2020 USDA EXPLANATORY NOTES – FARM SERVICE AGENCY

AGENCY-WIDE

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 Agriculture Improvement Act of 2018 (Public Law 115-334), commonly called the 2018 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 credit, to finance their operations, at reasonable rates and terms.

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

The Agricultural Credit Insurance Fund Program Account was initiated in 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 2018 Farm Bill authorizes several changes to farm loan programs administered by FSA, including increased loan limits for direct and guaranteed loans and reauthorizations for other initiatives.

The programs funded by this account are:

Farm Ownership Loans

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

Ownership loans are made for a term of 40 years or less. A direct loan may not exceed $600,000 and a guaranteed loan may not exceed $1,750,000, adjusted annually. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost of money to the Government plus up to 1 percent. However, loans to limited resource borrowers (farmers who need special supervision or who cannot afford the regular interest rate due to low income) bear interest of not more than one-half of the Treasury rate for marketable obligations with maturities of 5 years plus not more than 1 percentage point, with a minimum of 5 percent. Effective with the 2008 Farm Bill, interest rates for beginning farmer down-payment loans are established at 4 percentage points less than the regular borrower rate, with a minimum of 1.5 percent. Effective with the 2014 Farm Bill, interest rates for joint financing loans (loans made in conjunction with a commercial lender providing over 50 percent of the credit) are established at 2 percentage points less than the regular borrower rate, but no less than 1 percent. The interest rate for guaranteed loans is negotiated by the lender and borrower.

At least 40 percent of the amounts appropriated for guaranteed farm ownership loans will be reserved for beginning farmers and ranchers during the first 6 months of the fiscal year. Also, at least 75 percent of the amount appropriated for direct farm ownership loans will be reserved for qualified beginning farmers and ranchers. FSA also offers direct farm ownership microloans with a shortened application process and a maximum loan limit of $50,000. Like direct operating microloans, these loans are designed to meet the needs of smaller farmers.

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 used to pay normal operating costs, including reorganizing a farm to be more profitable; 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. FSA continues to operate the direct operating microloan program. Like direct ownership microloans, these microloans are direct 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 $400,000 for a direct loan, $50,000 for a microloan and $1,750,000 for a guaranteed loan, adjusted annually for inflation. 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 2018 Farm Bill also modifies the 3-year experience requirement by allowing education as a partial substitute for beginning farmers seeking farm ownership loans, provides authority to offer a relending program to address highly-fractionated ownership of farmland not affiliated with Indian lands, reauthorizes cooperative lending pilot projects and individual development accounts, provides equitable relief for producers seeking emergency loans, and makes other miscellaneous changes and technical corrections..

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, and meet all other eligibility criteria. 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 also be used to buy essential home equipment and furnishings and for limited refinancing of debts.

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

scheduled for repayment within 30 years but under some conditions may be scheduled for up to 40 years. Applications for emergency loans must be received within 8 months of the county's disaster or quarantine designation date.
Indian Tribal Land Acquisition Loans: These loans allow Native Americans to repurchase tribal lands and maintain ownership for future generations. They are limited to acquisition of land within the defined boundaries of a tribe's reservation. To be eligible, a tribe must be recognized by the Secretary of the Interior or be a tribal corporation established pursuant to the Indian Reorganization Act. In addition, a tribe must be without adequate funds to acquire the needed land and be unable to obtain sufficient credit elsewhere for the purchase. The tribe must also have a satisfactory management and repayment plan. Loan interest rates are fixed for the life of the loan at the current interest rate charged by FSA on the loan closing date and are made for a period not to exceed 40 years.

Boll Weevil Eradication Loans

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

Conservation Loans

These guaranteed loans support 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 $1,429,000, adjusted annually for inflation. The repayment term for direct conservation loans is a maximum of 7 years for loans secured by chattel and 20 years for real estate, unless the applicant requests a lesser term. The interest rate for direct conservation loans is equivalent to the direct farm ownership rate and the guaranteed conservation loans interest rate is determined by the lender. Loan guarantees are 80 percent of the principal amount of the loan (90 percent for beginning and socially disadvantaged farmers), and loans are to be disbursed geographically to the maximum extentpossible.

Highly Fractionated Indian Land Loans

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

State Mediation Grants

Section 502 of the Agricultural Credit Act of 1987, P.L. 100-233, authorized the Secretary of Agriculture to help States develop and operate mediation programs to assist agricultural producers, their creditors, and other persons directly affected by the actions of USDA in resolving disputes confidentially, efficiently, and cost effectively compared to administrative appeals, litigation, and bankruptcy. Under the program, FSA makes grants to States to support mediation programs established under State statute and certified by FSA. Grants can be up to a maximum of $500,000 annually and must not exceed 70 percent of the State's cost of operating its program for the year.

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 USDA program activities and requirements 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 2018 Farm Bill further expands the use for state mediation grants to include organic production, lease issues, and credit counseling.

Farm Bill Programs

The Agriculture Improvement Act of 2018 (Public Law 115-334), commonly called the 2018 Farm Bill, was signed into law on December 20, 2018. Most of these programs are authorized and funded through 2023.

OVERVIEW

ADJUSTED GROSS INCOME**:** Producers whose average AGI exceeds $900,000 during a crop, fiscal, or program year are not eligible to participate in most programs administered by FSA and the Natural Resources Conservation Service (NRCS).

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

For the disaster programs, a $125,000 annual payment limit applies for payments under the Livestock Forage Disaster Program (LFP). Payment limits no longer apply for the Livestock Indemnity Program (LIP), the Tree Assistance Program (TAP), and the Emergency Assistance for Livestock, Honey Bees and Farm-Raised Fish Program (ELAP).

ACTIVELY ENGAGED IN FARMING**:** Producers who participate in the Price Loss Coverage or Agriculture Risk Coverage programs are required to provide significant contributions to the farming operation to be considered as "actively engaged in farming."

COMPLIANCE: The 2018 Farm Bill continues to require an acreage report for all cropland on the farm. The acreage report is required to be eligible for Price Loss Coverage; Agriculture Risk Coverage; marketing assistance loans; and loan deficiency payments.

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

The 2018 Farm Bill continued premium assistance for crop insurance as a benefit subject to compliance with HELC and WC provisions. New provisions are created for determinations, administration, and penalties relating to HELC and WC provisions that are unique to crop insurance. FSA will make HELC/WC eligibility determinations for crop insurance participants based on NRCS technical determinations of HELC/WC compliance.

Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC)

Election and Yield Updates**:** All of the producers on a farm must make an election of: (1) PLC/County ARC on a covered-commodity-by-covered-commodity basis; or (2) Individual ARC for all covered commodities on the farm. If the producers on the farm elect PLC/County ARC, the producers must also make an election to select which base acres on the farm are enrolled in PLC and which base acres are enrolled in County ARC. Alternatively, if Individual ARC is selected, then every covered commodity on the farm must participate in Individual ARC. The 2018 Farm Bill authorized an annual election opportunity beginning in crop year 2021, with an initial election opportunity in 2019 for both the 2019 and 2020 crop years. Also, authorization for ARC and PLC was extended through the 2023 crop year. In addition, the 2018 Farm Bill authorized a nationwide PLC yield update for the 2020 crop year.

Price Loss Coverage

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

ARC - County

Payments are issued when the actual county crop revenue of a covered commodity is less than the ARC county

guarantee for the covered commodity and are based on county data, not farm data. The ARC county guarantee equals 86 percent of the previous 5-year average national farm price, excluding the years with the highest and lowest price (the ARC guarantee price), times the 5-year average county yield, excluding the years with the highest and lowest yield (the ARC county guarantee yield). Both the guarantee and actual revenue are computed

using base acres, not planted acres. The payment is equal to 85 percent of the base acres of the covered commodity times the difference between the county guarantee and the actual county crop revenue for the covered commodity. Payments may not exceed 10 percent of the benchmark county revenue (the ARC guarantee price times the ARC county guarantee yield).

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

Marketing Assistance Loans (MALS) and Sugar Loans
The 2018 Farm Bill extends the authority for sugar loans for the 2019 through 2023 crop years and nonrecourse marketing assistance loans (MALs) and loan deficiency payment (LDPs) for the 2019-2023 crops of wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded and non-graded wool, mohair, honey, unshorn pelts and peanuts. Availability of loans for some commodities may be affected by appropriations language.

Dairy Programs
The 2018 Farm Bill renamed the Margin Protection Program for Dairy (MPP-Dairy) to the Dairy Margin Coverage program. In addition, the 2018 Farm Bill made several major changes to include lowering premiums, adding additional levels of coverage, allowing a 50 percent refund or a 75 percent credit of premiums paid for MPP-Dairy coverage during 2014 to 2017, and allowing producers to make a separate election for covered production over 5 million pounds. Also, the 2018 Farm Bill repealed the Dairy Product Donation Program and replaced it with a new fluid milk donation program.

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

Conservation Reserve Program (CRP)
The 2018 Farm Bill extended and modified the authorization for CRP through FY 2023. It limits the practice incentive payments to the actual cost of practice implementation and lowers the CRP soil rental payments to 85 percent of the rental rate for general program enrollment and 90 percent for continuous program enrollment. The CRP acreage cap is increased from 24 million acres to 27 million acres by FY 2023. The 2018 Farm Bill also authorized up to $12 million in incentive payments for tree thinning and related activities.

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

Biomass Crop Assistance Program (BCAP)
BCAP provides incentives to farmers, ranchers and forest landowners to establish, cultivate and harvest eligible biomass for heat, power, bio-based products, research and advanced biofuels. Crop producers and bioenergy facilities can team together to submit proposals to USDA for selection as a BCAP project area. BCAP was extended through 2018 and funded at $25 million per fiscal year. However, the appropriations acts capped the program at $23 million in

FY 2015 and at $3 million in Fiscal Years 2016 and 2017. 2018 appropriations prevented FSA from using staff and other resources to administer BCAP in 2018. The 2018 Farm Bill did provide an authorization to spend up to $25

million annually through FY 2023 but changed the funding source from CCC mandatory funds to discretionary funds subject to annual appropriation.

Noninsured Crop Disaster Assistance Program (NAP)

NAP provides buy-up coverage, similar to buy-up provisions offered under the federal crop insurance program. Producers may elect coverage for each individual crop between 50 and 65 percent, in 5 percent increments, at 100 percent of the average market price. Producers also pay a fixed premium equal to 5.25 percent of the liability. The 2018 Farm Bill increases the service fee. Service fees are waived for limited resource, beginning farmers and socially disadvantaged farmers; buy-up coverage premiums are reduced by 50 percent for those same farmers. In addition, a payment limit of $125,000 now applies to catastrophic coverage payment under NAP and a $300,000 payment limit applies to additional NAP coverage.

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

The RTCP provides assistance to geographically disadvantaged farmers and ranchers for a portion of the transportation cost of certain agricultural commodities or inputs.

Disaster Programs

The following four disaster programs were authorized by the 2008 Farm Bill under the USDA Supplemental Disaster Assistance program. The 2014 Farm Bill made these programs permanent. These programs were re-authorized in the 2018 Farm Bill.

Livestock Forage Disaster Program (LFP)

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

Livestock Indemnity Program (LIP)

LIP provides benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather or by attacks by animals reintroduced into the wild by the Federal Government. LIP payments are equal to 75 percent of the average fair market value of the livestock. It also provides benefits for the sale of animals at a reduced price if the sale occurred due to injury that was a direct result of an eligible adverse weather event or due to an attack by an animal reintroduced into the wild.

Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)

ELAP provides emergency assistance to eligible producers of livestock, honeybees and farm-raised fish for losses due to disease (including cattle tick fever), adverse weather, or other conditions, such as blizzards and wildfires, not covered by LFP and LIP.

Tree Assistance Program (TAP)

TAP provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines damaged by natural disasters.

Feedstock Flexibility Program (FFP)

Congress reauthorized the FFP in the 2018 Farm Bill through fiscal year 2023, allowing for the purchase of sugar to be sold for the production of bioenergy in order to avoid forfeitures of sugar loan collateral under the Sugar Program.

Non-Farm Bill Programs

The following programs continue under laws other than the 2018 Farm Bill.

Emergency Conservation Program (ECP)

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

Emergency Forest Restoration Program (EFRP)

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

Farm Storage Facility Loan Program (FSFL)

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

Sugar Storage Facility Loan Program (SSFL)

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

Commercial Warehouse Activities

In FY 2018 the functions of 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, were transferred to the USDA Agricultural Marketing Service (AMS).

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 is part of the newly organized Farm Production and Conservation (FPAC) mission area which includes the Natural Resources Conservation Service and Risk Management Agency.

FSA's permanent, full-time, end-of-year Federal employment as of September 30, 2018, was 3,625. FSA non-Federal permanent employment in USDA Service Centers was 6,662. The total number of Federal and non-Federal permanent full-time positions in the Washington, DC headquarters office was 933 and the total number in the field offices was 9,354.

OIG and GAO Reports

Table FSA-1. Completed OIG Reports

ID	Date	Title
06403-0001-11	11/09/18	CCC's Financial Statements for Fiscal Year 2018
03601-0002-31	09/20/18	Agriculture Risk Coverage and Price Loss Coverage Programs

Table FSA-2. In-Progress OIG Reports

ID	Title
03702-0001-23	2017 Hurricane Relief Emergency Assistance for Honey Bees
50024-0003-22	Adjusted Gross Income Compliance Verification Process

Table FSA-3. Completed GAO Reports

ID	Date	Title
GAO-18-0384-R		FARM PROGRAMS: Information on Payments

Table FSA-4. In-Progress GAO Reports

ID	Title
102339	Federal Economic Adjustment Programs
102447	Actively Engaged in Farming Requirements
102711	Disaster relief Internal Controls

AVAILABLE FUNDS AND STAFF YEARS

Table FSA-1. Available Funds and Staff Years (thousands of dollars, staff years (SY))

Item	2017 Actual	SY	2018 Actual	SY	2019 Estimate	SY	2020 Budget	SY
Salaries and Expenses:								
Discretionary Appropriations	$1,206,110	9,123	$1,202,146	8,528	$1,202,146	8,969	$1,012,008	7,406
ACIF Program Account:								
FSA S&E Transfer	306,998	2,182	314,998	2,214	314,998	2,234	294,114	2,234
Subsidy	89,962	-	87,100	-	87,100	-	77,347	-
Admin. Expenses Non-Recoverable Loan Costs (PLCE)	10,070	-	10,070	-	10,070	-	9,567	-
State Mediation Grants	3,904	-	3,904	-	3,904	-	3,067	-
Grassroots Source Water Protection Program	6,500	-	6,500	-	6,500	-	-	-
Reforestation Pilot Program	600	-	600	-	600	-	-	-
Geog. Disadvantaged Farmers and Ranchers	1,996	-	1,996	-	1,996	-	-	-
Emergency Conservation Program	131,629	-	400,000	-	-	-	-	-
Subtotal Appropriations	1,757,769	11,30	2,027,314	10,742	1,627,314	11,20	1,396,103	9,640
Transfers:								
Credit Reform Transfers:								
CCC Export Loans Program Account	2,463	23	2,463	23	2,463	23	318	3
P.L. 480 Program Account	149	1	149	1	149	1	135	1
Margin Protection Program Fees	1,323	-	2,100	-	-	-	-	-
Congressional Relations	150	-	120	-	-	-	-	-
Adjusted Appropriation	1,761,854	11,329	2,032,146	10,766	1,629,926	11,227	1,396,556	9,644
Balance Available, SOY S&E	17,322	-	37,000	-	27,000	-	-	-
Total Available	1,779,176	11,329	2,069,146	10,766	1,656,926	11,227	1,396,556	9,644
Lapsing Balances	-13,584	-	-9,876	-	-	-	-	-
Balance Available, EOY (S&E)	-37,000	-	-27,000	-	-	-	-	-
Total Obligations	1,728,592	11,329	2,032,270	10,766	1,656,926	11,227	1,396,556	9,644
Obligations under other USDA appropriations:								
Foreign Agricultural Service	4,893	15	4,267	10	102	-	-	-
Risk Management Agency	2,585	11	3,228	9	60	-	-	-
Agricultural Marketing Service	910	6	6,788	86	-	-	-	-
Natural Resources Conservation Service	1,879	2	2,314	6	1,076	2	1,076	2
Flying Contracts	10,661	-	13,927	-	-	-	-	-
Farm Bill	1,177	-	-	-	-	-	-	-
CCC to Administer P.L. 480 Title II Grants	5,779	26	2,325	14	-	-	-	-
Misc. Reimbursable Agreements with Various Agencies	16,306	8	5,464	0	5,461	1	5,455	1
Total, Other USDA	44,190	68	38,313	125	6,699	3	6,531	3
Total, Agriculture Appropriations	1,772,782	11,397	2,070,583	10,891	1,663,625	11,230	1,403,087	9,647
Other Federal Funds:								
Sale of Aerial Photographs	757	2	2,183	3	-	-	-	-
Warehouse Examinations	3,500	21	2,157	15	-	-	-	-
Total, Other Federal	4,257	23	4,340	18	-	-	-	-
Non-Federal Funds								
Loan Service Fee Financing	1,239	33	2,011	26	2,027	26	2,027	26
Producer Measurement Service	1,554	13	780	20	787	20	787	20
Farm Bill	1,999	51	-	-	-	-	-	-
Miscellaneous	1,712	2	1,516	2	1,626	2	1,617	2
Total, Non-Federal	6,504	99	4,307	48	4,440	48	4,431	48
Total FSA	1,783,543	11,519	2,079,230	10,957	1,668,065	11,278	1,407,518	9,695

PERMANENT POSITIONS BY GRADE AND STAFF YEARS

Table FSA-2. Permanent Positions by Grade and Staff Years

Item	D.C.	Field	2017 Actual Total	D.C.	Field	2018 Actual Total	D.C.	Field	2019 Estimate Total	D.C.	Field	2020 Budget Total
SES.................................	12	-	12	7	-	7	7	-	7	5	-	5
GS-15..............................	64	-	64	59	-	59	62	-	62	16	-	16
GS-14..............................	151	1	152	129	-	129	134	-	134	40	1	41
GS-13..............................	399	356	755	358	350	708	373	350	723	83	339	422
GS-12..............................	271	877	1,148	236	863	1,099	246	844	1,090	16	817	833
GS-11..............................	92	505	597	64	555	619	67	555	622	8	555	563
GS-9................................	61	342	403	49	258	307	51	258	309	12	251	263
GS-8................................	19	41	60	14	40	54	15	40	55	3	40	43
GS-7................................	48	603	651	32	541	573	7	541	548	8	532	540
GS-6................................	7	64	71	7	45	52	1	44	45	2	44	46
GS-5................................	6	43	49	1	21	22	-	21	21	-	34	34
GS-4................................	-	3	3	-	-	-	-	-	-	-	-	-
Other Graded....................	2	209	211	2	-	2	2	-	2	-	1	1
Total Permanent................	1,132	3,044	4,176	958	2,673	3,631	965	2,653	3,618	193	2,614	2,807
Unfilled, EOY...................	2	207	209	5	1	6	36	1	37	73	88	161
Total Perm. FT EOY.........	1,130	2,837	3,967	953	2,672	3,625	929	2,652	3,581	120	2,526	2,646
Staff Year Est...................	1,157	2,961	7	1,051	2,785	6	1,083	2,855	3,938	151	2,704	2,855

VEHICLE FLEET

Table FSA-3. Size, Composition, and Annual Costs of Motor Vehicle Fleet

Fiscal Year	Sedans and Station Wagons	Lt. Trucks, SUVs, and Vans (4x2)	Lt. Trucks, SUVs, and Vans (4x4)	Medium Duty Vehicles	Heavy Duty Vehicles	Total Vehicles	Annual Operating Costs
2017	347	284	85	0	2	718	$4,199
Change	-7	+49	-15	+1	0	+28	-825
2018	340	333	70	1	2	746	3,374
Change	-98	-89	-11	-1	-1	-200	-1,041
2019	242	244	59	0	1	546	2,333
Change	0	0	0	0	0	0	0
2020	242	244	59	0	1	546	2,333

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.

