

2016 Explanatory Notes
Farm Service Agency

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FARM SERVICE AGENCY

Purpose Statement

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

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

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

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

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

The programs funded by this account are:

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

Loans are made for a term of 40 years or less. A direct loan may not exceed \$300,000 and a guaranteed loan may not exceed \$1,392,000, 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 1 percentage point. 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 1 percentage point, with a minimum of 5 percent. Effective with the 2008 Farm Bill, interest rates for beginning farmer down-payment loans are established at 4 percentage points less than the regular borrower rate, with a minimum of 1.5 percent. Effective with the 2014 Farm Bill, interest rates for joint financing loans (loans made in conjunction with a commercial lender providing over 50% of the credit) are established at 2 percentage points less than the regular borrower rate, but no less than 2.5 percent. The interest rate for guaranteed loans is negotiated by the lender and borrower.

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

amount appropriated for direct farm ownership loans will be reserved for qualified beginning farmers and ranchers.

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

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

Farm operating loans are for periods of 1 to 7 years depending on loan purposes. The loan limit is \$300,000 for a direct loan, \$50,000 for a Microloan and \$1,392,000, adjusted annually, for a guaranteed loan. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost of money to the Government plus up to 1 percent. However, loans to limited resource borrowers bear interest of not more than one-half of the Treasury rate for marketable obligations plus not more than 1 percentage point, with a floor of 5 percent. The interest rate for guaranteed loans is negotiated by the lender and borrower and may be subsidized under the interest assistance program.

The 2014 Farm Bill revisions expand the types of entities eligible, provide favorable interest rates for joint financing arrangements, increase loan limits for microloans, make youth loans available in urban areas, and eliminate term limits for guaranteed operating loans.

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

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

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

All emergency loans must be fully collateralized. The specific type of collateral may vary depending on the loan purpose, repayment ability, and the individual circumstances of the applicant. If applicants cannot provide adequate collateral, their repayment may be considered as collateral to secure the loan. Repayment terms for actual loss loans also vary according to the purposes of the loan, type of collateral available to secure the loan, and the projected repayment ability of the borrower. Loans for actual production or physical losses to crops, livestock, supplies, and equipment may be scheduled for repayment for up to 7 years. Under some conditions a longer repayment period may be authorized for production loss loans, but not to exceed 20 years. Generally,

real estate will be needed as security when a loan term of more than 7 years is authorized. Loss loans for actual losses to real estate will generally be scheduled for repayment within 30 years but under some conditions may be scheduled for up to 40 years. Applications for emergency loans must be received within 8 months of the county's disaster or quarantine designation date.

- **Indian Tribal Land Acquisition Loans.** These loans allow Native Americans to repurchase tribal lands and maintain ownership for future generations. They are limited to acquisition of land within the defined boundaries of a tribe's reservation. To be eligible, a tribe must be recognized by the Secretary of the Interior or be a tribal corporation established pursuant to the Indian Reorganization Act. In addition, a tribe must be without adequate funds to acquire the needed land and be unable to obtain sufficient credit elsewhere for the purchase. The tribe must also have a satisfactory management and repayment plan. Loan interest rates are fixed for the life of the loan at the current interest rate charged by FSA on the loan closing date and are made for a period not to exceed 40 years.
- **Boll Weevil Eradication Loans.** Boll weevil eradication loans provide assistance to producer associations and State governmental agencies to eradicate boll weevils. Loans are made in major cotton producing States.
- **Conservation Loans.** These are made as guaranteed loans to eligible borrowers to cover the cost of implementing qualified conservation projects. Loans for conservation projects must be part of a USDA-approved conservation plan. Eligible conservation plans may include projects for construction or establishment of conservation structures, forest and permanent cover, water conservation and waste management systems, improved permanent pasture, or other projects that comply with Section 1212 of the Food Security Act of 1985, and other purposes approved by the Secretary. Eligible borrowers include farmers, ranchers, and other entities controlled by farmers and ranchers and primarily and directly engaged in agricultural production. The program gives priority to qualified beginning farmers, ranchers, socially disadvantaged farmers or ranchers, owners or tenants who use the loans to convert to sustainable or organic agricultural production systems, and producers who use the loans to build conservation structures or establish conservation practices. Direct conservation loans have a maximum indebtedness of \$300,000, and guaranteed loans have a maximum indebtedness of \$1,392,000. The repayment term for direct conservation loans is a maximum of 7 years for loans secured by chattel and 20 years for real estate, unless the applicant requests a lesser term. The interest rate for direct conservation loans is equivalent to the direct farm ownership rate and the guaranteed conservation loans interest rate is determined by the lender. Loan guarantees are 80 percent of the principal amount of the loan (90 percent for beginning and socially disadvantaged farmers), and loans are to be disbursed geographically to the maximum extent possible.
- **Indian Highly Fractionated Land Loans.** Provides direct loans to eligible purchasers of highly fractionated lands under relevant provisions of the Indian Land Consolidation Act. Eligible purchasers are Indian tribal members.
- **Beginning Farmer and Rancher Individual Development Grant Accounts.** Section 333 B of the Consolidated Farm and Rural Development Act authorizes an Individual Development Account Pilot Program of at least five years in duration in at least fifteen states, which provides for matching-funds savings accounts for beginning farmers or ranchers to be used for specified farming-related expenses. Eligible beginning farmers and ranchers lack significant assets and have an income that is either below 80 percent of their State's median or below 200 percent of their State's poverty income guidelines. Eligible participants cannot receive more than \$6,000 in matching funds for each fiscal year of contract. Participants must also complete financial training established by a qualified entity.

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

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

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

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

OVERVIEW

- The **Direct and Counter-Cyclical Program** and the **Average Crop Revenue Election Program** are repealed and replaced by two new programs, Price Loss Coverage and Agricultural Risk Coverage. Upland cotton is the only “covered commodity” that is no longer eligible to participate in these programs, but rather, becomes eligible for the new Stacked Income Protection Plan (STAX) offered by the Risk Management Agency (RMA). Until STAX becomes available, upland cotton is eligible for transition payments made by FSA for 2014 and 2015 crops.
- The **Marketing Assistance Loan Program and Sugar Loans** continue mostly unchanged. The Milk Income Loss Contract Program continues through August 29, 2015 at that time it will be replaced by the Dairy Margin Protection Program.
- The **Conservation Reserve Program (CRP)**, USDA’s largest conservation program, continues through 2018 with an annually decreasing enrolled acreage cap. The contract portion of the Grassland Reserve Program enrollment has been merged with CRP. The Biomass Crop Assistance Program is extended and funded at \$25 million per year.
- The **Noninsured Crop Disaster Assistance Program** has been expanded to include protection at higher coverage levels, similar to buy-up provisions offered under the federal crop insurance program. The Livestock Forage Disaster Program, the Livestock Indemnity Program, the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish, and the Tree Assistance Program are continued, with modifications. The Supplemental Revenue Assistance Program (SURE), which covered losses through September 30, 2011, is not reauthorized.
- The credit title of the 2014 Farm Bill improves the direct and guaranteed loan programs that provide many farmers and ranchers the opportunity to obtain the credit they need to begin and continue their operations. The changes in the 2014 Farm Bill provide FSA greater flexibility in determining eligibility, including expanded definitions of eligible entities, years of experience for farm ownership loans, and allowing youth loan applicants from urban areas to access loans. FSA's microloan and down payment loan programs, important to assisting beginning farmers, have been improved by raising loan limits and emphasizing beginning and socially disadvantaged producers. The 2014 Farm Bill also provides enhancements for lenders to participate in the guaranteed conservation loan program and eliminates term limits for the guaranteed operating program, allowing farmers and ranchers the opportunity for continued credit in cases where financial setbacks may have prevented them from obtaining commercial credit.

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

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

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

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

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

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

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

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

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

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

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

County ARC: Payments are issued when the actual county crop revenue of a covered commodity is less than the ARC county guarantee for the covered commodity and are based on county data, not farm data. The ARC county guarantee equals 86 percent of the previous 5-year average national farm price, excluding the years with the highest

and lowest price (the ARC guarantee price), times the 5-year average county yield, excluding the years with the highest and lowest yield (the ARC county guarantee yield). Both the guarantee and actual revenue are computed using base acres, not planted acres. The payment is equal to 85 percent of the base acres of the covered commodity times the difference between the county guarantee and the actual county crop revenue for the covered commodity. Payments may not exceed 10 percent of the benchmark county revenue (the ARC guarantee price times the ARC county guarantee yield).

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

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

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

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

COTTON TRANSITION ASSISTANCE PROGRAM (CTAP)

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

MARKETING ASSISTANCE LOANS AND SUGAR LOANS

The 2014 Act extends the authority for sugar loans for the 2014 through 2018 crop years and nonrecourse marketing assistance loans (MAL) and loan deficiency payment (LDPs) for the 2014-2018 crops of wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded and non-graded wool, mohair, honey, unshorn pelts and peanuts. Availability of loans for some commodities may be affected by appropriations language. Provisions are

mostly unchanged from the 2008 farm bill, except marketing loan gains and loan deficiency payments are subject to payment limitations.

DAIRY PROGRAMS

The Margin Protection Program for Dairy Producers (MPP-Dairy) replaces MILC and is effective through December 31, 2018. The margin protection program offers dairy producers: (1) catastrophic coverage, at no cost to the producer, other than an annual \$100 administrative fee; and (2) various levels of buy-up coverage. Catastrophic coverage provides payments to participating producers when the national dairy production margin is less than \$4.00 per hundredweight (cwt). The national dairy production margin is the difference between the all-milk price and average feed costs. Producers may purchase buy-up coverage that provides payments when margins are between \$4.00 and \$8.00 per cwt. To participate in buy-up coverage, a producer must pay a premium that varies with the level of protection the producer elects.

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

DAIRY INDEMNITY PAYMENT PROGRAM (DIPP)

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

CONSERVATION RESERVE PROGRAM (CRP)

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

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

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

BIOMASS CROP ASSISTANCE PROGRAM (BCAP)

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

NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)

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

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

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

DISASTER PROGRAMS

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

- **Livestock Forage Disaster Program (LFP):** provides compensation to eligible livestock producers that have suffered grazing losses due to drought or fire on land that is native or improved pastureland with permanent vegetative cover or that is planted specifically for grazing. LFP payments for drought are equal to 60 percent of the monthly feed cost for up to 5 months, depending upon the severity of the drought. LFP payments for fire on federally managed rangeland are equal to 50 percent of the monthly feed cost for the number of days the producer is prohibited from grazing the managed rangeland, not to exceed 180 calendar days.
- **Livestock Indemnity Program (LIP):** provides benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather or by attacks by animals reintroduced into the wild by the Federal Government. LIP payments are equal to 75 percent of the average fair market value of the livestock.
- **Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP).** Provides emergency assistance to eligible producers of livestock, honeybees and farm-raised fish for losses due to disease (including cattle tick fever), adverse weather, or other conditions, such as blizzards and wildfires, not covered by LFP and LIP. Total payments are capped at \$20 million in a fiscal year.
- **Tree Assistance Program (TAP).** Provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines damaged by natural disasters.

FEEDSTOCK FLEXIBILITY PROGRAM (FFP)

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

NON-FARM BILL PROGRAMS

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

Emergency Conservation Program (ECP)

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

Emergency Forest Restoration Program (EFRP)

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

Farm Storage Facility Loan Program (FSFL)

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

Sugar Storage Facility Loan Program (SSFL)

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

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

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

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

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

FSA's permanent, full-time, end-of-year Federal employment as of September 30, 2014, was 3,819. FSA non-Federal permanent employment in USDA Service Centers was 6,984. The total number of Federal and non-Federal permanent full time positions in the Washington, DC headquarters office was 1,153 and the total number in the field offices was 9,650.

OIG Reports – Completed

03601-0017-CH	01/17/14	Controls Over Guaranteed Farm Loan Interest Rates and Interest Assistance
06401-0003-11	12/05/13	CCC Financial Statements for Fiscal Years 2013 and 2012
06401-0004-11	11/07/14	CCC FY 2014 Financial Statements for Fiscal Years 2014 and 2013
50601-0014-AT	02/20/14	Effectiveness and Enforcement of Suspension and Debarment Regulations (OCFO was lead)
50601-0015-KC	04/15/14	NASS Establishments of Average Yields (NASS was lead)

OIG Reports – In Progress

03501-0001-12		Review of FSA Initiative to Modernize and Innovate the Delivery of Agricultural Systems
03601-0001-22		FSA Compliance Activities
03601-0002-22		FSA Economic Adjustment Assistance to Users of Upland Cotton
03601-0003-22		FSA Microloan Program
03601-0018-CH		FSA Farm Loan Security
03601-0023-KC		2005 Hurricane Relief Initiatives: LIP and FIP
03601-0028-KC		Biomass Crop Assistance – Collection, Harvest, Storage and Transportation Matching Payments Program
03702-0001-31		Noninsured Crop Disaster Assistance Program
03702-0001-32		Livestock Forage Program
06401-0020-FM		CCC Financial Statements for Fiscal Years 2005 and 2004
50601-0003-31		Beginning Farmers and Ranchers (OSEC is lead)
50601-0003-22		Coordination of USDA Farm Program Compliance - FSA, RMA, and NRCS

GAO Reports – Completed

GAO-13-0503	11/22/13	FARM PROGRAMS: USDA Needs to Do More to Prevent Improper Payments to Deceased Individuals
GAO-13-0741	10/31/13	FARM PROGRAMS: Additional Steps Needed to Help Prevent Payments to Participants Whose Incomes Exceed Limits
GAO-13-0781	07/03/14	FARM PROGRAMS: Changes Are Needed to Eligibility Requirements for Being Actively Involved in Farming
GAO-14-0022	06/27/14	INTERNATIONAL FOOD AID: Better Agency Collaboration Needed to Assess and Improve Emergency Food Aid Procurement System

GAO Reports – In Progress

GAO-14-0428		USDA FARM PROGRAMS: Farmers Have Been Eligible for Multiple Programs and Further Efforts Could Help Prevent Duplicative Payments
100038		Modernize and Innovate the Delivery of Agricultural Systems (MIDAS)

FARM SERVICE AGENCY
Available Funds and Staff Years
(Dollars in thousands)

Item	2013 Actual		2014 Actual		2015 Estimate		2016 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Salaries and Expenses:								
Discretionary Appropriations.....	\$1,208,290	9,242	\$1,177,926	8,901	\$1,200,180	9,289	\$1,185,251	9,288
ACIF Program Account:								
FSA S&E Transfer.....	282,143	2,151	306,998	2,265	306,998	2,144	309,991	2,449
Subsidy.....	\$97,970	-	90,014	-	78,727	-	72,076	-
Individual Development Grants.....	-	-	-	-	-	-	-	-
Admin. Expenses Non-Recoverable Loan Costs.....	\$7,920	-	7,721	-	7,920	-	7,920	-
State Mediation Grants.....	\$4,369	-	3,782	-	3,404	-	3,404	-
Grassroots Source Water Protection Program.....	\$5,500	-	5,526	-	5,526	-	-	-
Subtotal Appropriations.....	1,606,192	11,393	1,591,967	11,166	1,602,755	11,433	1,578,642	11,737
Rescission.....								
FSA S&E.....	-32,720	-	-	-	-	-	-	-
State Mediation Grants.....	-119	-	-	-	-	-	-	-
Grassroots Source Water Program.....	-149	-	-	-	-	-	-	-
Agricultural Credit Insurance Fund Program Account....	-2,867	-	-	-	-	-	-	-
Sequestration.....								
FSA S&E.....	-60,315	-	-	-	-	-	-	-
State Mediation Grants.....	-189	-	-	-	-	-	-	-
Grassroots Source Water Program.....	-192	-	-	-	-	-	-	-
Agricultural Credit Insurance Fund Program Account....	-5,841	-	-	-	-	-	-	-
Credit Reform Transfers:								
CCC Export Loans Program Account.....	327	2	354	3	354	2	354	2
P.L. 480 Program Account.....	2,604	21	2,735	23	2,528	21	2,528	21
Congressional Relations.....	135	-	135	-	-	-	-	-
Adjusted Appropriation.....	1,506,866	11,416	1,595,191	11,192	1,605,637	11,456	1,581,524	11,760
Balance Available, SOY.....	31,909	-	-40,500	-	47,907	-	-	-
Other Adjustments (Net).....	1,699	-	994	-	-	-	-	-
Total Available.....	1,540,474	11,416	1,555,685	11,192	1,653,544	11,456	1,581,524	11,760
Lapsing Balances.....	-7,041	-	21,174	-	-	-	-	-
Balance Available, EOY.....	-48,630	-	-47,907	-	-	-	-	-
Obligations.....	1,484,803	11,416	1,528,952	11,192	1,653,544	11,456	1,581,524	11,760
Subtotal Obligations, FSA.....	1,484,803	11,416	1,528,952	11,192	1,653,544	11,456	1,581,524	11,760
Obligations under other USDA appropriations:								
Foreign Agricultural Service.....	4,305	30	4,778	21	3,354	30	3,354	30
Risk Management Agency.....	2,180	11	2,409	14	2,185	11	2,185	11
Food & Nutrition Service.....	2,733	27	2,426	23	2,425	24	2,425	24
Agricultural Marketing Service.....	669	6	530	5	530	5	1,008	10
Natural Resources Conservation Service.....	42,329	18	5,451	0	1,228	11	1,250	11
Rural Development.....	7,639	-	76	-	76	-	76	-
Flying Contracts.....	10,833	3	10,014	3	10,000	4	10,350	4
CCC Section 714 CRP.....	22,041	297	-	-	-	-	-	-
Farm Bill.....	0	-	13,415	-	40,965	5	0	-
CCC to Administer P.L. 480 Title II Grants.....	6,639	44	4,857	32	4,857	44	6,581	44
Miscellaneous.....	13,390	14	20,285	2	1,637	14	5,629	14
Total, Other USDA.....	112,758	450	64,241	100	67,257	148	32,858	148
Total, Agriculture Appropriations.....	1,597,561	11,866	1,593,193	11,292	1,720,801	11,604	1,614,382	11,908
Other Federal Funds:								
Sale of Aerial Photographs.....	14	-	8	-	8	-	8	-
Total, Other Federal.....	14	-	8	-	8	-	8	-
Non-Federal Funds								
Loan Service Fee Financing.....	1,913	26	1,306	23	1,222	23	1,222	23
Producer Measurement Service.....	490	7	241	3	324	6	324	6
Warehouse Examinations.....	4,100	43	3,885	34	3,625	44	3,625	44
Sale of Aerial Photographs.....	-	-	-	-	-	-	-	-
Farm Bill.....	-	-	2,470	62	46,536	902	-	-
Total, Non-Federal.....	6,503	76	7,902	122	51,707	975	5,171	73
Total, FSA.....	1,604,078	11,942	1,601,103	11,414	1,772,516	12,579	1,619,561	11,981

FARM SERVICE AGENCY

Permanent Positions by Grade and Staff Year Summary
2013 and 2014 Actuals and Estimated 2015 and 2016

Item	2013 Actual			2014 Actual			2015 Estimate			2016 Estimate		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive Service.....	13	0	13	10	0	10	13	0	13	13	0	13
Senior Level.....	0	0	0	0	0	0	0	0	0	0	0	0
GS 15.....	59	3	62	60	44	104	55	15	70	55	13	68
GS 14.....	147	7	154	141	3	144	142	6	148	142	6	148
GS 13.....	349	414	763	359	361	720	370	390	760	370	384	754
GS 12.....	331	999	1,330	331	891	1,222	333	1,020	1,353	333	982	1,315
GS 11.....	37	630	667	42	569	611	52	625	677	52	625	677
GS 10.....	1	0	1	0	0	0	0	24	24	0	24	24
GS 9.....	37	181	218	44	169	213	48	220	268	48	220	268
GS 8.....	35	25	60	29	18	47	40	46	86	40	46	86
GS 7.....	58	724	782	49	649	698	58	760	818	58	760	818
GS 6.....	12	41	53	10	27	37	12	41	53	12	41	53
GS 5.....	5	11	16	5	7	12	5	15	20	5	15	20
GS 4.....	0	0	0	1	0	1	0	0	0	0	0	0
GS 3.....	0	0	0	0	0	0	0	0	0	0	0	0
GS 2.....	0	0	0	0	0	0	0	0	0	0	0	0
Other Graded Positions.....	10	0	10	0	0	0	0	0	0	0	0	0
Toal Permanent Positions.....	1,094	3,035	4,129	1,081	2,738	3,819	1,128	3,162	4,290	1,128	3,116	4,244
Total, Permanent Full-Time Employment, end-of-year.....	1,094	3,035	4,135	1,153	2,666	3,819	1,128	3,162	4,290	1,128	3,116	4,244
Staff-Year Estimate.....	1,329	2,920	4,249	1,209	2,713	3,922	1,276	2,861	4,137	1,226	3,166	4,392

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

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

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

2/ Changes to the motor vehicle fleet.

The net decrease of 7 vehicles in 2015 is the result of planned disposal of 10 Sedans/Station Wagons, 1 light truck and planned addition of 4 Light truck-4 X4 vehicles. In 2016, a net decrease of 1 Sedan as a result of disposal of 2 Sedans, and an overall addition of 1 light truck.

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

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

5/

Fiscal Year	Number of Vehicles by Type *							Total Number of Vehicles	Annual Operating Costs (\$ in 000) **
	Sedans and Station Wagons	Light Trucks, SUVs, and Vans		Medium Duty Vehicles	Ambulances	Buses	Heavy Duty Vehicles		
		4X2	4X4						
2013 Actual	485	198	1	47	-	-	0	731	\$3,663
Change	-138	+84	-1	+17	-	-	0	-38	-407
2014 Actual	347	282	0	64	-	-	0	693	\$3,256
Change	+5	-18	-	+8	-	-	+2	-3	+943
2015 Estimate	352	264	0	72	-	-	2	692	\$4,199
Change	-2	+2	0	-1	-	-	+2	-1	-
2016 Estimate	350	266	0	71	-	-	4	691	\$4,199

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

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

FARM SERVICE AGENCY

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

Salaries and Expenses (Including Transfers of Funds):

For necessary expenses of the Farm Service Agency, [~~\$1,200,180,000~~] \$1,185,251,000: *Provided*, [That not more than 50 percent of the \$132,364,000 made available under this heading for information technology related to farm program delivery, including the Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) and other farm program delivery systems, may be obligated until the Secretary submits to the Committees on Appropriations a plan for expenditure that (1) identifies for each project/investment over \$25,000 (a) the functional and performance capabilities to be delivered and the mission benefits to be realized, (b) the estimated lifecycle cost, including estimates for development as well as maintenance and operations, and (c) key milestones to be met; (2) demonstrates that each project/investment is, (a) consistent with the Farm Service Agency Information Technology Roadmap, (b) being managed in accordance with applicable lifecycle management policies and guidance, and (c) subject to the applicable Department's capital planning and investment control requirements; and (3) has been submitted to the Government Accountability Office: *Provided further*, That the agency shall submit a report by the end of the fourth quarter of fiscal year 2015 to the Committees on Appropriations and the Government Accountability Office, that identifies for each project/investment that is operational (a) current performance against key indicators of customer satisfaction, (b) current performance of service level agreements or other technical metrics, (c) current performance against a pre-established cost baseline, (d) a detailed breakdown of current and planned spending on operational enhancements or upgrades, and (e) an assessment of whether the investment continues to meet business needs as intended as well as alternatives to the investment: *Provided further*,]That the Secretary is authorized to use the services, facilities, and authorities (but not the funds) of the Commodity Credit Corporation to make program payments for all programs administered by the Agency: *Provided further*, That other funds made available to the Agency for authorized activities may be advanced to and merged with this account: *Provided further*, That funds made available to county committees shall remain available until expended [: *Provided further*, That none of the funds available to the Farm Service Agency shall be used to close Farm Service Agency county offices: *Provided further*, That none of the funds available to the Farm Service Agency shall be used to permanently relocate county based employees that would result in an office with two or fewer employees without prior notification and approval of the Committees on Appropriations].

The first change proposes deletion of the language included in the 2015 Enacted, specifying the funding levels for MIDAS and farm program delivery as well as the request for a project/investment expenditure plan. Since this was a non-recurring provision applicable to fiscal year 2015 only, retention of the language in fiscal year 2016 is unnecessary.

The second change proposes deletion of the language included in the 2015 Enacted, prohibiting office closures and limiting employee relocations. Since this was a non-recurring provision applicable to fiscal year 2015 only, retention of the language in fiscal year 2016 is unnecessary.

