

FY 2012 Explanatory Notes
Farm Service Agency

Table of Contents

	<u>Page</u>
Purpose Statement.....	22-1
Statement of Available Funds and Staff Years.....	22-9
Permanent Positions by Grade and Staff Years.....	22-10
Passenger Vehicle Fleet Data.....	22-11
 SALARIES AND EXPENSES	
Appropriations Language.....	22-12
Lead-off Tabular Statement.....	22-13
Project Statements.....	22-14
Justifications.....	22-16
Proposed Legislation.....	22-21
Geographic Breakdown of Obligations and Staff-Years.....	22-22
Classification by Objects.....	22-23
Summary of Recovery Act Funding.....	22-24
Status of Program.....	22g-1
 PROGRAMS	
State Mediation Grants	
Appropriations Language.....	22-25
Lead-off Tabular Statement.....	22-26
Project Statement.....	22-26
Justifications.....	22-26
Geographic Breakdown of Obligations.....	22-27
Classification by Objects.....	22-28
Status of Program.....	22g-7
Grassroots Source Water Protection Program	
Lead-off Tabular Statement.....	22-29
Project Statement.....	22-29
Justifications.....	22-29
Classification by Objects.....	22-29
Status of Program.....	22g-9
Dairy Indemnity Program:	
Appropriations Language.....	22-30
Lead-off Tabular Statement.....	22-31
Project Statements.....	22-31
Justifications.....	22-32
Geographic Breakdown of Obligations.....	22-32
Classification by Objects.....	22-33
Status of Program.....	22g-10
Agricultural Credit Insurance Fund:	
Appropriations Language.....	22-34
Lead-off Tabular Statement.....	22-35
Project Statements.....	22-36
Justifications.....	22-38
Geographic Breakdown of Obligations.....	22-41
Classification by Objects.....	22-50
Status of Program.....	22g-12

Reforestation Pilot Program	
Lead-off Tabular Statement	22-51
Project Statement	22-51
Justifications	22-51
Classification by Objects	22-51
Status of Program.....	22g-15
Emergency Conservation Program	
Lead-off Tabular Statement	22-52
Project Statements.....	22-52
FY 2010 Outlays by Type of Disaster.....	22-53
Geographic Breakdown of Obligations.....	22-54
Classification by Objects	22-55
Status of Program.....	22g-16
Agricultural Disaster Relief Trust Fund	
Lead-off Tabular Statement	22-56
Project Statements.....	22-56
FY Estimated Outlays.....	22-57
Geographic Breakdown of Obligations.....	22-58
Classification by Objects	22-59
Summary of Recovery Act Funding.....	22-60
Status of Program.....	22g-18
USDA Supplemental Assistance Program	
Lead-off Tabular Statement	22-64
Project Statement	22-64
Geographic Breakdown of Obligations.....	22-65
Classification by Objects	22-68
Status of Program.....	22g-19
Emergency Forest Restoration	
Lead-off Tabular Statement.....	22-69
Project Statement	22-69
Classification by Objects	22-70
Status of Program.....	22g-21
Aquaculture	
Summary of Recovery Act Funding.....	22-71
SUMMARY OF BUDGET AND PERFORMANCE	
Statement of Goals and Objectives	22-75
Key Performance Outcomes and Measures	22-88
Full Cost by Strategic Objective	22-91

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 contribute to the viability of American agriculture by providing efficient and equitable administration of farm commodity, farm loan, conservation, and emergency programs. 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 Food, Conservation, and Energy Act of 2008, P. L. 110-246 (the 2008 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 funded by other sources, including appropriations, transfers, and fees.

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, conservation, recreation, and soil and water 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 Tribe Land Acquisition Loans and Indian Fractionated Land Loans are authorized by Public Law 91-229, April 11, 1970, as amended.

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

The programs funded by this account are:

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

Loans are made for 40 years or less. A direct loan may not exceed \$300,000 and a guaranteed loan may not exceed \$1,119,000, 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 floor of 5 percent. Effective with the 2008 Farm Bill, interest rates for beginning farmer

down-payment loans are established at 4 percent less than the regular borrower rate, with a floor of 1.5 percent. The interest rate for guaranteed loans is negotiated by the lender and borrower.

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

- **Farm Operating Loans.** Farm operating loans are targeted to family farmers unable to obtain credit from private sources 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; developing recreation and other non-farm enterprises; and refinancing existing indebtedness.

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 and \$1,119,000, adjusted annually, for a guaranteed loan. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost of money to the Government plus up to 1 percent. However, loans to limited resource borrowers bear interest of not more than one-half of the Treasury rate for marketable obligations plus not more than 1 percentage point, with a floor of 5 percent. The interest rate for guaranteed loans is negotiated by the lender and borrower and may be subsidized under the interest assistance program.

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

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

Emergency loans are made to established, eligible, family-size farms and ranches (including equine farms and ranches) and aquaculture operators who have suffered at least a 30% 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 3.75 percent.

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 disaster or quarantine designation date.

- **Indian Tribe Land Acquisition Loans.** These loans allow Native Americans to repurchase tribal lands and maintain ownership for future generations. They are limited to acquisition of land within the defined boundaries of a tribe's reservation. To be eligible, a tribe must be recognized by the Secretary of the Interior or be a tribal corporation established pursuant to the Indian Reorganization Act; in addition, a tribe must be without adequate funds to acquire the needed land and be unable to obtain sufficient credit elsewhere for the purchase. The tribe must also have a satisfactory management and repayment plan. Loan interest rates are fixed for the life of the loan at the current interest rate charged by FSA on the loan closing date and are made for a period not to exceed 40 years.
- **Boll Weevil Eradication Loans.** Boll weevil eradication loans provide assistance to producer associations and State governmental agencies to eradicate boll weevils. Loans are made in major cotton producing States.
- **Credit Sales of Acquired Property.** Loans are authorized for the sale of security properties previously acquired by FSA during the servicing of its loan portfolio. Loans for sales of acquired property have been financed under the direct farm ownership loan program since separate funding for credit sales has not been appropriated.
- **Conservation Loans.** These loans are available as direct or 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 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 \$1,119,000. The repayment term for direct conservation loans is 7 years for 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, but will not exceed the rate charged to the lender's average agricultural customers. Loan guarantees are 75 percent of the principal amount of the loan, and loans are to be disbursed geographically to the maximum extent possible.

- **Indian Highly Fractionated Land Loans.** Provides direct loans to eligible purchasers of highly fractionated lands under relevant provisions of the Indian Land Consolidation Act. Eligible purchasers are Indian tribal members.
- **Beginning Farmer and Rancher Individual Development Grant Accounts.** Section 333 B of the Consolidated Farm and Rural Development Act authorizes an Individual Development Account Pilot Program of at least five years in duration in at least fifteen states which provides for matching-funds savings accounts for beginning farmers or ranchers to be used for specified farming-related expenses. Eligible beginning farmers and ranchers are defined as those that lack significant assets and have an income that is either below 80 percent of their State's median or below 200 percent of their State's poverty income guidelines. Eligible participants cannot receive more than \$6,000 in matching funds for each fiscal year of contract. Participants must also complete financial training established by a qualified entity.

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

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. 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.

The program is currently authorized through September 30, 2015 under P.L. 109-17, enacted June 29, 2005, as amended by P.L. 111-233 on August 16, 2010.

Emergency Conservation Program (ECP): ECP is authorized by Title IV of the Agricultural Credit Act of 1978 (P.L. 95-334), as amended. ECP provides emergency cost-share assistance to farmers and ranchers to help rehabilitate farmland and rangeland 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. ECP program participants receive cost-share assistance of up to 75 percent of the cost to implement approved emergency conservation practices, as determined by county FSA committees. Individual or cumulative requests for cost-sharing of \$50,000 or less per person, per disaster are approved at the county committee level. Cost-sharing from \$50,001 to \$100,000 is approved at the state committee level. Cost-sharing over \$100,000 must be approved by FSA's national office.

Dairy Indemnity Program (DIP): Since its inception under the Economic Opportunity Act of 1964, DIP has been extended by numerous acts. The program indemnifies dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer income losses on milk or milk products removed from commercial markets because of residues of chemicals that, at the time of their use, were approved by the Federal Government as safe to use. Under the program, FSA may also reimburse dairy farmers for milk removed from commercial markets because of nuclear radiation, fallout, or certain other toxic substances.

Grassroots Source Water Protection Program (GSWPP): The Grassroots Source Water Protection Program was reauthorized by the 2002 Act. This program is a joint project by FSA and the nonprofit National Rural Water Association (NRWA) designed to help prevent source water pollution through

voluntary practices installed by producers at the local level. Under the GSWPP, FSA utilizes onsite technical assistance capabilities of each State rural water association that operates a wellhead or groundwater protection program in the State. State rural water associations can deliver assistance in developing source water protection plans within priority watersheds for the common goal of preventing the contamination of drinking water supplies.

Commercial Warehouse Activities: Under the United States Warehouse Act (USWA), first enacted in 1916 and most recently 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.

End-Use Certificate Program: Under the North American Free Trade Agreement Implementation Act, FSA monitors the end use of wheat imported from Canada. Under the program, importers of Canadian wheat, regardless of ultimate use, must complete an end-use certificate. Transactions that occur subsequent to the entry of such wheat into the United States must be reported to FSA, and all purchasers must continue to report any consumption of such wheat.

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

- **Domestic Nutrition and Feeding Programs.** FSA procures commodities for domestic food programs administered by the Food and Nutrition Service. These programs include the National School Lunch Program; elderly, disaster, and emergency feeding programs; food aid to Native Americans living on reservations; and other programs that help individuals in need. FSA also donates surplus Government-owned commodities for use in feeding programs, using CCC authority, when these products are available.
- **Foreign Food-Aid Humanitarian and Developmental Assistance Programs.** FSA procures commodities for overseas humanitarian and developmental use for the Food for Progress and Section 416(b) programs, and under Title II of P.L. 480.
- **Surplus Removal and Disaster and Food Assistance Programs.** FSA procures commodities under Executive Order and congressional mandate for surplus removal and disaster and food assistance programs. In response to natural disasters, FSA distributes Government-owned food from warehouses and may make special purchases of food as part of the disaster relief effort.

USDA Supplemental Assistance. The Agricultural Assistance Act of 2007, enacted as Title IX of P.L. 110-28, the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, appropriated approximately \$2.8 billion for disaster assistance for farmers and ranchers. Under this title, appropriations are provided for the Crop Disaster Assistance Program, Livestock Compensation Program, Livestock Indemnity Program, Emergency Conservation Program, and Dairy Disaster Assistance Program. The FY 2008 Consolidated Appropriations Act, P.L. 110-161, provided an additional \$602 million. With the exception of the ECP, these programs are of the type historically funded by the CCC.

This account also includes three other programs authorized by the FY 2010 Agriculture Appropriations Act, P.L. 111-80. Section 748(a) provided \$290 million for loss assistance payments to dairy producers under Section 10104 of the 2002 Farm Bill. Eligible producers will receive a one-time direct payment based on the amount of milk produced and commercially marketed by their operation during the period of February 2009 through July 2009. Section 741 of P.L. 111-80 provided appropriations for two additional programs: \$3 million for a Durum Wheat Quality Program authorized by Section 1613 of the 2008 Farm Bill, P.L. 110-246, and \$2.6 million for a Geographically Disadvantaged Farmers and Ranchers Program authorized by Section 1621 of the 2008 Farm Bill.

Aquaculture Assistance. The Secretary of Agriculture authorized up to \$20 million under Section 32 of the Act of August 24, 1935, to provide economic assistance to eligible aquaculture producers who experienced high feed input costs during the 2009 calendar year. CCC provided block grants to State Departments of Agriculture or similar State government entities that agreed to provide assistance to eligible aquaculture producers in their State. The Aquaculture Grant Program (AGP) allocated \$18.5 million to states that participated in the 2008 AGP, as authorized under the American Recovery and Reinvestment Act of 2009, on a pro rata basis. The 2009 AGP held \$1.5 million in reserve for states that opted out of 2008 AGP but choose to participate in 2009 AGP. Non-participating 2008 AGP states were required to provide 2007 feed delivery data. Grant funding to non-participating 2008 AGP states was allocated on a pro rated basis, based on the amount of aquaculture feed deliveries in each State during the 2007 calendar year. 2009 AGP payments received, directly or indirectly, were attributed to the applicable individuals or entities and limited to \$100,000 per individual or entity.

Agricultural Disaster Relief Trust Fund. The 2008 Farm Bill provides for supplemental agricultural disaster assistance that is funded through the Agricultural Disaster Relief Trust Fund. The Fund is composed of amounts equivalent to 3.08 percent of the amounts received in the general fund of the U.S. Treasury during FY 2008-2011 attributable to the duties collected on articles entered, or withdrawn from warehouse, for consumption under the Harmonized Tariff Schedule of the U.S. The Fund has authority to borrow and has repayable advances that are such sums as may be necessary to make up the Fund's budget authority. The Trust Fund may be used to make payments to farmers and ranchers under five programs:

- Supplemental Revenue Assistance Payments (SURE) Program provides assistance to eligible producers who are in counties that receive a natural disaster declaration by the Secretary and who have incurred crop production and/or quality losses during the crop year.
- Livestock Forage Disaster Program (LFP) compensates producers for grazing losses resulting from drought-related conditions as well as grazing losses due to fire on public managed lands.
- Livestock Indemnity Program (LIP) compensates producers for livestock losses that were the result of a natural disaster.
- Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP) provides emergency relief to producers of livestock, honeybees, and farm raised fish to aid in the reduction of losses due to disease, adverse weather or other conditions determined by the Secretary that are not covered by LIP, LFP, or SURE.
- Tree Assistance Program (TAP) assists eligible orchardists or nursery tree growers who suffered tree losses or damage as a result of a natural disaster. The program shares the cost of tree replanting, clean-up and debris removal, and rehabilitation.

The 2008 Farm Bill requires that participants in these new disaster assistance programs, except for LIP, have crop insurance or non-insured crop disaster assistance (NAP), or pay a fee if they are otherwise eligible. For FY 2010 obligations of \$1,573,277,751 were incurred and total outlays were \$1,358,616,041. Additionally, custom receipts credited to the Agricultural Disaster Relief Trust Fund account totaled

\$776,745,050. Available budget authority totaling \$165,134,338 was carried forward into FY 2011 as an unobligated balance.

Emergency Forest Restoration Program. FSA's 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. EFRP is administered by FSA's state and county committees and offices. Subject to availability of funds, locally-elected county committees are authorized to implement EFRP for all disasters except drought and insect infestations, which are authorized at the FSA national office. County FSA committees determine land eligibility using on-site damage inspections that assess the type and extent of damage. 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 county FSA committees. Individual or cumulative requests for financial assistance of \$50,000 or less per person or legal entity per disaster are approved by the county committee. Financial assistance from \$50,001 to \$100,000 is approved by the state committee. Financial assistance over \$100,000 must be approved by FSA national office. A payment limitation of \$500,000 per person or legal entity applies per disaster.

AGENCY STRUCTURE: FSA delivers its programs through 2,248 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, 2010, was 4,961. FSA non-Federal permanent employment in USDA Service Centers was 8,525. The total number of Federal and non-Federal permanent full time positions in the Washington, DC headquarters office was 1,220 and the total number in the field offices was 12,266.

OIG Audits

Number	Title	Report Date
50601-0015-AT	2005 Hurricane Indemnity Program – Integrity and Reliability of Data Proved by the RMA <u>Status: Management Decision reached on both recommendations made to FSA.</u>	3/31/2010
03601-0018-CH	FSA Farm Loan Security <u>Status: Management Decision reached on all recommendations.</u>	8/10/2010
50601-0014-AT	Effectiveness and Enforcement of Suspension and Debarment Regulations in the USDA <u>Status: Management Decision reached on two of the four recommendations made to FSA. Additional action needed by Office of General Counsel and Department before proceeding further.</u>	8/16/2010
03702-0001-TE	Review of Emergency Disaster Assistance for the 2008 Natural Disasters’ Emergency Conservation Program <u>Status: Management Decision reached on all recommendations.</u>	9/30/2010
06401-0025-FM	CCC Financial Statements for FY 2010 and 2009 <u>Status: In process to respond to audit recommendations.</u>	11/12/2010
50401-0070-FM	FSA Fiscal Year 2010 Financial Statements <u>Status: No Findings reported or Recommendations made.</u>	11/15/2010
03703-0001-IT	American Recovery and Reinvestment Act Spending for FSA Information Technology <u>Status: It was discovered during the exit conference that OIG was not fully aware of all actions that had been taken by FSA. FSA response to the Discussion Draft was issued to OIG on January 25, 2011.</u>	Discussion Draft issued 12/13/2010
03601-0001-32	Farm Storage Facility Loan Program <u>Status: Entrance Conference held 12/8/10 with National office. OIG will begin reviewing files in February, 2011.</u>	In Progress – Engagement Letter Received 11/23/2010

GAO Assignments

Number	Title	Report Date
GAO-10-91	LANGUAGE ACCESS: Selected Agencies Can Improve Services to Limited English Proficient Persons <u>Status: No Findings reported or Recommendations made.</u>	4/26/2010
GAO-10-548	USDA CROP Disaster Programs; Lessons Learned Can improve Implementation of New Crop Assistance Program <u>Status: Statement of Action issued 9/30/2010.</u>	6/4/2010
GAO-10-809	RECOVERY ACT: Contracting Approaches and Oversight Used by Selected Federal Agencies and States <u>Status: No Findings reported or Recommendations made.</u>	7/28/2010
310630	Farm Service Agency Information Technology Modernization Review <u>Status: Entrance Conference held 11/4/10. Review currently in progress.</u>	In-Progress - Notice of Assignment Received 10/18/2010

FARM SERVICE AGENCY

Available Funds and Staff Years
2010 Actual and Estimated 2011 and 2012

Item	Actual 2010		Estimated 2011		Estimated 2012	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries & Expenses:						
Direct Appropriation.....	\$1,253,777,000	2,029	\$1,253,777,000	2,134	\$1,397,065,000 a/	1,630
Transfer from Congressional Affairs.....	\$187,000					
Credit Reform Transfers:						
CCC Export Loans Program Account.....	355,000	2	355,000	2	355,000	2
P.L. 480 Program Account.....	2,812,000	24	2,812,000	24	2,812,000	24
ACIF Program Account.....	313,173,000	2,714	313,173,000	2,714	313,173,000	2,714
Subtotal, Salaries and Expenses.....	1,570,304,000	4,769	1,570,117,000	4,874	1,713,405,000	4,370
American Recovery and Reinvestment Act (ARRA) (IT).....	36,515,000	--	0	--	0	--
Prior Year Recoveries.....	1,302,000	--	0	--	0	--
Unobligated balance brought forward from FY 2001 for IT /b.....	44,000	--	0	--	0	--
Unobligated balance brought forward from FY 2009 for IT.....	21,646,000	--	0	--	0	--
Unobligated balance brought forward from FY 2009 for County.....	11,485,000	--	0	--	0	--
Unobligated balance carried forward from FY 2001 for IT /b.....	-5,000	--	5,000	--	0	--
Unobligated balance carried forward from FY 2010 for County.....	-8,486,000	--	8,486,000	--	0	--
Unobligated balances carried forward from FY 2010 IT Purposes.....	-40,564,000	--	40,564,000	--	0	--
Unobligated balances lapsing.....	-5,000,000	--	0	--	0	--
Total, Salaries and Expenses.....	1,587,241,000	4,769	1,619,172,000	4,874	1,713,405,000	4,370
ACIF Program Account:						
Subsidy.....	171,188,000	0	140,608,000	0	120,663,000	0
Individual Development Accounts.....	0	0	0	0	2,500,000	0
Guaranteed Loan Fee Increase from 1% to 1.5%.....	0	0	0	0	-12,450,000	0
Administrative Expenses:						
Non-Recoverable Loan Costs.....	8,920,000	0	7,920,000	0	7,920,000	0
State Mediation Grants.....	4,369,000	0	4,369,000	0	4,369,000	0
Grassroots Source Water Protection Program.....	5,000,000	0	5,000,000	0	0	0
Total, Above.....	1,776,718,000	0	1,777,069,000	0	1,836,407,000	0
Obligations under other USDA appropriations:						
Foreign Agricultural Service.....	5,893,000	43	4,311,000	43	4,311,000	43
Risk Management Agency.....	1,900,000	22	1,900,000	22	1,900,000	22
Food & Nutrition Service.....	2,545,000	23	2,545,000	23	2,545,000	23
Agricultural Marketing Service.....	1,348,000	12	1,306,000	12	1,306,000	12
Natural Resources Conservation Service.....	2,275,000	0	2,444,000	0	2,359,000	0
Flying Contracts.....	10,065,000	10	10,065,000	10	10,065,000	10
CCC to Administer P.L. 480 Title II Grants.....	6,180,000	44	6,180,000	44	6,180,000	44
Farm Bill (CCC).....	7,531,000	0	0	0	0	0
Miscellaneous.....	56,955,000	0	50,976,000	0	50,976,000	0
Total, Other USDA Appropriations.....	94,692,000	154	79,727,000	154	79,642,000	154
Total, Agriculture Appropriations.....	1,871,410,000	4,923	1,856,796,000	5,028	1,916,049,000	4,524
Obligations under Other Federal Funds:						
Sales of Aerial Photographs.....	277,000	4	277,000	4	277,000	4
Total, Other Federal Funds.....	277,000	4	277,000	4	277,000	4
Obligations under Non-Federal Funds:						
Loan Service Fee Financing.....	3,570,000	0	3,595,000	0	3,595,000	0
Producer Measurement Service.....	2,274,000	0	1,700,000	0	1,700,000	0
Warehouse Examinations.....	3,471,000	56	3,471,000	56	3,471,000	56
Sales of Aerial Photographs.....	400,000	6	400,000	6	400,000	6
Total, Non-Federal Funds.....	9,715,000	62	9,166,000	62	9,166,000	62
Total, Farm Service Agency.....	1,881,402,000	4,989	1,866,239,000	5,094	1,925,492,000	4,590

FSA Non-Federal county staff years (S/Y) are as follows:

	Direct	Reimbursable	Total S/Y	
FY 2010	9,240	114	9,354	14,343
FY 2011	8,877	114	8,991	14,085
FY 2012	8,877	114	8,991	13,581

Note: Excludes the following programs funded for FY 2010 by P.L. 111-80 General Provisions: Section 739, Reforestation Pilot Program; Sec. 741, Durum Wheat and Geographically Disadvantaged Farmers and Ranchers Programs; and Sec. 748(a), dairy loss payments. Also excludes mandatory funding for Dairy Indemnity Program.

a/ Of this amount, \$40,000,000 is requested to remain available until expended, under a legislative proposal not subject to PAYGO.

b/ FY 2001 Military Construction Appropriations (P.L. 106-246) provided \$77.56 million to remain available until expended. The remaining unobligated balance of \$38,000 was carried into FY 2009 and due to unliquidated obligations totaling \$6,000 a total of \$44,000 was carried forward into FY 2010. In FY 2010 \$39,000 was obligated leaving an unobligated balance of \$5,000.

FARM SERVICE AGENCY

Permanent Positions by Grade and Staff Year Summary
2010 Actual and Estimated 2011 and 2012

Grade	2010			2011			2012		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive Service	11	0	11	11	0	11	11	0	11
Senior Level	1	0	1	1	0	1	1	0	1
GS 15	58	50	108	58	33	91	58	33	91
GS 14	158	0	158	158	38	196	141	34	175
GS 13	407	416	823	397	416	813	361	374	735
GS 12	491	1,040	1,531	491	1,009	1,500	440	908	1,348
GS 11	98	624	722	98	624	722	88	561	649
GS 10	0	0	0	0	0	0	0	0	0
GS 9	74	215	289	74	215	289	66	193	259
GS 8	48	32	80	48	32	80	43	29	72
GS 7	114	923	1,037	114	923	1,037	102	831	933
GS 6	15	96	111	15	98	113	13	88	101
GS 5	10	35	45	10	58	68	13	52	65
GS 4	3	19	22	3	15	18	3	15	18
GS 3	1	4	5	1	5	6	1	5	6
GS 2	0	6	6	0	4	4	0	4	4
Other Graded Positions.....	11	1	12	11	1	12	11	1	12
Ungraded Positions.....	0	0	0	0	0	0	0	0	0
Total Permanent Positions.....	1,500	3,461	4,961	1,490	3,471	4,961	1,352	3,128	4,480
Unfilled Positions end-of-year	0	0	0	0	0	0	0	0	0
Total, Permanent Full-Time Employment, end-of-year.....	1,500	3,461	4,961	1,490	3,471	4,961	1,352	3,128	4,480
Staff-Year Estimate.....	1,524	3,465	4,989	1,554	3,540	5,094	1,410	3,180	4,590

FARM SERVICE AGENCY

Size, Composition, and Annual Cost
(in thousands of dollars)

Fiscal Year	Number of Vehicles by Type										Annual Operating Costs (\$ in 000)
	Sedans and Station Wagons	Light Trucks, SUV's and Vans			Medium Duty Vehicles	Ambulances	Buses	Heavy Duty Vehicles	Total Number of Vehicles		
		4X2	4X4								
FY 2009	323	170	255	8	0	0	3	759		\$4,909	
Change from 2009	38	-7	-3	1	0	0	-1	28		-\$758	
FY 2010	361	163	252	9	0	0	2	787		\$4,151	
Change from 2010	0	0	0	0	0	0	0	0		\$39	
FY 2011 1/	361	163	252	9	0	0	2	787		\$4,190	
Change from 2011	0	0	0	0	0	0	0	0		\$63	
FY 2012 1/	361	163	252	9	0	0	2	787		\$4,253	

1/ FY 2011 and FY 2012 are estimates.

The majority of the State Offices use GSA Motor Pool services within their State for travel purposes. These vehicles are used for different types of travel such as site visits, information meetings, training, speeches and presentations, conference attendance, relocation, entitlement, special mission, emergency and other travel. These vehicles are obtained from the nearest GSA Motor Pool with the approval of Management Services Division (MSD). Each State is assigned a Billing Office Address Code (BOAC) number, fund code and sales code by MSD.

FSA owns all-terrain vehicles in Hawaii.

FARM SERVICE AGENCY

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses (Including Transfers of Funds):

For necessary expenses of the Farm Service Agency, \$1,397,065,000: *Provided*, That the Secretary is authorized to use the services, facilities, and authorities (but not the funds) of the Commodity Credit Corporation to make program payments for all programs administered by the Agency: *Provided further*, That other funds made available to the Agency for authorized activities may be advanced to and merged with this account: *Provided further*, That funds made available to county committees shall remain available until expended. *Provided further*, That of the funds provided, no less than \$20,000,000 is available until September 30, 2013, for administrative expenses related to settling existing claims of discrimination in the delivery of agency programs.