SHARED FUNDING PROJECTS

Table FSA-4. Shared Funding Projects (dollars in thousands)

Item	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
Working Capital Fund:				
Material Management Service	$273	$271	$327	$351
Mail and Reproduction Services	670	724	456	441
Integrated Procurement Systems	298	474	442	441
Procurement Operations Services	67	78	293	465
Human Resources Enterprise Management Systems	154	241	151	161
Subtotal	1,462	1,788	1,667	1,860
Communications:				
Creative Media & Broadcast Center	754	487	516	604
Office of the Executive Secretariat	381	343	178	177
Subtotal	1,135	830	694	781
Finance and Management:				
National Finance Center	4,886	9,403	7,895	4,573
Financial Management Systems	-	-	-	-
Internal Control Support Services	644	628	552	551
Financial Management Support Services	7,142	6,354	6,507	6,355
Subtotal	12,672	16,385	14,954	11,479
Information Technology:				
National Finance Center	91,487	81,310	99,201	99,524
Client Technology Services	23,093	21,519	26,514	26,534
National Information Technology Center	-	-	-	-
Enterprise Network Services	-	-	-	-
Subtotal	114,580	102,829	125,715	126,058
Correspondence Management				-
Total, Working Capital Fund	129,850	121,832	143,031	140,177
Department-Wide Shared Cost Programs:				
1890 USDA Initiatives	442	-	-	-
Advisory Committee Liaison Services	6	7	2	2
Agency Partnership Outreach	-	848	740	740
Classified National Security Information	64	-	-	-
Continuity of Operations Planning	243	-	-	-
Emergency Operations Center	280	-	-	-
Facility and Infrastructure Review and Assessment	54	-	-	-
Faith-Based and Neighborhood Partnerships	48	-	-	-
Hispanic-Serving Institutions National Program	233	-	-	-
Honor Awards	-	2	6	6
Human Resources Self-Service Dashboard	70	66	56	62
Human Resources Transformation	199	101	-	-
Identity and Access Management	801	-	-	-
Intertribal Technical Assistance Network	359	353	348	348
Medical Services	82	70	45	45
Office of Customer Experience	-	218	296	358
People's Garden	77	54	-	-
Personnel and Document Security	-	341	292	292
Personnel Security Branch	213	-	-	-
Security Detail	435	503	437	437
Security Operations	-	1,181	1,001	1,001
TARGET Center	175	149	109	109
USDA 1994 Program	95	-	-	-
USDA Enterprise Data Analytics Services	-	-	-	511
Virtual University	240	114	-	-
Total, Department-Wide Reimbursable Programs	4,117	4,010	3,333	3,911
E-Gov:				
Budget Formulation & Execution Lob	11	11	11	11
Enterprise HR Integration	241	241	241	241
E-Payroll	-	-	-	-
E-Travel	-	-	-	-
Financial Management LOB	12	12	12	12
HR Management LOB	34	35	35	35
Integrated Acquisition Environment	937	956	1,032	-
Recruitment One-Stop	-	-	-	-
Disaster Assistance Improvement Plan	42	42	42	42
E-Rulemaking	2	2	2	-
Geospatial LoB	13	13	13	13
Gov Benefits	98	100	101	101
Total, Department-E-Gov	1,389	1,412	1,489	455
Agency Total	135,356	127,253	147,852	144,543

ACCOUNT 1: DISCRETIONARY SALARIES AND EXPENSES

APPROPRIATIONS LANGUAGE

The estimates include appropriation language for this item as follows (new language underscored):

Salaries and Expenses (Including Transfers of Funds):

For necessary expenses of the Farm Service Agency, $1,012,008,000: 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.

LEAD-OFF TABULAR STATEMENT

Table FSA-5. Lead-Off Tabular Statement

Item	Amount
2019 Annualized Continuing Resolution	$1,519,756,000
Change in Appropriation	-213,181,000
Budget Estimate, 2020	1,036,575,000

PROJECT STATEMENT

Table FSA-6. Project Statement (thousands of dollars, staff years (SY))

Program	2017 Actual	SY	2018 Actual	SY	2019 Estimate	SY	Inc. or Dec.	Chg. Key	SY	2020 Budget	SY
Discretionary Appropriations:											
Salaries and Expenses	$1,206,110	9,123	$1,202,146	8,528	$1,202,146	8,969	-190,138		-1,563	$1,012,008	7,406
ACIF Transfer	306,998	2,182	314,998	2,214	314,998	2,234	-20,884			294,114	2,234
Other Credit Programs	2,612	24	2,612	24	2,612	24	-2,159		-20	453	4
Total Adjusted Approp	1,515,720	11,329	1,519,756	10,766	1,519,756	11,227	-213,181		-1,583	1,306,575	9,644
Rescissions and											
Transfers (Net)	-309,610	-2,206	-317,610	-2,238	-317,610	-2,258	-23,043			-294,567	-2,238
Total Appropriation	1,206,110	9,123	1,202,146	8,528	1,202,146	8,969	-190,138		-1,583	1,012,008	7,406
Transfers In:											
Cong Relations	150	-	120								
MPP Fee Collection	1,323	-	2,100								
Credit Reform Transfers	309,610	2,206	317,610	2,238	317,610	2,258	-23,043			294,567	2,238
Total	311,083	2,206	319,830	2,238	317,610	2,258	-23,043			294,567	2,238
Bal Available, SOY	17,322	-	37,000		27,000						
Total Available	1,534,515	11,329	1,558,976	10,766	1,546,756	11,227	-240,181		-1,583	1,306,575	9,644
Lapsing Balances	-13,584		-9,876								
Bal Available, EOY	-37,000		-27,000								
Total Obligations	1,483,931	11,329	1,522,100	10,766	1,546,756	11,227	-240,181		-1,583	1,306,575	9,644

JUSTIFICATIONS

(1) A net decrease of $213,181,000 and 1,583 staff years for Farm Service Agency Salaries and Expenses ($1,519,756,000 and 11,227 direct staff years available in 2019).

The funding change is requested for the following items:

A) A net decrease of $169,699,000 and 1,083 staff years for Federal Offices ($884,545,000 and 3,938 staff years available in 2019).

1) A decrease of $150,532,000 and 1,083 staff years for salaries and benefits.

a) A decrease of $29,083,000 and 204 staff years for salaries and benefits.

FSA will initiate streamlining efforts and find new efficiencies and cost savings in order to maintain acceptable levels of customer service. The Agency's goal is to right size its workforce and reinvest FSA's human capital in to high priority positions. This reinvestment is necessary in continuing to support program delivery to farmers and ranchers.

b) A decrease of $121,449,000 and 879 staff years for a transfer of salaries and benefits.

Under the newly organized Farm Production and Conservation (FPAC) mission area, all mission support functions for FSA, NRCS and RMA are being aligned to the new FPAC Business Center, including Budget, Financial Management, Civil Rights, Litigation, and Environmental Compliance. FSA will realign a total of 915 (879 direct and 36 reimbursable) staff years which consist of 697 from headquarters and 182 from state offices.

2) A decrease of $30,349,000 in operating expenses.

a) A decrease of $7,047,000 in operating expenses

Federal operations cover everything from headquarters oversight to field office farm loan program activity. FSA is working to further reduce operating costs in correlation with the reduction in staffing. FSA will continue to look at potential cost saving measures through more efficient use of travel, contract services and postage.

b) A decrease of $15,079,000 for a transfer of operating expenses

Under the newly organized FPAC mission area, some operating expenses previously funded by FSA will be transferred to the FPAC Business Center. FSA will transfer $15,079,000 to the FPAC business center in 2020 for operating costs required to support the 879 staff years.

c) A decrease of $8,223,000 for rent.

Under the newly organized FPAC mission area, some operating expenses previously funded by FSA will be transferred to the FPAC Business Center. FSA will transfer $8,044,000 to the FPAC business center in 2020 for GSA rental space associated with the 879 staff years transferred to the FPAC Business Center.

3) A net increase of $11,182,000 for Information Technology.

a) An increase of $16,801,000 for Farmers.gov.

FSA, in partnership with Risk Management Agency (RMA) and Natural Resources and Conservation Service (NRCS), established farmers.gov in 2018. Farmers.gov provides America's farmers, ranchers, private foresters and other agricultural producers with online self-service applications, educational materials, engagement opportunities and business tools to increase efficiency and productivity while preserving long-held traditional relationships between local USDA offices and producers. In 2018, FSA also implemented the Wildfire and Hurricane Indemnity Program and Trade Mitigation Program on the Farmers.gov portal, a modern technology platform supporting responsive and timely information solutions deployment.

In 2019, FSA, RMA, and NRCS plan to extend Farmers.gov to include additional customer-centric information and services, online farm loan applications and transactions, online customer access to common conservation programs serving shared FSA and NRCS customers, and online self-service access to map-based farm level data and other producer information in real- time. Continued support for this program in 2020 will sustain access to the previously provided services that allow farmers, ranchers, producers, and foresters to access agriculture, forestry and conservation information and services through a single digital experience leveraging multiple communication channels.

b) <u>An increase of $7,900,000 for CCC Audit Readiness.</u>

To resolve long-standing accounting and system issues preventing FSA/CCC from providing auditable financial data, FSA began an effort in 2018 to integrate its financial management processes into the standard USDA financial system. The purpose of the program is to enable FSA to fulfill its mission goals while providing auditable financial data under the USDA Financial Management Modernization Initiation (FMMI) program, and to enable USDA to achieve a clean audit opinion and efficiently manage the resources provided by Congress for CCC and FSA's mission. In 2018 and 2019, FSA assessed and updated its financial management business processes to provide end-to-end reconciliation of financial transactions, address funds control requirements, and support publication of accurate CCC and consolidated FSA financial statements. FSA completed migration of financial management processes for CCC-funded procurement, grant, and cooperative agreement programs. FSA also began migration of financial management processes for export and commodity programs administered by the Foreign Agriculture Service and Agricultural Marketing Service, conservation and environmental programs, price support, and foreign market development to the USDA FMMI. In 2020, FSA will complete the migration of all remaining financial processes for CCC and FSA funded programs, including Farm Loans, to USDA's audit-compliant financial management system.

Completion of this program will improve FSA's financial stewardship of taxpayer funds and replace paper-based financial transactions with self-service e-commerce in alignment with commercial best practices. In addition, FSA county office employees will increase time available to serve customers as automation and accuracy of financial transactions increase.

c) <u>An increase of $3,318,000 for Acreage Crop Reporting Streamlining Initiative.</u>

The Acreage Crop Reporting Streamlining Initiative (ACRSI) improves customer service by streamlining acreage crop reporting information collection and minimizing duplicative information collected. In 2018 and 2019, FSA improved the ACRSI foundation for producer self-service reporting channels and integration with precision agriculture, flexible options for customer service, and geospatially-integrated acreage reporting. In collaboration with the RMA, FSA will establish online acreage reporting for producers and automate third-party acreage report submissions, which may include users of precision agriculture.

d) <u>An increase of $2,291,000 for the National Agricultural Imagery Program.</u>

NAIP is an aerial imagery program designed to acquire digital imagery within specified flying seasons. This program provides the base layer imagery for USDA programs. Together with partner funding from the Forest Service, NRCS, and the Department of Interior, FSA will acquire aerial imagery for up to 20 states in 2020. Acquisition of high-resolution imagery enhances ground recognition of agricultural markers such as beehives, field boundaries and crop identification and improves accuracy of the data used for program participation and compliance reviews.

The digital imagery, accompanying data, and image web services of NAIP support the creation of new updates to existing Common Land Unit (CLU) data. The geospatial dataset allows FSA, State and Service Center Agency personnel to complete, create or maintain CLU data and identify crops without physically traveling to the area of interest. The imagery serves as a base map for displaying other geospatial and non-geospatial data as well as for digitizing vector data. The NAIP imagery, CLU data, and other related data make it possible for FSA state and service center personnel to verify eligibility and compliance with FSA programs in a variety of FSA applications.

e) A decrease of $10,055,000 for farm program modernization.

FSA has realized operational efficiencies of the MIDAS solution, including consolidation of operational support expenditures such as program management, operations, hosting costs and data management, and a reduction of contract administration fees. FSA strategically halted new development in 2015 to allow a third-party analysis to determine if the current enterprise solution provides the necessary functionality and is the most cost-effective modernization solution. In 2017 and 2018, FSA completed an analysis of alternatives (AoA) based on the third-party analysis and formation of the Farm Production and Conservation (FPAC) mission area. FSA limited maintenance of the MIDAS solution to small enhancements to maintain current technology or address critical needs for county office employees. In 2019, FSA plans to determine the future direction of the MIDAS investment based on the AoA.

f) A decrease of $9,073,000 for legacy system enhancements.

FSA will halt enhancements to legacy information technology systems supporting farm programs, farm loan programs, geospatial services, program financial services, enterprise data management, and enterprise reporting to focus on implementing new and sustaining existing customer service initiatives.

B) A net decrease of $43,482,000 and 500 staff years for Non - Federal Offices ($662,211.000 and 7,340 staff years available in 2019).

1) A decrease of $40,503,000 in salary and 500 staff years.

The Agency's goal is to ensure adequate workforce distribution and alignment of personnel in high priority positions. FSA will continue streamlining efforts or realignment of personnel to continue to accomplish mission critical functions to support program delivery to farmers and ranchers.

2) A decrease of $2,979,000 in operating expenses

FSA will reduce operating costs due to the reduction in full time staff years. FSA will be able to maintain current levels of service in administering mandatory programs. Current reductions will allow travel requirements necessary to ensure the safety and security of federal programs, as well as providing postage services required to send out newsletters to farmers and ranchers. Supplies and equipment levels will be sufficient to continue providing adequate levels essential to conduct program administration.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table FSA-7. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))

State/Territory/Country	2017 Actual	SY	2018 Actual	SY	2019 Estimate	SY	2020 Budget	SY
Alabama	$18,448	189	$16,699	174	$16,903	190	$14,041	175
Alaska	963	8	1,029	7	1,057	9	865	9
Arizona	4,319	44	4,094	42	4,211	47	3,448	43
Arkansas	22,634	251	21,699	242	20,656	250	16,915	230
California	14,734	151	14,670	149	14,258	164	11,676	151
Caribbean	4,398	36	4,285	45	4,114	39	3,369	36
Colorado	13,895	143	12,699	138	12,538	140	10,267	129
Connecticut	1,834	19	1,914	19	1,487	19	1,217	18
Delaware	1,639	17	1,499	15	1,691	17	1,385	16
District of Columbia	524,047	1,066	630,555	908	659,641	909	579,950	151
Florida	11,027	105	10,543	102	9,774	110	8,004	101
Georgia	26,954	300	25,676	284	24,963	315	20,443	290
Hawaii	3,246	31	3,494	18	3,067	31	2,511	28
Idaho	12,694	130	11,885	126	11,668	131	9,555	121
Illinois	46,216	519	42,469	503	42,508	515	34,810	472
Indiana	31,724	345	29,780	341	29,078	367	23,812	338
Iowa	53,493	607	48,689	590	48,180	650	39,455	596
Kansas	44,296	481	40,574	461	40,645	510	33,284	469
Kentucky	30,514	330	28,831	328	28,659	348	23,469	320
Louisiana	17,716	181	16,225	174	16,465	189	13,484	174
Maine	5,465	53	5,169	51	5,314	54	4,352	50
Maryland	6,555	68	5,876	63	6,272	65	5,136	60
Massachusetts	3,271	33	3,280	30	3,151	33	2,581	31
Michigan	22,699	247	20,111	234	20,847	245	17,072	225
Minnesota	39,321	435	36,197	413	35,969	381	29,456	350
Mississippi	23,634	245	21,250	232	21,743	224	17,806	206
Missouri	38,893	424	36,385	414	36,601	389	29,973	358
Montana	20,907	216	19,647	205	19,297	202	15,803	186
Nebraska	38,838	423	35,523	404	35,793	399	29,311	367
Nevada	2,483	22	2,396	24	2,176	22	1,782	21
New Hampshire	2,086	19	2,244	19	1,985	20	1,626	19
New Jersey	3,809	35	3,515	34	3,432	30	2,810	28
New Mexico	7,075	70	6,863	69	6,610	73	5,413	68
New York	16,839	177	15,339	170	15,620	176	12,792	162
North Carolina	29,997	332	28,150	320	28,322	336	23,194	309
North Dakota	28,615	304	26,260	296	26,732	323	21,891	298
Ohio	28,728	317	26,731	304	26,874	304	22,007	280
Oklahoma	28,884	319	27,532	311	27,888	328	22,837	301
Oregon	9,925	99	9,348	95	9,456	90	7,744	83
Pennsylvania	17,180	187	15,848	176	16,149	190	13,224	175
Rhode Island	1,027	8	983	9	942	9	771	9
South Carolina	13,307	143	12,237	137	12,381	140	10,139	129
South Dakota	31,047	329	29,330	325	28,822	345	23,603	317
Tennessee	25,329	265	23,268	281	22,813	257	18,681	237
Texas	66,359	689	60,513	641	59,358	721	48,612	662
Utah	7,798	78	7,498	75	7,260	73	5,945	67
Vermont	4,763	43	4,200	16	4,492	44	3,679	40
Virginia	17,955	182	17,064	179	16,682	189	13,661	174
Washington	10,839	114	9,441	102	10,165	116	8,324	107
West Virginia	9,006	86	8,259	84	8,438	87	6,910	80
Wisconsin	29,659	343	28,069	333	27,309	343	22,364	316
Wyoming	6,847	71	6,269	54	6,300	69	5,116	62
Obligations	1,483,931	11,329	1,522,100	10,766	1,546,756	11,227	1,306,575	9,644
Lapsing Balances	13,584		9,876	-	-	-	-	-
Bal. Available, EOY	37,000		27,000	-	-	-	-	-
Total, Available	1,534,515	11,329	1,558,976	10,766	1,546,756	11,227	1,306,575	9,644

CLASSIFICATION OF OBJECTS

Table FSA-8. Classification by Objects (thousands of dollars)

Item No.	Item	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
	Personnel Compensation:				
	Washington D.C.	$104,100	$105,218	$110,437	$17,314
	Personnel Compensation, Field	207,620	204,323	224,714	166,342
11	Total personnel compensation	311,720	309,541	335,151	183,656
12	Personal benefits	119,645	110,375	110,323	111,286
	Total, personnel comp. and benefits	431,365	419,916	445,474	294,942
	Other Objects:				
21.0	Travel and transportation of persons	8,021	8,647	9,367	1,103
22.0	Transportation of things	1,898	1,723	2,050	1,392
23.1	Rental payments to GSA	26,198	21,077	25,962	20,657
23.2	Rental payments to others	3,659	3,147	2,096	2,096
23.3	Communications, utilities, and misc. charges	159	42	157	157
23.5	Postage	3,383	5,423	5,625	146
24.0	Printing and reproduction	540	610	1,078	-
25	Other contractual services	336,275	380,566	386,398	366,830
25.3	Other goods and services from Federal sources (DHS)	3,413	3,677	3,383	3,037
26.0	Supplies and materials	1,122	1,114	1,522	328
31.0	Equipment	1,645	9,614	1,433	215
32.0	Land and structures	-	-	-	-
33.0	Investments and loans	-	-	-	-
41.0	Grants, subsidies, and contributions	666,253	666,544	662,211	618,729
	Total, Other Objects	1,052,566	1,102,184	1,101,333	1,011,633
99.9	Total, new obligations	1,483,931	1,522,100	1,546,756	1,306,575
	Position Data:				
	Average Salary (dollars), ES Position	$173,222	$176,570	$176,570	$176,570
	Average Salary (dollars), GS Position	$76,795	$75,473	$75,473	$75,473
	Average Grade, GS Position	11.0	10.0	10.0	10.0

STATUS OF PROGRAMS
SALARIES AND EXPENSES

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 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.