FARM SERVICE AGENCY

Lead-Off Tabular Statement

Salaries and Expenses

Budget Estimate, 2016.....	\$1,498,124,000
2015 Enacted.....	<u>1,510,060,000</u>
Change in Appropriation.....	<u><u>-11,936,000</u></u>

FARM SERVICE AGENCY

Summary of Increases and Decreases
(Dollars in thousands)

Program	2013 Actual	2014 Change	2015 Change	2016 Change	2016 Estimate
Discretionary Appropriation:					
Farm Loan Programs.....	\$281,564	+\$25,434	0	+\$2,993	\$309,991
Income Support and Disaster Assistance.....	819,843	+46,735	+\$17,745	-11,097	873,227
Conservation Programs.....	288,053	+16,421	+6,235	-3,899	306,809
Commodity Operations.....	10,290	-327	-1,933	+67	8,097
Total	1,399,750	+88,263	+22,047	-11,936	1,498,124

FARM SERVICE AGENCY

Project Statement
 On basis of adjusted appropriations
 (Dollars in thousands and Staff Years (SYs))

Program	2013 Actual		2014 Actual		2015 Enacted		Inc. or Dec		2016 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Total Adjusted Approp.....	\$1,399,750	\$11,416	\$1,488,013	\$11,192	\$1,510,060	\$11,456	-\$11,936	-\$813	\$1,498,124	\$11,760
Rescissions and Transfers:										
Program Transfers.....	-308,137	-	-310,087	-2,265	-309,880	-2,434	-2,993	-277	-312,873	-2,711
Rescission.....	41,063	-	-	-	-	-	-	-	-	-
Sequestration.....	75,614	-	-	-	-	-	-	-	-	-
Total Appropriation.....	1,208,290	11,416	1,177,926	8,927	1,200,180	9,022	-14,929	-1,090	1,185,251	9,049
Transfers In:										
Cong. Relations.....	135	-	135	-	-	-	-	-	-	-
Credit Reform Transfers.....	308,137	-	310,087	2,265	309,880	2,434	+2,993	+277	312,873	2,711
Subtotal.....	308,272	-	310,222	2,265	309,880	2,434	+2,993	+277	312,873	2,711
Rescission.....	-41,063	-	-	-	-	-	-	-	-	-
Sequestration.....	-75,614	-	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	31,909	-	40,500	-	47,907	-	-47,907	-	-	-
Recoveries, Other (Net).....	1,699	-	994	-	-	-	-	-	-	-
Total Available.....	1,433,493		1,529,642	11,192	1,557,967	11,456	-59,843	-813	1,498,124	11,760
Lapsing Balances.....	-7,041	-	-21,174	-	-	-	-	-	-	-
Bal. Available, EOY.....	-48,630	-	-47,907	-	-	-	-	-	-	-
Total Obligations.....	1,377,822	11,416	1,460,561	11,192	1,557,967	11,456	-59,843	-813	1,498,124	11,760

FARM SERVICE AGENCY

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

Program	2013 Actual		2014 Actual		2015 Estimate		Change		2016 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Farm Loan Program.....	\$281,564	2,151	\$304,325	2,265	\$306,998	2,144	+\$2,993	+305	\$309,991	2,449
Income Support & Disaster Assistance.....	803,617	6,795	848,242	6,552	919,775	6,851	-\$46,548	-1	873,227	6,850
Conservation Programs.....	282,351	2,388	298,031	2,302	323,164	2,407	-16,355	-	306,809	2,407
Commodity Operations.....	10,290	82	9,963	73	8,030	54	+67	-	8,097	54
Total Obligations.....	1,377,822	11,416	1,460,561	11,192	1,557,967	11,456	-59,843	+304	1,498,124	11,760
Lapsing Balances.....										
Bal. Available, EOY.....	7,041	-	21,174	-	-	-	-	-	-	-
Total Available.....	1,433,493	11,416	1,529,642	11,192	1,557,967	11,456	-59,843	+304	1,498,124	11,760
Transfers In.....										
Cong. Relations.....	-284,629	-	-310,087	-	-309,880	-	-2,993	-	-312,873	-
Rescission.....	32,720	-	-135	-	-	-	-	-	-	-
Sequestration.....	60,314	-	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	-31,909	-	-40,500	-	-47,907	-	-	-	-	-
Other Adjustments (Net).....	-1,699	-	-994	-	-	-	-	-	-	-
Total Appropriation.....	1,208,290	11,416	1,177,926	11,192	1,200,180	11,456	-14,929	+304	1,185,251	11,760

FARM SERVICE AGENCY

Project Statement
 On basis of adjusted appropriations
 (Dollars in thousands and Staff Years (SYs))

Program	2013 Actual		2014 Actual		2015 Enacted		Inc. or Dec		2016 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Direct Program.....	\$1,115,582	9,242	\$1,178,280	8,901	\$1,200,180	9,289	\$-14,932	-875	\$1,185,248	9,288
Total Direct Appropriation.....	1,115,582	9,242	1,178,280	8,901	1,200,180	9,289	\$-14,932	-875	\$1,185,248	9,288
Farm Loan Programs.....	\$281,564	2,151	\$306,998	2,265	\$306,998	2,144	\$2,993	+366	\$309,991	2,449
Other Credit Programs	2,604	23	2,735	26	2,882	23	2,882	23	2,885	23
Total Reimbursable Appropriation.....	284,168	2,174	309,733	2,291	309,880	2,167	+5,875	+389	312,876	2,472
Total Appropriation.....	1,399,750	11,416	1,488,013	11,192	1,510,060	11,456	-9,057	-486	1,498,124	11,760
Rescissions and Transfers:										
Program Transfers.....	-308,137	-	-310,087	-2,265	-309,880	-2,434	-2,993	-277	-312,873	-2,711
Rescission.....	41,063	-	-	-	-	-	-	-	-	-
Sequestration.....	75,614	-	-	-	-	-	-	-	-	-
Total Appropriation.....	1,208,290	11,416	1,177,926	8,927	1,200,180	9,022	-12,050	-763	1,185,251	9,049
Transfers In:										
Cong. Relations.....	135	-	135	-	-	-	-	-	-	-
Credit Reform Transfers.....	308,137	-	310,087	2,265	309,880	2,434	+2,993	+277	312,873	2,711
Subtotal.....	308,272	-	310,222	2,265	309,880	2,434	+2,993	+277	312,873	2,711
Rescission.....	-41,063	-	-	-	-	-	-	-	-	-
Sequestration.....	-75,614	-	-	-	-	-	-	-	-	-
Bal. Available, SOY.....	31,909	-	40,500	-	47,907	-	-47,907	-	-	-
Recoveries, Other (Net).....	1,699	-	994	-	-	-	-	-	-	-
Total Available.....	1,433,493	-	1,529,642	11,192	1,557,967	11,456	-56,964	-486	1,498,124	11,760
Lapsing Balances.....	-7,041	-	-21,174	-	-	-	-	-	-	-
Bal. Available, EOY.....	-48,630	-	-47,907	-	-	-	-	-	-	-
Total Obligations.....	1,377,822	11,416	1,460,561	11,192	1,557,967	11,456	-56,964	-486	1,498,124	11,760

FARM SERVICE AGENCY

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

Program	2013 Actual		2014 Actual		2015 Estimate		Change		2016 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Direct Program.....	\$1,093,327	9,242	\$1,153,147	8,901	\$1,248,087	9,289	-\$62,839	-1	\$1,185,248	9,288
Total Direct Obligations.....	1,093,327	9,242	1,153,147	8,901	1,248,087	9,289	-62,839	-1	1,185,248	9,288
Farm Loan Program.....	\$281,564	2,151	\$304,325	2,265	\$306,998	2,144	+\$2,993	+305	\$309,991	2,449
Other Credit Programs.....	2,931	23	3,089	26	2,882	23	+\$3	-	2,885	23
Total Reimbursable Obligations.....	284,495	2,174	307,414	2,291	309,880	2,167	+2,996	+305	312,876	2,472
Total Obligations.....	1,377,822	11,416	1,460,561	11,192	1,557,967	11,456	-59,843	304	1,498,124	11,760
Lapsing Balances.....	7,041		21,174	-	-	-	-	-	-	-
Bal. Available, EOY.....	48,630		47,907	-	-	-	-	-	-	-
Total Available.....	1,433,493	11,416	1,529,642	11,192	1,557,967	11,456	-59,843	+304	1,498,124	11,760
Transfers In.....	-284,629		-310,087	-	-309,880	-	-2,993	-	-312,873	-
Cong. Relations.....			-135							
Rescission.....	32,720		-	-	-	-	-	-	-	-
Sequestration.....	60,314									
Bal. Available, SOY.....	-31,909		-40,500	-	-47,907	-	-	-	-	-
Other Adjustments (Net).....	-1,699		-994	-	-	-	-	-	-	-
Total Appropriation.....	1,208,290	11,416	1,177,926	11,192	1,200,180	11,456	-14,929	+304	1,185,251	11,760

Justification of Increases and Decreases

- 1) A net decrease of \$11,936,000 for Farm Service Agency Salaries and Expenses (\$1,510,060,000 and 11,456 direct staff years available)

- (a) A net decrease of \$16,716,585 for Federal Offices.

- 1) An increase of \$5,262,000 for pay costs (\$1,003,000 for annualization of the 2015 pay increase and \$4,259,000 for the 2016 pay increase).

The FY 2016 proposed pay cost for 4,244 direct staff years includes \$1,003,000 for annualization of the FY 2015 pay raise and \$4,259,000 for the anticipated 1.3% FY 2016 pay raise. The increase is necessary to support sufficient staffing levels for the administration of farm and conservation programs; the efficient and effective servicing of existing farm loans and analysis of new loan requests; and ability to meet key commodity operations objectives.

- 2) A net decrease of \$1,986,585 for salary and expenses

Funding for permanent staff will increase by \$2,513,415 in order to provide full year support for authorized staff year ceilings of 3,166 for state offices and 1,078 for headquarters offices total of 4,244 direct staff years. These staffing levels are necessary to support farm loan program administration in the county offices and the required program oversight and administrative support in state and headquarters offices. While these staffing levels have been approved for FY 2015 and FSA is working diligently to fill all vacancies in a timely manner, the agency does not anticipate that its actual staff year usage will reach these levels by the end of the fiscal year. The increase in funding for these permanent staff year levels will be offset by a decrease of \$4,500,000 in funding for other personnel expenses.

- 3) A decrease of \$38,696,000 in operating expenses.

FSA is committed to providing excellent customer service and a positive customer experience. To ensure that these staffing levels are fully funded, FSA must examine all areas of operations to find savings. Savings will be achieved through the reduction of contractor support related to management services. In addition, one area of anticipated savings is in travel costs based on the reduced cost of fuel. Proposed technology efforts are anticipated to create efficiencies in areas such as printing.

- 4) An increase of \$4,000,000 for outreach for new and beginning farmers and ranchers.

FSA requests an increase of \$4 million to support increased outreach for new and beginning and veteran farmers and ranchers. This investment will support three overarching goals: assisting new producers in overcoming the two most commonly-cited barriers – the inability to access sufficient capital and to acquire land; expanding financial literacy and business training tools to help support the development of financially sustainable operations; and, expanding access and awareness of available resources. Specifically, this investment would support \$2 million for outreach coordinators to facilitate and guide beginning farmer outreach, provide support and cross-cutting customer service training for USDA employees in the field, and enhance partnerships within regional, state, and local communities, including with the agricultural community, the lending community, and others. In addition, \$2 million in cooperative agreements would be entered into with private organizations to leverage financial literacy, enhance technical assistance, and provide loan support to new and beginning farmers and ranchers, including leveraging tribal resources in Indian country, and leveraging urban organizations to help urban beginning farmers. To complement these activities, processes would be established through which beginning farmer eligibility for FSA direct farm ownership loans can be pre-screened upon completion of farm training programs provided by partner organizations. Finally, working in coordination with the USDA Military Veterans Agricultural Liaison, this investment will help ensure that our Nation's veterans who wish to enter farming and ranching are made aware of, and have access to, training and technical assistance.

5) An increase of \$14,704,000 for Information Technology (IT).

FSA is completing a Business Strategy and IT Strategy establishing objectives for supporting the business goals. In addition to the essential operational demands such as implementing the Farm Bill or other mandatory actions, the FSA IT Roadmap identified four primary criteria that will be used to prioritize and sequence initiatives:

- Customer service and efficiency
- Employee efficiency
- Accountability
- IT operational stability or efficiency

While FSA will pursue incremental, modular investments which allow us to be nimble in response to the fluctuations in business requirements, each discretionary IT investment or project will be assessed with respect to these criteria to ensure that the individual pieces align and collectively support the business and IT strategy.

The exact component elements of our investments in FY2016 will depend on this prioritization process and shifts in business needs (e.g. the recent drop in commodity prices combined with new eligibility requirements has made IT investments to support Marketing Assistance Loans a much higher priority). While the details will fluctuate with our producer needs, FSA plans to make IT investments to support new customer service models to position the agency to be a gateway for farmers and ranchers to access rural and agricultural support services. This includes enhancing customer referral services at the FSA Service Center and reducing administrative burden on farmers and ranchers by providing access to their information. Updates include:

- An increase of \$6,400,000 for Customer Self-Service - FSA will expand upon existing on-line services such as electronic Loan Deficiency Payment (eLDP) to provide additional customer options for self-service in FY2016 to allow farmers and ranchers, who choose to do so, access to their information and apply for a program from their home or office. Partnering with other USDA agencies will provide farmers and ranchers on-line access to relevant information, including remote and/or mobile access to their data and programs. Integration with initiatives such as Acreage Crop Reporting Streamlining Initiative and Bridges to Opportunity will provide an improved experience for farmers and ranchers conducting business with USDA.
- An increase of \$6,200,000 for Expanded Customer Service - FSA will leverage its footprint of over 2,100 rural offices, 11,000 full-time employee workforce, and repository of geospatial and farm information to pilot new ways to deliver FSA programs and provide farm service support for as well. Having FSA offices act as the bridge or connector to opportunities will help our customers access other USDA agencies, state and local agriculture organizations, and agriculture commodity groups. This will help them to be more successful and the greater agricultural economy to thrive. In addition to the expanded pilot program, FSA plans to look for additional opportunities for investments in decision-aids and toolkits, such as those developed with university consortia to assist with the roll-out of the major new Farm Bill programs. Future efforts could include tools to help producers examine their choices, beyond just FSA or even USDA, between different voluntary conservation programs or landowners with expiring CRP contracts.
- A net increase of \$6,856,000 to implement process improvements to benefit staff productivity and customer service – The budget includes a decrease of \$12.3 million for Modernize and Innovate Delivery of Agriculture Systems (MIDAS) due to its transition from development to maintenance and increase of \$19.1 million for increased IT investments to support FSA process improvements. In FY 2016, FSA will deliver incremental improvements addressing pain points and inefficiencies identified by field office staff as impacting their effectiveness in servicing customers. The improvements will address the entire portfolio of FSA projects and operations including MIDAS

to determine, deliver and sustain an integrated set of farm program delivery applications and services. Improvements in the pipeline range from simple items such as simplifying the printing of farm maps or customized reports to continuing the incremental integration of stove-piped systems through establishing or enhancing common eligibility, payment and obligation frameworks. While the producer would not see a difference in the information provided or the general process, the field office employee efficiency from less toggling between systems or redundant data entry should result in either fewer or significantly shorter visits to the office. For example, FSA currently has underway a Lean Six Sigma facilitated effort to improve Conservation Cost Share. This cost share system is used across several programs including CRP, ECP, EFRP and BCAP. Initial estimates suggest that a streamlined system will:

- reduce application/payment processing times by between 78% and 283% depending on the program,
 - reduce the trips required to the county office by half,
 - reduce printing costs by 66%, and
 - reduce troubleshooting time by 74%.
- An increase of \$5,037,000 for Shared Services – FSA’s contribution to the Shared Services is expected to increase in FY2016 as services such as printing and network telecommunications are enhanced to provide timelier and more reliable service to farmers and ranchers.
 - A decrease of \$9,789,000 for implementation of new Conservation, Farm Loan, Biomass Crop Assistance Program, and Noninsured Crop Disaster Assistance Program provisions. FSA expects to make substantial progress in completing the modifications required to support these provisions in FY2015.

(b) An increase of \$4,780,585 for Non-Federal Offices:

- 1) An increase of \$7,174,000 for pay costs (\$1,452,000 for annualization of the 2015 pay increase and \$5,722,000 for the 2016 pay increase).

The FY2016 proposed funding level supports 7,389 direct staff years for Non-Federal Offices. This increase would cover the \$1,452,000 cost for the annualization of the FY 2015 pay raise and the \$5,722,000 for the anticipated 1.3% FY 2016 pay raise. Without the increase, FSA could be forced to cut staffing levels, which would have a detrimental impact on the agency’s ability to deliver the essential farm and conservation programs authorized by the 2014 Farm Bill, and to provide farmers and ranchers with the highest levels of customer service.

- 2) A net increase of \$2,342,299 for salary and benefits.

This increase of \$11,766,450 will provide full year support for the Non-Federal Office ceiling of 7,389 staff years. This staffing level is necessary to fully support program delivery to farmers and ranchers from county offices. While these staffing levels have been approved for FY 2015 and FSA is working diligently to fill all vacancies in a timely manner, the agency does not anticipate that its actual staff year usage will reach this level by the end of the fiscal year. The overall increase to fully support the permanent staff will be offset by a decrease of \$9,423,151 related to other personnel expenses.

- 3) A decrease of \$4,735,714 in operating expenses.

FSA is committed to providing excellent customer service and a positive customer experience. To ensure that these staffing levels are fully funded, FSA must examine all areas of operations to find savings. Savings will be achieved through the reduction of contractor support related to management services. In addition, one area of anticipated savings is in travel costs based on the reduced cost of fuel. Proposed technology efforts are anticipated to create efficiencies in areas such as printing.

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

State/Territory	2013 Actual		2014 Actual		2015 Estimate		2016 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama.....	\$17,848	197	\$17,891	185	\$24,516	191	\$23,564	196
Alaska.....	821	6	836	6	967	10	930	10
Arizona.....	4,527	46	4,285	44	4,906	48	4,715	51
Arkansas.....	22,282	250	21,729	244	24,716	252	23,756	260
California.....	15,471	160	15,316	164	17,008	164	16,348	170
Caribbean.....	4,492	44	4,415	42	5,099	48	4,901	52
Colorado.....	13,649	149	13,679	139	14,659	144	14,090	148
Connecticut.....	1,844	16	1,786	17	2,025	22	1,946	21
Delaware.....	1,572	17	1,611	15	1,928	19	1,853	20
District of Columbia.....	446,543	1,145	530,939	1,065	525,866	1,128	506,104	1,114
Florida.....	11,011	104	10,737	104	11,822	107	11,363	113
Georgia.....	25,496	301	25,766	297	27,514	297	26,446	305
Hawaii.....	3,273	29	2,990	17	3,081	31	2,961	32
Idaho.....	12,607	132	12,405	126	13,626	135	13,097	138
Illinois.....	42,237	505	42,898	491	45,616	516	43,844	530
Indiana.....	29,618	334	30,395	330	31,868	339	30,631	347
Iowa.....	49,875	580	51,255	584	60,313	613	57,970	630
Kansas.....	42,743	492	43,480	496	44,968	473	43,221	485
Kentucky.....	29,475	326	28,729	315	33,766	338	32,455	350
Louisiana.....	17,842	193	17,558	186	19,725	190	18,959	198
Maine.....	5,234	54	5,476	53	5,675	52	5,455	56
Maryland.....	7,582	78	7,667	75	8,282	71	7,961	72
Massachusetts.....	3,064	28	3,043	27	4,179	33	4,016	35
Michigan.....	21,997	243	21,244	232	23,485	249	22,573	256
Minnesota.....	37,705	430	38,180	431	39,873	433	38,325	446
Mississippi.....	24,192	266	24,358	255	24,916	255	23,948	263
Missouri.....	38,739	423	38,704	431	52,127	419	50,103	432
Montana.....	19,612	211	19,658	210	21,867	217	21,018	222
Nebraska.....	37,538	427	38,709	425	40,713	415	39,132	428
Nevada.....	2,209	23	2,149	23	2,502	26	2,405	26
New Hampshire.....	1,902	15	1,933	19	2,121	20	2,038	21
New Jersey.....	3,707	32	3,651	30	4,388	35	4,217	36
New Mexico.....	6,771	75	7,067	76	6,996	75	6,724	78
New York.....	17,160	187	16,142	175	18,274	175	17,565	181
North Carolina.....	28,762	330	28,655	326	34,128	329	32,803	338
North Dakota.....	27,546	308	27,331	307	32,526	311	31,263	322
Ohio.....	28,453	309	28,388	316	33,050	332	31,766	339
Oklahoma.....	28,092	315	28,114	326	32,526	319	31,263	331
Oregon.....	9,537	98	9,497	97	10,189	101	9,793	105
Pennsylvania.....	16,383	185	16,475	175	19,410	194	18,657	200
Rhode Island.....	1,350	10	1,102	8	1,560	10	1,500	11
South Carolina.....	12,878	140	13,095	141	14,143	143	13,594	146
South Dakota.....	30,128	330	29,786	326	31,953	326	30,712	337
Tennessee.....	25,701	274	25,430	266	26,486	265	25,458	271
Texas.....	64,252	700	64,234	700	65,503	675	62,959	696
Utah.....	7,736	76	7,523	76	13,839	77	13,302	80
Vermont.....	4,530	46	4,587	42	4,900	44	4,709	47
Virginia.....	17,218	187	17,550	186	13,706	182	13,174	188
Washington.....	10,422	110	10,719	107	11,438	113	10,994	116
West Virginia.....	8,283	83	8,175	81	8,436	85	8,108	88
Wisconsin.....	29,230	325	27,115	316	28,119	343	27,027	354
Wyoming.....	6,683	71	6,104	67	6,668	67	6,409	69
Obligations.....	1,377,822	11,416	1,460,561	11,192	1,557,967	11,456	1,498,124	11,760
Lapsing Balances.....	7,041		21,174					
Bal. Available, EOY.....	48,630		47,907					
Total, Available or Estimate.....	1,433,493	11,416	1,529,642	11,192	1,557,967	11,456	1,498,124	11,760

FARM SERVICE AGENCY
Classification by Objects
(Dollars in thousands)

	2013	2014	2015	2016
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Personnel Compensation:				
Washington D.C.....	\$105,920	\$162,442	\$106,052	\$103,598
Field.....	213,217	156,695	221,564	225,404
11 Total personnel compensation.....	319,137	302,970	327,616	329,002
12 Personal benefits.....	100,325	96,962	108,167	110,060
13.0 Benefits for former personnel.....	658	3,436		
Total, personnel comp. and benefits.....	420,120	403,368	435,783	439,062
Other Objects:				
21.0 Travel and transportation of persons.....	8,621	8,121	9,410	4,157
22.0 Transportation of things.....	2,450	1,677	1,884	947
23.1 Rental payments to GSA.....	-	0	3,217	3,217
23.2 Rental payments to others.....	4,465	3,678	3,666	3,666
23.3 Communications, utilities, and misc. charges.....	6,089	152	152	152
23.3 Postage.....		3,941	3,270	1,766
24.0 Printing and reproduction.....	749	742	1,848	144
25 Other contractual services.....	290,547	376,893	415,201	382,121
26.0 Supplies and materials.....	2,245	1,767	1,822	745
31.0 Equipment.....	4,390	10,917	4,487	114
41.0 Grants.....	638,065	648,872	677,173	661,953
42.0 Insurance claims and indemnities.....	81	433	45	67
43.0 Interest and dividends.....	0	0	9	13
Total, Other Objects.....	957,702	1,057,193	1,122,184	1,059,062
99.9 Total, new obligations.....	1,377,822	1,460,561	1,557,967	1,498,124
Position Data:				
Average Salary (dollars), ES Position.....	\$167,129	\$168,591	\$169,855	\$171,129
Average Salary (dollars), GS Position.....	\$77,165	\$77,840	\$78,424	\$79,012
Average Grade, GS Position.....	12.4	12.4	11.0	11.0

FARM SERVICE AGENCY

Shared Funding Projects
(Dollars in thousands)

	2013 Actual	2014 Actual	2015 Estimate	2016 Estimate
Working Capital Fund:				
Administration:				
Beltsville Service Center.....	\$535	\$453	\$322	\$386
Mail and Reproduction Management.....	1,060	794	818	823
Integrated Procurement System.....	253	270	304	304
Procurement Operations.....	2,595	7	97	69
Subtotal.....	4,443	1,524	1,541	1,582
Communications:				
Creative Media & Broadcast Center.....	808	465	420	429
Finance and Management:				
NFC/USDA.....	6,051	4,732	4,341	4,118
Controller Operations.....	1,890	3,140	2,911	3,044
Financial Systems.....	21,312	15,181	16,824	17,497
Internal Control Support Services.....	589	534	470	470
Subtotal.....	29,842	23,587	24,546	25,129
Information Technology:				
NITC/USDA.....	10,819	9,042	27,436	28,075
International Technology Services.....	124,516	79,183	82,909	85,086
Telecommunications Services.....	515	555	501	487
Subtotal.....	135,850	88,780	110,846	113,648
Correspondence Management.....	579	508	478	449
Total, Working Capital Fund.....	171,522	114,864	137,831	141,237
Departmental Shared Cost Programs:				
1890's USDA Initiatives.....	346	343	353	353
Advisory Committee Liason Services.....	8	-	-	-
Classified National Liaison Services.....	-	-	126	126
Continuity of Operations Planning.....	245	237	255	255
Emergency Operations Center.....	274	271	282	283
Facility and Infrastructure Review and Assessment.....	49	52	54	54
Faith-Based Initiatives and Neighborhood Partnerships.....	46	26	47	48
Federal Biobased Products Preferred Procurement Program.....	41	41	-	-
Hispanic-Serving Institutions National Program.....	234	234	239	239
Honor Awards.....	5	9	9	9
Human Resources Transformation (inc. Diversity Council).....	189	200	211	212
Identity & Access Management (HSPD-12).....	782	791	813	814
Intertribal Technical Assistance Network.....	366	359	372	372
Medical Services.....	39	41	94	97
People's Garden.....	75	68	89	79
Personnel Security Branch (formerly PDSB).....	113	117	102	102
Preauthorizing Funding.....	403	425	448	448
Retirement Processor/Web Application.....	67	67	72	72
Sign Language Interpreter.....	129	83	-	-
TARGET Center.....	107	108	175	175
USDA 1994 Program.....	91	88	94	94
Virtual University.....	244	229	239	240
Visitor Information Center.....	26	27	-	-
Total, Departmental Shared Cost Programs.....	3,879	3,816	4,074	4,072

FARM SERVICE AGENCY

Shared Funding Projects
(Dollars in thousands)

	<u>2013</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>	<u>2015</u> <u>Estimate</u>	<u>2016</u> <u>Estimate</u>
E-Gov:				
Budget Formulation and Execution Line of Business.....	12	12	12	12
Disaster Assistance Improvement Plan.....	51	57	45	45
Enterprise Human Resources Intigration.....	295	263	254	264
E-Rulemaking.....	125	120	96	62
E-Training.....	465	327	334	334
Financial Management Line of Business.....	21	21	20	21
Geospatial Line of Business.....	15	-	-	34
GovBenefits.gov.....	131	155	154	166
Grants.gov.....	-	73	65	67
Human Resources Line of Business.....	33	32	33	33
Integrated Acquisition Environment - Loans and Grants.....	161	223	228	228
Integrated Acquisition Environment.....	82	79	80	80
Total, E-Gov.....	<u>1,391</u>	<u>1,362</u>	<u>1,321</u>	<u>1,346</u>
Agency Total.....	<u>176,792</u>	<u>120,042</u>	<u>143,226</u>	<u>146,655</u>

FARM SERVICE AGENCY
SALARIES AND EXPENSES

STATUS OF PROGRAMS

Current Activities:

FSA's major program areas are:

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

Administrative Efficiencies

Improper Payments and Related Compliance (Based on FY 14 Review Cycle) The FY 14 Improper Payment Information Act Review Cycle included a statistical sample of the following programs designated as high risk: Marketing Assistance Loans (MAL), Milk Income Loss Contract Program (MILC), Direct and Counter-Cyclical Payments Program (DCP), Conservation Reserve Program (CRP), Emergency Conservation Program-Hurricane Sandy (ECP-Sandy) (designated as high risk by Hurricane Sandy legislation), Supplemental Revenue Assistance Payments Programs (SURE), and Noninsured Crop Disaster Assistance Program (NAP). All programs reported a projected improper payment rate of less than 5 percent. The Loan Deficiency Payment Program (LDP) was statistically sampled but did not have sufficient outlays for reporting purposes in the FY 14 Annual Financial Report.