FARM SERVICE AGENCY

Lead-Off Tabular Statement

SALARIES AND EXPENSES

Annualized 2011 Continuing Resolution.....	\$1,570,117,000
Budget Estimate, 2012.....	<u>1,713,405,000</u>
Increase in Appropriation.....	+ <u><u>143,288,000</u></u>

FARM SERVICE AGENCY

SUMMARY OF INCREASES AND DECREASES -- CURRENT LAW

(On basis of adjusted appropriation)

<u>Item of Change</u>	2011 <u>Estimated</u>	Pay <u>Costs</u>	Program <u>Changes</u>	2012 <u>Estimated</u>
Farm Loan Programs.....	\$313,173,000	\$0	\$0	\$313,173,000
Income Support and Disaster Assistance.....	907,117,000	0	99,883,000	1,007,000,000
Conservation Programs.....	318,827,000	0	40,405,000	359,232,000
Commodity Operations.....	<u>31,000,000</u>	<u>0</u>	<u>3,000,000</u>	<u>34,000,000</u>
 Total Available	 <u><u>1,570,117,000</u></u>	 <u><u>0</u></u>	 <u><u>143,288,000</u></u>	 <u><u>1,713,405,000</u></u>

FARM SERVICE AGENCY

Project Statement By Program
(On basis of appropriation)

	2010 Actual		2011 Estimated		Increase Decrease	2012 Estimated Amount
	Amount	Years	Amount	Years		
Total S&E:						
Farm Loan Programs.....	\$313,173,000	2,804	\$313,173,000	2,804	+	0
Income Support and Disaster Assistance.....	920,034,000	8,217	907,117,000	8,002	+	\$99,883,000
Conservation Programs.....	324,034,000	2,878 #	318,827,000	2,835	+	40,405,000
Commodity Operations.....	30,000,000	110	31,000,000	110	+	3,000,000
Total Available or Estimate.....	1,587,241,000	14,009	\$1,570,117,000	13,751	+	\$143,288,000 (1)
Unobligated Balance.....	54,055,000	--				
American Recovery and Reinvestment Act (ARRA), 2009 P.L. 111-5.....a/.....	-36,515,000	--				
Transfer from the Office of Congressional Affairs.....	-187,000	--				
Total, Appropriation.....	\$1,604,594,000	14,009				

Project Statement
(On basis of available funds)

	2010 Actual	2011 Estimated	Increase or Decrease	2012 Estimated
Farm Loan Programs.....	\$313,173,000	\$313,173,000	+	0
Income Support and Disaster Assistance.....	920,034,000	907,117,000	+	\$99,883,000
Includes transfers from:				
P.L. 480 Program Account	(2,812,000)	(2,812,000)		0
CCC Export Guarantee Account	(355,000)	(355,000)		0
Conservation Programs.....	324,034,000	318,827,000	+	40,405,000
Commodity Operations.....	30,000,000	31,000,000	+	3,000,000
Total Available or Estimate	1,587,241,000	1,570,117,000	+	143,288,000
Advances and Reimbursements (A&R):				
Loan Service Fees Transferredb/.....	3,570,000	3,595,000		0
Farm Bill.....c/.....	7,531,000	0		0
All Other Advances and Reimbursements.....	93,583,000	85,575,000	+	-85,000
Subtotal, A&R.....	104,684,000	89,170,000		-85,000
Total Net Obligations.....	1,691,925,000	1,659,287,000	+	143,203,000
Funds Carried Forward from Prior Year...d/...e/.....	12,831,000	0		0
American Recovery and Reinvestment Act (ARRA)...a/.....	36,515,000	0		0
Funds Carried Forward FY09, IT purposesf/.....	21,646,000	0		0
Funds carried forward to next Year ...e/...g/.....	-8,491,000	8,491,000		-8,491,000
Funds carried forward from FY10 to FY11 for IT purposes...h/.....	-45,564,000	40,564,000		0
Change in Funds Carried Forward.....	16,937,000	49,055,000		-8,491,000
Total, Available Funds Basis.....	\$1,708,862,000	\$1,708,342,000	+	\$134,712,000

a/ American Recovery and Reinvestment Act (ARRA), 2009 P.L. 111-5 available through Sept 30, 2010.

b/ Loan service fees are paid by producers who obtain CCC commodity loans. These fees partially defray the administrative costs of processing the loans and are held in an account for the use by the FSA administrative expenses account as needed.

c/ The Food, Conservation and Energy Act of 2008, Public Law 100-246 provided \$50 million in the Commodity Credit Corporation (CCC) account. Of which \$39.718m was transferred in FY 09 and \$7.531m was transferred in FY 10 to the FSA, Salaries and Expenses Account.

d/ Section 702 of Title VII - General Provisions of the 2009 Omnibus Appropriations Act, P. L. 111-8, provided that any funds made available to County Committees shall remain available until expended (7 U.S.C. 2209b). FY 2009 unobligated balance carried forward was \$11.485m plus \$1.302m of refund and adjustments of prior year unpaid obligations totaling \$12.787m was available in FY 10.

e/ FY 2001 Military Construction Appropriations (P.L. 106-246) provided \$77.56 million to remain available until expended. The remaining unobligated balance of \$38k was carried into FY 2009 & due to unliquidated obligations totaling \$6k, \$44k was carried into FY 2010. In FY 10 \$39k was obligated leaving an unobligated balance of \$5k.

f/ Section 738 of Title VII - General Provisions of the 2009 Omnibus Appropriations Act, P. L. 111-8, provided that any unobligated balances remaining available be made available for information technology expenses through Sept 30, 2010.

g/ P.L. 111-80, Salaries and Expenses, 123 STAT 2100, provided that any funds made available to County Committees shall remain available until expended (7 U.S.C. 2209b). FY 2010 unobligated balance carried forward was \$8.486 million.

h/ Section 732 of Title VII - General provisions of the 2010 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, P. L. 111-80, provided that any unobligated balances remaining available be made available for information technology expenses through Sept 30, 2011.

FARM SERVICE AGENCY

Salaries and Expenses by Source of Funding
(Dollars in Thousands)

Item	Program Accounts				Total
	Direct Appropriation	ACIF	P.L. 480	CCC Export Credit	
FY 2011 Base.....	\$1,253,777	\$313,173	\$2,812	\$355	\$1,570,117
FY 2012 President's Budget:					
Tribal Activities.....	2,375	0	0	0	2,375
Increase for Civil Rights.....	60,000	0	0	0	60,000
Increase for CCE Refresh.....	26,000	0	0	0	26,000
Increase for MIDAS.....	96,308	0	0	0	96,308
Savings from Buyout.....	-27,000	0	0	0	-27,000
Savings from Administrative Efficiencies.....	-14,395	0	0	0	-14,395
Change from FY 2011.....	143,288	0	0	0	143,288
Total, FY 2012 Budget Estimate.....	\$1,397,065	\$313,173	\$2,812	\$355	\$1,713,405

Justification of Increases and Decreases

- (1) A net increase of \$143,288,000 for Farm Service Agency Salaries and Expenses (\$1,570,117,000 available in FY 2011) consisting of:

- (A) A total net increase of \$143,288,000 for Federal Offices:

- (1) A decrease of \$27,000,000 for a proposed reduction of 504 Federal Staff years.

A net decrease in salaries and benefits of \$27.0 million for a proposed buyout of 504 Federal staff years. The net decrease consists of an increase of approximately \$12.0 million for the Voluntary Separation Incentive Payment (VSIP) and \$4.0 million for employees' lump sum salary expenses. The increase is offset by the reduction of federal employee salaries and benefits of \$43.0 million assuming employees are off of the rolls by mid-November. FSA's federal workforce base is 5,094 employees of which approximately 30% or 1,554 are headquarters employees in 4 geographic locations and the remaining 70% or 3,540 are the state and field office staff. The 1,554 headquarters employees are located in Washington, D.C., Kansas City, Missouri, St. Louis, Missouri and Salt Lake City, Utah. These employees provide the regulatory oversight, budgetary and fiscal support and maintain the aerial photography for the Agency. Of the employees located in the field offices, approximately 2,300 are in the county offices responsible for administering the Farm Loan Programs, approximately 260 are District Directors whose responsibility it is to provide hands-on oversight to the county office operations, and the remaining 980 are state office employees in the 51 state offices providing program oversight and administrative support to all of the county office activities. This proposal is a 10% reduction of FSA's federal workforce which we anticipate being able to absorb as efficiencies are put in place.

A buyout program implemented during October and November 2011 will enable the agency to live better within its resources and begin to right-size itself in an employee friendly manner without the need for a reduction-in-force. This buyout will be a buyout targeted towards those organizations with positions and job series which are non-mission critical. Similar to the FY 2006 VSIP, each organization will potentially have a reduction target maximum number of VSIP's that will be offered. During execution of the buyout, the agency will honor its labor management obligations. Where exclusive representation exists, bargaining may be requested to the extent allowed by applicable statutes. Where contract language already addresses these policies and procedures for bargaining unit employees, contract language prevails.

- (2) A decrease of \$7,895,000 in services toward achieving administrative efficiencies.

A decrease of \$7.895 million in federal services will be achieved through the reduction of support service contracts, tuition expenses and expenses related to publication and advertising. The base funding for FSA's services covers repair, alteration and maintenance on interior and exterior spaces, office equipment repair and maintenance, electronic duplicating machines, contractual services for outreach programs, mediation services, contracts for mailroom services and translation services, support service contracts to include labor support, interpreters, litigators, assessors, janitorial services, audit and legal fees, court reporter and consultant fees and training and tuition in support of employees job skills. This proposal is approximately a 30% reduction in non-IT support services contracts.

- (3) A decrease of \$4,500,000 in travel toward achieving administrative efficiencies.

A decrease of \$4.5 million in Federal travel will be achieved by restricting the offer of relocation benefits when filling vacancies and increasing the use of Webinars and teleconferencing when conducting meetings and internal training sessions. FSA's federal base travel has a variety of uses depending on the office. In the county offices it is used by the nearly 2,700 federal employees who, in almost all cases, have responsibility for multiple counties, to conduct compliance reviews, ensure that collateral is maintained, and for training and review of operations. Headquarters travel is related to attending hearings, administrative requirements in dealing with different geographic locations, and attending customer events and symposiums.

- (4) An increase of \$375,000 in travel and printing costs for Tribal Relations.

The \$375,000 increase reflects an increase of \$125,000 for travel related to the Advisory Council on Native American Farming and Ranching for Tribal Relations in order to ensure strengthened tribal relations in delivering USDA programs. The Advisory Council reflects the Administration's commitment to consultation and coordination with tribal nations and the importance of ensuring that programs and policies are efficient, easy to understand, accessible, and developed in consultation with the Native American constituents they impact. Also an increase of \$250,000 in printing costs in order to ensure strengthened tribal relations in delivering USDA programs. This funding will allow FSA to develop and print a Customer's Guide to apply for FSA farm loans.

- (5) An increase of \$40,000,000 for to provide settlements for discrimination claims filed under the Equal Credit Opportunity Act (ECOA).

This funding is needed to settle claims of discrimination filed between July 1, 1997 and October 31, 2009 arising out of the delivery of USDA credit programs. Based upon analysis conducted by the USDA Civil Rights Task Force (Task Force), the Department has determined that many claims were inadequately resolved or were ignored during the applicable two-year Statute of Limitations (SOL) period under ECOA. As a result, USDA is requesting the funding above and will also request necessary legislative authority to extend the SOL for these ECOA claims so the claims can be properly resolved.

The \$40 million request is based upon the findings of the analysis conducted by the Task Force during the last two years. During that time, the Task Force reviewed more than 14,000 claims of discrimination that were filed with the Department during the time period above. As part of its case review process, the Task Force examined the evidence associated with each claim to determine which claims have merit for further processing and resolution. Out of the more than 14,000 claims that were filed, USDA anticipates that no more than 600 will need to be settled under this action upon the Task Force's work.

The funding need to settle these 600 cases is based upon the average settlement costs for claimants under other civil rights class action lawsuits against USDA, most notably *Pigford v. Vilsack*. Based upon the USDA experiences in resolving these class actions, the Department has determined that \$40,000,000 will be sufficient to provide the necessary support for compensatory damages to the claimants. As part of the settlement process, claimants will be required to provide evidence of damages resulting from the discriminatory acts in question, including information regarding the associated USDA debt burden for each claimant. The Department will then utilize this information to reach a settlement agreement with the affected parties, thereby furthering the Department's efforts to address the long-standing civil rights issues that have plagued the Department.

(6) An increase of \$20,000,000 for the administrative costs of resolving civil rights claims.

The 2012 Budget proposes an increase request of \$20 million for administrative expenses for settling existing claims of discrimination. This increase will provide funding for monitor and facilitator services and reimbursement of services provided by OGC and DOJ for legal assistance and arbitration services.

(7) An increase of \$122,308,000 for IT transformation and modernization of FSA computer systems.

FSA plans, acquires and manages funded IT resources (technology, data, people and applications) that enable business process and program delivery systems to support the mission of FSA and USDA as well as the President's initiatives. FSA program delivery is currently supported in a mixed environment of applications and systems within FSA's network. This includes a centralized Web farm of applications, mainframe applications, and applications on the legacy AS 400 System 36 computers in the State and county offices. This current architecture relies heavily on obsolete technology and infrastructure and requires costly extensive management reporting at the Federal, State and county levels.

FSA's base funding provides IT resources and services that support program delivery in several ways. FSA is (1) maintaining and enhancing the current infrastructure at a level that supports required operations, services and program delivery, (2) eliminating the reliance on outmoded technology and applications (3) modernizing FSA's IT environment to enhance and improve the delivery of information and benefits to customers and (4) improving the quality, reliability and availability of data needed by the modernization effort to more effectively support FSA programs.

The FY 2012 Budget proposes an increase of \$122,308,000 to fund critical IT replacement and modernization projects to support core FSA operations. Of this amount:

- (a) \$96.308 million increase for continued implementation of the MIDAS ("Modernize and Innovate the Delivery of Agricultural Systems") initiative, which is a comprehensive project to streamline the existing complicated business processes that support mandated farm programs and provide a modern IT infrastructure to operate the programs. The FY 2012 proposal builds on funding provided by the Recovery Act, FY 2010 appropriations, and the anticipated FY 2011 continuing resolution funding of \$49.5M. Combined with the FY2012 request, FSA would have received approximately \$266M of the \$305M MIDAS multi-year implementation costs.

When complete, MIDAS will provide benefits to employees, farmers and ranchers covering FSA's Farm Programs including price support programs, conservation and environmental programs, and production and emergency disaster programs. MIDAS will improve service delivery on these programs by:

- Providing farmers with faster farm program payments;
- Reducing travel time and visits to field offices;
- Providing faster customer service;
- Providing faster implementation of new programs;
- Improving access and convenience via Web-based systems;
- Reducing paperwork and increasing security; and
- Keeping farmers more informed of the status of their applications and requests.

To realize these customer benefits, MIDAS relies on supporting web-based IT systems, architecture and infrastructure, and is closely tied to other Agency and Department modernization efforts. For example, it is essential that MIDAS and the Department-wide Financial Management Modernization Initiative (FMMI) are aligned because the financial systems are integral to the delivery of Farm Programs benefits. Geospatial Information Systems (GIS) modernization will enable MIDAS to use and leverage digital data to enhance program delivery and support. Full functionality of Enterprise Data Warehouse (EDW) will provide MIDAS with integrated high quality data to deliver critical reports to staff and FSA customers. And, upgrades to the Common Computing Environment (CCE) will help ensure the FSA county office staff have the desktops computers, telecommunication and internet services to use the program applications.

The FY 2012 MIDAS budget and the supporting modernization efforts will enable the MIDAS program to complete the initial operating release of the system in FY 2013, which plans to include price support programs and the integration of foundational financial, acreage reporting, customer and land information for FSA farmers, producers, and ranchers. More specifically, the budget will provide the ability to complete the system configuration, software licensing purchases, deployment, training, and interim hosting and operations for the major release. Subsequently, the multi-year funding provides the capability to move forward with the design, configuration and deployment of the remaining farm programs to the FSA county office employees.

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

- (b) \$26.0 million increase in FSA to support the Department's efforts to modernize and upgrade the Common Computing Environment (CCE) for the Service Center Agencies (SCAs). This funding will be used to replace outdated components of the IT infrastructure, many of which have exceeded their expected life cycles, in order to reduce system vulnerabilities to failure and improve the performance and effectiveness of the shared infrastructure.

This funding will allow for the first system-wide refresh of the CCE since the infrastructure was implemented in 2000. In addition, as the components of the CCE are replaced, USDA will implement a right-sizing process whereby configuration changes will be made to better support the delivery of current and future programs.

Refreshment and upgrade of Service Center computers and related IT technology is essential for both producing effective performance in the current IT environment and supporting the functionalities of the longer term FSA IT transformation and modernization. These improvements will allow the SCAs to better serve program participants with a more flexible and reliable IT infrastructure now as well as serving as the foundation of additional modernization efforts. As part of this process, the Department will strive to improve system security, reduce the long-term cost of infrastructure services, and improve service reliability.

(B) No overall change for non-Federal county offices includes:

(1) A decrease of \$2,000,000 in travel toward achieving administrative efficiencies.

A decrease of \$2.0 million will be achieved by restricting the offer of relocation benefits when filling vacancies and stressing the consolidation of requirements when conducting field reviews. FSA's non-federal base travel expenses cover the cost of travel for the required by law County Committee, compliance activity for farm programs and farm loan programs required by regulation, travel required by managers of shared management county offices, training requirements and appeal hearings.

(2) An increase of \$2,000,000 in non-federal rent for Tribal Relations.

This new funding will provide FSA sub-offices at Tribal headquarters on Indian Reservations in order to ensure strengthened tribal relations in delivering USDA programs. Establishing these offices reflects the Administration's commitment to consultation and coordination with tribal nations and the importance of ensuring that programs and policies are efficient, easy to understand, accessible, and developed in consultation with the Native American constituents they impact. The base rent and utilities for Non-Federal County Offices currently funds approximately 2,488 County Offices located in all 50 states as well as offices in the territories of Puerto Rico, U.S. Virgin Islands, and Guam. The mission of FSA provides for a centrally located office for the benefit of the American farmers. This requires FSA to lease space in local communities at fair market values.

FARM SERVICE AGENCY

The estimates include proposed changes in the language of this item as follows (new language underscored):

Salaries and Expenses (Including Transfers of Funds):

Contingent upon enactment of authorizing legislation, of the amount provided for the Farm Service Agency Salaries and Expenses account, \$40,000,000, to remain available until expended, shall be for the purpose of settling written claims filed under the Equal Credit Opportunity Act from July 1, 1997 to October 31, 2009.

FARM SERVICE AGENCY
Salaries and Expenses

Geographic Breakdown of Obligations and Staff Years
2010 Actual and Estimated 2011 and 2012

State	FY 2010		FY 2011		FY 2012	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama	\$20,225,482	56	\$20,007,279	58	\$21,833,132	52
Alaska	933,029	4	922,963	7	1,007,192	6
Arizona	5,372,451	24	5,314,490	22	5,799,487	20
Arkansas	26,279,308	112	25,995,793	113	28,368,155	101
California	17,935,748	68	17,742,248	69	19,361,396	62
Caribbean	5,042,092	53	4,987,695	57	5,442,869	51
Colorado	15,916,729	45	15,745,011	44	17,181,892	39
Connecticut	2,229,494	8	2,205,441	8	2,406,708	7
Delaware	1,916,157	9	1,895,484	9	2,068,465	8
District of Columbia	492,751,000	1,136	487,434,939	1,271	531,917,979	1,148
Florida	13,213,598	52	13,071,043	48	14,263,899	43
Georgia	28,771,921	75	28,461,514	72	31,058,896	64
Hawaii	3,340,874	18	3,304,831	16	3,606,428	15
Idaho	14,414,505	57	14,258,994	57	15,560,262	51
Illinois	49,853,004	110	49,315,163	113	53,815,637	101
Indiana	34,080,853	72	33,713,171	74	36,789,816	66
Iowa	60,372,143	150	59,720,816	148	65,170,904	132
Kansas	49,033,404	127	48,504,406	118	52,930,891	105
Kentucky	33,970,035	118	33,603,548	116	36,670,189	104
Louisiana	20,899,678	95	20,674,201	91	22,560,917	81
Maine	6,676,229	35	6,604,202	32	7,206,898	28
Maryland	7,672,917	21	7,590,137	21	8,282,809	19
Massachusetts	3,832,089	22	3,790,746	20	4,136,687	18
Michigan	25,668,693	75	25,391,765	75	27,709,003	67
Minnesota	44,072,476	133	43,596,999	130	47,575,637	116
Mississippi	29,384,070	99	29,067,059	107	31,719,703	96
Missouri	55,251,615	219	54,655,531	216	59,643,364	193
Montana	22,625,172	66	22,381,080	76	24,423,565	68
Nebraska	42,714,374	126	42,253,549	120	46,109,584	107
Nevada	2,348,965	12	2,323,623	11	2,535,676	10
New Hampshire	2,278,085	9	2,253,508	10	2,459,162	9
New Jersey	4,474,030	19	4,425,762	17	4,829,655	15
New Mexico	8,159,803	34	8,071,771	33	8,808,396	29
New York	19,034,237	82	18,828,886	81	20,547,200	73
North Carolina	32,120,893	86	31,774,356	89	34,674,066	80
North Dakota	32,902,150	115	32,547,184	120	35,517,422	107
Ohio	32,194,350	68	31,847,020	66	34,753,361	59
Oklahoma	31,663,068	136	31,321,470	134	34,179,850	120
Oregon	11,075,360	46	10,955,873	44	11,955,700	39
Pennsylvania	19,799,504	69	19,585,896	73	21,373,294	65
Rhode Island	1,171,081	7	1,158,447	6	1,264,166	5
South Carolina	15,395,175	53	15,229,084	53	16,618,882	47
South Dakota	34,300,796	122	33,930,741	123	37,027,241	110
Tennessee	28,162,903	83	27,859,067	84	30,401,470	75
Texas	76,412,434	226	75,588,056	228	82,486,179	204
Utah	13,397,821	106	13,253,278	100	14,462,765	90
Vermont	5,235,193	30	5,178,713	22	5,651,319	20
Virginia	19,742,596	59	19,529,602	56	21,311,863	51
Washington	13,232,511	46	13,089,752	45	14,284,315	40
West Virginia	9,711,022	42	9,606,254	43	10,482,915	39
Wisconsin	32,766,664	106	32,413,160	101	35,371,167	91
Wyoming	7,213,219	28	7,135,399	27	7,786,572	24
Subtotal, Available or Estimate	\$1,587,241,000	4,769	\$1,570,117,000	4,874	\$1,713,405,000	4,370
Unobligated balance	54,055,000					
Total, Available or Estimate	\$1,641,296,000	4,769	\$1,570,117,000	4,874	\$1,713,405,000	4,370

Note: Includes Recovery Act Funding in FY2010.

FARM SERVICE AGENCY
Salaries and Expenses

Classification by Objects
2010 Actual and Estimated 2011 and 2012

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Personnel Compensation:			
Washington D.C.	\$121,474,000	\$130,302,318	\$177,998,000
Field	242,013,000	243,537,682	156,595,000
11 Total personnel compensation.....	363,487,000	373,840,000	334,593,000
12 Personnel benefits.....	103,136,000	106,074,000	105,721,000
13 Benefits for former personnel.....	512,000	512,000	13,112,000
	<hr/>	<hr/>	<hr/>
Total pers. comp. & benefits.....	467,135,000	480,426,000	453,426,000
Other Objects:			
21 Travel.....	12,651,000	9,651,000	5,276,000
22 Transportation of things.....	2,808,000	1,758,000	1,758,000
23 Rent, communications, and utilities.....	12,271,000	7,876,000	7,876,000
23.1 Rental Payments to GSA.....	460,000	4,855,000	4,855,000
24 Printing and reproduction.....	1,026,000	526,000	776,000
25 Other services.....	341,624,000	325,047,000	499,460,000
26 Supplies and materials.....	3,750,000	2,150,000	2,150,000
31 Equipment.....	1,739,000	1,739,000	1,739,000
41 Grants, subsidies, and contributions....	743,452,000	735,764,000	735,764,000
42 Insurance claims and indemnities.....	210,000	210,000	210,000
43 Interest and dividends.....	115,000	115,000	115,000
44 Refunds.....	0	0	0
	<hr/>	<hr/>	<hr/>
Total other objects.....	1,120,106,000	1,089,691,000	1,259,979,000
	<hr/>	<hr/>	<hr/>
Total direct obligations	\$1,587,241,000	\$1,570,117,000	\$1,713,405,000

Position Data:

Average Salary, ES positions	\$157,191	\$157,191	\$159,650
Average Salary, GS positions	\$74,487	\$74,487	\$76,586
Average Grade, GS positions	12.4	12.4	12.2

FARM SERVICE AGENCY
Salaries and Expenses

SUMMARY OF RECOVERY ACT FUNDING

(On basis of appropriation)

<u>Program/Project/Activity</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Farm Loan Programs.....	\$7,750,000	\$0	\$0	\$0
Income Support and Disaster Assistance.....	17,250,000	0	0	0
Conservation Programs.....	17,250,000	0	0	0
Commodity Operations.....	7,750,000	0	0	0
Total Appropriated.....	\$50,000,000	\$0	\$0	\$0

Project Statement - Recovery Act

(On basis of available funds)

	<u>2010 Actual</u>		<u>2011 Estimated</u>		<u>Increase or Decrease</u>	<u>2012 Estimated</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>		<u>Amount</u>	<u>Staff Years</u>
Farm Loan Programs	\$5,597,453	0	\$0	0	\$0	\$0	0
Carryover			0		0	0	0
Income Support & Disaster Assistance	12,660,047	0	0	0	0	0	0
Carryover			0	0	0	0	0
Conservation Programs	12,660,047	0	0	0	0	0	0
Carryover			0	0	0	0	0
Commodity Operations	5,597,453	0	0	0	0	0	0
Carryover			0	0	0	0	0
Unobligated Balance	0	0	0	0	0	0	0
Total Available or Estimate	\$36,515,000	0	\$0	0	\$0	\$0	0

Program Implementation Activities:

The Recovery Act funds are a down payment of a multi-year modernization effort. FSA's continued investment in new technology is required to reliably administer program payments and provide basic farm program services to producers.

Continue upgrading and improving the capacity, reliability and performance on our web-base program delivery applications.

Continue to streamline the FSA business processes and develop an effective long-term IT system and architecture for farm program delivery.

Performance Measure:

	<u>Performance Data</u>		
	<u>2010 Actual</u>	<u>2011 Target</u>	<u>2012 Target</u>
Number of Jobs Created or Saved (In private sector).....	274	0	0

FARM SERVICE AGENCY
SALARIES AND EXPENSES

STATUS OF PROGRAM

Current Activities:

FSA's major program areas are:

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

FSA programs, activities, and workload indicators in FY 2010 are outlined in the following pages.

