

2014 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 Food, Conservation, and Energy Act of 2008, P. L. 110-246 (the 2008 Farm Bill), and a variety of other laws. Descriptions of the programs administered by FSA and funded by CCC appear in the CCC Purpose Statement of these Explanatory Notes. The following is a summary of FSA's programs and activities.

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

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

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

The programs funded by this account are:

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

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

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

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

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

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

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

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

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

Emergency loans are made to established, eligible, family-size farms and ranches (including equine farms and ranches) and aquaculture operators who have suffered at least a 30 percent loss in crop production or a physical loss to livestock, livestock products, real estate, or chattel property. Partnerships and private domestic corporations and cooperatives may also qualify, provided they are primarily engaged in agricultural or aquaculture production. Loans may be made only for actual losses arising from natural disasters. A farmer who cannot receive credit elsewhere is eligible for an actual loss loan of up to \$500,000 or the calculated actual loss, whichever is less, for each disaster, at an interest rate of 1 percent above the direct operating loan interest rate.

Actual loss loans may be made to repair, restore, or replace damaged or destroyed farm property, livestock and livestock products, and supplies and to compensate for disaster-related loss of income based on reduced production of crops and/or livestock products. Eligible farmers may use actual loss loan funds to pay costs incident to reorganizing a farming system to make it a sound operation that is

approximately equivalent in earning capacity to the operation conducted prior to the disaster. Under certain conditions, loan funds may be used to buy essential home equipment and furnishings and for limited refinancing of debts.

All emergency loans must be fully collateralized. The specific type of collateral may vary depending on the loan purpose, repayment ability, and the individual circumstances of the applicant. If applicants cannot provide adequate collateral, their repayment may be considered as collateral to secure the loan. Repayment terms for actual loss loans also vary according to the purposes of the loan, type of collateral available to secure the loan, and the projected repayment ability of the borrower. Loans for actual production or physical losses to crops, livestock, supplies, and equipment may be scheduled for repayment for up to 7 years. Under some conditions a longer repayment period may be authorized for production loss loans, but not to exceed 20 years. Generally, real estate will be needed as security when a loan term of more than 7 years is authorized. Loss loans for actual losses to real estate will generally be scheduled for repayment within 30 years but under some conditions may be scheduled for up to 40 years. Applications for emergency loans must be received within 8 months of the county's 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.
- **Credit Sales of Acquired Property.** Loans are authorized for the sale of security properties previously acquired by FSA during the servicing of its loan portfolio. Loans for sales of acquired property have been financed under the direct farm ownership loan program since separate funding for credit sales has not been appropriated.
- **Conservation Loans.** These loans are available as direct or guaranteed loans to eligible borrowers to cover the cost of implementing qualified conservation projects. Loans for conservation projects must be part of a USDA-approved conservation plan. Eligible conservation plans may include projects for construction or establishment of conservation structures, forest and permanent cover, water conservation and waste management systems, improved permanent pasture, or other projects that comply with Section 1212 of the Food Security Act of 1985, and other purposes approved by the Secretary. Eligible borrowers include farmers, ranchers, and other entities controlled by farmers and ranchers and primarily and directly engaged in agricultural production. The program gives priority to qualified beginning farmers, ranchers, socially disadvantaged farmers or ranchers, owners or tenants who use the loans to convert to sustainable or organic agricultural production systems, and producers who use the loans to build conservation structures or establish conservation practices. Direct conservation loans have a maximum indebtedness of \$300,000, and guaranteed loans have a maximum indebtedness of \$1,302,000. The repayment term for direct conservation loans is a maximum of 7 years for loans secured by chattel and 20 years for real estate, unless the applicant requests a lesser term. The interest rate for direct conservation loans is equivalent to the direct farm ownership rate and the guaranteed conservation loans interest rate is determined by the lender. Loan guarantees are 75 percent of the principal amount of the loan, and loans are to be disbursed geographically to the maximum extent possible.

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

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

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.

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

Farm Programs: FSA provides loans, purchases, and payments in order to support farm income and provide disaster assistance. These actions are authorized under the Commodity Credit Corporation Charter Act, as amended, the Agricultural Act of 1949, the Food, Conservation, and Energy Act of 2008, P. L. 110-246 (2008 Farm Bill), appropriation acts, and a variety of other laws. The American Taxpayer Relief Act of 2012 (ATRA) extended the authorization of the 2008 Farm Bill for certain farm programs.

Several important programs include:

- **Direct, Counter-Cyclical and ACRE Payments:** About \$5 billion annually in fixed direct payments are made to producers for eligible commodities for base acres are established. Counter-cyclical payments are made to producers when it is determined that the effective commodity price is less than the target commodity price. The 2008 Farm Bill added the ACRE program for the 2009-2012 crop years. Producers who elect to enroll a farm in ACRE are eligible for ACRE payments in lieu of counter-cyclical payments on the farm and in exchange for a 20 percent reduction in direct payments on the farm and a 30 percent reduction in the marketing assistance loan rates for all commodities produced on the farm. ATRA extended the direct, center-cyclical, and ACRE programs for 2013.

- **Marketing Assistance Loans (MAL) and Loan Deficiency Payments (LDP).** The 2008 Farm Bill authorizes non-recourse MAL's and LDP's, and the ATRA extended the MAL and LDP provisions from the 2008 Farm Bill to the 2013 crop year for all previously eligible commodities except mohair. The Continuing Appropriations Resolution of 2013 excluded MAL's and LDP's for mohair for the 2013 crop year. MAL's have a term of 9 months beginning on the first day of the first month after the month in which the loan is made, and they cannot be extended. The producer must comply with applicable conservation requirements under subtitle B of title XII of the Food Security Act of 1985 and applicable wetland protection requirements under subtitle C of title XII of the Act during the term of the loan.

Producers of eligible commodities can repay a MAL at a rate that is the lesser of the loan rate established for the commodity plus interest; or a rate that the Secretary determines. Special rules apply to upland cotton, rice, and extra long staple cotton. Producers also have the option for most commodities to take a LDP in lieu of an MAL when repayment rates are below the loan rate.

- **Milk Income Loss Contract.** The Milk Income Loss Contract Program (MILC) issues monthly payments to producers when milk prices and/or feed costs fall below specified levels. ATRA extends the MILC program through September 30, 2013.
- **Dairy Indemnity Payment Program (DIPP):** DIPP indemnifies dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer income losses with respect to milk or milk products that are removed from the commercial market because such milk or milk products contained certain harmful pesticide residues, chemicals, or toxic substances, or were contaminated by nuclear radiation or fallout.
- **Reimbursement Transportation Cost (RTCP) Program:** RTCP assists geographically disadvantage farmers and ranchers in Hawaii, Alaska, and insular areas who paid to transport either an agricultural commodity or an input used to produce an agricultural commodity.
- **Tobacco Transition Payment Program (TTPP):** TTPP, as required by Title VI of the American Jobs Creation Act of 2004, ends tobacco marketing quota and price support loan programs. TTPP provides payments over a ten-year period from 2005 through 2014 to quota holders and producers of quota tobacco to help transition from the federally-regulation program to the free market. The final rule was published in the Federal Register found at 7 CFR Part 1463 on April 4, 2005.
- **Conservation Reserve Program (CRP).** CRP, is USDA's largest conservation/environmental program. 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 long-term resource-conserving vegetative covers. CRP participants enroll acreage for periods of 10 to 15 years in exchange for annual rental payments, cost-share payments, and technical assistance for installing and maintaining approved conservation practices.
- **Noninsured Assistance Program:** USDA's Farm Service Agency's (FSA) Noninsured Crop Disaster Assistance Program (NAP) provides financial assistance to producers of noninsurable crops when low yields, loss of inventory or prevented planting occur due to a natural disaster. An eligible producer is a landowner, tenant or sharecropper who shares in the risk of producing an eligible crop and is entitled to an ownership share of that crop. As authorized by the Food, Conservation, and Energy Act of 2008 (2008 Act), an individual's or entity's average nonfarm adjusted gross income (AGI) limitation cannot exceed \$500,000 to be eligible for NAP.

- **Agricultural Disaster Relief Trust Fund.** The 2008 Farm Bill provides for supplemental agricultural disaster assistance, for qualifying losses occurring on or before September 30, 2011. Loss payments are funded through the Agricultural Disaster Relief Trust Fund. The Trust Fund is composed of amounts equivalent to 3.08 percent of the amounts received in the general fund of the U.S. Treasury during FY 2008-2011 attributable to the duties collected on articles entered, or withdrawn from warehouse, for consumption under the Harmonized Tariff Schedule of the U.S. The Trust Fund has authority to borrow and has repayable advances that are such sums as may be necessary to make up the Trust Fund's budget authority. The Trust Fund may be used to make payments to farmers and ranchers under five programs:

Supplemental Revenue Assistance Payments (SURE) Program provides assistance to eligible producers who are in counties that receive a natural disaster declaration by the Secretary and who have incurred crop production and/or quality losses during the crop year.

Livestock Forage Disaster Program (LFP) compensates producers for grazing losses resulting from drought-related conditions as well as grazing losses due to fire on public managed lands.

Livestock Indemnity Program (LIP) compensates producers for livestock losses that were the result of a natural disaster.

Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP) provides emergency relief to producers of livestock, honeybees, and farm raised fish to aid in the reduction of losses due to disease, adverse weather or other conditions determined by the Secretary that are not covered by LIP, LFP, or SURE.

Tree Assistance Program (TAP) assists eligible orchardists or nursery tree growers who suffered tree losses or damage as a result of a natural disaster. The program shares the cost of tree replanting, clean-up and debris removal, and rehabilitation.

- **Biomass Crop Assistance Program (BCAP).** BCAP was established by Section 9001 of the 2008 Act (Farm Bill). Funded by the CCC, BCAP provides rental and cost-share payments to encourage production of biomass crops. Payments were also provided to offset collection, harvest, storage, and transportation costs of eligible material for use in a biomass conversion facility. BCAP was extended for FY 2013 under ATRA, however new obligations are subject to appropriations.
- **Emergency Conservation Program (ECP):** ECP is authorized by Title IV of the Agricultural Credit Act of 1978 (P.L. 95-334), as amended. ECP provides emergency cost-share assistance to farmers and ranchers to help rehabilitate farmland and 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. ECP program participants receive cost-share assistance of up to 75 percent of the cost to implement approved emergency conservation practices, as determined by county FSA committees.

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, 2012, was 4,322. FSA non-Federal permanent employment in USDA Service Centers was 7,716. The total number of Federal and non-Federal permanent full time positions in the Washington, DC headquarters office was 1,142 and the total number in the field offices was 10,896.

OIG Reports – Completed

03024-0001-11	07/12/12	Fiscal Year 2010 FSA Farm Assistance Program Payments
03024-0001-22	01/09/12	Review of FSA’s Error Rate Determination for Payments Made to Estates of Deceased Individuals
03099-0198-KC	08/15/12	Inspection of Temporary Domestic Storage Sites for Foreign Food Assistance
03401-0001-11	05/30/12	Fiscal Year 2011 FSA Farm Assistance Program Payments
03601-0001-32	08/31/12	Farm Storage Facility Loan Program
03601-0011-AT	11/14/12	Minority Participation in FSA’s Farm Loan Programs
03601-0050-TE	07/02/12	Farm Bill Payment Limitations – Changes in Farming Operations
03601-0051-TE	11/14/12	CRP – Soil Rental Rates
03702-0001-TE	10/20/11	Review of Emergency Disaster Assistance for the 2008 Natural Disasters: Emergency Conservation Program
03703-0002-CH	04/07/12	Controls Over Aquaculture Grant Recovery Act Funds
06401-0001-11	11/10/11	CCC Financial Statement for Audit Fiscal Year 2011 and 2010
06401-0002-11	11/09/12	CCC Financial Statement for Audit Fiscal Year 2012 and 2011
50099-0013-KC	08/28/12	Homeland Security Issues for USDA Commodity Inventories
50601-0016-KC	03/07/12	Emergency Disaster Assistance for 2008 Floods: Emergency Conservation Program
50703-0001-31	03/12/12	Supplemental Revenue Assistance Payments Program, ARRA Act of 2009

OIG Reports – In Progress

03401-0002-11		FSA Financial Statements for Fiscal Years 2012 and 2011
03601-0001-22		Farm Service Agency Compliance Activities
03601-0017-CH		Controls Over Guaranteed Farm Loan Interest Rates and Interest Assistance
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
06401-0020-FM		CCC Financial Statements for Fiscal Years 2005 and 2004
06401-0024-FM		CCC Financial Statements for Fiscal Years 2009 and 2008
06401-0025-FM		CCC Financial Statements for Fiscal Years 2010 and 2009
50601-0014-AT		Effectiveness and Enforcement of Suspension and Debarment Regulations (<i>OCFO is lead; however, FSA has outstanding recommendations</i>)
50601-0015-KC		NASS Establishments of Average Yields (<i>NASS is lead, however, FSA has an outstanding recommendation</i>)

GAO Reports – Completed

GAO-11-0586	12/05/11	USDA Systems Modernization: Management and Oversight Improvements Are Needed
GAO-12-0640	09/17/12	Farm Programs: Direct Payments Should Be Reconsidered

GAO Reports – In Progress

361397		USDA Payments to the Deceased
361399		Actively Engaged in Farming Standards for Active Personal Standards
361418		USDA Implementation of Adjusted Gross Income Limitations for Farm Programs

FARM SERVICE AGENCY

Available Funds and Staff Years

(Dollars in thousands)

Item	2011 Actual		2012 Actual		2013 Estimate		2014 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
<i>Detailed information for each account can be found in the Project Statements.</i>								
Salaries and Expenses:								
Discretionary Appropriations	\$1,210,711	11,005	\$1,198,966	9,321	\$1,206,304	9,721	\$1,176,460	9,721
ACIF Program Account:								
FSA S&E Transfer.....	305,588	2,591	289,728	2,325	291,501	2,411	306,998	2,411
Subsidy.....	147,980	-	\$108,213	-	108,876	-	91,552	-
Admin Expenses Non-Recoverable Loan Costs.....	7,920	-	\$7,904	-	7,953	-	7,920	-
Admin Expenses Non-Recoverable Loan Costs Supplemental...	-	-	-	-	-	-	-	-
State Mediation Grants.....	4,185	-	\$3,759	-	3,782	-	3,782	-
Grassroots Source Water Protection Program.....	4,250	-	\$3,817	-	3,840	-	-	-
Subtotal Appropriations	1,680,634	13,596	1,612,387	11,646	1,622,256	12,132	1,586,712	12,132
Rescission	-3,361	-	-	-	-	-	-	-
Transfers In:								
Credit Reform Transfers:								
CCC Export Loans Program Account	354	2	355	2	357	2	354	2
P L 480 Program Account	2,806	20	2,500	20	2,515	21	2,628	21
Congressional Relations	172	-	146	-	-	-	-	-
Transfers Out								
Adjusted Appropriation	1,680,605	13,618	1,615,388	11,668	1,625,128	12,155	1,589,694	12,155
Balance Available, SOY	49,055	-	18,037	-	-	-	-	-
Other Adjustments (Net)	405	-	12,912	-	-	-	-	-
Total Available	1,730,065	13,618	1,646,337	11,668	1,625,128	12,155	1,589,694	12,155
Lapsing Balances	-14,467	-	-9,379	-	-	-	-	-
Balance Available, EOY	-18,037	-	-23,008	-	-	-	-	-
Obligations	1,697,561	13,618	1,613,950	11,668	1,625,128	12,155	1,589,694	12,155
Subtotal Obligations, FSA	1,697,561	13,618	1,613,950	11,668	1,625,128	12,155	1,589,694	12,155
Obligations under other USDA appropriations:								
Foreign Agricultural Service.....	5,277	43	4,563	31	3,752	31	3,752	31
Risk Management Agency.....	2,000	22	2,266	18	2,266	18	2,266	18
Food & Nutrition Service.....	2,077	23	2,100	24	2,100	24	2,100	24
Agricultural Marketing Service.....	3,597	12	500	4	500	4	500	4
Forest Service.....	394	-	394	-	394	-	394	-
Natural Resources Conservation Service.....	43,074	-	33,152	18	39,260	18	39,260	18
Rural Development.....	7,676	-	6,199	-	7,025	-	7,025	-
Flying Contracts.....	10,772	10	10,570	3	10,570	3	10,570	3
CCC Section 714 CRP	-	-	43,164	531	-	-	-	-
CCC to Administer P L 480 Title II Grants.....	6,496	44	9,559	84	9,559	77	9,559	77
Miscellaneous.....	7,692	-	7,645	25	6,015	-	6,015	-
Total, Other USDA	89,055	154	120,112	738	81,441	175	81,441	175
Total, Agriculture Appropriations	1,786,616	13,772	1,734,062	12,406	1,706,569	12,330	1,671,135	12,330
Other Federal Funds:								
Sale of Aerial Photographs.....	144	2	134	2	134	2	134	2
Total, Other Federal	144	2	134	2	134	2	134	2
Non-Federal Funds								
Loan Service Fee Financing.....	293	45	2,459	33	2,459	33	2,459	33
Producer Measurement Service.....	1,785	40	528	7	528	7	528	7
Warehouse Examinations.....	3,471	56	4,546	42	4,546	40	4,546	40
Sale of Aerial Photographs.....	207	6	193	6	193	4	193	4
Total, Non-Federal	5,756	147	7,726	88	7,726	84	7,726	84
Total, FSA.....	1,792,516	13,921	1,741,922	12,496	1,714,429	12,416	1,678,995	12,416

FARM SERVICE AGENCY

Permanent Positions by Grade and Staff Year Summary

Item	2011 Actual			2012 Actual			2013 Estimate			2014 Estimate		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive Service	8	0	8	10	0	10	9	0	9	9	0	9
Senior Level	1	0	1	1	0	1	1	0	1	1	0	1
GS 15	60	49	109	62	4	66	64	50	114	64	50	114
GS 14	163	0	163	154	7	161	149	7	156	149	7	156
GS 13	409	400	809	340	419	759	344	423	767	344	423	767
GS 12	464	825	1,289	358	1,034	1,392	350	1,033	1,383	350	1,033	1,383
GS 11	94	554	648	43	641	684	44	645	689	44	645	689
GS 10	2	0	2	1	1	2	1	0	1	1	0	1
GS 9	69	187	256	39	209	248	38	201	239	38	201	239
GS 8	44	27	71	36	28	64	34	28	62	34	28	62
GS 7	112	863	975	76	765	841	70	765	835	70	765	835
GS 6	22	67	89	14	51	65	15	50	65	15	50	65
GS 5	9	41	50	7	17	24	7	21	28	7	21	28
GS 4	1	6	7	0	3	3	1	2	3	1	2	3
GS 3	1	2	3	1	0	1	1	0	1	1	0	1
GS 2	0	4	4	0	1	1	0	1	1	0	1	1
Other Graded Positions	0	226	226	0	0	0	0	0	0	0	0	0
Ungraded Positions	0	0	0	0	0	0	0	0	0	0	0	0
Total Permanent Positions	1,459	3,251	4,710	1,142	3,180	4,322	1,128	3,226	4,354	1,128	3,226	4,354
Unfilled Positions end-of-year	0	0	0	0	0	0	0	0	0	0	0	0
Total, Permanent Full-Time Employment, end-of-year	1,459	3,251	4,710	1,142	3,180	4,322	1,128	3,226	4,354	1,128	3,226	4,354
Staff-Year Estimate	1,477	3,441	4,918	1,377	3,111	4,488	1,407	3,029	4,436	1,407	3,029	4,436

FARM SERVICE AGENCY
Size, Composition, and Annual operating Costs of Vehicle Fleet

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						
2011	335	160	236	5	-	-	2	738	\$5,291
Change	+41	-3	-18	-1	-	-	-	+19	-492
2012	376	157	218	4	-	-	2	757	4,799
Change	-	-	-	-	-	-	-	-	-
2013 <u>1/</u>	376	157	218	4	-	-	2	757	4,799
Change	-	-	-	-	-	-	-	-	-
2014 <u>1/</u>	376	157	218	4	-	-	2	757	4,799

* 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.

1/ FY 2013 and FY 2014 are estimates.

FARM SERVICE AGENCY

The estimates include proposed changes in the language of this item as follows:

Salaries and Expenses (Including Transfers of Funds):

For necessary expenses of the Farm Service Agency, \$1,176,460,000: Provided, That the Secretary is authorized to use the services, facilities, and authorities (but not the funds) of the Commodity Credit Corporation to make program payments for all programs administered by the Agency: Provided further, That other funds made available to the Agency for authorized activities may be advanced to and merged with this account: Provided further, That funds made available to county committees shall remain available until expended.

