,190	170,750	243,332	-77,000	166,332
Bal. Available, SOY...	-174,259	-155,969	-135,332	-31,000	-166,332
Other Adjustments (Net)..	-9,931	-5,565	-	-	-
Total Appropriation...	-	9,216	108,000	-108,000	-

Justification of Increases and Decreases

(1) A decrease of $108,000,000 for Emergency Conservation Program ($108,000,000 is available in 2016)

The FY 2017 Budget proposes no funding for this program.

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

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alabama	$496	$1,854	$35	$3,141
Arizona	683	724	227	1,226
Arkansas	376	2,444	59	4,140
California	3,481	1,313	250	2,224
Colorado	2,863	336	6	569
Connecticut/Rhode Island	7	-	-	-
Delaware	-	-	-	-
Florida	-	894	-	1,514
Georgia	2,155	283	30	479
Hawaii	12	360	1,291	610
Idaho	252	192	-	325
Illinois	399	66	7	112
Indiana	-	-	-	-
Iowa	2,216	642	-	1,088
Kansas	591	88	-	149
Kentucky	89	77	19	130
Louisiana	5	-	-	-
Maine	232	-	-	-
Maryland	4	42	4	71
Massachusetts	11	-	-	-
Michigan	-	-	-	-
Minnesota	134	535	23	906
Mississippi	163	410	28	695
Missouri	1,876	217	150	368
Montana	549	1,166	443	1,975
Nebraska	1,936	795	893	1,347
Nevada	316	329	29	557
New Hampshire	36	19	59	32
New Jersey	67	1	-	2
New Mexico	950	357	102	605
New York	171	41	3	69
North Carolina	1,864	435	-	737
North Dakota	-	-	-	-
Ohio	287	10	-	17
Oklahoma	209	3,791	344	6,422
Oregon	150	3,027	1,126	5,128
Pennsylvania	-	-	-	-
South Carolina	1,892	3,713	-	6,290
South Dakota	187	1,768	1,831	2,995
Tennessee	564	2,151	989	3,644
Texas	249	6	-	10
Utah	11	15	31	25
Vermont	993	25	-	42
Virginia	15	2	-	3
Washington	1,096	1,408	67	2,385
West Virginia	54	-	-	-
Wisconsin	3	-	-	-
Wyoming	577	3	265	5
KCMO-DMD	-	5,476	-	9,277
Puerto Rico	-	403	33	683
Undistributed	-	-	68,656	-
Obligations	28,221	35,418	77,000	60,000
Bal. Available, EOY	155,969	135,332	166,332	106,332
Total, Available	184,190	170,750	243,332	166,332

FARM SERVICE AGENCY

Emergency Conservation Program

Classification by Objects

(Dollars in thousands)

		2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
41.0	Grants	$28,221	$35,418	$77,000	$60,000
99.9	Total, new obligations	28,221	35,418	77,000	60,000

EMERGENCY CONSERVATION PROGRAM

Status of Program

Current Activities: During FY 2015, 36 States participated in the Emergency Conservation Program (ECP), with new or continued activity from the previous year, involving approximately $25.6 million in cost-share and technical assistance funds outlays. In FY 2015, $9.216 million of ECP funding was provided by P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015 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.). $23.9 million was outlayed in FY 2015, which includes prior year unobligated balances brought forward.

Selected Examples of Recent Activity: ECP provisions in current and prior years' supplemental appropriations have targeted funding needs for both regular ECP and specific disasters, such as the pervasive western drought conditions, southern mid-Atlantic ice storms and flooding, Midwest flooding, tornado damage, and western states wildfires. Funds are monitored through separate disaster identification accounts. ECP funds continue to assist agricultural producers rehabilitate natural disaster damaged farmland by removing flood and tornado deposited debris from farmland which returns the land to its productive agricultural capacity, providing emergency water for livestock in parts of the Western U.S. 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 ice storms. The funds-specific ECP implementation for Hurricane Sandy is complete; FSA issued more than $0.8 million in cost-share funds to 260 producers. During FY 2015, ECP allocated $21.5 million in Stafford Act funds and $21.3 million in unrestricted funds, totaling $42.8 million. These allocations include the reallocation of unrestricted funds remaining from previous years' disasters to help producers faced with new natural disaster events.

The following tables show (A) appropriations and outlays for 1981 through 2015 and (B) FY 2015 allocations by State.

Table A

Emergency Conservation Program Appropriations and Outlays Fiscal Years 1981-2015			
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/	$41,084,135
2014	0		$22,879,879
2015	$9,216,000	9/	$23,926,138
TOTAL	$1,288,825,485		$1,106,060,776

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.
9// In FY 2015, $9.216 million of ECP funding was also provided by P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015 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.).

Table B

EMERGENCY CONSERVATION PROGRAM FY 2015 Allocations by State		
State	Disaster	Total Allocations
AL	Tornados	$20,500
AR	Flooding, Tornados	$927,400
AZ	Drought, Flooding	$979,817
CA	Flooding	$40,000
FL	Flooding	$996,000
GA	Ice Storms, Tornados	$254,400
HI	Hurricane	$2,545,000
IA	Flooding	$649,500
ID	Drought, Wildfires	$676,000
KS	Drought	$3,329
KY	Flooding, Tornados	$128,200
MD	Flooding	$114,000
MN	Flooding	$1,748,381
MO	Flooding, Tornados	$276,300
MS	Tornados	$78,700
MT	Flooding, Wildfires	$3,052,651
NC	Ice Storms	$624,000
NE	Flooding, Tornados, Wildfires,	$2,242,000
NH	Flooding, High Winds	$21,026
NM	Flooding	$3,992,000
NV	Drought	$473,700
NY	Flooding, High Winds	$334,500
OK	Ice Storms, Severe Storms, Tornados, Wildfires	$3,136,000
OR	Drought, Wildfires	$3,749,500
SD	Drought, Flooding, Tornados	$5,643,600
TN	Flooding, High Winds, Ice Storms, Tornados	$3,945,000
UT	Flooding	$187,000
VA	Flooding	$2,500
VT	Ice Storms	$42,267
WA	Wildfires	$4,637,000
WY	Flooding	$1,287,100
Total		$42,807,371

FARM SERVICE AGENCY
Agricultural Disaster Relief Fund

Lead-Off Tabular Statement

Budget Estimate, 2017	0
2016 Enacted	0
Change in Appropriation	0

Summary of Increases and Decreases
(Dollars in thousands)

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Mandatory Appropriations:					
Agricultural Disaster Relief Fund	$97	-$11	-$86	-	-
Total	97	-11	-86	-	-

FARM SERVICE AGENCY
Agricultural Disaster Relief Fund

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Estimate Amount	Inc. or Dec. Amount	2017 Estimate Amount
Mandatory Appropriations:					
Agricultural Disaster Relief Fund...	$97	$86	-	-	-
Total Appropriation........................	97	86	-	-	-
Transfers In:					
Borrowing Authority......................	39,182		$1,800	-$1,800	-
Subtotal......................................	39,182	-	1,800	-1,800	-
Sequestration......................................	-7,200		-131	131	-
Bal. Available, SOY...........................	-	-	-	-	-
Recoveries, Other (Net)......................	106	3,188	-	-	-
Total Available...............................	32,185	3,274	1,669	-1,669	-
Bal. Available, EOY...........................	-	-	-	-	-
Total Obligations............................	32,185	3,274	1,669	-1,669	-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Estimate Amount	Inc. or Dec. Amount	2017 Estimate Amount
Mandatory Obligations:					
Agricultural Disaster Relief............	$32,185	$3,274	$1,669	-$1,669	-
Subtotal......................................	32,185	3,274	1,669	-1,669	-
Total Obligations............................	32,185	3,274	1,669	-1,669	-
Bal. Available, EOY...........................	-	-	-	-	-
Total Available...............................	32,185	3,274	1,669	-1,669	-
Transfers In					
(Borrowing Authority)	-39,182	-	-1,800	1,800	-
Transfers Out.....................................	-	-	-	-	-
Sequestration......................................	7,200	-	131	-131	-
Bal. Available, SOY...........................	-	-	-	-	-
Other Adjustments (Net)....................	-106	-3,188	-	-	-
Total Appropriation........................	97	86	-	-	-

Justification of Increases and Decreases

The 2016 funds are for the remainder of payments projected for this program. Payments to be made in FY 2016 are due to residual payments/corrections/appeals/upward adjustments to prior year obligations for projects under the authorization in PL 110-246, including SURE. No FY 2017 requirements are projected.