- **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, andair.

Administrative Efficiencies

Commodity Credit Corporation (CCC) Audit. U.S. Department of Agriculture agencies have delivered CCC programs for more than 80 years. Today, CCC's domestic agricultural price and income support programs are carried out primarily through the personnel and facilities of the Farm Service Agency (FSA). International programs are carried out by the Foreign Agricultural Service (FAS) and the United States Agency for International Development (USAID). CCC conservation programs are implemented by FSA and the Natural Resources Conservation Service (NRCS)gg.

In 2018, CCC continued its support of American agriculture through commodity, conservation, disaster, energy, specialty and organic crops, and trade programs. USDA implemented relief strategies to protect the U.S. agricultural sector from suffering economic losses due to trade retaliation by foreign nations. The Market Facilitation Program (MFP) was implemented by FSA to assist farmers and FAS administered the Agricultural Trade Promotion Program (ATP) to help develop U.S. agricultural export markets. CCC's independent auditors issued an unmodified (clean) audit opinion on CCC's FY 2018 Consolidated Financial Statements.

Improper Payments and Related Compliance (Based on FY 2018 Review Cycle). The FY 2018 Improper Payment Information Act (IPIA) Review Cycle included a statistical sample of the following programs designated as high risk: Agriculture Risk Coverage and Price Loss Coverage (ARC/PLC), Loan Deficiency Payments (LDP), Livestock Forage Disaster Program(LFP) and Noninsured Crop Disaster Assistance (NAP).

All programs reported a projected improper payment rate of less than 10 percent except for LFP and NAP. Although both programs were above threshold, agency implemented automated software payment process to reduce improper payments. In addition, LDP and ARC/PLC programs reported estimated improper payment rates of 2.50 percent and 2.73 percent respectively.

Furthermore, the now former high-risk program LDP was categorized as low risk during the FY 2018 IPIA Review Cycle. The program demonstrated at least two consecutive years of improper payments below the Improper Payment Elimination and Recovery Act (IPERA) threshold. Along with the required assertion from the Office of the Inspector General, FSA was granted approval and the LDP program was relieved from annual improper payment reporting requirements by the Office of Management and Budget (OMB). The program will continue to be reviewed annually in accordance to OMB regulations.

Moreover, FSA has systematically integrated the Social Security Administration (SSA) Private Death Master File (DMF) which supports pre-payment verification of Farm Program Payments. The integration prevents payments to individuals identified as deceased, until eligibility is confirmed by FSA County Office staff. FSA has also established access to

Treasury's Do Not Pay (DNP) Portal for pre-award and pre-payment verification under certain conditions. The DNP Portal is a centralized system of multiple data sources to assist in determining whether an award or payment is proper or improper.

Independent Review of Workload. In FY 2019, FSA will use Managerial Cost Accounting (MCA) Program and Activity Codes (PAC) to track costs for the Staffing Model and the Optimally Productive Office project. FSA will also customize the OPO model to meet FSA requirements.

FPAC, in FY 2019 will use MCA Work Breakdown Structure (WBS) codes to track common FPAC, FSA, RMA, and NRCS activities for the FPAC Business Center (BC).

The MCA methodology to be used by FPAC will be different than the MCA methodology used by FSA because:

- the FSA method is geared more to FSA Field Office activities instead BC related activities,
- the FSA method is presently limited to FSA activities only,
- FPAC wanted to adopt a more flexible way to track costs,
  - FPAC will use WBS codes to track BC activities
- and because FPAC believed it was more important to transition employees into FPAC than to change how time was entered into the time reporting system (WebTA).

Program Outreach and Education. FSA has strengthened program education efforts. In FY 2018 State and county offices were allocated $270,000 for program outreach activities. There were over 20,000 activities conducted nationwide in FY 2018 educating producers on FSA programs and USDA initiatives such as Wildfire Hurricane Indemnity Program, Emergency Loans, Market Facilitation Program, Farm Storage Facility Loans, Beginning Farmer Down Payment Program, Microloans, Youth Loans, Organic Certification Cost Share, Veteran in Ag Outreach and others.

Outreach Cooperative Agreements for Farm Loan Programs. In FY 2017, FSA entered into a cooperative agreement with Texas A&M University to assist veterans in meeting the management experience requirement for a Farm Ownership Microloan or a beginning farmer Down Payment Loan Program. The initiative was implemented in FY 2018 and enabled veterans participating in the 12-18 training program to meet the management experience loan requirement for veterans.

New/Beginning Farmers, Veterans in Agriculture, Native American Working Group, Local/Regional Food Systems, Urban Agriculture, Communities of Faith and Opportunity. FSA partnered with the Department and other agencies on various initiatives to provide targeted outreach that supports the focus of each of these initiatives. FSA is the pre- cursor to participate in majority of USDA farm programs, therefore educating producers is vital in improving and increasing access to USDA programs. To support beginning farmers, in FY 2018, FSA provided $80,000 to USDA's in support of the Secretary's Beginning Farmer Advisory Committee for Beginning Farmers and Ranchers. Additionally, in FY 2018, FSA expanded states' participation in the mentorship initiative with SCORE to provide Agricultural mentors to new and existing farmers. In support of Veterans in Agriculture during FY 2017, FSA entered into a cooperative agreement with Texas A&M University to assist veterans in meeting the management experience requirement for a Farm Ownership Microloan or a beginning farmer Down Payment Loan Program. The initiative was implemented in FY 2018 and enabled veterans participating in the 12-18 training program to meet the management experience loan requirement for veterans. In FY 2017, FSA also partnered with the Office of Tribal Relations (OTR) to provide $200K towards the completion of Ag curriculum for tribal youth. In FY 2018, curricula development was completed through the American Indian Higher Education Consortium and submitted to USDA for review. The courses and Agricultural Business Certificate program will be piloted at three tribal colleges in ND, MT and NE. The purpose of this curriculum to is assist tribal students in becoming career ready in Ag related fields.

Producers are not always aware of all the USDA programs available to assist them, such as information to extend their growing seasons or to obtain USDA program information in their native language. Examples of continuous FSA activities conducted across the nation include: online webinars with local and organic producers to educate them of Ag leadership opportunities available in their local communities by serving on an FSA County Committee; USDA Tribal Summits with tribal producers to educate them on various USDA programs and grants available to benefit tribal reservations; and stakeholder meetings educating producers of obtaining e-authentication to participate in online

programs, updates regarding new FSA programs and benefits of participating in local County Committee elections. These types of outreach activities conducted with non-USDA participating producers helped increase program education and access that supported the mission of these Departmental initiatives.

USDA supports the White House Faith and Opportunity Initiative. Secretary Perdue's vision is to work to assist communities address hunger, homelessness, rural poverty, fractured families, at risk youth, distressed communities and addiction. To meet this call to action, in FY 2018, USDA's Office of Partnerships and Public Engagement launched this federal government initiative within USDA to include agencies. In addition to supporting the White House Initiative, the effort is meant to align with the Agriculture and Rural Prosperity Task Force Report and the Executive Order on Youth, Families and Communities. In FY 2019, guidance and direction of each agency's role will be unveiled to address the factors affecting these distressed audiences. The communities of faith are led by local faith based leaders in 12 locations: Phoenix, AZ; Cartersville, GA, Vidalia, GA and Thomasville, GA; Baltimore, MD, Salisbury, MD; Fayette, MS, Natchez, MS, Port Gibson, MS, Shaw, MS; Vicksburg, MS; Springfield, MO; Middletown, PA, Aguada, PR, Humacao, PR, Ponce, PR, Utando, PR; Marshal,TX; Denton, TX; McLean, VA; Bluefield, WV, Keystone, WV; Cleveland, TN, Nashville, TN; Winter Haven, FL and Lakeland, FL.

Receipt for Service (Formerly implemented through Bridges to Opportunity). Bridges to Opportunity was an FSA service that provided customers access to a wide range of agricultural resources, referrals to agricultural experts, and facilitates collaboration among USDA agencies and local partners to enhance the value of service to farmers, ranchers, and the agricultural community. Delivery of the service was enabled by a customer relationship management application on a software-as-a-service platform provided by Salesforce.com. Customers were provided a comprehensive summary of their visit, which contained the agricultural resources and referrals they requested, and fulfilled the congressionally mandated Receipt for Service requirement.

The Bridges to Opportunity service was discontinued in FY 2018. Customers are still provided the congressional mandated Receipt for Service, but resource bundles of information and referrals was discontinued. With the reorganization of FSA, NRCS, and RMA into the Farm Production and Conservation (FPAC) mission area, USDA is now building on the Bridge software platform to serve as the accelerator to provide a more robust, customer-centric application to be used by all FPAC agencies for customer engagement and improved service. This will include online customer self-service components, mobile access, and enhanced customer service through USDA Service Centers. With this transition, FPAC plans to expand the customer relationship management application that employees and customers will use. The transition to the FPAC platform continues to unveil in phases in FY 2019. Currently all FSA offices utilize the new farmers.gov portal to provide a Receipt for Service to their customers and issued over 1.2 million receipts in FY 2018.

Modernize and Innovate the Delivery of Agricultural Systems (MIDAS). MIDAS is an extensive IT modernization effort to produce a secure, modern IT system that supports web-based farm program delivery and integrated business processes. Through MIDAS, farm and customer (farmer, rancher, and producer) data is centralized and integrated, providing a host of benefits to farmers and the USDA. MIDAS Farm Records and Business Partner applications are used every day in over 2,100 FSA offices to manage five million farms with 8.1 million tracts and 38 million fields. Several USDA agencies also utilize MIDAS for customer information, and the data from these systems is accessed by the majority of FPAC's automated systems.

Per an FY 2016 FSA IT independent assessment of FSA's MIDAS, recommended by OIG and mandated by Congress, FSA conducted an Analysis of Alternatives (AoA) to present recommendations for the best path forward for existing MIDAS applications. The AoA is being expanded to support the FPAC Mission Area. Analysis is underway and delivery of go-forward recommendations to FPAC Business Center is targeted for early FY19. The results of this analysis will be shared with FPAC and USDA leadership to determine the path forward. FSA continues to sustain MIDAS existing functionality with incremental improvements to the system.

With the reorganization of FSA, NRCS, and RMA into a single FPAC Mission Area, customer and mission delivery requirements are being reevaluated. FSA will continue to engage across the Mission Area to ensure that future plans for MIDAS align to future integration, consolidation, and modernization efforts in support of FPACs collective customers and ensure achievement of FPAC mission objectives through cost-efficient implementation of technology. Future changes to MIDAS will be considered within the context of how to best position FPAC and FSA for continued success in utilizing technology and innovation to optimize and bolster the delivery of mission programs and optimize investments in rural areas through the use of technology.

Acreage Crop Reporting Streamlining Initiative (ACRSI). ACRSI is a joint FSA and RMA initiative focused on establishing a common commodity reporting framework in support of USDA programs. Mandated within the 2014

Farm Bill, ACRSI is designed to reduce the reporting burden on producers by modernizing and streamlining existing crop information collection activities, thereby eliminating or minimizing duplication of information collected by USDA agencies. The creation of a USDA data standard allows the Producer to report common crop and acreage reporting data once through the reporting channel of their choice. Today, crop data is securely shared across the USDA for use by RMA, FSA, NRCS, NASS, and other agencies. USDA has established standards for this reporting feature and published it to industry (GitHub) which allows for further leveraging of industry and technology to reduce reporting costs and burden on producers.

Between the spring of 2015 and today, five successful phases were completed proving the capabilities of the newly created ACRSI Clearinghouse. Each phase expanded capabilities to include additional geographic areas and/or additional crops as shown here:

- Spring Pilot 2015, 2 states, 30 counties, 9 crops
- Fall Pilot 2015, 15 states, all counties, 9 crops
- Spring Release 2016, all 50 states, all counties, 13 crops
- Fall Release 2016, all 50 states, all counties, 17 crops
- Spring Release 2018, all 50 states, all counties, 26 crops

ACRSI is also working to expand the ability to leverage Precision Agriculture (PrecisionAg) data from producers through 3rd Party providers by establishing multiple Proof-of-Concepts. The Proof-of-Concepts will provide key information on the practicality of accepting acreage report data from 3rd party service providers and viability of processing precision ag data for use in crop reports for FSA farm programs and Federal crop insurance.

FSA Programs, Activities and Workload Indicators

FSA programs, activities, and workload indicators in FY 2018 are outlined in the following pages:

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

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

program rules and regulations including farming practices, weed control, verification of planted acres, quantity and quality of commodities under farm-stored loans. In most cases this requires a farm visit; however some spot checks are completed using digital photography.

- Data-matching processes that utilize information from the IRS and SSA are integrated into the producer compliance and program payment processes as internal controls to prevent the issuance of improper payments to deceased program participants and participants with incomes in excess of income limitations.
- Changing ownership, operators, or other tenants on a farm record to reflect the most current and up to date information for a farm each fiscal year. Changes to the farm structure to align with FSA definition of a "farm" through the reconstitution process where farms are either combined or divided from a parent farm resulting in child farm(s) with new unique farm number(s).

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

Farm Loans

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

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

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

All through the process, the service center staff communicate 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, and the loan is closed. After the loan is closed, the farm loan staff provide 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 take receipt of loan repayments and process them through the established FSA payment system.

If a borrower becomes distressed or delinquent on repaying the loan, the farm loan staff may be able to provide assistance by offering the borrower 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 based on the option chosen by the borrower. The farm loan staff will assist a borrower in developing a servicing application, determine eligibility for this benefit, and explain other options if loan restructuring is not feasible.

Direct Farm Loan Programs: In 2018, activity under the Agricultural Credit Insurance Fund included:

Number of direct loans.. 26,323

Dollar value of direct loans.. $2,270,874,642

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 FSA farm loan officer reviews the application for eligibility, repayment ability, adequacy of collateral, and compliance with other regulations, and if the applicant meets those requirements, the guarantee is approved. The service center issues the lender a conditional commitment outlining the terms of the loan guarantee and indicates that the loan may be closed. The lender closes the loan and advances funds to the applicant (borrower), after which the service center staff issues the guarantee. The lender makes the loan and services it to maturity. If the loan defaults, the lender is responsible for foreclosure and liquidation. In the event the lender suffers a loss, FSA will reimburse the lender according to the terms and conditions specified in the guarantee.

Guaranteed Farm Loan Programs: In 2018, activity under the Agricultural Credit Insurance Fund included:

Number of guaranteed loans... 8,375

Dollar value of guaranteed loans... $3,204,599,222

State Mediation Grants (SMG): Program helps agricultural producers, their lenders and other persons directly affected by the actions of USDA resolve disputes or conflicts. Funding is provided in the form of a grant to designated State's mediation program.

In FY 2018, SMG activity included:

Number of Grants made to States.. 41

Dollar value of grants... $3,901,988

Amount of SMG payments issued... $3,904,415

Income Support and Disaster Assistance

Farm Storage Facility Loans (FSFL) allows producers of eligible commodities to obtain low-interest financing to build, acquire and/or upgrade on-farm, new or used and permanently affixed or portable storage, handling facilities, and storage and handling trucks for all CCC Charter Act commodities, plus hay, renewable biomass, fruits and vegetables (including nuts), milk, rye, maple sap, honey, meat, poultry, eggs, cheese, butter, yogurt, aquaculture, floriculture, and hops they produce. FSA employees meet with applicants to review the proposed acquisition, construction or renovation project. FSFL collateral must be used for the purpose the facility was acquired and/or constructed for the entire FSFL term. An eligibility review is necessary to determine if the producer produces an eligible FSFL commodity and has a need for storage or other eligible FSFL components. Additionally, county office employees must determine if the proposed project is compliant with local land use laws, zoning and evaluate the potential environmental impacts. The requested loan amount is evaluated to determine credit worthiness of the applicant and whether the applicant's expected cash flow shows any debt exposure that could impact the applicant's ability to make their annual installments. Loan amounts exceeding $100,000, or aggregate loan balances exceeding

$100,000, require additional security to be pledged to ensure repayment of the loan in the form of real estate lien or a letter of credit. 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. When construction is complete and all documents necessary to disburse the loan are received, the county office perform a final inspection and schedule a loan closing with the applicant. Once disbursed, FSFL's require annual servicing (repayments) to collect installment amounts for the applicable 3, 5 7, 10, or 12 year terms of the loan. Annual servicing responsibilities include verifying multi-peril crop insurance or NAP automobile insurance, structural insurance, flood insurance, and ensuring the Universal Commercial Code (UCC) financing statement is current and the structure or FSFL collateral is being maintained and used for its intended purposes. Applicants may apply for a FSFL microloan when the applicant's aggregate outstanding FSFL balance does not exceed $50,000. The applicant may self-certify to the storage need and loan terms for a FSFL microloan are 3, 5, or 7 years. CCC's objectives in carrying out its FSFL program is to help producers finance needed storage and handling facilities, and storage and handling trucks and equipment to be used for their own production.

In FY 2018, FSFL program activities included:

Farm Storage Facility Loans Closed... 818

Amount of Farm-Storage Facility Loans $246,000,000

Price Loss Coverage (PLC) provides payments to producers on farms and commodities that have elected and enrolled in PLC for crop years 2014 through 2018. PLC payments are authorized for a covered commodity when the effective price for the commodity is less than the reference price of the commodity. The payment requirement for this program grew substantially through 2018 from $778 million in FY 2015 to $3.3 billion in FY 2018.

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

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

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

Payments will be made as soon as practical after October 1 in the year following the applicable marketing year for the covered commodity. Employees review all documentation provided, i.e. recorded deeds, signed leases, partnership agreements, Articles of Incorporation, Trust papers, to determine proper vesting and the percentage of shares each applicant has in the contract. All land owned and/or operated by a participant is properly identified. Property is delineated, correct acreage is verified, and all maps are printed. Contract information is entered into the system. All shares are applied to each participant based on ownership of land and applicable lease agreement. All participant signatures are obtained, and the contract is approved by the county committee or designee. Final payments are issued once a year, the timeline varies dependent upon the crops enrolled. FY 2018 PLC payments were for the 2016 crop year.

FY 2018 PLC activity included:

Number of 2018 payments………………………………………………………………………..….687,464

Dollar value of PLC payments made…………………………………………………………...... $3,282,076,000

Agriculture Risk Coverage (ARC) provides payments to producers on farms and commodities that have elected and enrolled in ARC. The ARC program provides producers an option to earn payments to protect against declines in market revenue. The producer must provide proof of cash lease or share crop information. Employees review all documentation provided, i.e. recorded deeds, signed leases, partnership agreements, articles of incorporation, trust papers, to determine proper vesting and the percentage of shares each applicant has in the contract. All land owned and/or operated by a participant is properly identified. Property is delineated, correct acreage is verified, and all maps are printed. Contract information is entered into the system. All shares are applied to each participant based on ownership of land and applicable lease agreement. All participant signatures are obtained, and the contract is approved by the county committee pr designee. Final payments are issued once a year, the timeline varies dependent upon the crops enrolled. ARC payments are expected to drop by approximately $7 billion from the 2014 crop year ($8.4 billion in payments made) to the 2017 crop year ($1 billion in estimated payments). This represents an 88% decrease to the price safety net provided to producers who elected ARC coverage over the course of these 4 crop years. FY 2018 ARC payments were primarily for the 2016 crop year.