In addition, CRP and MAL adequately demonstrated that each had at least two consecutive years of improper payments below the Improper Payment Elimination and Recovery Act (IPERA) threshold. Along with the required assertion from the Office of the Inspector General, FSA was granted permission by the Office of the Chief Financial Officer and the Office of Management and Budget to incorporate these two programs into its "low risk" assessment cycle.

During the period June 17, 2013 through June 16, 2014, FSA participated in a pilot program set up by the Department Chief Financial Officer to help meet the objectives of IPERA, The CRP and NAP were chosen as pilot programs. Financial and program managers worked with Accenture to help develop data mining strategies to help identify and recover improper payments that may not have been previously identified in both of the pilot programs. No additional improper payments were identified as part of this effort.

FSA also provided the following response related to IPERA non-compliance:

- DCP: Repealed by the 2014 Farm Bill and is no longer active.
- NAP: Reauthorized by the 2014 Farm bill.

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

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

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

- Farm records with Geospatial Information Systems (GIS) integration
- Business Partner is Release II and Product Master
- Maintenance of farm records and supporting master data

The FY2014 MIDAS budget and the supporting modernization efforts are enabled the MIDAS Program to expand the operating capability of the solution in FY 2014 with the following functionality through its first release, Farm Records:

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

The FY2014 and FY2015 MIDAS budget and the supporting modernization efforts continued program delivery and operations, and the MIDAS Program expanded the operating capability of the solution in FY 2015 as a result. The second release, Business Partner, included the following functionality:

- Automates manual processes, such as notification to multi-county offices of changes to customer records

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

MIDAS had positive business impacts beginning in FY 2013. The processes developed by the MIDAS project on the SAP platform, the technical foundation of an Enterprise Resource Planning (ERP) system by software provider SAP, are Mission Critical for maintaining core customer and farm information. This critical data is used by FSA and USDA partner Agencies to sign up a producer for a program, determine eligibility, and administer programs such as the Livestock Forage Program (LFP), Agricultural Risk Coverage/Price Loss Coverage (ARC/PLC), etc. The MIDAS solution will continue to integrate with modernized FSA Web-based information technology (IT) systems, architecture, and infrastructure to support specialized functions and common processes from the SAP Commercial-Off-the-Shelf package.

MIDAS will also continue to be closely aligned with other Agency and Department-wide modernization efforts, such as the Department-wide Financial Management Modernization Initiative (FMMI) and GIS modernization. FMMI is integral to the delivery of farm program benefits, and GIS modernization will enable MIDAS to use and leverage digital data to enhance program delivery and support.

Improving the delivery of customer benefits through MIDAS remains one of the Agency's highest priorities. Consequently, FSA is completing a Business Strategy and IT Strategy which capitalizes on the sustainable platform MIDAS established for future Agency modernization efforts. An FSA IT Roadmap is being developed that will identify and sequence initiatives to move the Agency forward in achieving Agency goals and objectives. Initiatives being evaluated will enable new customer models and reduce administrative burdens on farmers and ranchers.

Retirement of the outdated legacy AS400/S36 Technology by web-enabling. A key performance measure for FSA Information Technology (IT) modernization is the percentage of program delivery applications at FSA Service Centers that are Web-enabled and not reliant upon obsolete legacy technology. FSA continues to make progress toward retirement of the outdated legacy AS400/S36 technology by web-enabling and streamlining business applications to provide a timelier, more accurate, and more reliable delivery of benefits to producers. Improving the broad array of IT systems, including those for farm programs, farm loan programs, disaster assistance, and conservation programs, enhances services provided to producers and alleviates the risk of IT system failure due to outmoded technology.

FSA's current plans include the full removal of all business dependencies on the AS400/S36 technology by the end of FY 2015.

The remaining work includes:

- Deployment of a new web-based system to support Marketing Assistance Loans (MAL)
- Migration of historical and active MAL program data from the AS400/S36 machines to the new web-based system
- Manual migration of older, yet active conservation cost share records to FSA's existing web-based solution now used for all new contracts
- Replacing a minor reference table derived from the AS400/S36 technology with a new Master Reference Table interface with direct business stewardship
- Replacing one existing data feed currently passed through the AS400/S36 technology with a feed directly from FSA's system of record.

A number of older AS400/S36 systems that are no longer used by the business and are currently in the process of being shut off officially.

A number of older AS400/S36 systems that are no longer used by FSA end-users are currently in the process of being shut off officially.

National Aerial Imagery Program (NAIP). NAIP strengthens program delivery by providing current, high quality image reference maps for applications in FSA programs and is an important tool for FSA program compliance. For example, the imagery is used as a backdrop to update farm and field boundaries, map producer acreage reports, and respond to disaster events. Moreover, NAIP imagery is integral to FSA aerial compliance activities across all programs. NAIP is acquired during crop growing seasons that are defined at the FSA State Office level to optimize information content, and is available for use before local conditions change significantly, generally within 45-60 days of acquisition. The imagery is delivered by contractors to FSA's Aerial Photography Field Office, shortly after which web services are built and served out to FSA State Offices and USDA Service Centers for consumption in FSA enterprise applications, such as the Thin Client Maintenance Tool and the MIDAS Application. This streamlines delivery by keeping data assets centralized, and allows access from multiple sources. To further streamline delivery, for the second year FSA piloted Early Access Web Services (EAWS), which enabled the NAIP contractor to deliver minimally processed imagery via web services direct to the FSA user within 2-7 days of acquisition. This near real time delivery allowed FSA and partner agencies to perform time sensitive work with the most current imagery available months in advance of receiving production level NAIP imagery. Further, historical versions of the imagery are also available on-line to support programs that require it.

In 2014, NAIP imagery was acquired for 25 states. FSA conducts annual user surveys to ensure product specifications meet customer requirements and to look for service improvement opportunities. Survey results from 2013 NAIP include:

- NAIP imagery was used 5.7 million times by FSA to generate maps.
- NAIP was used many times in appeal adjudications.
- 75 percent of respondents were either very satisfied or satisfied with 2013 NAIP delivery time in regards to various farm program usage.
- 79 percent of respondents were either very satisfied or satisfied with the date the imagery was acquired in regards to various farm program usage.
- 85 percent of respondents were either very satisfied or satisfied with the acquisition and delivery of the 2013 NAIP imagery.

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

FSA Programs, Activities and Workload Indicators

FSA programs, activities, and workload indicators in FY 2014 are outlined in the following pages.

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

- Personal, contact and location information must be collected and maintained.
- Bank information must be collected and Direct Deposit records established.

- Delegation of Authority forms may be signed by a producer to designate a person with signing authority in the producer's absence. In the case of entities, persons with signing authority must be designated.
- Determinations must be completed for Payment Limitation, Adjusted Gross Income, Highly Erodible Land and Wetland Conservation, Sod Buster/Swamp Buster and Cash Rent Tenant Rule. This information must be reviewed, verified or revised annually or when changes occur. For multi-county producers these processes are completed in the producer's home county and information is passed on to all other applicable county offices.
- Acreage reports must be filed each year in order for producers to participate in many of the major programs. This consists of reporting planted crop, number of acres, planting date and intended use for each field within each tract of cropland and reporting any changes to grassland, on the producer's farm(s).
- If any Fruits and/or Vegetables (OFAVs) are reported, employees must then perform certain calculations to determine whether a violation has occurred, the severity of said violation (whether it be a Reporting Violation or a Planting Violation), and determine whether any monetary penalty applies. If a monetary penalty is applied to the contract, the participant(s) is notified in writing and provided with a copy of the OFAV Report.
- Risk Management purchase requirement not renewed in 2014.
- Prior to issuing payments, overpayment, receivable and claim records must be accessed and analyzed to determine whether the payment may be released to the producer. Payments processed through the National Payment System must be reviewed and certified by one employee and approved by a second party.
- All programs require that a certain number of producers are spot checked for compliance with program rules and regulations including farming practices, weed control, verification of planted acres, quantity and quality of commodities under farm-stored loans. In most cases this requires a farm visit; however some spot checks are completed using digital photography.
- Data-matching processes that utilize information from the IRS and SSA are integrated into the producer compliance and program payment processes as internal controls to prevent the issuance of improper payments to deceased program participants and participants with incomes in excess of income limitations.
- Producer compliance and payment eligibility information collected and maintained by FSA are made available through a web service for use by other USDA agencies. NRCS and RMA use and rely on this information in the administration of conservation and crop insurance programs.

Farm Loans

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

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

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

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

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

Direct Farm Loan Programs: In 2014, activity under the Agricultural Credit Insurance Fund included:

Number of direct loans.....	28,430
Dollar value of direct loans.....	\$2,219,056,655

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

Guaranteed Farm Loan Programs: In 2014, activity under the Agricultural Credit Insurance Fund included:

Number of guaranteed loans.....	8,715
Dollar value of guaranteed loans.....	\$3,012,917,342

State Mediation Grants (SMG): In 2014, SMG activity included:

Number of Grants made to States.....	36
Dollar value of grants.....	\$3,470,000
Amount of SMG payments issued.....	\$3,148,000

Income Support and Disaster Assistance

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

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

- The national average market price received by producers during the 12-month marketing year for the covered commodity as determined by the secretary; or

- The national average loan rate for a marketing assistance loan for the covered commodity in effect for the applicable marketing year.

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

Payments will be made as soon as practical after October 1 in the year following the applicable marketing year for the covered commodity. Employees review all documentation provided, i.e. recorded deeds, signed leases, partnership agreements, Articles of Incorporation, Trust papers, to determine proper vesting and the percentage of shares each applicant has in the contract. All land owned and/or operated by a participant is properly identified. Property is delineated, correct acreage is verified, and all maps are printed. Contract information is entered into the system. All shares are applied to each participant based on ownership of land and applicable lease agreement. All participant signatures are obtained, and the contract is approved by the county committee or designee. Final payments are issued once a year, the timeline varies dependent upon the crops enrolled.

Enrollment numbers are not known as the election period has not begun.

Agriculture Risk Coverage (ARC) provides payments to producers on farms and commodities that have elected and enrolled in ARC in years FY2014 and FY2018. The ARC program provides producers an option to earn payments to protect against declines in market revenue. Current producers on the farm must elect ARC during the designated election period and then annually enroll the farm from the 2014 crop year to the conclusion of the 2014 Farm Bill. The producer must provide proof of cash lease or share crop information. Employees review all documentation provided, i.e. recorded deeds, signed leases, partnership agreements, articles of incorporation, trust papers, to determine proper vesting and the percentage of shares each applicant has in the contract. All land owned and/or operated by a participant is properly identified. Property is delineated, correct acreage is verified, and all maps are printed. Contract information is entered into the system. All shares are applied to each participant based on ownership of land and applicable lease agreement. All participant signatures are obtained, and the contract is approved by the county committee or designee. Final payments are issued once a year, the timeline varies dependent upon the crops enrolled.

Enrollment numbers are not known as the election period has not begun.

Cotton Transition Assistance Program (CTAP) provides assistance to producers on farms with upland cotton base acres. This assistance bridges the gap between direct program payments for upland cotton and the implementation of the Stacked Income Protection Plan (STAX) administered by the Risk Management Agency. STAX does not begin until crop year 2015. Producers on farms with upland cotton must apply for the CTAP benefit. Each producer must provide proof of cash lease or share crop information. Employees review all documentation provided, i.e. recorded deeds, signed leases, partnership agreements, Articles of Incorporation, Trust papers, to determine proper vesting and the percentage of shares each applicant has in the contract. All land owned and/or operated by a participant is properly identified. Property is delineated, correct acreage is verified, and all maps are printed. Application information is entered into the system. All shares are applied to each participant based on ownership of land and applicable lease agreement. All participant signatures are obtained, and the application is approved by the county committee or designee. Payments are issued after October 1, 2014.

Direct and Counter-Cyclical Program (DCP) provides payments to eligible producers on farms enrolled for the 2008 through 2013 crop years. Employees review all documentation provided, i.e. recorded deeds, signed leases, partnership agreements, Articles of Incorporation, Trust papers, to determine proper vesting and the percentage of shares each applicant has in the contract. All land owned and/or operated by a

participant is properly identified. Property is delineated, correct acreage is verified, and all maps are printed. Contract information is entered into the system. All shares are applied to each participant based on ownership of land and applicable lease agreement. All participant signatures are obtained, and the contract is approved by the County Executive Director. Final payments are issued once a year, the timeline varies dependent upon the crops enrolled.

DCP Activity in FY2014 included: FY 2014 activity consisted of participant annual enrollment, contract maintenance, and payment processing.

Total number of DCP contracts	197,568
Dollar value of <u>direct</u> payments made.....	\$4,725,954,549
Dollar value of <u>counter-cyclical</u> payments made.....	\$ 287,767

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

There are two payments issued in the ACRE program: 1) the Direct Payment which is based on the base acres on the farm, and 2) the ACRE payment which is calculated using the current year yield and must meet both the State and Farm Trigger. The ACRE payment is issued two years after the crop year.

ACRE activity in FY 2014 included:

Total number of ACRE contracts.....	4,000
Dollar value of ACRE payments made	\$213,821,974

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

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

Marketing Assistance Loans and Loan Deficiency Payments: Marketing assistance loans, loan deficiency payments, and other price support program activities in FY 2014 included:

Commodity	Marketing Assistance Loans		Loan Deficiency Payments (LDP's)	
	Number of Loans	Dollar Value (\$000)	Number of LDP's	Dollar Value (\$000)
Corn c/	8,860	\$824,588	0	\$-10
Grain Sorghum c/	43	1,074	0	-11
Barley c/	129	5,504	0	-2
Oats c/	43	573	0	0
Wheat	1,135	82,040	0	-6
Rice c/	1,721	196,446	2	92
Cotton a/ c/	2994	1,130,161	4	424
Soybeans	3,917	232,376	0	43
Minor Oilseeds c/	75	6,453	0	3
Sugar b/	228	773,480	0	0
Peanuts c/	4,829	502,668	0	8
Honey c/	88	3,081	0	0
Pulse Crops c/	64	4,608	0	0
Wool & Mohair	1	5	12	-16
Total	24,127	3,763,057	18	\$525

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

b/ LDP's are not available for sugar.

c/ There was no LDP activity for corn, grain sorghum, barley, oats, rice, cotton, minor oilseeds, peanuts, pulse crops and honey.

Minus (-) indicates credit adjustment to the program.

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

FSFL program activities in 2014 included:

Farm Storage Facility Loans closed.....	773
Amount of Farm-Storage Facility Loans.....	\$189,152,981

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

loads production for all producers who have not reached their maximum payment pounds. Production loaded into the automated system is second party verified prior to payments being issued.

MILC activity in FY 2014 included:

Number of MILC payments.....	337,092
Amount of MILC payments	\$5,664,833

Non-Insured Crop Disaster Assistance Program (NAP) a producer obtains NAP coverage by completing a NAP Application for Coverage by the application closing date applicable to their crop(s) and paying the applicable service fee. For 2009 and subsequent years the service fees are \$250 per crop, \$750 per county or \$1875 per multi-county producer. Coverage was limited to 50 percent of the yield and 55 percent of the price prior to 2015. Beginning in 2015, additional levels of coverage are available at 50/100, 55/100, 60/100, and 65/100 (yield/price). In the event a natural disaster causes damage to the crop, a Notice of Loss must be filed within 15 calendar days after the disaster occurrence, or the date damage to the crop became apparent. The county office will schedule a Loss Adjuster to visit the farm to perform an appraisal if the crop will not be harvested or if the producer intends to destroy the crop. Actual production will be used to determine loss if crop is taken to harvest. Prior to 2015, producers of hand-harvested crops are required to notify the county office 15 calendar days after harvest is complete and before destruction of the crop, so an appraisal of remaining production can be completed. Beginning in 2015, producers of hand harvested crops will be required to notify the county office within 72 hours after harvest is complete. COC reviews, and approves or disapproves the Notice of Loss and the county office notifies the producer. The producer files an Application for Payment once an appraisal or harvest is complete and total production records are obtained. The deadline for filing an Application for Payment is no later than the immediately subsequent crop year acreage reporting date for the crop. Beginning in 2015, producers will be required to file an application for payment within 60 days of the harvest end date. An approved yield is generated for the producer based a 4-10 year average of prior year actual production reported for crop, or the COC assigns a yield according to NAP policy and procedure. The Program Technician, County Executive Director (CED) and/or District Director reviews application and production evidence and calculates the payment amount to be presented to the COC for action. The producer is provided with a NAP Estimated Calculated Payment Report reflecting a projection of their potential payment. The COC ensures the payments are proper by checking that eligibility documents are properly on file; the acreage report, notice of loss, and application for payment have been timely certified; and the production evidence submitted is verifiable or reliable. The COC must approve before payment is issued. If payment is disapproved, the county office notifies the producer and appeal rights are given. The NAP payment is issued within 30-calendar days from the later of: the date the State Office has approved national crop data for the county, or the date the producer signs, dates, and submits a properly completed application for payment.

NAP activity in FY 2014 included:

Number of actual production history records completed for NAP.....	35,630
Number of NAP applications for coverage.....	40,083
Amount of NAP payments issued.....	\$ 165,259,077

Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) provides emergency relief to producers of livestock, honey bees, and farm-raised fish that have suffered eligible losses due to an eligible adverse weather event or loss condition. County office employees assist producers in filing applications by the established deadline. Eligibility requirements for livestock, honeybees and farm-raised fish must be determined. The employee collects disaster information provided by the producer such as date and location for eligible adverse weather events and loss conditions. Physical location of the livestock, honeybees and farm-raised fish on the beginning date of the eligible adverse weather event or loss condition as well as location of inventory is required. Acreage reports are required. Completed applications must be approved by the applicable County Committee. Upon approval by the County Committee, County Office employees must enter payment data into the ELAP database. After all

application data is loaded for a specific program year, the National Office determines if requested program benefits exceeds the funding limitation of \$20 million each FY and if a national payment factor will be applied to payments. County Offices will enter payment data into the Common Payment System and payments are then issued through the National Payment Service.

ELAP activity in FY 2014 included:

Number of 2008 Farm Bill ELAP applications.....2
 Amount of ELAP payments—Disaster Trust Funds – FSA.....\$-8,971

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

Livestock Forage Disaster Program activity in FY 2014:

Number of 2014 Farm Bill LFP contracts.....431,316
 Amount of LFP payments – CCC Funds..... \$2,988,132,641

Number of 2008 Farm Bill LFP applications.....351
 Amount of LFP payments – Disaster Trust Fund CY 2008-2011 – (FSA)\$-2,439,477
 Note: Amount of payments represents Net Disbursements (Disbursements minus Offsetting Collections)

Livestock Indemnity Payment (LIP) provides assistance to producers for livestock deaths that result from disaster.

Number of 2014 Farm Bill LIP applications.....8,192
 Amount of LIP payments – Commodity Credit Corporation (CCC).....\$54,781,573

Number of 2008 Farm Bill LIP applications164
 Amount of LIP payments- Disaster Trust Fund Crop Years 2008-2011 – (FSA) \$-355,633

Supplemental Revenue Assistance Payments Program (SURE) provides assistance to eligible crop producers whose farms are located in primary and contiguous disaster counties designated by the Secretary of Agriculture or whose farm’s actual production is less than 50 percent of the normal production for that year due to weather related losses. Applications may be filed in either a producer’s recording or administrative county office. The recording county coordinates and receives all SURE information from all counties where the producer has an interest and ensures that application is complete. A recording county is responsible for notifying producers and administrative counties when applications are incomplete, approved, and disapproved. The employee works with the COC to determine producer eligibility and eligible acres. The employee calculates tolerance when RMA and FSA acreages do not match. Acreage outside of tolerance levels requires notification to RMA of the discrepancy. The employee must resolve other RMA – FSA discrepancies such as shares and correct producer of record and notify RMA when their information is incorrect. Employees shall assist the State Office in establishing and loading county expected yields and historical marketing percentages in the National Crop Table according to NAP policy,

and when not provided, assist in establishing guarantee prices, national average market prices, quality adjustment factors and maximum average loss levels. The employee may assist producers to ensure that all required production and production evidence is provided, based on information already provided to FSA, however, the producer is solely responsible for providing accurate documentation to support the application. All data required for SURE is loaded into the SURE workbook by the County Office. Administrative counties complete the sections of the application that pertain to crop acreage in their county, approve or disapprove application, and send it to the recording county. Recording counties ensure that all administrative counties have provided applications, complete remaining sections, approve or disapprove, and submit approved applications for payment.

SURE activity in FY 2014 included:

Number of 2008 Farm Bill SURE applications.....	2,401
Amount of SURE payment—Disaster Trust Fund – FSA.....	\$37,605,988

Tree Assistance Program (TAP) has provided financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines damaged by natural disasters occurring on or after January 1, 2008, and before October 1, 2011. County office employees provide information and application support for producers. TAP was reauthorized under the 2014 Farm Bill as a permanent CCC disaster program and covers losses where the program left off from the 2008 Farm Bill.

Tree Assistance Program activity for FY 2014 included:

Number of Farm Bill TAP Applications.....	800
Amount of TAP payments – Community Credit Corporation (CCC)	\$2,568,330
Number of 2008 Farm Bill TAP applications.....	52
Amount of TAP payments – Disaster Trust Fund Crop Years 2008-2011 – (FSA).....	\$24,663,954

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

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

Commodity Operations

CCC-Owned Inventories Storage and Handling: The Commodity Credit Corporation (CCC) took title to 35,096.89 tons of peanuts and 5,930,000 hundredweight of sugar during FY 2014. All inventories were disposed of rapidly after they were taken into inventory; the peanuts were transferred to The Seam in exchange for Barter Delivery Obligations (BDOs), and the sugar was sold to bio-refineries. As a result of quick actions to dispose of inventories, storage and handling costs incurred in FY 2014 were minimal.

Economic Adjustment Assistance Program for Domestic Users of Upland Cotton: The 2014 Farm Bill authorized USDA to provide economic adjustment assistance to domestic users of upland cotton in the form of payments. In FY 2014, \$48.2 million was paid to domestic users of upland cotton to support U.S. manufacturing infrastructure.

Extra-Long Staple (ELS) Cotton Competitiveness Program: The ELS Program did not “trigger” during FY 2014. The domestic price of ELS cotton remained above the statutorily defined limit of 134 percent of the loan rate.

Domestic Nutrition and Feeding Programs: In FY 2014, FSA purchased 417.9 million pounds, valued at \$481.4 million, of peanut products, dairy products, flour, pasta, vegetable oil, and corn and rice products to fulfill domestic food distribution program requirements.

Foreign Food-Aid Humanitarian and Developmental Assistance Programs: In FY 2014, FSA procured more than 1.33 million metric tons of grains, processed grain products, vegetable oil, pulses (such as dried beans, peas and lentils), and other products valued at approximately \$568 million for food assistance programs throughout the world.

Dairy Product Price Support Program (DPPSP): Because market prices were above support levels, DPPSP did not trigger in FY 2014. Note that this program was repealed in the 2014 Farm Bill.

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

Warehouse Activities

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

Licensing Activities: In FY 2014, 900 USWA licenses were in effect at 3,165 locations. There were 60 staff years, which includes Federal examiners, used in administering the Federal licensing of warehouses under the USWA, performing audits for CCC programs, performing quality assurance reviews at suppliers facilities and review of on-site examinations at 1,163 grain, 238 cotton, 60 peanut, and 132 miscellaneous commodity warehouses. In addition, CCC storage agreement onsite examinations were performed at 126 grain, 224 cotton, two miscellaneous, and 85 sugar commodity warehouses.

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

Storage Agreement Activities: In FY 2014, CCC had storage agreements with about 2,500 commercial warehouse operators in over 6,300 locations in the United States for the storage of Government-owned and loan grain and rice, cotton, peanuts, sugar and processed commodities.

The capacities of the warehouses with CCC storage agreements in FY 2014 were as follows: 9.1 billion bushels of grain and rice; 19.6 million bales of cotton; 3.2 million short tons of peanuts; 13.8 billion pounds

of sugar; 147 million pounds of processed (dry); 34.6 million pounds of processed (frozen), and 12.8 million pounds of processed (refrigerated). Grain, rice, and cotton warehouses that are not licensed under the USWA may be assessed fees for CCC storage agreement; the collection of these fees is currently suspended.

Conservation

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

Emergency Conservation Program (ECP): FY 2014 activity included:

Number of ECP payment applications..... 7,467
 Amount of ECP payments issued..... \$21,685,129

Hazardous Waste Management Program: Carbon tetrachloride, formerly used as a pesticide to treat stored grain, has been detected above the United States Environmental Protection Agency (U.S. EPA) Maximum Contaminant Level in groundwater samples taken at numerous former CCC grain storage facilities. Current environmental liability posed by these sites is estimated to exceed \$50 million. CCC does not ordinarily receive an annual appropriation from the USDA Hazardous Materials Management Account (HMMA) and normally relies solely on its Section 11 borrowing authority to conduct site investigations, operate and maintain remedial systems, and monitor sites as directed by state agencies and U.S. EPA. CCC is authorized to use its borrowing authority, not to exceed \$5 million, for these purposes. In FY 2014 the CCC program was allocated \$1.2M from the USDA HMMA account for the design and construction of remedial systems.

Although the funding has declined annually in real dollars, fiscal commitments have continued to increase. These include the costs of environmental monitoring and sampling needed to comply with regulatory mandates. New and more costly expenditures are anticipated to comply with regulatory determinations to install remedial systems at former CCC sites. For these reasons the Hazardous Waste Management Program has made efforts to reestablish CCC access to the U.S. Department of Justice Judgment Fund. To date these efforts have not been successful.

Hazardous Waste Management Program FY 2014 activity included:

Total Contaminated Sites in CCC Inventory	95
Investigation/Remediation Complete or Active	39
Investigation/Remediation Pending	41
Sites Closed/No Further CCC Action/Liability	15
FY 2014 Funding	\$5M
FY 2014 Funding (HMMA)	\$1.2M
FY 2014 Funding (HMMA)	\$1.2M
TOTAL	\$6.2M

Conservation Reserve Program (CRP) and Emergency Forestry Conservation Reserve Program (EFCRP)

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

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

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

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

Conservation Reserve Program (CRP) and Emergency Forestry Conservation Reserve Program (EFCRP):

FY 2014 activity included:

Number of active CRP contracts.....	671,921
Number of CRP cost-share payments.	71,306
Amount of CRP cost-share payments.....	\$78,278,092
Number of CRP rental payments.....	861,566
Amount of CRP annual rental payments.....	\$1,612,993,425
Number of CRP acres approved for enrollment.....	2,090,771
Number of EFCRP cost share payments.....	8
Amount of EFCRP cost-share payments.....	\$7,474
Number of EFCRP rental payments.....	1,951
Amount of EFCRP annual rental payments.....	\$4,578,567

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

crops. County offices also work with State FSA offices to provide outreach information during new project area sign ups. Project area sign ups are typically 2 to 4 months in length.