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

State/Territory	2014 Actual	2015 Actual	2016 Estimate	2017 Estimate
	Amount	Amount	Amount	Amount
Alabama	$222	$28	$34	-
Alaska	6	-	10	-
Arizona	34	0	-	-
Arkansas	136	14	18	-
California	1245	129	55	-
Colorado	1367	141	12	-
Connecticut	537	59	-	-
Delaware	27	0	12	-
Florida	7222	727	37	-
Georgia	416	45	18	-
Hawaii	19	0	20	-
Idaho	-	-	34	-
Illinois	3327	350	18	-
Indiana	56	0	29	-
Iowa	244	25	34	-
Kansas	1073	111	36	-
Kentucky	186	19	34	-
Louisiana	123	13	84	-
Maine	-	-	34	-
Maryland	118	12	91	-
Massachusetts	51	0	37	-
Michigan	105	16	34	-
Minnesota	1276	132	41	-
Mississippi	966	106	34	-
Missouri	62	0	52	-
Montana	1428	148	34	-
Nebraska	107	11	60	-
Nevada	-	-	34	-
New Hampshire	-	-	112	-
New Jersey	164	17	34	-
New Mexico	507	52	34	-
New York	2	0	44	-
North Carolina	363	38	51	-
North Dakota	1753	168	34	-
Ohio	209	22	27	-
Oklahoma	654	68	34	-
Oregon	1206	125	19	-
Pennsylvania	212	22	34	-
Rhode Island	1	0	93	-
South Carolina	52	0	-	-
South Dakota	503	57	10	-
Tennessee	857	89	-	-
Texas	1553	151	12	-
Utah	-	-	-	-
Vermont	403	46	-	-
Virginia	35	0	81	-
Washington	2855	284	-	-
West Virginia	-	-	13	-
Wisconsin	6	0	-	-
Wyoming	15	0	92	-
Puerto Rico	482	49	9	-
Undistributed	-	-		-
Obligations	32,185	3,274	1,669	-
Lapsing Balances	-	-	-	-
Bal. Available, EOY	-	-	-	-
Total, Available	32,185	3,274	1,669	-

FARM SERVICE AGENCY
Agricultural Disaster Relief Fund

Classification by Objects
(Dollars in thousands)

		2014 Actual	2015 Actual	2016 Estimate	2017 Estimate
41.0	Grants	$32,185	$3,274	$1,669	-
99.9	Total, new obligations	32,185	3,274	1,669	-

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. 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). 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.

During FY 2015, funds were used to make remaining residual payments to farmers and ranchers, including adjustments to prior year obligations. Obligations totaled $3.3 million. Total outlays were $4.1 million. The outlays reported in FY 2015 are also due to residual payments, corrections, and/or appeals based on obligations incurred for crop years 2008 – 2011.

The Agriculture Act of 2014 shifted the funding authority for disaster programs from the Agricultural Disaster Relief Fund to the Commodity Credit Corporation.

Programs	Obligations	Outlays
ELAP	$16,373	$16,373
LFP	581,820	546,724
LIP	156,751	154,713
SURE	2,808,445	3,156,207
TAP	-236,175	195,176
Total	3,327,214	4,069,193

FARM SERVICE AGENCY
USDA Supplemental Assistance

Lead-Off Tabular Statement

Budget Estimate, 2017	0
2016 Enacted	$1,996,000
Change in Appropriation	-1,996,000

Summary of Increases and Decreases
(Dollars in thousands)

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Discretionary Appropriations:					
Agricultural Disaster Relief Fund	$1,996	-	-	-$1,996	-
Total	1,996	-	-	-1,996	-

FARM SERVICE AGENCY
USDA Supplemental Assistance

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Inc. or Dec. Amount		2017 Estimate Amount
Discretionary Appropriations:						
Geographically Disadvantaged Farmers and Ranchers	$1,996	$1,996	$1,996	-$1,996	(1)	-
Total Adjusted Approp....................	1,996	1,996	1,996	-$1,996		-
Total Appropriation..........................	1,996	1,996	1,996	-1,996		-
Total Available................................	1,996	1,996	1,996	-1,996		-
Total Obligations..............................	1,996	1,996	1,996	-1,996		-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Inc. or Dec. Amount		2017 Estimate Amount
Discretionary Obligations:						
Geographically Disadvantaged Farmers and Ranchers	$1,996	$1,996	$1,996	-$1,996	(1)	-
Other...	-	-	-	-		-
Subtotal...	1,996	1,996	1,996	-1,996		-
Total Obligations..............................	1,996	1,996	1,996	-1,996		-
Lapsing Balances	-	-	-	-		-
Bal. Available, EOY............................	-	-	-	-		-
Total Available................................	1,996	1,996	1,996	-1,996		-
Total Appropriation..........................	1,996	1,996	1,996	-1,996		-

(1) A decrease of $1,996,000 for Geographically Disadvantaged Farmers and Ranchers ($1,996,000 is available in FY 2016).

The Agricultural Act of 2014 (the 2014 Farm Bill), re-authorized the Reimbursement Transportation Cost Payment Program for Geographically Disadvantaged Farmers and Ranchers (RTCP) to reimburse geographically disadvantaged producers with a portion of the cost to transport agricultural commodities or inputs used to produce an agricultural commodity. Current year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency. The FY 2017 Budget proposes no funding for this program.

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

State/Territory	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	2017 Estimate Amount
Alaska.......................................	$338	$339	$339	-
California.................................	20	21	21	-
Hawaii......................................	760	759	759	-
Puerto Rico...............................	878	877	877	-
Obligations...........................	1,996	1,996	1,996	-
Recoveries................................	-	-		
Lapsing Balances.....................	-	-	-	-
Bal. Available, EOY................	-	-	-	-
Total, Available....................	1,996	1,996	1,996	-

Classification by Objects
(Dollars in thousands)

	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
41.0 Grants..............................	$1,996	$1,996	$1,996	-
99.9 Total, new obligations..	1,996	1,996	1,996	-

USDA SUPPLEMENTAL ASSISTANCE PROGRAM

Status of Program

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

The Agricultural Act of 2014 (Public Law 113-79), re-authorized the Reimbursement Transportation Cost Payment Program for Geographically Disadvantaged Farmers and Ranchers (RTCP). The Consolidated and Further Continuing Appropriations Act of 2015 authorized approximately $2 million for fiscal year 2015.

The purpose of the Reimbursement Transportation Cost Payment Program for Geographically Disadvantaged Farmers and Ranchers (RTCP) program is to offset a portion of the higher costs of transporting agricultural inputs and commodities over long distances. This program assists farmers and ranchers residing outside the 48 contiguous states that are at a competitive disadvantage when transporting agriculture products to the market.

<u>Current Activities:</u> RTCP benefits are calculated based on the costs incurred by the producer for transportation of the agricultural commodity or inputs during a fiscal year, subject to an $8,000 per producer cap per fiscal year. RTCP enrollments for FY 2015 began on July 20, 2015, and ended on Sept. 11, 2015. Payments for FY 2015 signup will be disbursed in FY 2016.