FY 2018 ARC activity included:

Number of 2018 payments…………………………………………………………………..………. 1,596,818

Dollar value of ARC payments made…………………………………………………….….….$3,830,277,000

Cotton Transition Assistance Program (CTAP) provided assistance to producers on farms with upland cotton base acres. This assistance bridges the gap between direct program payments for upland cotton and the implementation of the Stacked Income Protection Plan (STAX) administered by the Risk Management Agency. CTAP was only authorized for the 2014 and 2015 crop years, and therefore will not be available for the 2016 crop year. Most cotton- producing counties and cotton producers had STAX for the 2015 crop year and were not eligible for CTAP. For crop year 2015, CTAP payments were issued in FY 2016. Payments made in FY 2018 were used for errors, omissions and appeals for previous fiscal years.

FY 2018 CTAP activity included:

Number of 2018 payments 13

Dollar value of CTAP payments made…………………………………………………………….....$35,272

Average Crop Revenue Election (ACRE) program provides producers an option to earn payments to protect against declines in market revenue. To enroll, the producer completed an application which enrolled the farm from the current year to the conclusion of the 2008 Farm Bill. Producers were allowed to elect to enroll in either ACRE or DCP for the 2013 crop.

There are two payments issued in the ACRE program: 1) the Direct Payment which is based on the base acres on the farm, and 2) the ACRE payment which is calculated using the current year yield and must meet both the State and Farm Trigger. The ACRE payment is issued two years after the crop year. Effective with the 2014 Farm Bill, ACRE is no longer an active program. FY 2018 activity is residual payments related to prior crop years.

FY 2018 ACRE activity included:

Total number of ACRE payments 129

Dollar value of ACRE payments made …. ……….…………………………….………………......…………. .$381,018

Marketing Assistance Loans (MALs) offer producers interim financing at harvest time enabling them to meet their cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows.

MALs allow producers to delay the sale of their commodity until more favorable market conditions emerge, and they allow for more orderly marketing of commodities throughout the year. MALs are available for producers to receive loan funds using commodities as collateral. Both farm-stored and warehouse-stored commodities are available. The county office employee accepts an application which includes producer information, commodity type, certification of farm-stored bushels or hundredweights, or a warehouse receipt, and storage location. Producer eligibility and the amount of the commodity pledged must be verified. FSA prepares lien documents and requires the first lien position on all of the loan commodity. A review must be completed to determine if other liens have been previously filed on the commodity and waivers must be prepared and other lien-holders signatures obtained. Multi-county producers' MALs must be verified with other county offices to ensure that the collateral is not used for multiple loans. MALs mature in 9 months and producers may make a single or multiple repayments during the loan period. A certain amount of farm-stored loans require a spot-check inspection which includes measuring and sampling the commodity in each storage facility under loan. If the commodity is not in storable condition the producer is notified to take action or settle the loan. If producers are delinquent on a loan it may convert to a receivable and steps may be required to take physical possession of the grain to settle the debt.

Demand for MALs continues to be strong and is expected to increase as crop prices stabilize at lower rates than the peak in FY 2013. Loan demand has increased from $5.7 billion in FY 2015 to $7.6 billion in FY 2018.

Loan Deficiency Payments (LDPs) are payments to producers who, although eligible to obtain a MAL, agree to forgo the loan in return for a payment on the eligible commodity. The LDP amount is the difference between the county loan rate and CCC-determined value for the applicable commodity times the eligible harvested quantity. Although not subject to liens, all of the other steps for a MAL must be completed which includes being subject to spot-check for quantity and quality of the commodity. Producer certified LDPs may require the producer to provide production evidence to support the LDP quantity. This may be submitted in the form of sales records or may require an employee to complete a paid farm-stored measurement service to determine that the quantity in storage supports the certified quantity.

FY 2018 MAL and LDP activity included:

Commodity	Marketing Assistance Loans		Loan Deficiency Payments (LDPs)	
	Number of Loans	Dollar Value ($000)	Number of LDP's	Dollar Value ($000)
Corn [1]	20,207	$1,901,069	0	0
Grain Sorghum [1]	161	4,344	0	0
Barley [1]	253	7,951	0	0
Oats [1]	42	668	0	0
Wheat	3,094	136,709	33	$72
Rice [1]	1,852	190,946	0	0
Cotton [1 2]	11,028	2,658,361	0	0
Soybeans	9,820	733,083	0	0
Minor Oilseeds [1]	251	21,358	0	0
Sugar [3]	359	959,343	0	0
Peanuts [1]	14,138	1,000,754	0	0
Honey [1]	91	3,960	0	0
Pulse Crops [1]	193	8,665	0	0
Wool	0	0	0	0
Mohair [4]	0	0	0	0
Total	**61,489**	**7,627,211**	**33**	**72**

Margin Protection Program for Dairy (MPP-Dairy) is a voluntary risk management program for dairy producers authorized by the 2014 Farm Bill through 12-31-2018. The 2018 Farm Bill renamed this program to the Dairy Risk Coverage programs and made several substantive changes to the program. MPP-Dairy offers protection to dairy producers when the difference between the all milk price and the average feed cost –"the margin"-- falls below a certain dollar amount selected by the producer. To be eligible for MPP-Dairy, a dairy operation must produce and commercially market milk from cows located in the United States, provide proof of milk production at the time of registration, and not be enrolled in the Risk Management Agency's Livestock Gross Margin for Dairy program (LGM- Dairy). Dairy operations may consist of one or more dairy producers that are in the business of commercially producing and marketing milk as a single unit. Dairy producers who are members of the operation must share in the risk of producing milk and make contributions to the operation that are at least commensurate with their share of the proceeds of the operation. Operations must be in compliance with Highly Erodible Land and Wetland Conservation provisions. Producers may have more than one dairy operation, but they must be separate and distinct in order to have a separate contract. Dairy operations, as constituted for the previous Milk Income Loss Contract (MILC) Program, are eligible for the MPP-Dairy. Eligible operations must register for coverage at the Farm Service Agency (FSA) office where their farm records are maintained by establishing a production history; paying the $100 administrative fee; and paying any applicable premium. An administrative fee of $100 is required to be paid for each covered year through the duration of the MPP-Dairy program.

[1] There was no LDP activity for corn, grain sorghum, barley, oats, rice, cotton, minor oilseeds, peanuts, pulse crops and honey. Minus (-) indicates credit adjustment to the program.

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

[3] LDP's are not available for sugar

[4] No funds made available may be used to pay salaries and expenses of personnel.

Participating dairy operations establish their production history upon initial registration and all producers in the participating dairy operation must provide adequate proof of the dairy operation's quantity of milk marketed commercially. All information provided is subject to verification and spot checked by FSA. For existing dairy operations, the production history is established using the highest annual milk production marketed during the full calendar years of 2011, 2012 or 2013. Catastrophic Coverage (CAT) of $4 margin coverage level at 90 percent of the established production history requires no premium payment, but the dairy operation must pay the $100 administrative fee. For increased protection, dairy operations may annually select a percentage of coverage from 25 to 90 percent of the established production history in five percent increments and a coverage level threshold from

$4.50 to $8.00 in 50 cent increments. Coverage election must be made prior to the end of the annual election period. After the initial year of registration, failure to make an election results in the coverage level defaulting to the CAT level of 90 percent at $4 margin. Dairy operations may only select one coverage level percentage and coverage level threshold for the applicable calendar year. All producers in the participating dairy operation with a share and risk in the milk marketing must agree to the coverage elected on the contract, and the operation must pay an applicable premium based on the level of coverage elected.

In FY 2016, FSA amended current regulations to allow dairy operations to update their production history when a son, daughter, grandchild, or spouse of a child or grandchild of a current producer participating in the MPP-Dairy program joins the operation, clarify that dairy operations that purchase buy-up coverage on less than 90 percent of their milk production history will also receive catastrophic (CAT) coverage on their remaining production up to the statutory limit of 90 percent of their production history, and set a later final premium payment due date and allow greater flexibility such as allowing producers to have the premium deducted, on a monthly basis, from the check they receive from their milk processor.

MPP-Dairy activity in FY 2018 included:

Number of payments……………………………..99,893

Amount of MPP-Dairy payments...$230,305,981

Non-Insured Crop Disaster Assistance Program (NAP) a producer obtains NAP coverage by completing a NAP Application for Coverage by the application closing date applicable to their crop(s) and paying the applicable service fee. For 2009 and subsequent years the service fees are $250 per crop, $750 per county or $1875 per multi-county producer. Coverage was limited to 50 percent of the yield and 55 percent of the price prior to 2015. Beginning in 2015, additional levels of coverage are available at 50/100, 55/100, 60/100, and 65/100 (yield/price). In the event a natural disaster causes damage to a NAP covered crop, a Notice of Loss must be filed within 15 calendar days after the disaster occurrence, or the date damage to the crop first became apparent. The county office will schedule a loss adjuster to visit the farm to perform an appraisal if the crop will not be harvested or if the producer intends to destroy the crop. Actual production will be used to determine loss if crop is taken to harvest. Producers of hand-harvested crops are required to notify the county office 15 calendar days after harvest is complete and before destruction of the crop, so an appraisal of remaining production can be completed. Beginning in 2015, in addition to the requirement for a timely filed notice of loss within 15 days of the destruction or when damage is first apparent producers of hand harvested crops must notify the county office within 72 hours that a loss has occurred and also within 72 hours of the completion of harvest. The

County Committee reviews, and approves or disapproves, the notice of loss and notifies the producer. The producer files an application for payment once an appraisal or harvest is complete and total production records are obtained. The deadline for filing an Application for Payment is no later than the immediately subsequent crop year acreage reporting date for the crop. Beginning in 2015, producers will be required to file an application for payment within 60 days of the harvest end date. An approved yield is generated for the producer based on an average of prior year actual production reported for crop, or the COC assigns a yield according to NAP policy and procedure. The Program Technician, County Executive Director (CED) and/or District Director reviews the producer's 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 the payment. The COC ensures the payments are proper by checking that eligibility documents are properly on file; the acreage report, notice of loss, and application for payment are on file; and the production evidence submitted is verifiable or reliable. The COC must approve before payment is issued. If an application for payment is disapproved, the county office notifies the producer and appeal rights are given. The NAP payment is issued within 30-calendar days from the later of: the date the State

Office has approved national crop data for the county, or the date the producer signs, dates, and submits a properly completed application for payment.

NAP activity in FY 2018 included:

Number of payments……………………………………………... 16,445

Amount of NAP payments issued..$183,463,731

Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) provides emergency relief to producers of livestock, honey bees, and farm-raised fish that have suffered eligible losses due to an eligible adverse weather event or loss condition. County office employees assist producers in filing applications by the established deadline. Eligibility requirements for livestock, honeybees and farm-raised fish must be determined.

The employee collects disaster information provided by the producer such as date and location for eligible adverse weather events and loss conditions. Physical location of the livestock, honeybees and farm-raised fish on the beginning date of the eligible adverse weather event or loss condition as well as location of inventory is required.

Acreage reports are required. Completed applications must be approved by the applicable County Committee. Upon approval by the County Committee, County Office employees must enter payment data into the ELAP database. County Offices will enter payment data into the Common Payment System and payments are then issued through the National Payment Service.

ELAP activity in FY 2018 included:

Number of 2018 ELAP payments………..…………………………………...….……………………3,770

Dollar value of ELAP payments…….……………………………..…...……………………………$47,064,049

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

LFP activity in FY 2018 included:

Number of 2018 LFP payments………………...…..............................89,332

Dollar value of LFP payments……………...$487,454,684

Livestock Indemnity Payment (LIP) provides assistance to producers for livestock deaths that result from disaster. County office employees provide information and application support to producers. The 2018 Farm Bill authorized benefits for the sale of animals at a reduced price, if the sale occurred due to injury that was a direct result of an eligible adverse weather event or due to an attack by an animal reintroduced into the wild.

In FY 2018, LIP activity included:

Number of 2018 LIP payments…………………………………………………..…………………………4,792

Dollar value of LIP payments ………………………………….…………………………………$36,615,003

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

TAP activity for FY 2018 included:

Number of 2018 TAP payments.. 551

Amount of TAP payments ………………………………………..$11,267,071

Tobacco Transition Payment Program (TTPP). TTTP was established to purchase tobacco allotments that were in place prior to the buyout. During the summer of 2015, FSA closed-out the 10-year TTPP that over the course of its lifespan provided billions of dollars of benefits to former Tobacco Program quota holders. Activity in FY 2018 was primarily refunds provided back to producers.

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. In FY 2018, $1.996 million in

payments were made to producers. County Office employees provide information and application support for producers.

Commodity Operations

Commodity Operations supports farmers through a variety of programs which are essential to promoting agricultural production and food security. This includes the establishment of posted county prices for use in loan-making activity, the purchase and delivery of commodities for foreign aid, and marketing and management of CCC inventory.

CCC-owned Inventories, Storage and Handling: The Commodity Credit Corporation (CCC) took title to approximately 27.4 thousand bushels of wheat and 155.9 million pounds of peanuts during FY 2018. Remaining ending inventory is 2.17 million pounds of corn meal, 395,636 bushels of grain sorghum, 4,870 bushels of wheat, 132.95 million pounds of peanuts, 12.12 million pounds of blended foods, 248,406 cwt. of peas, and 14.83 million pounds of vegetable oil products. The total storage and handling payments made during FY 2018 was $13.1 million.

Economic Adjustment Assistance Program for Domestic Users of Upland Cotton: The 2014 Farm Bill authorized USDA to provide economic adjustment assistance to domestic users of upland cotton in the form of payments. In FY 2018, $44.5 million was paid to domestic users of upland cotton to support U.S. manufacturing infrastructure.

Extra-Long Staple (ELS) Cotton Competitiveness Program: The ELS Program did not “trigger” during FY 2017. The domestic price of ELS cotton remained above the statutorily defined limit of 134 percent of the loan rate.

Foreign Food-Aid Humanitarian and Developmental Assistance Programs: In FY 2018, FSA procured products valued at approximately $515 million for food assistance programs throughout the world.

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

Warehouse Activities

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

Licensing Activities: Activities under the Warehouse Act were transferred to AMS through departmental re - organization in FY 2018.

Storage Agreement Activities: In FY 2018, CCC had storage agreements with about 1,506 commercial warehouse operators in over 6,100 locations in the United States for the storage of Government-owned and loan grain and rice, cotton, peanuts, sugar and processed commodities.

The capacities of the warehouses with CCC storage agreements in FY 2018 were as follows: 13.7 billion bushels of grain and rice; 19.6 million bales of cotton; 3.8 million short tons of peanuts; 13.7 billion pounds of sugar, and 328 million pounds of processed (dry – primarily nonfat dry milk). In accordance with the Grain Standards and Warehouse Improvement Act of 2000, user fees are charged for warehouse examination services of all warehouses licensed under the United States Warehouse Act (USWA). Grain, rice, and cotton warehouses not licensed under the USWA may be assessed storage agreement fees; the collection of these fees is currently suspended.

Activities under the Warehouse Act were transferred to AMS through departmental re-organization in FY 2018.

Conservation

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

ECP activity in FY 2018 included:

Number of ECP payments…………...15,404

Amount of ECP payments issued.. $97,349,774

Hazardous Waste Management Program: Carbon tetrachloride, formerly used as a pesticide to treat stored grain, has been detected above the United States Environmental Protection Agency (U.S. EPA) Maximum Contaminant Level in groundwater samples taken at numerous former CCC grain storage facilities. Current environmental liability posed by these sites is estimated to exceed $50 million. CCC does not ordinarily receive an annual appropriation from the USDA Hazardous Materials Management Account (HMMA) and normally relies solely on its Section 11 borrowing authority to conduct site investigations, operate and maintain remedial systems, and monitor sites as directed by state agencies and U.S. EPA. CCC is authorized to use its borrowing authority, not to exceed $5 million, for these purposes. In FY 2018, the CCC program allocated $0 from the USDA HMMA account for the design and construction of remedial systems.

Although the funding has declined annually in real dollars, fiscal commitments have continued to increase. These include the costs of environmental monitoring and sampling needed to comply with regulatory mandates. New and more costly expenditures are anticipated to comply with regulatory determinations to install remedial systems at former CCC sites.

Hazardous Waste Management Program FY 2018 activity included:

Total Contaminated Sites in CCC Inventory	86
Investigation/Remediation Complete or Active	47
Investigation/Remediation Pending	22
Sites Closed/No Further CCC Action/Liability	17
FY 2018 Funding	$5.0M
FY 2018 Funding (HMMA)	$0.4M
TOTAL	$5.4M

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

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

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

CRP activity in FY 2018:

Technical Assistance……………………………………………………………………..…$9,678,859

Number of incentive payments...715

Amount of incentive payments……………………………………………………..………………$58,079,928

Number of FY 2018 approved CRP contracts..20,295

Number of CRP cost-share payments. 42,042

Amount of CRP cost-share payments...$107,145,092

Number of CRP rental payments... 785,468

Amount of CRP annual rental payments... $1,778,178,926

Number of CRP acres approved for enrollment...2,004,700

Emergency Forestry Conservation Reserve Program (EFCRP). The EFCRP provides financial assistance to owners of non-industrial private forestland that suffered damage resulting from the 2005 hurricanes (Katrina, Rita). It is no longer enrolling lands, but is still making rental payments to fulfill existing contracts.

EFCRP activity in FY 2018 included:

Number of EFCRP rental payments…………………………………..1,026

Amount of EFCRP annual rental payments………………………………………………..………..$2,238,821

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

outreach information during new project area sign ups. Project area sign-ups are typically 2 to 4 months in length.

BCAP activity in FY 2018 included:

Number of BCAP Technical Assistance Payments.. 8

Amount of BCAP Technical Assistance Payments…………………………………………….…… $390,547

Number of BCAP Annual Rental Payments…………………………………………………………………..73

Amount of BCAP Annual Rental Payments…………………………………...……………...........….$168,060

Number of BCAP Matching Payments……………………………………………………………………….59

Amount of BCAP Matching Payments…………………………………………………………...…$749,756

Grassland Reserve Program (GRP). For active contracts, producer eligibility information is validated, county office employees establish GRP rental and easement application information in the GRP software and issue needed payments. County employees are responsible for tracking and maintaining the fiscal integrity of the program. County office employees also coordinate and share program/producer information with NRCS as needed. The Agricultural Act of 2014 repealed GRP and made up to 2 million acres of grasslands eligible for CRP.

GRP activity in FY 2018 included:

Number of Applications………...7,801

Number of GRP active contracts/easements ....….. 2,129/656

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

EFRP activity in FY 2018 included:

Number of Applications 277

Amount of EFRP payments…………………………………………….………………………$2,211,465

ACCOUNT 2: STATE MEDIATION GRANTS

APPROPRIATIONS LANGUAGE

The appropriations language follows (new language underscored):

For grants pursuant to section 502(b) of the Agricultural Credit Act of 1987, as amended (7 U.S.C. 5101- 5106), $3,067,000.