Biomass Crop Assistance Program (BCAP): FY 2014 activity did not include matching payments, but included:

Number of BCAP Cost Share Payments.....	129
Amount of BCAP Cost Share Payments.....	\$1,437,222
Number of BCAP Project Area Active contracts.....	839
Number of BCAP Annual Rental Payments.....	985
Amount of BCAP Annual Payments.....	\$3,980,581
Number of BCAP Matching Payments.....	24
Amount of BCAP Matching Payments.....	\$586,739

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

Grassland Reserve Program (GRP): FY 2014 activity included:

Number of Applications.....	0
Number of GRP active contracts and easements	3,626

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

Emergency Forest Restoration Program (EFRP): FY 2014 activity included:

Number of Applications.....	694
Amount of EFRP payments.....	\$1,809,283

FARM SERVICE AGENCY
State Mediation Grants

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

State Mediation Grants:

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

Lead-Off Tabular Statement

Budget Estimate, 2016.....	\$3,404,000
2015 Enacted.....	3,404,000
Change in Appropriation.....	0

Summary of Increases and Decreases
(Dollars in thousands)

Program	2013 Actual	2014 Change	2015 Change	2016 Change	2016 Estimate
Discretionary Appropriations:					
State Mediation Grants.....	\$4,062	-\$280	-\$378	-	\$3,404
Total.....	4,062	-280	-378	-	3,404

FARM SERVICE AGENCY
State Mediation Grants

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	<u>2013 Actual</u> Amount	<u>2014 Actual</u> Amount	<u>2015 Estimate</u> Amount	<u>Change</u> Amount	<u>2016 Estimate</u> Amount
Discretionary Appropriations:					
State Mediation Grants.....	\$4,062	\$3,782	\$3,404	-	\$3,404
Subtotal.....	4,062	3,782	3,404	-	3,404
Total Adjusted Approp.....	4,062	3,782	3,404	-	3,404
Seq. (Net).....	307	-	-	-	-
Total Appropriations.....	4,369	3,782	-	-	-
Rescission.....	-118	-	-	-	-
Sequestration.....	-189	-	-	-	-
Total Available.....	4,062	3,782	3,404	-	3,404
Lapsing Balances.....	-29	-312	-	-	-
Total Obligations.....	4,033	3,470	3,404	-	3,404

Project Statement
Obligations Detail
(Dollars in thousands)

Program	<u>2013 Actual</u> Amount	<u>2014 Actual</u> Amount	<u>2015 Estimate</u> Amount	<u>Change</u> Amount	<u>2016 Estimate</u> Amount
Discretionary Obligations:					
State Mediation Grants.....	\$4,033	\$3,470	\$3,404	-	\$3,404
Total Obligations.....	4,033	3,470	3,404	-	3,404
Lapsing Balances.....	29	312	-	-	-
Total Available.....	4,062	3,782	3,404	-	3,404
Rescission.....	118	-	-	-	-
Sequestration.....	189	-	-	-	-
Total Appropriation.....	4,369	3,782	3,404	-	3,404

Justification of Increases and Decreases

The FY 2016 Budget request is sufficient to cover base funding needs. The State Mediation Grant program provides funding to State to mediate cases that are authorized by statute and the Secretary of Agricultural for funding under the grant program. Only the following issues are considered covered: (1) agricultural credit, including both direct and guaranteed FSA loans and those from commercial lenders and suppliers, (2) NRCS wetland determinations, (3) compliance with farm programs, including conservation programs, (4) rural water loan programs, (5) grazing on National Forest System lands; (6) USDA-related pesticide issues, (7) Rural Development housing loans, (8) Rural Development business loans, and (9) RMA crop insurance issues.

In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

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

State/Territory	2013 Actual	2014 Actual	2015 Estimate	2016 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$77	\$82	\$72	\$72
Arizona.....	108	68	95	95
Arkansas.....	66	88	49	49
Colorado.....	26	17	23	23
Florida.....	43	51	41	41
Hawaii.....	66	38	63	63
Idaho.....	55	47	45	45
Illinois.....	52	36	59	59
Indiana.....	154	166	94	94
Iowa.....	241	263	212	212
Kansas.....	356	418	311	311
Maine.....	94	29	81	81
Maryland.....	115	71	113	113
Massachusetts.....	90	71	81	81
Michigan.....	100	-	90	90
Minnesota.....	350	480	293	293
Mississippi.....	86	44	81	81
Missouri.....	27	25	23	23
Montana.....	51	55	45	45
Nebraska.....	112	127	99	99
New Hampshire.....	60	28	45	45
New Jersey.....	3	11	4	4
New Mexico.....	49	48	57	57
New York.....	303	278	268	268
North Carolina.....	89	96	81	81
North Dakota.....	152	69	136	136
Oklahoma.....	163	148	94	94
Oregon.....	42	18	23	23
Pennsylvania.....	3	31	9	9
Rhode Island.....	34	40	20	20
South Dakota.....	97	106	90	90
Texas.....	236	-	180	180
Utah.....	17	12	14	14
Vermont.....	146	74	131	131
Washington.....	72	44	57	57
Wisconsin.....	168	188	135	135
Wyoming.....	105	87	90	90
Undistributed.....	25	16	-	-
Obligations.....	4,033	3,470	3,404	3,404
Lapsing Balances.....	29	312	-	-
Total, Available.....	4,062	3,782	3,404	3,404

FARM SERVICE AGENCY
 State Mediation Grants
Classification by Objects
 (Dollars in thousands)

		2013	2014	2015	2016
		Actual	Actual	Estimate	Estimate
Other Objects:					
41.0	Grants, Subsidies and Contributions.....	\$4,033	\$3,470	\$3,404	\$3,404
99.9	Total, new obligations.....	4,033	3,470	3,404	3,404

STATE MEDIATION GRANTS

Status of Program

Current Activities: The Farm Service Agency (FSA) provides funding for State-designated mediation programs through the State Mediation Grants Program. The program reported a total of 1,256 covered cases during Fiscal Year (FY) 2014. Covered cases are those authorized by the governing statute and the Secretary of Agriculture. Only the following matters are considered covered: (1) Agricultural credit, including private lenders and creditors as well as FSA direct and guaranteed loans; (2) USDA Natural Resource Conservation Service (NRCS) wetland determinations; (3) Compliance with Farm Programs, including conservation programs; (4) Rural Development water and waste loans; (5) Grazing on National Forest System lands; (6) USDA-related pesticide issues; (7) USDA Rural Development housing loans; (8) USDA Rural Development business loans; and (9) USDA Risk Management Agency crop insurance issues.

As in previous years, agricultural credit (both private and through FSA) was the most frequently mediated issue, accounting for 996 cases, or more than 79 percent of the total caseload. National Resources Conservation Service issues were second, with 79 cases, followed by Rural Development Housing (60 cases), FSA Farm Programs matters (56), Risk Management Agency crop insurance issues (30), Forest Service grazing disputes (11), USDA-related pesticide matters (3) and Rural Development business loans (2). There were no mediations of Rural Development water and waste loan issues.

Selected Examples of Recent Progress. The 1,256 cases for FY 2014 represent a decrease of approximately 24 percent from the previous year's 1,657 cases. Several factors could have contributed to this decrease, including fewer adverse decisions made by covered USDA agencies, and the improving national economy.

During FY 2014, 36 program grantees received a total of \$3,184,000 in Federal funds of which \$425,836 was obligated in FY 2013 and disbursed in FY 2014. Although the caseload was down, the cost per covered case was \$2,536, almost the same as FY 2013's cost of \$2,538. This is because the total grant amount requested by participating mediation programs was lower than in the previous year. All participating programs were funded at 100 percent of their proposed funding levels.

Program Results Comparison – FY 2013 and FY 2014¹

	FY 2013	FY 2014
Number of cases for which mediation was requested	\$1,657	\$1,256
Mediation not completed in initial FY, and carried over to next FY	166	50
No mediation held (request withdrawn, settled prior to mediation, etc.)	111	66
Cases mediated	1,380	1,058
Cases resolved with agreement	1,101	828
Cases closed with no agreement	279	230
Percentage of cases mediated that resulted in agreement	80%	78.26%
Average cost per case	\$2,538	\$2,536

¹ Data from FY 2014 Annual Reports of grantees and estimates for those not yet reporting based on their previous year's performance. No results could be determined for estimated cases.

State Mediation Grants Grants and Outlays by State – Fiscal Year 2014 (Dollars in Thousands)		
State	Grants	Outlays ²
Alabama	\$82	\$82
Arizona	68	68
Arkansas	88	78
Colorado	18	31
Florida	51	27
Hawaii	38	38
Idaho	47	47
Illinois	36	52
Indiana	166	166
Iowa	263	255
Kansas	418	348
Maine	29	47
Maryland	72	93
Massachusetts	71	57
Minnesota	481	249
Mississippi	44	44
Missouri	25	15
Montana	55	55
Nebraska	127	134
New Hampshire	28	28
New Jersey	12	6
New Mexico	48	25
New York	278	278
North Carolina	96	85
North Dakota	69	72
Oklahoma	148	148
Oregon	39	39
Pennsylvania	31	22
Rhode Island	40	42
South Dakota	105	127
Texas	0	52
Utah	12	9
Vermont	74	74
Washington	44	44
Wisconsin	188	193
Wyoming	79	54
Total	\$3,470	\$3,184

² This number includes outlays from both current and prior year obligations.

FARM SERVICE AGENCY
Grassroots Source Water Protection Program

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

Grassroots Source Water Protection Program:

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

Lead-Off Tabular Statement

Budget Estimate, 2016.....	0
2015 Enacted.....	\$5,526,000
Change in Appropriation.....	-5,526,000

Summary of Increases and Decreases
(Dollars in thousands)

Program	2013 Actual	2014 Change	2015 Change	2016 Change	2016 Estimate
Discretionary Appropriations:					
Grassroots Source Water Protection.....	\$5,159	+\$5,367	-\$5,000	-\$5,526	-
Total.....	5,159	5,367	-5,000	-5,526	-

FARM SERVICE AGENCY
Grassroots Source Water Protection Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	<u>2013 Actual</u> Amount	<u>2014 Actual</u> Amount	<u>2015 Estimate</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2016 Estimate</u> Amount
Discretionary Appropriations:					
Grassroots Source Water Protection.....	\$5,159	\$5,526	\$5,526	-\$5,526 (1)	-
Total Adjusted Appropriation.....	5,159	5,526	5,526	-5,526	-
Rescissions, Transfers, and Seq. (Net).....	341	-	-	-	-
Total Appropriations.....	5,500	5,526	5,526	-5,526	-
Transfers In:					
Commodity Credit Corporation.....	-	5,000	-	-	-
Total.....	-	5,000	-	-	-
Rescission.....	-149	-	-	-	-
Sequestration.....	-192	-	-	-	-
Total Available.....	5,159	10,526	5,526	-5,526	-
Total Obligations.....	5,159	10,526	5,526	-5,526	-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	<u>2013 Actual</u> Amount	<u>2014 Actual</u> Amount	<u>2015 Estimate</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2016 Estimate</u> Amount
Discretionary Obligations:					
Grassroots Source Water Protection.....	\$5,159	\$5,526	\$5,526	-\$5,526	-
Subtotal.....	\$5,159	\$5,526	-	-	-
Mandatory Obligations:					
Grassroots Source Water Protection.....	\$5,159	\$5,000	-	-	-
Subtotal.....	-	\$5,000	-	-	-
Total Obligations.....	5,159	10,526	5,526	-5,526	-
Total Available.....	5,159	10,526	5,526	-5,526	-
Rescission.....	149	-	-	-	-
Sequestration.....	192	-	-	-	-
Total Appropriation.....	5,500	10,526	5,526	-5,526	-

Justification of Increase and Decrease

(1) A decrease of \$5,526,000 for Grassroots Source Water Protection Program (\$5,526,000 is available in FY 2015)

The FY 2016 Budget proposes no funding for this program. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

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

State/Territory	2013 Actual	2014 Actual	2015 Estimate	2016 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$103	\$211	\$110	-
Alaska.....	103	211	110	-
Arizona.....	103	211	110	-
Arkansas.....	103	211	110	-
California.....	103	211	110	-
Colorado.....	103	211	110	-
Connecticut.....	103	211	110	-
Deleware.....	103	211	110	-
Florida.....	103	211	110	-
Georgia.....	103	211	110	-
Hawaii.....	103	211	110	-
Idaho.....	103	211	110	-
Illinois.....	103	211	110	-
Indiana.....	103	211	111	-
Iowa.....	103	211	110	-
Kansas.....	103	211	111	-
Kentucky.....	103	211	110	-
Louisiana.....	103	211	111	-
Maine.....	103	211	111	-
Maryland.....	103	211	110	-
Massachusetts.....	103	211	110	-
Michigan.....	103	211	111	-
Minnesota.....	103	211	110	-
Mississippi.....	103	211	110	-
Missouri.....	103	211	111	-
Montana.....	103	211	110	-
Nebraska.....	103	211	110	-
New Hampshire.....	103	211	111	-
New Jersey.....	103	211	110	-
Nevada.....	103	211	110	-
New Mexico.....	103	211	110	-
New York.....	103	211	111	-
North Carolina.....	103	211	110	-
North Dekota.....	103	211	110	-
New Mexico.....	103	211	110	-
Ohio.....	103	211	111	-
Oklahoma.....	103	211	111	-
Oregon.....	103	211	110	-
Pennsylvania.....	103	211	110	-
Rhode Island.....	103	211	110	-
South Carolina.....	103	211	110	-
South Dakota.....	103	211	110	-
Tennessee.....	103	211	110	-
Texas.....	103	211	110	-
Utah.....	103	211	110	-
Virginia.....	103	211	110	-
Washington.....	103	211	110	-
West Virginia.....	103	211	110	-
Wisconsin.....	103	211	110	-
Wyoming.....	103	211	110	-
Undistributed.....	-	-	-	-
Obligations.....	5,159	10,526	5,526	-
Total, Available.....	5,159	10,526	5,526	-

FARM SERVICE AGENCY
Grassroots Source Water Protection Program

Classification by Objects
(Dollars in thousands)

	2013	2014	2015	2016
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
41.0 Grants, subsidies, and contributions.....	\$5,159	\$10,526	\$5,526	-
99.9 Total, new obligations.....	<u>5,159</u>	<u>10,526</u>	<u>5,526</u>	<u>-</u>

GRASSROOTS SOURCE WATER PROTECTION PROGRAM

Status of Program

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

Selected Examples of Recent Activity: During FY 2014, \$5.5 million was provided by P.L. 113-76, Consolidated Appropriations Act, 2014 and was distributed to the National Rural Water Association. An additional \$5 million was provided by the Agricultural Act of 2014 and will be distributed in FY 2015. The GSWPP completed 147 source water plans with management activities implemented in the source water areas. These water plans provide protection measures for 513 public drinking water sources (431 wells and 82 surface water intakes). The GSWPP was active in all fifty states.

The following table shows appropriations from fiscal years 2005 through 2014.

Grassroots Source Water Protection Program
Appropriations for Fiscal Years 2005-2014

Fiscal Year	Appropriations	
2005	\$3,244,000	1/
2006	3,712,500	
2007	3,712,500	
2008	3,687,009	
2009	5,000,000	
2010	5,000,000	
2011	4,241,000	
2012	3,817,000	
2013	5,159,043	
2014	10,526,000	2/

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

2/ Includes mandatory funds from the Agricultural Act of 2014.

FARM SERVICE AGENCY
Dairy Indemnity Program

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

Dairy Indemnity Program (Including Transfer of Funds):

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

Lead-Off Tabular Statement

Budget Estimate, 2016.....	\$500,000
2015 Enacted.....	500,000
Change in Appropriation.....	0

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

Program	2013 Actual	2014 Change	2015 Change	2016 Change	2016 Estimate
Mandatory Appropriations:.....					
Dairy Indemnity Program.....	\$1,898	-\$1,434	+\$36	-	\$500
Total, Appropriation or Change.....	1,898	-1,434	36	-	500

FARM SERVICE AGENCY
Dairy Indemnity Program
Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2013 Actual	2014 Actual	2015 Estimate	Change	2016 Estimate
Mandatory Appropriations:					
Dairy Indemnity Program.....	\$1,898	\$464	\$500	-	\$500
Subtotal.....	1,898	464	500	-	500
Total Adjusted Appropriation.....	1,898	464	500	-	500
Rescissions, Transfers, and Seq. (Net).....	102	36	-	-	-
Total Appropriation.....	1,898	500	500	-	500
Transfers In:					
Commodity Credit Corporation.....	102	-	-	-	-
Subtotal.....	102	-	-	-	-
Sequestration.....	-102	-36	-37	+\$37	-
Bal. Available, SOY.....	-	-	-	-	-
Recoveries, Other (Net).....	-	-7	-	-	-
Total Available.....	2,000	457	463	+37	500
Lapsing Balances.....	-352	-78	-	-	-
Total Obligations.....	1,648	379	463	+37	500

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2013 Actual	2014 Actual	2015 Estimate	Change	2016 Estimate
	Amount	Amount	Amount	Amount	Amount
Mandatory Obligations:					
Dairy Indemnity Program.....	\$1,648	\$379	\$463	+\$37	\$500
Total Obligations.....	1,648	379	463	37	500
Recoveries, Other (Net).....	-	7	-	-	-
Lapsing Balances.....	352	78	-	-	-
Total Available.....	2,000	464	463	37	500
Transfers In.....	102	-	-	-	-
Sequestration.....	-102	36	37	-37	-
Bal. Available, SOY.....	-	-	-	-	-
Total Appropriation.....	2,000	500	500	-	500

The Dairy Indemnity Payment Program (DIPP) provides payments to dairy producers when a public regulatory agency directs them to remove their raw milk from the commercial market because it has been contaminated by pesticides, nuclear radiation or fallout, or toxic substances and chemical residues other than pesticides. DIPP also provides payments to manufacturers of dairy products only for products removed from the market because of pesticide contamination. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

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

State/Territory	2013 Actual	2014 Actual	2015 Estimate	2016 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$29	-	\$30	\$15
New Mexico.....	-	\$120	-	-
Florida.....	-	12	-	-
Arkansas.....	42	67	12	12
Delaware.....	24	-	18	18
Georgia.....	90	5	39	39
Illinois.....	311	55	2	2
Indiana.....	19	-	3	3
Iowa.....	23	9	4	4
Kansas.....	230	-	1	5
Kentucky.....	20	-	1	5
Louisiana.....	5	-	1	5
Mississippi.....	23	-	15	15
Missouri.....	128	8	50	33
Nebraska.....	8	-	1	2
Oklahoma.....	44	20	2	2
Texas.....	595	83	260	300
Utah.....	78	-	45	45
West Virginia.....	8	-	46	10
Obligations.....	1,648	379	500	500
Recoveries, Other (Net).....	-	-	-	-
Lapsing Balances.....	352	-	-	-
Total, Available.....	2,000	379	500	500

Classification by Objects
(Dollars in thousands)

	2013	2014	2015	2016
	Actual	Actual	Estimate	Estimate
41.0 Grants, Subsidies and Contributions...	\$1,648	\$379	\$463	\$500
99.9 Total, new obligations.....	1,648	379	463	500

**DAIRY INDEMNITY PROGRAM
STATUS OF PROGRAM**

Current Activities: During 2014, 43 dairy farmers in 9 States filed 61 claims totaling \$378,805 under the Dairy Indemnity Program. Claims resulted from severe drought areas throughout the United States causing an increase in aflatoxin contamination, a naturally occurring toxin that may inadvertently contaminate grain used for feed. Outlays for 2014 totaled \$1,073,364. Payments to dairy farmers since the program's inception in 1965 total \$27.3 million.

Selected Examples of Recent Activity: The following tables show (a) allocations and outlays by State during 2014 and (b) payments and number of payees from 1965 through 2014.

Dairy Indemnity Program
Allocations and Outlays by State
Fiscal Year 2014

State	Obligations	Outlays
Florida	\$12,170	\$12,172
Arkansas	67,121	67,121
Georgia	5,969	5,969
Missouri	8,396	8,396
Oklahoma	25,089	25,089
Illinois	55,244	55,244
New Mexico	120,531	83,309
Texas	83,308	120,532
Iowa	977	695,532
Total	378,805	1,073,364

Dairy Indemnity Program
Payments and Number of Payees
Fiscal Years 1965-2014

Fiscal Years	Payments to Dairy Farmers	Payments to Manufacturers of Dairy Products	Total Payments	Number of Payees
1965 to 2011	\$21,133,792	\$3,911,439	\$25,045,231	1,495
2012	273,724	--	286,777	32
2013	917,615	--	917,615	158
2014	1,073,364		1,073,364	43
Total	\$23,398,495	\$3,911,439	\$27,322,987	1,728

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):

1 For gross obligations for the principal amount of direct and guaranteed farm ownership (7 U.S.C. 1922 et seq.) and operating (7 U.S.C. 1941 et seq.) loans, emergency loans (7 U.S.C. 1961 et seq.), Indian tribe land acquisition loans (25 U.S.C. 488), boll weevil loans (7 U.S.C. 1989), guaranteed conservation loans (7 U.S.C. 1924 et seq.), [and] Indian highly fractionated land loans (25 U.S.C. 488), and individual development account grants (7 U.S.C. 1981-2008r) to be available from funds in the Agricultural Credit Insurance Fund, as follows: \$2,000,000,000 for guaranteed farm ownership loans and \$1,500,000,000 for farm ownership direct loans; \$1,393,443,000 for unsubsidized guaranteed operating loans and \$1,252,004,000 for direct operating loans; emergency loans, \$34,667,000; Indian tribe land acquisition loans, \$2,000,000; guaranteed conservation loans, \$150,000,000; Indian highly fractionated land loans, \$10,000,000; and for boll weevil eradication program loans, \$60,000,000: *Provided*, That the Secretary shall deem the pink bollworm to be a boll weevil for the purpose of boll weevil eradication program loans.

1 For the cost of direct and guaranteed loans and grants, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, as follows: farm operating loans, [\$63,101,000] \$53,961,000 for direct operating loans, [\$14,770,000] \$14,352,000 for unsubsidized guaranteed operating loans, [and] emergency loans, [\$856,000] \$1,262,000, to remain available until expended, and for individual development account grants, \$2,500,000.

2 In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, [\$314,918,000] \$317,911,000, of which [\$306,998,000] \$309,991,000 shall be [transferred to and merged with] paid to the appropriation for “Farm Service Agency, Salaries and Expenses”.

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

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

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

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Lead-Off Tabular Statement

Budget Estimate, 2016.....	\$389,987,000
2015 Enacted.....	<u>393,645,000</u>
Change in Appropriation.....	<u><u>-3,658,000</u></u>

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Summary of Increases and Decreases

On basis of appropriation
(Dollars in Thousands)

Program	2013 Actual		2014 Change		2015 Change		2016 Change		2016 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Discretionary Appropriations:										
Direct Loans:										
Farm Ownership.....	\$438,534	\$18,594	+\$136,466	-\$14,166	+\$925,000	-\$4,428	-	-	\$1,500,000	-
Farm Operating.....	969,474	54,000	+226,146	+11,520	+56,384	-2,419	-	-\$9,140	1,252,004	\$53,961
Emergency.....	21,635	1,216	+13,023	+482	+9	-842	-	+406	34,667	1,262
Indian Land Acquisition.....	2,000	-	-	-	-	-	-	-	2,000	-
Boil Weevil Eradication.....	100,000	-	-40,000	-	-	-	-	-	60,000	-
Indian Highly Fractionated Land.....	9,232	160	+768	-92	-	-68	-	-	10,000	-
Subtotal.....	1,540,875	73,969	+336,403	-2,255	+981,393	-7,757	-	-8,734	2,858,671	55,223
Guaranteed Loans:										
Farm Ownership, Unsubsidized.....	1,500,000	-	+500,000	-	-	-	-	-	2,000,000	-
Farm Operating, Unsubsidized.....	1,384,844	16,480	+115,156	+1,820	-106,557	-3,530	-	-418	1,393,443	14,352
Conservation.....	150,000	-	-	-	-	-	-	-	150,000	-
Subtotal.....	3,034,844	16,480	+615,156	+1,820	-106,557	-3,530	-	-418	3,543,443	14,352
Individual Development Grants.....	-	-	-	-	-	-	+\$2,500	+2,500	2,500	2,500
Administrative Expenses.....	-	288,876	-	+25,843	-	+199	-	+2,993	-	317,911
Total Appropriation or Change.....	4,575,719	379,324	+951,559	+25,409	874,836	-11,088	+2,500	-3,658	6,404,614	389,987

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Project Statement
Appropriations Detail
(Dollars in thousands)

Program	2013 Actual		2014 Actual		2015 Estimate		2016 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Discretionary Appropriations:								
Direct Loans:								
Farm Ownership.....	\$438,534	\$18,594	\$575,000	\$4,428	\$1,500,000	-	\$1,500,000	-
Farm Operating.....	969,474	54,000	1,195,620	65,520	1,252,004	\$63,101	1,252,004	\$53,961
Emergency.....	21,635	1,216	34,658	1,698	34,667	856	34,667	1,262
Indian Land Acquisition.....	2,000	-	2,000	0	2,000	-	2,000	-
Boll Weevil Eradication.....	100,000	-	60,000	0	60,000	-	60,000	-
Indian Highly Fractionated Land.....	9,232	160	10,000	68	10,000	-	10,000	-
Subtotal.....	1,540,875	73,969	1,877,278	71,714	2,858,671	63,957	2,858,671	55,223
Guaranteed Loans:								
Farm Ownership, Unsubsidized.....	1,500,000	-	2,000,000	-	2,000,000	-	2,000,000	-
Farm Operating, Unsubsidized.....	1,384,844	16,480	1,500,000	18,300	1,393,443	14,770	1,393,443	14,352
Conservation.....	150,000	-	150,000	-	150,000	-	150,000	-
Subtotal.....	3,034,844	16,480	3,650,000	18,300	3,543,443	14,770	3,543,443	14,352
Individual Development Grants.....	-	-	-	-	-	-	2,500	2,500
Administrative Expenses.....	-	288,876	-	314,719	-	314,918	-	317,911
Total Adjusted Appropriations.....	4,575,719	379,324	5,527,278	404,733	6,402,114	393,645	6,404,614	389,987

Table Continued on next page.