Farm Loans

Farm Loan Programs. In FY 2010, activity under the Agricultural Credit Insurance Fund included:

Number of direct loans.....	24,418
Dollar value of direct loans.....	\$1,985,722,000
Number of guaranteed loans.....	12,096
Dollar value of guaranteed loans.....	\$3,297,878,000

State Mediation Grants (SMG). In FY 2010, SMG activity included:

Number of Grants made to States.....	36
Dollar value of grants.....	\$4,369,000
Amount of SMG payments issued.....	\$3,108,070

Income Support and Disaster Assistance

Direct and Counter-cyclical Program (DCP) and Average Crop Revenue Election (ACRE). FY 2010 activity consisted of participant annual enrollment, contract maintenance, and payment processing.

Total number of DCP contracts1,572,378
 Dollar value of DCP and ACRE direct payments made..... \$4,898,085,000
 Dollar value of counter-cyclical payments made..... \$902,584,000
 Total number of ACRE contracts.....138,615
 Dollar value of ACRE revenue payments made.....\$0

Deficiency Payments. Marketing assistance loans, loan deficiency payments, and other price support program activities in FY 2010 included:

Commodity	Marketing Assistance Loans		Loan Deficiency Payments (LDP's)	
	Number of Loans	Dollar Value (\$000)	Number of LDP's	Dollar Value (\$000)
Corn	25,600	1,748,739	0	-162
Grain Sorghum	121	3,824	0	-2
Barley	601	22,284	1,465	1,274
Oats d/	153	1,088	0	0
Wheat	5,387	295,833	15,816	178,213
Rice	4,513	558,923	0	-51
Cotton a/	6,738	2,413,160	2,503	4,418
Soybeans	13,036	605,813	0	18
Minor Oilseeds	298	14,387	0	-13
Sugar b/	346	875,200	0	0
Peanuts d/	7,849	639,927	0	0
Tobacco b/ c/	0	0	0	0
Honey d/	226	4,232	0	0
Pulse Crops	149	6,079	0	-17
Wool & Mohair	4	96	14,920	7,969
Total	65,021	7,189,585	34,704	\$191,647

a/ Reflects loans made through the county offices. In addition, loans are made through cooperative associations; the number of those loans is not available.

b/ LDP's are not available for tobacco or sugar.

c/ The number of tobacco loans is not available.

d/ There was no LDP activity for oats, peanuts and honey.

Farm Storage Facility Loans (FSFL). FSFL program activities in 2010 included:

Farm Storage Facility Loans closed.....	4,055
Amount of Farm-Storage Facility Loans.....	\$227,538,000

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

Milk Income Loss Contract (MILC) Program. MILC activity in FY 2010 included:

Number of MILC payments.....	49,007
Amount of MILC payments	\$181,527,000

Non-Insured Crop Disaster Assistance Program (NAP). NAP activity in FY 2010 included:

Number of actual production history records completed for NAP.....	15,000
Number of NAP applications for coverage.....	52,572
Amount of NAP payments issued.....	\$98,745,000

Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP). ELAP activity in FY 2010 included:

Number of ELAP applications.....	1,707
Amount of ELAP payments—Disaster Trust Funds – FSA.....	\$21,413,463

Livestock Forage Disaster Program (LFP) activity in FY 2010:

Number of LFP contracts.....	52,262
Amount of LFP payments - Disaster Trust Fund - FSA.....	\$263,262,939

Livestock Indemnity Program (LIP). LIP activity in FY 2010:

Number of LIP applications	8,423
Amount of LIP payments- Disaster Trust Fund - FSA.....	\$91,825,329

Durum Wheat Quality Program (DWQP). DWQP activity in FY 2010 included:

Number of DWQP applications.....	1,020
Amount of DWQP obligations—FSA.....	\$3,000,000

Supplemental Revenue Assistance Payments (SURE) Program. SURE activity in FY 2010 included:

Number of SURE applications.....	92,741
Amount of SURE payments—Recovery Act Funds – FSA.....	\$578,327,073
Amount of SURE payment—Disaster Trust Fund – FSA.....	\$973,433,687

Tree Assistance Program (TAP). Activity for FY 2010 included:

Number of TAP applications.....	730
Amount of TAP payments – Recovery Act Funds - FSA.....	\$156,736
Amount of TAP payments – Disaster Trust Fund.....	\$1,507,238

Commodity Operations

Commercial Warehouse Activities. During FY 2010, 937 United States Warehouse Act (USWA) licenses were in effect at 3,106 locations. 77 staff years, which includes Federal examiners, were used in the performance and review of onsite examinations at 1,127 grain, 245 cotton, and 71 miscellaneous commodity warehouses. In addition, CCC contract onsite examinations were performed at 89 grain, 250 cotton, 70 miscellaneous, and 127 processed commodity warehouses. In accordance with the Grain Standards and Warehouse Improvement Act of 2000, user fees are charged for warehouse examination services of all warehouses licensed under the USWA.

In FY 2010, CCC had contracts with about 4,000 commercial warehouse operators in over 5,800 locations in the United States for the storage of Government-owned and loan grain and rice, cotton, peanuts, and processed commodities. The grain and rice facilities have a total capacity of about 8.7 billion bushels. Grain, rice, and cotton warehouses not licensed under the USWA pay contract fees to CCC. The collection of an annual contract fee is currently suspended.

The inventory of CCC-owned commodities was reduced during FY 2010. Storage and handling charges in FY 2010 were \$3.4 million, down from \$5.7 million in FY 2009, due to lower inventory stocks of non fat dry milk.

End-Use Certificate Program. FSA monitors Canadian wheat imports through the use of North American Free Trade Agreement mandated end-use certificates. Almost 1.7 million metric tons (64.1 million bushels) of Canadian wheat entered the U.S. in FY 2010.

Economic Adjustment Assistance Program for Domestic Users of Upland Cotton. The 2008 Farm Bill authorized USDA to provide economic adjustment assistance to domestic users of upland cotton in the form of payments. In FY 2010, \$75.5 million was paid to domestic users of upland cotton to support U.S. manufacturing infrastructure.

Extra-Long Staple Cotton Competitiveness Program. In FY 2010, CCC provided payments of \$0.504 million to domestic users and \$28.0 million to exporters.

Domestic Nutrition and Feeding Programs. In FY 2010, FSA purchased 502.5 million pounds of peanut products, dairy products, flour, pasta, vegetable oil, and corn and rice products to fulfill domestic food distribution program requirements. In addition, FSA provided 185.2 million pounds of nonfat dry milk from inventory acquired under the Dairy Product Price Support Program which was utilized to provide bonus commodities for domestic food distribution programs.

Foreign Food-Aid Humanitarian and Developmental Assistance Programs. In FY 2010, FSA procured more than 2.3 million metric tons of grains, processed grain products, vegetable oil, pulses (such as dried beans, peas, lentils), and other products valued at approximately \$828 million for food relief programs throughout the world.

STORAGE ACTIVITIES

The objective of the Corporation in carrying out its storage program is to make efficient use of commercial facilities in the storage of CCC-owned commodities.

Commercial Storage. The Corporation has contracts to store Government-owned and collateralized agricultural products in over 5,800 warehouses located throughout the United States.

The capacities of the CCC-approved warehouses in FY 2010 were as follows: 8.7 billion bushels of grain and rice; 22.4 million bales of cotton; 2.9 million short tons of peanuts; 13.5 billion pounds of sugar; 2.3

billion pounds of processed (dry); 4.2 million pounds of processed (freezer) and 4.0 million pounds of processed (cooler).

The inventory of CCC-owned commodities was reduced during FY 2010. Storage and handling charges in FY 2010 were \$3.4 million, down from \$5.7 million in FY 2009, due to lower inventory stocks of non fat dry milk.

In accordance with the Grain Standards and Warehouse Improvement Act of 2000, user fees are charged for warehouse examination services of all warehouses licensed under the USWA. Grain, rice, and cotton warehouses not licensed under the USWA pay contract fees to CCC. The collection of an annual contract fee is currently suspended.

Conservation

Emergency Conservation Program (ECP). FY 2010 activity included:

Number of ECP payment applications.....	41,745
Amount of ECP payments issued.....	\$76,878,872

Hazardous Waste Management Program: Hazardous Waste Management Program: Carbon tetrachloride, formerly used as a pesticide to treat stored grain, has been detected above the Environmental Protection Agency Maximum Contaminant Level in groundwater samples taken at over 80 former CCC grain storage facilities. Current environmental liability posed by these sites is estimated to exceed \$50 million. Since FY 2003, Hazardous Waste Management funding from the Department has been reduced to zero, CCC must now rely on its Section 11 borrowing authority. CCC is authorized to use its borrowing authority, not to exceed \$5 million, for site investigations, ongoing operations and maintenance, and remediation expenses.

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

Conservation Reserve Program (CRP) and Emergency Forestry Conservation Reserve Program (EFCRP). FY 2010 activity included:

Number of active CRP contracts.....	744,672
Number of CRP cost-share payments.	60,718
Amount of CRP cost-share and incentive payments.....	\$68,137,506
Number of CRP rental payments.....	899,324
Amount of CRP annual rental payments.....	\$1,709,277,627
Number of CRP acres approved for enrollment.....	1,045,562
Number of EFCRP cost share payments.....	633
Amount of EFCRP cost-share payments.....	\$2,146,396
Amount of EFCRP technical assistance payments.....	\$0
Number of EFCRP rental payments.....	1,803
Amount of EFCRP annual rental payments.....	\$5,643,249

Biomass Crop Assistance Program (BCAP) FY 2010 activity included:

Number of active BCAP applications.....	4,230
Number of BCAP active contracts.....	4,391
Amount of BCAP payments.....	\$248,202,000

Grasslands Reserve Program (GRP). FY 2010 activity included:

Number of GRP active contracts..... 3,466

Voluntary Public Access and Habitat Incentive Program (VPA-HIP) FY 2010 activity included:

Number of VPA-HIP proposals approved.....17
Amount of VPA-HIP obligations.....\$11,756,059

FARM SERVICE AGENCY

The estimates include appropriation language for this item as follows:

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), \$4,369,000.

FARM SERVICE AGENCY
STATE MEDIATION GRANTS

Annualized 2011 Continuing Resolution	\$4,369,000
Budget Estimate, 2012	<u>4,369,000</u>
Change in Appropriations	<u>0</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>2011 Estimated</u>	<u>Program Changes</u>	<u>2012 Estimated</u>
State Mediation Grants	\$4,369,000	0	\$4,369,000

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>2010 Actual</u>	<u>2011 Estimated</u>	<u>Increase or Decrease</u>	<u>2012 Estimated</u>
State Mediation Grants	\$4,369,000	\$4,369,000	0	\$4,369,000
Total Appropriation	<u>4,369,000</u>	<u>4,369,000</u>	<u>0</u>	<u>\$4,369,000</u>

Justification of Requested Level

In FY 2010, 36 States received grants pro rated at 71 percent of their initial request. States budgeted over \$2.1 million in matching funds for the program. Grants to States ranged from \$16,154 to \$402,898. In fiscal year 2011, 36 to 37 States are expected to receive grants. In fiscal years 2011 and 2012 grants are expected to range from about \$16,154 to \$322,398.

The program is currently authorized through September 30, 2015 under P. L. 109-17, enacted June 29, 2005, as amended by P. L. 111-233 on August 16, 2010.

The following table shows the geographic breakdown of obligations for fiscal years 2010 to 2012.

State Mediation Program
Geographic Breakdown of Obligations
2010 Actual and Estimated 2011 and 2012

State	2010 Actual	2011 Estimate	2012 Estimate
Alabama	\$225,094	\$183,094	\$183,094
Arizona	104,458	104,458	104,458
Arkansas	65,584	65,584	65,584
California	44,798	44,798	44,798
Colorado	33,056	33,056	33,056
Florida	38,035	38,035	38,035
Idaho	64,400	64,400	64,400
Illinois	105,042	85,781	85,781
Indiana	142,224	132,074	132,074
Iowa	208,061	208,061	208,061
Kansas	403,688	322,398	322,398
Louisiana	75,990	102,990	102,990
Maine	60,315	46,034	46,034
Maryland	103,681	103,681	103,681
Massachusetts	147,483	147,483	147,483
Michigan	78,858	78,858	78,858
Minnesota	354,344	306,095	306,095
Mississippi	73,323	73,323	73,323
Missouri	64,281	64,281	64,281
Nebraska	113,271	113,271	113,271
New Jersey	16,283	16,283	16,283
New Mexico	52,380	52,380	52,380
New York	302,096	302,096	302,096
North Carolina	127,584	127,584	127,584
North Dakota	116,484	216,484	216,484
Oklahoma	181,676	181,676	181,676
Pennsylvania	65,584	65,584	65,584
Rhode Island	31,123	26,905	26,905
South Dakota	106,031	106,031	106,031
Texas	255,656	255,656	255,656
Utah	16,154	16,154	16,154
Vermont	155,141	155,141	155,141
Virginia	42,024	42,024	42,024
Washington	71,551	54,051	54,051
Wisconsin	247,825	203,725	203,725
Wyoming	75,422	75,422	75,422
Undistributed	0	154,049	154,049
Total, Available or Estimate	4,369,000	4,369,000	4,369,000

State Mediation Program
Classification by Objects
2010 Actual and Estimated 2011 and 2012

<u>Object Class</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Grants, subsidies, and contributions	\$4,369,000	\$4,369,000	\$4,369,000
Total direct obligations	<u>4,369,000</u>	<u>4,369,000</u>	<u>4,369,000</u>

STATE MEDIATION GRANTS

STATUS OF PROGRAM

Current Activities: During FY 2010:

- In addition to credit disputes, the most frequently mediated issues were Conservation Reserve Program payment eligibility/limitation, highly erodible land/water conservation program requirements, price support payments, and production flexibility contracts.
- Grants were made to 36 States. Idaho and Pennsylvania were certified for participation for the first time in FY 2010.
- States contributed over \$2.7 million in matching funds.
- Participating USDA agencies include the Farm Service Agency with 823 cases, Forest Service with 20 cases, Natural Resources Conservation Service with 66 cases, Risk Management Agency with 31 cases, Rural Development with 138 cases, other USDA agencies with 18 cases and other (Agriculture Credit, Banks, etc.) had 5,301 cases.

Selected Example of Recent Progress

- State Mediation Grants were made to 36 different states to resolve credit disputes.

Program Results Comparison:

	FY 2009	FY 2010
Number of cases mediated	5,428	6,397
Number of cases heard for resolution	1,855	3,220
• Resolved with agreements	-	2,604
• Resolved without agreement	-	616
Percentage of cases resolved*	64%	81%
Average cost per case	\$800	\$800

*Target was 75 percent for both fiscal years.

The following table shows allocations and outlays by State for FY 2010:

State Mediation Grants
Grants and Outlays by State
Fiscal Year 2010

State	Grants	Outlays a/
Alabama	\$225,094	\$183,094
Arizona	104,458	79,966
Arkansas	65,584	32,887
California	44,798	
Colorado	33,056	33,056
Florida	38,035	8,346
Idaho	64,400	41,105
Illinois	105,042	105,042
Indiana	142,224	142,224
Iowa	208,061	208,061
Kansas	402,898	348,364
Louisiana	75,990	
Maine	60,315	40,088
Maryland	103,681	
Massachusetts	147,483	77,354
Michigan	78,858	69,380
Minnesota	354,344	354,344
Mississippi	73,323	73,323
Missouri	64,281	54,099
Nebraska	113,271	
New Jersey	16,283	3,615
New Mexico	52,380	43,134
New York	302,096	253,616
North Carolina	127,584	28,763
North Dakota	116,484	
Oklahoma	181,676	180,053
Pennsylvania	65,584	
Rhode Island	31,123	24,831
South Dakota	106,031	
Texas	255,656	198,853
Utah	16,154	
Vermont	155,141	155,141
Virginia	42,024	69,857
Washington	71,551	71,551
Wisconsin	247,825	184,054
Wyoming	75,422	43,869
Undistributed	790	1,580,457
Total	\$4,369,000	\$4,688,527

a/ Includes outlays from prior year obligations.

GRASSROOTS SOURCE WATER PROTECTION PROGRAM

Annualized 2011 Continuing Resolution	\$5,000,000
Budget Estimate, 2012	<u>0</u>
Decrease in Appropriation	<u>-5,000,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>2011 Estimated</u>	<u>Program Changes</u>	<u>2012 Estimated</u>
Payments to State Rural Water Associations.....	\$5,000,000	-\$5,000,000	0

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>2010 Actual</u>	<u>2011 Estimated</u>	<u>Decrease</u>	<u>2012 Estimated</u>
Payments to State Rural Water Associations.....	\$4,950,000	\$4,950,000	-\$4,950,000	0
Other purchases of goods and services from Government accounts	50,000	50,000	-50,000	0
Total appropriation.....	<u>5,000,000</u>	<u>5,000,000</u>	<u>-5,000,000 (1)</u>	<u>0</u>

Justification of Decrease

- (1) A decrease of \$5,000,000 for Grassroots Source Water Protection Program (\$5,000,000 available in 2011):

The FY 2012 Budget proposes no funding for this program due to fiscal constraints.

Classification by Objects

2010 Actual and Estimated 2011 and 2012

<u>Object Class</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
25.3 Other purchases of goods and services from Government accounts	\$50,000	\$50,000	0
41.0 Grants, subsidies, and contributions	4,950,000	4,950,000	0
Total direct obligations	<u>5,000,000</u>	<u>5,000,000</u>	<u>0</u>

GRASSROOTS SOURCE WATER PROTECTION PROGRAM

STATUS OF PROGRAM

Current Activities: The Grassroots Source Water Protection Program (GSWPP) is a joint project by the Farm Service Agency and the nonprofit National Rural Water Association (NRWA) designed to help prevent source water pollution in States through voluntary practices installed by producers and other landowners at the local level. GSWPP uses 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 2010, \$5 million was provided by P.L. 111-80, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2010. The 44 States participating in the GSWPP were chosen based on objective technical criteria relating to water quality and population. During FY 2010, \$5,000,000 was outlaid, including \$191,329 for administrative costs to operate the program under the NRWA and \$50,000 for the Farm Service Agency Salaries and Expenses associated with implementing GSWPP. States received various amounts ranging from \$86,557 to \$171,113.

Between October 1, 2009 and September 30, 2010 the GSWPP completed 135 source water plans with management activities implemented in the source water areas. The 135 plans provide protection measures for 509 public drinking water sources – 454 wells and 55 surface water intakes.

The program was implemented in the following States:

Alabama	Georgia	Maryland	North Carolina	Texas
Alaska	Idaho	Massachusetts	North Dakota	Utah
Arizona	Illinois	Michigan	Ohio	Vermont
Arkansas	Indiana	Minnesota	Oklahoma	Virginia
California	Iowa	Mississippi	Oregon	Washington
Colorado	Indiana	Missouri	Pennsylvania	West Virginia
Connecticut	Kansas	Montana	Rhode Island	Wisconsin
Delaware	Louisiana	Nevada	South Carolina	Wyoming
Florida	Maine	New Mexico	South Dakota	

The following table shows appropriations from fiscal years 2005 through 2010.

Grassroots Source Water Protection Program
Appropriations for Fiscal Years 2005-2010

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
TOTAL	\$24,356,009

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

FARM SERVICE AGENCY

The estimates include appropriation language for this item as follows:

Dairy Indemnity Program (Including Transfer of Funds):

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

FARM SERVICE AGENCY

DAIRY INDEMNITY PROGRAM

Annualized 2011 Continuing Resolution	\$100,000
Budget Estimate, 2012	<u>100,000</u>
Change in Appropriation	<u>0</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>2011 Estimated</u>	<u>Program Changes</u>	<u>2012 Estimated</u>
Indemnity payments to dairy farmers and manufacturers	\$100,000	0	\$100,000

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>2010 Actual</u>	<u>2011 Estimated</u>	<u>Increase or Decrease</u>	<u>2012 Estimated</u>
Indemnity payments to dairy farmers and manufacturers	\$876,000	\$100,000	-\$776,000	\$100,000
Total Appropriation	876,000	100,000	-776,000	100,000

(On basis of available funds)

<u>Project</u>	<u>2010 Actual</u>	<u>2011 Estimated</u>	<u>Increase or Decrease</u>	<u>2012 Estimated</u>
Indemnity payments to dairy farmers and manufacturers	\$161,969	\$200,000	0	\$200,000
Unobligated balance start of year	-332,600	-876,000	\$100,000	-776,878
Recoveries	-247	0	0	0
Unobligated balance end of year	1,046,878	776,000	-876,000	676,878
Total appropriation	876,000	100,000	-776,000	100,000

FARM SERVICE AGENCY
DAIRY INDEMNITY PROGRAM

Justification of Program Change

The amount of Dairy Indemnity Program (DIP) claims varies considerably from year to year, depending upon the nature and extent of contamination problems encountered. It is therefore impossible to predict with any degree of accuracy what program needs will be in a given year. For that reason, the budget requests "such sums as may be necessary," the same as Congress provided for FY 2010. The FY 2012 estimate of \$100,000 is the amount projected to be used under the indefinite authority.

FARM SERVICE AGENCY
 Dairy Indemnity Program
 Geographic Breakdown of Obligations
 2010 Actual and Estimated 2010 and 2011

State	2010	2011	2012
Arkansas	11,004	0	0
Florida	4,164	0	0
Georgia	24,934	0	0
Missouri	1,093	0	0
Oklahoma	2,323	0	
Texas	115,433	74,208	74,208
Undistributed	3,018	125,792	125,792
TOTAL	\$161,969	\$200,000	\$200,000

Classification by Objects
2010 Actual and Estimated 2011 and 2012

	<u>Object Class</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
41.0	Grants, subsidies, and contributions	\$161,969	\$200,000	\$200,000
	Total direct obligations	<u>161,969</u>	<u>200,000</u>	<u>200,000</u>

DAIRY INDEMNITY PROGRAM**STATUS OF PROGRAM**

Current Activities: During FY 2010, 18 dairy farmers in 6 States filed claims totaling \$158,951 under the Dairy Indemnity Program. Seventeen claims resulted from losses due to aflatoxin, a contaminant, and one claim resulted from a loss due to herbicides, (tordon and escort) sprayed on the pastures where the dairy cows were located. Outlays for FY 2010 totaled \$161,722.

Payments to dairy farmers since the program's inception in FY 1965 total \$20.8 million.

The provision for making indemnity payments to manufacturers of dairy products became effective on November 30, 1970. Since that time, 20 manufacturers have received indemnity payments totaling \$3.9 million, which is unchanged since FY 1987.

Selected Examples of Recent Activity: The following tables show (a) allocations and outlays by State during FY 2010 and (b) payments and number of payees during fiscal years 1965 through 2010.

Dairy Indemnity Program
Allocations and Outlays by State
Fiscal Year 2010

State	Allocations	Outlays
Arkansas	\$11,004	\$11,004
Florida	4,164	4,164
Georgia	24,934	24,934
Missouri	1,093	1,093
Oklahoma	2,323	2,323
Texas	115,433	115,433
Undistributed	0	2,771
	\$158,951	\$161,722

Dairy Indemnity Program
 Payments and Number of Payees
 Fiscal Years 1965-2010

Fiscal Years	Payments to Dairy Farmers	Payments to Manufacturers of Dairy Products	Total Payments	Number of Payees
1965 to 1974	\$1,648,663	\$141,427	\$1,790,090	449
1975	193,389	--	193,389	26
1976 a/	159,289	--	159,289	19
1977	40,284	--	40,284	8
1978	66,266	9,210	75,476	12
1979	64,267	--	64,267	13
1980	91,575	--	91,575	9
1981	42,231	--	42,231	15
1982	15,087	--	15,087	5
1983	6,121,374	--	6,121,374	18
1984	2,043,010	398,910	2,441,920	22
1985	50,070	--	50,070	5
1986	15	--	15	10
1987	4,871,724	3,361,892	8,233,616 b/	131
1988	449,543	--	449,543	4
1989	230,101	--	230,101	106
1990	112,405	--	112,405	52
1991	90,702	--	90,702	24
1992	131,651	--	131,651	51
1993	120,129	--	120,129	27
1994	387,358	--	387,358	27
1995	18,565	--	18,565	7
1996	207,867	--	207,867	22
1997	257,311	--	257,311	30
1998	416,622	--	416,622	42
1999	126,353	--	126,353	30
2000	36,407	--	36,407	7
2001	22,112	--	22,112	9
2002	124,309	--	124,309	19
2003	393,369	--	393,369	69
2004	601,092	--	601,092	86
2005	349,232	--	349,232	23
2006	132,457	--	132,457	15
2007	181,329	--	181,329	21
2008	144,388	--	144,388	14
2009	650,788	--	650,788	22
2010	161,722	--	161,722	18
Total	\$20,753,056	\$3,911,439	\$24,664,495	1,467

a/ Includes transition quarter.

b/ Includes payments totaling \$2,264,172 that were issued to producers and manufacturers in fiscal year 1986 but not reported to the National office and Treasury in time to appear as outlays in fiscal year 1986.

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, 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: farm ownership loans, \$1,975,000,000, of which \$1,500,000,000 shall be for unsubsidized guaranteed loans and \$475,000,000 shall be for direct loans; operating loans, \$2,550,089,000, of which \$1,500,000,000 shall be for unsubsidized guaranteed loans and \$1,050,089,000 shall be for direct loans; Indian tribe land acquisition loans, \$2,000,000; guaranteed conservation loans, \$150,000,000; Indian highly fractionated land loans, \$10,000,000; and for boll weevil eradication program loans, \$60,000,000: Provided, That the Secretary shall deem the pink bollworm to be a boll weevil for the purpose of boll weevil eradication program loans.

For the cost of direct and guaranteed loans and grants, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, as follows: farm ownership loans, \$22,800,000 for direct loans; operating loans, \$85,220,000, of which \$26,100,000 shall be for unsubsidized guaranteed loans, and \$59,120,000 shall be for direct loans; Indian highly fractionated land loans, \$193,000; and for individual development account grants, \$2,500,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, \$321,093,000, of which \$313,173,000 shall be 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.