FARM SERVICE AGENCY

Lead-Off Tabular Statement

Salaries and Expenses

2013 Estimates	\$1,500,677,000
Budget Estimate, 2014	<u>1,486,440,000</u>
Change in Appropriation	<u><u>-14,237,000</u></u>

FARM SERVICE AGENCY

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

	2011	2012	2013	2014	2014
	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
<u>Discretionary Appropriations:</u>					
Farm Loan Programs	\$304,977	-\$15,249	\$1,773	\$15,497	\$306,998
Income Support and Disaster Assistance	876,219	-6,796	5,321	-21,522	853,222
Conservation Programs	308,882	-2,421	1,875	-7,570	300,766
Commodity Operations	26,349	-412	159	-642	25,454
	<hr/>				
Total, Appropriation or Change	<u>1,516,427</u>	<u>-\$24,878</u>	<u>\$9,128</u>	<u>-\$14,237</u>	<u>1,486,440</u>

FARM SERVICE AGENCY
Project Statement
Adjusted Appropriation Detail
(Dollars in thousands)

Program	2011 Actual		2012 Actual		2013 Estimate		Change		2014 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Discretionary Appropriations:										
Farm Loan Program.....	\$304,977	2,591	\$289,728	2,325	\$291,501	2,411	+\$15,497	-	\$306,998	2,411
Income Support & Disaster Assistance	876,219	8,169	869,423	7,307	874,744	7,168	-21,522	-	853,222	7,168
Conservation Programs.....	308,882	2,774	306,461	1,952	308,336	2,493	-7,570	-	300,766	2,493
Commodity Operations.....	26,349	84	25,937	84	26,096	83	-642	-	25,454	83
Total Adjusted Approp	1,516,427	13,618	1,491,549	11,668	1,500,677	12,155	-14,237 (1)	-	1,486,440	12,155
Rescissions and Transfers:										
Program Transfers	-308,137	-	-292,583	-	-294,374	-	-	-	-309,980	-
Rescission	2,421	-	-	-	-	-	-	-	-	-
Total Appropriation	1,210,711	13,618	1,198,966	11,668	1,206,303	12,155	-29,843	-	1,176,460	12,155
Transfers In:										
Cong Relations	172	-	146	-	-	-	-	-	-	-
Credit Reform Transfers	308,137	-	292,583	-	294,374	-	+15,606	-	309,980	-
Subtotal	308,309	-	292,729	-	294,374	-	+15,606	-	309,980	-
Rescission	-2,421	-	-	-	-	-	-	-	-	-
Bal Available, SOY	49,055	-	18,037	-	-	-	-	-	-	-
Recoveries, Other (Net)	405	-	12,912	-	-	-	-	-	-	-
Total Available	1,566,059	13,618	1,522,644	11,668	1,500,677	12,155	-14,237	-	1,486,440	12,155
Lapsing Balances	-14,467	-	-9,379	-	-	-	-	-	-	-
Bal Available, EOY	-18,037	-	-23,008	-	-	-	-	-	-	-
Total Obligations	1,533,555	13,618	1,490,257	11,668	1,500,677	12,155	-14,237	-	1,486,440	12,155

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2011 Actual		2012 Actual		2013 Estimate		Change		2014 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Discretionary Obligations:										
Farm Loan Program.....	\$304,977	2,591	\$289,728	2,325	\$291,501	2,411	+\$15,497	-	\$306,998	2,411
Income Support & Disaster Assistance	888,983	8,169	868,464	7,307	874,744	7,168	-21,522	-	853,222	7,168
Conservation Programs.....	313,346	2,774	306,154	1,952	308,336	2,493	-7,570	-	300,766	2,493
Commodity Operations.....	26,249	84	25,911	84	26,096	83	-642	-	25,454	83
Total Obligations	1,533,555	13,618	1,490,257	11,668	1,500,677	12,155	-14,237	-	1,486,440	12,155
Lapsing Balances	14,467	-	9,379	-	-	-	-	-	-	-
Bal Available, EOY	18,037	-	23,008	-	-	-	-	-	-	-
Total Available	1,566,059	13,618	1,522,644	11,668	1,500,677	12,155	-14,237	-	1,486,440	12,155
Transfers In	-308,309	-	-292,729	-	-294,374	-	-15,606	-	-309,980	-
Rescission	2,421	-	-	-	-	-	-	-	-	-
Bal Available, SOY	-49,055	-	-18,037	-	-	-	-	-	-	-
Other Adjustments (Net)	-405	-	-12,912	-	-	-	-	-	-	-
Total Appropriation	1,210,711	13,618	1,198,966	11,668	1,206,303	12,155	-29,843	-	1,176,460	12,155

Justification of Increases and Decreases

1) A total net decrease of \$14,237,000 for Farm Service Agency Salaries and Expenses (\$1,500,677,000 and 12,155 direct staff years available in 2013)

(a) A total net decrease of \$9,685,000 for Federal Offices:

1) An increase of \$4,898,000 is to fund critical IT FSA operations

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

FSA's Base Funding of \$330,005,000 provides IT resources and services that support program delivery in several ways. FSA is (1) maintaining and enhancing the current infrastructure at a level that supports required operations, services and program delivery, (2) eliminating the reliance on outmoded technology and applications, (3) modernizing FSA's IT environment to enhance and improve the delivery of information and benefits to customers, and (4) improving the quality, reliability and availability of data needed by the modernization effort to more effectively support FSA programs.

The 2014 Budget proposes a total net increase of \$4,898,000 to fund critical IT transformation and modernization projects to support core FSA operations. Of this amount:

- A decrease of \$21,104,000 to the Base Funding of \$86,574,000 for the MIDAS ("Modernize and Innovate the Delivery of Agricultural Systems") initiative. The remaining balance of \$65,470,000 provides funding for the continued support and operations of the MIDAS solution.

MIDAS is a comprehensive project to streamline the existing complicated business processes that support mandated farm programs and provide a modern IT infrastructure to operate the programs. MIDAS will provide benefits to employees, farmers and ranchers covering FSA's Farm Programs, including price support programs, conservation and environmental programs, and production and emergency disaster programs.

The current MIDAS budget and supporting modernization efforts will enable the MIDAS Program to complete an Initial Operating Capability release of the solution in FY 2013/FY 2014, which will include the following functionality being deployed to FSA farmers, producers, and ranchers:

- Acreage Reporting with Geospatial Information Systems (GIS) integration
- Maintenance of Farm Records / supporting master data
- Establishment of a common process framework for farm program execution
- Enabling Marketing Assistance Loans
- Integration of Service Center Information Management System / supporting master data within SAP (Systems, Applications, and Products in data processing software product selected by FSA in which MIDAS is being developed.)

The FY 2012 budget focused on the completion of the system configuration, software licensing purchases, and interim hosting and operations for this initial release. The FY14 Budget request will provide FSA the capability to move forward with the design, configuration, and deployment of system capabilities to support additional Farm Programs.

MIDAS is expected to have positive business impacts beginning in FY 2013. The MIDAS Program currently is scheduled to achieve the solution's full operating capability in FY 2014. The MIDAS solution will continue to integrate with modernized FSA Web-based IT systems, architecture, and infrastructure to support mission-differentiating, specialized functions and extend common "out of the box" processes in the SAP Commercial Off the Shelf (COTS) package. MIDAS will continue to be closely aligned with other Agency and Department-wide modernization efforts. For example, it is essential that MIDAS and the Department-wide Financial Management Modernization Initiative are aligned as financial systems are integral to the delivery of Farm Program benefits. GIS modernization will enable MIDAS to use and leverage digital data to enhance program delivery and support. Upgrades to the Common Computing Environment will help ensure that the FSA county office staff has the desktop computers, telecommunication and internet services needed for the new program applications.

- An increase of \$26,002,000 is offset by carryover used in FY 2013 to fund \$17,000,000 of contract services. The additional increase in contract services of \$9,002,000 will be used to support continuation of contract services that support the business delivery of FSA's programs by providing resources for (a) modernization, development and maintenance of applications systems and (b) deployment support (e.g. data and data base administration, testing and certification, security, etc.) for application systems. These funds will enable FSA to continue to maintain essential program delivery and operations to the field, as well as provide support for improvements. This will allow FSA to better serve program participants with a more flexible and reliable IT infrastructure now as well as serving as the foundation of additional modernization efforts. Since FSA IT projects are heavily contract dependent, continuation of these resources at needed levels facilitate the scheduled implementation of FSA OCIO's strategic plans such as modernization of IT applications and continued maintenance of essential program delivery and operations.

2) A increase of \$3,715,000 for the proposed pay costs for 4,248 direct Federal staff years.

The FY 2014 proposed pay cost for 4,248 direct Federal staff years. This includes \$530,000 for annualization of the FY 2013 pay raise and \$3,185,000 for the anticipated FY2014 pay raise. The increase is necessary to fully support the staff required to administer farm programs such as direct and counter-cyclical payment contracts and increased conservation programs; to properly service existing farm loans efficiently and effectively and analyze new loan requests; and to maintain the personnel required to meet key objectives relates to commodity operations.

3) A decrease of \$18,298,000 for operating costs.

Federal operations cover everything from headquarters oversight to field office farm loan program activity. Although FSA's loan portfolio continues to grow and mandatory programs are not diminishing, FSA is working to further reduce operating costs. FSA will decrease operating expenses by \$18,298,000 through more efficient use of travel and postage as well as contract services.

(b) A total net decrease of \$4,552,000 for Non-Federal Offices:

1) An increase of \$5,137,000 for the proposed pay costs for 7,907 direct non-Federal Staff years.

The FY 2014 proposed pay cost for 7,907 direct non-Federal staff years. This includes \$738,000 for annualization of the FY 2013 pay raise and \$4,399,000 for the anticipated FY 2014 pay raise. The increase is necessary to fully support the staff required to administer farm programs such as direct and counter-cyclical payment contracts increased conservation programs; and to properly service existing farm loans efficiently and effectively and analyze new loan request.

2) An decrease of \$9,689,000 in operating expenses

FSA is working diligently to maintain current levels of service in administering mandatory programs while meeting existing budget constraints. FSA will reduce operating expenses by \$9,689,000 while balancing travel requirements necessary to ensure the safety and security of federal programs, as well as reduce postage costs required to provide informational material such as newsletters notifying producers of program availability and deadlines. Non-Federal offices will limit supplies and equipment to the levels that are essential to conduct program administration. The use of electronic email notification is being implemented throughout the agency to the extent possible, but many of the farmers and ranchers in rural areas do not have adequate broadband capabilities and rely on paper newsletters for information.

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

State/Territory	2011 Actual		2012 Actual		2013 Estimate		2014 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama.....	\$19,629	225	\$18,214	199	\$17,886	207	\$17,528	207
Alaska.....	911	8	942	5	1,184	8	1,250	8
Arizona.....	8,668	55	4,661	48	4,510	49	4,520	49
Arkansas.....	25,436	305	23,521	259	23,228	270	22,844	270
California.....	13,667	195	16,008	178	14,953	175	14,654	175
Caribbean.....	5,122	63	5,018	48	4,909	51	4,811	51
Colorado.....	15,659	178	14,010	142	14,042	153	13,761	153
Connecticut.....	2,116	23	2,249	20	2,181	19	2,137	19
Delaware.....	1,755	20	1,623	17	1,785	18	1,749	18
District of Columbia.....	487,070	1,129	522,158	1,128	520,840	1,029	516,864	1,029
Florida.....	12,512	134	11,985	119	11,877	121	11,639	121
Georgia.....	27,987	356	26,674	312	26,893	320	26,355	320
Hawaii.....	3,247	35	3,304	32	3,198	30	3,634	30
Idaho.....	14,093	162	13,289	140	13,429	144	13,160	144
Illinois.....	49,000	618	43,562	528	44,843	530	43,946	530
Indiana.....	33,731	405	29,884	328	30,895	361	30,577	361
Iowa.....	59,518	721	53,954	600	53,521	648	52,451	648
Kansas.....	48,071	585	43,128	475	42,644	518	41,791	518
Kentucky.....	32,735	398	30,939	338	31,520	354	30,890	354
Louisiana.....	20,041	229	18,740	200	19,068	214	18,687	214
Maine.....	6,166	65	5,076	54	5,622	56	5,510	56
Maryland.....	8,297	93	7,862	78	7,462	85	7,313	85
Massachusetts.....	3,766	42	3,694	36	3,651	35	3,578	35
Michigan.....	24,974	280	22,770	242	23,307	257	22,841	257
Minnesota.....	42,679	516	38,296	441	38,992	453	38,212	453
Mississippi.....	29,055	319	25,189	263	26,565	275	26,034	275
Missouri.....	46,854	570	39,987	433	50,479	582	49,469	582
Montana.....	21,900	247	19,274	210	20,822	217	21,406	217
Nebraska.....	40,898	500	38,389	437	37,347	451	38,600	451
Nevada.....	2,244	27	2,209	24	2,399	26	2,351	26
New Hampshire.....	2,255	25	2,114	21	2,150	20	2,142	20
New Jersey.....	4,490	40	4,069	36	4,092	34	4,150	34
New Mexico.....	7,750	89	7,092	75	7,229	75	7,084	75
New York.....	18,581	214	17,333	187	16,810	190	16,474	190
North Carolina.....	31,632	393	30,000	343	30,529	355	29,918	355
North Dakota.....	31,429	375	28,507	307	28,349	335	27,782	335
Ohio.....	31,636	384	30,369	321	30,313	342	29,707	342
Oklahoma.....	30,671	374	28,499	324	27,573	334	27,022	334
Oregon.....	10,867	121	9,891	97	9,991	104	9,791	104
Pennsylvania.....	18,811	219	17,381	188	18,033	200	17,672	200
Rhode Island.....	1,234	11	1,272	10	1,357	9	1,330	9
South Carolina.....	15,122	175	13,349	151	14,377	155	14,089	155
South Dakota.....	33,355	398	31,554	340	31,298	357	31,572	357
Tennessee.....	27,448	326	26,333	288	24,866	283	24,369	283
Texas.....	72,612	839	68,203	724	63,740	738	64,465	738
Utah.....	2,740	149	7,994	83	13,199	142	13,350	142
Vermont.....	4,829	56	4,984	47	4,732	47	4,637	47
Virginia.....	19,194	217	17,873	190	18,245	169	17,500	169
Washington.....	12,748	138	11,242	108	10,685	117	10,571	117
West Virginia.....	9,547	104	9,119	88	8,562	89	8,450	89
Wisconsin.....	31,675	391	29,600	338	28,651	332	29,078	332
Wyoming.....	7,128	77	6,870	70	5,844	72	6,725	72
Obligations.....	1,533,555	13,618	1,490,257	11,668	1,500,677	12,155	1,486,440	12,155
Lapsing Balances.....	14,467		9,379					
Bal Available, EOY.....	18,037		23,008					
Total, Available or Estimate.....	1,566,059	13,618	1,522,644	11,668	1,500,677	12,155	1,486,440	12,155

FARM SERVICE AGENCY
Classification by Objects
(Dollars in thousands)

	2011	2012	2013	2014
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Personnel Compensation:				
Washington D.C.....	\$119,575	\$105,587	\$108,792	\$109,651
Field.....	237,540	217,986	217,564	219,282
11 Total personnel compensation.....	357,115	323,573	326,356	328,933
12 Personal benefits.....	107,225	100,419	99,755	100,893
13.0 Benefits for former personnel.....	784	5,817	-	-
Total, personnel comp. and benefits.....	465,124	429,809	426,111	429,826
Other Objects:				
21.0 Travel and transportation of persons.....	7,984	7,251	9,575	6,367
22.0 Transportation of things.....	2,520	2,123	3,551	1,396
23.1 Rental payments to GSA.....	460	277	277	277
23.2 Rental payments to others.....	-	5,973	4,297	4,297
23.3 Communications, utilities, and misc. charges.....	16,862	6,639	6,204	4,009
24.0 Printing and reproduction.....	334	482	481	212
25 Other contractual services.....	251,419	368,682	362,300	358,470
26.0 Supplies and materials.....	2,431	3,464	3,566	2,276
31.0 Equipment.....	2,761	3,315	3,397	2,944
41.0 Grants.....	772,284	662,095	680,839	676,287
42.0 Insurance claims and indemnities.....	11,224	134	67	67
43.0 Interest and dividends.....	152	13	12	12
Total, Other Objects.....	1,068,431	1,060,448	1,074,566	1,056,614
99.9 Total, new obligations.....	1,533,555	1,490,257	1,500,677	1,486,440
Position Data:				
Average Salary (dollars), ES Position.....	\$161,042	\$166,252	\$167,129	\$168,591
Average Salary (dollars), GS Position.....	\$75,764	\$76,090	\$77,165	\$77,840
Average Grade, GS Position.....	12.4	12.4	12.4	12.4

FARM SERVICE AGENCY SALARIES AND EXPENSES

STATUS OF PROGRAM

Current Activities:

FSA's major program areas are:

- Farm Loans – FSA's farm loan programs provide direct loans or loan guarantees to family farmers who could not otherwise obtain commercial 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 agriculture 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.

FSA programs, activities and workload indicators in 2012 are outlined in the following pages beginning with significant administrative efficiencies that FSA has achieved.

Administrative Efficiencies

Office closures. By consolidating 121 offices nationwide, FSA has positioned the agency to operate within constrained budget limitations. FSA offices that had 2 or less permanent, full-time employees and were located within 20 miles from another office, were closed. In addition, any office that did not have any permanent, full time employees regardless of location, were closed. FSA's goal was to be able to provide quality service to FSA's customers while reducing FSA's infrastructure.

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

To meet the objectives of IPERA, USDA needed a robust payment recapture/recovery auditing (PRRA) service and strategy that covered the breadth and depth of USDA programs and activities—including grants, loans, benefits, contracts and other assistance. To that end, USDA has contracted with Accenture to

perform this cost effective Payment Recapture/Recovery Auditing Service. Accenture is currently collecting information on improper payment causes; providing recommendations to prevent future improper payments; and performing comprehensive payment analysis of USDA payments made through a variety of evolving Departmental and agency systems. Accenture will provide recommendations to strengthen program integrity, accountability and/or make improvements to processes/systems that address the causes of improper payments.

Disaster Designation. In July 2012, FSA streamlined the USDA Disaster Designation process to make assistance more readily available and with less burdensome paperwork. The streamlined process provides for nearly an automatic disaster designation for any county in which drought conditions in any portion of the county are categorized by the U.S. Drought Monitor as in severe drought for eight consecutive weeks. Also, FSA is using GIS to identify disaster areas quicker and more accurately.

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

Retirement of the outdated legacy AS400/S36 Technology by web-enabling. A key performance measure for FSA Information Technology (IT) modernization is the percentage of program delivery applications at FSA Service Centers that are Web-enabled and not reliant upon obsolete legacy technology. FSA continues to make progress toward retirement of the outdated legacy AS400/S36 technology by web-enabling and streamlining business applications to provide a timelier, more accurate, and more reliable delivery of benefits to producers. Improving the broad array of IT systems, including those for farm programs, farm loan programs, disaster assistance, and conservation programs, enhances services provided to producers and alleviates the risk of IT system failure due to outmoded technology. FSA has web-enabled 73 percent of its program delivery applications at FSA Service Centers, meeting its 2012 target. Web-enabled applications allow users to access the information systems applications via standard Web browsers. Web modernization projects delivered in FY12 enabled additional Non-insurable Disaster Assistance Program (NAP) and Conservation Program processes on the web. Web modernization of remaining Non-insurable Disaster Assistance Program (NAP) and Conservation Program legacy processes are scheduled for FY13.

Modernize and Innovate the Delivery of Agricultural Systems (MIDAS). The first version (Initial Operating Capability) of the MIDAS system will begin to operate in FY 2013/FY 2014, and will include the following functionality being deployed to FSA farmers, producers, and ranchers:

- Acreage Reporting with Geospatial Information Systems (GIS) integration
- Maintenance of Farm Records / supporting master data
- Establishment of a common process framework for farm program execution
- Enabling Marketing Assistance Loans
- Integration of Service Center Information Management System / supporting master data within SAP (Systems, Applications, and Products in data processing software product selected by FSA in which MIDAS will be developed.)

In FY 2012, MIDAS focused on the completion of the system configuration, software licensing purchases, and interim hosting and operations for this initial release. Subsequent multi-year funding will provide FSA the capability to move forward with the design, configuration, and deployment of system capabilities to support additional Farm Programs.

National Aerial Imagery Program (NAIP). NAIP strengthens program delivery by providing current, high quality image reference maps for applications in FSA programs. The imagery is acquired during crop growing seasons that are defined at the FSA State Office level to optimize information content, and is

available for use before local conditions change significantly, generally within 45-60 days of acquisition. The imagery is delivered by contractors to FSA's Aerial Photography Field Office, and within 48 hours of receipt, web services are built and served out to FSA State Offices and USDA Service Centers for consumption in FSA enterprise applications, such as the Thin Client Maintenance Tool and the MIDAS Application, when deployed. This streamlines delivery by keeping data assets centralized, and allows access from multiple sources. Historical versions of the imagery are also available on-line to support programs that require it.

In 2012, NAIP imagery was acquired for 22 states. FSA conducts annual user surveys to ensure product specifications meet customer requirements, and to look for service improvement opportunities. Survey results from 2012 NAIP include:

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

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

FSA Programs, Activities and Workload Indicators

Common activities. A certain number of processes must be initiated for new producers and maintained for existing producers for FSA programs:

- Personal, contact and location information must be collected and maintained.
- Bank information must be collected and Direct Deposit records established.
- Delegation of Authority forms may be signed by a producer to designate a person with signing authority in the producer's absence. In the case of entities, persons with signing authority must be designated.
- Determinations must be completed for Payment Limitation, Adjusted Gross Income, Highly Erodible Land and Wetland Conservation, Sod-Swamp, and Cash Rent Tenant Rule. This information must be reviewed, verified or revised annually or when changes occur. For multicounty producers these processes are completed in the producer's home county and information is passed on to all other applicable county offices.
- Acreage reports must be filed each year in order for producers to participate in many of the major programs. This consists of reporting planted crop, number of acres, planting date and intended use for each field within a tract of cropland and reporting any changes to grassland, on the producer's farm(s).
- If any Fruits and/or Vegetables (OFAVs) are reported, employees must then perform certain calculations to determine if a violation has occurred, the severity of said violation (whether it be a Reporting Violation or a Planting Violation), and determine if any monetary penalty applies. If a monetary penalty is applied to the DCP contract, the participant(s) is notified in writing and provided with a copy of the OFAV Report.
- Producers must have crop insurance in order to participate in certain programs and employees must verify existence of the policy as part of producer eligibility.

- Prior to issuing payments, overpayment, receivable and claim records must be accessed to determine if the payment may be released to the producer. Payments processed through the National Payment System must be reviewed and certified by one employee and approved by a second party.
- All programs require that a certain number of producers are spot checked for compliance with program rules and regulations including farming practices, weed control, verification of planted acres, quantity and quality of commodities under farm-stored loans. In most cases this requires a farm visit however some spot checks are completed using digital photography.

Farm Loans

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

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

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

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

If a borrower becomes distressed or delinquent on 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.

In 2012, Direct Loan activity under the Agricultural Credit Insurance Fund included:

Number of direct loans.....	23,959
Total dollar value of direct loans.....	1,751,481,000

Guaranteed Farm Loan Program In the case of FSA guaranteed loans, a commercial lender will submit an application to the FSA service center on behalf of their applicant with a request for a guarantee on the loan against loss. The Service Center works with the commercial lender to process the guarantee. Guaranteed loans are the property and responsibility of the lender. The lender and applicant complete the application for Guarantee and submit it to the FSA Service Center in their lending area. The Farm Loan Officer reviews the application for applicant eligibility, repayment ability, adequacy of collateral, and compliance with other regulations, and if the applicant meets those requirements, the request is approved. The Service Center issues the lender a conditional commitment outlining the terms of the loan guarantee and indicating

that the loan may be closed. The lender closes the loan and advances funds to the applicant, after which the Service Center staff issues the guarantee. The lender makes the loan and services it to conclusion. If the loan fails the lender is responsible 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.

In 2012, Guaranteed Loan activity under the Agricultural Credit Insurance Fund included:

Number of guaranteed loans.....	8,100
Total dollar value of guaranteed loans.....	\$2,433,371,000

State Mediation Grants (SMG): In 2012, SMG activity included:

Number of Grants made to States.....	36
Total dollar value of grants.....	\$3,759,000
Amount of SMG payments issued.....	\$3,706,332

Income Support and Disaster Assistance

Direct and Counter-Cyclical Program (DCP) provides payments to eligible producers on farms enrolled for the 2008 through 2012 crop years, now extended through 2013 crop year. 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 FY 2012 included:

Total number of DCP contracts	1,745,897
Total dollar value of DCP and ACRE direct payments made.....	\$3,837,461,000
Total dollar value of counter-cyclical payments made.....	\$9,931,000

The decrease in the value of counter-cyclical payments from FY 2011 is due to much higher commodity prices.

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 2008 Farm Bill. The American Taxpayer Relief Act (ATRA) extended ACRE through the 2013 crop year. Producers are allowed to elect to enroll in either ACRE or DCP for the 2013 crop. The producer must provide proof of cash lease or share crop information. The completed contract is reviewed and approved by the County Committee (COC). For the first year the farm is enrolled in ACRE, the operator must provide a history of production for the previous 5 years to establish a benchmark farm yield for the farm. This information is then entered into the application software by year and by tract. Thereafter, the producer must provide production information for each year of enrollment after the crop has been harvested.