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2013 Actual		2014 Actual		2015 Estimate		Inc. or Dec.		2016 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Discretionary Appropriations:										
Direct Loans:										
Farm Ownership.....	\$448,237	\$19,005	\$999,667	\$7,698	\$1,500,000	-	-	-	\$1,500,000	-
Farm Operating.....	1,060,918	59,093	1,201,284	65,830	1,252,100	\$63,106	-\$96	-\$9,145	1,252,004	\$53,961
Emergency.....	33,388	1,876	18,106	887	94,556	2,335	-39,873	-344	54,683	1,991
Indian Land Acquisition.....	-	-	-	-	2,000	-	-	-	2,000	-
Boil Weevil Eradication.....	-	-	-	-	60,000	-	-	-	60,000	-
Indian Highly Fractionated Land.....	-	-	-	-	10,000	-	-	-	10,000	-
Subtotal.....	1,542,543	79,974	2,219,057	74,415	2,918,656	65,441	-39,969	-9,489	2,878,687	55,952
Guaranteed Loans:										
Farm Ownership, Unsubsidized.....	1,498,676	-	2,012,782	-	2,000,000	-	-	-	2,000,000	-
Farm Operating, Unsubsidized.....	899,232	10,701	1,000,135	12,202	1,395,897	14,796	-2,454	-444	1,393,443	14,352
Conservation.....	75	-	-	-	150,000	-	-	-	150,000	-
Subtotal.....	2,397,983	10,701	3,012,917	12,202	3,545,897	14,796	-2,454	-444	3,543,443	14,352
Individual Development Grants.....	-	-	-	-	-	-	+2,500	+2,500	2,500	2,500
Administrative Expenses.....	-	288,335	-	312,373	-	314,918	-	+2,993	-	317,911
Subtotal.....	-	288,335	-	312,373	-	314,918	+2,500	+5,493	2,500	320,411
Total Obligations.....	3,940,526	379,010	5,231,974	398,990	6,464,553	395,155	-39,923	-4,439	6,424,630	390,716
Lapsing Balances.....	283,183	974	738,791	5,024	-	-	-	-	-	-
Balance Available, EOY.....	25,526	1,490	46,571	2,239	29,497	729	-29,497	-729	-	-
Total Available.....	4,249,235	381,474	6,017,336	406,253	6,494,050	395,884	-69,420	-5,168	6,424,630	390,716
Rescissions.....	82,824	11,126	-	-	-	-	-	-	-	-
Sequestration.....	151,981	20,416	-	-	-	-	-	-	-	-
Bal Available, SOY.....	-37,279	-2,095	-30,018	-1,490	-91,936	-2,239	+71,920	+1,510	-20,016	-729
Other Adjustments (Net).....	-	-55	-	-30	-	-	-	-	-	-
Total Appropriation.....	4,446,761	410,866	5,987,318	404,733	6,402,114	393,645	+2,500	-3,658	6,404,614	389,987

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

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Justification of Increases and Decreases

Base funds for the ACIF will provide direct and guaranteed loans to famers temporarily unable to obtain regular commercial credit. Continuing base funding is crucial to providing loans to the farmers. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

- (1) A decrease of \$9,151,000 in subsidy budget authority (\$78,727,000 available in 2015).
Subsidy calculations are based on 2016 President's economic assumptions. There is a slight subsidy rate decrease in the direct and guaranteed operating loan programs. Even with the \$9,151,000 decrease in subsidy, both operating loan programs were able to maintain the same program loan level as FY2015 with less budget authority.
- (2) An increase of \$2,500,000 in Individual Development Account Grants (\$0 available in FY 2015)
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.
- (3) An increase of \$2,993,000 in administrative expenses budget authority (\$306,998,000 available in FY 2015)
The increase in the administrative expenses is in the transfer to the Salaries and Expenses (S & E) appropriation. Justification of change is reflected as a part of the total S & E adjustments. Please refer to the S & E justification of increases and decreases for more detail.

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 DIRECT FARM OWNERSHIP PROGRAM

Geographic Breakdown of Obligations
 (Dollars in thousands)

State/Territory	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Estimate</u>	<u>2016 Estimate</u>
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$4,655	\$7,098	\$10,651	\$10,651
Alaska.....	100	235	353	353
Arizona.....	150	1,372	2,059	2,059
Arkansas.....	4,736	9,548	14,327	14,327
California.....	9,606	12,732	19,104	19,104
Colorado.....	7,864	13,731	20,603	20,603
Connecticut.....	245	379	569	569
Delaware.....	1,019	900	1,350	1,350
Florida.....	3,563	4,480	6,722	6,722
Georgia.....	6,605	13,297	19,952	19,952
Hawaii.....	767	300	450	450
Idaho.....	4,987	18,597	27,905	27,905
Illinois.....	15,677	57,810	86,744	86,744
Indiana.....	11,253	29,163	43,759	43,759
Iowa.....	35,484	101,697	152,596	152,596
Kansas.....	21,785	65,250	97,908	97,908
Kentucky.....	15,154	37,927	56,909	56,909
Louisiana.....	1,162	992	1,488	1,488
Maine.....	1,327	2,550	3,826	3,826
Maryland.....	2,400	2,183	3,276	3,276
Massachusetts.....	3,858	2,774	4,162	4,162
Michigan.....	9,213	20,362	30,553	30,553
Minnesota.....	23,067	66,310	99,498	99,498
Mississippi.....	2,096	2,714	4,072	4,072
Missouri.....	19,296	40,395	60,613	60,613
Montana.....	6,485	9,378	14,072	14,072
Nebraska.....	24,388	70,968	106,487	106,487
Nevada.....	820	2,121	3,183	3,183
New Hampshire.....	532	861	1,292	1,292
New Jersey.....	1,091	1,144	1,717	1,717
New Mexico.....	2,872	6,151	9,230	9,230
New York.....	3,472	4,397	6,598	6,598
North Carolina.....	4,100	4,515	6,775	6,775
North Dakota.....	7,767	19,632	29,458	29,458
Ohio.....	14,891	39,739	59,628	59,628
Oklahoma.....	49,937	98,652	148,027	148,027
Oregon.....	4,418	7,229	10,847	10,847
Pennsylvania.....	10,215	19,155	28,742	28,742
Rhode Island.....	423	127	191	191
South Carolina.....	3,716	5,827	8,743	8,743
South Dakota.....	17,278	39,509	59,283	59,283
Tennessee.....	6,895	13,419	20,135	20,135
Texas.....	24,557	39,441	59,181	59,181
Utah.....	7,637	14,260	21,397	21,397
Vermont.....	1,899	2,213	3,321	3,321
Virginia.....	6,175	14,271	21,414	21,414
Washington.....	7,543	5,922	8,886	8,886
West Virginia.....	1,858	7,390	11,089	11,089
Wisconsin.....	25,234	50,790	76,210	76,210
Wyoming.....	2,421	6,690	10,038	10,038
American Samoa.....	-	-	-	-
District of Columbia.....	-	-	-	-
Guam.....	-	-	-	-
Midway Islands.....	-	-	-	-
N. Mariana Islands.....	-	-	-	-
Puerto Rico.....	5,544	2,820	4,231	4,231
Virgin Islands.....	-	200	300	300
Western Pacific Territories.....	-	50	76	76
Obligations.....	448,237	999,667	1,500,000	1,500,000
Lapsing Balances.....	297	110,333	-	-
Bal. Available, EOY.....	-	-	-	-
Total, Available.....	448,534	1,110,000	1,500,000	1,500,000

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

State/Territory	2013 Actual	2014 Actual	2015 Estimate	2016 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$41,920	\$65,301	\$64,886	\$64,886
Arizona.....	2,764	4,169	4,143	4,143
Arkansas.....	65,965	91,126	90,547	90,547
California.....	40,052	54,123	53,779	53,779
Colorado.....	18,205	19,297	19,174	19,174
Connecticut.....	584	1,179	1,172	1,172
Delaware.....	7,122	16,321	16,217	16,217
Florida.....	8,199	11,566	11,493	11,493
Georgia.....	21,481	33,315	33,103	33,103
Hawaii.....	3,926	2,161	2,147	2,147
Idaho.....	27,448	41,611	41,347	41,347
Illinois.....	134,585	97,710	97,090	97,090
Indiana.....	70,682	116,660	115,919	115,919
Iowa.....	87,081	83,564	83,033	83,033
Kansas.....	17,240	32,066	31,862	31,862
Kentucky.....	45,766	47,498	47,196	47,196
Louisiana.....	2,847	8,614	8,559	8,559
Maine.....	1,720	3,705	3,681	3,681
Maryland.....	12,338	7,046	7,001	7,001
Massachusetts.....	1,835	4,356	4,328	4,328
Michigan.....	18,230	40,140	39,885	39,885
Minnesota.....	69,554	103,891	103,231	103,231
Mississippi.....	11,789	41,812	41,546	41,546
Missouri.....	62,651	87,877	87,319	87,319
Montana.....	26,691	39,840	39,587	39,587
Nebraska.....	52,040	76,368	75,883	75,883
Nevada.....	8,172	9,594	9,533	9,533
New Hampshire.....	1,221	3,570	3,547	3,547
New Jersey.....	1,981	1,886	1,874	1,874
New Mexico.....	8,699	10,797	10,728	10,728
New York.....	13,597	32,475	32,269	32,269
North Carolina.....	25,757	50,976	50,652	50,652
North Dakota.....	12,862	21,759	21,621	21,621
Ohio.....	161,771	210,723	209,385	209,385
Oklahoma.....	25,550	28,759	28,576	28,576
Oregon.....	17,253	22,737	22,593	22,593
Pennsylvania.....	17,507	21,627	21,490	21,490
Rhode Island.....	-	325	323	323
South Carolina.....	24,373	31,402	31,203	31,203
South Dakota.....	52,568	62,453	62,056	62,056
Tennessee.....	26,087	36,088	35,859	35,859
Texas.....	22,730	38,873	38,626	38,626
Utah.....	15,477	18,180	18,065	18,065
Vermont.....	9,099	11,344	11,272	11,272
Virginia.....	7,751	26,731	26,561	26,561
Washington.....	8,693	4,853	4,822	4,822
West Virginia.....	3,480	4,183	4,156	4,156
Wisconsin.....	172,668	216,700	215,324	215,324
Wyoming.....	8,145	8,570	8,516	8,516
Puerto Rico.....	520	6,861	6,821	6,821
Obligations.....	1,498,676	2,012,782	2,000,000	2,000,000
Lapsing Balances.....	1,324	337,218		
Total, Available.....	1,500,000	2,350,000	2,000,000	2,000,000

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

State/Territory	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Estimate</u>	<u>2016 Estimate</u>
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$17,632	\$17,750	\$18,501	\$18,499
Alaska.....	458	529	551	551
Arizona.....	5,862	6,531	6,807	6,807
Arkansas.....	26,833	35,839	37,355	37,352
California.....	27,735	25,825	26,917	26,915
Colorado.....	20,576	19,208	20,021	20,019
Connecticut.....	584	715	745	745
Delaware.....	426	165	172	172
Florida.....	18,263	21,449	22,356	22,355
Georgia.....	44,486	49,191	51,272	51,268
Hawaii.....	2,165	2,040	2,126	2,126
Idaho.....	20,386	24,093	25,112	25,110
Illinois.....	16,986	16,645	17,349	17,348
Indiana.....	6,329	7,665	7,989	7,989
Iowa.....	63,873	79,190	82,540	82,533
Kansas.....	33,214	41,700	43,464	43,461
Kentucky.....	50,990	48,352	50,397	50,393
Louisiana.....	17,209	20,178	21,032	21,030
Maine.....	3,790	3,478	3,625	3,625
Maryland.....	1,978	3,757	3,916	3,916
Massachusetts.....	5,214	3,536	3,686	3,685
Michigan.....	20,908	21,234	22,132	22,131
Minnesota.....	51,546	56,350	58,734	58,729
Mississippi.....	19,558	20,122	20,973	20,972
Missouri.....	23,809	25,334	26,406	26,404
Montana.....	16,107	16,083	16,763	16,762
Nebraska.....	72,623	85,453	89,068	89,061
Nevada.....	2,967	3,523	3,672	3,672
New Hampshire.....	1,978	1,399	1,458	1,458
New Jersey.....	3,937	3,131	3,263	3,263
New Mexico.....	7,299	10,086	10,513	10,512
New York.....	12,853	14,741	15,365	15,363
North Carolina.....	21,070	22,886	23,854	23,852
North Dakota.....	23,929	31,258	32,580	32,578
Ohio.....	10,255	11,008	11,474	11,473
Oklahoma.....	48,881	66,724	69,546	69,541
Oregon.....	14,170	13,918	14,507	14,506
Pennsylvania.....	23,677	25,010	26,068	26,066
Rhode Island.....	945	800	834	834
South Carolina.....	29,472	30,003	31,272	31,270
South Dakota.....	39,352	50,579	52,719	52,714
Tennessee.....	27,283	28,711	29,925	29,923
Texas.....	67,852	80,436	83,838	83,832
Utah.....	22,376	24,971	26,027	26,025
Vermont.....	4,106	5,781	6,026	6,025
Virginia.....	20,812	24,147	25,168	25,167
Washington.....	22,418	23,640	24,640	24,638
West Virginia.....	9,050	13,218	13,777	13,776
Wisconsin.....	48,210	55,805	58,166	58,161
Wyoming.....	2,879	2,676	2,789	2,789
Puerto Rico.....	5,487	4,170	4,346	4,346
Virgin Islands.....	70	100	104	104
Western Pacific Territories.....	50	151	160	158
Obligations.....	1,060,918	1,201,284	1,252,100	1,252,004
Lapsing Balances.....	423	19,335		
Total Available.....	1,061,341	1,220,619	1,252,100	1,252,004

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

State/Territory	2013 Actual	2014 Actual	2015 Estimate	2016 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$2,524	\$3,881	\$5,417	\$5,407
Arizona.....	19,021	9,278	12,949	12,927
Arkansas.....	65,341	57,161	79,780	79,640
California.....	42,650	37,668	52,573	52,481
Colorado.....	15,492	13,734	19,169	19,135
Connecticut.....	1,877	650	907	906
Delaware.....	422	854	1,192	1,190
Florida.....	9,882	12,528	17,485	17,455
Georgia.....	37,646	47,241	65,934	65,818
Hawaii.....	163	136	190	189
Idaho.....	24,097	34,756	48,509	48,424
Illinois.....	23,063	19,614	27,375	27,327
Indiana.....	34,470	25,722	35,900	35,837
Iowa.....	35,562	50,710	70,776	70,652
Kansas.....	16,357	26,251	36,639	36,574
Kentucky.....	21,976	25,244	35,233	35,171
Louisiana.....	34,977	45,907	64,073	63,960
Maine.....	2,336	2,642	3,687	3,681
Maryland.....	1,333	1,500	2,094	2,090
Massachusetts.....	658	350	488	488
Michigan.....	19,496	18,617	25,984	25,938
Minnesota.....	38,543	60,244	84,083	83,935
Mississippi.....	7,523	5,323	7,429	7,416
Missouri.....	36,783	39,873	55,651	55,553
Montana.....	20,740	21,414	29,888	29,835
Nebraska.....	29,552	36,244	50,586	50,497
Nevada.....	1,098	2,436	3,400	3,394
New Hampshire.....	299	632	882	881
New Jersey.....	1,930	1,015	1,417	1,414
New Mexico.....	4,412	10,421	14,545	14,519
New York.....	13,049	12,387	17,289	17,258
North Carolina.....	19,140	24,267	33,870	33,810
North Dakota.....	23,646	43,775	61,097	60,989
Ohio.....	18,074	16,493	23,019	22,979
Oklahoma.....	22,230	25,790	35,995	35,932
Oregon.....	13,681	13,946	19,464	19,430
Pennsylvania.....	11,503	7,318	10,214	10,196
Rhode Island.....	40	-	-	-
South Carolina.....	14,375	14,079	19,650	19,616
South Dakota.....	22,757	33,666	46,988	46,905
Tennessee.....	18,028	13,795	19,254	19,220
Texas.....	45,520	66,302	92,538	92,375
Utah.....	10,174	5,736	8,006	7,992
Vermont.....	8,140	7,665	10,698	10,679
Virginia.....	12,382	19,258	26,878	26,831
Washington.....	24,037	23,422	32,690	32,633
West Virginia.....	751	710	991	989
Wisconsin.....	67,543	50,403	70,348	70,224
Wyoming.....	2,594	4,855	6,776	6,764
Puerto Rico.....	1,345	4,222	5,897	5,887
Western Pacific Territories.....	-	-	-	-
Obligations.....	899,232	1,000,135	1,395,897	1,393,443
Lapsing Balances.....	19,982	49,905	-	-
Bal. Available, EOY.....	2,186	2,132	-	-
Total, Available.....	921,400	1,052,172	1,395,897	1,393,443

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

State/Territory	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Estimate</u>	<u>2016 Estimate</u>
	Loan Level	Loan Level	Loan Level	Loan Level
Arkansas.....	\$910	\$703	\$3,671	\$2,123
California.....	722	-	-	-
Colorado.....	316	-	-	-
Connecticut.....	-	418	2,183	1,262
Delaware.....	110	-	-	-
Florida.....	538	-	-	-
Georgia.....	570	-	-	-
Illinois.....	1,500	2,171	11,338	6,557
Indiana.....	199	50	261	151
Iowa.....	1,059	198	1,034	598
Kansas.....	2,935	25	131	76
Kentucky.....	827	-	-	-
Louisiana.....	-	4	21	12
Maryland.....	-	-	-	-
Massachusetts.....	287	41	214	124
Michigan.....	3,805	-	-	-
Minnesota.....	360	411	2,146	1,241
Mississippi.....	-	105	548	317
Missouri.....	207	203	1,060	613
Montana.....	469	1,505	7,860	4,545
Nebraska.....	305	-	-	-
Nevada.....	200	476	2,486	1,438
New Jersey.....	216	68	355	205
New Mexico.....	1,374	-	-	-
New York.....	1,160	21	110	63
North Carolina.....	90	776	4,053	2,344
North Dakota.....	634	59	308	178
Ohio.....	324	340	1,776	1,027
Oklahoma.....	3,539	2,106	10,998	6,360
Oregon.....	-	477	2,491	1,441
Pennsylvania.....	176	-	-	-
South Carolina.....	-	225	1,175	680
South Dakota.....	830	-	-	-
Tennessee.....	466	-	-	-
Texas.....	4,879	5,283	27,590	15,956
Utah.....	361	324	1,692	979
Virginia.....	409	554	2,893	1,673
Wisconsin.....	2,944	-	-	-
Wyoming.....	667	-	-	-
Obligations.....	33,388	18,106	94,556	54,683
Bal. Available, EOY.....	23,340	44,439	29,497	-
Total, Available.....	56,728	62,545	124,053	54,683

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

State/Territory	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Estimate</u>	<u>2016 Estimate</u>
	Loan Level	Loan Level	Loan Level	Loan Level
Virginia.....	\$75	-	-	-
Undistributed.....	-	-	\$150,000	\$150,000
Obligations.....	75	-	150,000	150,000
Lapsing Balances.....	149,925	\$150,000	-	-
Total, Available.....	150,000	150,000	150,000	150,000

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

	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Estimate</u>	<u>2016 Estimate</u>
	Loan Level	Loan Level	Loan Level	Loan Level
Undistributed.....	-	-	\$60,000	\$60,000
Total Obligation.....	-	-	60,000	60,000
Lapsing Balances.....	\$100,000	\$60,000	-	-
Total, Available.....	100,000	60,000	60,000	60,000

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

State/Territory	<u>2013 Actual</u>	<u>2014 Actual</u>	<u>2015 Estimate</u>	<u>2016 Estimate</u>
	Loan Level	Loan Level	Loan Level	Loan Level
Undistributed.....	-	-	\$2,000	\$2,000
Total Obligation.....	-	-	2,000	2,000
Lapsing Balances.....	\$2,000	\$2,000	-	-
Total, Available.....	2,000	2,000	2,000	2,000

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

	2013 Actual	2014 Actual	2015 Estimate	2016 Estimated
	Loan Level	Loan Level	Loan Level	Loan Level
Undistributed.....	-	-	\$10,000	\$10,000
Total Obligation.....	-	-	10,000	10,000
Lapsing Balances.....	\$9,232	\$10,000	-	-
Total, Available.....	9,232	10,000	10,000	10,000

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
Classification by Objects
 (Dollars in thousands)

	2013	2014	2015	2016
	Actual	Actual	Estimate	Estimate
25.3 Other purchases of goods and services from Federal sources.....	\$288,335	\$312,373	\$314,918	\$317,911
41.0 Grants, subsidies and contributions.....	90,675	86,617	80,237	72,805
99.9 Total, new obligations.....	<u>379,010</u>	<u>398,990</u>	<u>395,155</u>	<u>390,716</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 incidental to reorganizing a farming system for more profitable operations; purchasing livestock, poultry, and farm equipment; purchasing feed, seed, fertilizer, insecticides, and farm supplies and meeting other essential operating expenses; financing land and water development, use, and conservation; developing recreation and other non-farm enterprises; and refinancing existing indebtedness.
- Emergency Loans. Direct loans are made available in designated counties and contiguous counties where property damage and/or severe production losses have occurred as a result of a natural disaster.
- Indian Tribal Land Acquisition Loans. Direct loans are made to eligible Native American tribes to assist them in repurchasing lands within the boundaries of their reservations and maintaining ownership for future generations.
- Boll Weevil Eradication Loans. Direct loans assist producer associations and State governmental agencies in cotton-producing States to carry out boll weevil eradication programs.
- Conservation Loans. Guaranteed loans allow farming operations of any size access to credit to implement conservation practices approved by the Natural Resources Conservation Service.
- Indian Highly Fractionated Land Loans. Direct loans are available to eligible purchasers of highly fractionated lands under provisions of the Indian Land Consolidation Act. Eligible purchasers are Indian tribal members.

Direct and guaranteed loan programs provided assistance totaling \$2.4 billion to beginning farmers during 2014, of which \$1.3 billion was in the ownership program and \$1.1 billion was in the operating program. Loans for socially disadvantaged farmers totaled \$759 million, of which \$420 million was in the farm ownership program and \$339 million was in the farm operating program.

Selected Examples of Recent Progress: Lending to beginning farmers was strong during 2014. FSA loaned or guaranteed beginning farmer loans for 20,142 borrowers. The ratio of direct loans made to minority borrowers increased more than 21% from FY 2013, while those to women borrowers showed a 17.26% increase from FY 2013. Outreach efforts by FSA field offices to promote and inform socially disadvantaged farmers about available FSA programs has resulted in increased lending to these groups in the last few years. The increase in down payment ownership loans to beginning farmers was due to multiple factors. Factors included a backlog of unfunded loans carried into FY 2014, and the use of the Secretary's transfer authority to provide additional funding for ownership loans that allowed FSA to meet program demand.

Overall loan totals were generally higher from 2013 to 2014, and the trend in lending to beginning and socially disadvantaged farmers has either increased or stayed constant as a percentage of total loans made. The number of beginning farmer loans increased by 29%, and the number of socially disadvantaged loans increased by 21%. The following tables represent changes in loan activity from 2013 to 2014 for total loans as well as for loans to beginning and socially disadvantaged farmers and ranchers.

FY 2014 Actual Agricultural Credit Insurance Fund Loans and Obligations

Total Direct and Guaranteed Loans			
	FY 2013	FY 2014	Percent Change
Total Number Of Loans			
Direct Farm Ownership	2,563	5,522	115%
Guaranteed Farm Ownership	3,523	4,584	30%
Ownership Subtotal	6,086	10,106	66%
Direct Operating	19,780	22,731	15%
Guaranteed Operating	3,887	4,131	6%
Operating Subtotal	23,667	26,862	14%
Grand Total Number of Loans	29,753	36,968	24%
Total Dollar Value Of Loans (\$000)			
Direct Farm Ownership	\$448,237	\$999,667	123%
Guaranteed Farm Ownership	1,498,751	2,012,782	34%
Ownership Subtotal	1,946,988	3,012,449	55%
Direct Operating	1,060,918	1,201,284	13%
Guaranteed Operating	899,232	1,000,135	11%
Operating Subtotal	1,960,150	2,201,419	12%
Grand Total Dollar Value of Loans	\$3,907,138	\$5,213,868	33%

Beginning Farmer Loans a/			
	FY 2013	FY 2014	Percent Change
Total Number Of Loans			
Direct Farm Ownership	1,345	1,870	39%
Direct Farm Ownership Down-payment	550	2,140	289%
Guaranteed Farm Ownership	1,149	1,660	44%
Ownership Subtotal	3,044	5,670	86%
Direct Operating	11,046	12,927	17%
Guaranteed Operating	1,505	1,545	3%
Operating Subtotal	12,551	14,472	15%
Grand Total Number of Loans	15,595	20,142	29%
Total Dollar Value Of Loans (\$000)			
Direct Farm Ownership	\$253,973	\$361,301	42%
Direct Farm Ownership Down-payment	83,027	360,201	334%
Guaranteed Farm Ownership	405,111	602,360	49%
Ownership Subtotal	742,111	1,323,862	78%
Direct Operating	664,576	775,111	17%
Guaranteed Operating	301,215	294,440	-2%
Operating Subtotal	965,791	1,069,551	11%
Grand Total Dollar Value of Loans	\$1,707,902	\$2,393,413	40%

Socially Disadvantaged Farmer Loans a/			
	FY 2013	FY 2014	Percent Change
Total Number Of Loans			
Direct Farm Ownership	758	1,025	35%
Guaranteed Farm Ownership	306	543	77%
Ownership Subtotal	1,064	1,568	47%
Direct Operating	5,671	6,603	16%
Guaranteed Operating	377	409	8%
Operating Subtotal	6,048	7,012	16%
Grand Total Number of Loans	7,112	8,580	21%
Total Dollar Value Of Loans (\$000)			
Direct Farm Ownership	\$125,949	\$175,003	39%
Guaranteed Farm Ownership	142,480	245,194	72%
Ownership Subtotal	268,429	420,197	57%
Direct Operating	215,549	244,524	13%
Guaranteed Operating	85,886	94,631	10%
Operating Subtotal	301,435	339,155	13%
Grand Total Dollar Value of Loans	\$569,864	\$759,352	33%

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

FSA utilized transfer authority provided in the 2014 Appropriations Act, P.L. 113-76 to fund direct farm ownership and operating loan requests. Guaranteed operating un-subsidized funds were transferred to provide an additional \$25 million in direct farm operating loans and \$535 million in farm ownership loans.