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
Analysis of Change in Appropriation

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>	<u>Total Budget Authority</u>
Annualized Continuing Resolution, 2011.....	\$4,554,979,000	\$140,608,000	\$321,093,000	\$461,701,000
Budget Estimate, 2012.....	4,749,589,000	110,713,000	321,093,000	431,806,000
Change in Appropriation.....	<u>+194,610,000</u>	<u>-29,895,000</u>	<u>0</u>	<u>-29,895,000</u>

Summary of Increases and Decreases
 (On basis of adjusted appropriation)

<u>Item of Change</u>	<u>2011 Estimated</u>	<u>Program Changes</u>	<u>2012 Estimated</u>
Loan Levels:			
Farm Ownership.....	383,237,000	+91,763,000	475,000,000
Farm Operating.....	782,178,000	+267,911,000	1,050,089,000
Indian Land.....	3,940,000	-1,940,000	2,000,000
Boll Weevil.....	100,000,000	-40,000,000	60,000,000
Total Direct Loans.....	<u>1,269,355,000</u>	<u>+317,734,000</u>	<u>1,587,089,000</u>
Farm Ownership - Unsubsidized.....	1,460,526,000	+39,474,000	1,500,000,000
Farm Operating - Unsubsidized.....	1,506,438,000	-6,438,000	1,500,000,000
Farm Operating - Subsidized.....	172,827,000	-172,827,000	0
Total Guaranteed Loans.....	<u>3,139,791,000</u>	<u>-139,791,000</u>	<u>3,000,000,000</u>
Conservation			
Direct.....	35,619,000	-35,619,000	0
Guaranteed.....	73,158,000	+76,842,000	150,000,000
Total Conservation Loans.....	<u>108,777,000</u>	<u>+41,223,000</u>	<u>150,000,000</u>
Indian Highly Fractionated Land Loans.....	<u>37,056,000</u>	<u>-27,056,000</u>	<u>10,000,000</u>
Total Loans.....	<u>4,554,979,000</u>	<u>+192,110,000</u>	<u>4,747,089,000</u>
Individual Development Account Grants	<u>0</u>	<u>+2,500,000</u>	<u>2,500,000</u>
Total Loans and Grants.....	<u>4,554,979,000</u>	<u>+194,610,000</u>	<u>4,749,589,000</u>
Budget Authority:			
Direct Loan Subsidy.....	73,920,000	+8,000,000	81,920,000
Guaranteed Loan Subsidy.....	64,552,000	-38,452,000	26,100,000
Conservation Loan Subsidy.....	1,343,000	-1,343,000	0
Indian Highly Fractionated Land Subsidy.....	793,000	-600,000	193,000
Individual Development Account Grants	0	+2,500,000	2,500,000
Total Subsidy and Grants.....	<u>140,608,000</u>	<u>-29,895,000</u>	<u>110,713,000</u>
Administrative Expenses.....	321,093,000	0	321,093,000
Total Budget Authority.....	<u>461,701,000</u>	<u>-29,895,000</u>	<u>431,806,000</u>

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 Project Statement by Program
 (On basis of available funds)

22-36

Program:	2010 Actual		2011 Estimated		Increase or Decrease		2012 Estimated	
	Loan Level	Subsidy						
Direct loans:								
Farm Ownership	\$702,816,000	\$28,675,000	\$383,237,000	\$26,520,000	+\$91,763,000	-\$3,720,000	\$475,000,000	\$22,800,000
Farm Operating - Carryover	1,220,019,000	57,829,000	782,178,000	47,400,000	+\$267,911,000	+\$1,720,000	1,050,089,000	59,120,000
Farm Operating - ARRA-Carryover	1,220,019,000	57,829,000	783,832,000	47,500,000	+\$266,237,000	+\$1,620,000	1,050,089,000	59,120,000
Subtotal	2,220,019,000	1,060,000	1,166,000	0	0	0	0	0
Emergency Disaster - Carryover	35,598,000	1,314,000	57,197,000	6,000,000	-39,189,000	-5,098,000	18,008,000	902,000
Indian Land Acquisition	0	0	3,940,000	0	-1,940,000	0	2,000,000	0
Boll Weevil Eradication	0	0	100,000,000	0	-40,000,000	0	60,000,000	0
Total Direct Loans and Subsidies	1,980,789,000	88,878,000	1,328,206,000	80,020,000	+276,891,000	+2,802,000	1,605,097,000	82,822,000
Guaranteed Loans:								
Farm Ownership, Unsubsidized	1,605,999,000	5,942,000	1,460,526,000	5,550,000	+39,474,000	-5,550,000	1,500,000,000	0
Farm Ownership, Unsubsidized - Carryover	0	0	2,284,000	9,000	-2,284,000	0	0	0
Subtotal	1,605,999,000	5,942,000	1,462,810,000	5,559,000	+39,474,000	-5,550,000	1,500,000,000	0
Farm Operating, Unsubsidized	1,310,156,000	35,338,000	1,306,438,000	35,100,000	-6,438,000	-9,000,000	1,500,000,000	26,100,000
Farm Operating, Unsubsidized - Carryover	0	0	1,116,000	26,000	-1,116,000	0	0	0
Subtotal	1,310,156,000	35,338,000	1,507,554,000	35,126,000	-6,438,000	-9,000,000	1,500,000,000	26,100,000
Farm Operating, Subsidized	181,569,000	25,529,000	172,827,000	23,902,000	-172,827,000	-23,902,000	0	0
Total Guaranteed Loans and Subsidies	3,297,724,000	66,809,000	3,143,191,000	64,587,000	-139,791,000	-38,452,000	3,000,000,000	26,100,000
Conservation Loans								
Direct	4,933,000	114,000	35,619,000	1,065,000	-35,619,000	-1,065,000	0	0
Guaranteed	134,000	1,000	73,158,000	278,000	+76,842,000	-278,000	150,000,000	0
Total Conservation Loans and Subsidies	5,087,000	115,000	108,777,000	1,343,000	+41,223,000	-1,343,000	150,000,000	193,000
Indian Highly Fractionated Land	0	0	37,056,000	793,000	-27,056,000	-600,000	10,000,000	193,000
Subtotal, Loans Regular and Supplemental Appropriations:	5,225,646,000	153,428,000	4,554,979,000	140,608,000	192,110,000	-32,395,000	4,747,089,000	108,213,000
Subtotal Carryover	57,954,000	2,374,000	62,231,000	6,133,000	-40,843,000	-5,198,000	18,008,000	902,000
Total, Loans and Subsidies Above	5,283,600,000	155,802,000	4,617,230,000	146,743,000	+151,267,000	-37,593,000	4,765,097,000	109,115,000
Administrative expenses		322,048,000		321,093,000		0		321,093,000
Individual Development Account Grants	0	0	0	0	+2,500,000	+2,500,000	2,500,000	2,500,000
GRAND TOTAL	5,283,600,000	477,850,000	4,617,230,000	467,836,000	+153,767,000	-35,093,000	4,767,597,000	433,708,000

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 Project Statement by Program
 (On basis of adjusted appropriation)

Program:	2010 Actual			2011 Estimated			Increase or Decrease			2012 Estimated	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	
Direct loans:											
Farm Ownership	\$650,000,000	\$26,520,000	\$383,237,000	\$26,520,000	+\$91,763,000	-\$3,720,000	\$475,000,000	\$22,800,000			
Farm Operating	1,350,000,000	63,990,000	782,178,000	47,400,000	+267,911,000	+11,720,000	1,050,089,000	59,120,000			
Indian Land Acquisition	3,940,000	0	3,940,000	0	-1,940,000	0	2,000,000	0			
Boll Weevil Eradication	100,000,000	0	100,000,000	0	-40,000,000	0	60,000,000	0			
Total Direct Loans and Subsidies	2,103,940,000	90,510,000	1,269,355,000	73,920,000	+317,734,000	+8,000,000	1,587,089,000	81,920,000			
Guaranteed Loans:											
Farm Ownership, Unsubsidized	1,800,000,000	6,660,000	1,460,526,000	5,550,000	+39,474,000	-5,550,000	1,500,000,000	0			
Farm Operating, Unsubsidized	1,750,000,000	40,950,000	1,506,438,000	35,100,000	-6,438,000	-9,000,000	1,500,000,000	26,100,000			
Farm Operating, Subsidized	220,000,000	30,932,000	172,827,000	23,902,000	-172,827,000	-23,902,000	0	0			
Total Guaranteed Loans and Subsidies	3,770,000,000	78,542,000	3,139,791,000	64,552,000	-139,791,000	-38,452,000	3,000,000,000	26,100,000			
Conservation Loans:											
Direct	75,000,000	1,065,000	35,619,000	1,065,000	-35,619,000	-1,065,000	0	0			
Guaranteed	75,000,000	278,000	73,158,000	278,000	+76,842,000	-278,000	150,000,000	0			
Total Conservation Loans and Subsidies	150,000,000	1,343,000	108,777,000	1,343,000	+41,223,000	-1,343,000	150,000,000	0			
Indian Highly Fractionated Land	10,000,000	793,000	37,056,000	793,000	-27,056,000	-600,000	10,000,000	193,000			
Subtotal, Loans Regular and Supplemental Appropriations:	6,033,940,000	171,188,000	4,554,979,000	140,608,000	+192,110,000 (1)	-32,395,000 (2)	4,747,089,000	108,213,000			
Administrative expenses	0	322,093,000	0	321,093,000	0	0 (3)	0	321,093,000			
Individual Development Account Grants	0	0	0	0	+2,500,000	+2,500,000	2,500,000	2,500,000			
TOTAL APPROPRIATION	6,033,940,000	493,281,000	4,554,979,000	461,701,000	+194,610,000	-29,895,000	4,749,589,000	431,806,000			

(1), (2) and (3) See Justification of Increases and Decreases

Justification of Increases and Decreases

- (1) An increase of \$194,610,000 for the Agricultural Credit Insurance Fund (ACIF) loan program levels (\$4,554,979,000 available in FY 2011) consisting of:
- (a) An increase of \$91,763,000,000 for direct ownership loans to encourage beginning farmers to establish more productive farming operations (\$383,237,000 available in FY 2011).
- For several years, demand for this program exceeded available funding creating a backlog of unfunded requests at the field level, which continues in the current year. The FY 2012 amount will provide an additional 566 loans, above the base level of 2,366, and help alleviate the backlog.
- (b) An increase of \$267,911,000 for direct farm operating loans to assist family farmers in maintaining productive farming operations (\$782,178,000 available in FY 2011).
- The requested level of \$1.05 billion should meet demand for direct operating loans in FY 2012 and resolve the backlog of unfunded loans. This funding level will provide an increase from 12,222 loans to 16,408 loans and reflects the shift in budget authority from the more expensive guaranteed operating subsidized loan program to the direct operating program. This will result in an increased ability of the overall farm operating program to meet demand, which is expected to continue at the current level.
- (c) A decrease of \$1,940,000 for Indian land acquisition loans to enable Indian tribes to purchase privately held lands that lie within their reservations (\$3,940,000 available in FY 2011).
- The decrease in proposed loan level is commensurate with a decrease in demonstrated demand for this program over the last several years. While no loans have been made over the past two years, it is important to maintain a viable program to meet the land acquisition needs of the Indian tribal community.
- (d) A decrease of \$40,000,000 for boll weevil eradication loans to eliminate the boll weevil and prevent reinfestation (\$100,000,000 available in FY 2011).
- The decrease for boll weevil eradication loans is due to recent progress made in actual eradication efforts which in turn results in lower demand. The requested loan level is expected to be adequate to meet projected demand of 12 loans.
- (e) An increase of \$39,474,000 in guaranteed ownership unsubsidized loans (\$1,460,526,000 available in FY 2011).
- This will increase the number of loans by 111, from 4,103 to 4,213. The requested loan level is expected to be able to meet the increased demand for this program based on economic need and private lenders tightening of credit availability.
- (f) A decrease of \$6,438,000 in guaranteed farm operating unsubsidized loans (\$1,506,438,000 available in FY 2011).
- Reducing the amount of loans available by 28, from the FY 2011 level of 6,550 to 6,522, should have minimal impact and will provide sufficient resources to meet program demand.
- (g) A decrease of \$172,827,000 for guaranteed farm operating subsidized loans (\$172,827,000 available in FY 2011).

Loan level for this program is being zeroed out in FY 2012, resulting in a loss of 839 loans. The subsidy rate is the highest ACIF rate, and has been holding steady at about 14% since FY 2008. This factor and revision of programmatic regulations to tighten lending requirements have resulted in declining demand for this subsidized loan program. The high subsidy rate and 4% interest assistance make it the least efficient loan program in regard to use of subsidy budget authority. To maximize resources and meet demand for operating loans, the budget authority from this program is being applied to the direct operating loan program.

- (h) A net increase of \$41,223,000 for conservation loans that allow access to credit to implement conservation practices approved by the Natural Resources Conservation Service (108,777,000 available in FY 2011).

This consists of a decrease of \$35.619 million in direct conservation loans and an increase of \$76.842 million in guaranteed conservation loans. In FY 2011, there will be loan level sufficient for 234 direct loans and 209 guaranteed loans. The FY 2012 guaranteed subsidy rate is negative, so all the funds will be moved from the direct to the guaranteed program to make the most efficient use of these resources. The average guaranteed conservation loan size is approximately twice that of a direct conservation loan. This level of funding is adequate for 429 loans.

- (i) A decrease of \$27,056,000 for Indian Highly Fractionated Land Loans (\$37,056,000 available in FY 2011).

The FY 2011 program level is based on budget authority on the basis of an annualized continuing resolution. Combined with a reduced subsidy rate, the budget authority enabled a high level of funding to be available during FY 2011. Unfortunately, due to unforeseen issues, program regulations for this program will probably not be published until FY 2012. The \$10 million proposed for FY 2012 is expected to be adequate to meet the demand for this program in what is likely to be the initial year of availability.

- (j) An increase of \$2,500,000 for individual grant accounts for beginning farmers or ranchers who lack significant financial resources (no funding was available in FY 2011).

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

- (2) A net decrease of \$29,895,000 for the Agricultural Credit Insurance Fund (ACIF) loan subsidy (\$140,608,000 available in FY 2011):

The subsidy amounts support the proposed FY 2012 direct and guaranteed loan levels of \$4.749 billion. The net decrease is comprised of the following increases and decreases:

For direct loans, there is a total increase of \$8 million in subsidy to support proposed direct loan levels. The change is comprised of a decrease of \$3.72 million for direct ownership loan subsidy and an increase of \$11.72 million for direct operating loan subsidy. The increase in subsidy costs is due to moving the subsidy from the guaranteed farm operating subsidized program to the direct operating program.

For guaranteed loans, there is a total decrease of \$38.452 million in subsidy that is comprised of: a decrease of \$5.55 million in ownership loans; a decrease of \$9 million in operating unsubsidized loans; and a decrease of \$23.902 million in operating subsidized loans. The decreases in ownership loans and operating unsubsidized loans are due to corresponding reductions in subsidy rates. The decrease in operating subsidized loans is due to moving the subsidy from this program to the direct operating program. For conservation loans, there is a decrease of \$1.343 million as a result of transferring all the loan level from direct to guaranteed loans. The FY 2012 subsidy rate for guaranteed loans is negative, so there is no subsidy cost.

For Indian highly fractionated land, there is a decrease of \$600 thousand due to the decreased subsidy rate.

For individual development account grants for beginning farmers or ranchers, there is an increase of \$2.5 million for this new program. No funding was available in FY 2011.

- (3) No change in Agricultural Credit Insurance Fund (ACIF) administrative expenses (\$321,093,000 available in FY 2011 and FY 2012).

See the FSA Salaries and Expenses section of these explanatory notes for further details.

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 DIRECT FARM OWNERSHIP PROGRAM
 Geographic Breakdown of Obligations
 2010 Actual and Estimated 2011 and 2012

	2010 Actual	2011 Estimated	2012 Estimated
Alabama	\$4,719,000	\$2,573,213	\$3,189,348
Alaska	332,000	181,036	224,383
Arizona	3,093,000	1,686,575	2,090,412
Arkansas	6,256,000	3,411,321	4,228,134
California	8,458,000	4,612,044	5,716,361
Colorado	8,746,000	4,769,087	5,911,007
Delaware	400,000	218,115	270,341
Florida	2,033,000	1,108,570	1,374,008
Georgia	11,093,000	6,048,878	7,497,233
Hawaii	1,055,000	575,279	713,024
Idaho	9,277,000	5,058,635	6,269,884
Illinois	39,556,000	21,569,405	26,734,024
Indiana	19,978,000	10,893,760	13,502,183
Iowa	64,730,000	35,296,480	43,747,937
Kansas	42,627,000	23,243,984	28,809,568
Kentucky	23,820,000	12,988,756	16,098,808
Louisiana	987,000	538,199	667,066
Maine	3,450,000	1,881,243	2,331,691
Maryland	1,014,000	552,922	685,315
Massachusetts	2,692,000	1,467,915	1,819,395
Michigan	21,674,000	11,818,568	14,648,429
Minnesota	47,711,000	26,016,227	32,245,602
Mississippi	2,916,000	1,590,059	1,970,786
Missouri	23,214,000	12,658,311	15,689,242
Montana	10,870,000	5,927,279	7,346,517
Nebraska	50,002,000	27,265,481	33,793,980
Nevada	1,273,000	694,151	860,360
New Hampshire	1,043,000	568,735	704,914
New Jersey	589,000	321,175	398,077
New Mexico	4,762,000	2,596,661	3,218,410
New York	5,331,000	2,906,929	3,602,970
North Carolina	7,904,000	4,309,955	5,341,939
North Dakota	14,304,000	7,799,797	9,667,395
Ohio	23,773,000	12,963,127	16,067,043
Oklahoma	53,840,000	29,358,296	36,387,902
Oregon	5,111,000	2,786,966	3,454,282
Pennsylvania	18,920,000	10,316,845	12,787,131
Rhode Island	673,000	366,979	454,849
South Carolina	4,103,000	2,237,316	2,773,023
South Dakota	26,671,000	14,543,371	18,025,664
Tennessee	11,693,000	6,376,050	7,902,744
Texas	23,116,000	12,604,873	15,623,008
Utah	14,036,000	7,653,660	9,486,267
Vermont	2,859,000	1,558,978	1,932,262
Virginia	7,375,000	4,021,498	4,984,413
Washington	6,554,000	3,573,816	4,429,538
West Virginia	4,597,000	2,506,688	3,106,894
Wisconsin	47,842,000	26,087,660	32,334,139
Wyoming	2,932,000	1,598,784	1,981,600
Puerto Rico	2,812,000	1,533,349	1,900,497
U.S. Insular Areas	0	0	0
Undistributed	0	0	0
Total, Available or Estimate	<u>702,816,000</u>	<u>383,237,000</u>	<u>475,000,000</u>

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 GUARANTEED FARM OWNERSHIP LOAN PROGRAM
 Geographic Breakdown of Obligations
 2010 Actual and Estimated 2011 and 2012

	2010 Actual	2011 Estimated	2012 Estimated
Alabama	\$20,733,000	\$18,884,470	\$19,364,582
Arizona	5,138,000	4,679,902	4,798,882
Arkansas	56,024,000	51,028,965	52,326,309
California	20,774,000	18,921,814	19,402,876
Colorado	23,514,000	21,417,519	21,962,031
Connecticut	1,774,000	1,615,832	1,656,913
Delaware	1,770,000	1,612,189	1,653,177
Florida	6,702,000	6,104,457	6,259,655
Georgia	26,115,000	23,786,617	24,391,360
Hawaii	3,016,000	2,747,097	2,816,938
Idaho	26,000,000	23,681,870	24,283,950
Illinois	86,942,000	79,190,353	81,203,662
Indiana	55,608,000	50,650,055	51,937,766
Iowa	90,075,000	82,044,018	84,129,878
Kansas	28,578,000	26,030,019	26,691,797
Kentucky	39,086,000	35,601,138	36,506,249
Louisiana	13,166,000	11,992,135	12,297,019
Maine	2,376,000	2,164,159	2,219,179
Maryland	1,829,000	1,665,928	1,708,283
Massachusetts	4,671,000	4,254,539	4,362,705
Michigan	60,759,000	55,341,798	56,748,790
Minnesota	84,426,000	76,898,676	78,853,723
Mississippi	11,920,000	10,857,227	11,133,257
Missouri	76,845,000	69,993,589	71,773,083
Montana	19,700,000	17,943,571	18,399,762
Nebraska	66,679,000	60,733,978	62,278,059
Nevada	10,489,000	9,553,813	9,796,706
New Hampshire	1,927,000	1,755,191	1,799,814
New Jersey	8,209,000	7,477,095	7,667,190
New Mexico	8,746,000	7,966,217	8,168,747
New York	34,574,000	31,491,422	32,292,050
North Carolina	46,138,000	42,024,390	43,092,804
North Dakota	21,381,000	19,474,695	19,969,813
Ohio	159,798,000	145,550,596	149,251,027
Oklahoma	34,459,000	31,386,676	32,184,640
Oregon	23,590,000	21,486,743	22,033,015
Pennsylvania	35,431,000	32,272,013	33,092,486
Rhode Island	1,202,000	1,094,831	1,122,666
South Carolina	22,109,000	20,137,787	20,649,764
South Dakota	46,612,000	42,456,128	43,535,519
Tennessee	15,529,000	14,144,452	14,504,056
Texas	19,992,000	18,209,537	18,672,490
Utah	12,963,000	11,807,234	12,107,417
Vermont	19,671,000	17,917,157	18,372,676
Virginia	21,597,000	19,671,437	20,171,557
Washington	15,835,000	14,423,170	14,789,860
West Virginia	2,375,000	2,163,248	2,218,245
Wisconsin	199,311,000	181,540,663	186,156,093
Wyoming	9,793,000	8,919,868	9,146,643
Puerto Rico	48,000	43,720	44,832
U.S. Insular Areas	0	0	0
Undistributed	0	0	0
Total, Available or Estimate	1,605,999,000	1,462,810,000	1,500,000,000

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 DIRECT FARM OPERATING LOAN PROGRAM
 Geographic Breakdown of Obligations
 2010 Actual and Estimated 2011 and 2012

	2010 Actual	2011 Estimated	2012 Estimated
Alabama	\$13,591,937	\$8,732,483	\$11,698,788
Alaska	700,170	449,842	602,647
Arizona	11,711,397	7,524,282	10,080,178
Arkansas	31,528,266	20,256,131	27,136,861
California	36,680,849	23,566,537	31,571,767
Colorado	16,601,784	10,666,235	14,289,409
Connecticut	1,507,378	968,453	1,297,424
Delaware	605,897	389,274	521,505
Florida	14,846,940	9,538,791	12,778,988
Georgia	45,073,067	28,958,330	38,795,078
Hawaii	1,960,083	1,259,305	1,687,073
Idaho	26,271,591	16,878,847	22,612,360
Illinois	17,729,126	11,390,525	15,259,730
Indiana	6,729,683	4,323,655	5,792,341
Iowa	70,186,874	45,093,329	60,410,915
Kansas	46,960,482	30,170,947	40,419,604
Kentucky	41,146,028	26,435,304	35,415,015
Louisiana	19,242,396	12,362,763	16,562,225
Maine	6,276,979	4,032,803	5,402,692
Maryland	2,571,872	1,652,364	2,213,650
Massachusetts	4,540,793	2,917,347	3,908,330
Michigan	29,210,734	18,767,173	25,142,125
Minnesota	61,540,316	39,538,130	52,968,691
Mississippi	13,463,294	8,649,833	11,588,063
Missouri	22,810,022	14,654,874	19,632,935
Montana	18,014,890	11,574,121	15,505,691
Nebraska	71,411,435	45,880,079	61,464,914
Nevada	4,467,143	2,870,029	3,844,938
New Hampshire	1,270,715	816,403	1,093,724
New Jersey	3,206,248	2,059,935	2,759,666
New Mexico	6,619,699	4,252,992	5,697,676
New York	27,280,111	17,526,796	23,480,408
North Carolina	22,109,852	14,205,033	19,030,288
North Dakota	37,416,371	24,039,092	32,204,842
Ohio	7,555,550	4,854,254	6,503,177
Oklahoma	43,414,460	27,892,716	37,367,489
Oregon	18,962,525	12,182,953	16,321,335
Pennsylvania	49,786,693	31,986,718	42,852,168
Rhode Island	1,454,350	934,384	1,251,781
South Carolina	24,384,177	15,666,230	20,987,834
South Dakota	43,557,833	27,984,829	37,490,893
Tennessee	28,940,682	18,593,672	24,909,687
Texas	75,460,243	48,481,338	64,949,785
Utah	29,672,276	19,063,703	25,539,382
Vermont	9,825,946	6,312,927	8,457,342
Virginia	17,530,761	11,263,080	15,088,994
Washington	26,476,830	17,010,708	22,789,013
West Virginia	9,294,681	5,971,603	8,000,074
Wisconsin	88,493,420	56,854,831	76,167,639
Wyoming	4,871,729	3,129,965	4,193,172
District of Columbia	5,013,138	3,220,817	4,314,884
Puerto Rico	39,280	25,237	33,809
U.S. Insular Areas	0	0	0
Undistributed	0	0	0
Total, Available or Estimate	<u>1,220,019,000</u>	<u>783,832,000</u>	<u>1,050,089,000</u>

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 DIRECT FARM OPERATING LOAN PROGRAM-ARRA
 Geographic Breakdown of Obligations
 2010 Actual and Estimated 2011 and 2012

	2010 Actual	2011 Estimated*	2012 Estimated*
Arizona	\$429,366	0	0
Arkansas	206,722	0	0
California	1,069,010	0	0
Georgia	108,913	0	0
Iowa	3,442,045	0	0
Kansas	589,609	0	0
Kentucky	349,040	0	0
Maryland	552,630	0	0
Michigan	317,762	0	0
Minnesota	927,555	0	0
Missouri	308,158	0	0
Montana	308,158	0	0
Nebraska	4,171,071	0	0
New Mexico	60,810	0	0
New York	1,420,607	0	0
North Carolina	123,263	0	0
North Dakota	395,469	0	0
Oklahoma	1,296,225	0	0
Oregon	102,719	0	0
Pennsylvania	231,118	0	0
South Dakota	220,846	0	0
Tennessee	264,625	0	0
Texas	2,920,442	0	0
Utah	273,747	0	0
West Virginia	339,076	0	0
Wisconsin	1,877,194	0	0
Puerto Rico	49,819	0	0
U.S. Insular Areas	0	0	0
Undistributed	0	0	0
Total, Available or Estimate	22,356,000	0	0

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 GUARANTEED FARM OPERATING SUBSIDIZED LOAN PROGRAM
 Geographic Breakdown of Obligations
 2010 Actual and Estimated 2011 and 2012

	2010 Actual	2011 Estimated	2012 Estimated
Arkansas	\$33,000	\$31,411	0
Colorado	800,000	761,482	0
Georgia	138,000	131,356	0
Idaho	400,000	380,741	0
Illinois	17,170,000	16,343,316	0
Indiana	2,603,000	2,477,673	0
Iowa	34,145,000	32,501,021	0
Kansas	6,212,000	5,912,911	0
Kentucky	1,001,000	952,805	0
Louisiana	400,000	380,741	0
Massachusetts	487,000	463,552	0
Michigan	5,796,000	5,516,940	0
Minnesota	21,318,000	20,291,603	0
Missouri	5,257,000	5,003,891	0
Montana	1,889,000	1,798,050	0
Nebraska	14,456,000	13,759,987	0
New Hampshire	400,000	380,741	0
New Jersey	2,507,000	2,386,296	0
New Mexico	475,000	452,130	0
New York	4,582,000	4,361,391	0
North Carolina	564,000	536,845	0
North Dakota	10,337,000	9,839,305	0
Ohio	298,000	283,652	0
Oklahoma	8,170,000	7,776,639	0
Pennsylvania	5,225,000	4,973,432	0
South Carolina	267,000	254,145	0
South Dakota	7,688,000	7,317,846	0
Utah	305,000	290,315	0
Vermont	1,450,000	1,380,187	0
Virginia	125,000	118,982	0
West Virginia	400,000	380,741	0
Wisconsin	23,946,000	22,793,072	0
Wyoming	2,725,000	2,593,799	0
U.S. Insular Areas	0	0	0
Undistributed	0	0	0
Total, Available or Estimate	<u>181,569,000</u>	<u>172,827,000</u>	<u>0</u>