FARM SERVICE AGENCY
Emergency Forest Restoration Program

Lead-Off Tabular Statement

Budget Estimate, 2017	0
2016 Enacted	$6,000,000 [1/]
Change in Appropriation	-6,000,000

Summary of Increases and Decreases - Current Law
(Dollars in thousands)

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Discretionary Appropriations:					
Emergency Forest Restoration Program	-	+$3,203	+$2,797	-$6,000	-
Total	-	+3,203	+2,797	-6,000	-

[1/] Of the total appropriation, $2 million is for Stafford designated disasters and $4 million is for disasters designated by the Secretary, USDA.

FARM SERVICE AGENCY
Emergency Forest Restoration Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Inc. or Dec. Amount		2017 Estimate Amount
Discretionary Appropriations:						
Emergency Forest Restoration Program Regular..................	-	-	$4,000	-$4,000		-
Emergency Forest Restoration Program Stafford..................	-	$3,203	2,000	-$2,000		-
Total Adjusted Approp...	-	3,203	6,000	-6,000	(1)	-
Rescissions, Transfers, and Seq. (Net)…..………..….….	-	-	-	-		
Total Appropriations..	-	3,203	6,000	-6,000		-
Bal. Available, SOY..	$62,570	57,532	52,762	-26,000		$26,762
Recoveries, Other (Net)...	3,733	1,337	-	-		-
Total Available..	66,303	62,072	58,762	-32,000		26,762
Bal. Available, EOY..	-57,532	-52,762	-26,762	+24,000		-2,762
Total Obligations...	8,771	9,310	32,000	-8,000		24,000

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Inc. or Dec. Amount	2017 Estimate Amount
Discretionary Obligations:					
Emergency Forest Restoration Program Regular..................	$1,875	$123	$4,000	-$3,582	$418
Emergency Forest Restoration Program Stafford..................	1,885	6,933	28,000	-4,418	23,582
Subtotal...	3,760	7,056	32,000	-8,000	24,000
Supplemental Obligations:					
Emergency Forest Restoration Program Sandy Stafford........	5,011	2,254	-	-	-
Total Obligations...	8,771	9,310	32,000	-8,000	24,000
Bal. Available, EOY..	57,532	52,762	26,762	-24,000	2,762
Total Available..	66,303	62,072	58,762	-32,000	26,762
Bal. Available, SOY..	-62,570	-57,532	-52,762	+26,000	-26,762
Recoveries, Other (Net)...	-3,733	-1,337	-	-	-
Total Appropriation...	-	3,203	6,000	-6,000	-

Justification of Increases and Decreases

(1) A decrease of $6,000,000 for Emergency Forest Restoration Program ($6,000,000 is available in 2016)

The FY 2017 Budget proposes no funding for this program.

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

State/Territory	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
	Amount	Amount	Amount	Amount
Alabama..................................	$266	$88	-	$227
Arkansas.................................	29	-	-	-
Colorado.................................	765	336	$13	866
Connecticut..............................	184	-	-	-
Georgia..................................	785	2,567	27	6,617
Idaho....................................	-	-	-	-
Iowa.....................................	2	-	-	-
Kansas...................................	-	-	-	-
Kentucky.................................	3	-	3	-
Maine....................................	-	9	-	23
Maryland.................................	97	-	-	-
Massachusetts............................	213	-	-	-
Michigan.................................	-	-	-	-
Minnesota................................	-	-	-	-
Mississippi..............................	10	1,170	17	3,016
Nebraska.................................	158	-	67	-
New Hampshire............................	66	-	-	-
New Jersey...............................	4,256	12	-	31
New York.................................	603	467	-	1,204
North Carolina...........................	3	-	-	-
Ohio.....................................	11	92	-	237
Oregon...................................	686	-	-	-
Pennsylvania.............................	1	-	-	-
South Carolina...........................	-	2,642	118	6,811
South Dakota.............................	-	-	-	-
Tennessee................................	358	79	-	204
Texas....................................	183	48	-	124
Vermont..................................	-	-	-	-
West Virginia............................	92	-	-	-
KCMO-DMD.................................	-	1,800	-	4,640
Undistributed............................	-	-	31,755	-
Obligations..............................	8,771	9,310	32,000	24,000
Bal. Available, EOY......................	57,532	52,762	26,762	2,762
Total, Available.........................	66,303	62,072	58,762	26,762

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

	2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
41.0 Grants……………	$8,771	$9,310	$32,000	$24,000
99.0 Total, new obligations.....	8,771	9,310	32,000	24,000

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 natural disasters. During FY 2015, 12 States participated in EFRP with new or continued activity from the previous year. $3.203 million in EFRP funding was provided by P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015 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.). $4.391million was outlayed in FY 2015, which includes prior year unobligated balances brought forward.

Selected Examples of Recent Activity: EFRP provisions in prior year supplemental appropriations have targeted funding for both regular EFRP, such as southern mid-Atlantic ice storms and tornado damage, and specific disaster needs, such as Hurricane Sandy. EFRP funds are monitored through separate disaster identification accounts. EFRP funds continue to assist with the rehabilitation of forest and forest resources damaged by natural disaster events such as ice storm and tornado damage by removing forest debris and replanting tree species and wildlife habitat. In FY 2015, $3.6 million in EFRP unrestricted and Stafford Act designated funds were allocated to 4 States to assist private forest landowners facing new disasters.

The following tables show (A) appropriations and outlays for 2010 through 2015 and (B) FY 2015 allocations by State.

Table A

Emergency Forest Restoration Program Appropriations and Outlays Fiscal Years 2010-2015			
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
2014	-		$1,981,531
2015	$3,203,000	4/	$4,391,289
TOTAL	$85,268,468		$14,049,116

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 in 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.

4/ $3.203 million in EFRP funding was provided by P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015 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.).

Table B

EMERGENCY FOREST RESTORATION PROGRAM FY 2015 Allocations by State		
State	Disaster	Total Allocations
AL	Tornados	$79,400
GA	Ice Storm	$1,304,500
ME	Flooding	$10,819
MS	Tornados	$2,203,913
Total		$3,598,632

FARM SERVICE AGENCY
Pima Agriculture Cotton Trust Fund

Lead-Off Tabular Statement

Budget Estimate, 2017	$0
2016 Enacted	0
Change in Appropriation	0

Summary of Increases and Decreases
(Dollars in thousands)

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Mandatory Appropriations:					
Pima Agriculture Cotton Trust Fund	+$16,000	-$1,168	-	+$1,168	+$16,000
Total	+$16,000	-$1,168	-	+$1,168	+$16,000

FARM SERVICE AGENCY
Pima Agriculture Cotton Trust Fund

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Change Amount	2017 Estimate Amount
Mandatory Appropriations:	-	-	-	-	-
Total Adjusted Approp.	-	-	-	-	-
Transfers In:					
Commodity Credit Corporation	$16,000	$16,000	$16,000	-	$16,000
Total	16,000	16,000	16,000	-	16,000
Transfers Out:					
Rescission	-	-	-	-	-
Sequestration	-	-1,168	-1,168	+1,168	-
Bal. Available, SOY	-	-	-	-	-
Recoveries, Other (Net)	-	-	-	-	-
Total Available	16,000	14,832	14,832	+1,168	16,000
Total Obligations	16,000	14,832	14,832	+1,168	16,000

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Change Amount	2017 Estimate Amount
Mandatory Obligations:					
Pima Agriculture Cotton Trust Fund	$16,000	$14,832	$14,832	+$1,168	$16,000
Subtotal	16,000	14,832	14,832	+1,168	16,000
Mandatory Obligations:					
Total Obligations	16,000	14,832	14,832	+1,168	16,000
Total Available	16,000	14,832	14,832	+1,168	16,000
Transfers In	-16,000	-16,000	-16,000	-	-16,000
Transfers Out	-	-	-	-	-
Sequestration	-	1,168	1,168	-1,168	-
Total Appropriation	-	-	-	-	-

Justification of Increases and Decreases

The Pima Agriculture Cotton Trust fund was established by the Agricultural Act of 2014 and extends from FY 2014 to FY 2018.