FARM SERVICE AGENCY
 Reforestation Pilot Program
Lead-Off Tabular Statement

Budget Estimate, 2016.....	0
2015 Enacted.....	\$600,000
Change in Appropriation.....	<u><u>-600,000</u></u>

Summary of Increases and Decreases
 (Dollars in thousands)

Program	2013 Actual	2014 Change	2015 Change	2016 Change	2016 Estimate
Discretionary Appropriations:					
Reforestation Pilot Program.....	\$554	+\$46	-	-\$600	-
Total.....	554	46	-	-600	-

FARM SERVICE AGENCY
Reforestation Pilot Program
Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2013 Actual Amount	2014 Actual Amount	2015 Estimate Amount	Inc. or Dec. Amount	2016 Estimate Amount
Discretionary Appropriations:					
Reforestation Pilot Program.....	\$600	\$600	\$600	-\$600 (1)	-
Total Appropriation.....	600	600	600	-600	-
Rescission.....	-16	-	-	-	-
Sequestration.....	-30	-	-	-	-
Total Available.....	554	600	600	-600	-
Total Obligations.....	554	600	600	-600	-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2013 Actual Amount	2014 Actual Amount	2015 Estimate Amount	Inc. or Dec. Amount	2016 Estimate Amount
Discretionary Obligations:					
Reforestation Pilot Program.....	\$554	\$600	\$600	-\$600	-
Total Obligations.....	554	600	600	-600	-
Total Available.....	554	600	600	-600	-
Rescission.....	16	-	-	-	-
Sequestration.....	30	-	-	-	-
Total Appropriation.....	600	600	600	-600	-

Justification of Increases and Decreases

(1) A decrease of \$600,000 for Reforestation Pilot Program (\$600,000 is available in FY 2015).

The Reforestation Pilot Program demonstrates the use of new technologies that increase the rate of growth of reforested hardwood trees on private, non-industrial forest lands on the coast of the Gulf of Mexico damaged by Hurricane Katrina in 2005. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

The FY 2016 Budget proposes no funding for this program.

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

State/Territory	2013 Actual Amount	2014 Actual Amount	2015 Estimate Amount	2016 Estimate Amount
Louisiana.....	\$94	\$100	\$100	-
Mississippi.....	460	500	500	-
Obligations.....	554	600	600	-
Total, Available.....	554	600	600	-

Classification by Objects
 (Dollars in thousands)

	2013	Actual	2014	Actual	2015 Estimate	2016 Estimate
41.0 Grants, Subsidies and Contributions.....		\$554		\$600	\$600	-
99.9 Total, new obligations.....		554		600	600	-

REFORESTATION PILOT PROGRAM

Status of Program

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

Current Activities: In Fiscal Year 2014, approximately \$580,000 was made available to MSU to continue the pilot program. The MSU Forest and Wildlife Research Center planted an additional 275 acres with 27,000 RPM trees and 2400 conventional seedlings in 2014 and continued to study and evaluate the effectiveness and efficiency of utilizing these new technologies.

Selected Examples of Past Activity: Since the initial funding in the Agriculture Appropriations Act of 2008, \$4.78 million has been appropriated to support the pilot program designed to enhance restoration of hardwood forests severely damaged by Hurricane Katrina and associated storms that ravaged the Gulf Coast in 2005. Approximately 185,000 trees have been planted and 1,833 acres of hardwood forests have been restored by the program. MSU is engaged in long term studies to determine the effectiveness and efficiency of new seedling development methods to encourage seedling survival and growth and subsequent hardwood forest ecosystem benefits.

FARM SERVICE AGENCY
Emergency Conservation Program
Lead-Off Tabular Statement

Budget Estimate, 2016.....	0
2015 Enacted.....	\$9,216
Change in Appropriation.....	<u><u>-9,216</u></u>

Summary of Increases and Decreases
(Dollars in thousands)

Program	2013 Actual	2014 Change	2015 Change	2016 Change	2016 Estimate
Discretionary Appropriations:					
Emergency Conservation Program.....	\$228,049	-\$228,049	+\$9,216	-\$9,216	-
Total,	<u>228,049</u>	<u>-228,049</u>	<u>9,216</u>	<u>-9,216</u>	<u>-</u>

FARM SERVICE AGENCY
Emergency Conservation Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2013 Actual Amount	2014 Actual Amount	2015 Estimate Amount	Inc. or Dec. Amount	2016 Estimate Amount
Discretionary Appropriations:					
Emergency Conservation Program Regular.....	\$10,799	-	-	-	-
Emergency Conservation Program Stafford.....	-	-	\$9,216	-\$9,216 (1)	-
Subtotal.....	10,799	-	9,216	-9,216	-
Supplemental Appropriations:					
Emergency Conservation Program Sandy	217,250	-	-	-	-
Total Adjusted Approp.....	228,049	-	9,216	-9,216	-
Rescissions, Transfers, and Seq. (Net).....	1,051	-	-	-	-
Total Appropriation.....	229,100	-	9,216	-9,216	-
Transfers Out:					
EFRP.....	-23,000	-	-	-	-
EWPP.....	-180,000	-	-	-	-
Subtotal.....	-203,000	-	-	-	-
Sequestration.....	-750	-	-	-	-
Rescission.....	-301	-	-	-	-
Bal. Available, SOY.....	172,789	\$174,259	155,969	-40,784	\$115,185
Recoveries, Other (Net).....	17,928	9,931	-	-	-
Total Available.....	215,766	184,190	165,185	-50,000	115,185
Bal. Available, EOY.....	-174,259	-155,969	-115,185	+60,000	-55,185
Total Obligations.....	41,507	28,221	50,000	+10,000	60,000

Emergency Conservation Program

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2013 Actual Amount	2014 Actual Amount	2015 Estimate Amount	Inc. or Dec. Amount	2016 Estimate Amount
Discretionary Obligations:					
Emergency Conservation Program Regular.....	\$25,477	\$15,004	\$30,000	+\$3,619	\$33,619
Emergency Conservation Program Stafford.....	15,161	13,029	10,000	+3,000	13,000
Subtotal.....	40,638	28,033	40,000	+6,619	46,619
Supplemental Obligations:					
Emergency Conservation Program Sandy Stafford.....	869	188	10,000	+3,381	13,381
Subtotal.....	869	188	10,000	+3,381	13,381
Total Obligations.....	41,507	28,221	50,000	+10,000	60,000
Bal. Available, EOY.....	174,259	155,969	115,185	-60,000	55,185
Total Available.....	215,766	184,190	165,185	-50,000	115,185
Transfers In.....	-	-	-	-	-
Transfers Out.....	203,000	-	-	-	-
Rescission.....	301	-	-	-	-
Sequestration.....	750	-	-	-	-
Bal. Available, SOY.....	-172,789	-174,259	-155,969	+40,784	-115,185
Other Adjustments (Net).....	-17,928	-9,931	-	-	-
Total Appropriation.....	229,100	-	9,216	-9,216	-

Justification of Increase and Decrease

(1) A decrease of \$9,216,000 for Emergency Conservation Program (\$9,216,000 is available in 2015)

The FY 2016 Budget proposes no funding for this program. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

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

State/Territory	2013 Actual	2014 Actual	2015 Estimate	2016 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$1,110	\$496	\$1,900	\$1,055
Arizona.....	311	683	817	1,452
Arkansas.....	2,258	376	2,031	799
California.....	42	3,481	6,725	7,401
Colorado.....	114	2,863	4,083	6,087
Connecticut/Rhode Island....	-	7	10	15
Delaware.....	-	-	-	-
Florida.....	-	-	-	-
Georgia.....	892	2,155	2,757	4,582
Hawaii.....	736	12	577	26
Idaho.....	15	252	446	536
Illinois.....	175	399	670	848
Indiana.....	87	-	33	-
Iowa.....	3,859	2,216	1,815	4,711
Kansas.....	1,426	591	1,369	1,257
Kentucky.....	1,042	89	934	189
Louisiana.....	220	5	7	11
Maine.....	264	232	278	493
Maryland.....	2	4	30	9
Massachusetts.....	165	11	138	23
Michigan.....	29	-	-	-
Minnesota.....	67	134	133	285
Mississippi.....	100	163	311	347
Missouri.....	6,074	1,876	2,231	3,989
Montana.....	2,586	549	1,185	1,167
Nebraska.....	3,124	1,936	3,550	4,116
Nevada.....	206	316	618	672
New Hampshire.....	83	36	69	77
New Jersey.....	273	67	98	142
New Mexico.....	250	950	950	2,020
New York.....	454	171	305	364
North Carolina.....	2,258	1,864	2,662	3,963
North Dakota.....	75	-	24	-
Ohio.....	1,993	287	434	610
Oklahoma.....	911	209	369	444
Oregon.....	198	150	967	319
Pennsylvania.....	268	-	35	-
South Carolina.....	-	1,892	6,428	4,023
South Dakota.....	1,392	187	328	398
Tennessee.....	1,910	564	462	1,199
Texas.....	2,783	249	204	529
Utah.....	299	11	82	23
Vermont.....	915	993	951	2,111
Virginia.....	582	15	12	32
Washington.....	287	1,096	1,744	2,330
West Virginia.....	765	54	44	115
Wisconsin.....	-	3	2	6
Wyoming.....	907	577	1,177	1,227
KCMO-DMD.....	-	-	-	-
Puerto Rico.....	-	-	5	-
Undistributed.....	-	-	-	-
Obligations.....	41,507	28,221	50,000	60,000
Bal. Available, EOY.....	174,259	155,969	115,185	55,185
Total, Available.....	215,766	184,190	165,185	115,185

FARM SERVICE AGENCY
Emergency Conservation Program

Classification by Objects
(Dollars in thousands)

	2013	2014	2015	2016
	Actual	Actual	Estimate	Estimate
41.0 Grants.....	\$41,507	\$28,221	\$50,000	\$60,000
99.9 Total, new obligations.....	41,507	28,221	50,000	60,000

EMERGENCY CONSERVATION PROGRAM

Status of Program

Current Activities: During 2014, 36 States participated in the Emergency Conservation Program (ECP), with new or continued activity from the previous year, involving approximately \$22,879,879 in cost-share and technical assistance funds outlays. In FY 2014, no ECP supplemental funding was provided.

Selected Examples of Recent Activity: ECP provisions in prior years' supplemental appropriations have targeted funding needs for both regular ECP and specific disasters, such as the pervasive western drought conditions, southern mid-Atlantic ice storms, Midwest flooding, tornado damage, and western wildfires. Funds are monitored through separate disaster identification accounts. ECP funds continue to assist agricultural producers rehabilitate natural disaster damaged farmland by removing flood and tornado deposited debris from farmland which returns the land to its productive agricultural capacity, providing emergency water for livestock in parts of the west where severe drought continues to pervade the region, grading and reshaping farmland scoured by flood waters, and restoring livestock fences and conservation structures destroyed by wildfire, tornados, and ice storms. During 2014, ECP allocated \$27,385,699 in Stafford Act funds, \$5,000 in Hurricane Sandy funds, and \$23,759,046 in unrestricted funds, totaling \$51,149,745. These allocations include the reallocation of remaining funds from previous years' disasters to help producers faced with new natural disaster events.

The below tables show (a) appropriations and outlays for 1981 through 2014 and FY 2014 allocations by State.

Emergency Conservation Program Appropriations and Outlays Fiscal Years 1981-2014			
Fiscal Year	Appropriation	1/ to 5/	Outlays
1981 – 2010	\$1,131,860,070		\$926,918,418
2011	0	6/	35,138,268
2012	122,700,000	7/	\$56,113,938
2013	\$25,049,415	8/	\$41,084,135
2014	0		\$22,879,879
TOTAL	\$1,279,609,485		\$1,082,134,638

1/ \$199.8 million in supplemental funding provided by P.L. 109-148. \$38 million was transferred to NOAA by P.L. 109-234.

2/ \$18 million in supplemental funding was provided by P.L. 110-28; \$2 million was for Kansas only.

3/ \$89.4 million in supplemental funding was provided by P.L. 110-252 and used for multiple disasters throughout the nation, and much of this funding addressed damage from the 2008 Midwest Floods. \$115 million in a second supplemental was provided by P.L. 110-329 and was also used for multiple disasters throughout the nation. Much of this funding addressed damage from Hurricanes Ike and Gustav and also provided additional funding to address damage from the 2008 Midwest Floods.

4/ \$66.314 million was internally re-allotted from Hurricane Katrina and Adjusted Gross Income accounts into the regular ECP account to be used for any natural disaster, per P.L. 111-32, signed June 24, 2009.

5/ During 2010, ECP provided \$53.3M in total allocations.

6/ During 2011, ECP provided \$28.0M in total allocations.

7/ During 2012, ECP provided \$148.9M in total allocations. Also in FY 2012, \$122.7 million in ECP funding was provided from the Consolidated and Further Continuing Appropriations Act, 2012, P.L. 112-55 enacted November 18, 2011, for expenses resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). Also, using the interchange authority under 7 U.S.C. 2257, \$14 million in Farm Service Agency funding was transferred from the Emergency Assistance for Livestock, Honey Bees and Farm Raised Fish Program (ELAP) to ECP.

8/ In FY 2013, \$15 million of ECP supplemental funding for Super Storm Sandy major disaster relief declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act was provided by PL. 113-2, the Disaster Relief Appropriations Act of 2013. \$11.1 million of ECP funding was provided by P.L. 113-6, the Consolidated and Further Continuing Appropriations Act of 2013. Appropriated amounts shown are net of sequester and rescissions.

EMERGENCY CONSERVATION PROGRAM FY 2014 Allocations by State		
State	Disaster	Total Allocations
AL	Flooding, TORNADOS	\$2,329,200
AR	Flooding, TORNADOS	\$2,480,447
AZ	Drought, Flooding	\$901,000
CA	Drought, Wildfires	\$9,770,000
CO	Drought, Flooding	\$4,210,600
CT	Hurricane	\$13,822
FL	Flooding	\$20,000
GA	Flooding , Ice Storms	\$2,653,300
HI	Flooding	\$357,000
IA	Drought, TORNADOS	\$1,694,950
ID	Drought	\$420,000
IL	Flooding	\$520,000
KS	Drought	\$843,770
LA	Hurricane	\$4,000
ME	Flooding	\$277,000
MN	Severe Storms	\$1,300
MO	Flooding	\$2,445,425
MS	Flooding, TORNADOS	\$557,395
MT	Flooding	\$664,704
NC	Flooding, Ice Storms, TORNADOS	\$2,720,630
NE	Drought, Flooding	\$1,363,700
NH	Flooding	\$18,821
NM	Drought, Flooding	\$2,387,844
NV	Drought	\$715,500
NY	Flooding	\$195,000
OH	Drought, Flooding	\$130,757
OK	Ice Storms, Wildfires, TORNADOS	\$2,735,000
OR	Drought	\$2,430,206
SC	Ice Storms	\$5,848,074
SD	Drought, Wildfires	\$406,000
TN	Flooding, TORNADOS	\$60,000
TX	Flooding, TORNADOS	\$37,000
UT	Drought, Flooding	\$88,600
VA	Flooding	\$11,000
VT	Flooding, Ice Storms	\$1,208,700
WY	Drought, Flooding	\$629,000
Total		\$51,149,745

FARM SERVICE AGENCY
Agricultural Disaster Relief Fund
Lead-Off Tabular Statement

Budget Estimate, 2016.....	0
2015 Enacted.....	0
Change in Appropriation.....	0

Summary of Increases and Decreases
(Dollars in thousands)

Program	2013 Actual	2014 Change	2015 Change	2016 Change	2016 Estimate
Mandatory Appropriations:					
Agricultural Disaster Relief Fund.....	\$115	-\$18	-\$97	-	-
Total.....	115	-18	-97	-	-

FARM SERVICE AGENCY
Agricultural Disaster Relief Fund

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2013 Actual Amount	2014 Actual Amount	2015 Estimate Amount	Inc. or Dec. Amount	2016 Estimate Amount
Mandatory Appropriations:					
Agricultural Disaster Relief Fund...	\$115	\$97	-	-	-
Total Appropriation.....	115	97	-	-	-
Transfers In:					
Commodity Credit Corporation.....	89,250	-	-	-	-
Borrowing Authority.....	1,595,315	39,182	\$68,000	-\$68,000	-
Subtotal.....	1,684,565	39,182	68,000	-68,000	-
Sequestration.....	-89,250	-7,200	-4,964	4,964	-
Bal. Available, SOY.....	179,699	-	-	-	-
Recoveries, Other (Net).....	44	106	-	-	-
Total Available.....	1,775,173	32,185	63,036	-63,036	-
Bal. Available, EOY.....	-	-	-	-	-
Total Obligations.....	1,775,173	32,185	63,036	-63,036	-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2013 Actual Amount	2014 Actual Amount	2015 Estimate Amount	Inc. or Dec. Amount	2016 Estimate Amount
Mandatory Obligations:					
Agricultural Disaster Relief.....	\$1,775,173	\$32,185	+\$63,036	-\$63,036	-
Subtotal.....	1,775,173	32,185	63,036	-63,036	-
Total Obligations.....	1,775,173	32,185	63,036	-63,036	-
Bal. Available, EOY.....	176,699	-	-	-	-
Total Available.....	1,951,872	32,185	63,036	-63,036	-
Transfers In					
(Borrowing Authority)	-1,684,565	-39,182	-\$68,000	\$68,000	-
Transfers Out.....	14,000	-	-	-	-
Sequestration.....	-	7,200	4,964	-4,964	-
Bal. Available, SOY.....	-179,699	-	-	-	-
Other Adjustments (Net).....	-44	-106	-	-	-
Total Appropriation.....	101,564	97	-	-	-

Justification of Increases and Decreases

The FY 2016 Budget proposes no funding for this program. Agricultural Disaster Relief Fund provided funding for the Livestock Forage Program (LFP), Livestock Indemnity Program (LIP), Tree Assistance Program (TAP), and the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Programs (ELAP) for crop years 2008-2011 ending September 30, 2011. For any 2011 crop where the crop year extended beyond that date, payments for crop year 2011 and each succeeding year will be funded by the Commodity Credit Corporation. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

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

State/Territory	2013 Actual	2014 Actual	2015 Estimate	2016 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$11,517	\$222	\$441	-
Alaska.....	10	6	13	-
Arizona.....	674	34	75	-
Arkansas.....	7,113	136	268	-
California.....	6,701	1245	2,491	-
Colorado.....	35,968	1367	2,500	-
Connecticut.....	772	537	1,010	-
Delaware.....	1,019	27	49	-
Florida.....	12,354	7222	14,400	-
Georgia.....	33,557	416	800	-
Hawaii.....	84	19	42	-
Idaho.....	3,977	-	-	-
Illinois.....	58,528	3327	6,700	-
Indiana.....	50,475	56	112	-
Iowa.....	42,556	244	488	-
Kansas.....	224,388	1073	2,175	-
Kentucky.....	7,358	186	412	-
Louisiana.....	6,580	123	205	-
Maine.....	193	-	-	-
Maryland.....	2,938	118	239	-
Massachusetts.....	1,026	51	102	-
Michigan.....	4,206	105	110	-
Minnesota.....	51,744	1276	2,502	-
Mississippi.....	6,839	966	1,132	-
Missouri.....	66,025	62	134	-
Montana.....	27,977	1428	2,852	-
Nebraska.....	24,016	107	214	-
Nevada.....	186	-	-	-
New Hampshire.....	26	-	-	-
New Jersey.....	817	164	325	-
New Mexico.....	9,582	507	1,014	-
New York.....	1,938	2	5	-
North Carolina.....	45,777	363	726	-
North Dakota.....	267,338	1753	3,515	-
Ohio.....	18,198	209	418	-
Oklahoma.....	100,236	654	1,286	-
Oregon.....	2,368	1206	2,412	-
Pennsylvania.....	2,145	212	444	-
Rhode Island.....	86	1	3	-
South Carolina.....	4,941	52	129	-
South Dakota.....	27,956	503	1,006	-
Tennessee.....	9,014	857	1,870	-
Texas.....	575,998	1553	3,125	-
Utah.....	40	-	-	-
Vermont.....	832	403	806	-
Virginia.....	5,527	35	75	-
Washington.....	6,327	2855	5,410	-
West Virginia.....	20	-	-	-
Wisconsin.....	2,065	6	15	-
Wyoming.....	368	15	35	-
Puerto Rico.....	1,793	482	951	-
Undistributed.....	-	-	-	-
Obligations.....	1,772,173	32,185	63,036	-
Lapsing Balances.....	-	-	-	-
Bal. Available, EOY.....	-	-	-	-
Total, Available.....	1,772,173	32,185	63,036	-

FARM SERVICE AGENCY
Agricultural Disaster Relief Fund

Classification by Objects
(Dollars in thousands)

	2013	2014	2015	2016
	Actual	Actual	Estimate	Estimate
41.0 Grants.....	\$1,775,173	\$32,185	\$63,036	-
99.9 Total, new obligations.....	1,775,173	32,185	63,036	-

AGRICULTURAL DISASTER RELIEF TRUST FUND

Status of Program

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

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

FY 2014 obligations, including adjustments to prior year obligations, totaled \$60,178,850. Total outlays were \$36,312,712, including outlays from prior year obligations, as shown in the table below. In 2014, the amount of customs receipts credited to the Agricultural Disaster Relief Trust Fund receipt account totaled \$97,250.93. The outlays reported in FY 2014 are due to residual payments, corrections, and/or appeals to obligations incurred during crop year 2008 – 2011.

The Agriculture Act of 2014 shifted the funding authority for disaster programs from the Agricultural Disaster Relief Trust Fund to Commodity Credit Corporation. Obligations in 2015 will be still be required to make residual payments for disaster programs under the Agricultural Disaster Relief Trust Fund authority.

Programs	Obligations	Outlays
ELAP	-\$8,971	-\$8,971
LFP	-2,328,588	-2,439,477
LIP	-60,654	-355,634
SURE	37,913,108	37,605,988
TAP	24,663,954	1,510,805
TOTAL	\$60,178,849	\$36,312,711

FARM SERVICE AGENCY
 USDA Supplemental Assistance
Lead-Off Tabular Statement

Budget Estimate, 2016.....	0
2015 Enacted.....	<u>\$1,996,000</u>
Change in Appropriation.....	<u><u>-1,996,000</u></u>

Summary of Increases and Decreases
 (Dollars in thousands)

Program	2013 Actual	2014 Change	2015 Change	2016 Change	2016 Estimate
Discretionary Appropriations:					
Agricultural Disaster Relief Fund.....	\$1,996	-	-	-\$1,996	-
Total.....	1,996	-	-	-1,996	-

FARM SERVICE AGENCY
USDA Supplemental Assistance

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	<u>2013 Actual</u> Amount	<u>2014 Actual</u> Amount	<u>2015 Estimate</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2016 Estimate</u> Amount
Discretionary Appropriations:					
Geographically Disadvantaged					
Farmers and Ranchers	\$1,842	\$1,996	\$1,996	-\$1,996 (1)	-
Total Adjusted Approp.....	1,842	1,996	1,996	-\$1,996	-
Rescissions, Transfers, and					
Seq. (Net).....	154	-	-	-	-
Total Approp.....	1,996	1,996	1,996	-1,996	-
Total Appropriation.....	1,996	1,996	1,996	-1,996	-
Rescission.....	-54	-	-	-	-
Sequestration.....	-100	-	-	-	-
Bal. Available, SOY.....	-	-	-	-	-
Recoveries, Other (Net).....	-	-	-	-	-
Total Available.....	1,842	1,996	1,996	-1,996	-
Lapsing Balances.....	-	-	-	-	-
Bal. Available, EOY.....	-	-	-	-	-
Total Obligations.....	1,842	1,996	1,996	-1,996	-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	<u>2013 Actual</u> Amount	<u>2014 Actual</u> Amount	<u>2015 Estimate</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2016 Estimate</u> Amount
Discretionary Obligations:					
Geographically Disadvantaged					
Farmers and Ranchers	\$1,842	\$1,996	\$1,996	-\$1,996	-
Other.....	-	-	-	-	-
Subtotal.....	1,842	1,996	1,996	-1,996	-
Total Obligations.....	1,842	1,996	1,996	-1,996	-
Lapsing Balances	-	-	-	-	-
Bal. Available, EOY.....	-	-	-	-	-
Total Available.....	1,842	1,996	1,996	-1,996	-
Rescissions.....	54	-	-	-	-
Sequestration.....	100	-	-	-	-
Bal. Available, SOY.....	-	-	-	-	-
Other Adjustments (Net).....	-	-	-	-	-
Total Appropriation.....	1,996	1,996	1,996	-1,996	-

(1) A decrease of \$1,996,000 for Geographically Disadvantaged Farmers and Ranchers (\$1,996,000 is available in FY 2015).

The Agricultural Act of 2014 (the 2014 Farm Bill), re-authorized the Reimbursement Transportation Cost Payment Program for Geographically Disadvantaged Farmers and Ranchers (RTCP) to reimburse geographically disadvantaged producers with a portion of the cost to transport agricultural commodities or inputs used to produce an agricultural commodity. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

The FY 2016 Budget proposes no funding for this program.

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

State/Territory	2013 Actual Amount	2014 Actual Amount	2015 Estimate Amount	2016 Estimate Amount
Alaska.....	\$312	\$339	\$339	-
California.....	19	21	21	-
Hawaii.....	701	759	759	-
Puerto Rico.....	810	877	877	-
Obligations.....	1,842	1,996	1,996	-
Recoveries.....	-	-	-	-
Lapsing Balances.....	-	-	-	-
Bal. Available, EOY.....	-	-	-	-
Total, Available.....	1,842	1,996	1,996	-

Classification by Objects
 (Dollars in thousands)

	2013 Actual	2014 Actual	2015 Estimate	2016 Estimate
41.0 Grants.....	\$1,842	\$1,996	\$1,996	-
99.9 Total, new obligations..	1,842	1,996	1,996	-

USDA SUPPLEMENTAL ASSISTANCE PROGRAM

Status of Program

Reimbursement Transportation Cost Payment (RTCP) Program for Geographically Disadvantaged Farmers And Ranchers

In FY 2014, the Consolidated and Further Continuing Appropriations Act of 2014 authorized \$1.996 million to assist geographically disadvantaged farmers and ranchers. The 2014 Farm reauthorized the RTCP Program for each succeeding FY subject to appropriated funding.

The purpose of RTCP is to offset a portion of the higher costs of transporting agricultural inputs and commodities over long distances. This program assists farmers and ranchers residing outside the 48 contiguous states that are at a competitive disadvantage when transporting agriculture products to the market.

Current Activities: RTCP benefits are calculated based on the costs incurred by the producer for transportation of the agricultural commodity or inputs during a fiscal year, subject to an \$8,000 per producer cap per fiscal year. RTCP enrollments for FY 2014 began on July 21, 2014, and ended on September 8, 2014. The deadline to submit applications and support documentation to state offices was November 3, 2014. Payments for FY 2014 signup will be disbursed in FY 2015.