If more than one eligible crop is planted on a farm enrolled in ACRE and the sum of acres planted is more than 120 percent of the total base acres on the farm, the producer must complete a form for Designation of Payment Acres. If the form is not signed by September 30th of the crop year or if all producers with a share of the covered commodities cannot agree on the allocation by the end of the contract period then the COC shall allocate the ACRE payment acres based on the percentage. The producer must also file a Farm Operating Plan which is used to adjust Payment Limitation where necessary. Adjustments are made in the

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

ACRE activity in FY 2012 included:

Total number of ACRE contracts.....	160,668
Total dollar value of ACRE revenue payments made.....	\$11,112,000

The decrease in the value of the ACRE payments from \$431 million in FY 2011 is due to much higher commodity prices.

Marketing Assistance Loan (MAL) is 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. Multicounty 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, loan deficiency payments, and other price support program activities in FY 2012 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/	13,262	1,057,521	0	-65
Grain Sorghum c/	31	847	0	-24
Barley c/	142	6,296	-4	-6
Oats c/	49	495	0	0
Wheat	1,630	89,919	-33	-126
Rice c/	3,520	491,607	0	0
Cotton a/ c/	10,253	2,067,381	-1	0
Soybeans c/	8,596	477,969	0	-18
Minor Oilseeds c/	73	3,988	0	-2
Sugar b/	334	959,537	0	0
Peanuts c/	6,246	495,989	0	0
Honey c/	157	3,720	0	0
Pulse Crops c/	85	4,345	0	-2
Wool & Mohair	0	0	421	109
Total	44,378	\$5,659,614	383	-\$134

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, soybeans, minor oilseeds, peanuts, honey, and pulse crops.

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 the proposed project is compliant with local land use laws, zoning and to 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 UCC financing statement is current and the structure is being maintained.

FSFL program activities in 2012 included:

Farm Storage Facility Loans closed.....	2,379
Amount of Farm Storage Facility Loans.....	\$200,000,000

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 September 30, 2012. 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 2012 included:

Number of MILC payments.....	267,301
Amount of MILC payments	\$403,204,000

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 pays the applicable service fee. For 2009 and subsequent years the service fees are \$250 per crop or \$750 per county or \$1875 per multi-county producer. In the event a natural disaster causes damage to the crop, a Notice of Loss must be filed within 15 calendar days after the disaster occurrence, or the date damage to the crop became apparent. The county office will schedule a Loss Adjuster to visit the farm to perform an

appraisal if the crop will not be harvested or if the producer intends to destroy the crop. Actual production will be used to determine loss if crop is taken to harvest. Producers of hand-harvested crops are required to notify the county office 15 calendar days after harvest is complete and before destruction of the crop, so an appraisal of remaining production can be completed. The County Committee reviews, and approves or disapproves the Notice of Loss, and the county office notifies the producer. The producer files an Application for Payment once an appraisal or harvest is complete and total production records are obtained. The deadline for filing an Application for Payment is no later than the immediately subsequent crop year acreage reporting date for the crop. An approved yield is generated for the producer based a 4-10 year average of prior year actual production reported for crop, or the County Committee assigns a yield according to NAP policy and procedure. The Program Technician, 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 2012 included:

Number of actual production history records completed for NAP.....	61,316
Number of NAP applications for coverage.....	147,765
Amount of NAP payments issued.....	\$253,588,000

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

ELAP activity in FY 2012 included:

Number of ELAP applications.....	803
Amount of ELAP payments—Disaster Trust Funds – FSA.....	\$9,618,024

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

Activity in FY 2012:

Number of LFP contracts.....	21,201
Amount of LFP payments - Disaster Trust Fund - FSA.....	\$83,517,425

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

LIP activity in FY 2012:

Number of LIP applications	12,159
Amount of LIP payments- Disaster Trust Fund - FSA.....	\$27,030,134

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

SURE activity in FY 2012 included:

Number of SURE applications.....	37,698
Amount of SURE payments—Recovery Act Funds – FSA.....	\$2,392,770
Amount of SURE payment—Disaster Trust Fund – FSA.....	\$567,617,357

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.

Activity for FY 2012 included:

Number of TAP applications.....	1,308
Amount of TAP payments – Disaster Trust Fund.....	\$7,234,784

Tobacco Transition Assistance Program (TTAP) establishes a revenue program to fund issuing TTPP payments for FY 2005 through FY 2014. The Tobacco Transition Payment Program (TTPP) was the program that distributed the money that purchased the tobacco allotments that were in place prior to the buyout. The buyout of these allotments established the allotment holders as the TTPP contract holders. The bulk of the work has to do with the successor-in-interest type changes to these contracts when a contract holder either dies or when they decide to gift these benefits to a blood relative. In the event of a death, the

executer of the estate brings in the death certificate and signs authorizing the change of the contract to the rightful heir to the estate. The authorization to make this change into the new contract holder's name requires at least two forms which identify the old and new contract holders, the amount of money involved, and the amount of tobacco allotment sold that justified the funding of this contract. Funds then have to be de-obligated from the original contract holder and then re-obligated to the new contract holder. In January of each year payments to these contract holders are made. Finally, the work involves answering questions from the public regarding the CCC-1099 entry of imputed interest generated by the gains related to this contract.

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

Commodity Operations

The Commodity Credit Corporation (CCC) did not own significant quantities of commodities during FY 2012. As a result, storage and handling charges were minimal.

End-Use Certificate Program: FSA monitored Canadian wheat imports through the use of North American Free Trade Agreement mandated end-use certificates. Approximately 1.7 million metric tons (62.1 million bushels) of Canadian wheat entered the U.S. during the first 11 months of FY 2012. The End-Use Certificate program was suspended effective August 31, 2012.

Economic Adjustment Assistance Program for Domestic Users of Upland Cotton: The 2008 Farm Bill authorized USDA to provide economic adjustment assistance to domestic users of upland cotton in the form of payments. In FY 2012, \$64.6 million was paid to domestic users of upland cotton to support U.S. manufacturing infrastructure.

Extra-Long Staple (ELS) Cotton Competitiveness Program: The domestic price of ELS cotton remained above the statutorily defined limit of 134 percent of the loan rate, therefore the ELS Program did not "trigger-in" during FY 2012.

Domestic Nutrition and Feeding Programs: In FY 2012, FSA purchased 457 million pounds, valued at \$500.1 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 2012, FSA procured more than 1.7 million metric tons of grains, processed grain products, vegetable oil, pulses (such as dried beans, peas and lentils), and other products valued at approximately \$789.9 million for food assistance programs throughout the world.

Dairy Product Price Support Program (DPPSP): Because market prices were above support levels, DPPSP was not triggered during FY 2012.

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

Licensing Activities: In FY 2012, 925 USWA licenses were in effect at 3,146 locations. There were 73 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 1,245 grain, 276 cotton, and 84 miscellaneous commodity warehouses. In addition, CCC storage agreement onsite examinations were performed at 271 grain, 221 cotton, 143 miscellaneous, and 77 processed 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 2012, CCC had storage agreements with about 2,500 commercial warehouse operators in over 6,700 locations in the United States for the storage of Government-owned and loan grain and rice, cotton, peanuts, and processed commodities. The grain and rice facilities have a total capacity of about 8.95 billion bushels.

The capacities of the warehouses with CCC storage agreements in FY 2012 were as follows: 8.95 billion bushels of grain and rice; 21.4 million bales of cotton; 3.1 million short tons of peanuts; 14.0 billion pounds of sugar; 2.3 billion pounds of processed food (dry); 4.2 million pounds of processed food (frozen) and 4.0 million pounds of processed food (refrigerated).

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

The Commodity Operations Division (COD) of the Deputy Administrator for Commodity Operations (DACO) is located in Washington DC and handles the policy and procedures for procurement of commodities, warehouse and licensing activities, inventory, disposition and/or storage of our commodities, price discovery for price support programs, etc. In addition to the Washington DC headquarters office, DACO has a satellite office in Kansas City office that houses several divisions.

The Kansas City Commodity Office (KCCO) Divisions handle the operational procedures in the areas of contracting for and the procurement of commodities, warehouse and licensing activities, inventory, disposition and/or storage of commodities, price discovery for price support programs, IT for these divisions, etc. Both divisions work with the US Warehouse Act Program and the Dairy Product Price Support Program (DPPSP) (when there is inventory). These offices work both independently and together cohesively in accomplishing the aggregate goal of Commodity Operations.

Conservation

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

payee, approve payments to producers, determine division of payment between contributors and perform spot checks.

FY 2012 activity included:

Number of ECP payment applications.....	27,448
Amount of ECP payments issued.....	\$56,113,938

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

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

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

FY 2012 activity included:

Number of active CRP contracts.....	738,544
Number of CRP cost-share payments.....	78,501
Amount of CRP cost-share and incentive payments.....	\$99,852,555
Number of CRP rental payments.....	931,015
Amount of CRP annual rental payments.....	\$1,698,661,820
Number of CRP acres approved for enrollment.....	3,031,771
Number of EFCRP cost share payments.....	201
Amount of EFCRP cost-share payments.....	\$504,442
Amount of EFCRP technical assistance payments.....	\$0
Number of EFCRP rental payments.....	1,883
Amount of EFCRP annual rental payments.....	\$5,449,138

The Biomass Crop Assistance Program (BCAP) provides two categories of assistance: matching payment applications and crop establishment & annual payment rental contracts. County offices receive the producer applications and delineate the acreage for all payments. Matching payment applications are web based and maintained by the county office typically for a one year period, which requires the county office to delineate acreage, coordinate the development of a conservation plan, work with COC to approve the application and then receive the eligible material (e.g. bales of stover) proof of delivery

documents. Establishment payments are recorded for perennial crops on a web based cost share application by the County office. County offices, following the offer of BCAP rental acreage, create a web based contract, and develop a GIS scenario to digitize the contract acreage offered. County offices record the soil rental rate in the annual rental contract and send the offered acreage over to NRCS to develop a conservation plan. The cost share web based system records the practices, components and costs associated with the conservation plan. When the conservation plan is complete the county office re-opens the annual rental contract and approves the offered acreage following a final digital delineation of the acreage. Establishment and annual rental contracts are maintained by the County office for up to five years for herbaceous crops and up to 15 years for woody crops. County offices also work with State FSA offices to provide outreach information during new project area sign ups. Project area sign ups are typically 2 to 4 months in length.

FY 2012 activity included:

Number of BCAP Matching Payment active contracts.....	36
Amount of BCAP Matching Payments.....	\$465,112
Number of BCAP Cost Share Payments.....	3,783
Amount of BCAP Cost Share Payments.....	\$13,011,651
Number of BCAP Project Area Active contracts.....	909
Number of BCAP Payments.....	653
Amount of BCAP annual Payments.....	\$1,244,586

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.

FY 2012 activity included:

Number of Applications.....	378
Number of GRP active contracts and easements	3,710

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

FY 2012 activity included:

Number of Applications.....	1, 224
Number of Payments	507
Amount of EFRP payments.....	\$1,991,152

FARM SERVICE AGENCY
State Mediation Grants

The estimates include appropriation language for this item as follows:

State Mediation Grants:

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

Lead-Off Tabular Statement

2013 Estimate.....	\$3,782,000
Budget Estimate, 2014.....	<u>3,782,000</u>
Change in Appropriation.....	-

Summary of Increases and Decreases
(Dollars in thousands)

	2011 Actual	2012 Change	2013 Change	2014 Change	2014 Estimate
Discretionary Appropriations:					
State Mediation Grants.....	\$4,177	-\$418	\$23	-	\$3,782
Total, Appropriation or Change.....	<u>4,177</u>	<u>-418</u>	<u>+23</u>	<u>-</u>	<u>3,782</u>

FARM SERVICE AGENCY
State Mediation Grants

Project Statement
(Adjusted Appropriations Detail)
(Dollars in thousands)

Program	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>Change</u>	<u>2014 Estimate</u>	
	Amount	Amount	Amount	Amount	Amount	
Discretionary Appropriations:						
State Mediation Grants.....	\$4,177	\$3,759	\$3,782	-	(1)	\$3,782
Total Adjusted Approp.....	4,177	3,759	3,782	-		3,782
Rescissions and						
Transfers (Net).....	8	-	-	-		-
Total Appropriation.....	4,185	3,759	3,782	-		3,782
Rescission and						
Transfers (Net).....	-8	-	-	-		-
Total Available.....	4,177	3,759	3,782	-		3,782
Lapsing Balances.....	-543	-	-	-		-
Total Obligations.....	3,634	3,759	3,782	-		3,782

Project Statement
Obligations Detail
(Dollars in thousands)

Program	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>Change</u>	<u>2014 Estimate</u>	
	Amount	Amount	Amount	Amount	Amount	
Discretionary Obligations:						
State Mediation Grants.....	\$3,634	\$3,759	\$3,782	-		\$3,782
Total Obligations.....	3,634	3,759	3,782	-		3,782
Lapsing Balances.....	543	-	-	-		-
Total Available.....	4,177	3,759	3,782	-		3,782
Rescission.....	8	-	-	-		-
Total Appropriation.....	4,185	3,759	3,782	-		3,782

Justification of Increase and Decreases

(1) No change in funding for State Mediation Grants (\$3,782,000 available in 2013).

In Fiscal Year 2012, 34 States received grants pro rated at 61 percent of their initial request. Grants to States ranged from \$7,000 to \$482,000 and states provided over \$2 million in matching funds. In fiscal year 2013 and fiscal year 2014, 38 states are expected to receive grants.

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

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

State/Territory	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$186	-	\$56	\$56
Alaska.....	-	-	-	-
Arizona.....	136	\$90	77	77
Arkansas.....	49	47	48	48
California.....	-	-	-	-
Colorado.....	21	20	26	26
Connecticut.....	-	-	-	-
Delaware.....	-	-	-	-
Florida.....	19	31	43	43
Georgia.....	-	-	-	-
Hawaii.....	-	39	48	48
Idaho.....	-	41	55	55
Illinois.....	67	93	52	52
Indiana.....	220	136	133	133
Iowa.....	206	276	208	208
Kansas.....	250	309	306	306
Kentucky.....	-	-	-	-
Louisiana.....	-	-	-	-
Maine.....	40	62	69	69
Maryland.....	39	92	84	84
Massachusetts.....	80	125	78	78
Michigan.....	97	103	74	74
Minnesota.....	353	285	302	302
Mississippi.....	21	45	63	63
Missouri.....	-	-	27	27
Montana.....	-	-	51	51
Nebraska.....	54	124	106	106
New Hampshire.....	-	39	60	60
New Jersey.....	8	12	3	3
New Mexico.....	58	91	49	49
New York.....	329	245	261	261
North Carolina.....	28	85	65	65
North Dakota.....	128	142	152	152
Ohio.....	-	-	-	-
Oklahoma.....	304	216	141	141
Oregon.....	40	38	42	42
Pennsylvania.....	-	61	3	3
Rhode Island.....	33	22	34	34
South Carolina.....	-	-	-	-
South Dakota.....	50	82	95	95
Tennessee.....	-	-	-	-
Texas.....	265	270	229	229
Utah.....	14	16	17	17
Vermont.....	221	103	126	126
Virginia.....	3	36	-	-
Washington.....	74	93	53	53
West Virginia.....	-	-	-	-
Wisconsin.....	177	212	162	162
Wyoming.....	64	78	77	77
Undistributed.....	-	-	307	307
Obligations.....	3,634	3,759	3,782	3,782
Lapsing Balances.....	543	-	-	-
Total, Available.....	4,177	3,759	3,782	3,782

FARM SERVICE AGENCY

State Mediation Grants

Classification by Objects

(Dollars in thousands)

	2011	2012	2013	2014
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:				
41.0 Grants.....	\$3,634	\$3,759	\$3,782	\$3,782
99.9 Total, new obligations.....	<u>3,634</u>	<u>3,759</u>	<u>3,782</u>	<u>3,782</u>

STATE MEDIATION GRANTS STATUS OF PROGRAM

Current Activities:

- Farm Service Agency provides funding for mediation programs to states through the State Mediation Grant program. This program reported a total of 1,136 covered cases during FY 2012. “Covered” cases are those authorized by statute and the Secretary of Agriculture 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 credit disputes, the most frequently mediated issues were Conservation Reserve Program payment eligibility/limitation, highly erodible land/water conservation program requirements, price support payments, and production flexibility contracts.
- Participating USDA agencies include the Farm Service Agency with over 461 cases; Natural Resources Conservation Service with over 101 cases, Risk Management Agency with over 25 cases, Rural Development with over 145 cases, and other (Agriculture Credit, Banks, etc.) with over 404 cases.

Selected Example of Recent Progress

- During FY 2012, some 34¹ State Agricultural Mediation Programs (AMPs) received a total of \$3,716,928 through the Farm Service Agency’s State Mediation Grants Program.
- States contributed over \$4,080,832 in matching funds.
- These AMPs reported a total of 1,136 covered mediation cases. “Covered” cases are those authorized by statute and the Secretary of Agriculture for funding under the grant program.
- During recertification of State AMPs for FY 2013, FSA became aware that two grantees had funds on hand from FY 2011 and/or previous years. These AMPs are in the process of returning these funds to FSA. The amounts to be returned are estimated at around \$100,000, but the official amount has not been certified by FSA.
- FSA grant funds and State “match” funds must be spent on covered cases and certain overhead expenses related to covered cases. Federal law prohibits the use of grant funds for other purposes. Participating USDA agencies and commercial creditors/suppliers were represented in the following number of cases:

¹ There were a total of 36 Certified Mediation Programs; however, Alabama and Missouri did not receive FY 2012 grant allocations due to prior year funding still being available.

Program Results Comparison:

	FY 2011	FY 2012
Number of cases mediated	5,014	1,136
Number of cases heard for resolution	2,354	1,067
• Resolved with agreements	1,495	380
• Resolved without agreement	447	175
Percentage of cases resolved ²	64%	69%
Average cost per case ³	\$533	\$6,864

The following table shows allocations and outlays by State for FY 2012:

State Mediation Grants
Grants and Outlays by State
Fiscal Year 2012
(Dollars in Thousands)

State	Grants	Outlays ⁴	Actual
Alabama	0	\$102	\$102
Alaska	0	0	0
Arizona	\$90	90	90
Arkansas	47	74	74
California	0	0	0
Colorado	20	20	20
Connecticut	0	0	0
Delaware	0	0	0
District of Columbia	0	0	0
Florida	31	44	44
Georgia	0	0	0
Hawaii	0	39	39
Idaho	0	41	41
Illinois	93	93	0
Indiana	136	136	136
Iowa	276	276	276
Kansas	309	482	482
Kentucky	0	0	0
Louisiana	0	0	0
Maine	62	62	62
Maryland	92	112	112

² Target was 69 percent and the calculation counts only those cases reported as resolved with or without agreement.

³ This is determined by adding total FY 2012 Federal grants (\$3,716,928) less funds carried over to FY 2013 (\$986,041) plus the grant “matching” funds (\$4,080,832) committed by the State AMP’s and dividing by the number of cases (1,136) mediated.

⁴ Includes outlays from prior year obligations.

State	Grants	Outlays ⁴	Actual
Massachusetts	125	90	90
Michigan	103	103	103
Minnesota	284	367	367
Mississippi	45	45	45
Missouri	0	0	0
Montana	0	0	0
Nebraska	124	120	120
Nevada	0	0	0
New Hampshire	0	39	39
New Jersey	12	7	7
New Mexico	91	54	54
New York	245	245	245
North Carolina	86	89	89
North Dakota	142	119	119
Ohio	0	0	0
Oklahoma	216	216	216
Oregon	37	32	32
Pennsylvania	61	8	8
Puerto Rico	0	0	0
Rhode Island	22	14	14
South Carolina	0	0	0
South Dakota	82	79	79
Tennessee	0	0	0
Texas	270	207	207
Utah	16	13	13
Vermont	181	103	103
Virgin Island	0	0	0
Virginia	36	0	0
Washington	135	76	76
West Pacific	0	0	0
West Virginia	0	0	0
Wisconsin	212	198	198
Wyoming	78	81	81
Total	3,759	3,876	3,783

FARM SERVICE AGENCY
Grassroots Source Water Protection Program

Lead-Off Tabular Statement

2013 Estimate.....	\$3,840,000
Budget Estimate, 2014.....	-
Change in Appropriation.....	<u>-3,840,000</u>

Summary of Increases and Decreases
(Dollars in thousands)

	<u>2011</u> Actual	<u>2012</u> Change	<u>2013</u> Change	<u>2014</u> Change	<u>2014</u> Estimate
Discretionary Appropriations:					
Grassroots Source Water Protection Program.....	\$4,241	-\$424	\$23	-\$3,840	-
Total, Appropriation or Change.....	<u>4,241</u>	<u>-424</u>	<u>+23</u>	<u>-3,840</u>	<u>-</u>

FARM SERVICE AGENCY
Grassroots Source Water Protection Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>Change</u>	<u>2014 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
Grassroots Source Water Protection Program.....	\$4,241	\$3,817	\$3,840	-\$3,840 (1)	-
Total Adjusted Approp.....	4,241	3,817	3,840	-3,840	-
Rescissions and Transfers (Net).....	9	-	-	-	-
Total Appropriation.....	4,250	3,817	3,840	-3,840	-
Rescissions and Transfers (Net).....	-9	-	-	-	-
Total Available.....	4,241	3,817	3,840	-3,840	-
Total Obligations.....	4,241	3,817	3,840	-3,840	-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>Change</u>	<u>2014 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
Grassroots Source Water Protection Program.....	\$4,241	\$3,817	\$3,840	-\$3,840	-
Total Obligations.....	4,241	3,817	3,840	-3,840	-
Total Available.....	4,241	3,817	3,840	-3,840	-
Rescission.....	9	-	-	-	-
Total Appropriation.....	4,250	3,817	3,840	-3,840	-

Justification of Increases and Decreases

(1) A decrease of \$3,840,000 for Grassroots Source Water Protection Program (\$3,840,000 is available in 2013).

The FY 2014 Budget proposes no funding for this program due to fiscal constraints.

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

State/Territory	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$100	\$116	\$117	-
Alaska.....	167	-	-	-
Arizona.....	100	116	116	-
Arkansas.....	100	116	116	-
California.....	100	116	116	-
Colorado.....	100	116	116	-
Connecticut/Rhode Island...	83	-	-	-
Delaware.....	83	-	-	-
Florida.....	100	116	116	-
Georgia.....	100	116	116	-
Idaho.....	100	116	116	-
Illinois.....	100	115	116	-
Indiana.....	100	115	116	-
Iowa.....	100	115	116	-
Kansas.....	100	115	116	-
Louisiana.....	100	115	116	-
Maine.....	83	-	-	-
Maryland.....	83	-	-	-
Massachusetts.....	83	-	-	-
Michigan.....	83	-	-	-
Minnesota.....	100	115	116	-
Mississippi.....	100	116	116	-
Missouri.....	100	115	116	-
Montana.....	100	115	116	-
Nevada.....	100	115	116	-
New Mexico.....	100	115	116	-
North Carolina.....	83	-	-	-
North Dakota.....	83	-	-	-
Ohio.....	100	115	116	-
Oklahoma.....	100	115	116	-
Oregon.....	100	115	116	-
Pennsylvania.....	100	115	116	-
South Carolina.....	100	115	116	-
South Dakota.....	100	115	116	-
Tennessee.....	100	115	116	-
Texas.....	100	115	116	-
Utah.....	100	115	116	-
Vermont.....	83	-	-	-
Virginia.....	100	115	116	-
Washington.....	100	115	116	-
West Virginia.....	100	115	116	-
Wisconsin.....	100	115	116	-
Wyoming.....	100	115	116	-
Undistributed.....	16	16	-	-
Obligations.....	4,241	3,817	3,840	-
Total, Available.....	4,241	3,817	3,840	-

Undistributed funds are utilized for salary, fringe, travel, indirect and resources for the National Rural Water Association to manage the program.