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 GUARANTEED FARM OPERATING UNSUBSIDIZED LOAN PROGRAM
 Geographic Breakdown of Obligations
 2010 Actual and Estimated 2011 and 2012

	2010 Actual	2011 Estimated	2012 Estimated
Alabama	\$7,201,000	\$7,188,593	\$7,152,572
Arizona	27,615,000	27,567,419	27,429,285
Arkansas	79,600,000	79,462,849	79,064,679
California	50,010,000	49,923,833	49,673,676
Colorado	27,862,000	27,813,994	27,674,624
Connecticut	5,746,000	5,736,100	5,707,357
Delaware	112,000	111,807	111,247
Florida	12,583,000	12,561,319	12,498,378
Georgia	55,923,000	55,826,645	55,546,910
Idaho	47,463,000	47,381,221	47,143,805
Illinois	43,309,000	43,234,379	43,017,741
Indiana	30,731,000	30,678,050	30,524,330
Iowa	67,459,000	67,342,768	67,005,329
Kansas	36,797,000	36,733,599	36,549,535
Kentucky	18,471,000	18,439,174	18,346,780
Louisiana	68,181,000	68,063,524	67,722,474
Maine	4,437,000	4,429,355	4,407,161
Maryland	1,452,000	1,449,498	1,442,235
Massachusetts	2,861,000	2,856,070	2,841,759
Michigan	46,402,000	46,322,049	46,089,940
Minnesota	110,934,000	110,742,861	110,187,954
Mississippi	24,036,000	23,994,586	23,874,355
Missouri	32,901,000	32,844,312	32,679,736
Montana	21,542,000	21,504,883	21,397,127
Nebraska	42,636,000	42,562,538	42,349,267
Nevada	2,324,000	2,319,996	2,308,371
New Hampshire	1,217,000	1,214,903	1,208,816
New Jersey	2,053,000	2,049,463	2,039,193
New Mexico	3,104,000	3,098,652	3,083,125
New York	46,965,000	46,884,079	46,649,154
North Carolina	19,233,000	19,199,862	19,103,656
North Dakota	61,449,000	61,343,123	61,035,747
Ohio	38,588,000	38,521,513	38,328,491
Oklahoma	48,178,000	48,094,989	47,853,997
Oregon	33,879,000	33,820,626	33,651,159
Pennsylvania	21,325,000	21,288,257	21,181,587
Rhode Island	550,000	549,052	546,301
South Carolina	19,509,000	19,475,386	19,377,799
South Dakota	34,855,000	34,794,945	34,620,595
Tennessee	13,068,000	13,045,484	12,980,116
Texas	110,266,000	110,076,012	109,524,446
Utah	2,519,000	2,514,660	2,502,059
Vermont	15,411,000	15,384,447	15,307,359
Virginia	9,441,000	9,424,733	9,377,508
Washington	53,096,000	53,004,516	52,738,922
West Virginia	1,491,000	1,488,431	1,480,973
Wisconsin	95,254,000	95,089,877	94,613,404
Wyoming	10,054,000	10,036,677	9,986,386
Puerto Rico	63,000	62,891	62,576
U.S. Insular Areas	0	0	0
Undistributed	0	0	0
Total, Available or Estimate	1,510,156,000	1,507,554,000	1,500,000,000

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 EMERGENCY LOAN PROGRAM
 Geographic Breakdown of Obligations
 2010 Actual and Estimated 2011 and 2012

	2010 Actual	2011 Estimated*	2012 Estimated*
Arkansas	\$4,952,000	0	0
California	1,036,000	0	0
Connecticut	108,000	0	0
Florida	2,443,000	0	0
Georgia	1,695,000	0	0
Hawaii	82,000	0	0
Iowa	609,000	0	0
Kansas	14,000	0	0
Kentucky	432,000	0	0
Louisiana	2,205,000	0	0
Maine	500,000	0	0
Massachusetts	574,000	0	0
Michigan	1,061,000	0	0
Minnesota	1,149,000	0	0
Mississippi	2,452,000	0	0
Missouri	135,000	0	0
Montana	733,000	0	0
New Hampshire	54,000	0	0
New Jersey	430,000	0	0
New Mexico	418,000	0	0
New York	2,394,000	0	0
North Carolina	494,000	0	0
North Dakota	3,265,000	0	0
Ohio	131,000	0	0
Oklahoma	433,000	0	0
Pennsylvania	271,000	0	0
South Dakota	242,000	0	0
Tennessee	43,000	0	0
Texas	5,872,000	0	0
Vermont	105,000	0	0
Wisconsin	911,000	0	0
Wyoming	355,000	0	0
U.S. Insular Areas	0	0	0
Undistributed	0	\$57,197,000	\$18,008,000
Total, Available or Estimate	<u>35,598,000</u>	<u>57,197,000</u>	<u>18,008,000</u>

* A geographic breakdown of Emergency Loan obligations is not projected due to the nature of the program.

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 DIRECT CONSERVATION LOAN PROGRAM
 Geographic Breakdown of Obligations
 2010 Actual and Estimated 2011 and 2012

	2010 Actual	2011 Estimated	2012 Estimated
Arkansas	\$40,506	\$292,476	0
Connecticut	9,231	66,656	0
Idaho	21,003	151,654	0
Iowa	202,530	1,462,379	0
Kansas	507,355	3,663,385	0
Kentucky	18,003	129,989	0
Maine	247,967	1,790,457	0
Massachusetts	40,006	288,865	0
Michigan	20,003	144,432	0
Minnesota	36,305	262,145	0
Missouri	104,906	757,476	0
Montana	6,601	47,663	0
New Jersey	194,279	1,402,800	0
New York	250,037	1,805,406	0
North Carolina	29,004	209,427	0
Oregon	357,923	2,584,403	0
Pennsylvania	75,011	541,622	0
Rhode Island	286,962	2,072,028	0
South Carolina	527,148	3,806,301	0
Tennessee	21,343	154,109	0
Texas	721,157	5,207,152	0
Virginia	123,018	888,260	0
West Virginia	467,969	3,378,998	0
Wisconsin	624,732	4,510,915	0
U.S. Insular Areas	0	0	0
Undistributed	0	0	0
Total, Available or Estimate	4,933,000	35,619,000	0

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 GUARANTEED CONSERVATION, BOLL WEEVIL ERADICATION,
 INDIAN LAND ACQUISITION LOANS, INDIAN HIGHLY
 FRACTIONATED LAND LOAN PROGRAMS AND
 INDIVIDUAL DEVELOPMENT ACCOUNT GRANTS
 Geographic Breakdown of Obligations
 2010 Actual and Estimated 2011 and 2012

GUARANTEED CONSERVATION LOAN PROGRAM

	2010 Actual	2011 Estimated ¹	2012 Estimated ¹
Massachusetts	\$154,000	0	0
Undistributed	0	\$73,158,000	\$150,000,000
Total, Available or Estimate	154,000	73,158,000	150,000,000

¹ A geographic breakdown of Guaranteed Conservation Loan obligations is not projected because it is a new program and there was only one loan in FY 2010.

BOLL WEEVIL ERADICATION LOAN PROGRAM

	2010 Actual	2011 Estimated	2012 Estimated
Undistributed	0	\$100,000,000	\$60,000,000
Total Available or Estimate	0	100,000,000	60,000,000

INDIAN LAND ACQUISITION LOAN PROGRAM

	2010 Actual	2011 Estimated	2012 Estimated
Undistributed	0	\$3,940,000	\$2,000,000
Total Available or Estimate	0	3,940,000	2,000,000

INDIAN HIGHLY FRACTIONATED LAND PROGRAM

	2010 Actual	2011 Estimated ²	2012 Estimated ²
Undistributed	0	\$37,056,000	\$10,000,000
Total Available or Estimate	0	37,056,000	10,000,000

² Indian Highly Fractionated Land is a new program, and we have no historical basis on which to project geographic obligations.

INDIVIDUAL DEVELOPMENT ACCOUNT GRANTS

	2010 Actual	2011 Estimated ³	2012 Estimated ³
Undistributed	0	0	\$2,500,000
Total Available or Estimate	0	0	2,500,000

³ Individual Development Account Grants is a new program, and we have no historical basis on which to project geographic obligations.

FARM SERVICE AGENCY
Agricultural Credit Insurance FundClassification by Objects
2010 Actual and Estimated 2011 and 2012

Object Class	<u>2010</u>	<u>2011</u>	<u>2012</u>
25.3 Purchases of goods and services	\$322,048,000	\$321,093,000	\$321,093,000
41.0 Grants, subsidies and contributions	155,802,000	146,743,000	111,615,000
99.0 Total Obligations	<u>477,850,000</u>	<u>467,836,000</u>	<u>432,708,000</u>

AGRICULTURAL CREDIT INSURANCE FUND

STATUS OF PROGRAM

Current Activities:

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

- Farm Ownership Loans. FSA makes direct and guaranteed loans to family farmers to purchase farmland; restructure debts, including utilizing real estate equity to refinance heavy short-term debts; and modify their operations to comply with sanitation and pollution abatement requirements, keep up with advances in agricultural technology, better utilize their land and labor resources, or meet changing market requirements.
- Farm Operating Loans. Direct and guaranteed operating loans may be made to pay costs 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; developing recreation and other non-farm enterprises; and refinancing existing indebtedness. Under the law, at least 50 percent of direct farm operating loan funding must be reserved for qualified beginning farmers and ranchers during the first 11 months of the fiscal year.
- Emergency Loans. Direct loans are made available in designated counties and contiguous counties where property damage and/or severe production losses have occurred as a result of natural disaster.
- Indian Tribe Land Acquisition Loans. Direct loans are made to eligible Native American tribes to assist them in repurchasing lands within the boundaries of their reservations and maintaining ownership for future generations.
- Boll Weevil Eradication Loans. Direct loans assist producer associations and State governmental agencies in cotton-producing States to carry out boll weevil eradication programs.
- Conservation Loans. Direct and guaranteed loans allow farming operations of any size access to credit to implement conservation practices approved by the Natural Resources Conservation Service.
- Indian Highly Fractionated Land Loans. This program provides discretionary authority to make and insure direct loans to eligible purchasers of highly fractionated lands under relevant provisions of the Indian Land Consolidation Act. Eligible purchasers are Indian tribal members.

The following table reflects FY 2010 ACIF program activity:

FY 2010 Actual Agricultural Credit Insurance Fund Loans and Obligations
(Dollars in Thousands)

Farm Loans Program:	Number of Loans	Obligations
Direct Loans	24,418	\$1,985,722
Guaranteed Loans	12,096	3,297,878
Totals	36,514	5,283,600

Total use of direct and guaranteed loan funds provided in FY 2010 was the highest amount since FY 1985. Direct and guaranteed loan programs provided assistance totaling \$1.7 billion to beginning farmers during FY 2010. Loans for socially disadvantaged farmers totaled \$509.5 million, of which \$222.4 million was in the farm ownership program, and \$287.1 million in the farm operating program.

Selected Examples of Recent Progress: Lending to beginning farmers was strong during FY 2010. FSA loaned or guaranteed beginning farmer loans for over 15,000 borrowers. The ratio of minority borrowers of direct loans is holding steady at about 11%, while those to women borrowers showed a 0.2% increase from FY 2009. Outreach efforts by FSA field offices to promote and inform beginning and socially disadvantaged farmers about available FSA programs has resulted in increased lending to these groups in the last few years.

In regard to the direct farm ownership program, the following represents significant increases in loan activity from FY 2009 to FY 2010 for both Beginning Farmers and Socially Disadvantaged Farmers:

Direct and Guaranteed Farm Ownership Loans Beginning Farmers			
	FY 2009	FY 2010	Percent Change
Total Number Of Loans			
Direct Farm Ownership	1,438	1,731	20%
Direct Farm Ownership Down-payment	1,015	1,225	21%
Guaranteed Farm Ownership	910	1,056	16%
Total Dollar Value Of Loans (\$000)			
Direct Farm Ownership	267,694	309,726	16%
Direct Farm Ownership Down-payment	140,917	170,005	21%
Guaranteed Farm Ownership	262,048	286,919	9%
Direct and Guaranteed Farm Ownership Loans Socially Disadvantaged Farmers			
Total Number Of Loans			
Direct Farm Ownership	532	675	27%
Guaranteed Farm Ownership	298	310	4%
Total Dollar Value Of Loans (\$000)			
Direct Farm Ownership	86,387	106,942	24%
Guaranteed Farm Ownership	109,710	115,455	5%

Guaranteed Operating Loans Beginning Farmers			
	FY 2009	FY 2010	Percent Change
Total Number Of Loans	1,739	1,891	9%
Total Dollar Value Of Loans (\$000)	311,306	324,381	4%
Guaranteed Operating Loans Socially Disadvantaged Farmers			
Total Number Of Loans	401	466	16%
Total Dollar Value Of Loans (\$000)	95,504	108,247	13%

During FY 2010, FSA's ability to continue funding critical farm loan needs was aided by the Supplemental Appropriations Act, 2010 (P.L. 111-212, signed July 29, 2010). With this supplemental appropriation, FSA was provided an additional \$650 million in operating and \$300 million in ownership funds. Additionally, FSA utilized statutory transfer authorities (Sec. 346 of CONACT) to fund direct farm ownership beginning farmer and down payment loan requests. Through the use of the transfer, additional direct farm ownership beginning farmer funds of \$34 million and direct farm ownership down payment funds of \$23 million were made available by transfers of unused funds from the guaranteed operating unsubsidized funds. With the use of those funds, FSA provided more than \$54.2 million in direct farm ownership assistance to beginning farmers and applicants seeking down payment loans.

FSA's newly implemented Direct Conservation Loan Program provided nearly \$5 million to 73 borrowers.

REFORESTATION PILOT PROGRAM

Annualized 2011 Continuing Resolution	\$800,000
Budget Estimate, 2012	0
Decrease in Appropriation	<u>-800,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>2011 Estimated</u>	<u>Program Changes</u>	<u>2012 Estimated</u>
Reforestation of lands on the coast of the Gulf of Mexico damaged by Hurricane Katrina.....	\$800,000	-\$800,000	0

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>2010 Actual</u>	<u>2011 Estimated</u>	<u>Decrease</u>	<u>2012 Estimated</u>
Reforestation of lands on the coast of the Gulf of Mexico damaged by Hurricane Katrina.....	\$800,000	\$800,000	-\$800,000 (1)	0
Total Appropriation.....	800,000	800,000	-800,000	0

Justification of Decrease(1) A decrease of \$800,000 for the Reforestation Pilot Program (\$800,000 available in 2011):

The FY 2012 Budget proposes no funding for this program.

Classification by Objects2010 Actual and Estimated 2011 and 2012

<u>Object Class</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
41.0 Grants, subsidies, and contributions	\$800,000	\$800,000	0
Total direct obligations	800,000	800,000	0

REFORESTATION PILOT PROGRAM

STATUS OF PROGRAM

Sec. 739 of the 2010 Agriculture Appropriation Act (Public Law 111-80) provided \$800,000 to the Farm Service Agency to continue a pilot program to demonstrate the use of new technologies that increase the rate of growth of reforested hardwood trees on private non-industrial forests lands. Eligible lands include areas on the coast of the Gulf of Mexico that were damaged by Hurricane Katrina in 2005.

Current Activities: The \$800,000 was provided to the Mississippi State University (MSU) Forest and Wildlife Research Center to facilitate FSA's delivery of the pilot program and conduct a study to evaluate the effectiveness and efficiency of utilizing new technologies.

Selected Examples of Recent Activity: MSU has submitted annual progress reports to FSA, including the most recent dated December 6, 2010. According to the reports, program participation has been made available to 41 eligible landowners in twelve counties in southern Mississippi. The program has reforested approximately 600 acres through establishment of more than 60,000 seedlings of advanced planting Root Production Method (RPM), container, and bare-root seedling stock. A subset of the plantings have been more closely monitored and evaluated over the two year study period by MSU personnel. Seedlings planted included sixteen different hardwood species. Findings from the study concluded that RPM seedlings were initially much larger than the conventional container and bare-root seedling stock. Additionally, both RPM and bare-root seedlings had excellent survival rates while container seedlings had significantly lower survival rates. In the second growing season height growth was generally greatest in the bare-root seedlings, followed by container seedlings with RPM seedlings having the lowest height growth.

EMERGENCY CONSERVATION PROGRAM

Annualized 2011 Continuing Resolution	0
Budget Estimate, 2012	<u>0</u>
Change in Appropriation.....	<u>0</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>2011 Estimated</u>	<u>Program Changes</u>	<u>2012 Estimated</u>
Emergency cost-sharing to farmers	<u>0</u>	<u>0</u>	<u>0</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>2010 Actual</u>	<u>2011 Estimated</u>	<u>Change</u>	<u>2012 Estimated</u>
Emergency cost-sharing to farmers	0	0	0	0
Technical assistance.....	0	0	0	0
Total appropriation	0	0	0	0

PROJECT STATEMENT

(On basis of available funds)

<u>Project</u>	<u>2010 Actual</u>	<u>2011 Estimated</u>	<u>Increase or Decrease</u>	<u>2012 Estimated</u>
Emergency cost-sharing to farmers	\$92,458,968	\$39,718,867	-\$39,718,867	\$0
Technical assistance.....	43,253	0	0	0
Total available or estimate.....	92,502,221	39,718,867	-39,718,867	0
Unobligated balance start of year...	-132,188,555	-39,718,867		
Recoveries	-32,533	0	0	0
Unobligated balance end of year.....	39,718,867	0	0	0
Total appropriation.....	0	0	0	0

The Emergency Conservation Program (ECP) was authorized by the Agricultural Credit Act of 1978 (16 U.S.C. 2201-05) and was amended in fiscal years 1989 and 1996. The FY 2012 Budget proposes no funding for this program.

Emergency Conservation Program
Outlays by Type of Disaster
Fiscal Year 2010

State	Drought	Flood	Hurricane	Gulf of Mexico	Tornado	Other	Total
Alabama		\$2,817,242			\$222,009	\$39,860	\$3,079,111
Arizona		9,866					9,866
Arkansas		553,123			699,267	9,014,184	10,266,574
California	\$105,429					224,744	381,495
Colorado		50,096				24,995	75,091
Connecticut		27,127					27,127
District of Columbia						52,558	52,558
Florida		459,165					459,165
Georgia	19,571	4,117,691	\$31,907		206,944	132,236	4,508,349
Hawaii		129,038				4,442	133,480
Idaho		16,652				54,389	71,041
Illinois		1,042,564				82,994	1,125,558
Indiana		2,090,078	14,763			0	2,104,841
Iowa		4,329,848			25,327	1,128,026	5,485,902
Kansas					11,558	92,038	103,596
Kentucky	3,458	215,805			229,962	20,360,560	20,766,492
Louisiana			3,584,152	\$203,335	24,921		3,812,408
Maine		3,051				30,195	33,246
Massachusetts		96,408				1,083,961	1,180,369
Michigan						5,047	5,047
Minnesota	361	223,322				40,602	263,563
Mississippi		64,392	37,189	243,904	263,300	0	608,785
Missouri		896,358	8,186		2,512,716	515,506	3,934,460
Montana	65,854	90,772				37,281	193,907
Nebraska		703,696			255,387	416,068	1,375,151
Nevada	75,971					4,977	80,948
New Hampshire		24,564				132,911	157,475
New Mexico		133,863				274,296	408,160
New York		146,487				0	146,487
North Carolina	3,997	27,981				89,642	121,620
North Dakota	2,462	1,132,943				30,185	1,165,589
Ohio	164,512					0	164,512
Oklahoma		215,564			102,041	1,763,690	2,081,296
Oregon	8,671					64,112	72,783
Pennsylvania		63,739				0	63,739
South Carolina					16,191	0	16,191
South Dakota		870,363				72,394	942,757
Tennessee		430,782			347,631	1,409,486	2,187,899
Texas		20,971	5,737,512			1,094,130	6,852,613
Utah	436,025					32,277	468,302
Vermont					8,466	36,624	45,090
Virginia	100,747					49,907	150,654
Washington	323,972	911,440				211,029	1,446,440
Wisconsin		175,001				10,840	185,841
Wyoming		24,500			37,710	9,677	71,887
Kansas City Activity	0	0	0	8,070	0	0	0
Scoop	91	3,095	245	135	3,225	2,282	8,593
Total	1,310,218	22,111,397	9,413,464	455,443	4,960,206	38,628,144	76,878,872

NOTE: \$43,253 in FY 2010 Technical Assistance is included in the "Other" column.

FARM SERVICE AGENCY
Emergency Conservation Program
Geographic Breakdown of Obligations
2010 Actual and Estimated 2011 and 2012

STATE	2010 Actual	2011 Estimated	2012 Estimated
Alabama	\$4,147,910	\$500,000	0
Arizona	9,866	0	0
Arkansas	15,023,721	4,000,000	0
California	605,444	80,000	0
Colorado	26,271	50,000	0
Connecticut	24,136	0	0
Delaware	0	0	0
Florida	551,998	20,000	0
Georgia	5,957,830	11,000	0
Guam	0	0	0
Hawaii	354,438	90,000	0
Idaho	1,311	300,000	0
Illinois	239,323	0	0
Indiana	1,589,852	45,000	0
Iowa	4,938,473	3,000,000	0
Kansas	61,152	0	0
Kentucky	24,156,340	4,000,000	0
Louisiana	3,537,040	25,000	0
Maine	89,277	10,000	0
Maryland	10,591	0	0
Massachusetts	2,238,311	100,000	0
Michigan	3,846	0	0
Minnesota	484,933	100,000	0
Mississippi	863,658	100,000	0
Missouri	5,487,157	3,000,000	0
Montana	228,363	10,000	0
Nebraska	1,930,122	750,000	0
Nevada	108,956	10,000	0
New Hampshire	335,471	200,000	0
New Jersey	0	0	0
New Mexico	244,008	300,000	0
New York	193,785	10,000	0
North Carolina	423,544	75,000	0
North Dakota	2,871,502	100,000	0
Northern Mariana Islands	0	0	0
Ohio	156,229	20,000	0
Oklahoma	3,106,387	10,000	0
Oregon	176,389	600,000	0
Pennsylvania	60,059	10,000	0
Puerto Rico	0	0	0
Rhode Island	0	10,000	0
South Carolina	16,191	10,000	0
South Dakota	1,394,111	750,000	0
Tennessee	3,328,952	3,000,000	0
Texas	29,247,613	16,452,867	0
Utah	485,171	100,000	0
Vermont	41,967	625,000	0
Virginia	194,778	110,000	0
Virgin Islands	0	0	0
Washington	2,307,947	1,000,000	0
West Virginia	0	75,000	0
Wisconsin	93,010	20,000	0
Wyoming	316,022	40,000	0
Undistributed	-25,204,489	0	0
FSA, Subtotal	92,458,968	39,718,867	0
NRCS, Technical Assistance	43,253	0	0
Total, Available or Estimate	92,502,221	39,718,867	0

NOTE: Negative obligations represent deobligations of prior years' obligations.

FARM SERVICE AGENCY
Emergency Conservation ProgramClassification by Objects
2010 Actual and Estimated 2011 and 2012

	<u>Object Class</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
25.2	Other Services	\$43,253	0	\$0
41.0	Grants, subsidies, and contributions	92,458,968	\$39,718,867	0
99.0	Total direct obligations	<u>92,502,221</u>	<u>39,718,867</u>	<u>0</u>

EMERGENCY CONSERVATION PROGRAM

STATUS OF PROGRAM

Current Activities: During FY 2010, 38 States participated in the Emergency Conservation Program (ECP), involving an estimated 11,132,473 acres and approximately \$76,878,872 in cost-share and technical assistance outlays.

Selected Examples of Recent Activity: ECP provisions in prior year supplemental appropriations acts have targeted funding for both regular ECP and specific disaster needs, and funds are monitored through separate Standard General Ledger (SGL) accounts. During FY 2010, ECP allocated \$53,305,925 for the following areas:

ECP Accounts	Number of States	Allocation
Regular ECP	38	\$ 52,927,312
Kansas	1	4,422
Hurricane Katrina	1	19,001
Southern California	1	355,190
TOTAL		\$ 53,305,925

The following tables show (a) appropriations and outlays for fiscal years 1981 through 2010 and (b) FY 2010 allocations by State.

Emergency Conservation Program Appropriations and Outlays Fiscal Years 1981-2010		
Fiscal Year	Appropriation	Outlays
1981 - 1989	\$ 58,800,000	\$ 81,271,444
1990 - 1999	387,093,870	247,183,037
2000 - 2005	301,753,200	262,294,418
2006	161,800,000 1/	88,311,155
2007	18,000,000 2/	72,165,818
2008	204,413,000 3/	27,729,774
2009	0 4/	71,083,900
2010	0 5/	76,878,872
TOTAL	\$1,131,860,070	\$ 926,918,418

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 as well as providing 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 FY 2010, ECP was provided with \$53.3M in total allocations.