FARM SERVICE AGENCY
Pima Agriculture Cotton Trust Fund

Classification by Objects
(Dollars in thousands)

		2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
Other Objects:					
41.0	Grants, Subsidies and Contributions...................	$16,000	$14,832	$14,832	$16,000
99.9	Total, new obligations................................	16,000	14,832	14,832	16,000

FARM SERVICE AGENCY
Agriculture Wool Apparel Manufacturers Trust Fund

Lead-Off Tabular Statement

Budget Estimate, 2017	$0
2016 Enacted	0
Change in Appropriation	0

Summary of Increases and Decreases
(Dollars in thousands)

Program	2014 Actual	2015 Change	2016 Change	2017 Change	2017 Estimate
Mandatory Appropriations:					
Pima Agriculture Cotton Trust Fund	+$16,000	+$2,621	+$23,679	-$12,300	+$30,000
Total	+$16,000	+$2,621	+$23,679	-$12,300	+$30,000

FARM SERVICE AGENCY
Agriculture Wool Apparel Manufacturers Trust Fund

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Change Amount	2017 Estimate Amount
Mandatory Appropriations:	-	-	-	-	-
Total Adjusted Approp.	-	-	-	-	-
Transfers In:					
Commodity Credit Corporation	$16,000	$30,000	$30,000	-	$30,000
Total	16,000	30,000	30,000	-	30,000
Transfers Out:					
Rescission	-	-	-	-	-
Sequestration	-	-2,190	-2,190	+2,190	-
Bal. Available, SOY	-	5,301	14,490	-14,490	-
Recoveries, Other (Net)	-	-	-	-	-
Total Available	16,000	33,111	42,300	+2,190	30,000
Bal. Available, EOY	-	-14,490	-	-	-
Total Obligations	16,000	18,621	42,300	-12,300	30,000

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2014 Actual Amount	2015 Actual Amount	2016 Enacted Amount	Change Amount	2017 Estimate Amount
Mandatory Obligations:					
Pima Agriculture Cotton Trust Fund	$16,000	$18,621	$42,300	-$12,300	$30,000
Subtotal	16,000	18,621	42,300	-12,300	30,000
Mandatory Obligations:					
Total Obligations	16,000	18,621	42,300	-12,300	30,000
Total Available	16,000	18,621	42,300	2,190	30,000
Transfers In	-16,000	-30,000	-30,000	-	-30,000
Transfers Out	-	-	-	-	-
Bal. Available, SOY	-	-5,301	-14,490	+14,490	-
Sequestration	-	2,190	2,190	-2,190	-
Bal. Available, EOY	-	14,490	-	-	-
Total Appropriation	-	-14,490	-	14,490	-

Justification of Increases and Decreases

The Agriculture Wool Apparel Manufacturers Trust fund was established by the Agricultural Act of 2014 and extends from FY 2014 to FY 2018.

FARM SERVICE AGENCY

Agriculture Wool Apparel Manufacturers Trust Fund

Classification by Objects

(Dollars in thousands)

		2014 Actual	2015 Actual	2016 Enacted	2017 Estimate
Other Objects:					
41.0	Grants, Subsidies and Contributions..................	$16,000	$18,621	$42,300	$30,000
99.9	Total, new obligations................................	16,000	18,621	42,300	30,000

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 two Strategic Program Goals and seven Strategic Objectives that contribute to two of the USDA Strategic Goals.

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

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

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

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	<u>Objective 1.1</u>: Provide Access to Capital <u>Objective 1.2</u>: Support Economic Viability <u>Objective 1.3</u>: Protect the Interests of Commodity Owners <u>Objective 1.4:</u> Develop Opportunities for Non-traditional Income Streams	<u>Direct and Guaranteed Farm Loans</u> All Programs except Conservation Direct and Guaranteed Loan Program <u>Income Support and Disaster Assistance</u> All Programs <u>Commodity Operations</u> All Programs	Successful Farms and Ranches Market Based Agriculture Thriving Rural Communities Affordable Food and Fiber Increased Food Security

Key Performance Measures:

Annual Performance Goals, Indicators, and Trends		Actual 2011	Actual 2012	Actual 2013	Actual 2014	Target 2015	Actual 2015	Result 2015	Target 2016	Target 2017
1.3.1	Percentage of Socially Disadvantaged Farmers (SDA) financed by USDA*	13.1	13.3	13.6	14.2	13.9	15	Exceed	14	14.1
1.3.2	Percentage of Beginning Farmers financed by USDA*	64.9	68.8	70	79.2	75.5	85.6	Exceed	76.5	77.5
Allowable Data Range for Met: +/-.5										
Assessment of Performance Data										
Data Source - FSA Direct Loan System, FSA Guaranteed Loan System, PLAS, Agriculture Census										
Completeness of Data – FSA considers this data to be complete and final at the time of this report										
Reliability of Data - FSA does not discern any significant material weaknesses with data source(s)										
Quality of Data – FSA considers data collection and reporting methodology to be sound										

*wording of measure changed from previous planning/performance exhibits to provide additional clarification

Analysis of Results

Selected Past Accomplishments Toward Achievement of the Key Outcomes:

Farm Loan Programs
FSA farm loan programs provide access to credit for tens of thousands of farmers and ranchers who are temporarily unable to obtain financing from a commercial source at reasonable rates and terms. During FY 2015, FSA continued to experience strong demand for its direct and guaranteed loan programs due to tighter credit conditions. The programs are an especially important source of credit to beginning farmers and ranchers, the primary recipients of direct loans, who may find it difficult to raise the capital they need to begin and conduct farm operations, and to acquire farm land. In addition, high land prices and elevated lending standards have created a strong demand for guaranteed loans.

FSA obligated 37,486 direct and guaranteed farm operating and ownership loans in FY 2015 valued at $5.7 billion, an increase of nine percent over FY 2014. The biggest increase in demand is in the guaranteed operating loan (OL) program. Total guaranteed OLs obligated increased by 17 percent to 4,835 loans and the total amount of obligations increased by 37 percent, to $1.37 billion. In FY 2015, lending to beginning farmers and ranchers increased by seven percent to $2.6 billion, continuing a long-term trend of increasing loan assistance to beginning farmers and ranchers. Similar results were achieved with respect to lending to socially disadvantaged farmers and ranchers (women and minorities), with total loan obligations up nine percent to $827 million. The microloan program posted a third consecutive strong year, with demand greatly exceeding expectations with 6,596 microloans obligated. Despite strong demand for FSA's loan programs, FSA accomplished its annual goals for loan processing timeliness, helping to ensure that credit is provided when the need arises.

The overall financial strength of the FSA farm loan portfolio remained solid. Delinquency rates for the direct and guaranteed loan programs remain below historic averages. In the direct loan program, the delinquency rate is 5.11 percent, and the guaranteed loan program delinquency rate is 1.08 percent.

FSA accomplished its goal of increasing the amount of credit assistance provided to socially disadvantaged (minorities and women) farmers and ranchers in FY 2015, as FSA obligated 9,264 direct and guaranteed farm operating and ownership loans to minorities and women, an increase of six percent from FY 2014. These loans, valued at $827 million, help thousands of farmers and ranchers to start or maintain their farming operations. The largest percentage changes in lending to minorities and women occurred in the direct farm ownership (FO) loan program, an increase of 19 percent in both the number of loans and dollar amount - 1,223 loans valued at $209 million in FY 2015. The microloan program is also an important source of credit for minorities and women, as FSA obligated 2,320 microloans to them in FY 2015. As of September 30, 2015, FSA has 20,796 minority and women farmers and ranchers in its loan portfolio, a significant increase from the 16,900 at the end of FY 2008.