FARM SERVICE AGENCY
Grassroots Source Water Protection Program

Classification by Objects
(Dollars in thousands)

		2011	2012	2013	2014
		<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:					
41.0	Grants.....	\$4,241	\$3,817	\$3,840	-
	Total, Other Objects.....	<u>4,241</u>	<u>3,817</u>	<u>3,840</u>	<u>-</u>
99.9	Total, new obligations.....	<u>4,241</u>	<u>3,817</u>	<u>3,840</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 2012, \$3.8 million was provided by P.L. 112-55, the Consolidated and Further Continuing Appropriations Act, 2012. The 44 States participating in the GSWPP were chosen based on objective technical criteria relating to water quality and population. During 2012, \$3.8 million was disbursed.

Between October 1, 2011 and September 30, 2012, the GSWPP completed 133 source water plans with management activities implemented in the source water areas. These water plans provide protection measures for 525 public drinking water sources (431 wells and 94 surface water intakes). In October, 2011 GSWPP was in 44 states. In January, 2012 the program was reduced to 33 states. The program was implemented in the following States:

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

The program continued in the bolded states after January 31, 2012.

The following table shows appropriations from fiscal years 2005 through 2012.

Grassroots Source Water Protection Program
Appropriations for Fiscal Years 2005-2012

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	

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

FARM SERVICE AGENCY
Dairy Indemnity Program

The estimates include appropriation language for this item as follows:

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

2013 Estimate.....	\$250,000
Budget Estimate, 2014.....	250,000
Change in Appropriation.....	-

Summary of Increases and Decreases

(On basis of appropriation)

(Dollars in thousands)

	2011 Actual	2012 Change	2013 Change	2014 Change	2014 Estimate
Mandatory Appropriations:.....					
Dairy Indemnity Program.....	\$100	-	+\$150	-	\$250
Total, Appropriation or Change.....	100	-	150	-	250

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

Program	2011 Actual	2012 Actual	2013 Estimate	Change	2014 Estimate
	Amount	Amount	Amount	Amount	Amount
Mandatory Appropriations:					
Dairy Indemnity Program.....	\$100	\$100	\$250	- (1)	\$250
Total Adjusted Appropriation.....	100	100	250	-	250
Total Appropriation.....	100	100	250	-	250
Bal. Available, SOY.....	1,047	763	-	-	-
Recoveries, Other (Net).....	-	9	-	-	-
Total Available.....	1,147	872	250	-	250
Lapsing Balances.....	-	-592	-	-	-
Bal. Available, EOY.....	-763	-	-	-	-
Total Obligations.....	384	280	250	-	250

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2011 Actual	2012 Actual	2013 Estimate	Change	2014 Estimate
	Amount	Amount	Amount	Amount	Amount
Mandatory Obligations:					
Dairy Indemnity Program.....	\$384	\$280	\$250	-	\$250
Total Obligations.....	384	280	250	-	250
Recoveries, Other (Net).....	-	-9	-	-	-
Lapsing Balances.....	-	592	-	-	-
Bal. Available, EOY.....	763	-	-	-	-
Total Available.....	1,147	863	250	-	250
Transfers In.....	-	-	-	-	-
Transfers Out.....	-	-	-	-	-
Rescission.....	-	-	-	-	-
Bal. Available, SOY.....	-1,047	-763	-	-	-
Other Adjustments (Net).....	-	-	-	-	-
Total Appropriation.....	100	100	250	-	250

Justification of Increases and Decreases

(1) No change in funding for Dairy Indemnity Program \$250,000 available in FY 2013.

The amount of Dairy Indemnity Program claims varies considerably from year to year, depending upon the nature and extent of contamination problems encountered. It is therefore impossible to predict with any degree of accuracy what the program needs will be in a given year. For that reason, the budget requests "such sums as may be necessary," the same as Congress provided for 2013. The 2014 estimate of \$250,000 is the amount projected to be used under the indefinite authority.

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

State/Territory	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>2014 Estimate</u>
	Amount	Amount	Amount	Amount
Georgia.....	\$53	\$39	\$39	\$39
Mississippi.....	66	-	-	-
Missouri.....	3	-	-	-
Oklahoma.....	-	2	2	2
Texas.....	262	239	209	209
Obligations.....	384	280	250	250
Recoveries, Other (Net).....		-9		
Lapsing Balances.....		592		
Bal. Available, EOY.....	763		-	-
Total, Available.....	1,147	863	250	250

Classification by Objects
(Dollars in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
	Actual	Actual	Estimate	Estimate
41.0 Grants.....	\$384	\$280	\$250	\$250
99.9 Total, new obligations...	384	280	250	250

**DAIRY INDEMNITY PROGRAM
STATUS OF PROGRAM**

Current Activities: During 2012, 32 dairy farmers in 7 States filed 32 claims totaling \$286,780 under the Dairy Indemnity Program. These claims resulted from losses due to Aflatoxin, a naturally occurring toxin that may inadvertently contaminate grain used for feed. Net outlays for 2012 totaled \$273,724.

Payments to dairy farmers since the program's inception in 1965 total \$21.4 million. The provision for making indemnity payments to manufacturers of dairy products became effective on November 30, 1970. Since that time, 20 manufacturers have received indemnity payments totaling \$3.9 million, which is unchanged since 1987.

Selected Examples of Recent Activity: The following tables show (a) allocations and outlays by State during 2012 and (b) payments and number of payees from 1965 through 2012.

Dairy Indemnity Program
Allocations and Outlays by State
Fiscal Year 2012

State	Allocations	Outlays
Georgia	\$48,042	\$48,042
Mississippi	34,442	34,442
Missouri	13,890	13,890
Texas	185,283	188,184
Louisiana	1,394	1,394
Kansas	675	675
Arkansas	3,054	3,054
Offsetting Collections	0	-15,957
Total	\$286,780	\$273,724

Dairy Indemnity Program
Payments and Number of Payees
Fiscal Years 1965-2012

Fiscal Years	Payments to Dairy Farmers	Payments to Manufacturers of Dairy Products	Total Payments	Number of Payees
1965 to 1974	\$1,648,663	\$141,427	\$1,790,090	449
1975 to 1984	8,836,772	408,120	9,244,892	147
1985 to 1994	6,443,698	3,361,892	9,805,590	437
1995 to 2004	2,204,007	0	2,204,007	321
2005	349,232	--	349,232	23
2006	132,457	--	132,457	15
2007	181,329	--	181,329	21
2008	144,388	--	144,388	14
2009	650,788	--	650,788	22
2010	161,722	--	161,722	18
2011	380,736		380,736	28
2012	\$273,724		\$273,724	32
Total	\$21,407,516	\$3,911,439	\$25,318,955	1,527

FARM SERVICE AGENCY

The estimates include appropriation language for this item as follows:

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

For gross obligations for the principal amount of direct and guaranteed farm ownership (7 U.S.C. 1922 et seq.) and operating (7 U.S.C. 1941 et seq.) loans, emergency loans (7 U.S.C. 1961 et seq.), Indian tribe land acquisition loans (25 U.S.C. 488), boll weevil loans (7 U.S.C. 1989), guaranteed conservation loans (7 U.S.C. 1924 et seq.), and Indian highly fractionated land loans (25 U.S.C. 488), to be available from funds in the Agricultural Credit Insurance Fund, as follows: farm ownership loans, \$2,575,000,000 of which \$2,000,000,000 shall be for unsubsidized guaranteed loans and \$575,000,000 shall be for direct loans; operating loans, \$2,723,686,000, of which \$1,500,000,000 shall be for unsubsidized guaranteed loans and \$1,223,686,000 shall be for direct loans; emergency loans, \$34,658,000; Indian tribe land acquisition loans, \$2,000,000; guaranteed conservation loans, \$150,000,000; Indian highly fractionated land loans, \$10,000,000; and for boll weevil eradication program loans, \$60,000,000: Provided, That the Secretary shall deem the pink bollworm to be a boll weevil for the purpose of boll weevil eradication program loans.

For the cost of direct and guaranteed loans and grants, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, as follows: farm ownership, loans, \$4,428,000 for direct loans; operating loans, \$85,358,000, of which \$18,300,000 shall be for unsubsidized guaranteed loans, and \$67,058,000 shall be for direct loans; emergency loans, \$1,698,000, to remain available until expended; and Indian highly fractionated land loans, \$68,000.

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

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

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Lead-Off Tabular Statement

2013 Estimate.....	\$408,330,000
Budget Estimate, 2014.....	406,470,000
Change in Appropriation.....	<u>-1,860,000</u>

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

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

	2011 Actual		2012 Change		2013 Change		2014 Change		2014 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Discretionary Appropriations:										
Direct Loans:										
Farm Ownership.....	\$474,050	\$32,804	+\$950	-\$10,004	+\$66,038	+\$140	+\$33,962	-\$18,512	\$575,000	\$4,428
Farm Operating.....	947,606	57,425	+102,484	+1,695	+17,809	+362	+155,787	+7,576	1,223,686	67,058
Emergency.....	-	-	-	-	-	-	+34,658	+1,698	34,658	1,698
Indian Land Acquisition.....	3,940	-	-1,940	-	-	-	-	-	2,000	-
Boll Weevil Eradication.....	100,000	-	-	-	-	-	-40,000	-	60,000	-
Conservation.....	11,507	344	-11,507	-344	-	-	-	-	-	-
Indian Highly Fractionated Land.....	-	-	+10,000	+193	+1,224	+1	-1,224	-126	10,000	68
Subtotal.....	1,537,103	90,573	+99,987	-8,460	85,071	+503	183,183	-9,364	1,905,344	73,252
Guaranteed Loans:										
Farm Ownership, Unsubsidized.....	1,497,000	5,689	+3,000	-5,689	-	-	+500,000	-	2,000,000	-
Farm Operating, Unsubsidized.....	1,497,000	34,880	+3,000	-8,780	+706,700	+160	-706,700	-7,960	1,500,000	18,300
Farm Operating, Subsidized.....	119,595	16,540	-119,595	-16,540	-	-	-	-	-	-
Conservation.....	550	2	+149,450	-2	-	-	-	-	150,000	-
Subtotal.....	3,114,145	57,111	+35,855	-31,011	+706,700	+160	-206,700	-7,960	3,650,000	18,300
Administrative Expenses.....	-	312,881	-	-15,249	-	+1,822	-	+15,464	-	314,918
Total Appropriation or Change.....	4,651,248	460,565	+135,842	-54,720	+791,771	+2,485	-23,517	-1,860	5,555,344	406,470

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Project Statement
(Adjusted Appropriations Detail)
(Dollars in thousands)

Program	2011 Actual		2012 Actual		2013 Estimate		Change		2014 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Discretionary Appropriations:										
Direct Loans:										
Farm Ownership	\$474,050	\$32,804	\$475,000	\$22,800	\$541,038	\$22,940	\$33,962	-\$18,512	\$575,000	\$4,428
Farm Operating	947,606	57,425	1,050,090	59,120	1,067,899	59,482	155,787	7,576	1,223,686	67,058
Emergency	-	-	-	-	-	-	+34,658	1,698	34,658	1,698
Indian Land Acquisition	3,940	-	2,000	-	2,000	-	-	-	2,000	-
Boll Weevil Eradication	100,000	-	100,000	-	100,000	-	-40,000	-	60,000	-
Conservation	11,507	344	-	-	-	-	-	-	-	-
Indian Highly Fractionated Land	-	-	10,000	193	11,224	194	-1,224	-126	10,000	68
Subtotal	1,537,103	90,573	1,637,090	82,113	1,722,161	82,616	183,183	-9,364 (1)	1,905,344	73,252
Guaranteed Loans:										
Farm Ownership, Unsubsidized	1,497,000	5,689	1,500,000	-	1,500,000	-	+500,000	-	2,000,000	-
Farm Operating, Unsubsidized	1,497,000	34,880	1,500,000	26,100	2,206,700	26,260	-706,700	-7,960	1,500,000	18,300
Farm Operating, Subsidized	119,595	16,540	-	-	-	-	-	-	-	-
Conservation	550	2	150,000	-	150,000	-	-	-	150,000	-
Subtotal	3,114,145	57,111	3,150,000	26,100	3,856,700	26,260	-206,700	-7,960 (2)	3,650,000	18,300
Administrative Expenses	-	312,881	-	297,632	-	299,454	-	+15,464	-	314,918
Total Adjusted Appropriations	4,651,248	460,565	4,787,090	405,845	5,578,861	408,330	-23,517	-1,860 (3)	5,555,344	406,470

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

Program	2011 Actual		2012 Actual		2013 Estimate		Change		2014 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Recissions.....	9,094	923	-	-	-	-	-	-	-	-
Direct Loans:										
Transfers(Internal) Farm Ownership	107,075	7,410	55,000	2,640	-	-	-	-	-	-
Transfers(Internal) Farm Operating	100,000	6,060	120,000	6,756	-	-	-	-	-	-
Subtotal, Direct Transfers	207,075	13,470	175,000	9,396	-	-	-	-	-	-
Guaranteed Loans:										
Transfers(Internal) Farm Operating, Unsubsidized	-318,008	-7,410	-540,000	-9,396	-	-	-	-	-	-
Transfers(Internal) Farm Ownership	406,974	1,546	-	-	-	-	-	-	-	-
Transfers(Internal) Farm Operating, Subsidized	-55,000	-7,606	-	-	-	-	-	-	-	-
Subtotal, Guaranteed Transfers	33,966	-13,470	-540,000	-9,396	-	-	-	-	-	-
Total Appropriation	4,901,383	461,488	4,422,090	405,845	5,578,861	408,330	-23,517	-1,860	5,555,344	406,470
Recissions.....	-9,094	-923	-	-	-	-	-	-	-	-
Bal Available, SOY.....	70,848	7,127	68,397	3,605	38,207	2,095	-38,207	-2,095	-	-
Recoveries, Other (Net).....	-	8	-	75	-	-45	-	+45	-	-
Total Available	4,963,137	467,700	4,490,487	409,525	5,617,068	410,380	-61,724	-3,910	5,555,344	406,470
Lapsing Balances.....	-75,653	-1,297	-268,774	-1,138	-	-	-	-	-	-
Balance Available, EOY.....	-71,118	-3,605	-36,961	-2,095	-	-	-	-	-	-
Total Obligations	4,816,366	462,798	4,184,752	406,292	5,617,068	410,380	-61,724	-3,910	5,555,344	406,470

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

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Project Statement
(Obligations Detail)
(Dollars in thousands)

Program	2011 Actual		2012 Actual		2013 Estimate		Change		2014 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Discretionary Appropriations:										
Direct Loans:										
Farm Ownership.....	\$474,050	\$32,804	\$475,000	\$25,430	\$541,038	\$22,940	+\$33,962	-\$18,512	\$575,000	\$4,428
Farm Operating.....	949,257	57,525	1,050,090	65,828	1,067,899	59,482	155,787	7,576	1,223,686	67,058
Emergency.....	32,610	3,421	31,436	1,585	35,999	2,024	-1,341	-326	34,658	1,698
Indian Land Acquisition.....	-	-	-	-	2,000	-	-	-	2,000	-
Boll Weevil Eradication.....	-	-	20,900	-	100,000	-	-40,000	-	60,000	-
Conservation.....	11,146	333	-	-	-	-	-	-	-	-
Indian Highly Fractionated Land.....	-	-	-	-	11,224	194	-1,224	-126	10,000	68
Subtotal.....	1,467,063	94,083	1,577,426	92,843	1,758,160	84,640	147,184	-11,388	1,905,344	73,252
Guaranteed Loans:										
Farm Ownership, Unsubsidized.....	1,497,000	5,689	1,499,491	-	1,500,000	-	500,000	-	2,000,000	-
Farm Operating, Unsubsidized.....	1,175,277	27,343	933,881	16,250	2,208,908	26,286	-708,908	-7,986	1,500,000	18,300
Farm Operating, Subsidized.....	62,692	8,671	-	-	-	-	-	-	-	-
Conservation.....	550	2	-	-	150,000	-	-	-	150,000	-
Subtotal.....	2,735,519	41,705	2,433,372	16,250	3,858,908	26,286	-208,908	-7,986	3,650,000	18,300
Total Loans.....	4,202,582	135,788	4,010,798	109,093	5,617,068	110,926	-61,724	-19,374	5,555,344	91,552
Administrative Expenses.....	-	312,012	-	297,199	-	299,454	+	\$15,464	-	314,918
Subtotal.....	4,202,582	447,800	4,010,798	406,292	5,617,068	410,380	-61,724	-3,910	5,555,344	406,470

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

Program	2011 Actual		2012 Actual		2013 Estimate		Change		2014 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Transfers.....	-	-	-	-	-	-	-	-	-	-
Direct Loans:										
Transfers(Internal) Farm Ownership.....	106,810	7,392	54,812	2,640	-	-	-	-	-	-
Transfers(Internal) Farm Operating.....	100,000	6,060	119,142	6,756	-	-	-	-	-	-
Subtotal, Direct Transfers.....	206,810	13,452	173,954	9,396	-	-	-	-	-	-
Guaranteed Loans:										
Transfers(Internal) Farm Operating, Unsubsidized.....	-	-	-	(9,396)	-	-	-	-	-	-
Transfers(Internal) Farm Ownership.....	406,974	1,546	-	-	-	-	-	-	-	-
Transfers(Internal) Farm Operating, Subsidized.....	-	-	-	-	-	-	-	-	-	-
Subtotal, Guaranteed Transfers.....	406,974	1,546	-	(9,396)	-	-	-	-	-	-
Total Obligations.....	4,816,366	462,798	4,184,752	406,292	5,617,068	410,380	-61,724	-3,910	5,555,344	406,470
Transfers.....	-	-	-	-	-	-	-	-	-	-
Guaranteed Operating Loans.....	-	-	-540,000	-	-	-	-	-	-	-
Transfers(Internal) Farm Operating.....	-241,041	-	-	-	-	-	-	-	-	-
Lapsing Balances.....	316,694	1,297	268,774	1,138	-	-	-	-	-	-
Balance Available, EOY.....	71,118	3,605	36,961	2,095	-	-	-	-	-	-
Total Available.....	4,963,137	467,700	4,490,487	409,525	5,617,068	410,380	-61,724	-3,910	5,555,344	406,470
Rescissions.....	9,094	923	-	-	-	-	-	-	-	-
Bal Available, SOY.....	-70,848	-7,127	-68,397	-3,605	-36,961	-2,095	36,961	2,095	-	-
Other Adjustments (Net).....	-	-8	-	-75	-1,246	45	1,246	-45	-	-
Total Appropriation.....	4,901,383	461,488	4,422,090	405,845	5,578,861	408,330	-23,517	-1,860	5,555,344	406,470

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

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Justification of Increases and Decreases

- (1) A net increase of \$183,183,000 in direct loan levels (\$1,722,161,000 available in 2013) and a net decrease of \$9,364,000 in subsidy budget authority (BA) (\$82,616,000 available in 2013).

The 2014 budget proposes increases for Direct Ownership, Direct Operating, and Emergency loan levels, partially offset by decreases to Boll Weevil and Indian Highly Fractionated Land loan programs.

The increase of \$33,962,000 in the Direct Ownership loan program benefits beginning and socially disadvantaged (SDA) farmers who have no alternative source of financing; over 85 percent of the funding is reserved for these two groups. The increase in land prices in most areas of the country is making farm ownership for minority and beginning farmers nearly impossible without full or partial FSA financing. Lack of funding in this program has a direct and adverse impact on the groups that the Department seeks to assist. Applicants with approved loans are forced to wait long periods of time for available funding, sometimes a year or more. In many cases, the funding shortage prevents both beginning and minority farmers from taking advantage of unique, often one-time opportunities to purchase a property which affords them the best possibility for success. The modest increase requested will support an additional 200 loans above the 2013 CR level and an additional 600 loans above the 2012 appropriation.

The increase of \$155,787,000 in Direct Operating loans also benefits beginning and SDA farmers who have no alternative source of financing – over 60 percent of the funding is reserved for these two groups. Additionally, the program is now financing an increasing number of small and local food producers, and includes a new microloan feature designed to better reach these growers, increasing and supporting the availability of fresh, local food. Initial appropriations in recent fiscal years have been inadequate to meet the demand for approved loans. Demand in FY 2013 continues to increase as the cost of farm production inputs increase and the Agency does a better job of reaching beginning and SDA farmers. The requested program level should be sufficient to support the anticipated demand. The increase requested will support an additional 2,600 loans above the 2013 level.

An increase of \$34,658,000 is requested for Emergency loans, which have been funded by carryover for a number of years. Yearly obligations for emergency loans have averaged \$35 million over the last five years. Assuming the same level of obligation for FY 2013, all remaining funds will be depleted by the end of FY 2013, leaving no funding source available for emergency loans.

The decrease in Boll Weevil (\$40,000,000) loans is due to the success of the program in eradicating the boll weevil pest. The decrease in the Indian Highly Fractionated Land (\$1,224,000) loan program is simply due to the funding levels that result from applying the 2013 subsidy rate to the budget authority provided under the 2013 continuing resolution.

Subsidy budget authority for direct loans decreases in large part due to changes in the Direct Ownership subsidy rate. This decrease, attributable to sound program management and low interest rates, supports a higher program level than FY 2013 which is more consistent with current demand. The subsidy rate decrease in Direct Operating allows the Agency to fund an additional \$155,787,000 for a slight increase of \$7,576,000 in budget authority. Subsidy increase for Emergency loans is due to the fact that there was no subsidy budget authority in FY 2012 or FY 2013. The subsidy rate change for the Indian Highly Fractionated Land program is due to changes in economic assumptions about interest rates.

- (2) A net decrease of \$206,700,000 in guaranteed loan levels (\$3,856,700,000 available in 2013) and \$7,960,000 in subsidy budget authority (\$26,260,000 available in 2013).

The 2014 budget proposes the same Guaranteed Operating (\$1,500 million) and Conservation (\$150 million) loan levels as the 2013 budget. The decrease of \$706.7 million from 2013 to 2014 in Guaranteed Operating loans is due to the 2013 funding levels that result from applying the 2013 subsidy rate to the budget authority provided under the 2013 continuing resolution. Guaranteed Conservation loan level is not impacted because it operates at a negative subsidy rate.