EMERGENCY CONSERVATION PROGRAM
FY 2010 Allocations by State

State	Disaster	Total Allocations
Alabama	Flood/Tornado	\$2,836,356
Arizona	Flood/Tornado	13,000
Arkansas	Flood/Ice Storm/Tornado	884,000
California	Drought/Wildfire/Wind	495,000
Colorado	Flood	283,000
Connecticut	Technical Assistant Payment	109,000
Florida	Flood/Hurricane	165,000
Georgia	Drought/Flood/Hurricane/Tornado/Storm	6,469,105
Hawaii	Flood/Volcanic Conditions	2,424,000
Idaho	Flood	352,000
Iowa	Flood/Tornado	57,000
Kentucky	Drought/Ice Storm	7,945,341
Louisiana	Hurricane	38,000
Maine	Flood/Ice Storm	84,000
Massachusetts	Ice Storm	1,509,000
Minnesota	Flood	817,000
Mississippi	Ice Storm/Tornado	950,000
Missouri	Flood/Hurricane/Ice Storm/Tornado	4,747,500
Montana	Drought/Flood/Wildfire	654,000
Nebraska	Flood/Hurricane/Storm/Tornado	2,030,000
Nevada	Drought/Wildfire/Tornado	57,000
New Hampshire	Hurricane/Ice Storm/Wildfire	160,000
New Mexico	Flood/Wildfire	212,000
New York	Flood	72,000
North Carolina	Drought/Tornado	534,000
Ohio	Hurricane	216,000
Oklahoma	Flood/Ice Storm/Wildfire	1,333,410
Oregon	Ice Storm	885,000
Pennsylvania	Flood	336,000
Rhode Island	Flood	93,000
South Dakota	Flood	1,428,000
Tennessee	Flood/Ice Storm/Tornado	11,077,000
Utah	Drought/Flood	571,000
Vermont	Ice Storm/Tornado	45,000
Washington	Drought/Flood/Wildfire/Wind	1,152,000
West Virginia	Drought/Flood/Wildfire/Wind	657,000
Wisconsin	Drought	350,000
Wyoming	Flood/Tornado	740,000
Subtotal		52,780,712
Kansas City Prompt Payment		23,613
Environmental Compliance		501,600
Total		\$53,305,925

AGRICULTURAL DISASTER RELIEF FUND

Appropriation, Special Fund, 2011	\$877,000,000
Estimated Appropriation, Special Fund, 2012	0
Decrease in Appropriation, Special Fund.....	<u>-877,000,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change	2011 Estimated	Program Changes	2012 Estimated
Disaster Payments.....	<u>\$877,000,000</u>	<u>-\$877,000,000</u>	<u>0</u>

PROJECT STATEMENT

(On basis of appropriation)

Project	2010 Actual	2011 Estimated	Change	2012 Estimated
Disaster Payments.....	\$776,745,050	\$877,000,000	-\$877,000,000	0
Total appropriation	776,745,050	877,000,000	-877,000,000	0

PROJECT STATEMENT

(On basis of available funds)

Project	2010 Actual	2011 Estimated	Increase or Decrease	2012 Estimated
Unobligated balance brought forward from prior years	\$1,530,625,668	\$165,134,338	-\$165,134,338	0
Appropriation	776,745,050	877,000,000	-877,000,000	0
Disaster payments.....	1,573,277,751	1,926,134,338	-403,134,338	\$1,523,000,000
Transfers to Recovery Act Disaster Account	-865,000,000	0	0	0
Repayable Advances	296,041,371	884,000,000	+639,000,000	1,523,000,000
Unobligated balance carried forward to next year.....	-165,134,338	0	0	0
Total available or estimate.....	1,573,277,751	1,926,134,338	-403,134,338	1,523,000,000

FARM SERVICE AGENCY
Agriculture Disaster Relief Trust Fund
FY 2010 Actual and FY 2011 and FY 2012 Estimated Outlays

Programs	FY 2010 Actual	FY 2011 Estimate	FY 2012 Estimate
Emergency Assistance for Livestock, Honey Bees, and Farm-raised Fish Program (ELAP)	\$21,413,463	\$50,000,000	\$50,000,000
Livestock Forage Disaster Program (LFP)....	263,262,939	524,000,000	474,000,000
Livestock Indemnity Program (LIP).....	91,825,329	77,000,000	73,000,000
Supplemental Revenue Assistance Payments (SURE) Program.....	973,433,687	1,287,000,000	921,000,000
Tree Assistance Program (TAP).....	1,507,238	5,000,000	5,000,000
SUBTOTAL.....	1,351,442,656	1,943,000,000	1,523,000,000
Unallocated.....	7,173,385	0	0
TOTAL.....	1,358,616,041	1,943,000,000	1,523,000,000

Program Implementation Activities:

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

Agricultural Disaster Relief Fund
Geographic Breakdown of Obligations
2010 Actual and Estimated 2011 and 2012

State	2010 Actual	2011 Estimated	2012 Estimated
Alabama	\$11,292,560	\$13,825,269	\$13,825,269
Arizona	54,278	66,452	66,452
Arkansas	21,388	26,185	26,185
California	875,870	1,072,311	1,072,311
Colorado	343,658	420,734	420,734
Florida	1,508,064	1,846,295	1,846,295
Illinois	266,042	325,710	325,710
Indiana	115,461	141,356	141,356
Iowa	248,857	304,672	304,672
Kansas	173,031	211,839	211,839
Louisiana	120,415	147,422	147,422
Maine	287,209	351,625	351,625
Maryland	560,080	685,696	685,696
Massachusetts	205,211	251,236	251,236
Michigan	475,505	582,151	582,151
Minnesota	47,669	58,360	58,360
Mississippi	341,484	418,073	418,073
Missouri	197,020	241,208	241,208
Nebraska	4,573,499	5,599,248	5,599,248
New Jersey	66,037	80,848	80,848
New Mexico	89,395	109,445	109,445
New York	98,254	120,290	120,290
North Carolina	86,297	105,652	105,652
North Dakota	349,990	428,486	428,486
Oklahoma	329,066	402,869	402,869
Pennsylvania	51,890	63,528	63,528
Rhode Island	58,842	72,039	72,039
South Dakota	39,775	48,696	48,696
Texas	137,658	168,532	168,532
Utah	91,669	112,229	112,229
Vermont	164,671	201,604	201,604
Virginia	231,683	283,645	283,645
Washington	236,386	289,403	289,403
Wisconsin	28,726	35,169	35,169
Wyoming	77,271	94,601	94,601
Puerto Rico Total	612,702	750,120	750,120
Manual Entry (Correction Done by RMO)	19,100	23,383	23,383
Manual Entry (EoY Accrual and Obligation)	190,549,635	233,286,331	233,286,331
Manual Entry (Prompt Pay Interest)	34,335	42,035	42,035
Total, Available or Estimate	1,573,277,751	1,926,134,338	1,523,000,000

Classification by Objects
2010 Actual and Estimated 2011 and 2012

	<u>Object Class</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
41.0	Grants, subsidies, and contributions	\$1,573,277,751	\$1,926,134,338	\$1,523,000,000
	Total direct obligations	<u>1,573,277,751</u>	<u>1,926,134,338</u>	<u>1,523,000,000</u>

FARM SERVICE AGENCY
Agriculture Disaster Assistance Transition: Recovery Act

SUMMARY OF AGRICULTURE DISASTER ASSISTANCE TRANSITION: RECOVERY ACT

<u>Program/Project/Activity</u>	<u>2009/2010</u>	<u>2011</u>	<u>2012</u>
2008 Agriculture Disaster Relief Trust Fund (actual program level outlays)	\$ 578,327,073	\$ 255,000,000	0

Project Statement – Recovery Act
(On basis of available funds)

<u>Project</u>	<u>2009/2010 Actual</u>	<u>2011 Estimate</u>	<u>Increase or Decrease</u>	<u>2012 Estimate</u>
Assistance to producers for crop losses due to natural disasters	\$688,804,960	\$171,392,525	-\$171,392,525	0
Unobligated balance carried forward	0	0	0	0
New or adjusted obligations	688,804,960	171,392,525	-171,392,525	0
Funds transferred from Disaster Trust	865,000,000	0	0	0
Unobligated balance expiring	176,195,040	0	0	0
Unobligated balance restored	0	171,392,525	-171,392,525	0
Total, available or estimate	688,804,960	171,392,525	-171,392,525	0

Program Implementation Activities:

Goals and Coordination Efforts:

Coordination efforts rely on providing daily and weekly reports to the agency regarding accomplishments and expected goals for the next 30 – 60 days. Success also involves the interaction from other agencies such as the Risk Management Agency and our ability to use data provided by them.

Objectives:

The Supplemental Revenue Assistance Payments (SURE) Program was authorized in Sections 12033 and 15001 of the Food, Conservation, and Energy Act of 2008, P. L. 110-246, enacted June 18, 2008. The objective is to provide financial assistance to producers for crop production and quality losses due to natural disasters. To be eligible for the SURE program, producers must have at least the catastrophic level (CAT) of Federal crop insurance for all insurable crops, and/or coverage for non-insurable crops under the Non-insured Crop Disaster Assistance Program (NAP). The sales closing dates for CAT and application closing dates for NAP have passed for the 2008 crop year for all insurable and non-insurable crops. The SURE is available for the 2008 crop year through September 30, 2011. The American Recovery and Reinvestment Act of 2009 authorized these changes:

- Provided a waiver for producers that did not obtain CAT or NAP, through a buy-in fee before May 18, 2009, to maintain 2008 SURE eligibility.
- Increased minimum coverage level for SURE guarantees (70/100 for those producers who buy in under this extended authority, up from the previous 50/55 for CAT and 50/100 for NAP).
- Allowed previously eligible SURE producers benefits based on the greater of the increased 70/100 level or a 5 percent increase in payment factor calculation for SURE guarantees. This increased insured crops from 115 percent to 120 percent and NAP crops from 120 percent to 125 percent. Provided a risk management requirement that new eligible producers purchase at least 70/100 crop coverage for the next available year crop insurance is available, or obtain NAP coverage.

Delivery Schedule:

Implementation Phases

1. The first phase consists of developing program policy and procedure, including compliance with the Recovery Act accountability and transparency requirements. Completed milestones include:
 - Developed a matrix of outstanding program issues.
 - Announced the extended deadline for accepting buy-in waivers to become eligible for SURE.
 - Provided instruction to State and county offices for accepting the additional buy-in fees.
 - Ensured compliance with Recovery Act requirements.
 - Resolved outstanding program issues.
 - Published regulations for SURE program.
 - Developed handbook procedures on new eligibility and policy for revised SURE guarantee calculations.

The first phase was completed January 4, 2010.
2. The second phase, software development, consisted of the following completed milestones:
 - Developed automated buy-in process for buy-in provision.
 - Developed requirement for RMA data download.
 - Developed Excel SURE Workbook for calculating SURE payments.
 - Developed payment software process.

The second phase is split into two major functions: application software and payment software. The first major function is the actual SURE application workbook process, and it was completed January 4, 2010. The second major function is payment software, and it was also completed January 4, 2010.

Note: The agency is in the process of expediting activities and resources associated to these functions in an attempt to cut completion dates.

3. The third phase, updating the SURE calculation workbook for the full-blown SURE process, consists of the following milestones:
 - Develop yield software for calculating adjusted approved yield.
 - Update SURE workbook to take into consideration CCC yield comparison, adjusted approved yield adjustments for NAP.
 - Calculate quality in determining 10% and 50% loss threshold.
4. The fourth phase, program signup, consists of the following completed milestones:
 - Received data downloads from RMA for the calculation of guarantees for insurable crops and internal data for NAP crops.
 - Announced signup dates for accepting SURE applications.
 - Signup began January 4, 2010.
5. Process Payment Applications
 - Run payment processes based on completed and approved SURE applications.

FY 2009 Accomplishments

- Finalized policy decisions.
- Drafted 1-SURE Handbook.
- Provided national training both in person for State office trainers and a 2-day webinar session for both State and county offices.
- Finalized draft version of the SURE regulation.

FY 2010 Accomplishments

- Received RMA download of RMA data and FSA data.
- Finalized Excel Workbook for calculating SURE Interim payments ready for signup January 4, 2010.
- Released buy-in software for taking automated buy-in fees.
- Published SURE regulation in *Federal Register* December 28, 2009.
- Released press releases and SURE fact sheets announcing SURE signup.
- Began 2008 SURE signup January 4, 2010.
- Began issuing 2008 SURE payments January 4, 2010.
- Obligated \$688,804,960 in AARA funds.
- Closed out 2008 SURE signup September 30, 2010.
- Continued to take 2008 SURE applications.
- Continued to approve and make SURE payments.

FY 2011 Planned Accomplishments

- Finalize any carry-over SURE applications for which estimated obligations were made by September 30, 2010.
- Obligate an additional \$171,392,525 (upward adjusted obligations).
- Estimate an additional \$255,000,000 in ARRA funds are disbursed to finalize 2008 SURE signup.
- Complete processing 2008 SURE applications by December 30, 2010.

FARM SERVICE AGENCY
 Agriculture Disaster Assistance Transition: Recovery Act
 Geographic Breakdown of Obligations
 2010 Actual and Estimated 2011 and 2012

STATE	2010 Actual	2011 Estimated	2012 Estimated
Alabama	\$1,127,608	\$280,578	\$0
Alaska	75,666	18,828	0
Arizona	2,204,332	548,495	0
Arkansas	12,012,856	2,989,110	0
California	12,012,856	2,989,110	0
Colorado	15,819,444	3,936,288	0
Connecticut	1,176,167	292,661	0
Delaware	1,301,228	323,779	0
Florida	4,425,088	1,101,077	0
Georgia	2,608,343	649,023	0
Hawaii	148,325	36,907	0
Idaho	3,956,774	984,548	0
Illinois	8,159,436	2,030,279	0
Indiana	12,726,822	3,166,763	0
Iowa	72,870,630	18,132,101	0
Kansas	25,972,996	6,462,754	0
Kentucky	4,270,756	1,062,675	0
Louisiana	9,170,844	2,281,944	0
Maine	121,227	30,164	0
Maryland	1,812,322	450,953	0
Massachusetts	935,117	232,681	0
Michigan	7,532,820	1,874,361	0
Minnesota	22,582,118	5,619,016	0
Mississippi	1,223,836	304,522	0
Missouri	32,871,722	8,179,336	0
Montana	14,326,140	3,564,715	0
Nebraska	23,430,945	5,830,226	0
Nevada	198,090	49,290	0
New Hampshire	52,144	12,975	0
New Jersey	2,984,145	742,533	0
New Mexico	3,775,769	939,509	0
New York	854,323	212,578	0
North Carolina	5,725,786	1,424,724	0
North Dakota	89,320,271	22,225,198	0
Ohio	31,227,429	7,770,194	0
Oklahoma	7,496,425	1,865,305	0
Oregon	2,169,725	539,884	0
Pennsylvania	109,368	27,214	0
Rhode Island	119,169	29,652	0
South Carolina	2,334,548	580,896	0
South Dakota	28,698,977	7,141,049	0
Tennessee	3,050,338	759,003	0
Texas	102,480,165	25,499,721	0
Utah	807,311	200,880	0
Vermont	966,701	240,540	0
Virginia	3,359,424	835,912	0
Washington	7,087,954	1,763,667	0
West Virginia	6,580	1,637	0
Wisconsin	21,833,116	5,432,645	0
Wyoming	125,610	31,255	0
Puerto Rico	79,039	19,667	0
End of Year Obligation and Accrual	91,063,050	22,658,847	0
Prompt Pay Interest	15,940	3,966	0
Total, Available or Estimate	688,804,960	171,392,525	0

AGRICULTURAL DISASTER RELIEF TRUST FUND

STATUS OF PROGRAM

Current Activities: The Food, Conservation, and Energy Act of 2008, P.L. 110-246, provides for Supplemental Agricultural Disaster Assistance under Sections 12033 and 15001. This includes the Agricultural Disaster Relief Trust Fund, which is composed of amounts equivalent to 3.08 percent of the amounts received in the general fund of the U.S. Treasury during FY 2008-2011 "attributable to the duties collected on articles entered, or withdrawn from warehouse, for consumption under the Harmonized Tariff Schedule of the United States." The fund has authority to borrow, and repayable advances that are "such sums as may be necessary" make up the fund's budget authority. Advances to the fund must be repaid with interest to the general fund of the U.S. Treasury when the Secretary of the Treasury determines that funds are available in the trust fund.

Funds from the trust fund may be used to make payments to farmers and ranchers under the following five disaster assistance programs: Supplemental Revenue Assistance Payments (SURE) Program; Livestock Forage Disaster Program (LFP); Livestock Indemnity Program (LIP); Tree Assistance Program (TAP); and Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP) Program. P.L. 110-246 provides that participants in the new disaster assistance programs are required to have crop insurance or non-insured crop disaster assistance, or to pay a fee if they are otherwise ineligible.

Obligations of \$1,573,277,751 were incurred and total outlays were \$1,358,616,041 in FY 2010, as shown in the table below. In FY 2010, the amount of customs receipts credited to the Agricultural Disaster Relief Trust Fund receipt account totaled \$776,745,050. Unobligated balances carried over to FY 2010 of \$1,530,625,668 and obligated repayable advances of \$296,041,371 provided the funding for FY 2010 obligations. Available budget authority totaling \$165,134,338 was carried forward into FY 2011 as an unobligated balance.

Programs	Obligations	Outlays
ELAP	\$21,460,176	21,413,463
LFP	264,664,167	263,262,939
LIP	89,438,406	91,825,329
SURE	1,195,516,771	973,433,687
TAP	2,198,231	1,507,238
subtotal	1,573,277,751	1,351,442,656
Undistributed	0	7,173,385
TOTAL	1,573,277,751	1,358,616,041

USDA SUPPLEMENTAL ASSISTANCE

Annualized 2011 Continuing Resolution a/	\$295,600,000
Budget Estimate, 2012	0
Change in Appropriation	<u>-295,600,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>2011 Estimated</u>	<u>Program Changes</u>	<u>2012 Estimated</u>
Payments to farmers and ranchers for losses because of natural disasters	\$295,600,000	-\$295,600,000 (1)	0

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>2010 Actual</u>	<u>2011 Estimated</u>	<u>Change</u>	<u>2012 Estimated</u>
Payments to farmers and ranchers for losses because of natural disasters.....	\$295,600,000	\$295,600,000	-\$295,600,000	0
Total appropriation	295,600,000	295,600,000	-295,600,000	0

PROJECT STATEMENT

(On basis of available funds)

<u>Project</u>	<u>2010 Actual</u>	<u>2011 Estimated</u>	<u>Increase or Decrease</u>	<u>2012 Estimated</u>
Payments to farmers and ranchers for losses because of natural disasters.....	\$295,449,958	\$295,600,000	-\$295,600,000	0
Unobligated balance brought forward from prior years	-776,453,092	-779,355,785	-178,000,000	-\$957,355,785
Recoveries	-2,752,651	-178,000,000	173,000,000	-5,000,000
Unobligated balance carried forward to next year	779,355,785	957,355,785	5,000,000	962,355,785
Total appropriation.....	295,600,000	295,600,000	-295,600,000	0

1) A decrease of \$295,600,000 for Supplemental Assistance available in 2011:

The FY 2012 Budget proposes no funding for this program due to budget constraints..

a/ None of this amount is being obligated under the Annualized 2011 Continuing Resolution.

Durum Wheat Quality Program
Geographic Breakdown of Obligations
2010 Actual and Estimated 2011 and 2012

State	2010 Actual	2011 Estimated	2012 Estimated
Alabama	0	0	0
Arizona	0	0	0
Arkansas	0	0	0
California	0	0	0
Colorado	0	0	0
Florida	0	0	0
Idaho	\$1,047	0	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	35,125	0	0
Mississippi	0	0	0
Missouri	0	0	0
Montan	72,702	0	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	0	0	0
North Carolina	0	0	0
North Dakota	2,690,456	0	0
Oklahoma	0	0	0
Pennsylvania	0	0	0
Rhode Island	0	0	0
South Dakota	5,904	0	0
Texas	0	0	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	0	0
Washington	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0
Undistributed	44,724	\$3,000,000	0
Total, Available or Estimate	2,849,958	3,000,000	0

Geographically Disadvantaged Farmers and Ranchers Program
Geographic Breakdown of Obligations
2010 Actual and Estimated 2011 and 2012

State	2010 Actual	2011 Estimated	2012 Estimated
Alabama	0	0	0
Arizona	0	0	0
Arkansas	0	0	0
California	0	0	0
Colorado	0	0	0
Florida	0	0	0
Illinois	0	0	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0
Nebraska	0	0	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	0	0	0
North Carolina	0	0	0
North Dakota	0	0	0
Oklahoma	0	0	0
Pennsylvania	0	0	0
Rhode Island	0	0	0
South Dakota	0	0	0
Texas	0	0	0
Utah	0	0	0
Vermont	0	0	0
Virginia	0	0	0
Washington	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0
Undistributed	\$2,600,000	\$2,600,000	0
Total, Available or Estimate	2,600,000	2,600,000	0

Dairy Economic Loss Assistance Payment Program
Geographic Breakdown of Obligations
2010 Actual and Estimated 2011 and 2012

State	2010 Actual	2011 Estimated	2012 Estimated
Alabama	\$500,217	0	0
Alaska	19,064	0	0
Arizona	1,670,358	0	0
Arkansas	555,176	0	0
California	30,416,765	0	0
Colorado	1,952,167	0	0
Connecticut	855,337	0	0
Delaware	250,530	0	0
Florida	1,760,505	0	0
Georgia	2,413,989	0	0
Hawaii	38,540	0	0
Idaho	6,537,237	0	0
Illinois	4,607,434	0	0
Indiana	4,289,708	0	0
Iowa	8,901,912	0	0
Kansas	2,084,874	0	0
Kentucky	3,157,307	0	0
Louisiana	860,504	0	0
Maine	1,492,585	0	0
Maryland	2,289,210	0	0
Massachusetts	733,386	0	0
Michigan	12,726,858	0	0
Minnesota	21,283,298	0	0
Mississippi	721,347	0	0
Missouri	4,145,657	0	0
Montana	743,796	0	0
Nebraska	1,705,404	0	0
Nevada	419,197	0	0
New Hampshire	746,161	0	0
New Jersey	467,915	0	0
New Mexico	3,041,275	0	0
New York	23,801,581	0	0
North Carolina	2,004,440	0	0
North Dakota	855,849	0	0
Ohio	9,742,375	0	0
Oklahoma	1,244,638	0	0
Oregon	2,880,235	0	0
Pennsylvania	22,223,482	0	0
Puerto Rico - NAT	1,441,088	0	0
Rhode Island	51,021	0	0
South Carolina	766,096	0	0
South Dakota	259,813	0	0
Tennessee	2,718,789	0	0
Texas	7,235,027	0	0
Utah	2,410,308	0	0
Vermont	5,833,912	0	0
Virginia	4,045,127	0	0
Washington	5,394,677	0	0
West Virginia	445,346	0	0
Wisconsin	55,805,863	0	0
Wyoming	123,874	0	0
Undistributed	19,328,746	290,000,000	0
Total, Available or Estimate	\$290,000,000	\$290,000,000	0

Classification by Objects
2010 Actual and Estimated 2011 and 2012

<u>Object Class</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
41.0 Grants, subsidies, and contributions	\$295,449,958	\$295,600,000	0
Total direct obligations	<u>295,449,958</u>	<u>295,600,000</u>	<u>0</u>

a/ None of this amount is being obligated under the Annualized 2011 Continuing Resolution.

USDA SUPPLEMENTAL ASSISTANCE PROGRAM

STATUS OF PROGRAM

Current Activities: The Agricultural Assistance Act of 2007, enacted as Title IX of P.L. 110-28, the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, appropriated approximately \$2.8 billion for disaster assistance for farmers and ranchers. Under this title, appropriations are provided for the Crop Disaster Program, Livestock Compensation Program, Livestock Indemnity Program, Emergency Conservation Program (ECP), and Dairy Disaster Assistance Program. With the exception of the ECP, these programs are of the type historically funded by the CCC. Funding will remain available until expended. Unobligated funds as of September 30, 2010 were \$779,355,786.

The FY 2008 Consolidated Appropriations Act, P.L. 110-161, provided an additional \$602 million under Sec. 743, which extended the period of loss eligibility for disaster assistance from February 28, 2007, to December 31, 2007.

Selected Examples of Recent Activity: The following table shows outlays for FY 2010 by program.

USDA Supplemental Assistance Program
Outlays by Program
Fiscal Year 2009

Programs	Allocations
Crop Disaster Assistance - 2007	\$972,779
Livestock Compensation Program - 2007 1/	-323,851
Livestock Indemnity Payments - 2007	685,831
Dairy Disaster Assistance	0
TOTAL	\$1,334,759

1/ Refunds of prior year payments

DAIRY ECONOMIC LOSS ASSISTANCE PAYMENT

The Dairy Economic Loss Assistance Payment (DELAP) program began in December 2009. This program is funded by \$290 million from Section 748 of the 2010 Agricultural Appropriations Act to provide loss assistance payments to eligible dairy producers. Payments to eligible DELAP program producers are being issued in three payment phases. Phase I payments were issued in mid-December 2009 to eligible dairy producers with production records from previous participation in dairy programs administered by the Farm Service Agency (FSA). Phase II payments were issued on June 18, 2010 to dairy producers who did not have production records at FSA, but submitted their payment requests for benefits by January 17, 2010. Of the \$290 million budgeted for DELAP, a total of \$273 million was disbursed to eligible dairy producers under DELAP Phase I and Phase II. The remaining \$17 million (minus a reserve established by FSA) will be disbursed during PHASE III in FY 2011.

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

Sec. 1621 of the Food, Conservation, and Energy Act of 2008, Public Law 110-246, enacted June 18, 2008, (2008 Farm Bill) authorized RTCP; and the Agriculture, Food and Drug Administration, and Related Agencies Appropriations Act, 2010, Public Law 111-80, provided \$2,600,000 to the Farm Service Agency to administer a program to assist farmers and ranchers in Hawaii, Alaska and insular areas who paid to transport either an agricultural commodity or an input used to produce an agricultural commodity during FY 2010.

Current Activities: Program signup began on August 3, 2010, and ended on September 10, 2010. FSA received applications from 1,545 applicants and all funding was obligated in FY 2010. Notices to collect data are in the process of being cleared, while payment software is being tested and finalized. Following a determination of whether a payment factor should be applied to payments, FSA plans to issue payments during the second quarter of FY 2011.

DURUM WHEAT QUALITY PROGRAM (DWQP)

The 2008 Farm Bill authorized and Public Law 111-80 provided \$3 million for the DWQP to partially compensate producers for the cost of fungicides applied to durum wheat to control Fusarium head blight, commonly known as wheat scab.

Selected Examples of Recent Activity: DWQP signup period was from July 21, 2010, through September 15, 2010, and \$2,849,958 of funding was obligated in FY 2010. In the first four months of FY 2011, FSA disbursed \$2,796,198 of DWQP funding to approximately 1,020 eligible durum wheat producers in 5 States (Idaho, Minnesota, Montana, North Dakota, and South Dakota). FSA held \$53,760 of DWQP in reserve for appeals.

EMERGENCY FOREST RESTORATION PROGRAM

Annualized 2011 Continuing Resolution	0
Budget Estimate, 2012	0
Change in Appropriation.....	0

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>2011 Estimated</u>	<u>Program Changes</u>	<u>2012 Estimated</u>
Emergency cost-sharing to farmers	0	0	0

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>2010 Actual</u>	<u>2011 Estimated</u>	<u>Change</u>	<u>2012 Estimated</u>
Emergency Forest Restoration Program	\$18,000,000	0	0	0
Total appropriation	18,000,000	0	0	0

PROJECT STATEMENT

(On basis of available funds)

<u>Project</u>	<u>2010 Actual</u>	<u>2011 Estimated</u>	<u>Increase or Decrease</u>	<u>2012 Estimated</u>
Emergency cost-sharing to farmers	0	\$16,200,000	0	\$0
Technical assistance	0	1,800,000	0	0
Total available or estimate.....	0	18,000,000	-\$18,000,000	0
Unobligated balance start of year.....	0	-18,000,000	18,000,000	0
Unobligated balance end of Year.....	\$18,000,000	0	0	0
Total appropriation	18,000,000	0	0	0

The Emergency Forest Restoration Program (EFRP) provides payments to eligible owners of nonindustrial private forest land (NIPF) in order to carry out emergency measures to restore land damaged by a natural disaster. Authorized in the 2008 Farm Bill, funding for EFRP was appropriated by Congress in the 2010 Supplemental Appropriations Act, P.L. 111-212. After completion of rulemaking, \$18 million was apportioned by OMB for FY 2011. The FY 2012 Budget proposes no funding for this program.