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.

The 2014 Farm Bill made significant program changes to the Noninsured Crop Disaster Assistance Program (NAP) which provides coverage for crop losses and prevented planting due to natural disasters and adverse weather events where Federal crop insurance is not available. In addition to the catastrophic coverage previously offered, NAP participants can now “buy up” to higher coverage levels. Producers may elect coverage for each individual crop between 50 and 65 percent, in five percent increments. This coverage is based on elections between 50 and 65 percent of the yield, at 100 percent of the average market price. To obtain this coverage, producers pay, in addition to the $250 service fee, a fixed premium equal to 5.25 percent of the liability not to exceed $6,563 (based on the maximum payment limitation of $125,000). In addition, limited resource beginning farmers and ranchers and socially disadvantaged producers will be waived the service fee and have their premium reduced by 50 percent. As of October 1, 2015, $4.2 million in NAP payments were issued for 2015 crop losses to date. For FY 2015, $113.7 million were issued across all NAP program years.

Four disaster programs initially authorized by the 2008 Farm Bill (Livestock Forage Disaster Program (LFP), the Livestock Indemnity Program (LIP), and the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP) and the Tree Assistance Program (TAP)are reauthorized and made permanent under the 2014 Farm Bill. The authority for these programs began October 1, 2011, where the coverage from the prior programs under the 2008 Farm Bill left off. The four programs are now permanent programs that do not depend on funding or reauthorization. Given several droughts in recent years, payments under LFP have been particularly large since the program has become permanent, exceeding $5.5 billion as of early October, 2015. For the livestock disaster programs, there is a combined $125,000 annual payment limitation that applies for LFP, LIP, and ELAP. A separate $125,000 annual payment limitation applies to TAP.

Beginning in FY 2015, producers may choose between Agriculture Risk Coverage (ARC) (either a county-based or individual-based program) and Price Loss Coverage (PLC) options. The election decision made for the 2014 crop year will remain in effect through 2018. A producer can elect either county-coverage ARC or PLC on a crop-by-crop basis within the farm. If individual coverage ARC is chosen, then every covered commodity on the farm must participate in individual coverage ARC. Payments for 2014-2018 are issued after October 1 of the calendar year following the year in which the crop is normally harvested or after the national average marketing year price is announced, whichever is later. In order to be eligible to receive an ARC or PLC payment, a producer must annually enroll. Enrollment occurs beginning late in the calendar year and continues until August 1 of the applicable FY. FSA has completed the process of updating program payment yields and reallocating base acres as well as having every farm choose between participating in ARC or PLC. FSA is committed to ensure that yields used to compute ARC payments at the county level are the most accurate statistical data available to ensure that payments made those farms are afforded revenue protection consistent with the intent of this farm bill.

The Farm Storage Facility Loan (FSFL) Program provides financing for on-farm storage, covering approximately one billion bushels of eligible FSFL commodities since FY 2000. For FY 2015, 822 FSFLs were obligated totaling approximately $180 million.

The Marketing Assistance Loan (MAL) Program disburses both recourse and nonrecourse commodity loans during a crop year. The Loan Deficiency Payment (LDP) Program is applicable when market prices are low. As of December 15, 2015, for crop year 2015, there have been 31,471 MALs disbursed totaling over $3.9 billion. The loan availability period for most crop year 2015 commodities continues until the end of May 2016. As of December 15, 2015, for crop year 2015, there have been 17,555 LDPs disbursed totaling over $64 million for upland cotton and peanuts.

The Margin Protection Program for Dairy (MPP Dairy) provides dairy operations with risk management coverage that compensates dairy producers when the difference (the margin) between the national price of milk and average cost of feed for a specified consecutive two-month period falls below a producer selected level, ranging from $4 to $8. Payments have triggered for the periods of January through August for those producers that selected $8 margin coverage. Nearly 25,000 dairy operations enrolled for protection in 2015, covering 166.3 billion pounds of milk production.

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 more frequently warehouses are examined, the sooner potential compliance issues, pest infestation, or deterioration of quality for commodities in store are discovered. The 2015 USDA performance estimate of 365 days between warehouse examinations meets the 2015 target. The increasing number of commodity warehouses and the increasing capacities of licensed warehouses within the USWA are the major factors in the increase in number of days between examinations from previous fiscal years. The addition of 19 International Food Aid warehouses licensed in FY 2013 is also a contributing factor.

Information Technology

FSA continued implementing provisions of the 2014 Farm Bill including Agricultural Risk Coverage/Price Loss Coverage (ARC/PLC). With the ARC/PLC election software, over 2.5 million producers completed a program election on over 1.76 million farms by May 2015. After the signup software was released in June 2015, FSA signed up three million contracts by the end of FY 2015, which includes 1.5 million for Program Year 2015 and 1.5 million for Program Year 2014. Provisions for Noninsured Crop Disaster Assistance Program (NAP) Buy Up program delivered in March 2015 allowed offices to more readily service the increased program participation.

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 made significant progress on modernizing the final AS400/S36 business process for Marketing Assistance Loans (MAL), thereby allowing the agency to begin closure of FSA AS400 Data Centers. The new web-based Commodity Loan Processing System (CLPS) was delivered in incremental releases beginning in July 2015. Once the modernization of MAL is complete and no further business processing is occurring on the legacy platform, the FSA AS400 Data Center may be closed. In accordance with the Federal Data Center Consolidation Initiative (FDCCI) guidelines, FSA closed 1,286 Data Centers by the end of September 2015. Archival of historical data and equipment removal will continue into FY 2016.

FSA continues to make progress 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. Retirement of old systems and software also helps facilitate the breaking down of stove-pipes between software applications and provides an opportunity to optimize data sharing across applications which leads to better reporting and less redundancy. This improved integration was achieved with the new CLPS system being better integrated into other common processes applications. Similarly, FSA was able to leverage the existing information technology investments used by the Farm Loan Programs software to deliver a Farm Program—the Farm Storage Facility Loan (FSFL) program. By sharing resources within the two major FSA line of business areas, FSA was able to reuse the common processes related to loan-making and servicing for the FSFL program.

The goals of the Acreage Crop Reporting Streamlining Initiative (ACRSI) include reducing producer burden, formalizing data standards, improving data accuracy, and providing producers with self-service opportunities. With those goals in mind, ACRSI conducted two pilot projects in 2015 designed to streamline crop and acreage reporting. A proof-of-concept project was executed in 30 Illinois and Iowa counties for spring 2015 crop reporting of 9 specific crops.

Lessons learned from that pilot were applied to the fall 2015 pilot which expanded ACRSI to include the same nine crops and all counties in 15 states. Crop reporting for this pilot is underway and will conclude on January 15, 2016. Improvements and enhancements incorporated in this larger pilot include automatic error handling, transaction logging, the creation of a service desk to take and track system defects and user issues, and system metrics to provide better visibility and improved management reporting overall.

The Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) Program completed an initial operating capability release of the solution, Farm Records, 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,
- Allows farmers and ranchers the flexibility to visit any County Office to update their farm information,
- Consolidates land maps and customer information onto one screen and links the data, improving accuracy of FSA program participation,
- Seamlessly integrates with modernized USDA and FSA web-based systems to allow sharing of farm and customer information among USDA agencies, reducing duplicate data entries and increasing data integrity while preserving customer privacy and security, and
- Incorporates direct field feedback to create system stability in Operations and Maintenance (O&M) sub-releases.

The FY 2014 and FY 2015 MIDAS budget and the supporting modernization efforts continued program delivery and operations, and the MIDAS Program expanded the operating capability of the solution in FY 2015 as a result. The second release, Business Partner, included the following functionality:

- Automates manual processes, such as notification to multi-county offices of changes to customer records,
- Enables farmers and ranchers with multiple customer records to choose which record acts as the payment entity by linking all records with the same social security number,
- Improves accuracy of customer records and reduces improper payments through automated validation of address and tax information, and
- Provides program eligibility information through a single consolidated view, eliminating the need to toggle between multiple systems.