LEAD-OFF TABULAR STATEMENT

SMG-1. Lead-Off Tabular Statement

Item	Amount
2019 Annualized Continuing Resolution	$3,904,000
Change in Appropriation	-837,000
Budget Estimate, 2020	3,067,000

PROJECT STATEMENT

Table SMG-2. Project Statement (thousands of dollars)

Item	2017 Actual	SY	2018 Actual	SY	2019 Estimate	SY	Inc. or Dec.	Chg Key	SY	2020 Budget	SY
Discretionary Appropriations:											
State Mediation Grants	$3,904	-	$3,904	-	$3,904	-	-$837	(1)	-	$3,067	-
Total Appropriation	3,904	-	3,904	-	3,904	-	-837			3,067	
Total Available	3,904	-	3,904	-	3,904	-	-837		-	3,067	-
Total Obligations	3,904	-	3,904	-	3,904	-	-837		-	3,067	-

The numbered justification items are keyed to the Change Key (Chg Key) column on the Project Statement.

JUSTIFICATIONS

(1) A decrease of $837,000 ($3,904,000 available in 2019).

There is a reduction in funding of $837,000 from the prior fiscal year to meet budgetary reduction targets and focus federal spending. This change will reduce funding by about $20,000 per state on average.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table SMG-3. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))

State/Territory/Country	2017 Actuals	SY	2018 Actuals	SY	2019 Estimate	SY	2020 Budget	SY
Alabama	$36	-	$55	-	$55	-	$43	-
Arizona	69	-	66	-	66	-	52	-
Arkansas	88	-	56	-	56	-	44	-
California	-	-	129	-	129	-	101	-
Colorado	24	-	36	-	36	-	28	-
Connecticut	45	-	42	-	42	-	33	-
Florida	-	-	26	-	26	-	20	-
Georgia	34	-	114	-	114	-	90	-
Hawaii	-	-	54	-	54	-	42	-
Idaho	-	-	81	-	81	-	64	-
Illinois	64	-	49	-	49	-	38	-
Indiana	174	-	174	-	174	-	137	-
Iowa	285	-	260	-	260	-	204	-
Kansas	402	-	369	-	369	-	290	-
Maine	39	-	41	-	41	-	32	-
Maryland	67	-	62	-	62	-	49	-
Massachusetts	58	-	48	-	48	-	38	-
Michigan	45	-	59	-	59	-	46	-
Minnesota	360	-	365	-	365	-	287	-
Mississippi	83	-	53	-	53	-	42	-
Missouri	2	-	23	-	23	-	18	-
Montana	49	-	30	-	30	-	24	-
Nebraska	137	-	135	-	135	-	106	-
New Hampshire	-	-	48	-	48	-	38	-
New Jersey	20	-	15	-	15	-	12	-
New Mexico	24	-	88	-	88	-	69	-
New York	335	-	345	-	345	-	271	-
North Carolina	79	-	58	-	58	-	46	-
North Dakota	119	-	62	-	62	-	49	-
Oklahoma	186	-	188	-	188	-	148	-
Oregon	61	-	44	-	44	-	35	-
Pennsylvania	11	-	38	-	38	-	30	-
Rhode Island	57	-	60	-	60	-	47	-
South Dakota	85	-	138	-	138	-	108	-
Texas	65	-	68	-	68	-	53	-
Utah	-	-	4	-	4	-	3	-
Vermont	368	-	132	-	132	-	104	-
Virginia	-	-	44	-	44	-	31	-
Washington	169	-	88	-	88	-	69	-
Wisconsin	194	-	102	-	102	-	80	-
Wyoming	70	-	59	-	59	-	46	-
Distribution Unknown	-	-	-	-	-	-	-	-
Obligations	3,904	-	3,904	-	3,904	-	3,067	-
Total, Available	3,904	-	3,904	-	3,904	-	3,067	-

CLASSIFICATION BY OBJECTS

Table SMG- 4. Classification by Objects (thousands of dollars)

	Item	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
	Other Objects:				
41.0	Grants, subsidies, and contributions…………………	$3,904	$3,904	$3,904	$3,067
	Total, Other Objects………………………………..._	3,904	3,904	3,904	3,067
99.9	Total, new obligations…………………………………	3,904	3,904	3,904	3,067

STATUS OF PROGRAMS

STATE MEDIATION GRANTS

Current Activities

The Farm Service Agency (FSA) provides funding for State-designated mediation programs through the State Mediation Grants Program. The program reported a total of 4,669 covered cases during Fiscal Year (FY) 2018. Covered cases are authorized by the governing statute and the Secretary of Agriculture. Only the following matters are considered covered: (1) agricultural credit, including private lenders and creditors as well as FSA direct and guaranteed loans; (2) NRCS wetland determinations; (3) compliance with farm programs, including conservation programs; (4) rural water loan programs; (5) grazing on National Forest System lands; (6) USDA-related pesticide issues; (7) USDA Rural Development housing loans; (8) USDA Rural Development business loans; and (9) USDA Risk Management Agency crop insurance issues.

As in previous years, agricultural credit (both through private lenders and FSA) was the most frequently mediated issue, accounting for 4,396 cases. Rural Development Housing issues were second with 104 cases, followed by FSA farm programs matters 92 cases, NRCS with 50 cases, Forest Service grazing disputed 12 cases, Rural Development business loans 12 cases, Risk Management Agency crop insurance issues had 3 cases, and there were no USDA-related pesticide matters.

The 4,669 cases for FY 2018 represent an increase of approximately 1.2 percent from the previous year's 3,991 cases. Several factors have contributed to this increase, including more adverse decisions covered by USDA agencies.

Program Results Comparison

	FY 2017	**FY 2018**
Number of cases for which mediation was requested	3,991	4,669
Mediation not completed in initial FY, and carried over to next FY	611	103
No mediation held (request withdrawn, settled prior to mediation, etc.)	610	130
Cases mediated	2,770	4,127
Cases resolved with agreement	2,198	4,103
Cases closed with no agreement	572	24
Percentage of cases mediated that resulted in agreement	65%	84%
Average cost per case	$952	$836

State Mediation Grants Grants and Outlays by State – Fiscal Year 2018 (Dollars in Thousands)		
State	**Grants**	**Outlays**
Alabama	$53,263.00	$54,600.00
Arizona	$70,000.00	$65,756.00
Arkansas	$66,718.00	$55,905.00
California	$122,500.00	$129,166.00
Colorado	$15,494.00	$35,677.00
Connecticut	$36,475.00	$42,100.00
Florida	$7,555.00	$26,209.00
Georgia	$113,975.00	$113,975.00
Hawaii	$42,100.00	$53,900.00
Idaho	$78,131.00	$80,850.00
Illinois	$66,832.00	$48,661.00
Indiana	$173,810.00	$173,810.00
Iowa	$260,000.00	$260,000.00
Kansas	$334,433.00	$369,301.00
Maine	$45,676.00	$41,198.00
Maryland	$33,890.00	$61,975.00
Massachusetts	$32,486.00	$47,629.84
Michigan	$51,711.00	$59,485.00
Minnesota	$361,006.00	$365,290.00
Mississippi	$52,600.00	$52,600.00
Missouri	$31,231.00	$22,625.00
Montana	$7,867.00	$30,099.00
Nebraska	$146,370.00	$134,776.00
New Hampshire	$48,022.00	$48,022.00
New Jersey	$10,871.00	$14,501.00
New Mexico	$99,240.00	$87,514.74
New York	$344,825.00	$344,825.00
North Carolina	$66,571.00	$57,635.00
North Dakota	$68,390.00	$62,066.00
Oklahoma	$186,199.00	$187,991.00
Oregon	$22,996.00	$44,372.00
Pennsylvania	$63,500.00	$38,421.00
Rhode Island	$59,992.00	$59,992.00
South Dakota	$116,010.00	$137,721.00
Texas	$75,710.00	$67,958.45
Utah	$4,200.00	$4,200.00
Vermont	$131,603.00	$131,603.00
Virginia	$43,600.00	$43.600.00
Washington	$87,601.00	$87,601.00
Wisconsin	$217,500.00	$101,595.00
Wyoming	$51,035.00	$59,389.00
Total	**$3,901,988.00**	**$3,904,415.03**

[1] These figures include outlays from both current and prior year obligations.

ACCOUNT 3: GRASSROOTS SOURCE WATER PROTECTION PROGRAM

LEAD-OFF TABULAR STATEMENT

GWSS-1. Lead-Off Tabular Statement

Item	Amount
2019 Annualized Continuing Resolution	$6,500,000
Change in Appropriation	-6,500,000
Budget Estimate, 2020	0

PROJECT STATEMENT

Table GWSS-2. Project Statement (thousands of dollars)

Item	2017 Actual	SY	2018 Actual	SY	2019 Estimate	SY	Inc. or Dec.	Chg Key	SY	2020 Budget	SY
Discretionary Appropriations:											
State Mediation Grants.............	$6,500	-	$6,500	-	$6,500	-	-$6,500	(1)	-	-	-
Total Appropriation…………	6,500	-	6,500	-	6,500	-	-6,500			-	
Total Available.........................	6,500	-	6,500	-	6,500	-	-6,500		-	-	-
Total Obligations......................	6,500	-	6,500	-	6,500	-	-6,500		-	-	-

JUSTIFICATIONS

(1) A decrease of $6,500,000 for the Grassroots Source Water Protection Program ($6,500,000 available in 2019).

The 2020 President’s Budget requests no funding for this program.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table GWSS-3. Geographic Breakdown of Obligations and Staff Years (thousands of dollars)

State/Territory/Country	2017 Actuals	SY	2018 Actuals	SY	2019 Estimated	SY	2020 Budget	SY
Alabama…………………………	$130	-	$130	-	$130	-	-	-
Alaska…………………………	130	-	130	-	130	-	-	-
Arizona…………………………	130	-	130	-	130	-	-	-
Arkansas………………………	130	-	130	-	130	-	-	-
California………………………	130	-	130	-	130	-	-	-
Colorado………………………	130	-	130	-	130	-	-	-
Connecticut……………………	130	-	130	-	130	-	-	-
Delaware………………………	130	-	130	-	130	-	-	-
Florida…………………………	130	-	130	-	130	-	-	-
Georgia…………………………	130	-	130	-	130	-	-	-
Hawaii…………………………	130	-	130	-	130	-	-	-
Idaho……………………………	130	-	130	-	130	-	-	-
Illinois…………………………	130	-	130	-	130	-	-	-
Indiana…………………………	130	-	130	-	130	-	-	-
Iowa……………………………	130	-	130	-	130	-	-	-
Kansas…………………………	130	-	130	-	130	-	-	-
Kentucky………………………	130	-	130	-	130	-	-	-
Louisiana………………………	130	-	130	-	130	-	-	-
Maine……………………………	130	-	130	-	130	-	-	-
Maryland………………………	130	-	130	-	130	-	-	-
Massachusetts…………………	130	-	130	-	130	-	-	-
Michigan………………………	130	-	130	-	130	-	-	-
Minnesota………………………	130	-	130	-	130	-	-	-
Mississippi………………………	130	-	130	-	130	-	-	-
Missouri………………………	130	-	130	-	130	-	-	-
Montana…………………………	130	-	130	-	130	-	-	-
Nebraska………………………	130	-	130	-	130	-	-	-
Nevada…………………………	130	-	130	-	130	-	-	-
New Hampshire…………………	130	-	130	-	130	-	-	-
New Jersey……………………	130	-	130	-	130	-	-	-
New Mexico……………………	130	-	130	-	130	-	-	-
New York………………………	130	-	130	-	130	-	-	-
North Carolina…………………	130	-	130	-	130	-	-	-
North Dakota…………………..	130	-	130	-	130	-	-	-
Ohio…………………………….	130	-	130	-	130	-	-	-
Oklahoma………………………	130	-	130	-	130	-	-	-
Oregon…………………………	130	-	130	-	130	-	-	-
Pennsylvania……………………	130	-	130	-	130	-	-	-
Rhode Island……………………	130	-	130	-	130	-	-	-
South Carolina…………………	130	-	130	-	130	-	-	-
South Dakota……………………	130	-	130	-	130	-	-	-
Tennessee………………………	130	-	130	-	130	-	-	-
Texas……………………………	130	-	130	-	130	-	-	-
Utah…………………………….	130	-	130	-	130	-	-	-
Vermont…………………………	130	-	130	-	130	-	-	-
Virginia…………………………	130	-	130	-	130	-	-	-
Washington……………………	130	-	130	-	130	-	-	-
West Virginia…………………..	130	-	130	-	130	-	-	-
Wisconsin………………………	130	-	130	-	130	-	-	-
Wyoming………………………	130	-	130	-	130	-	-	-
Obligations……………………	6,500	-	6,500	-	6,500	-	-	-
Total, Available………………	6,500	-	6,500	-	6,500	-	-	-

CLASSIFICATION BY OBJECTS

Table GWSS-4. Classification by Objects (thousands of dollars)

	Item	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
	Other Objects:				
41.0	Grants, subsidies, and contributions………………….	$6,500	$6,500	$6,500	0
	Total, Other Objects…………………………………	6,500	6,500	6,500	0
99.9	Total, new obligations………………………………….	6,500	6,500	6,500	0

STATUS OF PROGRAMS

GRASSROOTS SOURCE WATER PROTECTION

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 onsite technical assistance capabilities of each State rural water association that operates a source water protection program in the State. State rural water associations deliver assistance in developing source water protection plans within watersheds for the common goal of preventing the contamination of drinking water supplies.

Selected Examples of Recent Activity

During FY 2018, $6.5 million was provided by the Consolidated Appropriations Act, 2018 (P.L. 115-141). The GSWPP completed 183 source water plans with management activities implemented in the source water areas. These water plans provide protection measures for 596 public drinking water sources (549 wells and 47 surface water intakes). The GSWPP was active in all 50 states.

The following table shows appropriations from fiscal years 2005 through 2018.

Grassroots Source Water Protection Program

Appropriations for Fiscal Years 2005-2018

Fiscal Year	Appropriations	
2005	$3,244,000	[1]
2006	3,712,500	
2007	3,712,500	
2008	3,687,009	
2009	5,000,000	
2010	5,000,000	
2011	4,241,000	
2012	3,817,000	
2013	5,159,043	
2014	10,526,000	[2]
2015	5,526,000	
2016	6,500,000	
2017	6,500,000	
2018	6,500,000	

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

ACCOUNT 4: DAIRY INDEMNITY PROGRAM

APPROPRIATIONS LANGUAGE

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

Table DIPP-1. Lead-Off Tabular Statement

Item	Amount
2019 Annualized Continuing Resolution	$500,000
Change in Appropriation	-0
Budget Estimate, 2020	500,000

PROJECT STATEMENT

Table DIPP-2. Project Statement (thousands of dollars, staff years (SY))

Item	2017 Actual	SY	2018 Actual	SY	2019 Estimated	SY	Inc. or Dec.	Chg Key	SY	2020 Budget	SY
Mandatory Appropriations:											
Dairy Indemnity Program	465	-	467	-	469	-	+31		-	500	-
Subtotal	465	-	467	-	469	-	+31		-	500	-
Total Adjusted Approp	465	-	467	-	469	-	+31		-	500	-
Rsc, Trns, Other (Net)	-	-	-	-	-	-	-		-	-	-
Sequestration	35	-	33	-	31	-	-31		-	-	-
Total Appropriation	500	-	500	-	500	-	-		-	500	-
Rescission	-	-	-	-	-	-	-		-	-	-
Sequestration	-35	-	-33	-	-31	-	+31		-	-	-
Bal. Available, SOY	-	-	-	-	-	-	-		-	-	-
Total Available	465	-	467	-	469	-	+31		-	500	-
Lapsing Balances	-241	-	-294	-	-	-	-		-	-	-
Bal. Available, EOY	-	-	-	-	-	-	-		-	-	-
Total Obligations	224	-	173	-	469	-	+31		-	500	-

JUSTIFICATIONS

(1) No change in funding for the dairy indemnity program ($500,000 available in 2019).

The level of funding requested will support producers affected by various contaminants covered under this program.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table DIPP-3. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))

State/Territory/Country	2017 Actuals	SY	2018 Actuals	SY	2019 Estimated	SY	2020 Budget	SY
Arkansas	$3	-	-	-	$15	-	$15	-
Florida	8	-	$2	-	-	-	-	-
Georgia	95	-	17	-	91	-	122	-
Illinois	-	-	3	-	32	-	32	-
Indiana	-	-	-	-	3	-	3	-
Iowa	-	-	-	-	7	-	7	-
Kansas	-	-	48	-	65	-	65	-
Louisiana	1	-	-	-	-	-	-	-
Maine	1	-	16	-	-	-	-	-
Mississippi	-	-	12	-	-	-	-	-
Missouri	3	-	2	-	15	-	15	-
Nebraska	-	-	26	-	-	-	-	-
North Carolina	-	-	-	-	15	-	15	-
Oklahoma	12	-	1	-	12	-	12	-
South Carolina	3	-	10	-	72	-	72	-
Texas	64	-	36	-	142	-	142	-
Obligations	224	-	173	-	469	-	500	-
Lapsing Balances	2	-	294	-	-	-	-	-
Total, Available	465	-	467	-	469	-	500	-

CLASSIFICATION BY OBJECTS

Table DIPP-4. Classification by Objects (thousands of dollars)

	Item	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
	Other Objects:				
41.0	Grants, subsidies, and contributions	$224	$173	$469	$500
	Total, Other Objects	224	173	469	500
99.9	Total, new obligations	224	173	469	500

STATUS OF PROGRAMS

DAIRY INDEMNITY PROGRAM

The Dairy Indemnity Program is available to dairy farmers for milk, or cows producing milk, and manufacturers of dairy products who have been directed to remove their milk or dairy products from commercial markets because of the presence of certain chemical or toxic residue in the products.

Current Activities

During FY 2018, 16 dairy farmers in 11 states filed 16 claims totaling $173,467 under the Dairy Indemnity Program. Claims resulted from severe drought areas throughout the United States causing an increase in aflatoxin contamination, a naturally occurring toxin that may inadvertently contaminate grain used for feed. Outlays, including current and prior year obligations for 2018, totaled $165,444. Payments to dairy farmers since the program's inception in 1965 total $28,315,566.

Dairy Indemnity Program Allocations and Outlays by State Fiscal Year 2018

State	Obligations	Outlays
Florida	1,620	1,620
Georgia	17,087	17,087
Illinois	3,091	3,091
Kansas	47,598	33,002
Maine	16,291	16,291
Missouri	2,458	2,458
Mississippi	12,105	12,105
Nebraska	25,967	25,967
Oklahoma	872	871
South Carolina	9,798	9,799
Texas	36,580	43,153
Total	173,467	165,444

Selected Examples of Recent Progress

**Dairy Indemnity
Program Payments and
Number of Payees
Fiscal Years 1965-2018**

Fiscal Years	Payments to Dairy Farmers	Payments to Manufacturers of Dairy Products	Total Payments	Number of Payees
1965 to 2011	$21,133,792	$3,911,439	$25,045,231	1,495
2012	273,724	-	273,724	32
2013	917,615	-	917,615	158
2014	1,073,364	-	1,073,364	43
2015	383,711	-	383,711	26
2016	238,717	-	238,717	29
2017	217,760	-	217,760	18
2018	165,444	-	165,444	16
Total	24,404,127	3,911,439	28,302,513	1,815

ACCOUNT 5: AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT

APPROPRIATIONS LANGUAGE

The appropriations language follows (new language underscored):

For gross obligations for the principal amount of direct and guaranteed farm ownership (7 U.S.C. 1922 et seq.) and operating (7 U.S.C. 1941 et seq.) loans, emergency loans (7 U.S.C. 1961 et seq.), Indian tribe land acquisition loans (25 U.S.C. 488), boll weevil loans (7 U.S.C. 1989), guaranteed conservation loans (7 U.S.C. 1924 et seq.), and Indian highly fractionated land loans (25 U.S.C. 488) to be available from funds in the Agricultural Credit Insurance Fund, as follows: $2,750,000,000 for guaranteed farm ownership loans and $1,500,000,000 for farm ownership direct loans; $1,614,953,000 for unsubsidized guaranteed operating loans and $1,550,133,000 for direct operating loans; emergency loans
$29,181,000; Indian tribe land acquisition loans, $20,000,000; guaranteed conservation loans, $150,000,000; 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: $58,440,000 for direct farm operating loans, $17,280,000 for unsubsidized guaranteed farm operating loans, $60,000 for boll weevil eradication loans, and $1,567,000 for emergency loans, to remain available until expended.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, $319,762,000; of which, $294,114,000 shall be transferred to and merged with the appropriation for ‘‘Farm Service Agency, Salaries and Expenses’’, and of which $16,081,000 shall be transferred to and merged with the appropriation for “Farm Production and Conservation Business Center, 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.