- (3) An increase of \$15,464,000 for Agricultural Credit Insurance Fund (ACIF) administrative expenses (\$299,454,000 available in 2013):

The increase in the administrative expenses is in the transfer to the Salaries and Expenses (S&E) appropriation. The change is discussed as 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	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama	\$3,039	\$4,930	\$2,831	\$4,180
Alaska	220	133	205	182
Arizona	3,240	480	3,018	1,864
Arkansas	6,691	4,302	6,232	5,646
California	7,092	8,124	6,606	7,918
Colorado	6,657	5,751	6,201	6,416
Connecticut	280	340	261	323
Delaware	800	1,424	745	1,168
Florida	1,795	3,165	1,672	2,606
Georgia	9,306	6,853	8,668	8,325
Hawaii	995	1,101	927	1,089
Idaho	5,848	5,029	5,447	5,623
Illinois	34,441	33,016	32,080	34,962
Indiana	22,899	17,429	21,329	20,792
Iowa	57,680	56,070	53,726	58,977
Kansas	33,463	26,551	31,169	30,970
Kentucky	20,086	16,819	18,709	19,068
Louisiana	1,043	350	971	706
Maine	1,043	1,634	971	1,403
Maryland	133	2,068	124	1,188
Massachusetts	2,593	3,118	2,415	2,975
Michigan	16,255	10,641	15,141	13,819
Minnesota	39,385	29,867	36,685	35,701
Mississippi	804	1,634	749	1,284
Missouri	25,252	21,962	23,521	24,416
Montana	9,969	9,027	9,286	9,833
Nebraska	38,510	39,268	35,870	40,369
Nevada	1,711	1,129	1,594	1,460
New Hampshire	520	485	484	521
New Jersey	896	636	835	788
New Mexico	5,010	3,926	4,667	4,610
New York	7,526	5,208	7,010	6,551
North Carolina	3,730	4,001	3,474	4,018
North Dakota	13,271	9,178	12,361	11,548
Ohio	15,423	17,706	14,366	17,242
Oklahoma	43,487	47,204	40,506	47,139
Oregon	6,315	4,562	5,882	5,601
Pennsylvania	12,083	10,317	11,255	11,579
Rhode Island	560	-	522	277
South Carolina	2,951	3,611	2,749	3,420
South Dakota	25,054	18,219	23,336	22,287
Tennessee	6,731	8,665	6,270	8,033
Texas	22,328	22,127	20,797	23,058
Utah	8,890	6,512	8,281	7,934
Vermont	1,242	1,458	1,157	1,405
Virginia	6,662	7,754	6,205	7,505
Washington	4,379	5,301	4,079	5,044
West Virginia	2,757	2,941	2,568	2,961
Wisconsin	32,584	29,831	30,350	32,315
Wyoming	2,762	3,240	2,573	3,126
Puerto Rico	4,344	4,715	4,046	4,713
Western Pacific Territories	125	-	116	62
Undistributed	-	-	-	-
Obligations	580,860	529,812	541,038	575,000
Lapsing Balances	-	188	-	-
Bal Available, EOY	-	-	-	-
Total, Available	580,860	530,000	541,038	575,000

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

State/Territory	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$41,907	\$27,772	\$30,380	\$40,507
Arizona.....	3,772	2,555	2,762	3,683
Arkansas.....	84,727	68,601	67,650	90,201
California.....	32,099	37,589	31,431	41,908
Colorado.....	21,711	17,039	17,065	22,754
Connecticut.....	2,873	3,106	2,684	3,579
Delaware.....	1,310	5,004	3,018	4,024
Florida.....	5,774	3,943	4,244	5,659
Georgia.....	51,027	16,581	28,371	37,829
Hawaii.....	1,993	2,433	2,001	2,668
Idaho.....	18,890	25,316	20,095	26,794
Illinois.....	147,261	117,682	116,805	155,740
Indiana.....	115,190	86,069	88,374	117,832
Iowa.....	103,499	92,140	86,810	115,747
Kansas.....	25,392	21,178	20,584	27,445
Kentucky.....	47,133	39,274	38,190	50,919
Louisiana.....	6,537	5,037	5,092	6,789
Maine.....	1,067	4,665	2,753	3,671
Maryland.....	6,631	4,175	4,697	6,263
Massachusetts.....	4,126	4,150	3,699	4,932
Michigan.....	54,364	44,576	43,687	58,249
Minnesota.....	84,749	68,419	67,568	90,091
Mississippi.....	15,821	16,020	14,238	18,984
Missouri.....	96,831	72,376	74,301	99,068
Montana.....	31,913	28,532	26,828	35,771
Nebraska.....	61,215	52,252	50,222	66,962
Nevada.....	3,743	2,196	2,571	3,428
New Hampshire.....	100	836	457	610
New Jersey.....	5,164	2,436	3,250	4,334
New Mexico.....	6,725	5,750	5,522	7,363
New York.....	19,775	24,109	19,840	26,453
North Carolina.....	67,938	33,137	43,306	57,742
North Dakota.....	15,224	14,455	13,220	17,627
Ohio.....	199,136	148,813	152,788	203,717
Oklahoma.....	47,416	29,453	33,389	44,518
Oregon.....	13,798	18,457	14,661	19,548
Pennsylvania.....	19,993	13,795	14,767	19,689
Rhode Island.....	-	575	288	383
South Carolina.....	25,351	19,018	19,487	25,983
South Dakota.....	60,368	46,357	46,940	62,587
Tennessee.....	24,465	26,553	22,907	30,543
Texas.....	31,779	39,157	32,090	42,786
Utah.....	14,772	16,188	13,909	18,546
Vermont.....	14,478	9,296	10,346	13,795
Virginia.....	28,175	13,522	17,850	23,799
Washington.....	13,091	7,005	8,655	11,540
West Virginia.....	3,198	3,876	3,197	4,263
Wisconsin.....	208,770	144,651	155,322	207,096
Wyoming.....	11,978	10,555	9,992	13,323
Puerto Rico.....	725	2,817	1,697	2,258
Undistributed.....	-	-	-	-
Obligations.....	1,903,974	1,499,491	1,500,000	2,000,000
Lapsing Balances.....	-	509	-	-
Bal. Available, EOY.....	-	-	-	-
Total, Available.....	1,903,974	1,500,000	1,500,000	2,000,000

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

State/Territory	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$12,874	\$15,104	\$13,461	\$15,411
Alaska.....	556	1,108	801	904
Arizona.....	10,690	7,720	8,858	10,273
Arkansas.....	32,907	41,474	35,788	40,891
California.....	24,162	29,134	25,643	29,335
Colorado.....	12,297	14,725	13,001	14,876
Connecticut.....	805	1,056	895	1,022
Delaware.....	622	403	493	573
Florida.....	15,786	19,195	16,831	19,250
Georgia.....	40,227	43,545	40,306	46,243
Hawaii.....	1,848	1,985	1,844	2,116
Idaho.....	21,435	23,653	21,694	24,876
Illinois.....	15,076	16,740	15,308	17,551
Indiana.....	7,579	7,615	7,310	8,404
Iowa.....	54,084	71,864	60,598	69,143
Kansas.....	41,551	36,441	37,525	43,298
Kentucky.....	43,148	57,749	48,545	55,379
Louisiana.....	20,886	16,469	17,973	20,797
Maine.....	3,253	5,993	4,449	5,033
Maryland.....	2,973	2,642	2,702	3,116
Massachusetts.....	3,552	7,729	5,428	6,116
Michigan.....	21,190	20,514	20,065	23,091
Minnesota.....	51,459	57,517	52,432	60,105
Mississippi.....	13,594	17,358	14,892	17,010
Missouri.....	19,328	25,853	21,738	24,799
Montana.....	17,497	20,852	18,451	21,114
Nebraska.....	70,379	73,841	69,390	79,680
Nevada.....	3,622	3,694	3,520	4,045
New Hampshire.....	1,031	1,077	1,014	1,165
New Jersey.....	2,164	3,592	2,769	3,142
New Mexico.....	5,607	7,034	6,082	6,950
New York.....	15,374	15,296	14,756	16,969
North Carolina.....	25,961	24,248	24,157	27,827
North Dakota.....	22,859	28,252	24,591	28,113
Ohio.....	6,747	8,581	7,375	8,424
Oklahoma.....	49,307	49,011	47,305	54,398
Oregon.....	16,395	15,712	15,448	17,782
Pennsylvania.....	27,350	27,605	26,441	30,394
Rhode Island.....	875	1,246	1,020	1,162
South Carolina.....	27,247	33,209	29,088	33,266
South Dakota.....	42,033	48,276	43,451	49,773
Tennessee.....	27,324	30,043	27,601	31,655
Texas.....	68,350	73,859	68,422	78,506
Utah.....	23,277	26,523	23,961	27,453
Vermont.....	3,928	5,607	4,588	5,224
Virginia.....	17,923	22,674	19,533	22,316
Washington.....	26,192	24,120	24,207	27,894
West Virginia.....	7,449	9,742	8,271	9,441
Wisconsin.....	56,204	60,875	56,331	64,630
Wyoming.....	5,989	3,884	4,750	5,525
Puerto Rico.....	6,047	6,695	6,131	7,029
Virgin Islands.....	55	74	62	71
Western Pacific Territories.....	189	24	104	126
Undistributed.....	-	-	-	-
Obligations.....	1,049,257	1,169,232	1,067,399	1,223,686
Lapsing Balances.....	-	858	-	-
Bal. Available, EOY.....	-	-	-	-
Total, Available.....	1,049,257	1,170,090	1,067,399	1,223,686

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

State/Territory	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>2014 Estimate</u>
	Loan Level	Loan Level	Loan Level	Loan Level
Colorado.....	\$135	-	-	-
Idaho.....	30	-	-	-
Illinois.....	8,278	-	-	-
Indiana.....	75	-	-	-
Iowa.....	8,145	-	-	-
Kansas.....	2,671	-	-	-
Kentucky.....	114	-	-	-
Michigan.....	376	-	-	-
Minnesota.....	6,095	-	-	-
Missouri.....	1,783	-	-	-
Montana.....	1,789	-	-	-
Nebraska.....	7,008	-	-	-
New Mexico.....	55	-	-	-
New York.....	1,450	-	-	-
North Dakota.....	4,383	-	-	-
Ohio.....	188	-	-	-
Oklahoma.....	2,314	-	-	-
Pennsylvania.....	1,489	-	-	-
South Dakota.....	4,302	-	-	-
Texas.....	400	-	-	-
Utah.....	400	-	-	-
Vermont.....	533	-	-	-
West Virginia.....	99	-	-	-
Wisconsin.....	10,420	-	-	-
Wyoming.....	160	-	-	-
Undistributed.....	-	-	-	-
Obligations.....	62,692	-	-	-
Lapsing Balances.....	-	-	-	-
Bal. Available, EOY.....	-	-	-	-
Total, Available.....	62,692	-	-	-

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

State/Territory	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>2014 Estimate</u>
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$2,512	\$2,982	\$5,760	\$4,001
Arizona.....	15,223	9,623	26,047	17,460
Arkansas.....	72,973	78,378	158,667	109,596
California.....	55,712	43,017	103,501	70,163
Colorado.....	\$17,290	9,884	28,487	18,991
Connecticut.....	1,498	1,223	2,853	1,940
Delaware.....	130	482	642	470
Florida.....	7,043	13,476	21,511	15,325
Georgia.....	48,661	45,113	98,307	67,339
Hawaii.....	128	62	199	132
Idaho.....	44,872	28,242	76,648	51,367
Illinois.....	21,135	22,683	45,936	31,728
Indiana.....	25,761	40,234	69,185	48,781
Iowa.....	52,075	38,437	94,887	64,160
Kansas.....	27,928	18,362	48,527	32,601
Kentucky.....	19,633	21,873	43,512	30,117
Louisiana.....	68,383	50,918	125,067	84,609
Maine.....	648	954	1,679	1,180
Maryland.....	230	1,213	1,513	1,121
Massachusetts.....	614	1,816	2,547	1,851
Michigan.....	39,523	28,932	71,764	48,502
Minnesota.....	67,838	46,884	120,267	81,021
Mississippi.....	18,202	12,281	31,956	21,499
Missouri.....	40,137	34,094	77,819	53,040
Montana.....	22,785	19,668	44,505	30,362
Nebraska.....	39,550	21,539	64,042	42,582
Nevada.....	2,401	1,797	4,401	2,978
New Hampshire.....	725	117	883	557
New Jersey.....	2,405	2,025	4,644	3,164
New Mexico.....	5,090	2,997	8,478	5,661
New York.....	20,003	17,074	38,869	26,500
North Carolina.....	23,810	13,516	39,130	26,076
North Dakota.....	33,585	26,141	62,613	42,464
Ohio.....	22,157	15,674	39,660	26,752
Oklahoma.....	35,556	26,074	64,609	43,671
Oregon.....	19,803	15,393	36,897	25,022
Pennsylvania.....	10,573	9,859	21,420	14,677
Rhode Island.....	-	230	241	185
South Carolina.....	12,613	15,619	29,597	20,607
South Dakota.....	27,875	23,633	53,998	36,800
Tennessee.....	28,023	17,181	47,389	31,713
Texas.....	76,582	55,499	138,465	93,529
Utah.....	7,143	6,095	13,878	9,461
Vermont.....	6,429	6,855	13,926	9,615
Virginia.....	16,920	8,514	26,663	17,654
Washington.....	41,665	25,821	70,748	47,373
West Virginia.....	806	292	1,151	750
Wisconsin.....	59,958	46,761	109,681	74,545
Wyoming.....	10,075	3,935	14,687	9,601
Puerto Rico.....	596	400	1,044	702
Western Pacific Territories.....	-	9	9	5
Undistributed.....	-	-	-	-
Obligations.....	1,175,277	933,881	2,208,909	1,500,000
Lapsing Balances.....	-	26,119	-	-
Bal. Available, EOY.....	-	1,495	-	-
Total, Available.....	1,175,277	961,495	2,208,909	1,500,000

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

State/Territory	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>2014 Estimate</u>
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$380	-	\$210	\$202
Arkansas.....	10,399	\$2,591	7,228	6,954
California.....	33	1,979	1,152	1,108
Colorado.....	-	361	207	199
Connecticut.....	-	389	223	214
Delaware.....	266	-	147	141
Florida.....	2,088	500	1,440	1,385
Georgia.....	180	1,381	891	857
Illinois.....	-	40	23	22
Iowa.....	538	125	369	355
Kansas.....	-	285	163	157
Kentucky.....	1,190	-	657	632
Louisiana.....	460	1,085	876	843
Maryland.....	-	211	121	116
Massachusetts.....	304	1,353	943	907
Michigan.....	1,595	200	996	958
Minnesota.....	-	338	194	186
Mississippi.....	-	86	49	47
Missouri.....	265	24	160	154
Montana.....	660	313	544	523
New Jersey.....	2,366	1,723	2,294	2,207
New Mexico.....	76	307	218	210
New York.....	129	1,847	1,129	1,087
North Carolina.....	2,149	5,178	4,153	3,996
North Dakota.....	1,414	784	1,230	1,184
Ohio.....	8	86	54	52
Oklahoma.....	-	646	370	356
Oregon.....	53	194	140	135
Pennsylvania.....	658	1,751	1,367	1,315
South Carolina.....	1,457	1,564	1,701	1,636
South Dakota.....	-	29	17	16
Tennessee.....	164	-	91	87
Texas.....	468	5,787	3,575	3,440
Vermont.....	278	-	154	148
Virginia.....	3,877	217	2,266	2,180
West Virginia.....	10	-	6	5
Wisconsin.....	1,145	62	664	644
Undistributed.....	-	-	-	-
Obligations.....	32,610	31,436	36,022	34,658
Lapsing Balances.....	-	-	-	-
Bal. Available, EOY.....	-	35,466	-	-
Total, Available.....	32,610	66,902	36,022	34,658

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

State/Territory	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>2014 Estimate</u>
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$85	-	-	-
Arkansas.....	37	-	-	-
California.....	376	-	-	-
Colorado.....	658	-	-	-
Connecticut.....	13	-	-	-
Delaware.....	479	-	-	-
Florida.....	391	-	-	-
Georgia.....	522	-	-	-
Idaho.....	75	-	-	-
Illinois.....	80	-	-	-
Indiana.....	10	-	-	-
Iowa.....	835	-	-	-
Kansas.....	197	-	-	-
Kentucky.....	130	-	-	-
Louisiana.....	90	-	-	-
Maine.....	325	-	-	-
Massachusetts.....	255	-	-	-
Michigan.....	65	-	-	-
Minnesota.....	36	-	-	-
Missouri.....	763	-	-	-
Montana.....	108	-	-	-
Nebraska.....	283	-	-	-
Nevada.....	125	-	-	-
New Jersey.....	184	-	-	-
New York.....	400	-	-	-
North Carolina.....	161	-	-	-
North Dakota.....	69	-	-	-
Ohio.....	204	-	-	-
Oklahoma.....	60	-	-	-
Oregon.....	519	-	-	-
Pennsylvania.....	496	-	-	-
Rhode Island.....	336	-	-	-
South Carolina.....	401	-	-	-
South Dakota.....	185	-	-	-
Tennessee.....	181	-	-	-
Texas.....	433	-	-	-
Utah.....	130	-	-	-
Vermont.....	20	-	-	-
Virginia.....	79	-	-	-
Washington.....	86	-	-	-
West Virginia.....	354	-	-	-
Wisconsin.....	776	-	-	-
Wyoming.....	134	-	-	-
Undistributed.....	-	-	-	-
Obligations	11,146	-	-	-
Lapsing Balances.....	-	-	-	-
Bal. Available, EOY.....	-	-	-	-
Total, Available.....	11,146	-	-	-

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

State/Territory	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>2014 Estimate</u>
	Loan Level	Loan Level	Loan Level	Loan Level
Connecticut.....	\$175	-	\$47,727	\$47,727
Obligations.....	175	-	150,000	150,000
Lapsing Balances.....	-	\$150,000	-	-
Bal. Available, EOY.....	-	-	-	-
Total, Available.....	175	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)

	2011 Actual	2012 Actual	2013 Estimated	2014 Estimated
	Loan Level	Loan Level	Loan Level	Loan Level
Undistributed.....	-	\$20,900	\$100,000	\$60,000
Total Obligation.....	-	20,900	100,000	60,000
Lapsing Balances	-	79,100	-	-
Bal. Available, EOY	-	-	-	-
Total, Available	-	100,000	100,000	60,000

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

	2011 Actual	2012 Actual	2013 Estimated	2014. Estimated
	Loan Level	Loan Level	Loan Level	Loan Level
Undistributed.....	-	-	\$2,000	\$2,000
Total Obligation.....	-	-	2,000	2,000
Lapsing Balances	-	\$2,000	-	-
Bal. Available, EOY	-	-	-	-
Total, Available	-	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)

	2011 Actual	2012 Actual	2013 Estimated	2014 Estimated
	Loan Level	Loan Level	Loan Level	Loan Level
Undistributed.....	-	-	\$11,224	\$10,000
Total Obligation.....	-	-	11,224	10,000
Lapsing Balances	-	\$10,000	-	-
Bal. Available, EOY	-	-	-	-
Total, Available	-	10,000	11,224	10,000

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

	2011	2012	2013	2014
	Actual	Actual	Estimate	Estimate
25.3 Other purchases of goods and services				
from Federal sources.....	\$312,012	\$297,199	\$299,454	\$314,918
41.0 Grants, subsidies and contributions.....	150,786	109,093	110,926	91,552
Total, Other Objects.....	462,798	406,292	410,380	406,470
99.9 Total, new obligations.....	462,798	406,292	410,380	406,470

AGRICULTURAL CREDIT INSURANCE FUND

STATUS OF PROGRAM

Current Activities:

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

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

The following table reflects 2012 ACIF program activity:

FY 2012 Actual Agricultural Credit Insurance Fund Loans and Obligations
(Dollars in Thousands)

Farm Loans Program:	Number of Loans	Program Level Obligations
Direct Loans	23,959	\$1,751,381
Guaranteed Loans	8,100	\$2,433,371
Totals	32,059	\$4,184,752

Direct and guaranteed loan programs provided assistance totaling \$1.8 billion to beginning farmers during 2012. Loans for socially disadvantaged farmers totaled \$542.8 million, of which \$268.8 million was in the farm ownership program and \$274 million in the farm operating program.

Selected Examples of Recent Progress: Lending to beginning farmers was strong during 2012. FSA loaned or guaranteed beginning farmer loans for 16,043 borrowers. The ratio of minority borrowers receiving direct loans increased to 20.4%, while those to women borrowers increased to 14.3% from FY 2011. Outreach efforts by FSA field offices to promote and inform beginning and socially disadvantaged farmers about available FSA programs have resulted in increased lending to these groups in the last few years.

Although overall loan totals were generally lower from 2011 to 2012, the trend in lending to beginning and socially disadvantaged farmers has increased as a percentage of total loans made. In regard to direct and guaranteed farm ownership and operating programs, the following tables represent changes in loan activity from 2011 to 2012 for total loans as well as both Beginning Farmers and Socially Disadvantaged Farmers:

Total Direct and Guaranteed Farm Ownership Loans a/			
	FY 2011	FY 2012	Percent Change
Total Number Of Loans			
Direct Farm Ownership	3,472	3,231	-7%
Guaranteed Farm Ownership	4,886	3,850	-21%
Total Dollar Value Of Loans (\$000)			
Direct Farm Ownership	\$580,860	\$529,813	-9%
Guaranteed Farm Ownership	\$1,906,069	\$1,499,491	-21%

Direct and Guaranteed Farm Ownership Loans Beginning Farmers a/			
	FY 2011	FY 2012	Percent Change
Total Number Of Loans			
Direct Farm Ownership	1,380	1,248	-10%
Direct Farm Ownership Down-payment	1,246	1,187	-5%
Guaranteed Farm Ownership	1,396	1,169	-16%
Total Dollar Value Of Loans (\$000)			
Direct Farm Ownership	\$253,002	\$229,284	-9%
Direct Farm Ownership Down-payment	\$182,615	\$175,475	-4%
Guaranteed Farm Ownership	\$435,919	\$355,045	-19%

Direct and Guaranteed Farm Ownership Loans Socially Disadvantaged Farmers a/			
	FY 2011	FY 2012	Percent Change
Total Number Of Loans			
Direct Farm Ownership	670	809	21%
Guaranteed Farm Ownership	403	345	-14%
Total Dollar Value Of Loans (\$000)			
Direct Farm Ownership	\$107,539	\$130,230	21%
Guaranteed Farm Ownership	\$167,006	\$138,514	-17%

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.