USDA has engaged a non-USDA independent third party to conduct an analysis to determine if the current enterprise solution provides the necessary functionality and is the most cost effective modernization solution. The analysis will focus on two areas: 1) analysis of FSA technology, including MIDAS, to provide recommendations to determine if the current enterprise solution provides the necessary functionality and is the most cost effective modernization solution; and 2) assessment of the FSA IT organization maturity to determine its capacity to develop, deploy, and effectively manage its IT portfolio. The independent third-party analysis is expected to be completed on or before March 31, 2016, after which USDA will publish the report and address its findings.

The National Aerial Imagery Program (NAIP) strengthens program delivery by providing current, high quality image reference maps for applications in FSA programs and is an important tool for FSA program compliance. For example, the imagery is used as a backdrop to update farm and field boundaries, map producer acreage reports, and respond to disaster events. Moreover, NAIP imagery is integral to FSA aerial compliance activities across all programs. NAIP 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, shortly after which 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. This streamlines delivery by keeping data assets centralized, and allows access from multiple sources. To further streamline delivery, for the second year FSA piloted Early Access Web Services (EAWS), which enabled the NAIP contractor to deliver minimally processed imagery via web services direct to the FSA user within 2-7 days of acquisition. This near real time delivery allowed FSA and partner agencies to perform time sensitive work with the most current imagery available months in advance of receiving production level NAIP imagery. Further, historical versions of the imagery are also available on-line to support programs that require it.

In 2015, NAIP imagery was acquired for 27 states.

- NAIP imagery is accessed over a million times a day by FSA enterprise applications.
- FSA conducted a requirements workshop in 2015 to ensure product specifications meet customer requirements through the next contract cycle.

NAIP imagery is also 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 White House Office of Science and Technology Policy in the Office of the President rated NAIP as number five 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.

Targeted Program Activities Expected at the FY 2017 Proposed Resource Level:

Farm Loan Programs

FSA anticipates continued strong demand for its farm loan programs in FY 2017 as a result of high production costs and increased operating capital needs. Given the projected level of loan funds available, FSA anticipates providing credit assistance to approximately 43,000 farmers and ranchers in FY 2017.

FSA loan programs will remain particularly important in meeting the credit needs of minority, women, and beginning farmers in FY 2017. FSA loan programs are also a valuable source of credit for our military veterans interested in establishing farming operations. The 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.

In FY 2015, more than 50 percent of all borrowers receiving FSA credit assistance were beginning farmers and 24 percent were minorities and women. These results build on the significant strides made in providing agricultural credit to minority, women, and beginning farmers and ranchers in recent years. The number of direct and guaranteed borrowers in FSA's loan portfolio that are minorities and women has increased from 16,900 borrowers in 2008 to more than 20,796 at the end of 2015. Likewise, the number of beginning farmers in the portfolio has increased from roughly 27,000 to greater than 52,000 during that same time period. It is important to note that FSA continues to finance minority, women, and beginning farmers at a much higher rate than those groups proportion of the overall farm population.

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

The Farm Storage Facility Loan (FSFL) Program expects continued program interest due to a decline in future commodity prices. In addition to fruits and vegetables the following storable commodities are now eligible for a FSFL: aquaculture, floriculture, hops, milk, rye, meat and poultry (unprocessed), eggs, cheese, butter and yogurt. The addition of the new commodities will help producers preserve and extend the life of their commodities from harvest until sale. Producers who store their grain and renewable biomass commodities before delivery to ethanol and bio-fuel plants may use FSFLs to construct on-farm storage. Because of these factors, FSA expects an increase in program participation.

The long range goal for the ARC/PLC programs is to continue to enroll 1.7 million of the 2.2 million farms with base acres. Other long range goals are to expand program outreach efforts to increase awareness and promote usage of risk management tools, increase customer satisfaction by streamlining the acreage reporting process across USDA, and utilize ACRSI which offers a common USDA framework for producer commodity reporting.

Commodity Operations

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. USDA 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. Management will need to be very proactive in balancing work force needs with budgetary constraints while meeting the demand of the commodity industry and USDA.

Information Technology

FSA will address USDA priorities including completion of Farm Bill implementation and continuation of acreage reporting streamlining improvements initiated in FY 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 for FSA Loan Delivery and retire PLAS. This effort will be re-assessed in FY 2016 for impacts of the newly created National Finance Accounting Operations Center under Rural Development. When fully implemented, 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.

The ACRSI project plans two major accomplishments in 2016, roll-out of the 2016 spring expansion and completion of the ACRSI alternatives analysis. The 2016 spring expansion is the culmination of the 2015 spring pilot and 2015 fall pilot and represent phased releases. Feedback and lessons learned from the fall 2015 pilot will inform the spring 2016 expansion. Current planning has it expanding the ACRSI fall pilot functionality from 15 states to all 50 states. It also increases the number of crops covered from nine to 13. This represents over 90% of the crop acreage reported last year.

These phased releases have addressed ACRSI needs in the short-term. The long-term solution to ACRSI has not been determined. An alternatives has been commissioned to assist in the determination of that solution and an initial step towards a possible future procurement action. An evaluation model has been created and vetted, as have requirements. Data for the evaluation is being gathered in large part by a Request for Information (RFI). This RFI will be completed in early 2016 and contribute heavily to the final alternatives analysis.

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

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

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 Direct and Guaranteed Loan Program - Conservation Reserve Enhancement Program	Quality Soil Quality Water Quality Air Quality Wildlife Habitat

Key Performance Measure:

Annual Performance Goals, Indicators, and Trends		**Actual**				**Target**	**Actual**	**Result**	**Target**	**Target**
		2011	**2012**	**2013**	**2014**	**2015***			**2016***	**2017***
2.1.1	CRP restored wetland acreage (millions of acres)	2.23	2.29	2.09	2.00	1.90	1.93	Met	1.90	1.90
Allowable Data Range for Met: +/-.5										
Assessment of Performance Data										
Data Source - FSA National CRP Contract Data Files										
Completeness of Data – FSA considers this data to be complete and final at the time of this report										
Reliability of Data - FSA does not discern any significant material weaknesses with data source(s)										
Quality of Data – FSA considers data collection and reporting methodology to be sound										

* Contract expirations in FY 2014 reduced enrollment in wetlands

Analysis of Results

Selected Past Accomplishments Toward Achievement of the Key Outcomes:

Conservation

The CRP includes several initiatives for wetland restoration and enhancement. CRP wetland initiatives now include Floodplain and non-Floodplain Wetland Restoration Initiatives, a Bottomland Hardwood Timber Initiative, and a Prairie Pothole Duck Nesting Habitat Initiative. In FY 2015, allocations for these initiatives were increased by 400,000 acres. In addition to accepting enrollment in these initiatives on a continuous basis, additional financial incentives are provided.

CRP riparian buffer practice enrollment ended FY 2015 at 1.77 million acres, down 0.05 million acres from FY 2014. Wetland practice enrollment at the end of FY 2015 was 1.93 million acres, down 0.07 million acres from FY 2014. Both have declined since FY 2014 due to the pressures outside USDA's control, like increased crop prices and increased demand for agricultural commodities.

As of December 2015 total CRP enrollment stands at 23.5 million acres. These acres help reduce nitrogen, phosphorus, and sediment pollution by more than 85 percent annually on lands enrolled and from buffers intercepting runoff from adjacent land in crop production. CRP also helps increase carbon sequestered in enrolled soils and vegetation. Overall, CRP efforts contribute to increased wildlife populations, and have added more than two million ducks to the Prairie Pothole Region annually, protecting Sage Grouse populations in Eastern Washington and Lesser Prairie Chicken populations in the southern Great Plains, and increasing ring-necked pheasant and other grassland bird populations across the nation.