LEAD-OFF TABULAR STATEMENT

Table ACIF-1. Lead-Off Tabular Statement

Item	Amount
2019 Annualized Continuing Resolution	$412,168,000
Change in Appropriation	-15,059,000
Budget Estimate, 2020	397,109,000

PROJECT STATEMENT

Table ACIF-2. Project Statement (thousands of dollars)

Program	2017 Actual Loan Level	2017 Actual Subsidy	2018 Actual Loan Level	2018 Actual Subsidy	2019 Estimate Loan Level	2019 Estimate Subsidy	Inc. or Dec. Loan Level	Chg Key	Inc. or Dec. Subsidy	Chg Key	2020 Budget Loan Level	2020 Budget Subsidy
Discretionary Appropriations:												
Direct Loans:												
Farm Ownership	$1,500,000		$1,500,000		$1,500,000						$1,500,000	
Farm Operating	1,530,000	$65,178	1,530,000	$61,812	1,584,923	$61,812	-34,790	(1)	-$3372	(2)	1,550,133	$58,440
Emergency	22,576	1,262	25,610	1,260	30,288	1,260	-1,107	(1)	+307	(2)	29,181	1,567
Indian Land Acquisition	20,000		20,000		20,000						20,000	
Boll Weevil Eradication	60,000		60,000		60,000				+60	(2)	60,000	60
Indian Highly Fractionated Land	10,000	2,550	10,000	2,272	10,647	2,272	-10,647	(1)	-2,272	(2)		
Subtotal	3,142,576	68,990	3,145,610	65,344	3,205,858	65,344	-46,544		-5,277		3,159,314	60,067
Guaranteed Loans:												
Farm Ownership, Unsubsidized	2,750,000		2,750,000		2,750,000						2,750,000	
Farm Operating, Unsubsidized	1,960,000	20,972	1,960,000	21,756	1,942,500	21,756	-327,547	(1)	-4,476	(2)	1,614,953	17,280
Conservation	150,000		150,000		150,000						150,000	
Subtotal	4,860,000	20,972	4,860,000	21,756	4,842,500	21,756	-327,547		-4,476		4,514,953	17,280
Total, Loans/Subsidy	8,002,576	89,962	8,005,610	87,100	8,048,358	87,100	-374,091		-9,753		7,674,267	77,347
Administrative Expense												
Program Loan Cost Expense		10,070		10,070		10,070			-503			9,567
Salaries and Expenses		306,998		314,998		314,998			-20,884			294,114
FPAC Business Center									+16081			16,081
Subtotal		317,068		325,068		325,068			-5,306			319,762
Total Adjusted Appropriations	8,002,576	407,030	8,005,610	412,168	8,048,358	412,168	-374,091		-15,059		7,674,267	397,109
Working Capital Transfers:												
Transfer – Guaranteed Operating, Unsubsidized	-551,402	-5,900										
Transfer – Direct Operating, Unsubsidized	-220,657	-9,400										
Total Appropriation	7,230,517	391,730	8,005,610	412,168	8,048,358	412,168	-374,091		-15,059		7,674,267	397,109
Rescissions												
Sequestration												
Bal Available, SOY	45,735	2,555	58,400	2,872	1,383,891	30,093	-1,127,480		-19,901		256,411	10,192
Recoveries, Other (Net)				142								
Total Available	7,276,252	394,285	8,064,010	415,182	9,432,249	442,261	-1,501,571		-34,960		7,930,678	407,301
Lapsing Balances	-1,226,060	-1,859	-1,215,366	-1,264								
Balance Available, EOY	-51,412	-2,872	-1,363,171	-30,094	-258,508	-10,192	+258,508		+10,192			
Total Obligations	5,998,780	389,554	5,485,473	383,824	9,173,741	432,069	-1,243,063		-24,768		7,930,678	407,301

Loan levels and subsidy may change for individual programs throughout the year as authorized by the Consolidated Farm and Rural Development Act (ConAct) and annual appropriations acts.

JUSTIFICATIONS

Base funds for the Agricultural Credit Insurance Fund (ACIF) will provide direct and guaranteed loans to farmers temporarily unable to obtain regular commercial credit. Continuing the base funding level is crucial to providing loans to the farmers.

(1) A net decrease of $374,091,000 in loan level ($8,048,358,000 available in 2019).

By proactively managing its loan portfolio in recent years, FSA has been able to sustain high program levels while decreasing the cost of loan-making. Management of the portfolio has included steps such as raising the interest rate on guaranteed loans, and actively engaging with borrowers to provide needed support to reduce delinquencies/defaults which has resulted in a trend toward lower subsidy rates over the last few years. The request for 2020 reflects a decrease from 2019 of $46.5 million for direct loans and $327.5 million for guaranteed loans. Requested loan levels still exceed the record obligations in 2016 and 2017. The proposed funding levels are sufficient to meet demand in 2020.

No funds are requested for Highly Fractionated Indian Land (HFIL) loans, due in large part to the subsidy required to fund even one loan in this loan program.

(2) A net decrease of $9,753,000 in subsidy ($87,100,000 available in 2019).

This level of subsidy will support the requested direct and guaranteed loan levels. The subsidy reduction consists of $5.3 million in direct loans and $4.5 million in guaranteed loans.

DIRECT FARM OWNERSHIP PROGRAM

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS OF OBLIGATIONS AND STAFF YEARS

Table ACIF-3. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))

State/Territory	2017 Actual Loan Level	2018 Actual Loan Level	2019 Estimate Loan Level	2020 Budget Loan Level
Alabama	$6,502	$5,082	$9,341	$9,341
Alaska	426	140	612	612
Arizona	2,478	2,300	3,560	3,560
Arkansas	22,072	25,013	31,709	31,709
California	10,862	14,921	15,605	15,605
Colorado	21,777	18,774	31,285	31,285
Connecticut	300	865	431	431
Delaware	5,506	1,800	7,910	7,910
Florida	6,139	6,307	8,819	8,819
Georgia	8,099	8,139	11,635	11,635
Hawaii	1,215	601	1,745	1,745
Idaho	12,015	19,050	17,261	17,261
Illinois	56,398	65,410	81,023	81,023
Indiana	34,265	36,101	49,226	49,226
Iowa	82,491	102,315	118,508	118,508
Kansas	66,619	73,878	95,706	95,706
Kentucky	41,897	46,628	60,190	60,190
Louisiana	2,337	2,940	3,357	3,357
Maine	2,412	1,937	3,465	3,465
Maryland	3,241	1,965	4,656	4,656
Massachusetts	2,210	1,582	3,175	3,175
Michigan	22,706	20,195	32,620	32,620
Minnesota	55,134	55,446	79,207	79,207
Mississippi	2,602	2,162	3,738	3,738
Missouri	47,608	51,966	68,395	68,395
Montana	12,548	11,470	18,027	18,027
Nebraska	73,796	77,907	106,017	106,017
Nevada	2,040	1,438	2,931	2,931
New Hampshire	288	45	414	414
New Jersey	949	1,384	1,363	1,363
New Mexico	7,879	10,591	11,319	11,319
New York	7,505	7,447	10,782	10,782
North Carolina	6,789	5,952	9,753	9,753
North Dakota	22,890	24,779	32,884	32,884
Ohio	33,474	39,913	48,090	48,090
Oklahoma	125,673	139,232	180,545	180,545
Oregon	8,409	9,780	12,081	12,081
Pennsylvania	16,256	17,912	23,354	23,354
Rhode Island	625	50	898	898
South Carolina	7,567	5,788	10,871	10,871
South Dakota	30,155	51,008	43,321	43,321
Tennessee	18,113	20,598	26,022	26,022
Texas	48,486	44,805	69,656	69,656
Utah	12,327	15,644	17,709	17,709
Vermont	3,721	2,807	5,346	5,346
Virginia	18,986	18,394	27,276	27,276
Washington	7,689	7,486	11,046	11,046
West Virginia	11,577	11,237	16,632	16,632
Wisconsin	42,418	46,922	60,939	60,939
Wyoming	4,301	5,849	6,179	6,179
Puerto Rico	2,343	1,371	3,366	3,366
Obligations	1,044,115	1,145,326	1,500,000	1,500,000
Lapsing Balances	455,885	354,674	-	-
Total, Available	1,500,000	1,500,000	1,500,000	1,500,000

GUARANTEED FARM OWNERSHIP PROGRAM

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS OF OBLIGATTIONS AND STAFF YEARS

Table ACIF-4. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))

State/Territory	2017 Actual Loan Level	2018 Actual Loan Level	2019 Estimate Loan Level	2020 Budget Loan Level
Alabama	$58,046	$49,570	$70,055	$70,055
Arizona	1,018	2,788	1,229	1,229
Arkansas	99,303	117,865	119,847	119,847
California	34,105	25,030	41,161	41,161
Colorado	24,680	25,813	29,786	29,786
Connecticut	309	640	373	373
Delaware	20,105	8,144	24,264	24,264
Florida	13,663	11,729	16,490	16,490
Georgia	19,872	22,963	23,983	23,983
Hawaii	2,873	1,906	3,467	3,467
Idaho	27,257	34,291	32,896	32,896
Illinois	110,313	110,828	133,135	133,135
Indiana	90,353	90,839	109,045	109,045
Iowa	155,223	147,648	187,336	187,336
Kansas	73,734	57,183	88,988	88,988
Kentucky	62,439	72,550	75,356	75,356
Louisiana	16,331	5,457	19,710	19,710
Maine	1,185	2,660	1,430	1,430
Maryland	12,181	14,617	14,701	14,701
Massachusetts	3,349	1,543	4,042	4,042
Michigan	66,266	57,797	79,975	79,975
Minnesota	130,675	115,949	157,709	157,709
Mississippi	90,225	49,315	108,891	108,891
Missouri	73,560	94,526	88,778	88,778
Montana	33,321	26,734	40,214	40,214
Nebraska	146,075	109,975	176,295	176,295
Nevada	17,255	10,358	20,825	20,825
New Hampshire	1,668	-	2,013	2,013
New Jersey	4,208	1,631	5,079	5,079
New Mexico	14,889	17,716	17,969	17,969
New York	37,184	44,766	44,877	44,877
North Carolina	65,662	43,883	79,246	79,246
North Dakota	43,048	31,104	51,954	51,954
Ohio	170,306	138,253	205,539	205,539
Oklahoma	59,485	67,156	71,791	71,791
Oregon	26,183	20,641	31,600	31,600
Pennsylvania	17,023	20,221	20,545	20,545
Rhode Island	285	190	344	344
South Carolina	25,362	26,735	30,609	30,609
South Dakota	84,060	85,907	101,450	101,450
Tennessee	26,411	34,156	31,875	31,875
Texas	36,976	52,883	44,626	44,626
Utah	25,630	28,659	30,932	30,932
Vermont	8,991	8,921	10,851	10,851
Virginia	16,818	19,182	20,297	20,297
Washington	5,122	11,875	6,182	6,182
West Virginia	3,976	5,696	4,799	4,799
Wisconsin	203,960	183,281	246,155	246,155
Wyoming	10,239	7,386	12,357	12,357
Puerto Rico	7,400	348	8,931	8,931
Obligations	2,278,602	2,119,308	2,750,000	2,750,000
Lapsing Balances	471,398	630,692	-	-
Total, Available	2,750,000	2,750,000	2,750,000	2,750,000

DIRECT FARM OPERATING PROGRAM
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table ACIF-5. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))

State/Territory	2017 Actual Loan Level	2018 Actual Loan Level	2019 Estimate Loan Level	2020 Budget Loan Level
Alabama	$15,096	$9,178	$21,174	$20,853
Alaska	658	693	923	909
Arizona	10,529	7,964	14,769	14,544
Arkansas	47,654	47,059	66,842	65,827
California	25,645	22,227	35,971	35,425
Colorado	22,222	18,996	31,170	30,697
Connecticut	1,013	1,001	1,421	1,399
Delaware	1,136	619	1,593	1,569
Florida	16,821	13,306	23,594	23,236
Georgia	30,415	25,266	42,662	42,014
Hawaii	3,882	3,371	5,445	5,362
Idaho	25,248	22,723	35,414	34,877
Illinois	14,516	13,329	20,361	20,052
Indiana	11,493	9,627	16,121	15,876
Iowa	82,645	77,388	115,922	114,162
Kansas	58,941	42,636	82,674	81,419
Kentucky	52,336	46,455	73,409	72,295
Louisiana	21,314	14,633	29,896	29,442
Maine	4,515	3,513	6,333	6,237
Maryland	1,360	1,317	1,908	1,879
Massachusetts	2,747	1,671	3,853	3,795
Michigan	19,617	15,938	27,516	27,098
Minnesota	57,881	57,185	81,187	79,954
Mississippi	15,646	13,667	21,946	21,613
Missouri	23,807	19,209	33,393	32,886
Montana	23,704	25,769	33,248	32,744
Nebraska	118,192	112,257	165,782	163,266
Nevada	5,885	6,156	8,255	8,129
New Hampshire	1,010	332	1,417	1,395
New Jersey	3,628	2,337	5,089	5,012
New Mexico	9,383	8,782	13,161	12,961
New York	13,989	12,566	19,622	19,324
North Carolina	25,415	22,162	35,648	35,107
North Dakota	39,095	38,268	54,837	54,004
Ohio	9,588	9,215	13,449	13,244
Oklahoma	90,987	73,327	127,623	125,686
Oregon	21,533	18,984	30,203	29,745
Pennsylvania	24,845	20,071	34,849	34,320
Rhode Island	342	141	480	472
South Carolina	19,108	12,680	26,802	26,395
South Dakota	54,256	49,367	76,102	74,947
Tennessee	27,333	26,106	38,339	37,757
Texas	79,820	64,007	111,959	110,260
Utah	27,023	15,680	37,904	37,328
Vermont	4,728	3,372	6,632	6,531
Virginia	21,814	19,313	30,597	30,133
Washington	23,937	24,500	33,575	33,066
West Virginia	14,209	11,894	19,930	19,628
Wisconsin	49,057	37,446	68,806	67,767
Wyoming	3,751	4,964	5,261	5,181
Puerto Rico	4,244	4,121	5,953	5,862
Western Pacific Territories	22	47	31	30
Obligations	1,284,035	1,112,835	1,801,051	1,773,714
Lapsing Balances	25,308	-	-	-
Bal. Available, EOY	117	417,285	216,128	
Total, Available	1,309,460	1,530,120	2,017,179	1,773,714

GUARANTEED FARM OPERATING UNSUBSIDIZED PROGRAM

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table ACIF-6. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))

State/Territory	2017 Actual Loan Level	2018 Actual Loan Level	2019 Estimate Loan Level	2020 Budget Loan Level
Alabama	5,975	1,899	12,280	7,059
Arizona	6,420	5,318	13,195	7,585
Arkansas	86,587	62,533	177,962	102,300
California	49,893	32,440	102,545	58,947
Colorado	16,176	14,034	33,246	19,112
Connecticut	1,330	1,759	2,734	1,571
Delaware	300	870	617	354
Florida	12,293	11,363	25,266	14,524
Georgia	43,511	33,361	89,428	51,407
Hawaii	176	276	362	208
Idaho	47,705	36,525	98,048	56,362
Illinois	29,103	28,178	59,815	34,384
Indiana	39,357	31,465	80,890	46,499
Iowa	71,123	77,074	146,179	84,030
Kansas	56,693	39,347	116,521	66,981
Kentucky	19,684	33,448	40,456	23,256
Louisiana	68,448	48,256	140,681	80,870
Maine	1,075	2,338	2,209	1,270
Maryland	1,917	600	3,940	2,265
Massachusetts	1,331	246	2,736	1,573
Michigan	28,223	19,268	58,007	33,345
Minnesota	85,305	80,315	175,327	100,786
Mississippi	5,103	3,655	10,488	6,029
Missouri	36,582	24,281	75,187	43,221
Montana	37,408	22,103	76,884	44,197
Nebraska	74,076	36,041	152,248	87,519
Nevada	1,615	558	3,319	1,908
New Hampshire	501	-	1,030	592
New Jersey	330	400	678	390
New Mexico	8,645	8,180	17,768	10,214
New York	18,676	29,920	38,385	22,065
North Carolina	16,742	8,140	34,410	19,780
North Dakota	72,551	70,154	149,114	85,717
Ohio	12,675	22,231	26,051	14,975
Oklahoma	69,762	52,373	143,381	82,422
Oregon	22,202	15,002	45,632	26,231
Pennsylvania	13,745	9,151	28,250	16,239
Rhode Island	-	50	-	0
South Carolina	21,084	14,270	43,334	24,910
South Dakota	31,655	30,795	65,060	37,400
Tennessee	15,179	11,596	31,197	17,934
Texas	97,521	81,378	200,434	115,218
Utah	8,589	5,615	17,653	10,148
Vermont	7,395	7,095	15,199	8,737
Virginia	14,735	5,931	30,285	17,409
Washington	32,614	18,818	67,031	38,533
West Virginia	1,955	791	4,018	2,310
Wisconsin	58,393	33,526	120,013	68,990
Wyoming	12,801	11,019	26,310	15,124
Puerto Rico	1,738	1,305	3,572	2,053
Obligations	1,366,897	1,085,291	2,809,375	1,614,953
Lapsing Balances	41,701	-	-	
Bal. Available, EOY	-	874,709	-	
Total, Available	1,408,598	1,960,000	2,809,375	1,614,953

EMERGENCY LOAN PROGRAM

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table ACIF-7. Geographic Breakdown of Obligations and Staff years (thousands of dollars, staff years (SY))

State/Territory	2017 Actual Loan Level	2018 Actual Loan Level	2019 Estimate Loan Level	2020 Budget Loan Level
Alabama	$504	-	-	-
Arkansas	2,263	588	$3,361	$2,868
California	-	612	3,498	2,985
Delaware	-	150	857	732
Florida	-	1,046	5,979	5,102
Georgia	728	314	1,795	1,532
Idaho	-	237	1,355	1,156
Kansas	250	-	-	-
Kentucky	633	-	-	-
Louisiana	1,192	495	2,830	2,415
Massachusetts	407	-	-	-
Michigan	-	159	909	776
Minnesota	76	-	-	-
Mississippi	-	1,037	5,928	5,058
Missouri	533	-	-	-
Montana	128	3,262	18,646	15,912
New Jersey	962	-	-	-
New York	254	438	2,504	2,136
North Carolina	3,672	-	-	-
North Dakota	948	1,826	10,436	8,906
Oklahoma	843	370	2,115	1,805
Pennsylvania	218	-	-	-
South Carolina	207	-	-	-
South Dakota	-	87	497	424
Tennessee	203	-	-	-
Texas	649	782	4,470	3,814
Utah	-	148	846	722
Vermont	-	213	1,218	1,039
Virginia	461	-	-	-
West Virginia	-	196	1,120	956
Puerto Rico	-	753	4,304	3,673
Obligations	15,131	12,713	72,668	62,011
Bal. Available, EOY	53,063	71,177	42,380	-
Total, Available	68,194	83,890	115,048	62,011