FARM SERVICE AGENCY
Emergency Forest Restoration Program

Classification by Objects
2010 Actual and Estimated 2011 and 2012

	<u>Object Class</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
25.3	Other purchases of good and services from Government accounts	0	\$1,800,000	0
41.0	Grants, subsidies, and contributions	0	16,200,000	0
99.0	Total direct obligations	<u>0</u>	<u>18,000,000</u>	<u>0</u>

EMERGENCY FOREST RESTORATION PROGRAM

STATUS OF PROGRAM

Current Activities: USDA Farm Service Agency's (FSA) Emergency Forest Restoration Program (EFRP) provides payments to eligible owners of non-industrial private forest (NIPF) for implementation of emergency measures to restore land damaged by a natural disaster. Funding for EFRP was appropriated by the Supplemental Appropriations Act of 2010, P.L. 111-212 with \$18 million apportioned by OMB for FY 2011. Some of the program highlights for EFRP include the following:

- FSA posted a notice on Authorization and Funding for the Emergency Forest Restoration Program (EFRP) for FSA employees on August 13, 2010.
- The Interim Rule for EFRP (7 CFR Part 701) was published on November 17, 2010.
- The 1-EFRP Handbook and an associated EFRP implementation notice were posted for FSA employees on November 22, 2010.
- Counties were authorized to submit requests for EFRP assistance and begin accepting applications from nonindustrial private forest (NIPF) landowners on December 6, 2010, using a new web-based software system.

Program Administration

EFRP is administered by FSA's state and county committees and offices. Subject to availability of funds, locally-elected county committees are authorized to implement EFRP for all disasters except drought and insect infestations, which are authorized at the FSA national office.

Land Eligibility

FSA County Committees determine land eligibility using on-site damage inspections that assess the type and extent of damage. To be eligible for EFRP, NIPF land must:

- Have existing tree cover or had tree cover immediately before the natural disaster occurred and is suitable for growing trees; and
- Be owned by any nonindustrial private individual, group, association, corporation, or other private legal entity, that has definitive decision-making authority over the land.

In addition, the natural disaster must have resulted in damage that if untreated would:

- Impair or endanger the natural resources on the land; and
- Materially affect future use of the land.

Payments

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 FSA County Committees. Individual or cumulative requests for financial assistance of \$50,000 or less per person or legal entity, per disaster are approved by the County Committee. Financial assistance from \$50,001 to \$100,000 is approved by the State Committee. Financial assistance over \$100,000 must be approved at the FSA national office. A payment limitation of \$500,000 per person or legal entity applies per disaster.

FARM SERVICE AGENCY
Aquaculture Assistance

SUMMARY OF RECOVERY ACT FUNDING

<u>Program/Project/Activity</u>	<u>2009/2010</u>	<u>2011</u>	<u>2012</u>
Aquaculture Assistance Grants	\$39,942,491	0	0

Project Statement-Recovery Act
(On basis of available funds)

Project	2010 Actual	2011 Estimated	Increase or Decrease	2012 Estimated
Grants to States for programs to assist aquaculture producers.....	\$175,993	0	0	0
Unobligated balance brought forward from prior year	-1,493,417	0	0	0
Unobligated balance carried forward to next year	0	0	0	0
Recoveries	-8,740,085	0	0	0
Unobligated balance expiring	10,057,509	0	0	0
Total appropriation	0	0	0	0

Program Implementation Activities:

Objective:

The 2008 Aquaculture Grant Program (AGP) objective was to provide block grants to State departments of agriculture that agreed to provide assistance to eligible aquaculture producers for losses associated with high feed input costs during the 2008 calendar year. This objective aligns with the Agency's Goal 1, Supporting Productive Farms and Ranches, Objective 1.1, Improving Access to Capital.

Delivery Schedule:

Implementation Phases

1. Development of Program Policy and Procedure – This phase consists of developing program policy and procedure, including compliance with the Recovery Act accountability and transparency requirements. This phase consists of the following completed milestones:
 - Developed a matrix of outstanding program issues.
 - Drafted a Memorandum of Understanding (MOU) to be executed between CCC and the States.
 - Drafted a letter to the States announcing availability of funding and requesting 2007 feed delivery data.
 - Provided a draft MOU for States to provide FSA comments on program provisions and implementation.
 - Ensured compliance with Recovery Act requirements including standard language for grants
 - Resolved outstanding program issues.
 - Finalized program announcement letter to the States announcing availability of funding.
 - Finalized draft MOU to be included in announcement letter to the States.

The first phase was completed in early April 2009.

2. Program Announcement – This phase consists of the following completed milestones:
 - Provided the States a program announcement letter to announce availability of funding.
 - Requested 2007 feed delivery data required for FSA to allocate grant funding to the States.
 - Included a draft MOU so that States could provide FSA comments on program provisions and implementation.
 The second phase was completed in mid April 2009.

3. Collecting Data and Program Comments – This phase consists of the following completed milestones:
 - Received 2007 feed data from participating States.
 - Determined grant amount for each State.
 - Reviewed comments submitted by States.
 - Revised and finalized MOU as needed.
 The third phase was completed in May 2009.

4. Grant Agreement Execution – This phase consists of the following milestones:
 - Execute MOU's between CCC and the States, including the collection of required grant forms and certifications.
 - Receive and approve work plans submitted by the States.
 The fourth phase was completed in December 2009 except for Alaska.

5. Grant Approval – This phase will consist of the following planned milestones:
 - Receive and approve work plans submitted by the States.
 - Transfer grant funding to the States.
 The fifth phase is estimated to be completed in March 2010.

Performance Measures:

Performance Data

Performance Measures	2010 Actual	2011 Target	2012 Target
Number of States receiving assistance	35	TBD	TBD
Number of aquaculture species receiving assistance	TBD	TBD	TBD

FY 2009 Accomplishments:

As of September 30, 2009, all participating States executed a grant agreement with CCC, and the Recovery Act appropriated \$50 million for this program. CCC obligated \$48.5 million in grant funding to the States. FSA approved 34 State work plans and disbursed \$47.6 million to the States.

FY 2010 Accomplishments:

In FY 2010, CCC disbursed an additional \$152,723 in grant funding to 2 States and recovered \$8,811,205 in grant funding from 18 States. Therefore, as of September 30, 2010, FSA has obligated \$39,942,491 in grant funding and has disbursed \$39,848,102

Activities:

FY 2010:

- Executed a grant agreement with Alaska.
- Collected back unused grant funding from participating States.
- Reallocated unused grant funding to States that had to apply a State factor to AGP payments because benefits requested in the State exceeded the State's grant amount.

- Collected and reviewed results of States' internal reviews.
- Ensured States were compliant with Federal reporting requirements under Section 1512 of the Recovery Act.

FY 2011:

- Funding was only available through September 30, 2010; therefore, there are no additional obligations for FY 2011. However, CCC will disburse an additional \$95,093 in grant funding that was obligated in FY 2010.
- CCC will finish reviewing States' results of their internal random reviews and will take appropriate action if needed.

FARM SERVICE AGENCY
Aquaculture Grant Program
Geographic Breakdown of Obligations
2009/2010 Actual and Estimated 2011 and 2012

STATE	2009/2010 Actual	2011 Estimated	2012 Estimated
Alabama	\$9,020,775	0	0
Alaska	94,066	0	0
Arkansas	7,073,089	0	0
California	1,052,508	0	0
Colorado	46,421	0	0
Delaware	0	0	0
Florida	344,512	0	0
Georgia	205,200	0	0
Hawaii	30,700	0	0
Idaho	944,839	0	0
Illinois	77,155	0	0
Kentucky	53,261	0	0
Louisiana	1,118,051	0	0
Maine	201,547	0	0
Massachusetts	0	0	0
Michigan	22,298	0	0
Minnesota	69,494	0	0
Mississippi	15,972,507	0	0
Missouri	109,942	0	0
Nebraska	25,536	0	0
New Hampshire	0	0	0
New Jersey	3,791	0	0
New Mexico	5,837	0	0
New York	7,612	0	0
North Carolina	797,772	0	0
Ohio	63,202	0	0
Oklahoma	14,948	0	0
Oregon	15,823	0	0
Pennsylvania	182,035	0	0
South Carolina	1,137	0	0
South Dakota	5,083	0	0
Tennessee	20,550	0	0
Texas	1,732,244	0	0
Utah	6,794	0	0
Virginia	81,395	0	0
Washington	280,085	0	0
Wisconsin	27,178	0	0
Wyoming	4,085	0	0
Undistributed	231,019	0	0
Total, Available or Estimate	39,942,491	0	0

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 equitably serve all farmers, ranchers, and agricultural partners by delivering effective, efficient, agricultural programs for all Americans.

FSA has three Strategic Goals and seven Strategic Objectives that contribute to two of the USDA Strategic Goals and one High Priority Performance Goal (HPPG).

USDA Strategic Goal / Objective	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
USDA Goal 1: USDA will assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving Objective 1.1 Enhance Rural Prosperity Objective 1.3 Support a sustainable and competitive agricultural system	Agency Goal 1: Supporting Productive Farms and Ranches	Objective 1.1: Improving Access to Capital Objective 1.2: Mitigating Market Losses Objective 1.3: Mitigating Losses from Natural Disasters	<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, including -Supplemental Revenue Assistance Payments Program -Emergency Conservation Program - Biomass Crop Assistance Program - All Ad Hoc Disaster Assistance Programs	<u>Agency Key Outcomes:</u> Successful Farms and Ranches Market Based Agriculture Thriving Agricultural Communities Affordable Food and Fiber
	Agency Goal 2: Supporting Secure and Affordable Food and Fiber	Objective 2.1: Providing Adequate, Secure Storage Capacity that Maintains Quality	<u>Commodity Operations</u> -U.S. Warehouse Act - Licensing and Enforcement - Dairy Product Price Support Program - CCC Inventory Management Operations - ELS Cotton Competitiveness Program - Canadian End Use Wheat Program - Domestic and Foreign Food Assistance Purchases -State Mediation Grants	Secure Supply of Food and Fiber Effective Food Aid

USDA Strategic Goal / Objective	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
<p>USDA Goal 2: USDA will ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources</p> <p>Objective 2.1 Restore and Conserve the Nation's Forests, Farms, Ranches, and Grasslands</p> <p>Objective 2.2 Lead Efforts to Mitigate and Adapt to Climate Change</p> <p>Objective 2.3 Protect and Enhance America's Water Resources</p>	<p>Agency Goal 3: Conserving Natural Resources and Enhancing the Environment</p>	<p><u>Objective 3.1:</u> Improving Conservation Practices</p> <p><u>Objective 3.2:</u> Targeting Lands to Maximize Conservation Benefits</p> <p><u>Objective 3.3:</u> Mitigating Adverse Impacts from Agricultural Production</p>	<p>- Conservation Reserve Program</p> <p>- Conservation Reserve Enhancement Program</p> <p>- Conservation Direct and Guaranteed Loan Program</p> <p>- State Mediation Grants</p>	<p><u>Agency Key Outcomes:</u></p> <p>Quality Soil</p> <p>Quality Water</p> <p>Quality Air</p> <p>Quality Wildlife Habitat</p>

Supporting USDA Strategic Goal 1

Key Outcomes: Agency Strategic Goal 1 - Supporting Productive Farms and Ranches

- 1: Successful Farms and Ranches
- 2: Market-Based Agriculture
- 3: Thriving Agricultural Communities

Long-Term Performance Measures:

- Increase the percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA
- Maintain or reduce average processing time for direct loans
- Maintain or reduce average processing time for guaranteed loans
- Maintain or increase percentage of Farm Service Agency program delivery applications at USDA Service Centers that are Web-enabled

Selected Past Accomplishments Toward Achievement of Agency Strategic Goal 1, Key Outcomes 1, 2, & 3: Successful Farms and Ranches, Market-Based Agriculture, and Thriving Agricultural Communities:

Farm Loan Programs

With changes in program levels FSA has made significant progress in expanding credit access to beginning farmers, minorities, and women. Lending to these groups has increased by more than 98 percent over the past ten years, from \$995 million in FY 2000 to nearly \$2 billion in FY 2010. In FY 2010, FSA made over 18,500 loans to beginning farmers, minorities, and women. FSA has more than 54,400 minority, women, and beginning farmers in its portfolio of direct and guaranteed farm loans as of September 30, 2010, an increase of more than 11,000 since FY 2007.

FSA continued to experience significantly increased demand for its farm loan programs in FY 2010, with a total of 36,514 loans made compared to 34,210 in FY 2009 and 26,305 in FY 2008. The increased loan activity is attributed to price weaknesses in the livestock sector and the unusually long harvest season caused by adverse weather conditions, combined with heightened risk sensitivity in the commercial lending sector. Loan obligations in FY 2010 totaled \$5.28 billion, which is the highest amount since 1985. Guaranteed loan program obligations in FY 2010 were the highest ever recorded.

FSA's loss and delinquency rates remain at historically low levels for both the direct and guaranteed loan programs. In the direct loan program, the loss rate in FY 2010 was 1.1 percent and the delinquency rate was 5.9 percent. The guaranteed loan program had a loss rate of 0.58 percent in FY 2010 and a delinquency rate of 1.69 percent. These impressive results can be attributed to numerous factors, including ongoing systems modernization efforts and streamlining of program regulations resulting in more efficient operations.

Income Support and Disaster Assistance

During FY 2010, the Non-Insured Crop Disaster Assistance Program (NAP) producer enrollment increased by 19.75% over 2009, in part because the 2008 Farm Bill requires total farm participation in NAP and/or purchase of crop insurance for eligibility for other disaster programs (specifically, SURE, TAP, and ELAP). Due to an overall increase of crops and acreage covered for both new and previous participants, NAP benefits paid have increased from \$52.4 million in FY 2009 to over \$105.6 million to date in FY 2010.

The Supplemental Revenue Assistance Payments (SURE) Program provides assistance to eligible producers in counties that received a natural disaster declaration by the Secretary of Agriculture, and have incurred crop production and/or quality losses during the current crop year. SURE signup began January 4, 2010, and over \$2 billion in SURE payments have been issued.

The Tree Assistance Program (TAP) provides assistance to eligible orchardists and nursery tree growers who suffer tree, bush, or vine losses/damage, due to natural disaster. TAP signup began May 10, 2010; and \$2.7 million in TAP payments have been issued to date.

During FY 2000 through 2010, over 25,000 Farm Storage Facility Loans (FSFLs) were disbursed. The FSFL Program has provided financing for on-farm storage for over 749 million bushels of eligible commodities since FY 2000. FSFL applications have increased from 1,717 in FY 2005 to 3,961 in FY 2010. In FY 2006, the Commodity Credit Corporation (CCC) made available nearly \$100 million in FSFLs, while in FY 2010 the amount obligated for loans exceeded \$296 million. To date, in FY 2010, 3054 FSFLs have been disbursed totaling \$202 million, with an additional 907 loans totaling over \$96 million remaining to be disbursed.

The Marketing Assistance Loan (MAL) Program disburses non-recourse commodity loans during a crop year. The Loan Deficiency Payment (LDP) Program issues approximately 99 percent of its crop year benefits electronically. In crop year 2009, 33,833 LDPs were disbursed for a total of \$124.5 million, and 74,653 marketing assistance loans were disbursed for a total of \$6.8 billion. To date, in crop year 2010,

approximately 21,222 LDPs have been disbursed totaling \$105 million. Also, during this time, 47,956 MALs have been disbursed totaling \$4.8 billion.

The Milk Income Loss Contract (MILC) Program application and payment processing software was released nationwide to State and county offices February 2, 2009. Approximately, 97 percent of MILC payments issued to eligible milk producers were in the form of electronic payments during FY 2009. FSA met the 97 percent mark again for FY 2010. To date, approximately \$831 million has been disbursed for FY 2009 and \$107 million has been issued for FY 2010 MILC payments using this software.

In 2010, the Direct and Counter-Cyclical Payment (DCP) Program and the Average Crop Revenue Election (ACRE) Program provided more than \$4 billion annually in direct payments. The Counter-cyclical portion of DCP provided payments that vary as market prices change, providing as much as \$2.5 billion in a single year to mitigate market losses. The optional ACRE Program, added under the 2008 Farm Bill, is an alternative revenue-based safety net in comparison to the price-based safety net provided by counter-cyclical payments for crop years 2009 through 2012. In FY 2010, over 138,000 farms are participating in the ACRE Program.

To increase customer satisfaction and reduce the time spent visiting a USDA Service Center, the Agency implemented a Web-based platform to allow producers to enroll in DCP or the ACRE Program, choose DCP or the ACRE Program payment options, assign crop shares, then sign, view, print and submit their DCP or the ACRE Program contracts from any computer with Internet access at any time. This service is available to all eligible producers and helps maintain a 99 percent participation rate for this program.

Under the Aquaculture Grant Program (AGP), CCC provided \$48.5 million to 36 States during FY 2009. However, in FY 2010, CCC collected AGP refunds from States totaling \$8.8 million and provided approximately \$152,000 in additional AGP funding to two States. At the end of FY 2010, cumulatively FSA has paid a total of \$39,848,102 in AGP benefits to States. AGP funding was only available until September 30, 2010.

In FY 2010, the Emergency Conservation Program (ECP) successfully rehabilitated approximately, 11.1 million acres of farmland that had been damaged by natural disasters.

The Livestock Indemnity Program (LIP) compensates eligible livestock producers for livestock losses in excess of normal mortality incurred as the result of adverse weather. In FY 2010, approximately \$69,886,861 in LIP payments have been issued to date.

The Biomass Crop Assistance Program (BCAP) provides financial assistance to owners and operators of agricultural and non-industrial private forest land who wish to establish, produce, and deliver biomass feedstocks. Approximately \$255 million in BCAP collection, harvest, storage, and transportation payments were made in FY 2010.

Information Technology

At the end of FY 2010, FSA completed the stabilization activities which secured the Web-based platform systems and adapted "best practices" and technology to the current environment to significantly lower the risk of future network stoppages. These stabilization activities have enabled FSA to improve the existing network by acquiring and using monitoring and management tools, methodologies and processes that promote optimal and efficient system performance.

Starting in October 2009, FSA implemented Web applications to support DCP and CRP payments. To support the delivery of major Farm Bill programs in the Web environment, FSA also implemented shared services for direct attribution; payment limitation; eligibility; adjusted gross income (AGI) determination; entity; combined producer; and related payment processing, and attribution tracking. Natural Resources Conservation Service (NRCS) uses the FSA Web services for eligibility, AGI, entity, and the Service Center Information Management System (SCIMS) names and addresses to support the delivery of its

programs. FSA also implemented central claims, receivables, and collections processing Web applications to support all FSA program payments.

During FY 2010, FSA implemented additional Web applications to support the delivery of Farm Bill programs by implementing applications for TAP, Livestock Indemnity Payments (LIP), ECP, and the payments processing for SURE. Payments for the Dairy Economic Loss Assistance Payment Program were delivered rapidly in December 2009 leveraging the Web payment process. FSA implemented the Web application to support the Emergency Forestry Restoration Program at the end of FY 2010.

The FSA Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) project is a priority modernization effort that will transform the way FSA delivers Farm Program services and benefits to producers, farmers and ranchers through more than 2,200 offices throughout the United States. The MIDAS system integrator work started in May 2010. The independent validation and verification contract for MIDAS was also awarded at that time. In the fourth quarter of 2010, the MIDAS team completed the project preparation and technical approach phase of the program. In October 2010, the USDA governance boards approved the program to move forward into the global requirements and design phase.

Selected Accomplishments Expected at the FY 2012 Proposed Resource Level:

Farm Loan Programs

FSA's Farm Loan programs provide access to credit for farmers and ranchers who are temporarily unable to obtain financing from a commercial source at reasonable rates and terms. Through direct and guaranteed farm ownership and operating loans, FSA assists tens of thousands of family farmers each year in starting and maintaining profitable farm businesses. FSA loan funds may be used to pay normal operating or family living expenses; make capital improvements; refinance certain debts; and purchase farmland, livestock, equipment, feed and other materials essential to farm and ranch operations. Given the projected level of loan funds available, FSA anticipates providing credit assistance to more than 30,500 farmers and ranchers in FY 2012.

Demand for FSA credit assistance remains strong due to the reduced availability of commercial credit as lenders have tightened their underwriting standards. This expected high volume of loan applications, coupled with increased loan servicing activity resulting from the near record levels of assistance provided during the past two years may result in less efficient loan processing. Therefore, the overall goal is to maintain performance for key metrics at FY 2011 levels. Accomplishing this will be a significant achievement given that workload is expected to remain extremely high in FY 2012.

In recent years, FSA has improved the operational effectiveness and efficiency of the Farm Loan programs through program streamlining and information technology initiatives. Continuing these ongoing efforts in FY 2012 will result in further improvements:

- Expanding the capabilities of the Farm Business Plan Management Information System, including implementation of a risk management tool that will allow for comprehensive portfolio risk analysis of the direct loan program.
- Transitioning all direct loan servicing information technology applications into a single, Web-based application. In addition to moving direct loan servicing to a modern platform, the system will expand on existing capabilities to include all special servicing options. Full implementation of the direct loan servicing system will allow FSA to better service its delinquent and financially distressed borrowers.
- Improving the user interface for the Guaranteed Loan System, resulting in productivity increases
- Developing the Farm Loan Programs Data Mart that will house data for all of the Farm Loan Program systems. Once completed, the Data Mart will significantly enhance data usefulness, resulting in improved reporting and analytical capabilities.

Income Support & Disaster Assistance

FSA's income support programs provide financial assistance to agricultural producers when market prices fall below certain levels, and disaster assistance programs help farmers and ranchers offset production losses and recover financially after natural disasters. Specific program activities include:

The FSFL Program expects considerable program interest in FY 2012 due to the addition of hay and renewable biomass as eligible commodities under the 2008 Farm Bill, and cold storage facilities for fruits and vegetables. Producers who must store their grain and renewable biomass commodities before delivery to ethanol and bio-fuel plants are using FSFLs to construct much of the on-farm storage they need. Fruit and vegetable producers will be constructing cold storage facilities to help preserve and extend the life of their harvested commodities from harvest until the commodity is sold.

The MAL, LDP, and MILC Programs deliver financial assistance and facilitate the orderly marketing of major agricultural commodities by providing short-term financing or per-unit revenue support when market conditions warrant their use. Due to relatively high prices and strong market conditions for most of the eligible loan commodities, average producer participation is expected for the MAL and LDP programs. FSA expects MILC payments to be issued throughout FY 2011.

Overall, increased program participation is expected for FSFLs, MALs, LDPs, and MILC in FY 2012. Therefore, the projection of decreases in budget resources will unfavorably impact delivery of programs, such as approvals, compliance, software enhancements and/or upgrades. Similarly, erroneous payments are likely to occur due to reduced program oversight. Program employees will see a significant increase in workload while attempting to maintain high quality customer service. Customer outreach, employee travel, and employee training efforts will be further limited. Additionally, FSA customers will experience an exponential increase in process and response time.

SURE is designed to mitigate losses that occur when natural disasters cause a catastrophic loss of crop production or prevent planting of eligible commodities. The program provides disaster assistance payments to producers of eligible commodities in designated counties and any farms with losses in normal production of more than 50 percent in a calendar year. The payments equal 60 percent of the difference between the disaster assistance program guarantee and the total farm revenue for the farm. Program delivery is expected to continue into FY 2012.

The NAP will continue to provide coverage equivalent to catastrophic (CAT) insurance for each commercial crop or agricultural commodity, except livestock, for which CAT is not available.

Disaster assistance will continue to achieve the desired key outcomes. However, challenges including flat or reduced staffing levels will likely affect the delivery of programs. FSA's ability to decrease the average cycle time to deliver NAP crop disaster payments is expected to be adversely affected, increasing from 35 days in 2010 to 37 days in 2011 and 2012. Additionally, efforts to decrease improper payments may also be affected if funding constraints impact FSA's ability to complete automated systems to support fully automated delivery of SURE and NAP.

BCAP will have designated 32 project areas by FY 2012. These project areas are selected by FSA from project area proposals submitted by biomass conversion facilities or by groups of producers. BCAP contracts will be available for consideration within designated project areas only. FSA further expects to implement matching payments and an initial phase of annual contract through Web applications for BCAP in FY 2011. FSA expects to complete the BCAP implementation in FY 2012. However, at the proposed budget level, FSA cannot support implementation of Web-based GIS data for BCAP which may reduce the willingness of businesses to partner with FSA on BCAP and reduce program credibility.

Information Technology

For the MIDAS program, FSA is engaged in the development of the to-be global requirements, processes and solution design. In addition, FSA is developing a MIDAS SAP system demonstration solution to

validate and adjust core system design concepts. The demo solution will validate a selected Farm Program and the land/acreage process functionality using the SAP solution in a standalone environment.

The FY 2012 MIDAS budget and the supporting modernization efforts will enable the MIDAS program to complete the initial operating release of the system in FY 2013, which plans to include Price Support programs and the integration of foundational financial, acreage reporting, customer and land information for FSA farmers, producers, and ranchers. More specifically, the budget will provide the ability to complete the system configuration, software licensing purchases, deployment, training, and interim hosting and operations for the major release. Subsequent multi-year funding provides FSA the capability to move forward with the design, configuration and deployment of the remaining Farm Programs to county office level employees.

MIDAS is expected to have positive impacts in FY 2012. However, MIDAS relies on supporting FSA Web-based IT systems, architecture and infrastructure. Additionally, MIDAS is closely tied to other Agency and Department-wide modernization efforts. For example, it is essential that MIDAS and the Department-wide Financial Management Modernization Initiative (FMMI) are aligned because the financial systems are integral to the delivery of Farm Program benefits. Geospatial Information Systems (GIS) modernization will enable MIDAS to use and leverage digital data to enhance program delivery and support. Full functionality of Enterprise Data Warehouse (EDW) will provide MIDAS with integrated high quality data to deliver critical reports to staff and FSA customers. Upgrades to the Common Computing Environment (CCE) will help ensure that the FSA county office staff has the desktop computers, telecommunication and internet services they need for the new upgraded program applications.

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

FSA's base funding provides IT resources and services which support program delivery, in several ways. FSA is (1) maintaining and enhancing the current infrastructure at a level that supports required operations, services and program delivery, (2) eliminating the reliance on outmoded technology and applications, (3) modernizing FSA's IT environment to enhance and improve the delivery of information and benefits to customers and (4) improving the quality, reliability and availability of data needed by the modernization effort to more effectively support FSA programs. In FY 2012, FSA will determine and manage priorities to ensure progress in all four areas.

Impacts of balancing priorities and operating flexibility, under funding uncertainties, may produce some degree of delivery delay, and result in associated risks, such as increased costs due to inflation, future contract labor cost increases, loss of technical expertise and subject matter experts. The impact could be further delays, cost increases, data vulnerability, and major technology and processes inefficiencies.