Targeted Program Activities Expected at the FY 2017 Proposed Resource Level:

Conservation

CRP enrollment has declined from its peak in 2008, due to disruptions in the CRP authorization and previously high crop prices. These factors reduced the availability for enrollment, and encouraged landowners to bring land back into crop production. In 2015, crop prices retreated by more than 50 percent from their high, increasing the incentive to re-enroll in CRP, and competition for enrollment among the various components of CRP is expected. Future CRP enrollment will be constrained by the provision in the 2014 Farm Bill that reduced the maximum CRP acreage authorized from 32 million acres in 2013 to 24 million acres by October 1, 2016. Goals for FY 2017 are set to maintain practices that provide large per-acre conservation benefits.

Program Evaluations

Fiscal Year 2015 Program Evaluations		
Strategic Objective And Program	**Title**	**Findings and Recommendations/Actions**
Objective 1.2: Increase Agricultural Opportunities by Ensuring a Robust Safety Net, Creating New Markets, and Supporting a Competitive Agricultural System FSA Income support and Disaster Assistance Program	Farm Service Agency Noninsured Crop Disaster Assistance Program	**Finding:** The Office of Inspector General (OIG) found that, although FSA requires State committees to establish county carrying capacities, many of the State offices relied on carrying capacities that were established more than 20 years ago, and adequate documentation was not provided to clearly identify or define what factors were considered when those determinations were made. There was no support that any significant adjustments had been made to those carrying capacity levels, nor did FSA establish a requirement as to how often these carrying capacities should be reviewed. OIG also found that FSA needs to develop a uniform framework that independent assessors should consider when making the determinations for grazing loss levels. **Recommendation:** OIG recommended that FSA develop guidelines and examples for State offices to use when evaluating and updating carrying capacities for review and approval by State committees; publish minimum factors for States to consider in determining grazing loss percentages and develop procedures for State offices to communicate with bordering States to ensure consistency. **Agency Response**: The agency generally agreed with OIG's six recommendations. OIG accepted management decision for all recommendations. (USDA Office of the Inspector General – October 2014)

Strategic Objective And Program	**Title**	**Findings and Recommendations/Actions**
Objective 1.2: Increase Agricultural Opportunities by Ensuring a Robust Safety Net, Creating New Markets, and Supporting a Competitive Agricultural System FSA Income support and Disaster Assistance Program	Farm Service Agency Livestock Forage Program (LFP)	**Finding:** OIG initiated this review to determine if FSA's procedures resulted in eligible producers receiving correct payments in compliance with the program's requirements. Based on the review, OIG found a number of problems. FSA county office staff made administrative errors in the processing of information associated with LFP applications for 78 payments, which resulted in improper payments of $373,135, or 7 percent of the total payments reviewed. OIG also questioned the monthly feed costs FSA was using to calculate these payments. OIG also found issues with FSA's controls for ensuring the integrity of its review process: **Recommendation:** OIG recommended that FSA take steps to correct the improper payments identified, improve the guidance it provides States for administering LFP, and improve its overall controls for the program. **Agency Response:** FSA agreed with the findings and OIG accepted management decision on 7 of the 10 recommendations (USDA Office of the Inspector General – December 2014)

Strategic Objective And Program	Title	Findings and Recommendations/Actions
Objective 1.2: Increase Agricultural Opportunities by Ensuring a Robust Safety Net, Creating New Markets, and Supporting a Competitive Agricultural System FSA All Programs	Review of Farm Service Agency's Initiative to Modernize and Innovate the Delivery of Agricultural Systems (MIDAS)	**Finding:** USDA and FSA must decide if they can leverage the enterprise solution's functionality in a way that warrants its annual cost of over $50 million. If not, USDA and FSA need to pursue alternative modernization options. FSA agreed with the four recommendations in this report and we have reached management decision on two of them. **Recommendation:** USDA should obtain an independent analysis of the present enterprise solution; define goals with clear timeframes for completion; work with the Department to update State and county office communications infrastructure; and create a plan of action to prioritize and implement needed field office functionality. **Agency Response:** FSA agreed with the four recommendations in this report and we have reached management decision on two of them. (USDA Office of the Inspector General – May 2015)

Strategic Objective And Program	Title	Findings and Recommendations/Actions
Objective 1.2: Increase Agricultural Opportunities by Ensuring a Robust Safety Net, Creating New Markets, and Supporting a Competitive Agricultural System FSA All Programs	Farm Program Modernization: Farm Service Agency Needs to Demonstrate the Capacity to Manage IT Initiatives	**Finding:** FSA has delivered about 20 percent of the functionality that was originally planned for MIDAS. FSA envisioned MIDAS as a single platform to host data, tools, and applications for administering farm program benefits that would be integrated with USDA financial, geospatial, and data warehouse systems. However, FSA delivered a platform that hosts data for administering farm program benefits and is integrated with USDA's geospatial system; it does not host tools and applications for administering benefits, and is not integrated with USDA's financial system or data warehouse. **Recommendation:** GAO is making five recommendations to FSA, including establishing and implementing a plan for adopting recognized best practices. GAO received written comments from the FSA administrator. **Agency Response:** While the agency did not explicitly agree or disagree with the recommendations, it cited steps it has taken or plans to take to implement best practices. (Government Accountability Office – June 2015)

Strategic Objective And Program	Title	Findings and Recommendations/Actions
Objective 1.2: Increase Agricultural Opportunities by Ensuring a Robust Safety Net, Creating New Markets, and Supporting a Competitive Agricultural System FSA Farm Loan Program	Farm Service Agency Microloan Program	**Finding:** Opportunities exist to improve operations in areas where FSA required excessive security for loans, inconsistently filed security liens, and inconsistently established microloan repayment terms. OIG also found that FSA could not demonstrate that it had successfully reached out to some target audiences. **Recommendation:** FSA needs to develop and implement controls and guidance to achieve consistent administration of microloans, periodically evaluate outreach activities to ensure effective marketing to target groups, and develop an accurate measurement of success for its outreach program. **Agency Response:** FSA generally agreed with our findings and OIG accepted management decision on six of the seven recommendations. (USDA Office of the Inspector General – September 2015)

Strategic Objective And Program	Title	Findings and Recommendations/Actions
Objective 1.2: Increase Agricultural Opportunities by Ensuring a Robust Safety Net, Creating New Markets, and Supporting a Competitive Agricultural System FSA All Programs	Farm and Foreign Agricultural Services' Compliance with Contractor Past Performance Reporting Requirements	**Finding:** In September 2010, the Office of Procurement and Property Management (OPPM) released a procurement advisory officially establishing the Contractor Performance Assessment Reporting System (CPARS) as the system used to collect, maintain, and disseminate contractor performance evaluations. We found that the Acquisition Management Division (AMD), which is responsible for non-commodity procurements in the Farm and Foreign Agricultural Services' (FFAS) mission area and its respective agencies, did not register contracts or report any contractor past performance in CPARS. Specifically, we found that FFAS AMD did not complete any of its past performance evaluations in CPARS for 156 contract actions originating in fiscal year (FY) 2013. **Recommendation:** We recommended that FFAS establish a process to ensure contracting staff obtain CPARS access. Additionally, FFAS AMD should establish procedures to ensure all CPARS evaluations are entered and completed in a timely manner. **Agency Response:** FFAS began coordinating with the Departmental CPARS point of contact to obtain access. FFAS generally agreed with the recommendations in this report and we have reached management decision on 2 of the 3 recommendations. (USDA Office of the Inspector General – September 2015)

FARM SERVICE AGENCY

Strategic Goal Funding Matrix

(Dollars in Thousands)