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

GUARANTEED CONSERVATION LOAN PROGRAM
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table ACIF-8. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))

State/Territory	2017 Actual Loan Level	2018 Actual Loan Level	2019 Estimate Loan Level	2020 Budget Loan Level
Undistributed	-	-	$150,000	$150,000
Obligations	-	-	150,000	150,000
Lapsing Balances	$150,000	$150,000	-	-
Total, Available	150,000	150,000	150,000	150,000

BOLL WEEVIL ERADICATION LOAN PROGRAM
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table ACIF-9. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))

State/Territory	2017 Actual Loan Level	2018 Actual Loan Level	2019 Estimate Loan Level	2020 Budget Loan Level
Undistributed	-	-	$60,000	$60,000
Total Obligation	-	-	60,000	60,000
Lapsing Balances	$60,000	$60,000	-	-
Total, Available	60,000	60,000	60,000	60,000

INDIAN LAND ACQUISTION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table ACIF-10. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))

State/Territory	2017 Actual Loan Level	2018 Actual Loan Level	2019 Estimate Loan Level	2020 Budget Loan Level
Undistributed	-	-	$20,000	$20,000
Total Obligation	-	-	20,000	20,000
Lapsing Balances	$2,000	$20,000	-	-
Total, Available	2,000	20,000	20,000	20,000

INDIAN HIGHLY FRACTIONATED LAND LOAN
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table ACIF-11. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY))

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State/Territory	2017 Actual Loan Level	2018 Actual Loan Level	2019 Estimate Loan Level	2020 Budget Loan Level
Montana	$10,000	$10,000	$10,647	-
Total Obligation	10,000	10,000	10,647	
Total, Available	10,000	10,000	10,647	-

CLASSIFICATION BY OBJECTS

Table ACIF-12. Classification by Objects (thousands of dollars)

		2017 Actual	2018 Actual	2019 Estimate	2020 Budget
25.3	Other purchases of goods and services from Federal sources................................	$316,832	$323,921	$325,068	$319,762
41.0	Grants, subsidies and contributions............	72,722	59,903	107,001	87,539
99.9	Total, new obligations...........................	389,554	383,824	432,069	407,301

STATUS OF PROGRAMS
AGRICULTURAL CREDIT INSURANCE FUND

Current Activities

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

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

Direct and guaranteed loan programs provided assistance totaling $2.6 billion to beginning farmers during 2018, of which $1.6 billion was in the ownership program and $1.0 billion was in the operating program. Loans for socially disadvantaged farmers totaled $765 million, of which $436 million was in the farm ownership program and $329 million was in the farm operating program.

Selected Examples of Recent Progress

Lending to beginning farmers was strong during 2018. FSA loaned or guaranteed beginning farmer loans for 19,743 borrowers. 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.

Though overall loan totals were slightly lower in FY 2018 compared to FY 2017, the amount of direct and guaranteed operating and farm ownership loan assistance provided in FY 2018 was the fourth highest total in Agency history. Likewise, though loan assistance provided to beginning and socially disadvantaged farmers decreased slightly in FY 2018 compared to FY 2017, the trend in lending to these underserved groups has remained relatively stable as a percentage of total loans made. The number of beginning farmer loans

decreased slightly by 6 percent and the number of socially disadvantaged loans decreased by 12 percent. In summary, FY 2018 loan assistance provided in the direct and guaranteed operating and farm ownership programs decreased slightly from the FY 2017 level – this also applies to loan assistance provided to beginning farmers and socially disadvantaged farmers.

The following tables reflect 2018 ACIF program activity:

FY 2017 and 2018 Actual Agricultural Credit Insurance Fund Loans and Obligations

Total Direct and Guaranteed Loans			
	FY 2017	**FY 2018**	**Percent Change**
Total Number of Loans			
Direct Farm Ownership	5,540	6,032	9%
Direct Farm Ownership - Microloans	200	204	2%
Guaranteed Farm Ownership	4,663	4,401	-6%
Ownership Subtotal	**10,403**	**10,637**	**2%**
Direct Operating	16,459	14,136	-14%
Direct Farm Operating - Microloans	6,481	5,785	-11%
Guaranteed Operating	4,941	3,974	-20%
Operating Subtotal	**27,881**	**23,895**	**-14%**
Grand Total Number of Loans	**38,284**	**34,532**	**-10%**
Total Dollar Value of Loans ($000)			
Direct Farm Ownership	1,036,642	1,137,614	10%
Direct Farm Ownership – Microloans	7,473	7,712	3%
Guaranteed Farm Ownership	2,278,602	2,119,308	-7%
Ownership Subtotal	**3,322,718**	**3,264,634**	**-2%**
Direct Operating	1,131,343	977,314	-14%
Direct Farm Operating - Microloans	152,692	135,521	-11%
Guaranteed Operating	1,366,897	1,085,291	-21%
Operating Subtotal	**2,650,932**	**2,198,126**	**-17%**
Grand Total Dollar Value of Loans	**5,973,650**	**5,462,761**	**-9%**

Beginning Farmer Loans [1]			
	FY 2017	**FY 2018**	**Percent Change**
Total Number of Loans			
Direct Farm Ownership	1,999	1,902	-5%
Direct Farm Ownership Down-payment	2,253	2,668	18%
Guaranteed Farm Ownership	1,766	1,874	6%
Ownership Subtotal	**6,018**	**6,444**	**7%**
Direct Operating	13,349	11,850	-11%
Guaranteed Operating	1,644	1,449	-12%
Operating Subtotal	**14,993**	**13,299**	**-11%**
Grand Total Number of Loans	**21,011**	**19,743**	**-6%**
Total Dollar Value of Loans ($000)			
Direct Farm Ownership	368,107	351,834	-4%
Direct Farm Ownership Down-payment	410,619	491,000	20%
Guaranteed Farm Ownership	691,910	722,011	4%
Ownership Subtotal	**1,470,635**	**1,564,844**	**6%**
Direct Operating	802,459	707,223	-12%
Guaranteed Operating	372,432	318,256	-15%
Operating Subtotal	1,174,891	1,025,478	-13%
Grand Total Dollar Value of Loans	**2,645,526**	**2,590,322**	**-2%**

Socially Disadvantaged Farmer Loans [7]			
Total Number of Loans			
	FY 2017	**FY 2018**	**Percent Change**
Direct Farm Ownership	1,178	1,163	-1%
Guaranteed Farm Ownership	465	452	-3%
Ownership Subtotal	**1,643**	**1,615**	**-2%**
Direct Operating	6,581	5,642	-14%
Guaranteed Operating	480	397	-17%
Operating Subtotal	**7,061**	**6,039**	**-14%**
Grand Total Number of Loans	**8,704**	**7,654**	**-12%**
Total Dollar Value of Loans ($000)			
Direct Farm Ownership	203,632	204,361	0%
Guaranteed Farm Ownership	233,789	231,932	-1%
Ownership Subtotal	**437,421**	**436,293**	**0%**
Direct Operating	250,222	211,572	-15%
Guaranteed Operating	144,552	117,633	-19%
Operating Subtotal	**394,774**	**329,205**	**-17%**
Grand Total Dollar Value of Loans	**832,196**	**765,498**	**-8%**

[1] Please note that, while loans made are subsets of the total, any one loan could be counted in more than one category so that the grand total does not equal the sum of the subtotals. For example, a direct farm ownership socially disadvantaged farmer (borrower) could also be a beginning farmer and would be included in both categories; however, this would only count as one loan in the grand total.

ACCOUNT 6: REFORESTATION PILOT PROGRAM

LEAD-OFF TABULAR STATEMENT

Table RPP-1. Lead-Off Tabular Statement

Item	Amount
2019 Annualized Continuing Resolution	$600,000
Change in Appropriation	-600,000
Budget Estimate, 2020	0

PROJECT STATEMENT

Table RPP-2. Project Statement (thousands of dollars)

Item	2017 Actual	SY	2018 Actual	SY	2019 Estimate	SY	Inc. or Dec.	Chg Key	SY	2020 Budget	SY
Discretionary Appropriations:											
Reforestation Pilot	$600	-	$600	-	$600	-	-$600	(1)	-	-	-
Subtotal	600	-	600	-	600	-	-600		-	-	-
Total Available	600	-	600	-	600	-	-600		-	-	-
Total Obligations	600	-	600	-	600	-	-600		-	-	-

JUSTIFICATIONS

(1) A decrease of $600,000 for the Reforestation Pilot Program.

Funding for this program has historically occurred through a general provision. The budget proposes no funding for this program.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table RPP-3. Geographic Breakdown of Obligations and Staff Years (thousands of dollars, staff years (SY)

State/Territory/Country	2017 Actuals	SY	2018 Actuals	SY	2019 Estimate	SY	2020 Budget	SY
Louisiana	$100	-	-	-	-	-	-	-
Mississippi	500	-	$600	-	$600	-	-	-
Obligations	600	-	600	-	600	-	-	-
Total, Available	600	-	600	-	600	-	-	-

CLASSIFICATION BY OBJECTS

Table RPP-4. Classification by Objects (thousands of dollars)

	ITEM	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
	Other Objects:				
41.0	Grants, subsidies, and	$600	$600	$600	0
	Total, Other	600	600	600	0
99.9	Total, new	600	600	600	0

STATUS OF PROGRAMS

REFORESTATION PILOT 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 nine years, FSA has engaged with Mississippi State University (MSU) in a demonstration project to evaluate the efficacy of the implementation of such new technologies and establishment of larger seedlings in improving hardwood reforestation success. The study is conducting trials on different types of planting stock to determine which have the highest survival and growth rates. First year plantings have shown that the RPM seedlings were two to four times larger than other planted stock at establishment. Due to different species, planting sites and growing conditions, second year plantings exhibited results slightly different from the first year with the RPM seedlings again showing exceptional growth rates.

Current Activities

In Fiscal Year 2018, $600,000 was made available to Mississippi State University to continue the pilot program. The MSU Forest and Wildlife Research Center planted an additional 266 acres with 1,200 RPM/EKO potted trees, and 28,200 conventional, either bare-root or containerized in 2018. The MSR project includes both an operational and applied research effort. As to the research end of the project, RPM/EKO seedling stock is relatively inexpensive compared to conventional seedling stock used in large scale reforestation effort and may prove beneficial in high priority sites where vertical vegetative structure is needed in the short term.

Selected Examples of Past Activity

Since the initial funding in the Agriculture Appropriations Act of 2008 through FY 2018, $7.18 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. Cumulatively, 309,400 trees have been planted and 2874 acres of hardwood forests have been restored by the program.

ACCOUNT 7: EMERGENCY CONSERVATION PROGRAM

LEAD-OFF TABULAR STATEMENT

Table ECP-1. Lead-Off Tabular Statement

Item	Amount
2019 President's Budget	0
Change in Appropriation	0
2020 Budget Estimate	0

PROJECT STATEMENT

Table ECP-2. Project Statement (thousands of dollars)

Item	2017 Actual	2018 Actual	2019 Estimate	Inc. or Dec.	2020 Budget
Discretionary Appropriations:					
Emergency Conservation Program Regular	$28,651	-	-	-	-
Emergency Conservation Program Stafford	-	-	-	-	-
Emergency Conservation Program PL 114-254	102,979	-			
Emergency Conservation Program PL 115-123	-	$400,000	-	-	-
Subtotal	131,630	400,000	-	-	-
Supplemental Appropriations:					
Total Adjusted Approp.	131,630	400,000	-	-	-
Rescissions, Transfers, and Seq. (Net)	-	-	-	-	-
Total Appropriation	131,630	400,000	-	-	-
Subtotal	-	-	-	-	-
Bal. Available, SOY	180,856	239,823	$498,299	-260,000	$238,299
Recoveries, Other (Net)	31,648	34,937	-	-	-
Total Available	344,134	674,760	498,299	-260,000	238,299
Bal. Available, EOY	-239,822	-498,299	-238,299	+200,000	-38,299
Total Obligations	104,312	176,461	260,000	-60,000	200,000

JUSTIFICATIONS

(1) Funding for this program has historically been provided through a general provision or supplemental appropriation. The 2020 budget requests no funding for this program.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table ECP-3. Geographic Breakdown of Obligations and Staff Years (thousands of dollars)

State/Territory/Country	2017 Actual	SY	2018 Actual	SY	2019 Estimate	SY	2020 Budget	SY
Alabama	$2,639	-	$792	-	$1,167	-	$898	-
Arkansas	9,099	-	4,986	-	7,346	-	5,651	-
California	1,702	-	12,588	-	18,547	-	14,267	-
Colorado	378	-	105	-	155	-	119	-
Connecticut/Rhode Island	14	-	-	-	-	-	-	-
Florida	2,722	-	35,161	-	51,807	-	39,851	-
Georgia	2,396	-	12,416	-	18,294	-	14,072	-
Hawaii	34	-	6,729	-	9,915	-	7,627	-
Idaho	4,100	-	334	-	492	-	379	-
Illinois	420	-	46	-	68	-	52	-
Indiana	10	-	84	-	124	-	95	-
Iowa	296	-	595	-	877	-	674	-
Kansas	10,258	-	13,575	-	20,002	-	15,386	-
Kentucky	164	-	261	-	385	-	296	-
Louisiana	760	-	5	-	7	-	6	-
Maine	145	-	88	-	130	-	100	-
Massachusetts	934	-	439	-	647	-	498	-
Minnesota	17	-	-	-	-	-	-	-
Mississippi	617	-	120	-	177	-	136	-
Missouri	5,762	-	3,030	-	4,464	-	3,434	-
Montana	2,691	-	13,395	-	19,736	-	15,182	-
Nebraska	399	-	35	-	52	-	40	-
Nevada	42	-	1,758	-	2,590	-	1,993	-
New Hampshire	272	-	427	-	629	-	484	-
New Mexico	363	-	311	-	458	-	352	-
New York	747	-	585	-	862	-	663	-
North Carolina	13,191	-	8,602	-	12,674	-	9,749	-
North Dakota	85	-	331	-	488	-	375	-
Ohio	3	-	29	-	43	-	33	-
Oklahoma	9,368	-	14,797	-	21,802	-	16,771	-
Oregon	833	-	1,601	-	2,359	-	1,815	-
Pennsylvania	96	-	28	-	41	-	32	-
South Carolina	8,398	-	2,258	-	3,327	-	2,559	-
South Dakota	6,315	-	9,231	-	13,601	-	10,462	-
Tennessee	583	-	174	-	256	-	197	-
Texas	8,996	-	17,154	-	25,275	-	19,442	-
Utah	374	-	5	-	7	-	6	-
Vermont	39	-	493	-	726	-	559	-
Virginia	175	-	133	-	196	-	151	-
Washington	5,284	-	4,620	-	6,807	-	5,236	-
West Virginia	948	-	421	-	620	-	477	-
Wisconsin	623	-	68	-	100	-	77	-
Wyoming	2,023	-	1,186	-	1,747	-	1,344	-
KCMO-DMD	-	-	206	-	304	-	233	-
Puerto Rico	-	-	748	-	1,104	-	849	-
Virgin Islands	-	-	6,510	-	9,592	-	7,378	-
Obligations	104,312	-	176,461	-	260,000	-	200,000	-
Bal. Available, EOY	239,822	-	498,299	-	238,299	-	38,299	-
Total, Available	344,134	-	674,760	-	498,299	-	238,299	-

CLASSIFICATION BY OBJECTS

Table ECP-4. Classification by Objects (thousands of dollars)

Item		2017 Actual	2018 Actual	2019 Estimate	2020 Budget
41.0	Grants, subsidies and contributions............	$104,312	$176,461	$260,000	$200,000
99.9	Total, new obligations..........................	104,312	176,461	260,000	200,000

STATUS OF PROGRAMS

EMERGENCY CONSERVATION PROGRAM

Current Activities

During FY 2018, 37 States and 2 territories participated in the Emergency Conservation Program (ECP), with new or continued activity from the previous year, involving approximately $226 million in cost-share and technical assistance funds outlays. In FY2018, $400,000,000 was provided by P.L. 115-123, the Bipartisan Budget Act of 2018 for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria and of wildfires occurring in calendar year 2017, and other disasters to remain available until expended. Provided, that such amount is designated by Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985. Approximately $97.2 million was outlayed in FY 2018, which includes prior year unobligated balances brought forward.

Selected Examples of Recent Activity

ECP provisions in current and prior years' supplemental appropriations have targeted funding needs for both regular ECP and specific disasters, such as the pervasive Upper Plains drought conditions, mid-Atlantic flooding, Hurricanes, tornado damage, and west and western plain states wildfires. Funds are monitored through separate disaster identification accounts. ECP funds continue to assist agricultural producers to rehabilitate natural disaster damaged farmland by removing flood and tornado deposited debris from farmland, which returns the land to its productive agricultural capacity, providing emergency water for livestock in parts of the Northern Plains where severe drought continues to pervade the region, grading and reshaping farmland scoured by flood waters, and restoring livestock fences and conservation structures destroyed by wildfire, tornados, and hurricanes. During

FY 2018, ECP allocated $172.8 million in Stafford Act funds and $53.2 million in unrestricted funds, totaling $226 million. These allocations include the reallocation of unrestricted and Stafford funds remaining from previous years' disasters to help producers faced with new natural disaster events.

The following tables show (A) appropriations and outlays for 1981 through 2018 and (B) FY 2018 allocations by State.

Table A

Emergency Conservation Program Appropriations and Outlays Fiscal Years 1981-2018			
Fiscal Year	Appropriation	1/ to 5/	Outlays
1981 - 2010	$1,131,860,070		$926,918,418
2011	0	6/	35,138,268
2012	122,700,000	7/	56,113,938
2013	25,049,415	8/	41,084,135
2014	0		22,879,879
2015	9,216,000	9/	23,926,138
2016	108,000,000	10/	28,159,321
2017	131,629,524	11/	57,067,063
2018	400,000,000	12/	97,349,774
TOTAL	1,928,455,009		1,288,636,934

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

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

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

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

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

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

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

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

9/ In FY 2015, $9.216 million of ECP funding was also provided by P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015 for expenses resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

10/ In FY 2016, $108 million of ECP funding was provided by P.L. 114-113, and the Consolidated Appropriations Act, 2016 provided $91 million was made available for expenses resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The remaining $17 million is considered unrestricted funds.

11/ In FY2017, $102.9 million of ECP funding was provided by P.L. 114-254, and the Further Continuing and Security Assistance Appropriations Act, 2017 to remain available until expended, provided all amounts made available by this section are designated by the Congress as an emergency requirement pursuant to section 251(b) (2) (A) (i) of the Balanced Budget and Emergency Deficit Control Act of 1985. In addition, $28,651,000 was provided by P.L. 115-31, the Consolidated Appropriations Act 2017 to remain available until expended for emergencies not declared as a major disaster or emergency under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42U.S.C. 5121 et seq.).

In FY2018, $400,000,000 was provided by P.L. 115-123, the Bipartisan Budget Act of 2018 for necessary expenses related to the consequences of Hurricanes Harvey, Irma, and Maria and of wildfires occurring in calendar year 2017, and other disasters to remain available until expended. Provided, that such amount is designated by Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.