Total Direct and Guaranteed Operating Loans			
	FY 2011	FY 2012	Percent Change
Total Number Of Loans			
Direct Operating	17,806	20,413	15%
Guaranteed Operating	5,605	4,250	-24%
Total Dollar Value Of Loans (\$000)			
Direct Operating	\$1,049,257	\$1,169,232	11%
Guaranteed Operating	\$1,235,874	\$933,880	-32%

Direct and Guaranteed Operating Loans Beginning Farmers			
	FY 2011	FY 2012	Percent Change
Total Number Of Loans			
Direct Operating	9,085	10,949	21%
Guaranteed Operating	1,716	1,490	-13%
Total Dollar Value Of Loans (\$000)			
Direct Operating	\$589,336	\$711,678	21%
Guaranteed Operating	\$309,315	\$283,691	-8%

Direct and Guaranteed Operating Loans Socially Disadvantaged Farmers			
Total Number Of Loans			
Direct Operating	4,411	5,044	14%
Guaranteed Operating	417	336	-19%
Total Dollar Value Of Loans (\$000)			
Direct Operating	\$178,393	\$194,498	9%
Guaranteed Operating	\$112,480	\$79,539	-29%

FSA utilized transfer authority provided in the 2012 Appropriations Act, P.L. 112-55 to fund direct farm operating loan requests. Guaranteed operating un-subsidized funds were transferred to provide \$120 million in direct farm operating loans to applicants.

FSA also utilized statutory transfer authorities (Sec. 346 of The Consolidated Farm and Rural Development Act) to fund direct farm ownership beginning farmer and down payment loan requests. Through the use of the transfers, additional direct farm ownership beginning farmer funds of \$10 million and direct farm ownership down payment funds of \$45 million were made available from the guaranteed operating unsubsidized funds. With the use of those funds, FSA provided \$55 million in direct farm ownership assistance to beginning farmers and applicants seeking down payment loans.

FARM SERVICE AGENCY
 Reforestation Pilot Program
Lead-Off Tabular Statement

2013 Estimate.....	\$604,000
Budget Estimate, 2014.....	-
Change in Appropriation.....	-604,000

Summary of Increases and Decreases
 (Dollars in thousands)

	2011 Actual	2012 Change	2013 Change	2014 Change	2014 Estimate
Discretionary Appropriations:					
Reforestation Pilot Program.....	\$639	-\$39	+\$4	-\$604	-
Total, Appropriation or Change.....	639	-39	+4	-604	-

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

Program	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>Change</u>	<u>2014 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
Reforestation Pilot Program.....	\$639	\$600	\$604	-\$604 (1)	-
Total Adjusted Approp.....	639	600	604	-604	-
Rescissions and Transfers (Net).....	1	-	-	-	-
Total Appropriation.....	640	600	604	-604	-
Rescission.....	-1	-	-	-	-
Total Available.....	639	600	604	-604	-
Total Obligations.....	639	600	604	-604	-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>Change</u>	<u>2014 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
Reforestation Pilot Program.....	\$639	\$600	\$604	-\$604	-
Subtotal.....	639	600	604	-604	-
Total Obligations.....	639	600	604	-604	-
Total Available.....	639	600	604	-604	-
Rescission.....	1	-	-	-	-
Total Appropriation.....	640	600	604	-604	-

Justification of Increases and Decreases

(1) A decrease of \$604,000 for Reforestation Pilot Program (\$604,000 is available in 2013).

The FY 2014 Budget proposes no funding for this program due to fiscal constraints.

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

State/Territory	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
	Amount	Amount	Amount	Amount
Louisiana.....	\$98	\$100	\$104	-
Mississippi.....	541	500	500	-
Obligations.....	639	600	604	-
Total, Available.....	639	600	604	-

Classification by Objects
 (Dollars in thousands)

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
Other Objects:				
41.0 Grants.....	\$639	\$600	\$604	-
99.9 Total, new obligations.....	639	600	604	-

REFORESTATION PILOT PROGRAM

STATUS OF PROGRAM

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

Current Activities: Section 727 of the Consolidated and Further Continuing Appropriations Act of 2012 appropriated \$600,000 to FSA to continue the pilot program. Funding was provided to the Mississippi State University (MSU) Forest and Wildlife Research Center to deliver the pilot program and continue to study and evaluate the effectiveness and efficiency of utilizing these new technologies.

Selected Examples of Past Activity: Since the initial funding in the Agriculture Appropriations Act of 2008, \$3.6 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 130,000 trees have been planted and 1,300 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

2013 Estimate.....	\$15,000,000
Budget Estimate, 2014.....	<u>-</u>
Change in Appropriation.....	-15,000,000

Summary of Increases and Decreases
 (Dollars in thousands)

	2011 Actual	2012 Change	2013 Change	2014 Change	2014 Estimate
Discretionary Appropriations.....					
Emergency Conservation Program.....	-	+\$122,700	-\$107,700	-\$15,000	-
Total, Appropriation or Change.....	<u>-</u>	<u>+122,700</u>	<u>-107,700</u>	<u>-15,000</u>	<u>-</u>

FARM SERVICE AGENCY
Emergency Conservation Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2011 Actual	2012 Actual	2013 Estimate	Change	2014 Estimate
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
Emergency Conservation Program.....	-	\$122,700	-	-	-
Supplemental Appropriations:					
Emergency Conservation Program.....	-	-	\$15,000	-\$15,000 (1)	-
Total Adjusted Approp.....	-	122,700	15,000	-15,000	-
Total Appropriation.....	-	122,700	15,000	-15,000	-
Transfers In:					
Agriculture Disaster Relief Trust Fund...	-	+14,011	-	-	-
Transfers Out:					
Institution/Program.....	-\$31	-	-	-	-
Bal. Available, SOY.....	39,719	105,804	172,789	-172,789	-
Recoveries, Other (Net).....	130,434	4,850	-	-	-
Total Available.....	170,122	247,365	187,789	-187,789	-
Bal. Available, EOY.....	-105,804	-172,789	-	-	-
Total Obligations.....	64,318	74,576	187,789	-187,789	-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2011 Actual	2012 Actual	2013 Estimate	Change	2014 Estimate
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
Emergency Conservation Program	-	\$74,576	\$172,789	-\$172,789	-
Supplemental Obligations:					
Emergency Supp.....	\$64,318	0	15,000	-15,000	-
Total Obligations.....	64,318	74,576	187,789	-187,789	-
Bal. Available, EOY.....	105,804	172,789	-	-	-
Total Available.....	170,122	247,365	187,789	-187,789	-
Transfers In.....	-	-14,011	-	-	-
Transfers Out.....	31	-	-	-	-
Bal. Available, SOY.....	-39,719	-105,804	-172,789	+172,789	-
Other Adjustments (Net).....	-130,434	-4,850	-	-	-
Total Appropriation.....	-	122,700	15,000	-15,000	-

Justification of Increases and Decreases

(1) The 2014 Budget does not propose funding for ECP.

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

State/Territory	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	-	\$6,357	\$1,614	-
Arizona.....	-	417	424	-
Arkansas.....	-	5,715	3,602	-
California.....	-	97	-	-
Colorado.....	-	-	-	-
Connecticut/Rhode Island....	-	5	-	-
Delaware.....	\$1,709	1,709	-	-
Florida.....	81	81	-	-
Georgia.....	3,042	2,016	706	-
Hawaii.....	484	244	-	-
Idaho.....	127	13	-	-
Illinois.....	42	179	77	-
Indiana.....	3	245	168	-
Iowa.....	842	6,250	5,392	-
Kansas.....	-	1,210	2,036	-
Kentucky.....	2,681	1,353	828	-
Louisiana.....	96	196	47	-
Maine.....	29	669	192	-
Maryland.....	-	-	16	-
Massachusetts.....	156	1,369	21	-
Michigan.....	-	305	18	-
Minnesota.....	10	89	137	-
Mississippi.....	1,865	321	7,050	-
Missouri.....	2,008	8,176	2,917	-
Montana.....	166	2,990	3,212	-
Nebraska.....	1,104	8,260	149	-
Nevada.....	78	122	10	-
New Hampshire.....	72	231	289	-
New Jersey.....	-	270	248	-
New Mexico.....	28	683	563	-
New York.....	-	1,127	2,086	-
North Carolina.....	1,310	3,419	66	-
North Dakota.....	77	12	2,210	-
Ohio.....	67	530	1,073	-
Oklahoma.....	1,223	1,338	346	-
Oregon.....	207	472	406	-
Pennsylvania.....	55	1,021	-	-
Rhode Island.....	16	-	-	-
South Carolina.....	415	-	-	-
South Dakota.....	-	424	-	-
Tennessee.....	5,235	4,522	74	-
Texas.....	11,014	7,376	3,183	-
Utah.....	270	71	422	-
Vermont.....	3,646	2,577	1,253	-
Virginia.....	2,102	1,215	734	-
Washington.....	338	192	263	-
West Virginia.....	423	4	191	-
Wisconsin.....	30	-	-	-
Wyoming.....	270	704	1,775	-
American Samoa.....	156	-	-33	-
KCMO-DMD.....	67	-	15,721	-
Guam.....	-	-	-	-
Midway Islands.....	-	-	-	-
Undistributed.....	22,774	-	128,305	-
Obligations.....	64,318	74,576	187,789	-
Bal. Available, EOY.....	105,804	172,789	-	-
Total, Available.....	170,122	247,365	187,789	-

FARM SERVICE AGENCY
Emergency Conservation Program

Classification by Objects
(Dollars in thousands)

		2011	2012	2013	2014
		<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:					
41.0	Grants.....	\$64,318	\$74,576	\$187,789	-
	Total, Other Objects.....	<u>64,318</u>	<u>74,576</u>	<u>187,789</u>	<u>-</u>
99.9	Total, new obligations.....	<u>64,318</u>	<u>74,576</u>	<u>187,789</u>	<u>-</u>

EMERGENCY CONSERVATION PROGRAM

STATUS OF PROGRAM

Current Activities: During 2012, 43 States and 1 Territory participated in the Emergency Conservation Program (ECP), involving an estimated 1,900,000 acres and approximately \$56,113,938 in cost-share and technical assistance outlays. In 2012, the Consolidated and Further Continuing Appropriations Act, P.L. 112-55, provided \$122,700,000 for ECP. Use of this appropriation is limited to major disasters declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). These funds continue to help agricultural producers remove debris from farmland, restore livestock fences and conservation structures, provide water for livestock during periods of severe drought, and grade and shape farmland damaged by natural disasters.

Selected Examples of Recent Activity: ECP provisions in prior year supplemental appropriations acts have targeted funding for both regular ECP and specific disaster needs, and funds are monitored through separate disaster identification accounts. During 2012, ECP allocated \$148,941,951 in regular ECP to 43 states and 1 Territory. This allocation figure includes reallocations of any leftover funds from previous disasters to help producers faced with new disasters.

The following tables show (a) appropriations and outlays for 1981 through 2012 and (b) FY 2012 allocations by State.

Emergency Conservation Program Appropriations and Outlays Fiscal Years 1981-2012			
Fiscal Year	Appropriation		Outlays
1981 - 1989	\$ 58,800,000		\$ 81,271,444
1990 - 1999	387,093,870		247,183,037
2000 - 2005	301,753,200		262,294,418
2006	161,800,000	1/	88,311,155
2007	18,000,000	2/	72,165,818
2008	204,413,000	3/	27,729,774
2009	0	4/	71,083,900
2010	0	5/	76,878,872
2011	0	6/	35,138,268
2012	122,700,000	7/	\$56,113,938
TOTAL	\$1,254,560,070		\$ 1,018,170,624

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

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

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

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

5/ During 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.

EMERGENCY CONSERVATION PROGRAM FY 2012 Allocations by State		
State	Disaster	Total Allocations
AL	Drought, Tornado	\$6,658,000
AR	Drought, Flooding, Tornado	5,939,548
AZ	Wildfire	645,000
CA	Flooding	50,000
CO	Flooding, Wildfire	797,000
GA	Drought, Tornado	3,184,352
HI	Flooding, Volcanic Emissions	3,091,600
IA	Flooding, High Winds, Tornado	11,942,648
ID	Flooding, Wildfire	173,602
IN	Drought, Tornado	517,826
KS	Flooding, Tornado	2,520,000
KY	Drought, Tornado	3,952,004
LA	Drought, Flooding, Wildfire	1,298,766
MA	Hurricane, Severe Storms, Tornado	5,138,712
MD	Hurricane	231,000
ME	Flooding, Hurricane	1,157,000
MI	Severe Storms	1,314,211
MN	Flooding	1,605,332
MO	Drought, Flooding, Tornado	18,359,539
MS	Flooding, Tornado	624,979
MT	Flooding, Wildfire	2,925,633
NC	Flooding, Hurricane, Tornado	7,192,004
ND	Flooding	100,000
NE	Flooding	15,980,540
NH	Drought, Flooding, Hurricane, Severe Storms, Tornado	655,020
NJ	Hurricane	1,370,000
NM	Wildfire	317,000
NV	Drought, Wildfire	610,000
NY	Flooding, Hurricane	5,706,000
OH	Flooding, Tornado	719,642
OK	Drought, Wildfire, Tornado	1,777,650
OR	Drought, Flooding, Wildfire	555,000
PA	Flooding, Hurricane	1,826,214
PR	Hurricane	465,000
RI	Hurricane	3,300
SD	Flooding	702,000
TN	Flooding, Tornado	8,048,998
TX	Wildfire	14,671,639
UT	Drought, Flooding	838,244
VA	Flooding, Hurricane, Severe Storms, Tornado	4,361,174
VT	Flooding, Hurricane	5,599,332
WA	Flooding, Severe Storms, Wildfire	577,554
WV	Tornado	110,000
WY	Drought, Flooding, Tornado, Wildfire	4,628,888
Total		\$148,941,951

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

2013 Estimate.....	\$57,000
Budget Estimate, 2014.....	-
Change in Appropriation.....	-57,000

Summary of Increases and Decreases
(Dollars in thousands)

	2011 Actual	2012 Change	2013 Change	2014 Change	2014 Estimate
Mandatory Appropriations:					
Agricultural Disaster Relief Fund.....	\$904,708	-\$904,671	+\$20	-\$57	-
Total, Appropriation or Change.....	904,708	-904,671	+20	-57	-

FARM SERVICE AGENCY
Agricultural Disaster Relief Fund

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2011 Actual	2012 Actual	2013 Estimate	Change	2014 Estimate
	Amount	Amount	Amount	Amount	Amount
Mandatory Appropriations:					
Agricultural Disaster Relief Fund....	\$904,708	\$37	\$57	-\$57 (1)	-
Subtotal.....	904,708	37	57	-57	-
Total Adjusted Approp.....	904,708	37	57	-57	-
Total Appropriation.....	904,708	37	57	-57	-
Transfers In:					
Borrowing Authority.....	400,000	400,000	705,000	-705,000	-
Recovery Act.....	33,255	-	-	-	-
Subtotal.....	433,255	400,000	705,000	-705,000	-
Transfers Out:					
Emergency Conservation Program...	-	-14,000	-	-	-
Subtotal.....	-	-14,000	-	-	-
Bal. Available, SOY.....	165,134	485,095	176,699	-176,699	-
Recoveries, Other (Net).....	-	24	-	-	-
Total Available.....	1,503,097	871,156	881,756	-881,756	-
Lapsing Balances.....					
Bal. Available, EOY.....	-485,095	-176,699	-	-	-
Total Obligations.....	1,018,002	694,457	881,756	-881,756	-

FARM SERVICE AGENCY
Agricultural Disaster Relief Fund

Project Statement
Obligations Detail
(Dollars in thousands)

Program	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>Change</u>	<u>2014 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Mandatory Obligations:					
Agricultural Disaster Relief...	\$1,018,002	\$694,457	\$881,756	-\$881,756	-
Subtotal.....	1,018,002	694,457	881,756	-881,756	-
Total Obligations.....	1,018,002	694,457	881,756	-881,756	-
Recoveries, Other (Net).....	-	-	-	-	-
Lapsing Balances.....	-	-	-	-	-
Bal. Available, EOY.....	485,095	176,699	-	-	-
Total Available.....	1,503,097	871,156	881,756	-881,756	-
Transfers In					
(Borrowing Authority)	-433,255	-400,000	-705,000	+705,000	-
Transfers Out.....	-	14,000	-	-	-
Rescission.....	-	-	-	-	-
Bal. Available, SOY.....	-165,134	-485,095	-176,699	+176,699	-
Other Adjustments (Net).....	-	-24	-	-	-
Total Appropriation.....	904,708	37	57	-57	-

(1) The 2014 budget projects no offsetting receipts for the Agricultural Disaster Relief Trust Fund.

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

State/Territory	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$13,405	\$25,868	\$19,635	-
Alaska.....	64	44	53	-
Arizona.....	4,661	2,466	3,563	-
Arkansas.....	8,320	10,356	9,337	-
California.....	17,916	4,783	11,349	-
Colorado.....	48,404	15,581	31,991	-
Connecticut.....	2,433	793	1,612	-
Delaware.....	563	2,051	1,306	-
Florida.....	23,293	22,059	22,674	-
Georgia.....	13,968	34,755	24,360	-
Hawaii.....	4,219	279	2,248	-
Idaho.....	4,664	4,976	4,819	-
Illinois.....	46,052	45,089	45,569	-
Indiana.....	21,874	16,344	19,107	-
Iowa.....	42,193	63,106	52,648	-
Kansas.....	98,696	18,693	58,693	-
Kentucky.....	8,721	30,472	19,595	-
Louisiana.....	8,504	3,502	6,002	-
Maine.....	322	57	189	-
Maryland.....	789	3,818	2,303	-
Massachusetts.....	2,102	1,427	1,764	-
Michigan.....	10,975	6,126	8,550	-
Minnesota.....	22,746	7,123	14,934	-
Mississippi.....	11,045	8,584	9,814	-
Missouri.....	13,987	20,357	17,170	-
Montana.....	58,632	14,690	36,659	-
Nebraska.....	31,338	11,215	21,275	-
Nevada.....	508	1,575	1,041	-
New Hampshire.....	79	19	48	-
New Jersey.....	557	1,136	846	-
New Mexico.....	23,761	8,594	16,177	-
New York.....	1,634	1,095	1,364	-
North Carolina.....	10,060	35,526	22,791	-
North Dakota.....	99,853	18,083	58,966	-
Ohio.....	14,527	5,870	10,198	-
Oklahoma.....	130,969	38,708	84,837	-
Oregon.....	9,259	8,185	8,721	-
Pennsylvania.....	586	1,255	920	-
Rhode Island.....	97	27	61	-
South Carolina.....	2,133	4,767	3,449	-
South Dakota.....	35,081	33,484	34,281	-
Tennessee.....	5,562	18,744	12,152	-
Texas.....	277,588	90,212	113,539	-
Utah.....	2,666	956	1,810	-
Vermont.....	2,366	438	1,401	-
Virginia.....	2,504	26,488	14,495	-
Washington.....	45,086	21,285	33,184	-
West Virginia.....	852	149	500	-
Wisconsin.....	17,651	2,966	10,308	-
Wyoming.....	2,646	1,207	1,926	-
Puerto Rico.....	2,289	756	1,522	-
Undistributed.....	-190,198	-1,682	-	-
Obligations.....	1,018,002	694,457	881,756	-
Lapsing Balances.....	-	-	-	-
Bal. Available, EOY.....	485,095	176,699	-	-
Total, Available.....	1,503,097	871,156	881,756	-

FARM SERVICE AGENCY
Agricultural Disaster Relief Fund

Classification by Objects
(Dollars in thousands)

		2011	2012	2013	2014
		<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:					
41.0	Grants.....	\$1,018,002	\$694,457	\$881,756	-
99.9	Total, new obligations.....	<u>1,018,002</u>	<u>694,457</u>	<u>881,756</u>	<u>-</u>

AGRICULTURAL DISASTER RELIEF TRUST FUND

STATUS OF PROGRAM

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

Funds from the trust fund may be used to make payments to farmers and ranchers under the following five disaster assistance programs covering losses occurring on or before September 30, 2011: Supplemental Revenue Assistance Payments (SURE) Program; Livestock Forage Disaster Program (LFP); Livestock Indemnity Program (LIP); Tree Assistance Program (TAP); and Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP) Program. P.L. 110-246 provides that participants in the new disaster assistance programs are required to have crop insurance or non-insured crop disaster assistance, or to pay a fee if they are otherwise ineligible.

Obligations of \$694,335,032 were incurred and total outlays were \$696,171,993 in FY 2012 which includes outlays from prior year obligations, as shown in the table below. Unobligated balances carried over to 2012 and obligated repayable advances of \$400,000,000 provided the funding for 2012 obligations. In 2012, the amount of customs receipts credited to the Agricultural Disaster Relief Trust Fund receipt account totaled \$36,629. Available budget authority was carried forward into 2013 as an unobligated balance.

An additional \$705,000,000 of borrowing authority in 2013 will be utilized to make payments for the SURE Program.

Programs	Obligations	Outlays
ELAP	\$9,542,046	\$9,545,519
LFP	78,713,158	85,294,705
LIP	25,891,166	26,941,298
SURE	561,492,233	566,966,597
TAP	18,696,428	7,423,873
Subtotal	694,335,032	696,171,993
Undistributed	0	0
TOTAL	\$694,335,032	\$696,171,993

FARM SERVICE AGENCY
 USDA Supplemental Assistance
Lead-Off Tabular Statement

2013 Estimate.....	\$2,008,000
Budget Estimate, 2014.....	-
Change in Appropriation.....	<u><u>-2,008,000</u></u>

Summary of Increases and Decreases
 (Dollars in thousands)

	2011 Actual	2012 Actual	2013 Change	2014 Change	2014 Estimate
Discretionary Appropriations:					
Geographically Disadvantaged Farmers and Ranchers.....	\$1,996	-	+\$12	-\$2,008	-
Total, Appropriation or Change.....	<u><u>1,996</u></u>	<u><u>-</u></u>	<u><u>+12</u></u>	<u><u>-2,008</u></u>	<u><u>-</u></u>

FARM SERVICE AGENCY
 USDA Supplemental Assistance
Project Statement
 Adjusted Appropriations Detail
 (Dollars in thousands)

Program	2011 Actual	2012 Actual	2013 Estimate	Change	2014 Estimate
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
Geographically					
Disadvantaged Farmers and Ranchers	\$2,000	\$1,996	\$2,008	-\$2,008 (1)	-
Total Adjusted Approp.....	2,000	1,996	2,008	-2,008	-
Total Appropriation.....	2,000	1,996	2,008	-2,008	-
Rescission.....	-4	-	-	-	-
Bal. Available, SOY.....	779,356	782,438	3,477	-	\$3,477
Recoveries, Other (Net).....	3,585	183,206	-	-	-
Total Available.....	784,937	967,640	5,485	-2,008 -	3,477
Lapsing Balances.....	-	-962,165	-	-	-
Bal. Available, EOY.....	-782,438	-3,477	-3,477	+3,477	-
Total Obligations.....	2,499	1,998	2,008	+1,469	3,477

Project Statement
 Obligations Detail
 (Dollars in thousands)

Program	2011 Actual	2012 Actual	2013 Estimate	Change	2014 Estimate
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
Geographically					
Disadvantaged Farmers and Ranchers	\$1,996	\$1,996	\$2,008	-\$2,008	-
Other.....	503	2	-	-	-
Total Obligations.....	2,499	1,998	2,008	-2,008	-
Lapsing Balances.....	-	962,165	-	-	-
Bal. Available, EOY.....	782,438	3,477	3,477	-	\$3,477
Total Available.....	784,937	967,640	5,485	-2,008	3,477
Rescission.....	4	185,202	-	-	-
Bal. Available, SOY.....	-779,356	-782,438	-3,477	-	-3,477
Other Adjustments (Net).....	-3,585	-183,206	-	-	-
Total Appropriation.....	2,000	187,198	2,008	-2,008	-

Justification of Increases and Decreases

(1) The 2014 budget does not propose any funding for Geographically Disadvantaged Farmers and Ranchers.