	2014 Actual	2015 Actual	2016 Estimate	Increase or Decrease	2017 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.)	$90,014	$78,727	$69,575	11,762	$81,337
Individual Development Account Grants	-	-	-	1,500	1,500
Program Loan Cost Expenses	7,920	7,920	7,920	2,150	10,070
State Mediation Grants	2,837	2,522	2,553	-	2,553
S&E	304,325	306,998	306,998	-	306,998
Total	405,096	396,167	387,046	15,412	402,458
Staff Years	2,265	2,245	2,478	-	2,478
Income Support and Disaster Assistance					
DIP	500	750	500	-	500
Reforestation Pilot Program	600	600	600	(600)	-
Geo Disadvant. Farmers and Ranchers	1,996	1,996	1,996	(1,996)	-
S&E	848,242	858,033	911,274	(20,117)	891,157
Total	851,338	861,379	914,370	(22,713)	891,657
Staff Years	6,552	6,625	6,592	22	6,614
Commodity Operations					
S&E	9,963	8,196	8,097	-	8,097
Staff Years	73	95	67	-	67
Total Costs, Goal 1	1,266,397	1,265,742	1,309,513	(7,301)	1,302,212
Total Staff Years, Goal 1	8,890	8,965	9,137	22	9,159
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	-	-	-	-	-
Grassroots Source Water Protection	10,526	5,526	6,500	(6,500)	-
Emergency Conservation Program	28,000	35,000	77,000	(17,000)	60,000
Emergency Forest Restoration Program	9,000	9,000	32,000	(8,000)	24,000
State Mediation Grants	946	841	851	-	851
S&E	298,031	301,471	310,691	2,418	313,109
Total Costs, Goal 2	346,503	351,838	427,042	(29,082)	397,960
Total Staff Years, Goal 2	2,302	2,328	2,316	8	2,324
Total Costs, All Strategic Goals	1,612,900	1,617,580	1,736,555	(36,383)	1,700,172
Total FTEs, All Strategic Goals	11,192	11,293	11,453	30	11,483

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

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

PROGRAM	PROGRAM ITEMS	FY 2015 Amount ($000)	FY 2016 Amount ($000)	FY 2017 Amount ($000)
	Farm Loans			
	Direct Farm Ownership Loans	0	0	0
	Direct Farm Operating Loans	$63,101	$53,961	$62,198
	Guaranteed Farm Ownership Loans	0	0	0
	Guaranteed Farm Operating Loans, unsub.	14,770	14,352	15,327
	Emergency Disaster Loans	856	1,262	1,262
	Indian Tribe Land Acquisition Loans	0	0	0
	Boll Weevil Eradication Loans	0	0	0
	Indian Fractionated Land Loans	0	0	2,550
	Program Loan Cost Expenses	7,920	7,920	10,070
	Individual Development Account Grants	0	0	1,500
	State Mediation Grants	2,522	2,553	2,553
	Administrative costs (direct)	202,185	200,379	200,379
	Indirect costs	104,813	106,619	106,619
	Total Costs[1]	**396,167**	**387,046**	**402,458**
	FTEs	2,245	2,478	2,478

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

	FY 2015	FY 2016	FY 2017
Percent:	13.5%	13.5%	14.1%

Performance Measure: Percentage Direct and Guaranteed lending to Beginning Farmers

	FY 2015	FY 2016	FY 2017
Percent:	71.0%	71.0%	77.5%

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

PROGRAM ITEMS	FY 2015 Amount ($000)	FY 2016 Amount ($000)	FY 2017 Amount ($000)
Income Support and Disaster Assistance			
Price Support and Marketing Assistance Loans	5,889,000	7,283,000	7,442,000
Loan Deficiency Payments	174,000	121,000	169,000
Direct and Countercyclical Payments	22,000	0	0
ACRE Payments	279,279	0	0
Cotton Transition Assistance Payments	147,000	3,000	0
Agriculture Risk Coverage	0	13,122,000	6,279,000
Price Loss Coverage	0	3,047,000	2,564,000
Milk Income Loss Contract Payments	1,767	0	0
Tobacco Payments	35,007	0	0
Other Direct Payments	0	0	0
NAP Payments	119,000	165,000	165,000
Livestock Indemnity Program	52,000	58,000	58,000
Supplemental Revenue Assistance Payments	0	0	0
Livestock Forage Disaster Program	176,000	492,000	492,000
Emergency Assistance for Lvstk, Honey Bees, and Farm-Raised Fish	16,000	19,000	19,000
Emergency Conservation Program	35,000	77,000	60,000
Emergency Forest Restoration Program	9,000	32,000	24,000
Tree Assistance Program (CCC)	52,000	8,000	8,000
Biomass Crop Assistance (CCC)	12,000	3,000	25,000
Bio-based Fuel Production	56,000	60,000	54,000
Reimbursable Agreements with State and Federal Agencies	44,000	49,000	49,000
Section 4 Contracts	10,000	11,000	11,000
Dairy Indemnity Program	750	500	500
Emergency Forestry Conservation Program	13,000	6,000	6,000
USDA Supplemental Assistance, appropriated (RTCP)	1,996	1,996	0
Reforestation Pilot Program	600	600	0
Farm Storage Facility Loans	0	0	0

	Sugar Storage Facility Loans	0	0	0
	Administrative costs (direct)	557,721	620,068	605,987
	Indirect costs	300,312	288,931	285,170
	Total Costs	**8,003,432**	**25,468,095**	**18,316,657**
	FTEs	6,625	6,592	6,614

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

	FY 2015	FY 2016	FY 2017
Percent:	**100.0%	**100.0%	**100.0%

PROGRAM	PROGRAM ITEMS	FY 2015 Amount ($000)	FY 2016 Amount ($000)	FY 2017 Amount ($000)
	Commodity Operations			
	ELS Cotton Competiveness Payments	4,367	-4,182	6
	Upland Cotton Economic Adjustment Assistance	48,983	49,382	53,410
	Commodity Purchases and Sales	8,000	143,000	145,000
	Storage, Handling, Transportation, Processing, and Packaging	9,000	139,000	152,000
	CCC Interest Expenditures	2,000	136,000	202,000
	Dairy Margin Protection Program	436	1,000	180,000
	Administrative costs (direct)	7,812	7,692	7,692
	Indirect costs	384	405	405
	Total Costs	**80,982**	**472,297**	**740,513**
	FTEs	95	67	67

Total Costs for Department Strategic Goal 1 (program, direct, indirect)

	FY 2015	FY 2016	FY 2017
	8,480,581	**26,327,438**	**19,459,628**
FTEs	8,965	9,137	9,159

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 resources

PROGRAM	PROGRAM ITEMS	FY 2015 Amount ($000)	FY 2016 Amount ($000)	FY 2017 Amount ($000)
	Conservation			
	Conservation Reserve Program	1,736,112	1,835,504	1,917,013
	Grassroots Source Water Protection Program	5,526	6,500	0
	State Mediation Grants	841	851	851
	Other Conservation Payments			
	Administrative costs (direct)	175,853	192,568	194,127
	Indirect costs	125,618	120,398	118,982
	Total Costs	**2,043,950**	**2,155,821**	**2,230,973**
	FTEs	2,328	2,316	2,324

<u>Performance Measure</u>: Increase CRP restored wetlands

	FY 2015	FY 2016	FY 2017
# of acres in millions:	*1.90	*1.90	*1.91

* Contract expirations in FY 2014 are expected to reduce enrollment in wetlands to 1.9 million

Total Costs for Department Strategic Goal 2 (program, direct, indirect)

	FY 2015	FY 2016	FY 2017
	2,043,950	**2,155,821**	**2,230,973**
FTEs	2,328	2,316	2,324

Total Costs for All Strategic Goals (program, direct, indirect)

	FY 2015	FY 2016	FY 2017
	10,524,531	**28,483,259**	**21,690,601**
FTEs	11,293	11,453	11,483