FARM SERVICE AGENCY
Emergency Forest Restoration Program
Lead-Off Tabular Statement

Budget Estimate, 2016.....	0
2015 Enacted.....	\$3,203
Change in Appropriation.....	<u><u>-3,203</u></u>

Summary of Increases and Decreases
(Dollars in thousands)

Program	2013 Actual	2014 Change	2015 Change	2016 Change	2016 Estimate
Discretionary Appropriations:					
Emergency Forest Restoration Program.....	\$13,815	-\$13,815	+\$3,203	-\$3,203	-
Total, Appropriation or Change.....	13,815	-13,815	+3,203	-3,203	-

FARM SERVICE AGENCY
Emergency Forest Restoration Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	<u>2013 Actual</u> Amount	<u>2014 Actual</u> Amount	<u>2015 Estimate</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2016 Estimate</u> Amount
Discretionary Appropriations:					
Emergency Forest Restoration Program Regular.....	\$13,815	-	-	-	-
Emergency Forest Restoration Program Stafford.....	-	-	\$3,203	-\$3,203 (1)	-
Total Adjusted Approp.....	13,815	-	3,203	-3,203	-
Rescissions, Transfers, and					
Seq. (Net).....	385	-	-	-	-
Total Appropriations.....	14,200	-	3,203	-3,203	-
Transfers In:					
ECP (Sandy Stafford).....	23,000	-	-	-	-
Subtotal.....	23,000	-	-	-	-
Rescission.....	-385	-	-	-	-
Sequestration.....	-1,150	-	-	-	-
Bal. Available, SOY.....	27,554	\$62,570	57,532	-26,797	\$30,735
Recoveries, Other (Net).....	4,139	3,733	-	-	-
Total Available.....	67,358	66,303	60,735	-30,000	30,735
Bal. Available, EOY.....	-62,570	-57,532	-30,735	+28,000	-2,735
Total Obligations.....	4,788	8,771	30,000	-2,000	28,000

Project Statement
Obligations Detail
(Dollars in thousands)

Program	<u>2013 Actual</u> Amount	<u>2014 Actual</u> Amount	<u>2015 Estimate</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2016 Estimate</u> Amount
Discretionary Obligations:					
Emergency Forest Restoration Program Regular.....	\$1,559	\$1,875	\$10,000	+\$2,381	\$12,381
Emergency Forest Restoration Program Stafford.....	2,130	1,885	5,000	+4,868	9,868
Subtotal.....	3,689	3,760	15,000	+7,249	22,249
Supplemental Obligations:					
Emergency Forest Restoration Program Sandy Stafford.....	1,099	5,011	15,000	-9,249	5,751
Total Obligations.....	4,788	8,771	30,000	-2,000	28,000
Bal. Available, EOY.....	62,570	57,532	30,735	-28,000	2,735
Total Available.....	67,358	66,303	60,735	-30,000	30,735
Transfers In.....	-23,000	-	-	-	-
Rescission.....	385	-	-	-	-
Sequestration.....	1,150	-	-	-	-
Bal. Available, SOY.....	-27,554	-62,570	-57,532	+26,797	-30,735
Recoveries, Other (Net).....	-4,139	-3,733	-	-	-
Total Appropriation.....	14,200	-	3,203	-3,203	-

Justification of Increase and Decrease

(1) A decrease of \$3,203,000 for Emergency Forest Restoration Program (\$3,203,000 is available in FY 2015)

The FY 2016 Budget proposes no funding for this program. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

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

State/Territory	2013 Actual	2014 Actual	2015 Estimate	2016 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$528	\$266	\$1,060	\$849
Arkansas.....	90	29	140	93
Colorado.....	-	765	1,956	2,442
Connecticut.....	-	184	380	587
Georgia.....	286	785	3,309	2,506
Idaho.....	-	-	1	-
Iowa.....	7	2	50	6
Kansas.....	-	-	5,334	-
Kentucky.....	-	3	7	10
Maine.....	72	-	-	-
Maryland.....	-	97	-	-
Massachusetts.....	738	213	121	310
Michigan.....	-	-	727	680
Minnesota.....	-	-	-	-
Mississippi.....	708	10	650	32
Missouri.....	878	-	-	-
Nebraska.....	-	158	403	504
New Hampshire.....	108	66	196	211
New Jersey.....	-	4,256	9,457	13,587
New York.....	62	603	1,417	1,925
North Carolina.....	80	3	26	10
Ohio.....	9	11	33	35
Oregon.....	-	686	1,535	2,190
Pennsylvania.....	-	1	715	3
South Carolina.....	-	-	159	-
South Dakota.....	-	-	449	-
Tennessee.....	5	358	1,439	1,143
Texas.....	1,209	183	229	584
Vermont.....	8	-	-	-
West Virginia.....	-	92	207	294
Undistributed.....	-	-	-	-
Obligations.....	4,788	8,771	30,000	28,000
Bal. Available, EOY.....	62,570	57,532	30,735	2,735
Total, Available.....	67,358	66,303	60,735	30,735

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

	2013 Actual	2014 Actual	2015 Estimate	2016 Estimate
41.0 Grants.....	\$4,788	\$8,771	\$30,000	\$28,000
99.9 Total, new obligations.....	4,788	8,771	30,000	28,000

EMERGENCY FOREST RESTORATION PROGRAM

Status of Program

Current Activities: The Emergency Forest Restoration Program (EFRP) provides payments to eligible owners of non-industrial private forest land for implementation of emergency measures to restore forests and forest resources damaged by natural disasters. No EFRP supplemental funding was provided in FY 2014. During 2014, 19 States participated in EFRP with new or continued activity from the previous year, involving an estimated 4,190 acres and approximately \$1,981,531 in cost-share and technical assistance outlays.

Selected Examples of Recent Activity: EFRP provisions in prior year supplemental appropriations acts have targeted funding for both regular EFRP and specific disaster needs such as Hurricane Sandy, southern mid-Atlantic ice storms, and tornado damage. EFRP funds are monitored through separate disaster identification accounts. EFRP funds continue to assist with the rehabilitation of forest and forest resources damaged by natural disaster events such as ice storm and tornado damage by removing forest debris and replanting tree species and wildlife habitat. In fiscal year 2014, \$13,547,967 in EFRP Stafford Act designated carryover funds were allocated to 5 states to assist private forest landowners facing new disasters.

The following tables show appropriations and outlays for 2010 through 2014 and FY 2014 allocations by State.

Emergency Forest Restoration Program Appropriations and Outlays Fiscal Years 2010-2014			
Fiscal Year	Appropriation		Outlays
2010	\$18,000,000	1/	-
2011	-		\$232,825
2012	28,400,000	2/	1,991,152
2013	35,665,468	3/	5,452,319
2014	-		1,981,531
TOTAL	82,065,468		9,657,827

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

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

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

EMERGENCY FOREST RESTORATION PROGRAM FY 2014 Allocations by State		
State	Disaster	Total Allocations
GA	Ice Storm	\$3,499,000
KY	Tornado	3,565,000
MS	Tornado	487,121
NJ	Hurricane	1,600,000
SC	Ice Storm	4,396,846
Total		13,547,967

FARM SERVICE AGENCY
Pima Agriculture Cotton Trust Fund

Lead-Off Tabular Statement

Budget Estimate, 2016.....	0
2015 Enacted.....	0
Change in Appropriation.....	0

Summary of Increases and Decreases
(Dollars in thousands)

Program	2013 Actual	2014 Change	2015 Change	2016 Change	2016 Estimate
Mandatory Appropriations:					
Pima Agriculture Cotton Trust Fund.....	-	+\$16,000	-\$1,168	+\$1,168	\$16,000
Total, Appropriation or Change.....	-	+16,000	-1,168	1,168	16,000

FARM SERVICE AGENCY
Pima Agriculture Cotton Trust Fund

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	<u>2013 Actual</u> Amount	<u>2014 Actual</u> Amount	<u>2015 Estimate</u> Amount	<u>Change</u> Amount	<u>2016 Estimate</u> Amount
Mandatory Appropriations:	-	-	-	-	-
Total Adjusted Appropriation.....	-	-	-	-	-
Transfers In:					
Commodity Credit Corporation.....	-	\$16,000	\$16,000	-	\$16,000
Total.....	-	16,000	16,000	-	16,000
Transfers Out:					
Rescission.....	-	-	-	-	-
Sequestration.....	-	-	-1,168	+\$1,168	-
Bal. Available, SOY.....	-	-	-	-	-
Recoveries, Other (Net).....	-	-	-	-	-
Total Available.....	-	16,000	14,832	+1,168	16,000
Total Obligations.....	-	16,000	14,832	+1,168	16,000

Project Statement
Obligations Detail
(Dollars in thousands)

Program	<u>2013 Actual</u> Amount	<u>2014 Actual</u> Amount	<u>2015 Estimate</u> Amount	<u>Change</u> Amount	<u>2016 Estimate</u> Amount
Mandatory Obligations:					
Pima Agriculture Cotton Trust Fund.....	-	\$16,000	\$14,832	+\$1,168	\$16,000
Subtotal.....	-	16,000	14,832	+1,168	16,000
Mandatory Obligations:					
Total Obligations.....	-	16,000	14,832	+1,168	16,000
Total Available.....	-	16,000	14,832	+1,168	16,000
Transfers In.....	-	-16,000	-16,000	-	-16,000
Transfers Out.....	-	-	-	-	-
Sequestration.....	-	-	1,168	-1,168	-
Total Appropriation.....	-	-	-	-	-

Justification of Increases and Decreases

The Pima Agriculture Cotton Trust fund was established by the Agricultural Act of 2014 and extends from FY 2014 to FY 2018. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

FARM SERVICE AGENCY
Pima Agriculture Cotton Trust Fund

Classification by Objects
(Dollars in thousands)

	2013 Actual	2014 Actual	2015 Estimate	2016 Estimate
Other Objects:				
41.0 Grants, Subsidies and Contributions.....	-	\$16,000	\$14,832	\$16,000
99.9 Total, new obligations.....	-	16,000	14,832	16,000

FARM SERVICE AGENCY
Agriculture Wool Apparel Manufacturers Trust Fund

Lead-Off Tabular Statement

Budget Estimate, 2016.....	0
2015 Enacted.....	0
Change in Appropriation.....	0

Summary of Increases and Decreases
(Dollars in thousands)

Program	2013 Actual	2014 Change	2015 Change	2016 Change	2016 Estimate
Mandatory Appropriations:					
Agriculture Wool Apparel Manufacturers Trust Fund.....	-	+\$16,000	+\$11,810	+\$2,190	\$30,000
Total, Appropriation or Change.....	-	16,000	11,810	2,190	30,000

FARM SERVICE AGENCY
Agriculture Wool Apparel Manufacturers Trust Fund

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2013 Actual Amount	2014 Actual Amount	2015 Estimate Amount	Change Amount	2016 Estimate Amount
Mandatory Appropriations:	-	-	-	-	-
Total Adjusted Approp.....	-	-	-	-	-
Transfers In:					
Commodity Credit Corporation.....	-	\$16,000	\$30,000	-	\$30,000
Total.....	-	16,000	30,000	-	30,000
Transfers Out:					
Rescission.....	-	-	-	-	-
Sequestration.....	-	-	-2,190	+\$2,190	-
Bal. Available, SOY.....	-	-	-	-	-
Recoveries, Other (Net).....	-	-	-	-	-
Total Available.....	-	16,000	27,810	+2,190	30,000
Total Obligations.....	-	16,000	27,810	+2,190	30,000

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2013 Actual Amount	2014 Actual Amount	2015 Estimate Amount	Change Amount	2016 Estimate Amount
Mandatory Obligations:					
Pima Agriculture Cotton Trust Fund.....	-	\$16,000	\$27,810	+\$2,190	\$30,000
Subtotal.....	-	16,000	27,810	+2,190	30,000
Mandatory Obligations:					
Total Obligations.....	-	16,000	27,810	+2,190	30,000
Total Available.....	-	16,000	27,810	2,190	30,000
Transfers In.....	-	-16,000	-30,000	-	-30,000
Transfers Out.....	-	-	-	-	-
Sequestration.....	-	-	2,190	-2,190	-
Total Appropriation.....	-	-	-	-	-

Justification of Increases and Decreases

The Agriculture Wool Apparel Manufacturers Trust fund was established by the Agricultural Act of 2014 and extends from FY 2014 to FY 2018. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency.

FARM SERVICE AGENCY
Agriculture Wool Apparel Manufacturers Trust Fund

Classification by Objects
(Dollars in thousands)

	2013 Actual	2014 Actual	2015 Estimate	2016 Estimate
Other Objects:				
41.0 Grants, Subsidies and Contributions.....	\$0	\$16,000	\$27,810	\$30,000
99.9 Total, new obligations.....	0	16,000	27,810	30,000

FARM SERVICE AGENCY

Summary of Budget and Performance Statement of Department Goals and Objectives

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

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

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

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

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

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcomes
Agency Goal 1: Provide a financial safety net for America’s farmers and ranchers to sustain economically viable agriculture production	<u>Objective 1.1:</u> Provide Access to Capital <u>Objective 1.2:</u> Support Economic Viability <u>Objective 1.3:</u> Protect the Interests of Commodity Owners <u>Objective 1.4:</u> Develop Opportunities for Non-traditional Income Streams	<u>Direct and Guaranteed Farm Loans</u> All Programs except Conservation Direct and Guaranteed Loan Program <u>Income Support and Disaster Assistance</u> All Programs <u>Commodity Operations</u> All Programs	Successful Farms and Ranches Market Based Agriculture Thriving Rural Communities Affordable Food and Fiber Increased Food Security

Key Performance Measures:

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

A key performance measure for Information Technology (IT) modernization is the percentage of program delivery applications at FSA Service Centers that are Web-enabled and not reliant upon obsolete legacy technology. Web-enabled applications provide a timelier, more accurate and reliable delivery of benefits to producers. Improving the broad array of IT systems, including those for farm programs, farm loan programs, disaster assistance, and conservation programs, enhances services provided to producers and alleviates the risk of IT system failure due to outmoded technology. At the end of FY 2014, 95 percent of all Service Center Loan Making and Servicing front-end transactions will be Web-enabled.

Percentage Direct and Guaranteed lending to Socially Disadvantaged Farmers (SDA)							
	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Target	2016 Target
Percent	12.9	13.1	13.3	13.6	14.2	13.9	14

Percentage Direct and Guaranteed lending to Beginning Farmers							
	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Target	2016 Target
Percent	60.3	64.9	68.8	70	79.2	75.5	76.5

Percentage of Farm Service Agency program delivery applications at USDA Service Centers that are Web-enabled							
	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Target	2016 Target
Percent	57	68	72.7	78	80*	100**	100

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

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

Selected Past Accomplishments Toward Achievement of the Key Outcomes:

Farm Loan Programs

FSA farm loan programs provide access to credit for tens of thousands of farmers and ranchers each year who are temporarily unable to obtain financing from a commercial source at reasonable rates and terms. During FY 2014, FSA continued to experience strong demand for its direct and guaranteed loan programs. Overall, FSA obligated 37,145 loans in FY 2014, which were valued at greater than \$5.2 billion. The biggest increases in demand were in the farm ownership (FO) loan programs. Direct FO lending more than doubled to 5,522 loans valued at \$1 billion

while guaranteed FO lending jumped to nearly 4,600 loans valued at more than \$2 billion. The dollar amount of loan obligations for the FO programs in FY 2014 represents the highest level in Agency history. Lending to beginning farmers and ranchers in FY 2014 continued the long-term trend of providing increased assistance to this targeted group as total loan obligations increased 40 percent from FY 2013 to \$2.4 billion. Similar results were achieved with respect to lending to underserved groups, which includes women and minority farmers and ranchers, with overall loan obligations up 33 percent from FY 2013, to nearly \$760 million. The Microloan program posted a second very strong year, with program demand greatly exceeding expectations as nearly 5,000 Microloans were obligated. More than 80 percent of Microloans were provided to beginning and underserved farmers and ranchers.

FSA also accomplished its annual goals for loan processing timeliness, helping to ensure that credit is provided when the need arises. This is a noteworthy accomplishment given the significant increase in loan volume during FY 2014. Additionally, the overall financial strength of the FSA farm loan portfolio remained strong in FY 2014. Delinquency rates for the Direct and Guaranteed Loan Programs remain below historic averages. In the Direct Loan Program, the delinquency rate was 5.3 percent while the Guaranteed Loan Programs delinquency rate was at .98 percent.

Income Support and Disaster Assistance

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

The 2014 Farm Bill made significant program changes to the Noninsured Crop Disaster Assistance Program (NAP) which provides coverage for crop losses and prevented planting due to natural disasters and adverse weather events where Federal crop insurance is not available. Producers can now elect higher levels of coverage, and “buy up” between 50 and 65 percent, in five percent increments, at 100 percent of the average market price. In addition to the standard service fees, producers also pay a fixed premium equal to 5.25 percent of the liability. As of September 10, 2014, \$160 million in NAP payments were issued.

The Supplemental Revenue Assistance Payments (SURE) Program authorized under the 2008 Farm Bill 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. Although a 2012 SURE signup was held in FY 2014 for any 2012 crop that may have existed prior to October 1, 2011, and suffered a loss due to a natural disaster, very little participation occurred. In FY 2014, approximately \$34 million in SURE payments were issued covering any left over 2008 through 2011 crop losses and initial 2012 crop losses. The SURE Program was not reauthorized under the 2014 Farm Bill.

The 2014 Farm Bill makes the Tree Assistance Program (TAP) a permanent program and provides retroactive authority to cover eligible losses back to October 1, 2011. TAP provides assistance to eligible orchardists and nursery tree growers who suffer tree, bush, or vine losses/damage, due to natural disaster. In FY 2014, approximately \$5.3 million in TAP payments were issued.

The Livestock Forage Disaster Program (LFP) compensates eligible livestock producers for grazing losses due to drought and fire losses on land that is native or improved pasture land with permanent vegetative cover or range land managed by a federal agency. In FY 2014, under the 2008 Farm Bill (having limited authority) for losses occurring in 2008 through September 30, 2011, approximately \$2.8 million in LFP payments have been issued. Under the 2014 Farm Bill (which authorized LFP as a permanent program) for losses occurring October 1, 2011, through 2014 approximately \$3.3 billion in LFP payments have been issued.

The 2014 Farm Bill makes the Livestock Indemnity Program (LIP) a permanent program and provides retroactive authority to cover eligible losses back to October 1, 2011. LIP compensates eligible livestock producers for livestock losses in excess of normal mortality incurred as the result of adverse weather. In addition, LIP covers

attacks by animals reintroduced into the wild by the federal government or protected by federal law, including wolves and avian predators. In FY 2014, approximately \$62 million in LIP payments were issued.

The 2014 Farm Bill makes the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP) a permanent program and provides retroactive authority to provide assistance back to October 1, 2011. ELAP provides disaster assistance to eligible livestock, honeybees and farm-raised fish producers that suffered losses because of disease, adverse weather or other conditions. Since ELAP has limited funding, payments could not be issued until after all applications for each year were received. FY 2015 will be the first year payments will be issued since passage of the 2014 Farm Bill.

The Farm Storage Facility Loan (FSFL) Program provides financing for on-farm storage, covering over 899 million bushels of eligible FSFL commodities since FY 2000. More than 34,000 FSFLs were disbursed from FY 2000 through FY 2015 totaling nearly \$2 billion. As of December 15, 2014, a total of 1,745 FY 2014 FSFL applications were received totaling \$140 million. FSA has disbursed 1,159 FY 2014 FSFLs totaling \$82 million. To date, for FY 2015, 211 FSFL applications were received totaling \$15 million.

The Loan Deficiency Payment (LDP) Program, applicable when market prices are low, issues all LDP benefits electronically, when LDPs are in effect. As of December 15, 2014, for crop year 2014, there have been 15,493 LDPs disbursed to upland cotton producers totaling over \$46 million. The Marketing Assistance Loan (MAL) Program disburses nonrecourse commodity loans during a crop year. As of December 15, 2014, for crop year 2014, there have been 30,130 MALs disbursed totaling over \$3.7 billion. Loan activity to date has surpassed the total issued for the 2013 crop year with the loan availability period for most crop year 2014 commodities continuing until the end of May 2015.

The Milk Income Loss Contract (MILC) program was eliminated by the current Farm Bill. As of September 10, 2014, approximately \$212 million was disbursed for FY 2013 payments. As of September 1, 2014, the MILC program is no longer authorized and has been replaced by the Margin Protection Program (MPP) for dairy producers. This program compensates dairy producers when actual dairy margins (the revenue from milk sales over the cost of feed to produce it) fall below producer selected coverage levels during 2-month periods specified in the 2014 Farm Bill.

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

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

Commodity Operations

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

The more frequently warehouses are examined, the sooner potential compliance issues, pest infestation, or deterioration of quality for commodities in store are discovered. The 2014 performance estimate of 351 days between warehouse examinations falls within its target range (plus or minus 25 days). The FY 2014 target was 365 days and will remain at 365 days for FY 2015 and FY 2016. The increasing number of commodity warehouses and the increasing capacities of licensed warehouses within the USWA are the major factors in the increase in number of days between examinations from previous fiscal years. The addition of 19 International Food Aid warehouses licensed in FY 2013 is also a contributing factor.

Information Technology

FSA met its 2014 target to increase the percentage Web-enabled FSA program delivery applications at FSA Service Centers. Web-enabled applications allow users to access the information systems applications via standard Web browsers. Additional Conservation Program business processes for contract maintenance of older contracts were enabled on the Web. FSA also completed modernization of systems that support its Farm Storage Facility Loan program on the web in 2014, leveraging the business processes and the existing modernized Direct Loan System used by FSA's farm loan lending programs.

With the Farm Bill being signed into law in February, FSA implemented web-enabled capability for Livestock Assistance Programs including LIP (Livestock Indemnity Program), LFP (Livestock Forage Program) and TAP (Tree-Assistance Program) within 60 days of passage of the legislation, in addition to providing web-enabled capability for NAP Frost Freeze, Cotton Transition Assistance Program, and multiple releases for ARC/PLC base and yield updates.

The Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) Program completed testing and preparations for a December 2015 release of Business Partner capability. Business Partner will:

- Provide farmers and ranchers flexibility to have customer information updated at any County Office;
- Automate manual processes, such as notification to multi-county offices of changes to customer records;
- Enable farmers and ranchers with multiple customer records to choose which record acts as the payment entity by linking all records with the same social security number;
- Improve accuracy of customer records and reduce improper payments through automated validation of address and tax information; and
- Provide program eligibility information through a single consolidated view, eliminating the need to toggle between multiple systems.

Selected Accomplishments Expected at the FY 2016 Proposed Resource Level:

Farm Loan Programs

FSA anticipates continued strong demand for its farm loan programs in FY 2016 as a result of high production costs and increased operating capital needs. Given the projected level of loan funds available, FSA anticipates providing credit assistance to approximately 43,000 farmers and ranchers in FY 2016.

FSA loan programs will remain particularly important in meeting the credit needs of minority, women, and beginning farmers in FY 2016. FSA loan programs are also a valuable source of credit for our military veterans interested in establishing farming operations. The Microloan program enhances the Agency's ability to assist these groups, expanding the potential customer base for FSA operating loans by offering a streamlined application process and modified eligibility and security requirements.

In FY 2014, more than 50 percent of all borrowers receiving FSA credit assistance were beginning farmers and 24 percent were minorities and women. These results build on the significant strides made in providing agricultural credit to minority, women, and beginning farmers and ranchers in recent years. The number of direct and guaranteed borrowers in FSA's loan portfolio that are minorities and women has increased from 16,900 borrowers in 2008 to more than 19,600 at the end of 2014. Likewise, the number of beginning farmers in the portfolio has increased from roughly 27,000 to greater than 48,000 during that same time period. It is important to note that FSA continues to finance minority, women, and beginning farmers at a much higher rate than those groups proportion of the overall farm population.

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

Income Support & Disaster Assistance

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

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

The Farm Storage Facility Loan (FSFL) Program expects continued program interest in FY 2015 and 2016. Specifically, because producers are expected to experience a decline in FY 2015 commodity prices and they may decide to store their commodities until market prices improve later in the year. In addition, FSFL program provisions for cold storage facilities for fruits and vegetables will be expanded through a federal regulation change. The new provisions will continue to help fruit and vegetable producers preserve and extend the life of their harvested commodities from harvest until the commodity is sold. Producers who must store their grain and renewable biomass commodities before delivery to ethanol and bio-fuel plants may use FSFLs to construct much of the on-farm storage they need. Because of these factors, FSA expects a moderate increase in program participation in FY 2015.

FSA does not expect to make any MPP payments for FY 2015 milk production and did not make payments for FY 2014 milk production. The all-milk price is forecast to average \$18.45 - \$19.25 per hundred weight and feed costs to average about \$8.00 per hundred weight for calendar year 2015. The projected decline in feed costs (\$2.00 per cwt) from 2014 is not expected to be as large as the milk price decline (\$5.00 per cwt) so margins will be lower in 2015. Margins could be near the \$8.00 per cwt level in mid-year 2015.

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

Commodity Operations

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

Information Technology

FSA will address USDA priorities including completing retirement of the legacy AS400, completion of Farm Bill implementation, and continuation of acreage reporting streamlining improvements initiated in FY 2014. FSA initiated a program to strengthen IT strategic planning and roadmap development to ensure that collaboration between business and IT results in the best and most effective use of IT investments and resources. This process is carefully aligned with USDA policy, guidance and practices. FSA will use this process to continue incremental,

modular investments which allow us to be nimble in response to fluctuations in USDA priorities and shifts in market conditions affecting business needs.

The Direct Loan System (DLS) will continue modernization under the FLPIDS effort with specific milestones to eliminate the use of backend Program Loan Accounting System (PLAS) mainframe processes for FSA Loan Delivery and retire PLAS. This effort will be re-assessed in FY 2015 for impacts of the newly created National Finance Accounting Operations Center under Rural Development. When fully implemented, the FLPIDS effort will provide streamlined loan approval, real-time funds control, disbursements, collections, routine and special servicing, reporting and Business Intelligence capability through interfaces with Web-enabled delivery systems.

Following a period of Customer Care post Business Partner Go-Live in FY 2015, the MIDAS enabled processes on the SAP platform will enter the Sustainment (O&M) phase for small changes to fix defects and improve the employee and producer experience. The MIDAS project will have established a sustainable platform for future Agency modernization efforts.

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

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

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

Key Performance Measure:

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

CRP restored wetland acres							
	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual*	2015 Target*	2016 Target*
Acres (millions)	2.05	2.23	2.29	2.09	2.00	1.90	1.90

* Contract expirations in FY 2014 reduced enrollment in wetlands. Future expirations will result in further reductions.

Selected Past Accomplishments Toward Achievement of Key Outcomes:

Conservation

The CRP program includes several initiatives for wetland restoration and enhancement. CRP wetland initiatives now include a 600,000-acre Floodplain Wetland Restoration Initiative, a 250,000-acre Bottomland Hardwood Timber Initiative, a 350,000-acre Non-Floodplain and Playa Wetland Restoration Initiative, and a 300,000-acre Prairie Pothole Duck Nesting Habitat Initiative. In addition to accepting enrollment in these initiatives on a continuous basis, additional financial incentives are provided.