Efficiency Measures:

- Reduce average processing time for direct loans (Also listed as long-term measure)
- Reduce average processing time for guaranteed loans (Also listed as a long-term measure)

Through its Budget and Performance Management System, FSA is developing an integrated Activity-Based Costing (ABC) system. As part of this effort, FSA deployed the Activity Reporting System (ARS) in June 2010. ARS collects information on the amount of time spent on program activities. The ABC system, when fully implemented, will allow the Agency to develop cost-based performance measures that will be valid, reliable indicators of the efficiency of its loan programs. This information will be used to monitor, evaluate and better manage the cost of administering the FSA programs.

Key Outcomes: Agency Strategic Goal 2 - Secure and Affordable Food and Fiber

- 1: Supporting adequate, secure storage capacity that maintains quality
- 2: Improving purchase and delivery of food aid

Long Term Performance Measures

- Reduce or maintain average time between warehouse examinations

Selected Past Accomplishments toward achievement of Agency Strategic Goal 2, Key Outcomes 1 & 2:
Supporting adequate, secure storage capacity that maintains quality; and improving purchase and delivery of food aid

Commodity Operations

The FSA/CCC performance measure "Reduce the average number of days between warehouse examinations," has exceeded its FY 2010 target of 400 days or less between examinations. In FY 2010, the examinations were performed more frequently, an average of 345 days between examinations. FSA warehouse examinations check for potential compliance issues, such as loss of commodity quantity and quality, pest infestation, and record accuracy. In a change implemented in 2010, the Uniform Grain and Rice Storage Agreement (UGRSA) is no longer required for United States Warehouse Act (USWA) and State licensed warehouses who wish to participate in the MAL Program. This change has freed staff to concentrate on USWA warehouse examinations, and examinations for other CCC storage contracts, such as cotton, processed commodities, and peanuts. CCC continues to conduct annual examinations in warehouses with UGRSA agreements in the 23 states without statutory warehouse storage and licensing programs.

Information Technology

FSA/Commodity Operation has joined forces with the Food and Nutrition Service (FNS), the Agricultural Marketing Service (AMS), and the Foreign Agriculture Service (FAS), as well as The United States Agency for International Development (USAID) to implement a modern Web based Supply Chain Management (WBSCM) System using commercial off-the-shelf (COTS) technology. Price Support (limited functionality), Department of Defense (DoD) fresh payments and multi-food functionalities were implemented in June 2010. Training for domestic vendors was completed in Kansas City, Missouri, in October 2010. Training for international and international/domestic business partners was completed in Kansas City, Missouri in October 2010.

In the 2010 crop year, electronic warehouse receipts for grain have been approved for a trial program for the MAL program. 2010 is the first crop year that electronic grain receipts have been used for the MAL program.

WBSCM Release 1 GO-LIVE was completed June 2010 with Multi-Food Warehouse, DoD fresh payments and price support functionality. Converted master data and the functionality to support maintenance of all master data and user administration was also deployed June 2010. Additional functionality is scheduled for release in FY 2011.

Selected Accomplishments Expected at the FY 2012 Proposed Resource Level:

Commodity Operations

FSA will continue to work with its Dairy Product Price Support Program (DPPSP) partners to provide adequate, secure storage capacity to maintain quality and improve the purchase and delivery of food aid. FSA partners with AMS to provide adequate supplies of milk and with FNS to provide surplus dairy products acquired through the DPPSP to National School Lunch Program and The Emergency Food Assistance Program. FSA also partners with FAS and USAID to dispose of surplus CCC dairy stocks through foreign food aid donation programs, when those stocks are available.

Commodity Operations will facilitate and encourage electronic commerce to reduce costs and delays associated with marketing and delivering commodities and to increase sales of targeted agricultural commodities. In addition, as staffing has decreased, management has implemented procedures to conduct warehouse examinations at multiple locations in a manner designed to cut travel expenses while maintaining the integrity of the examination. This process and continued use of electronic documents has helped the efficiency of the program.

It is important to note that warehouse examinations are undertaken under the terms of the USWA and therefore, congressionally mandated. Examinations are fee-based and therefore, budget neutral for FSA. While the goal of reducing the number of days between warehouse examinations was met for FY 2010, this was largely the result of the reduction of warehouses covered by UGRSA. Export warehouses soon to be licensed by USDA, plus prospective warehouse examiner personnel decreases, would increase the time between warehouse examinations resulting in less revenue generated.

Information Technology

At the proposed FY 2012 funding level, there are no funds to contribute to operation and maintenance (O&M) costs for the WBSCM initiative. Also, FSA will not be able to support any new automated processes for Commodity Operations. However, FSA will review and reassess priorities to continue sustaining O&M needs for WBSCM.

Training for private voluntary organizations, freight forwarders, ocean carriers and their brokers will take place in Washington, D.C., after January 1, 2011. Release 2.0 was successfully implemented in December 2010. Nearly 7,000 domestic and international users were successfully loaded into WBSCM. Release 2.1 will be implemented February 1, 2011 will include the following functionality: price support and inventory management, bid invitation, bids and bid analysis.

Efficiency Measure: The previous efficiency measure used for Milk Price Support Purchases is not applicable to the new Dairy Product Price Support Program created in the 2008 Farm Bill.

Supporting USDA Strategic Goal 2

Key Outcomes: Agency Strategic Goal 3 - Conserving Natural Resources and Enhancing the Environment

1. Quality Soil
2. Quality Water
3. Quality Wildlife Habitat
4. Quality Air

HPPG Measure: Acres on which high impact targeted (HIT) practices are implemented on National Forest and private working lands in priority landscapes to accelerate the protection of clean, abundant water resources. . The estimated contribution of CRP to this measure in the priority watersheds is 145,000 acres for years FY 2010-11.

Conservation

CRP contributes significantly to this multi-agency High Priority Performance Goal (HPPG) of protecting and enhancing water quality and quantity, and watershed health across landscapes. Collectively, FSA, Natural Resources Conservation Service (NRCS), and the Forest Service (FS) will identify and target highly vulnerable watersheds on which to apply and manage practices aimed at enhancing water quality and quantity and helping restore ecological health. In FY 2011, FSA will expand the opportunity for

farmers to enroll acreage in CRP in these sub-watersheds at even greater rates. First, focusing Continuous-Signup CRP on “constructed wetlands,” “water savings,” and “priority watershed,” initiatives will incentivize adoption of highly relevant practices in priority sub-watersheds. Second, General-Signup CRP’s eligibility criteria and offer selection process will be updated to reflect the latest scientific understanding and data availability. Third, FSA will collaborate with NRCS and FS to monitor the success of our combined efforts to improve water quality and quantity.

CRP and Conservation Reserve Enhancement Program (CREP) will continue to achieve the desired key outcomes. However, starting in FY 2010, enrollment authority was decreased in the Food, Conservation and Energy Act of 2008 to no more than 32 million acres. Cumulative enrollment stands at 31.3 million acres at the end of FY 2010. Selected initiatives will encourage enrollment in HPPG priority watersheds and special focus will be placed on targeting and monitoring acreage impacts in those areas.

Long-Term Performance Measures:

- Increase CRP acres of riparian and grass buffers.
- Increase CRP restored wetland acres

Selected Past Accomplishments Toward Achievement of Agency Strategic Goal 3/ Key Outcomes 1,2,3 and 4: Quality Soil, Quality Water, Quality Wildlife Habitat and Quality Air for General Signup 39, 4.3 million acres were enrolled.

Conservation

FSA has made substantial progress in protecting watershed health and enhancing soil quality. Total enrollment in CRP stands at over 31.3 million acres. These acres annually reduce soil erosion by more than 400 million tons, reduce nitrogen, phosphorus, and sediment leaving the field by over 85 percent, and sequester over 44 million metric tons of carbon dioxide (CO₂).

CRP also contributes to increased wildlife populations, and has added more than two million ducks to the North Prairie Region annually, recovered sage and sharp-tailed grouse populations in Eastern Washington, increased ring-necked pheasant populations, and increased grassland bird populations. Restored wetlands in CRP reached more than two million acres as of June 2010. These restored wetlands are the result of several initiatives, including the 250,000 acre Bottomland Hardwood Timber Initiative, a 250,000 acre Non-floodplain Wetland Restoration Initiative, and a 150,000 acre Prairie Pothole Duck Nesting Habitat Initiative.

CREP addresses high-priority conservation issues of both local and national significance, such as impacts to water supplies, loss of critical habitat for threatened and endangered wildlife species, soil erosion, and reduced habitat for fish populations such as salmon. CREP is a community-based, results-oriented effort centered on local participation and leadership. As of June 2010, there are 44 CREP agreements representing partnerships with 33 States. A total of 1.2 million acres of high value conservation practices are enrolled in CREP.

The Source Water Protection Program (SWP), a joint project between the FSA and the nonprofit National Rural Water Association (NRWA), is designed to help prevent source water pollution in 43 states through voluntary practices installed by producers at the local level. Source water is surface and ground water that is consumed by rural residents. According to the NRWA, ground water is the primary source of drinking water for some 44,000 communities in the United States.

Since the inception of SWP from 2004 through the 2009/2010 program years 632 SWP Plans have been completed with management activities implemented. The 632 SWP Plans provide protection measures for 2,874 public drinking water sources (2,452 wells and 422 surface water intakes). The 2009/2010 program year ended March 31, 2010. Preliminary data indicates that an additional 86 SWP plans will be completed and have protection activities implemented in the source water areas through December 2010.

Information Technology

Major IT Accomplishments during FY 2010:

- New Web conservation payment system issued one million CRP annual rental payments worth nearly \$1 billion in less than two hours.
- ECP conservation acres ledger, phase I of the ECP migration to the Web and initial phase of migration of the Conservation Reporting and Evaluation System (CRES) to the Web.
- New general signup software system implemented to support the 2010 CRP general signup # 41.
- BCAP payments developed by modifying existing software to support the rapid turnaround requested
- Deployed new Web-based state level conservation reports
- Developed State Acres for Wildlife Enhancement (SAFE) contracts and payments
- Developed Web-based Grassland Reserve Program (GRP)
- Developed Emergency Forest Restoration Program (EFRP) payments
- Completed the design and analysis of a new Web based CRP contract systems.

Selected Accomplishments Expected at the FY 2012 Proposed Resource Level:Conservation

To achieve the desired key outcomes for CRP and CREP, FSA works with its partners to improve conservation practices and target lands to maximize conservation benefits. Among the specific actions FSA will carry out at the proposed FY 2012 funding level are to advance:

- Wetland goals by seeking new wetland contracts for more than 50,000 acres in both FY 2011 and FY 2012. These acres aid in attaining the USDA conservation and global change objectives.
- Riparian buffers and grass filters goals by seeking contacts covering 40,000 acres in both FY 2011 and FY 2012. These acres aid in attaining the USDA conservation and global change objectives.
- Wildlife population improvement goals by continuing several initiatives, including the 350,000 acre upland bird buffer, the 150,000 acre Duck Nesting Habitat Initiative, and the SAFE initiative, a 650,000 acre initiative announced in FY 2007 to improve habitat for endangered, threatened, or high-priority fish and wildlife species.
- The 250,000 acre initiative to restore longleaf pine. In the early 1700s, over 90 million acres of longleaf pine ecosystem existed. Today, fewer than four million acres exist. Producers with cropland that is suitable for longleaf pine can submit an offer for enrollment into the CRP under continuous signup provisions. Cumulative enrollment as of October 2010 was over 90,000 acres.
- The negotiation with State governments and conservation partner teams to develop new or expanded CREP agreements.

Although program funding will increase CRP enrollments, flat or reduced staffing levels will likely affect delivery of the program. FSA's ability to decrease the cycle time to complete a conservation offer contract (including conservation plan time frame) will likely be impacted. Cycle times are estimated to increase ten days above current levels. Similarly, decreases in improper payments and reductions in processing time may also be affected by staffing limitations.

Additional negative impacts associated with the proposed FY 2012 resource levels funding level include:

- Improper CRP payments will likely increase above the \$24 million/year level to a projected level of \$42 million/year due to reducing staffing and IT resources.
- New and amended CREP projects will likely be delayed due to lack of staff and IT resources.

- New CRP initiatives to address water conservation, restoration of threatened and endangered species habitat, highly erodible lands, and reduction of nutrients and other pollutants to our Nations waters will be delayed due to the lack of sufficient IT and staff resources.
- Enrollment in existing wetland, and buffer initiatives will likely decline due to staff shortages.
- Efforts to develop a pilot program to facilitate the marketing between producers and private industry of carbon offsets will likely be delayed due to the lack of IT and staff resources. This pilot has already been announced by the Secretary.
- Efforts to improve customer service (reduced time/effort of producers to apply for services and to provide timely and accurate payments) will be delayed. There could be increased interest costs for late payments.
- The number of appeals due to misinformation will likely rise due to reduced staffing levels and reduced staff development.
- Insufficient resources will reduce opportunities to improve the Agency environmental compliance process. This will cause future delays in the National Environmental Policy Act review process for future Agency activities, including new Farm Bill Programs.
- State and County Office staff training for conservation will be unavailable due to reduced staffing and lack of funding availability for both face to face and Web-based training.
- Outreach efforts for CRP will be severely curtailed due to reduced staffing and lack of funding availability for outreach materials at a time when State partner outreach efforts are already adversely impacted due to current State government budget constraints.
- The Transition Incentives Program (TIP), which provides annual rental payments at the expiration of CRP contracts, will experience delays due to lack of IT resources. This includes delays in TIP payment software modification.
- TIP outreach efforts will be impacted due to lack of staff and funding availability for outreach material.

Information Technology

In FY 2012, FSA plans to continue work on CRP contract maintenance and data migration, integrated cost-share functionality, and the BCAP facility and project management processes. Expected funding uncertainties, prioritization of resources and commitment to maintaining operations may alter implementation schedules for automated improvements to some Conservation applications (e.g. CREP offer process, Farmable Wetlands offer process, and various Conservation Plan development applications).

Strategic Goal Funding Matrix (on basis of appropriation)

	<u>2010 Actual</u>		<u>2011 Estimated</u>		<u>Increase or Decrease</u>	<u>2012 Estimated</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>		<u>Amount</u>	<u>Staff-Years</u>
USDA Goal 1							
<u>Farm Loans</u>							
Farm Loan Programs (except cons.)	169,845,000	--	139,265,000	--	-28,552,000	110,713,000	--
Program Loan Cost Expenses	7,920,000	--	7,920,000	--	0	7,920,000	--
State Mediation Grants	3,277,000	--	3,277,000	--	0	3,277,000	--
S&E	<u>313,173,000</u>	<u>2,804</u>	<u>313,173,000</u>	<u>2,804</u>	<u>0</u>	<u>313,173,000</u>	<u>2,804</u>
Total	494,215,000	2,804	463,635,000	2,804	-28,552,000	435,083,000	2,804
<u>Income Support and Disaster Assistance</u>							
DIP	876,000	--	100,000	--	0	100,000	--
Reforestation Pilot Program	800,000	--	800,000	--	-800,000	0	--
Durum Wheat Quality Program	3,000,000	--	3,000,000	--	-3,000,000	0	--

22-87

Geo Disadvant. Farmers and Ranchers Dairy Economic Loss Assist.	2,600,000	--	2,600,000	--	-2,600,000	0	--
Payments	290,000,000		290,000,000		290,000,000	0	
S&E	<u>920,034,000</u>	<u>8,217</u>	<u>907,117,000</u>	<u>8,002</u>	<u>99,883,000</u>	<u>1,007,000,000</u>	<u>7,713</u>
Total	1,217,310,000	8,217	1,203,617,000	8,002	196,517,000	1,007,100,000	7,713
Commodity Operations							
S&E	30,000,000	110	31,000,000	110	3,000,000	34,000,000	110
Total, Goal 1	1,741,525,000	11,131	1,698,252,000	10,916	222,069,000	1,476,183,000	10,627
USDA Goal 2							
Conservation							
Conservation Loans	1,343,000	--	1,343,000	--	-1,343,000	0	--
Grassroots Source Water Protection	5,000,000	--	5,000,000	--	-5,000,000	0	--
State Mediation Grants	1,092,000	--	1,092,000	--	0	1,092,000	--
S&E	<u>324,034,000</u>	<u>2,878</u>	<u>318,827,000</u>	<u>2,835</u>	<u>40,435,000</u>	<u>359,262,000</u>	<u>2,620</u>
Total	331,469,000	2,878	326,262,000	2,835	34,092,000	360,354,000	2,620
Total Available	<u>2,072,994,000</u>	<u>14,009</u>	<u>2,024,514,000</u>	<u>13,751</u>	<u>187,977,000</u>	<u>1,836,537,000</u>	<u>13,247</u>

**Farm Service Agency
Summary of Budget and Performance
Key Performance Outcomes and Measures**

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

**Farm Service Agency Goal 1 – Supporting Productive Farms and Ranches
Farm Service Agency Goal 2 – Supporting Secure and Affordable Food and Fiber**

Key Outcome – Supporting Productive Farms and Ranches (Agency Goal 1): Successful farms and ranches, market based agriculture, and thriving agricultural communities

Key Performance Measures:

- Increase percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA: Through its direct and guaranteed farm loan programs, FSA helps to meet the credit needs of farmers and ranchers who are temporarily unable to obtain sufficient credit elsewhere at reasonable rates and terms.
- Reduce average processing time for direct loans; Reduce average processing time for guaranteed loans: Providing service to customers in a timely manner is an important performance goal for FSA's direct and guaranteed loan programs. As such, FSA is targeting continued improvement in loan processing timeliness.
- Maintain or increase percentage of Farm Service Agency program delivery applications at USDA Service Centers that are Web-enabled. This measure reflects improved capability for staff to provide service through multiple program applications for FSA customers at all USDA Service Centers.

Key Outcome – Supporting Secure and Affordable Food and Fiber (Agency Goal 2): Supporting adequate, secure storage capacity that maintains quality. Improving purchase and delivery of food aid.

Key Performance Measure:

- Reduce average time between warehouse examinations: FSA's security efforts continue to focus on ensuring the adequate capacity of warehouse storage facilities, minimizing warehouse violations, and reducing quality deterioration in stored products.

Key Performance Targets

Performance Measure	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Target	2012 Target
Increase percentage of beginning farmers; racial and ethnic minority farmers; and women farmers financed by FSA Units = percentage	15.9%	16.22%	17.4%	19.9% ¹	18.0%	18.1%
Reduce average processing time for direct loans Units = days	27.0	27.8	29.9	30.8 ¹	32.5	32.5
Reduce average processing time for guaranteed loans Units = days	12.6	8.55	8.75	13.25 ¹	13.0	13.0
Reduce average time between warehouse examinations Units = days	381	387	400	345	380	380
Maintain or increase percentage of Farm Service Agency program delivery applications at USDA Service Centers that are Web-enabled ^{2 3} Units = percentage	N/A	54%	51%	57%	68%	69%

¹Data in FY 2010 Actual column is the FY 2010 actual result for the FLP metrics.

²Based on FSA's System Inventory report of information systems as determined in accordance with USDA CSAM NIST SP 800-53 Rev3. Clarifications to the classification of information systems in FY 2008 and FY 2009 resulted in a percentage decrease due to the number of reportable Service Center program delivery applications decreasing.

³This measure replaces an earlier, more narrowly focused Farm Programs based Web measure. The new measure reflects improved capability for staff to provide service through multiple program applications for FSA customers at all USDA Service Centers. These applications fall under all of FSA's program areas: Income Support-Disaster Assistance, Farm Loan Programs, Commodity Operations and Conservation.

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

**Farm Service Agency Goal 3 –
Conserving Natural Resources and Enhancing the Environment**

Key Outcome – Conserving Natural Resources and Enhancing the Environment (Agency Goal 3): Quality soil, water, wildlife habitat, and quality air

Key Performance Measures:

- Increase CRP acres of riparian and grass buffers: Conservation buffers enhance water quality by intercepting farm sediment and nutrients before they enter waterways.
- Increase CRP restored wetland acres: Restored wetlands and buffers increase prime wildlife habitat and water storage capacity, and lead to a net increase in wetland acres on agriculture land. Wetlands provide multiple environmental functions, including filtering of nutrients, recharging groundwater supplies, and sequestering carbon.

Key Performance Targets

Performance Measure	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Target	2012 Target
Increase CRP acres of riparian and grass buffers (cumulative) Units = millions of acres	1.92	2.02	2.03	2.02 ¹	2.02 ¹	2.02
Increase CRP restored wetland acres (cumulative) Units = millions of acres	2.08	1.98	2.04 ²	2.05	2.05 ¹	2.05

¹ Recent commodity price increases, especially soybeans, will likely reduce landowner willingness to retire cropland into CRP.

² Based on the Conservation Reserve Program (CRP) results listed in the USDA 2009 PAR.

FARM SERVICE AGENCY
Summary of Budget and Performance
Full Cost by Department Strategic Goal

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

<u>PROGRAM</u>	<u>PROGRAM ITEMS</u>	<u>FY 2010 Amount</u> <u>(\$000)</u>	<u>FY 2011 Amount</u> <u>(\$000)</u>	<u>FY 2012 Amount</u> <u>(\$000)</u>
	Farm Loans			
	Direct Farm Ownership Loans	\$28,675	\$26,520	\$22,800
	Direct Farm Operating Loans	58,889	47,500	59,120
	Guaranteed Farm Ownership Loans	5,942	5,559	0
	Guaranteed Farm Operating Loans, subsidized	25,529	23,902	0
	Guaranteed Farm Operating Loans, unsub.	35,338	35,126	26,100
	Emergency Disaster Loans	1,314	6,000	902
	Indian Tribe Land Acquisition Loans	0	0	0
	Boll Weevil Eradication Loans	0	0	0
	Indian Fractionated Land Loans	0	793	193
	Program Loan Cost Expenses	7,920	7,920	7,920
	Individual Development Account Grants	0	0	2,500
	State Mediation Grants	3,277	3,277	3,277
	Administrative costs (direct)	309,848	304,655	304,655
	Indirect costs	4,273	8,518	8,518
	Total Costs¹	481,005	469,770	435,985
	<i>FTEs</i>	2,804	2,804	2,804

Performance Measure: Maintain or reduce average processing time for direct and guaranteed loans

Direct Loans (# of days):	30.80	32.50	32.50
Guaranteed Loans (# of days):	13.25	13.00	13.00

Performance Measure: Increase % of beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA

Percent:	19.90%	18.00%	18.10%
----------	--------	--------	--------

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

Income Support and Disaster Assistance				
	Price Support and Marketing Assistance Loans	6,313,263	6,095,604	6,942,590
	Loan Deficiency Payments	191,647	36,565	7,176
	Direct Payments	4,898,085	4,950,410	3,878,534
	Countercyclical Payments	902,584	131,848	0
	ACRE Payments	0	446,633	24,473
	Milk Income Loss Contract Payments	181,527	173,000	66,000
	Tobacco Payments	954,091	960,000	960,000
	Other Direct Payments	103,432	80,504	61,887
	NAP Payments	98,745	116,873	115,000
	Crop Disaster Assistance	-109	0	0
	Livestock Indemnity Program	91,825	77,000	73,000
	Emergency Livestock Assistance	-403	0	0
	Emergency Conservation Program	92,459	39,719	0
	Biomass Crop Assistance	248,202	199,000	201,000
	Emergency Forest Restoration Program	0	18,000	0
	Tree Assistance Program	90	0	0
	CCC Interest Expenditures	10,426	16,635	35,733
	Dairy Indemnity Program	162	200	200
	Emergency Forestry Conservation Program	8,297	9,291	8,038
	USDA Supplemental Assistance, appropriated	295,600	295,600	0
	Reforestation Pilot Program	800	800	0
	Agricultural Disaster Relief Trust Fund (12X5531 and 12X5591)	1,573,278	1,926,134	1,523,000
	Aquaculture Grants (123317)	39,942	0	0
	Farm Storage Facility Loans	0	0	0
	Sugar Storage Facility Loans	0	0	0
	Administrative costs (direct)	744,303	753,934	801,981
	Indirect costs	242,967	246,299	261,696
	Total Costs	16,991,214	16,574,049	14,960,308
	<i>FTEs</i>	8,355.00	8,140.00	7,851.00

Performance Measure: Maintain or increase percentage of Farm Service Agency program delivery applications at USDA Service Centers that are Web-enabled*

Percent: 57% 68% 69%

*Note: This measure replaces an earlier , more narrowly focused Farm Programs based Web measure. The new measure reflects improved capability for staff to provide service through multiple program applications for FSA customers at all USDA Service Centers. These applications fall under Income Support and Disaster Assistance , plus Farm Loan Programs, Commodity Operations and Conservation (USDA Goal 2)

<u>PROGRAM</u>	<u>PROGRAM ITEMS</u>	<u>FY 2010 Amount (\$000)</u>	<u>FY 2011 Amount (\$000)</u>	<u>FY 2012 Amount (\$000)</u>
	Commodity Operations			
	ELS Cotton Competitiveness Payments	27,866	0	0
	Upland Cotton Economic Adjustment Assistance	75,635	65,504	61,887
	Commodity Purchases and Sales	853,110	1,626,852	1,062,556
	Storage, Handling, Transportation, Processing, and Packaging	73,100	77,475	58,550
	CCC Interest Expenditures	791	2,226	3,398
	Dairy Price Support	40,597	17,250	0
	Administrative costs (direct)	24,087	24,364	26,052
	Indirect costs	18,728	18,943	20,255
	Total Costs	1,113,914	1,832,614	1,232,698
	<i>FTEs</i>	256	256	256
		1,070,308	1,787,081	1,182,993
	<u>Performance Measure:</u> Reduce the average time between warehouse examinations			
	(# of days)	345	380	380
	Total Costs for Department Strategic Goal 1 (program, direct, indirect)	18,586,132	18,876,433	16,628,991
	<i>FTEs</i>	11,415	11,200	10,911

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

<u>PROGRAM</u>	<u>PROGRAM ITEMS</u>	<u>FY 2010 Amount (\$000)</u>	<u>FY 2011 Amount (\$000)</u>	<u>FY 2012 Amount (\$000)</u>
	Conservation			
	Conservation Reserve Program	1,910,630	1,997,496	2,141,723
	Grassroots Source Water Protection Program	5,000	5,000	0
	State Mediation Grants	1,092	1,092	1,092
	Direct Conservation Loans	114	1,065	0
	Guaranteed Conservation Loans	1	278	0
	Other Conservation Payments	-4	33,334	16,666
	Administrative costs (direct)	278,940	278,825	304,230
	Indirect costs	68,779	72,804	75,103
	Total Costs	2,264,552	2,389,894	2,538,814
	<i>FTEs</i>	2,928	2,885	2,670
	<u>Performance Measure:</u> Increase CRP acres of riparian and grass buffers			
	# of acres in millions:	2.02	2.02	2.02
	<u>Performance Measure:</u> Increase CRP restored wetlands			
	# of acres in millions:	2.05	2.05	2.05
	Total Costs for Department Strategic Goal 2 (program, direct, indirect)	2,264,552	2,389,894	2,538,814
	<i>FTEs</i>	2,928	2,885	2,670
	Total Costs for All Strategic Goals (program, direct, indirect)	20,850,684	21,266,327	19,167,805
	<i>FTEs</i>	14,343	14,085	13,581