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

State/Territory	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
	Amount	Amount	Amount	Amount
Alaska.....	\$434	\$339	\$339	
California.....	9	21	20	
Hawaii.....	955	759	759	
American Samoa.....	2	-	-	
Guam.....	18	-	-	
N. Mariana Islands.....	22	-	-	
Puerto Rico.....	1,044	879	890	
Virgin Islands.....	15			
Obligations.....	2,499	1,998	2,008	-
Recoveries.....		185,202		
Lapsing Balances.....		778,961		
Bal. Available, EOY.....	782,438	3,477	3,477	3,477
Total, Available.....	784,937	967,640	5,485	3,477

Classification by Objects
 (Dollars in thousands)

	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
41.0 Grants.....	\$2,499	\$1,998	\$2,008	-
99.9 Total, new obligations.....	2,499	1,998	2,008	-

USDA SUPPLEMENTAL ASSISTANCE PROGRAM

STATUS OF PROGRAM

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

Sec. 1621 of the Food, Conservation, and Energy Act of 2008, Public Law 110-246 Section 1621, enacted June 18, 2008, (2008 Farm Bill) authorized RTCP; and the Department of Defense and Full-Year Continuing Appropriations Act, 2012, Public Law 112-55 Section 724, provided \$1,996,000 to the Farm Service Agency to administer a program to assist farmers and ranchers in Hawaii, Alaska, Puerto Rico, Virgin Islands and insular areas who paid to transport either an agricultural commodity or an input used to produce an agricultural commodity during 2012.

Past Activity: Reimbursement Transportation Cost Payment Program for Geographically Disadvantaged Farmers and Ranchers (RTCP-II) signup began on July 25, 2011 and ended on September 9, 2011. Total applications received were 922 – Puerto Rico (401), Hawaii (348), Alaska (162), and Virgin Islands (11), totaling \$2,989,389. Payments were capped and a payment factor was applied so that payments issued in the second quarter of 2012 would not exceed the amount available.

FARM SERVICE AGENCY
Emergency Forest Restoration Program

Lead-Off Tabular Statement

2013 Estimate.....	\$23,000,000
Budget Estimate, 2014.....	-
Change in Appropriation.....	-23,000,000

Summary of Increases and Decreases
(Dollars in thousands)

	2011 Actual	2012 Change	2013 Change	2014 Change	2014 Estimate
Discretionary Appropriations.....					
Emergency Forest Restoration Program.....	-	+\$28,400	-\$5,400	-\$23,000	-
Total, Appropriation or Change.....	-	+28,400	-5,400	-23,000	-

FARM SERVICE AGENCY
Emergency Forest Restoration Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>Change</u>	<u>2014 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
Emergency Forest Restoration Program	-	\$28,400	-	-	-
Supplemental Appropriations:					
Emergency Supp.....	-	-	\$23,000	-\$23,000	-
Total Adjusted Approp....	-	28,400	23,000	-23,000	-
Bal. Available, SOY.....	\$18,000	15,774	27,554	-27,554	-
Recoveries, Other (Net).....	-	550	-	-	-
Total Available.....	18,000	44,724	50,554	-50,554	-
Bal. Available, EOY.....	-15,774	-27,554	-	-	-
Total Obligations.....	2,226	17,170	50,554	-50,554	-

FARM SERVICE AGENCY
Emergency Forest Restoration Program

Project Statement
Obligations Detail
(Dollars in thousands)

Program	<u>2011 Actual</u>	<u>2012 Actual</u>	<u>2013 Estimate</u>	<u>Change</u>	<u>2014 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
Supplemental Obligations:					
Emergency Supp.....	\$2,226	\$17,170	\$50,554	-\$50,554	-
Total Obligations.....	2,226	17,170	50,554	-50,554	-
Bal. Available, EOY.....	15,774	27,554	-	-	-
Total Available.....	18,000	44,724	50,554	-50,554	-
Bal. Available, SOY.....	-18,000	-15,774	-27,554	+27,554	-
Total Appropriation.....	-	28,400	23,000	-23,000	-

Justification of Increases and Decreases

(1) The 2014 Budget does not propose funding for EFRP.

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

State/Territory	2011 Actual	2012 Actual	2013 Estimate	2014 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	-	\$2,600	\$2,593	-
Arkansas.....	-	230	178	-
Georgia.....	\$461	907	952	-
Hawaii.....	-	-	-	-
Idaho.....	454	585	1	-
Iowa.....	-	64	61	-
Maine.....	-	69	46	-
Massachusetts.....	-	4,453	2,016	-
Minnesota.....	-	42	-	-
Mississippi.....	1,112	3,142	2,387	-
New Hampshire.....	131	195	177	-
New York.....	-	115	122	-
North Carolina.....	-	108	94	-
Ohio.....	53	51	51	-
Tennessee.....	-	5	20	-
Texas.....	-	4,561	4,637	-
Vermont.....	15	43	28	-
KCMO-DMD.....	-	-	4,538	-
Undistributed.....	-	-	32,654	-
Total, Available.....	2,226	17,170	50,554	-

Emergency Forest Restoration Program

Classification by Objects

(Dollars in thousands)

		2011	2012	2013	2014
		<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:					
41.0	Grants.....	\$2,226	\$17,170	\$50,554	-
	Total, Other Objects.....	<u>2,226</u>	<u>17,170</u>	<u>50,554</u>	<u>-</u>
99.9	Total, new obligations.....	<u>2,226</u>	<u>17,170</u>	<u>50,554</u>	<u>-</u>

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 (NIPF) for implementation of emergency measures to restore land damaged by a natural disaster. Funding (\$18 million) for EFRP was appropriated by the Supplemental Appropriations Act of 2010, P.L. 111-212 and an additional \$28.4 million in 2012 by the Consolidated and Further Continuing Appropriations Act, P.L. 112-55. Use of these funds is limited to necessary 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.). During 2012, 19 States participated in the EFRP involving an estimated 1,360 acres and approximately \$1,991,152 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, and funds are monitored through separate disaster identification accounts. In fiscal year 2012, \$28,309,358 in EFRP disaster funds were allocated to 18 states. This allocation figure includes reallocations of any leftover funds from previous disasters to help producers faced with new disasters.

The following tables show (a) appropriations and outlays for 2011 through 2012 and (b) FY 2012 allocations by State.

Emergency Forest Restoration Program Appropriations and Outlays Fiscal Years 2011-2012			
Fiscal Year	Appropriation		Outlays
2010	\$18,000,000	1/	-
2011	-		\$232,825
2012	28,400,000	2/	1,991,152
TOTAL	\$46,400,000		\$2,223,977

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.

EMERGENCY FOREST RESTORATION PROGRAM FY 2012 Allocations by State		
State	Disaster	Total Allocations
AL	Tornado	\$2,764,441
AR	Drought, Tornado	1,767,000
GA	Tornado	1,867,300
IA	Flooding, Tornado	71,000
IN	Tornado	250,000
KY	Tornado	550,000
MA	Tornado	3,453,805
ME	Hurricane	140,000
MS	Tornado	2,361,837
NC	Hurricane, Tornado	1,598,500
NH	Severe Storms	36,608
NJ	Drought	150,000
NY	Hurricane	327,500
OH	Tornado	108,250
TN	Tornado	3,081,250
TX	Wildfire	9,016,867
VA	Tornado	360,000
WV	Tornado	405,000
Total		\$28,309,358

FARM SERVICE AGENCY

Summary of Budget and Performance Statement of Department Goals and Objectives

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

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

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

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, including: - Supplemental Revenue Assistance Payments Program - Emergency Conservation Program - Biomass Crop Assistance Program - All Ad Hoc Disaster Assistance Programs <u>Commodity Operations</u> - United States Warehouse Act - Licensing and Enforcement Program - Dairy Product Price Support Program - ELS Cotton Competitiveness Program - Canadian End Use Wheat Program	Successful Farms and Ranches Market Based Agriculture Thriving Rural Communities Affordable Food and Fiber Increased Food Security

Key Performance Measures and Targets

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

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

Percentage Direct and Guaranteed lending to Socially Disadvantaged Farmers (SDA)*							
	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
Percent	12.2	12.7	12.9	13.1	13.3	13.3	13.4

* This measure is one of two new measures for FY 2014 which replaces the prior combined budget measure “Increase percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA.” The new measure specifies, more accurately, the program participation by the target population: “Socially Disadvantaged” farmers.

Percentage Direct and Guaranteed lending to Beginning Farmers*							
	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
Percent	45.2	49.5	60.3	64.9	68.8	67.9	68.3

* This measure is one of two new measures for FY 2014 which replaces the prior combined budget measure “Increase percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA.” The new measure specifies, more accurately, the program participation by the target population: beginning farmers.

Percentage of Farm Service Agency program delivery applications at USDA Service Centers that are Web-enabled							
	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target*
Percent	54	51	57	68	72.7	77	88*

* 2014 Target is dependent upon MIDAS implementation of the remaining Marketing Assistance Loan commodities (cotton and peanuts) to fully modernize legacy AS 400 program delivery to the web. These remaining commodities are anticipated for delivery in MIDAS Release 2 which has not yet been scheduled. 2014 Target also reflects a 10 percent Agency reduction in IT spending as compared to historical outlays from FY 2010 through FY 2012. The increase in the FY 2014 target reflects FSA plans to begin the retirement of obsolete technology, removing legacy components that were in place for prior year program delivery. The 10 percent IT budget reduction will lengthen that decommissioning process, currently expected to span FY 2014 and FY 2015.

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

Farm Loan Programs

FSA accomplished its goals for lending to SDA and beginning farmers in FY 2012. As of September 30, 2012, FSA had approximately 60,000 SDA and beginning farmers in its loan portfolio. During FY 2012, FSA issued more than 6,500 direct and guaranteed loans to SDA farmers, an 11 percent increase in volume from the previous fiscal year. Beginning farmer lending increased by 8 percent in FY 2012 as FSA issued more than 16,000 beginning farmer loans. These increases are significant given that overall loan volume increased just one percent. FSA issued a total of 32,053 farm operating and farm ownership loans in FY 2012, compared to 31,751 in FY 2011. While FSA lending increased slightly, nationally the demand for agricultural credit from all sources decreased over the past year. This may be attributed to the record high farm incomes in 2011, which have significantly elevated the level of cash on the balance sheets of many producers. This level of cash is sufficiently high to curtail a strong desire by most farmers to borrow more, even at historically low interest rates.

The financial strength of the FSA farm loan portfolio remained quite strong in FY 2012. Delinquency and loss rates for the Direct and Guaranteed Loan Programs remain below historic averages. In the Direct Loan Program, the loss rate in FY 2012 was 1 percent and the delinquency rate was 5.4 percent. The Guaranteed Loan Program had a loss rate of 0.4 percent in FY 2012 and a delinquency rate of 1.2 percent. Additionally, the Agency continues to improve the timeliness of loan application processing, helping to ensure that credit is provided when the need arises.

Income Support and Disaster Assistance

The Income Support and Disaster Assistance Program met its program performance targets in FY 2012. Most visible to the public have been the efforts to rally behind farmers and ranchers during the historic drought. FSA took great strides during the summer through 2012 to streamline the disaster designation process to get Secretarial Designations processed more rapidly. The Agency continued to use its resources and capabilities to ensure farmers and ranchers had the full support of USDA during this difficult time.

The Non-Insured Crop Disaster Assistance Program (NAP) provides a risk management tool for producers of non-insurable crops that are unable to obtain crop insurance through an insurance product. In FY 2012, approximately \$233 million in NAP payments were issued.

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

The Supplemental Revenue Assistance Payments (SURE) Program provides assistance to eligible producers in counties that received a natural disaster declaration by the Secretary of Agriculture, and have incurred crop production and/or quality losses on or before September 30, 2011. In FY 2012, approximately \$570 million in SURE payments have been issued covering 2008 through 2010 crop losses. Sign-up for 2011 crop year losses began in October 2012. The SURE Program was not extended by ATRA.

The Tree Assistance Program (TAP) provides assistance to eligible orchardists and nursery tree growers who suffer tree, bush, or vine losses/damage, due to natural disaster. In FY 2012, approximately \$7.3 million in TAP payments were issued.

The Livestock Indemnity Program (LIP) compensates eligible livestock producers for livestock losses in excess of normal mortality incurred as the result of adverse weather. In FY 2012, approximately \$27 million in LIP payments were issued.

The Livestock Forage Disaster Program (LFP) compensates eligible livestock producers for grazing losses due to drought and fire losses on land that is native or improved pasture land with permanent vegetative cover or range land managed by a federal agency. In FY 2012, approximately \$83 million LFP payments were issued.

The Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) provides disaster assistance to eligible livestock, honeybees and farm-raised fish producers that suffered losses because of disease, adverse weather or other conditions. Approximately \$9.3 million ELAP payments were issued in FY 2012.

Over 31,000 Farm Storage Facility Loans (FSFLs) were disbursed from FY 2000 through FY 2012 valued at nearly \$1.6 billion. The FSFL Program has provided financing for on-farm storage for over 900 million bushels of eligible FSFL commodities since FY 2000. As of September 30, 2012, 2,301 FSFL applications were received totaling \$199 million. Of the 2,301 FY 2012 FSFL applications, a total of 2,118 were approved and funding obligated totaling \$180 million at the end of the Fiscal Year. As of February 2013, 1,976 FY 2012 FSFLs were disbursed totaling \$157 million.

The Marketing Assistance Loan (MAL) Program disburses nonrecourse commodity loans during a crop year. The Loan Deficiency Payment (LDP) Program issues all LDP benefits electronically, when LDPs are in effect. For the last full crop year, 2011, there were 59,072 MALs disbursed totaling over \$5.5 billion. As of February 2013, for crop year 2012 there have been 45,844 MALs disbursed totaling over \$5.5 billion. Additional MAL requests for the

2012 crop year are anticipated, because the loan availability period continues for most commodities until the end of May 2013.

Strong crop prices continued through 2012, reducing all expected commodity program payments based on price to \$10 million. The Milk Income Loss Contract (MILC) Program compensates dairy producers when domestic milk prices fall below a specified benchmark price. Approximately \$403.2 million MILC payments have been issued for FY 2012.

Net Commodity Credit Corporation (CCC) expenditures in fiscal year 2012 totaled \$7.928 billion. Commodity expenditures included direct payments, counter-cyclical payments, average crop revenue election payments, marketing assistance loan benefits, and loan deficiency payments. All commodity program expenditures totaled \$4.503 billion for fiscal year 2012, representing 57 percent of CCC expenditures.

The electronic Direct and Counter-cyclical Payment (eDCP) Program Service allows agricultural producers to enroll in the Average Crop Revenue Election (ACRE) Program or Direct, Counter-Cyclical Program (DCP) online. This service is intended to increase customer satisfaction and reduce the producer's time spent at USDA Service Centers. Producers can choose ACRE or DCP payment options, assign crop shares, sign, view, print, and submit their ACRE or DCP contracts from any computer with Internet access. This service is available to all eligible producers for the 2008-2013 program years and helps maintain participation rates for this program. While producers still have the option to sign-up for the program in person at their local USDA Service Center, offering sign-up options through the Internet helps meet performance objectives, in accordance with the FSA mandate to expand E-Gov options for program participants.

In FY 2012, the Emergency Conservation Program (ECP) and the Emergency Forest Restoration Program (EFRP) both helped successfully rehabilitate land in rural America that was damaged by natural disasters. Under ECP and EFRP, approximately 1.1 million acres of farmland and 4,000 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 who wish to establish, produce, and deliver biomass feedstocks. Over \$15.9 million in BCAP cost-share and rental payments were made to agricultural producers in fiscal year 2012. ATRA reauthorized BCAP, however, it is subject to annual appropriations.

Commodity Operations

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

The FSA performance measure "Reduce the average number of days between warehouse examinations," exceeded its target to reduce the average time between warehouse examinations. The FY 2012 target was 375 days between examinations. In FY 2012, the examinations were performed more frequently, an average of 342 days between examinations. The more frequently warehouses are examined, the sooner potential compliance issues, pest infestation, or deterioration of quality for commodities in store were discovered. New examiners were hired to replace some of the retired staff, which accounts for much of the improvement (decrease) in the number of days between warehouse examinations from FY 2011 (355) to FY 2012 (342).

Information Technology

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 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. As the Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) Program becomes operational in FY 2013, the hybrid Commercial-Off-the-Shelf Web-based environment will

support farm programs delivery with streamlined business processes and integrated applications that share information and resources efficiently.

FSA met its 2012 target to increase the percentage Web-enabled FSA program delivery applications at FSA Service Centers. Web-enabled applications allow users to access the information systems applications via standard Web browsers. Web modernization projects delivered in FY 2012 enabled additional NAP and conservation program processes on the Web. Web modernization of additional Non-Insured Crop Disaster Assistance Program (NAP) and conservation program processes are scheduled for FY 2013.

Selected Accomplishments Expected at the FY 2014 Proposed Resource Level:

Farm Loan Programs

FSA anticipates continued strong demand for its farm loan programs in FY 2014 as a result of high production costs, increased operating capital needs, and restrictive availability of commercial credit. Given the projected level of loan funds available, FSA anticipates providing credit assistance to more than 30,000 farmers and ranchers in FY 2014.

FSA loan programs will remain especially important for SDA and beginning farmers in FY 2014. In FY 2012, nearly 47 percent of all borrowers in receiving FSA credit assistance were beginning farmers and greater than 21 percent were SDA. FY 2012 results build on the significant strides made in lending to beginning and SDA farmers in ranchers in recent years. The number of direct and guaranteed SDA borrowers in FSA's loan portfolio has increased from 16,900 borrowers in 2008 to more than 18,300 at the end of 2012. Likewise, the number of beginning farmers in the portfolio has increased from roughly 27,000 to over 41,000 during that same time period. It is important to note that FSA continues to finance SDA 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 will be increasingly important as program resources decline while loan demand is expected to remain high.

Income Support & Disaster Assistance

Projected FY 2014 accomplishments assume an extension of most Farm Bill programs. FSA's income support programs provide financial assistance to agricultural producers when market prices fall below certain levels, and disaster assistance programs help farmers and ranchers offset production losses and recover financially after natural disasters. Several specific program activities demonstrate this support.

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

The Marketing Assistance Loan (MAL), Loan Deficiency Program (LDP), and Milk Income Loss Contract (MILC) Programs deliver financial assistance and facilitate the orderly marketing of major agricultural commodities by providing short-term financing or per-unit revenue support when market conditions warrant their use. Due to relatively high prices and strong market conditions for most of the eligible loan commodities, lower than average producer participation is expected for the LDP. However, MAL producer participation for the 2012 crop year is presently on track to nearly equal the 2011 crop year participation level of 59,000 commodity loans. With the mid-point of the all-milk price forecast to average \$19.40 per hundred weight and feed costs to average \$12.76 per hundred weight for the last three quarters of FY 2013, MILC payments for FY 2013 and September 2012 production are expected to total \$370 million. A projected substantial decline in feed costs from the first half of 2013 is

expected to bring an end to MILC payments before the beginning of FY 2014. FSA does not expect to make any MILC payment during FY 2014.

Overall, continued program participation is expected at the same levels for FSFLs, MALs, and LDPs, if available, in FY 2014. Projections for decreased budget resources will unfavorably impact delivery of programs, through administrative processes, such as approvals, compliance, software enhancements and/or upgrades. Similarly, erroneous payments are likely to occur due to reduced program oversight. Program employees will see a significant increase in workload while attempting to maintain high quality customer service. Customer outreach, employee travel, and training will be further limited. FSA customers may experience an exponential increase in process and response time.

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

FSA anticipates a slight decline in Non-Insured Crop Disaster Assistance Program (NAP) participation in FY 2013, assuming the removal of the NAP linkage requirement for SURE. The remaining four disaster programs Emergency Assistance for Livestock, Honeybees, and Farm-raised Fish Program (ELAP), Livestock Forage Program (LFP), Livestock Indemnity Program (LIP), and Tree Assistance Program (TAP), authorized for a one year extension under the American Taxpayer Relief Act (ATRA), maintain a linkage requirement. However, these programs must receive an appropriation for them to be enacted. 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. Disaster assistance will continue to achieve the desired key outcomes. However, challenges including flat or reduced staffing levels will likely affect the delivery of programs. FSA's ability to decrease the average cycle time to deliver NAP crop disaster payments is expected to be adversely affected, increasing from 35 days in 2010 to 37 days in 2013.

Average crop revenue election payments, marketing assistance loan benefits, and loan deficiency payments totaled \$4.503 billion for FY 2012. Participation in FY 2014 is expected to be nearly the same as participation during FY 2012.

Commodity Operations

From FY 2010 through FY 2012, staffing for the examination program has decreased due to retirements and attrition. Staffing levels have been only partially restored. During the same time period, United States Warehouse Act (USWA) licensed capacities have increased. As of September 30, 2012 grain storage capacities under license have increased from 4.6 billion bushels to 5.14 billion bushels. USWA licensed warehouses represent more than half of all licensed grain storage capacity in the United States. As staffing decreased, management implemented procedures to conduct warehouse examinations at multiple locations in a non-traditional manner designed to cut travel expenses while maintaining the integrity of the examination. This process and continued use of electronic documents has helped the efficiency of the program. Commodity operations will continue to facilitate and encourage electronic commerce to reduce costs and delays associated with marketing and delivering commodities.

Information Technology

The FSA program to retire or replace applications depending on the obsolete AS 400/S 36 platform is in progress. Applications are targeted for modernization to the Web and Modernize and Innovate Delivery of Agricultural Systems (MIDAS) Commercial-Off-The-Shelf (COTS) systems. The archiving of all historical data and the fully decommissioning of the hardware is expected to span beyond FY 2014.

The FY 2012 MIDAS budget and the supporting modernization efforts provides a foundation that will enable the MIDAS Program to complete an initial operating capability release of the solution in FY 2013/FY 2014, which will include the following functionality being deployed to FSA farmers, producers, and ranchers:

- Acreage reporting with Geospatial Information Systems (GIS) integration
- Maintenance of farm records / supporting master data
- Establishment of a common process framework for farm program execution

- Enabling marketing assistance loans
- Integration of Service Center Information Management System / supporting master data within SAP (Systems, Applications, and Products in data processing; software product selected by FSA in which MIDAS will be developed.)

The FY 2012 budget focused on the completion of the system configuration, software licensing purchases, and interim hosting and operations for this initial release. Subsequent multi-year funding will provide FSA the capability to move forward with the design, configuration, and deployment of system capabilities to support additional farm programs.