Wetland practice enrollment (including 0.22 million acres expiring) at the end of FY 2013 was 2.09 million acres. With new contracts on 0.13 million acres in FY 2014, FY 2014 ended with 2.00 million acres, down 0.9 million acres from FY 2013, but within the 0.05 million acre threshold range. This performance measure declined during

FY 2014 due to the pressures outside FSA's control, which include increased crop prices, increased demand for agricultural commodities, and program legal authority disruptions.

CRP helps increase carbon sequestered in enrolled soils and vegetation. In 2014, CRP resulted in the equivalent of a 43 million metric ton net reduction in atmospheric CO₂ from sequestration, reduced fuel use, and nitrous oxide emissions avoided from not applying fertilizer. Carbon sequestration helps offset the release of greenhouse gases (GHG) from other sources into the atmosphere. CRP sequesters more carbon on private lands than reported by any other federally administered program. The total reduction in GHG is equivalent to removing 8.5 million cars from the road for a year.

At the end of FY 2014, total CRP enrollment stands at 25.4 million acres. These acres help reduce nitrogen, phosphorus, and sediment pollution by more than 85 percent annually on lands enrolled and from buffers intercepting runoff adjacent land in crop production. Overall, CRP efforts contribute to increased wildlife populations, and have added more than two million ducks to the Prairie Pothole Region annually, protecting Sage Grouse populations in Eastern Washington and Lesser Prairie Chicken populations in the southern Great Plains, and increasing ring-necked pheasant and other grassland bird populations across the nation.

Selected Accomplishments Expected at the FY 2016 Proposed Resource Level:

Conservation

CRP enrollment has declined from its peak in 2008 due to spiking crop prices. These factors have reduced the availability for enrollment, and have encouraged landowners to bring land back into crop production. Market rental rates are not expected to decline significantly by FY 2016. Future enrollment will also be constrained by the provision in the 2014 Farm Bill that reduced the maximum CRP acreage authorized from 32 million acres in 2013 to 24 million acres by October 1, 2016.

FARM SERVICE AGENCY
Strategic Goal Funding Matrix
(Dollars in Thousands)

	<u>2013</u> <u>Actual</u>	<u>2014</u> <u>Actual</u>	<u>2015</u> <u>Estimate</u>	<u>Increase or</u> <u>Decrease</u>	<u>2016</u> <u>Estimate</u>
Department Strategic Goal 1:					
Assist Rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving					
<u>Farm Loans</u>					
Farm Loan Programs (except cons.)	\$90,449	\$90,014	\$78,727	-\$9,151	\$69,576
Individual Development Account Grants	-	-	-		2,500
Program Loan Cost Expenses	7,312	7,312	7,721	199	7,920
State Mediation Grants	3,025	3,782	2,553	-	2,553
S&E	<u>281,564</u>	<u>304,325</u>	<u>306,998</u>	<u>2,993</u>	<u>309,991</u>
Total	382,349	405,433	395,999	(5,959)	392,540
Staff Years	2,151	2,265	2,144	305	2,449
<u>Income Support and Disaster Assistance</u>					
DIP	1,648	500	500	-	500
Reforestation Pilot Program	554	600	600	(600)	-
Geo Disadvant. Farmers and Ranchers	1,842	1,996	1,996	(1,996)	-
S&E	<u>803,617</u>	<u>848,242</u>	<u>919,775</u>	<u>(46,548)</u>	<u>873,227</u>
Total	807,661	851,338	922,871	(49,144)	873,727
Staff Years	6,795	6,552	6,851	(1)	6,850
<u>Commodity Operations</u>					
S&E	10,290	9,963	8,030	67	8,097
Staff Years	82	73	54	-	54
Total Costs, Goal 1	1,200,300	1,266,734	1,326,900	(55,036)	1,274,364
Total Staff Years, Goal 1	9,028	8,890	9,049	304	9,353
Department Strategic Goal 2:					
Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources					
<u>Conservation</u>					
Conservation Loans	-	-	-	-	-
Grassroots Source Water Protection	5,159	10,526	5,526	(5,526)	-
Emergency Conservation Program	25,049	-	9,216	(9,216)	-
Emergency Forest Restoration Program	35,665	-	3,203	(3,203)	-
State Mediation Grants	1,008	946	851	-	851
S&E	<u>282,351</u>	<u>298,031</u>	<u>323,164</u>	<u>(16,355)</u>	<u>306,809</u>
Total Costs, Goal 2	349,232	309,503	341,960	(34,300)	307,660
Total Staff Years, Goal 2	2,388	2,302	2,407	-	2,407
Total Costs, All Strategic Goals	1,549,533	1,576,237	1,668,860	(89,336)	1,582,024
Total FTEs, All Strategic Goals	11,416	11,192	11,456	304	11,760

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

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

<u>PROGRAM</u>	<u>PROGRAM ITEMS</u>	<u>FY 2013 Amount</u> <u>(\$000)</u>	<u>FY 2014 Amount</u> <u>(\$000)</u>	<u>FY 2015 Amount</u> <u>(\$000)</u>	<u>FY 2016 Amount</u> <u>(\$000)</u>
Farm Loans					
	Direct Farm Ownership Loans	\$ 19,005	\$ 4,428	-	-
	Direct Farm Operating Loans	59,093	65,520	\$ 63,101	\$ 53,961
	Guaranteed Farm Ownership Loans	-	-	-	-
	Guaranteed Farm Operating Loans, unsub.	10,701	18,326	14,770	14,352
	Emergency Disaster Loans	1,876	2,381	2,335	1,991
	Indian Tribe Land Acquisition Loans	-	-	-	-
	Boll Weevil Eradication Loans	-	-	-	-
	Indian Fractionated Land Loans	-	68	-	-
	Program Loan Cost Expenses	7,312	7,721	7,920	7,920
	Individual Development Account Grants	-	-	-	2,500
	State Mediation Grants	3,025	3,782	2,553	2,553
	Administrative costs (direct)	213,704	200,005	207,206	221,486
	Indirect costs	67,860	104,320	99,792	88,505
	Total Costs	382,576	406,551	397,677	393,268
	<i>FTEs</i>	2,151	2,265	2,144	2,449
<u>Performance Measure:</u> Percentage Direct and Guaranteed lending to Socially Disadvantaged Farmers					
	Percent:	13.6%	13.4%	13.5%	13.5%
<u>Performance Measure:</u> Percentage Direct and Guaranteed lending to Beginning Farmers					
	Percent:	70.0%	70.5%	71.0%	71.0%
Income Support and Disaster Assistance					
	Price Support and Marketing Assistance Loans	5,922,462	3,788,000	7,662,000	7,962,000
	Loan Deficiency Payments	9,524	-	-	-
	Direct and Countercyclical Payments	4,844,453	66,000	-	-
	ACRE Payments	49,586	-	-	-
	Cotton Transition Assistance Payments	-	404,000	96,000	-
	Agriculture Risk Coverage	-	-	5,403,619	8,444,980
	Price Loss Coverage	-	-	1,305,754	2,574,315
	Milk Income Loss Contract Payments	275,175	-	-	-
	Tobacco Payments	951,718	925,000	-	-
	Other Direct Payments	49,430	-	-	-
	NAP Payments	334,776	178,000	165,000	165,000
	Livestock Indemnity Program	-	71,000	58,400	57,600
	Supplemental Revenue Assistance Payments	1,772,173	-	-	-
	Livestock Forage Disaster Program	-	6,740,000	1,521,000	492,000
	Emergency Assistance for Lvstck, Honey Bees, and Farm-Raised Fish	-	40,000	38,000	19,000
	Emergency Conservation Program	41,507	28,000	50,000	60,000
	Emergency Forest Restoration Program	50,554	9,000	30,000	28,000
	Tree Assistance Program (CCC)	-	10,000	8,000	8,000
	Biomass Crop Assistance	15,285	12,000	25,000	25,000
	Bio-based Fuel Production	-	-	56,000	60,000
	Reimbursable Agreements with State and Federal Agencies	-	46,000	45,000	49,000
	Section 4 Contracts	-	24,000	10,000	11,000
	Dairy Indemnity Program	1,648	500	500	500
	Emergency Forestry Conservation Program	4,563	11,000	5,895	5,548
	USDA Supplemental Assistance, appropriated (RTCP)	1,996	1,996	1,996	-
	Reforestation Pilot Program	-	600	600	-
	Administrative costs (direct)	556,896	571,763	597,854	596,671
	Indirect costs	246,721	276,479	321,921	276,556
	Total Costs	15,128,467	13,203,338	17,402,539	20,835,170
	<i>FTEs</i>	6,795	6,552	6,851	6,850
<u>Performance Measure:</u> Percentage of Farm Service Agency program delivery applications at USDA Service Centers that are web enabled					
	Percent:	78.0%	*80.0%	**100.0%	**100.0%

<u>PROGRAM</u>	<u>PROGRAM ITEMS</u>	<u>FY 2013 Amount (\$000)</u>	<u>FY 2014 Amount (\$000)</u>	<u>FY 2015 Amount (\$000)</u>	<u>FY 2016 Amount (\$000)</u>
Commodity Operations					
	Upland Cotton Economic Adjustment Assistance	49,430	48,000	51,000	55,000
	Commodity Purchases and Sales	834,801	164,000	469,000	469,000
	Storage, Handling, Transportation, Processing, and Packaging	4,417	-	-	16,050
	CCC Interest Expenditures	5,363	8,000	6,000	69,000
	Dairy Margin Protection Program	-	-	-	104,000
	Administrative costs (direct)	8,959	8,847	7,304	7,373
	Indirect costs	1,330	1,116	726	724
	Total Costs	904,300	229,963	534,030	721,147
	<i>FTEs</i>	82	73	54	54
Total Costs for Department Strategic Goal 1 (program, direct, indirect)					
		16,415,343	13,839,852	18,334,246	21,949,585
	<i>FTEs</i>	9,028	8,890	9,049	9,353

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

<u>PROGRAM</u>	<u>PROGRAM ITEMS</u>	<u>FY 2013 Amount (\$000)</u>	<u>FY 2014 Amount (\$000)</u>	<u>FY 2015 Amount (\$000)</u>	<u>FY 2016 Amount (\$000)</u>
Conservation					
	Conservation Reserve Program	1,875,909	1,841,000	1,808,000	1,834,000
	Grassroots Source Water Protection Program	5,159	10,526	5,526	-
	State Mediation Grants	1,008	946	851	851
	Other Conservation Payments	75	11,000	5,895	5,548
	Administrative costs (direct)	175,862	180,557	188,796	190,590
	Indirect costs	106,489	117,474	134,368	116,219
	Total Costs	2,164,502	2,161,503	2,143,436	2,147,208
	<i>FTEs</i>	2,388	2,302	2,407	2,407

Performance Measure: Increase CRP restored wetlands

of acres in millions: 2.09 *2.05 *1.90 *1.90

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

Total Costs for Department Strategic Goal 2 (program, direct, indirect)					
		2,164,502	2,161,503	2,143,436	2,147,208
	<i>FTEs</i>	2,388	2,302	2,407	2,407

Total Costs for All Strategic Goals (program, direct, indirect)					
		18,579,845	16,001,355	20,477,682	24,096,793
	<i>FTEs</i>	11,416	11,192	11,456	11,760

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

Objective 1.2: Increase Agricultural Opportunities by Ensuring a Robust Safety Net, Creating New Markets, and Supporting a Competitive Agricultural System

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

Analysis of Results

FSA accomplished its goal of increasing the amount of credit assistance provided to minority and women farmers and ranchers in FY 2014, as FSA obligated nearly 8,600 direct and guaranteed farm operating and ownership loans to minorities and women, an increase of 21 percent from FY 2013 results. These loans, valued at just under \$760 million, helped thousands of farmers and ranchers to begin or continue operations or to purchase a farm or ranch. The biggest percentage changes in lending to minorities and women from FY 2013 to FY 2014 occurred in the FO loan programs. Guaranteed FOs increased by 77 percent, to nearly 550 loans valued at more than \$245 million, while Direct FOs increased by 35 percent, to 1,025 loans valued at more than \$175 million. The Microloan program was also an important source of credit for minorities and women during FY 2014, as FSA obligated nearly 1,750 Microloans to these groups. Microloans offer a simplified and streamlined application process for producers obtaining loans under \$35,000 (\$50,000 beginning in FY 2015) and are designed specifically to better meet the unique credit needs of beginning, minority, and women farmers and of the smallest family farms.

FY 2014 results build on the significant strides made in providing agricultural credit to minority and women in recent years. The percentage of underserved farmers and ranchers nationwide (per the Census of Agriculture) that have credit through the FSA direct and guaranteed loan programs increased to 14.2 percent. As of September 30, 2014, FSA has nearly 20,000 minority and women farmers and ranchers in its loan portfolio, a significant increase from the 16,900 at the end of FY 2008.

Exhibit X: Performance Goal 1.3.1 Results

Annual Performance Goals, Indicators, and Trends	2009	2010	2011	2012	2013	Fiscal Year 2014		
						Target	Actual	Result
1.3.1 Percentage Direct and Guaranteed lending to Socially Disadvantaged Farmers (SDA)	12.7	12.9	13.1	13.3	13.6	13.4	14.2	Exceeds
Allowable Data Range for Met: +/- .5								
Data Assessment of Performance Measure 1.3.1								
Allowable Data Range for Met - +/- .5								
Completeness of Data - There are no known data limitations.								
Reliability of Data – FSA considers the data reliable.								
Quality of Data – Overall the quality of data is good.								

Challenges for the Future

FSA’s ability to increase its assistance to women and minority farmers and ranchers is largely dependent on the number of minority and women applicants and the quality of their applications. Specific strategies include:

- Improve the effectiveness of outreach and marketing to minorities and women through better coordination and integration of efforts with other Federal, State and local agencies, tribal governments, community based organizations, and non-governmental organizations that serve these targeted populations of

- agricultural producers;
- Enhance existing partnerships with land-grant universities and other educational organizations to identify and assist minorities and women,
- Work in partnership with other USDA and federal partners to remove program barriers to participation;
- Continue efforts to improve program delivery and transparency through automation enhancements, and process streamlining.

1.3.2 Percentage Direct and Guaranteed lending to Beginning Farmers

Analysis of Results

FSA loan programs are an important source of credit for beginning farmers and ranchers and directly support the accomplishment of the Department’s efforts to assist beginning farmers and ranchers.

FSA exceeded its targeted level of performance for lending to beginning farmers. At the end of FY 2014, more than 79 percent of beginning farmers and ranchers (per the Census of Agriculture) had agricultural credit through FSA’s direct and guaranteed loan programs. Total loan obligations to beginning farmers and ranchers increased to nearly \$2.4 billion, a 40 percent jump from FY 2013. The number of loans obligated increased 29 percent from FY 2013 levels to more than 20,100. As with lending to minorities and women, the FO programs experienced the greatest increases, with Direct FO loan obligations increasing by more than 110 percent to more than \$720 million and the number of loans obligated increasing from 1,895 to 4,010 loans. Guaranteed FO loan volume saw a 44 percent increase to 1,660 loans valued at more than \$602 million. Microloans are also an important source of credit for beginning farmers, as more than 70 percent of the Microloans issued in FY 2014 were to beginning farmers and about 55 percent of the loans were to new customers. As of September 30, 2014, FSA has more than 48,000 beginning farmers in its loan portfolio. For comparison, that number stood at 27,000 at the end of FY 2008.

Exhibit X: Performance Goal 1.3.2 Results

Annual Performance Goals, Indicators, and Trends	2009	2010	2011	2012	2013	Fiscal Year 2014		
						Target	Actual	Result
1.3.2 Percentage Direct and Guaranteed lending to Beginning Farmers	49.5	60.3	64.9	68.8	70	70.5	79.2	Exceeds
Allowable Data Range for Met: +/- .5								
Data Assessment of Performance Measure 1.3.2								
Allowable Data Range for Met - +/- .5								
Completeness of Data - There are no known data limitations.								
Reliability of Data – FSA considers the data reliable.								
Quality of Data – Overall the quality of data is good.								

Challenges for the Future

FSA’s ability to increase assistance to beginning farmers and ranchers is largely dependent on the number of applicants and the quality of their applications. Strategies to increase lending to beginning farmers and ranchers include:

- Improve the effectiveness of outreach and marketing to new and beginning farmers, through better coordination and integration of efforts with other Federal, State and local agencies, tribal governments, community based organizations, and non-governmental organizations that serve these targeted populations of agricultural producers;
- Enhance existing partnerships with land-grant universities and other educational organizations to identify and assist new and beginning farmers,

- Work in partnership with other USDA and federal partners to remove program barriers to participation;
- Continue efforts to improve program delivery and transparency through automation enhancements, and process streamlining.

USDA Strategic Goal 2: Ensure Our National Forests and Private Working Lands Are Conserved, Restored, and Made More Resilient to Climate Change, While Enhancing Our Water Resources

Objective 2.1: Improve the Health of the Nation’s Forests, Grasslands and Working Lands by Managing our Natural Resources.

2.1.1 Conservation Reserve Program: Restored wetland acreage

Analysis of Results

The CRP program includes several initiatives for wetland restoration and enhancement. CRP wetland initiatives include a 600,000-acre Floodplain Wetland Restoration Initiative, a 250,000-acre Bottomland Hardwood Timber Initiative, a 350,000-acre Non-Floodplain and Playa Wetland Restoration Initiative, and a 300,000-acre Prairie Pothole Duck Nesting Habitat Initiative. In addition to accepting enrollment in these initiatives on a continuous basis, additional financial incentives are provided.

Wetland practice enrollment (including 0.22 million acres expiring) at the end of FY 2013 was 2.09 million acres. With new contracts on 0.13 million acres in FY 2014, FY 2014 ended with 2.00 million acres, down 0.9 million acres from FY 2013, but within the 0.05 million acre threshold range. This performance measure declined during FY 2014 due to the pressures outside FSA’s control, which include increased crop prices, increased demand for agricultural commodities, and program legal authority disruptions.

CRP helps increase carbon sequestered in enrolled soils and vegetation. In 2014, CRP resulted in the equivalent of a 43 million metric ton net reduction in atmospheric CO₂ from sequestration, reduced fuel use, and nitrous oxide emissions avoided from not applying fertilizer. Carbon sequestration helps offset the release of greenhouse gases (GHG) from other sources into the atmosphere. CRP sequesters more carbon on private lands than reported by any other federally administered program. The total reduction in GHG is equivalent to removing 8.5 million cars from the road for a year.

At the end of fiscal year 2014, total CRP enrollment stands at 25.4 million acres. These acres help reduce nitrogen, phosphorus, and sediment pollution by more than 85 percent annually on lands enrolled and from buffers intercepting runoff adjacent land in crop production. Overall, CRP efforts contribute to increased wildlife populations, and have added more than two million ducks to the Prairie Pothole Region annually, protecting Sage Grouse populations in Eastern Washington and Lesser Prairie Chicken populations in the southern Great Plains, and increasing ring-necked pheasant and other grassland bird populations across the nation.

Exhibit X: Performance Goal 2.1.1 Results

Annual Performance Goals, Indicators, and Trends								
2.1.1 CRP restored wetland acreage (millions of acres)	2.04	2.05	2.23	2.29	2.09	2.05	2.00	Met
Allowable Data Range for Met: The allowable data range is +/-0.05 million acres								

Acres reported include associated upland buffers.
Reliability of Data — USDA considers the data to be reliable.
Quality of Data — Overall, the quality of the data is acceptable. There are no known data limitations. Acres reported include associated upland buffers.

Challenges for the Future

CRP enrollment has declined from its peak in 2008 due to disruptions in the CRP authorization and spiking crop prices. These factors have reduced the availability for enrollment, and have encouraged landowners to bring land back into crop production. Market rental rates are not expected to decline significantly by FY 2016. Future enrollment will also be constrained by the provision in the 2014 Farm Bill that reduced the maximum CRP acreage authorized from 32 million acres in 2013 to 24 million acres by October 1, 2016.

Exhibit X: Program Evaluations

Fiscal Year 2014 Program Evaluations		
Strategic Objective And Program	Title	Findings and Recommendations/Actions
<p>Objective 1.2: Increase Agricultural Opportunities by Ensuring a Robust Safety Net, Creating New Markets, and Supporting a Competitive Agricultural System</p> <p>Objective 2.1: Improve the Health of the Nation's Forests, Grasslands and Working Lands by Managing our Natural Resources</p> <p>All FSA Programs</p>	<p>Integrated Compliance Strategy</p>	<p>Finding: An Overall Integrated Compliance Strategy Could Help FSA Better Use Its Limited Resources</p> <p>Recommendation: Develop and implement an integrated compliance strategy to ensure that FSA's compliance activities are efficient and effective in reducing the potential for fraud, waste, and abuse.</p> <p>Agency Response: FSA proposes to create a subgroup to FSA's Executive Leadership Council (ELC) that will meet semi-annually to evaluate FSA compliance activities to ensure such activities are accomplishing the agency's overall mission. The subgroup will represent all FSA program areas and members will be appointed by applicable ELC members. The evaluation will include, but not limited to, the [review of] risk assessments done by program managers, input from State Executive Directors on issues being faced in the field, Office of Inspector General audit and investigation reports, U.S. Government Accountability Office reports, and various internal compliance reports.</p> <p>Recommendation: Ensure that each of FSA's compliance activities has a clearly defined goal that contributes to FSA's overall compliance strategy and that each activity is effectively designed to achieve that purpose.</p> <p>Agency Response: While FSA maintains the agency's current compliance activities are adequately defined in a manner that reflects the mission and goals of the agency, FSA management agrees it does not currently assess and monitor all compliance activities at the agency level. The subgroup [to the ELC] will report to ELC any deficiencies identified in the compliance activities and make recommendations to correct any weaknesses found and what potential AUDIT REPORT 03601-0001-22 9 risks may need additional compliance scrutiny. The ELC will be ultimately responsible for providing applicable program managers the guidance and direction for implementing FSA's compliance activities.</p> <p>(USDA Office of the Inspector General – July 2014)</p>

Strategic Objective And Program	Title	Findings and Recommendations/Actions
<p>Objective 1.2: Increase Agricultural Opportunities by Ensuring a Robust Safety Net, Creating New Markets, and Supporting a Competitive Agricultural System</p> <p>Objective 2.1: Improve the Health of the Nation's Forests, Grasslands and Working Lands by Managing our Natural Resources</p> <p>All FSA Programs</p>	<p>Compliance Activities</p>	<p>Finding: Changes to National Compliance Reviews (NCR) are Needed to Help Address Systemic Problems</p> <p>Recommendation: Revise the NCR process to ensure that it focuses on producer compliance and identifies the cause of errors or noncompliance.</p> <p>Agency Response: FSA agrees with the recommendation. FSA will revise the NCR process to focus on producer compliance and capture additional information to aid in identifying the causes of errors or noncompliance.</p> <p>Recommendation: Ensure that county offices are completing and accurately documenting all NCR results.</p> <p>Agency Response: FSA agrees with the recommendation. FSA handbook 2-CP will be revised to require, in coordination with the Deputy Administrator for Field Operations, State offices ensure NCR reviews are completed by established deadlines. In addition, the NCR reporting process will be modified to identify those cases where a selected producer is not farming or participating in a program during the year under review.</p> <p>Recommendation: Revise the reporting process to ensure that FSA is capturing useful information from NCRs so that FSA can identify potential systemic issues and develop appropriate corrective actions.</p> <p>Agency Response: FSA agrees with the recommendation. FSA will capture more useful information to identify potential systemic issues and develop appropriate corrective actions.</p> <p>Finding: Changes to County Operations Reviews (COR) Could Help FSA Improve Review Effectiveness</p> <p>Recommendation: Develop more specific, detailed county operations review procedures to ensure that reviews are adequately and consistently performed and documented.</p> <p>Agency Response: FSA maintains that newly implemented procedures for National office-directed reviews provide more specific procedures that will ensure reviews are adequately and consistently performed. National CORP Training is being provided. This training will provide COR's with the basic review skill required to conduct and document reviews in uniform manner.</p> <p>Recommendation: Analyze, summarize, and report COR results on a nationwide basis.</p> <p>Agency Response: FSA has in the past and will continue in the future to analyze, summarize, and report CORP review results. In the future only the results of National office-directed reviews and IPIA reviews will be reported on a nationwide basis.</p> <p>(USDA Office of the Inspector General – July 2014)</p>

Strategic Objective And Program	Title	Findings and Recommendations/Actions
<p>Objective 1.2: Increase Agricultural Opportunities by Ensuring a Robust Safety Net, Creating New Markets, and Supporting a Competitive Agricultural System</p> <p>FSA Farm Loan Program</p>	<p>Compliance Activities (cont.)</p>	<p>Finding: Changes to the Process for Monitoring Completion of Farm Loan Reviews Could Help FSA Better Oversee Compliance with Farm Loan Requirements</p> <p>Recommendation: Develop a process that identifies in any given year all chattel reviews and year-end analyses that are required (according to criteria outlined in 1-FLP and 4-FLP) to be completed and all that are actually completed to ensure counties are complying with FSA requirements. If a review is determined to not be required, document in the tracking system why the review is not required. If a review is required, but not completed (including required reviews that are not completed due to a cost savings notice), document in the tracking system why the review was not completed, so that FSA can ensure that all loans are periodically reviewed or that the lack of review was justified.</p> <p>Agency Response: The Farm Loan Programs Risk Assessment data inputs will be reviewed to determine a more accurate way to measure if an office is completing all scheduled, required reviews and inspections.</p> <p>(USDA Office of the Inspector General – July 2014)</p>

Strategic Objective And Program	Title	Findings and Recommendations/Actions
<p>Objective 1.2: Increase Agricultural Opportunities by Ensuring a Robust Safety Net, Creating New Markets, and Supporting a Competitive Agricultural System</p> <p>Objective 2.1: Improve the Health of the Nation's Forests, Grasslands and Working Lands by Managing our Natural Resources</p> <p>All FSA Programs</p>	<p>Improper Payments</p>	<p>Finding: Producer Eligibility Was Not Always Verified During Improper Payment Information Act (IPIA) Reviews</p> <p>Recommendation: Include specific steps in its IPIA review process to ensure that producer eligibility, including eligibility determinations made by the county office committee or county executive director, is independently verified during the IPIA review process.</p> <p>Agency Response: FSA maintains the current IPIA review process has the adequate level of specific steps to ensure that producer eligibility is independently verified. FSA also recognizes that not all COR's may have been properly trained in the basic requirements of how eligibility determinations are to be verified and additional training and guidance may be needed.</p> <p>(USDA Office of the Inspector General – July 2014)</p>