MIDAS is expected to have positive business impacts beginning in FY 2013. The MIDAS Program is scheduled to achieve the solution's full operating capability in FY 2014. The MIDAS solution will continue to integrate with modernized FSA Web-based IT systems, architecture, and infrastructure to support mission-differentiating, specialized functions and extend common "out of the box" processes in the SAP Commercial-Off-the-Shelf package. MIDAS will continue to be closely aligned with other Agency and Department-wide modernization efforts. For example, it is essential that MIDAS and the Department-wide Financial Management Modernization Initiative are aligned as the financial systems are integral to the delivery of farm program benefits. GIS modernization will enable MIDAS to use and leverage digital data to enhance program delivery and support. Upgrades to the Common Computing Environment will help ensure that the FSA county office staff has the desktop computers, telecommunication and internet services needed for the new program applications.

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

FSA's base funding provides IT resources and services which support program delivery, in the following ways:

- Maintaining the current infrastructure at a level that supports required operations, services, and program delivery
- Eliminating the reliance on outmoded technology and applications,
- Modernizing FSA's IT environment to enhance and improve the delivery of information and benefits to customers, and
- Improving the quality, reliability and availability of data needed by the modernization effort to more effectively support FSA Programs. In FY 2013, FSA will determine and manage priorities to ensure progress in all four areas.

FSA will continue progress to streamline and consolidate direct and guaranteed loan reporting capabilities with the Farm Loan Program Information Delivery System (FLPIDS) modernized Operational Data Store in alignment with FSA's Enterprise Information Management initiative. Much of this work began during FY 2011 with progress continuing thru FY 2013 and estimated completion in FY 2014. When fully operational, users will have one server-based Web-enabled reporting system; eliminating the current high cost of reporting from mainframe systems. In FY 2014, the Direct Loan System (DLS) will continue modernization under the FLPIDS effort with specific milestones to eliminate the use of backend Program Loan Accounting System (PLAS) mainframe processes by 2018 for FSA Loan Delivery. The FLPIDS modernization effort will also include transferring the current loan making and loan servicing functionality for Farm Storage Facility Loans (FSFL) into DLS by the end of FY 2014, which will improve loan processing functionality for FSFL and replace the System 36 based functionality that FSFL currently is dependent upon. At the end of FY 2013, 95 percent of all Service Center Loan Making and Servicing transactions will be Web-enabled. When fully implemented in 2018, the FLPIDS effort will provide streamlined loan approval, real-time funds control, disbursements, collections, routine and special servicing, reporting and Business Intelligence capability through interfaces with Web-enabled delivery systems.

Through its Budget and Performance Management System, FSA is developing an integrated Managerial Cost Accounting (MCA) Activity-Based Costing (ABC) system. As part of this effort, FSA deployed the Activity

Reporting System (ARS) in June 2010. ARS collects information on the amount of time spent on program activities. The MCAABC system, when fully implemented, will allow the Agency to develop cost-based performance measures that will be valid, reliable indicators of the efficiency of its loan and farm programs. This information will be used to monitor, evaluate and better manage the cost of administering the FSA programs. The first iteration of the MCA system is scheduled for FY 2013.

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

Key Performance Measures and Targets

FSA’s Goal 3 measure is International Shipping Loss Rate. The measure remains under development.

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

Commodity Operations

In FY 2012, Commodity Operations undertook the following:

- Issued Web Based Supply Chain Management (WBSCM) contracts valued at \$1.3 billion; for international food aid programs and various commodities for domestic feeding programs.
- Coordinated the entry and evaluation of ocean freight offers with the program agencies and the freight forwarders resulting in 924 WBSCM freight tenders.
- Issued Requests for Proposals and awarded various one year contracts with multiple option years for:
 - Food and Nutrition Service national multi-food warehouse program valued at approximately \$150 million over five years,
 - Marine cargo discharge surveys, and
 - Personnel necessary for vessel loading observations.
- Coordinated new and revised commodity requirements specifications for six commodity groups used in international and domestic food aid programs.

Information Technology

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

WBSCM functions continued to be implemented during FY 2012. Some of the current functions available for domestic programs are FNS’ National Warehouse multi-food ordering for the Commodity Supplement Food Program (CSFP) and the Food Distribution Program on Indian Reservations Program (FDPIR); Farm Service Agency Price Support warehouse activities; and the Fresh Fruit and Vegetable Program in which FNS is the program agency, Department of Defense is the procurement agency and Commodity Operations is the payment agency. CSFP and FDPIR participants use WBSCM for multi-food orders out of the National Warehouse. Some of the current functions available for international programs are; PL-480 Title III Food for Development, Food for Progress, Section 416; McGovern-Dole International Food for Education and Child Nutrition Program; and the Bill Emerson Humanitarian Trust. All order, procurement, finance (including budget and entitlement management) and reporting functions have been implemented.

Selected Accomplishments Expected at the FY 2014 Proposed Resource Level:

Commodity Operations

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

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

Information Technology

At the proposed FY 2014 funding level, FSA will not be able to support new automated processes for Commodity Operations. Operations and maintenance will continue with AMS sponsoring and funding WBSCM through PL 74-320, Section 32 funds. Several teams have been formed to focus on business processes to help determine the path forward for improved performance and future upgrades.

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

Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcomes
Agency Goal 2: Increase Stewardship of America's Natural Resources while Enhancing the Environment	<u>Objective 2.1:</u> Increase Resource Stewardship Opportunities on Private Lands	- Conservation Reserve Program	Quality Soil
	<u>Objective 2.2:</u> Target Natural Resource Needs to Maximize Soil, Water, Plant, Animal, Air, and Socioeconomic Benefits	- Conservation Reserve Enhancement Program - Conservation Direct and Guaranteed Loan Program	Quality Water Quality Air Quality Wildlife Habitat
	<u>Objective 2.3:</u> Lead Efforts to Mitigate and Adapt to Climate Change	- Voluntary Public Access and Habitat Incentives Program	* Accelerate the protection of clean, abundant water resources by advancing USDA's capacity to measure the effectiveness of conservation investments in addressing water resource concerns.

*Item is an Agency Priority Goal

Key Performance Measure and Targets

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

CRP restored wetland acres							
	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target*
Acres (millions)	1.98	2.04	2.05	2.23	2.29	2.25	2.15

* Contract expirations in FY 2012 reduced enrollment in wetlands to 2.09 million acres. Future expirations will limit cumulative acres.

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

Conservation

The FSA Conservation Reserve Program (CRP) allows producers to plant long-term, resource-conserving covers to improve water and air quality, control soil erosion, and enhance wildlife habitat on land. In return, the program provides participants with rental payments and cost-share assistance. Contract terms run between 10 and 15 years. CRP is designed to restore and enhance wetland areas, increase sediment trapping efficiencies, improve water quality, prevent soil erosion, and provide habitat for waterfowl and other wildlife.

The program includes several initiatives for wetland restoration and enhancement. In March 2012 the Secretary announced 350,000 additional acres of wetland initiatives. CRP wetland initiatives now include a 600,000-acre Floodplain Restoration Initiative, a 250,000-acre Bottomland Hardwood Timber Initiative, a 350,000-acre Non-Floodplain and Playa Wetland Restoration Initiative, and a 300,000-acre Prairie Pothole Duck Nesting Habitat Initiative. FSA has made substantial progress in protecting watershed health and enhancing soil quality. Total CRP enrollment stood at 29.5 million acres on September 30, 2012. These acres annually reduce soil erosion by 308 million tons, sequester 42 million metric tons of carbon dioxide and reduce greenhouse gas emissions by the equivalent over 48 million metric tons of carbon dioxide. FSA also estimates that in FY 2012, 605 million less pounds of nitrogen and 121 million less pounds of phosphorus left fields due to CRP enrollment. CRP contributes to increased wildlife populations, and has added more than 2 million ducks to the Prairie Pothole Region annually, protected Sage Grouse populations in Eastern Washington and Lesser Prairie Chicken populations in the Great Plains, and increased ring-necked pheasant and other grassland bird populations.

FSA has exceeded its FY 2012 target for restoring wetland acres of 2.23 million acres with 2.29 million acres of wetlands (including upland buffers) enrolled as of September 2012.

Conservation Reserve Enhancement Program (CREP) addresses high-priority conservation issues of both local and national significance, with impacts to water supplies, loss of critical habitat for threatened and endangered wildlife species, soil erosion, and reduced habitat for fish populations such as salmon. CREP is a community-based, results-oriented effort centered on local participation and leadership. As of September 30, 2012, there were 45 CREP agreements representing partnerships with 33 States, including a total of 1.3 million acres of high value conservation practices.

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

The primary objective of the VPA-HIP is to encourage owners and operators of privately-held farm, ranch, and forest land to voluntarily make that land available for access by the public for wildlife-dependent recreation, including hunting or fishing, under programs implemented by State or tribal governments. VPA-HIP will provide environmental, economic and social benefits including, but not limited to, enhanced wildlife habitat, improved wildlife populations, increased revenue for rural communities, and expanded opportunities for re-connecting Americans with the great outdoors. To date, nearly \$30 million of VPA-HIP funding has been obligated to 26 state

fish and wildlife agencies and one tribal government entity. Pursuant to the Consolidated and Further Continuing Appropriations Act, 2012 (P.L. 112-55), no funding was made available for VPA-HIP in fiscal year 2012.

Information Technology

During FY 2012, FSA continued to make progress toward modernizing its conservation systems applications, and reducing dependency on outdated technology. Major accomplishments include:

- Issued 880,000 CRP annual rental payments worth nearly \$1.8 billion.
- Implemented General Signup Software System to support the 2012 CRP General Signup # 43.
- Implemented improvements to automatically reduce CRP annual payments to offset reductions (e.g., haying & grazing) to address a conservation reporting deficiency and improve efficiency for Service Center employees.
- Continued the web modernization of conservation processes to remove dependency from the legacy outdated technology, AS400/S36.
- Introduced the new Highly Erodible Land Initiative land category (land with Erodibility Index (E)>20) in Conservation On Line System for all 50 states and maintained 85 State Acres For wildlife Enhancement signups.

Selected Accomplishments Expected at the FY 2014 Proposed Resource Level:

Conservation

The Food, Conservation, and Energy Act of 2008 dropped CRP enrollment authority to no more than 32 million acres. FY 2014 enrollment is expected to end at about 27.6 million acres. The 3.3 million acres of CRP expiring in FY 2013, combined with relatively high commodity prices, will present FSA with a challenge in maintaining the magnitude of CRP's conservation benefits.

Due to the pending Farm Bill reauthorization, these targets may need to be adjusted if there are changes to CRP acreage authorized. The Department remains strongly committed to attaining its conservation objectives. Special focus will be placed on accelerating the protection of clean, abundant water resources, one of FSA's Agency Priority Goals (APG). USDA will seek wetland contracts for more than 50,000 acres in FY 2013. The Department will also continue to support initiatives designed to improve wildlife habitat, including the 500,000-acre upland bird buffer, the 300,000-acre Duck Nesting Habitat Initiative, and the State Acres for Wildlife Enhancement initiative (a 1,250,000-acre initiative announced in FY 2007 and enhanced in 2012 to improve habitat for endangered, threatened, or high-priority fish and wildlife species). In addition, USDA will continue the 250,000-acre initiative to restore the longleaf pine ecosystem.

In January 2013, the American Taxpayer Relief Act of 2012 (P.L. 112-240) authorized up to \$10 million to be appropriated for VPA-HIP in fiscal year 2013, but funds must still be appropriated through separate legislation. The 2014 Budget proposes funding for a similar program to be administered by NRCS.

Information Technology

In FY 2014, FSA plans to complete the Web modernization of CRP contract maintenance and data migration and integrated cost-share functionality, eliminating FSA conservation programs dependency on outdated technology. Expected funding uncertainties, prioritization of resources and commitment to maintaining operations may alter implementation schedules.

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

Key Performance Measures and Targets:

USDA ensures that national forests and private working lands enhance our water resources and are conserved, restored, and made more resilient to climate change. Secretary Vilsack has identified protecting the nation's water

resources as one of his top conservation objectives in the USDA's 2010-2015 Strategic Plan. Recognizing that USDA brings significant authorities and resources to bear on this resource challenge, he tasked three agencies -- the US Forest Service (USFS), the Natural Resources Conservation Service (NRCS) and the FSA -- with developing an integrated approach to achieve measurable results in water quality and water use efficiency:

Acres treated with High Impact Targeted Practices to improve water quality							
	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Target	2014 Target
Acres (Millions)	N/A	N/A	3	3	1.8	2	TBD

Selected Past Accomplishments toward Achievement of the Key Outcome: FSA leveraged the Conservation Reserve Program (CRP) to contribute toward the Agency Priority Goal. While USDA came close to achieving its combined goal of two million acres in 2013, declining enrollment in CRP negatively impacted FSA contributions. Due to how payment rates are set, CRP enrollment tends to decline during periods of increasing returns to crop production.

- USDA formed a cross-agency work group to identify pilot projects following the principles set out in a USDA water quality measurement framework. The work group included representatives from the USFS, NRCS, FSA, and the Agricultural Research Service (ARS). This group established a set of criteria for identifying pilot watersheds. Using these criteria, the work group has identified two pilot watersheds, the St Joseph's watershed in Indiana, and the La Cienega watershed in Arizona.
- Significant progress was made in developing pilot project plans that will be completed during FY 2013. In September 2012, plans were finalized for the Cienega Creek project in AZ and data collection is underway.

Selected Accomplishments Expected at the FY 2014 Proposed Resource Level: This Agency Priority Goal concludes at the end of FY 2013. New Agency Priority Goals for FY 2014 and 2015 will be developed as part of USDA's Strategic Planning process.

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

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

PROGRAM	PROGRAM ITEMS	FY 2011 Amount (\$000)	FY 2012 Amount (\$000)	FY 2013 Amount (\$000)	FY 2014 Amount (\$000)
Farm Loans					
	Direct Farm Ownership Loans	\$32,804	\$22,800	\$22,940	\$3,658
	Direct Farm Operating Loans	57,425	59,120	59,482	57,545
	Guaranteed Farm Ownership Loans	5,689	0	0	0
	Guaranteed Farm Operating Loans, subsidized	16,540	0	0	0
	Guaranteed Farm Operating Loans, unsub	34,880	26,100	26,260	18,300
	Emergency Disaster Loans	3,421	3,488	2,024	1,698
	Indian Tribe Land Acquisition Loans	0	0	0	0
	Boll Weevil Eradication Loans	0	0	0	0
	Indian Fractionated Land Loans	0	193	194	68
	Program Loan Cost Expenses	7,904	7,904	7,953	7,920
	Individual Development Account Grants	0	0	0	2,837
	State Mediation Grants	2,726	2,819	2,837	0
	Administrative costs (direct)	304,108	289,728	291,501	304,977
	Indirect costs	<u>8,301</u>	<u>12,077</u>	<u>13,207</u>	<u>14,033</u>
	Total Costs¹	473,798	424,229	426,398	411,036
	<i>FTEs</i>	2,591	2,325	2,411	2,411
		0 7500	0 7497		

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

Percent: 13 1% 13 3% 13 3% 13 4%

Performance Measure: Percentage Direct and Guaranteed lending to Beginning Farmers

Percent: 64 9% 68 8% 67 9% 68 3%

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

Income Support and Disaster Assistance

	Price Support and Marketing Assistance Loans	6,171,946	4,697,744	5,922,462	5,859,277
	Loan Deficiency Payments	29,790	-134	0	930
	Direct Payments	4,744,958	3,837,461	4,954,522	4,935,741
	Countercyclical Payments	123,959	9,931	0	0
	ACRE Payments	431,455	11,112	52,020	3,381
	Milk Income Loss Contract Payments	566	403,204	370,000	0
	Tobacco Payments	953,253	953,420	960,000	960,000
	Other Direct Payments	14,706	-23	0	0
	NAP Payments	71,071	253,588	225,000	168,000
	Crop Disaster Assistance	-684	0	0	0
	Livestock Indemnity Program	23,347	26,941	63,000	63,000
	Supplemental Revenue Assistance Payments	1,211,629	569,577	911,000	0
	Livestock Forage Disaster Program	206,641	85,295	0	0
	Emergency Assistance for Lvstk, Honey Bees, and Farm-Raised Fish	8,459	9,546	0	0
	Tree Assistance Program (Disaster Trust)	8,546	7,424	0	0
	Emergency Livestock Assistance	0	0	0	0
	Emergency Conservation Program	64,318	74,576	187,789	0
	Biomass Crop Assistance	24,338	15,883	15,285	9,404
	Emergency Forest Restoration Program	2,226	17,170	50,554	0
	Tree Assistance Program (CCC)	0	218	0	0
	CCC Interest Expenditures	6,159	2,890	8,845	14,363
	Dairy Indemnity Program	384	280	250	250
	Emergency Forestry Conservation Program	6,058	5,906	6,074	5,762
	USDA Supplemental Assistance, appropriated	1,996	1,996	1,996	0
	Reforestation Pilot Program	639	600	0	0
	Aquaculture Grants (123317)	0	0	0	0
	Farm Storage Facility Loans	0	0	0	0
	Sugar Storage Facility Loans	0	0	0	0
	Administrative costs (direct)	716,367	684,342	691,678	671,274
	Indirect costs	<u>233,759</u>	<u>223,309</u>	<u>225,703</u>	<u>219,045</u>
	Total Costs	15,055,886	11,892,256	14,646,178	12,910,427
	<i>FTEs</i>	8,293 00	7,341 00	7,198 00	7,198 00

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

Percent: 68 0% 72 7% 77 0% *88 0%

* 2014 target is dependent upon MIDAS implementation of the remaining Market Assistance Loan commodities (cotton and peanuts) to fully modernize legacy AS 400 program delivery to the web. These remaining commodities are anticipated for delivery in MIDAS Release 2 which has not yet been scheduled.

<u>PROGRAM</u>	<u>PROGRAM ITEMS</u>	<u>FY 2011 Amount</u> <u>(\$000)</u>	<u>FY 2012 Amount</u> <u>(\$000)</u>	<u>FY 2013 Amount</u> <u>(\$000)</u>	<u>FY 2014 Amount</u>
	Commodity Operations				
	ELS Cotton Competiveness Payments	0	0		
	Upland Cotton Economic Adjustment Assistance	77,120	60,186	48,244	49,450
	Commodity Purchases and Sales	967,708	812,915	1,034,366	828,174
	Storage, Handling, Transportation, Processing, and Packaging	51,852	45,955	56,479	52,832
	CCC Interest Expenditures	1,088	510	1,818	2,424
	Dairy Price Support	14,124	0	0	0
	Administrative costs (direct)	21,552	25,369	24,744	24,290
	Indirect costs	<u>16,757</u>	<u>19,724</u>	<u>19,239</u>	<u>18,886</u>
	Total Costs	1,150,201	964,659	1,184,890	976,056
	<i>FTEs</i>	140	213	230	230
Total Costs for Department Strategic Goal 1 (program, direct, indirect)					
		16,679,885	13,281,144	16,257,466	14,297,519
	<i>FTEs</i>	11,024	9,879	9,839	9,839

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

<u>PROGRAM</u>	<u>PROGRAM ITEMS</u>	<u>FY 2011 Amount</u> <u>(\$000)</u>	<u>FY 2012 Amount</u> <u>(\$000)</u>	<u>FY 2013 Amount</u> <u>(\$000)</u>	<u>FY 2014 Amount</u>
	Conservation				
	Conservation Reserve Program	1,890,600	1,912,549	2,152,899	2,159,555
	Grassroots Source Water Protection Program	4,242	3,817	3,840	0
	State Mediation Grants	909	940	946	946
	Direct Conservation Loans	1,065	0	0	0
	Guaranteed Conservation Loans	2	0	0	0
	Other Conservation Payments	22,675	6,823	75	0
	Administrative costs (direct)	268,593	291,676	259,777	252,140
	Indirect costs	<u>66,305</u>	<u>72,004</u>	<u>64,129</u>	<u>62,244</u>
	Total Costs	2,254,391	2,287,809	2,481,666	2,474,885
	<i>FTEs</i>	2,897	2,617	2,577	2,577

Performance Measure: Increase CRP restored wetlands

of acres in millions: 2.23 2.29 2.25 *2.15

* Contract expirations in FY 2012 reduced enrollment in wetlands to 2.09 million acres. Future expirations will limit cumulative areas.

Total Costs for Department Strategic Goal 2 (program, direct, indirect)					
		2,254,391	2,287,809	2,481,666	2,474,885
	<i>FTEs</i>	2,897	2,617	2,577	2,577
Total Costs for All Strategic Goals (program, direct, indirect)					
		18,934,275	15,568,953	18,739,131	16,772,404
	<i>FTEs</i>	13,921	12,496	12,416	12,416

FY 2014 Explanatory Notes
Strategic Goal Funding Matrix
(Dollars in Thousands)

	<u>2011</u> <u>Actual</u>	<u>2012</u> <u>Actual</u>	<u>2013</u> <u>Estimate</u>	Increase or Decrease	<u>2014</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.)	147,682	108,213	108,876	-17,324	91,552
Program Loan Cost Expenses	7,904	7,904	7,952	-32	7,920
State Mediation Grants	3,085	2,667	2,690	0	2,690
S&E	<u>304,977</u>	<u>289,728</u>	<u>291,502</u>	<u>15,496</u>	<u>306,998</u>
Total	463,648	408,512	411,020	-1,860	409,160
Staff Years	2,591	2,325	2,411	0	2,411
<u>Income Support and Disaster Assistance</u>					
DIP	100	100	250	0	250
Reforestation Pilot Program	639	600	0	0	0
Geo Disadvant. Farmers and Ranchers	1,996	1,996	2,008	-2,008	0
S&E	<u>876,219</u>	<u>869,423</u>	<u>874,744</u>	<u>-21,522</u>	<u>853,222</u>
Total	878,954	872,119	877,002	-23,530	853,472
Staff Years	8,169	7,307	7,168		7,168
<u>Commodity Operations</u>					
S&E	26,349	25,937	26,096	-642	25,454
Staff Years	84	84	83	0	83
Total Costs, Goal 1	1,368,951	1,306,568	1,314,118	-26,032	1,288,086
Total Staff Years, Goal 1	10,844	9,716	9,662	0	9,662
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	2	0	0	0	0
Grassroots Source Water Protection	4,241	3,817	3,840	-3,840	0
Emergency Conservation Program	0	122,700	15,000		0
Emergency Forest Restoration Program	0	28,400	23,000		0
State Mediation Grants	1,092	1,092	1,092	0	1,092
S&E	<u>308,882</u>	<u>306,461</u>	<u>308,336</u>	<u>-7,570</u>	<u>300,766</u>
Total Costs, Goal 2	314,217	462,470	351,268	-11,410	301,858
Total Staff Years, Goal 2	2,774	1,952	2,493		2,493
Total Costs, All Strategic Goals	1,683,168	1,769,038	1,665,386	-37,442	1,589,944
Total FTEs, All Strategic Goals	13,618	11,668	12,155	0	12,155