Table B

EMERGENCY CONSERVATION PROGRAM FY 2018 Allocations by State		
State	Disaster (s)	Total Allocations
AL	Flooding, Severe Storms, Tornados	$1,155,500
AR	Flooding, Severe Storms, Tornados	$2,036,400
CA	Drought, Flooding, Wildfires	$27,886,200
CO	Flooding, Wildfires	$1,350,200
FL	Hurricane	$93,790,500
GA	Hurricane, Severe Storms	$15,825,700
HI	Flooding, Sever Storms, VOG	$7,121,100
IA	Drought, Flooding,	$499,900
ID	Flooding, Wildfires	$244,100
IN	Flooding	$99,800
KS	Flooding, Wildfires	$1,795,700
KY	Flooding, Severe Storms, Tornados	$204,900
ME	Flooding, Severe Storms	$97,300
MO	Drought, Tornados	$2,344,200
MS	Severe Storms, Tornados	$117,200
MT	Drought, Flooding, Wildfires	$16,837,800
NE	Drought	$3,900
NC	Flooding, Severe Storms, Tornados,	$637,200
ND	Drought	$260,900
NH	Severe Storms, Tornado	$426,000
NM	Flooding, Wildfire	$811,400
NV	Flooding, Wildfire	$177,600
NY	Flooding	$770,300
OH	Severe Storms	$3,100
OK	Flooding, Severe Storms, Wildfires	$16,069,300
OR	Wildfires	$762,100
PA	Tornado	$40,000
PR	Hurricane	$2,800,000
SC	Tornados	$37,900
SD	Drought, Flooding, Wildfires	$2,937,600
TN	Flooding, Severe Storms, Tornados	$179,900
TX	Hurricane, Tornados, Wildfires	$15,474,782
USVI	Hurricane	$6,644,400
VA	Severe Storms, Tornados	$133,200
VT	Severe Storms	$591,700
WA	Drought, Flooding, Wildfires	$3,916,205
WI	Tornado	$15,000
WV	Flooding	$380,900
WY	Flooding, Wildfires	$1,560,000
Total		**$226,039,887**

ACCOUNT 8: AGRICULTURAL DISASTER RELIEF TRUST FUND

LEAD-OFF TABULAR STATEMENT

Table Ag Disaster Relief Trust -1. Lead-Off Tabular Statement

Item	Amount
2019 Annualized Continuing Resolution	$47,000
Change in Appropriation	-47,000
Budget Estimate, 2020	$0

PROJECT STATEMENT

Table Ag Disaster Relief Trust-2. Project Statement (thousands of dollars)

Item	2017 Actual	SY	2018 Actual	SY	2019 Estimated	SY	Inc. or Dec.	Chg Key	SY	2020 Budget	SY
Mandatory Appropriations:											
Agricultural Disaster Relief Fund	47	-	47	-	47	-	-47	-1	-	-	-
Subtotal	47	-	47	-	47	-	-47		-	-	-
Total Adjusted Approp	47	-	47	-	47	-	-47		-	-	-
Rsc, Trns, Other (Net)	-	-	-	-	-	-	-		-	-	-
Sequestration	-	-	-	-	-	-	-		-	-	-
Total Appropriation	47	-	47	-	47	-	-47		-	-	-
Rescission	-	-	-	-	-	-	-		-	-	-
Sequestration	-	-	-	-	-	-	-		-	-	-
Recoveries, Other (Net)	39	-	-	-	-	-	-		-	-	-
Bal. Available, SOY	15,676	-	15,184	-	14,986	-	+47		-	15,033	-
Total Available	15,762	-	15,231	-	15,033	-	-		-	15,033	-
Lapsing Balances	-	-	-	-	-	-	-		-	-	-
Bal. Available, EOY	-15,184	-	-14,986	-	-15,033	-	-		-	-15,033	-
Total Obligations	578	-	245	-	-	-	-		-	-	-

JUSTIFICATIONS

(1) The 2014 farm bill permanently authorized programs that had previously been funded through the Ag Disaster Relief Trust, such as Livestock Indemnity Program, Livestock Forage Program, Tree Assistance, etc. Obligations incurred in this account are for remaining payments or errors, omissions and appeals due to prior program years. The 2020 budget does not request funding for this program.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table Ag Disaster Relief Trust-3. Geographic Breakdown of Obligations and Staff Years (thousands of dollars)

State/Territory/Country	2017 Actuals	SY	2018 Actuals	SY	2019 Estimated	SY	2020 Budget	SY
Arizona	-$1	-	-	-	-	-	-	-
California	2	-	-	-	-	-	-	-
Colorado	1	-	$47	-	-	-	-	-
District of Columbia	-	-	14	-	-	-	-	-
Florida	-	-	1	-	-	-	-	-
Georgia	9	-	-	-	-	-	-	-
Hawaii	11	-	-	-	-	-	-	-
Indiana	1	-	1	-	-	-	-	-
Iowa	-	-	18	-	-	-	-	-
Kansas	10	-	10	-	-	-	-	-
Louisiana	1	-	-	-	-	-	-	-
Maryland	16	-	-	-	-	-	-	-
Minnesota	33	-	103	-	-	-	-	-
Montana	113	-	-	-	-	-	-	-
Nebraska	1	-	-	-	-	-	-	-
New Jersey	-	-	1	-	-	-	-	-
New Mexico	90	-	1	-	-	-	-	-
North Carolina	10	-	-	-	-	-	-	-
North Dakota	7	-	-	-	-	-	-	-
Ohio	1	-	-	-	-	-	-	-
Oklahoma	31	-	1	-	-	-	-	-
South Dakota	2	-	1	-	-	-	-	-
Texas	180	-	62	-	-	-	-	-
Virginia	52	-	-	-	-	-	-	-
Wyoming	6	-	-	-	-	-	-	-
Distribution Unknown	2	-	-15	-	-	-	-	-
Obligations	578	-	245	-	-	-	-	-
Lapsing Balances	-	-	-	-	-	-	-	-
Bal. Available, EOY	15,184	-	14,986	-	$15,033	-	$15,033	-
Total, Available	15,762	-	15,231	-	15,033	-	15,033	-

CLASSIFICATION BY OBJECTS

	Item	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
	Other Objects:				
41.0	Grants, subsidies, and contributions	$578	$245	0	0
	Total, Other Objects	578	245	0	0
99.9	Total, new obligations	578	245	0	0

STATUS OF PROGRAMS

AGRICULTURAL DISASTER RELIEF TRUST FUND

Current Activities

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

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

During FY 2018, funds were used to make remaining residual payments to farmers and ranchers, including adjustments to prior year obligations. Total outlays were $244,922.

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

Agricultural Disaster Relief Trust FY 2018 Outlays

Programs	Outlays
DTF	-$16,676
ELAP	0
LFP	62,376
LIP	1
SURE	198,098
TAP	1,123
Total	244,922

ACCOUNT 9: USDA SUPPLEMENTAL ASSISTANCE PROGRAM

LEAD-OFF TABULAR STATEMENT

Table USDA Suppl Asst-1. Lead-Off Tabular Statement

Item	Amount
2019 Annualized Continuing Resolution……………………………………………	$1,996,000
Change in Appropriation…………………………………………………………..	-1,996,000
Budget Estimate, 2020………………………………………………………………	$0

PROJECT STATEMENT

Table USDA Suppl Asst -2. Project Statement (thousands of dollars)

Discretionary Appropriations:											
USDA Supplemental Assistance........	$1,996	-	$1,996	-	$1,996	-	-$1,996	(1)	-	-	-
Subtotal..	1,996	-	1,996	-	1,996	-	-1,996		-	-	-
Total Available..................................	1,996	-	1,996	-	1,996	-	-1,996		-	-	-
Total Obligations...............................	1,996	-	1,996	-	1,996	-	-1,996		-	-	-

JUSTIFICATIONS

(1) A decrease of $1,996,000 for Geographically Disadvantaged Farmers and Ranchers. Funding for this program has historically occurred through general provisions. The Agricultural Act of 2014 re-authorized the Reimbursement Transportation Cost Payment Program for Geographically Disadvantaged Farmers and Ranchers to reimburse a portion of the cost to transport agricultural commodities or inputs used to produce an agricultural commodity. Current year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency. The 2020 Budget proposes no funding for this program.

CLASSIFICATION BY OBJECTS

Table USDA Suppl Asst-4. Classification by Objects (thousands of dollars)

Item No.	Item	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
	Other Objects:				
41.0	Grants, subsidies, and contributions	$1,996	$1,996	$1,996	$1,996
	Total, Other Objects	1,996	1,996	1,996	1,996
99.9	Total, new obligations	1,996	1,996	1,996	1,996

STATUS OF PROGRAMS

USDA SUPPLEMENTAL ASSISTANCE PROGRAM

The Agricultural Act of 2014 (Public Law 113-79), re-authorized the Reimbursement Transportation Cost Payment Program for Geographically Disadvantaged Farmers and Ranchers (RTCP). The Consolidated Appropriations Act, 2018 authorized $1.996 million for fiscal year 2018 to reimburse geographically disadvantaged producers with a portion of the cost to transport agricultural commodities or inputs used to produce an agricultural commodity for each succeeding FY subject to appropriate funding.

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

Current Activities: RTCP benefits are calculated based on the costs incurred by the producer for transportation of the agricultural commodity or inputs during a fiscal year, subject to an $8,000 per producer cap per fiscal year. RTCP enrollments for FY 2018 began on July 16, 2018 and ended on September 7, 2018. Payments for FY 2018 signup will be disbursed in FY 2019.

ACCOUNT 10: EMERGENCY FOREST RESTORATION PROGRAM

LEAD-OFF TABULAR STATEMENT

Table EFRP-1. Lead-Off Tabular Statement

Item	Amount
Budget Estimate, 2019	$0
2020 President's Budget	$0
Change in Appropriation	$0

PROJECT STATEMENT

Table EFRP-2. Project Statement (thousands in dollars)

Program	2017 Actual	2018 Actual	2019 Estimate	Inc. or Dec.	2020 Budget
Discretionary Appropriations:					
Emergency Forest Restoration Program Regular........................					
Emergency Forest Restoration Program Stafford........................					
Total Adjusted Approp..					
Rescissions, Transfers, and Seq. (Net)…..………. …..….......					
Total Appropriations..					
Transfers In:					
ECP (Sandy Stafford)..					
Subtotal...					
Rescission..					
Sequestration...					
Bal. Available, SOY..	***$60,002***	***$60,713***	***$52,951***	***-15,000***	***$37,951***
Recoveries, Other (Net)..	***6,093***	***4,963***			
Total Available..	***66,095***	***65,676***	***52,951***	***-15,000***	***37,951***
Bal. Available, EOY..	***-60,713***	***-52,951***	***-37,951***	***+15,000***	***-22,951***

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS

Table EFRP-3. Geographic Breakdown of Obligations and Staff Years (thousands of dollars)

State/Territory/Country	2017 Actual	SY	2018 Actual	SY	2019 Estimates	SY	2020 Budget	SY
Alabama	-	-	$1,405	-	-	-	$1,656	-
Arkansas	$92	-	17	-	$256	-	20	-
California	122	-	-	-	340	-	-	-
Connecticut	7	-	-	-	20	-	-	-
Florida	-	-	64	-	-	-	75	-
Georgia	211	-	4,582	-	588	-	5,401	-
Maine	-	-	2	-	-	-	2	-
Massachusetts	322	-	124	-	897	-	146	-
Mississippi	493	-	44	-	1,374	-	52	-
Montana	248	-	150	-	691	-	177	-
New Hampshire	6	-	23	-	17	-	27	-
New Jersey	4	-	-	-	11	-	-	-
North Carolina	136	-	-	-	379	-	-	-
Ohio	13	-	-	-	36	-	-	-
Oregon	1,510	-	337	-	4,208	-	397	-
Pennsylvania	3	-	-	-	8	-	-	-
South Carolina	87	-	22	-	242	-	26	-
Tennessee	14	-	-	-	39	-	-	-
Virginia	3	-	-	-	8	-	-	-
Washington	-	-	1,942	-	-	-	2,289	-
West Virginia	-	-	8	-	-	-	9	-
Wisconsin	206	-	-	-	574	-	-	-
Kansas City, Missouri hdqtrs	1,905	-	4,005	-	5,312	-	4,723	-
Obligations	5,382	-	12,725	-	15,000	-	15,000	-
Bal. Available, EOY	60,713	-	52,951	-	37,951	-	22,951	-
Total, Available	64,190	-	65,676	-	52,951	-	37,951	-

CLASSIFICATION BY OBJECTS

Table EFRP-4. Classification by Objects (thousands of dollars)

Item No.	Item	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
	Other Objects:				
41.0	Grants, subsidies, and contributions	5,382	12,725	15,000	15,000
	Total, Other Objects	5,382	12,725	15,000	15,000
99.9	Total, new obligations	5,382	12,725	15,000	15,000

STATUS OF PROGRAMS

EMERGENCY FOREST RESTORATION PROGRAM

Current Activities

The Emergency Forest Restoration Program (EFRP) provides payments to eligible owners of non-industrial private forest land for implementation of emergency measures to restore forests and forest resources damaged by natural disasters. During FY 2018, 10 States participated in EFRP with new or continued activity from the previous year. In FY 2018, $2.2 million was outlayed, which includes prior year unobligated balances brought forward.

Selected Examples of Recent Activity

EFRP provisions in prior year supplemental appropriations have targeted funding for both regular EFRP, such as western wild fires storms and tornado damage, and Stafford Act funds targeted to specific disaster needs, such as Hurricane Irma. EFRP funds continue to assist with the rehabilitation of forest and forest resources damaged by natural disaster events such as ice storm and tornado damage by removing forest debris and replanting tree species and wildlife habitat. In FY 2018, $13 million in EFRP unrestricted and Stafford Act designated funds were allocated to 10 States to assist private forest landowners impacted by natural disasters.

The following table shows appropriations and outlays for 2018 through 2018.

Table A

Emergency Forest Restoration Program Fiscal Years 2010-2018			
Fiscal Year	Appropriation		Outlays
2010	$18,000,000	[1]	0
2011	0		$232,825
2012	28,400,000	[2]	1,991,152
2013	35,665,468	[3]	5,452,319
2014	0		1,981,531
2015	3,203,000	[4]	4,391,289
2016	6,000,000	[5]	4,719,927
2017	0		2,262,227
2018	0		2,238,821
TOTAL	91,268,468		23,270,091

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

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

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

[4] $3.203 million in EFRP funding was provided by P.L. 113-235, the Consolidated and Further Continuing Appropriations Act, 2015 for expenses resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

[5] In FY 2016, $6 million of ECP funding was provided by P.L. 114-113, the Consolidated Appropriations Act, 2016 provided that $2 million of the funding was made available for expenses resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act

ACCOUNT 11: PIMA AGRICULTURE TRUST FUND

LEAD-OFF TABULAR STATEMENT

Table PIMA-1. Lead-Off Tabular Statement

Item	Amount
2019 Annualized Continuing Resolution	$16,000
Change in Appropriation	0
Budget Estimate, 2020	16,000

PROJECT STATEMENT

Table PIMA-2. Project Statement (thousands of dollars)

Item	2017 Actual	SY	2018 Actual	SY	2019 Estimate	SY	Inc. or Dec.	Chg Key	SY	2020 Budget	SY
Mandatory Appropriations:											
Commodity Credit Corporation.	$16,000	-	$16,000	-	$16,000	-	-		-	$16,000	-
Subtotal	16,000	-	16,000	-	16,000	-	-		-	16,000	-
Sequestration	-1,104	-	-1,056	-	-992	-	+992		-	-	-
Total Appropriation	14,896	-	14,944	-	15,008	-	+992		-	16,000	-
Bal. Available, SOY	-	-	-	-	-	-	-		-	-	-
Total Available	14,896	-	14,944	-	15,008	-	+992		-	16,000	-
Bal. Available, EOY	-	-	-	-	-	-	-		-	-	-
Total Obligations	14,896	-	14,944	-	15,008	-	+992		-	16,000	-

JUSTIFICATIONS

(1) This is a mandatory program funded by transfers from the Commodity Credit Corporation. FY 2020 funding level reflects 2018 farm bill authorized amounts.

CLASSIFICATION BY OBJECTS

Table PIMA-3. Classification by Objects (thousands of dollars)

	Item	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
	Other Objects:				
41.0	Grants, subsidies, and contributions	$14,896	$14,944	$15,008	$16,000
	Total, Other Objects	14,896	14,944	15,008	16,000
99.9	Total, new obligations	14,896	14,944	15,008	16,000

ACCOUNT 12: AGRICULTURAL WOOL MANUFACTURERS TRUST FUND

LEAD-OFF TABULAR STATEMENT

Table Ag Wool-1. Lead-Off Tabular Statement

Item	Amount
2019 Annualized Continuing Resolution	$30,000
Change in Appropriation	-
Budget Estimate, 2020	30,000

PROJECT STATEMENT

Table Ag Wool-2. Project Statement (thousands of dollars)

Item	2017 Actual	SY	2018 Actual	SY	2019 Estimate	SY	Inc. or Dec.	Chg Key	SY	2020 Budget
Mandatory Appropriations:										
Commodity Credit Corporation	$30,000		$30,000		$30,000					$30,000
Subtotal	30,000		30,000		30,000					30,000
Supplemental Appropriations:										
Emergency Supp										
Total Adjusted Approp	30,000		30,000		30,000					30,000
Sequestration	-2,070		-1,980							
Total Appropriation	27,930		28,020		30,000					30,000
Bal. Available, SOY	14,490		15,847		16,847					
Total Available	42,420		43,867		46,847		-16,847			30,000
Lapsing Balances										
Bal. Available, EOY	-15,847		-15,847		-16,847					
Total Obligations	26,573		28,020		30,000					30,000

JUSTIFICATIONS

This is a mandatory program funded by transfers from the Commodity Credit Corporation. FY 2020 funding level reflects 2018 farm bill authorized amounts.

CLASSIFICATION BY OBJECTS

Table FSA-3. Classification by Objects (thousands of dollars)

	Item	2017 Actual	2018 Actual	2019 Estimate	2020 Budget
	Other Objects:				
41.0	Grants, subsidies, and contributions	26,573	28,020	30,000	30,000
	Total, Other Objects	26,573	28,020	30,000	30,000
99.9	Total, new obligations	26,573	28,020	30,000	30,000

AGENCY-WIDE PERFORMANCE

Summary of Budget and Performance

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. FSA's mission is to serve our nation's farmers and ranchers professionally, efficiently, equitably, and in a manner that is customer, taxpayer, and employee friendly.

USDA Key Performance Measures:

FSA has six Key Performance Measures that contribute to the Department's Strategic Goal 2: Maximize the Ability of American Agricultural Producers to Prosper by Feeding and Clothing the World, and Strategic Goal 5: Strengthen the Stewardship of Private Lands through Technology and Research

Average number of days to process direct loans						
	2017 Actual	2018 Actual	2018 Target	2018 Result	2019 Target	2020 Target
Days	31	30	30	Met	33[1]	30[1]

[1] The average number of days to process loans has increased over the past five years. Reduced staffing and potential increases in loan limits with the new Farm Bill are expected to result in increased application activity, as well as applications from more complex entities/operations.

Percentage of direct and guaranteed loan borrowers who are beginning farmers						
	2017 Actual	2018 Actual	2018 Target	2018 Result	2019 Target	2020 Target
Percent	52.6	54.9	N/A[1]	N/A[1]	53[2]	53[2]

[1] This is a new measure which commences FY 2019

[2] While there has been a significant increase since FY 2007, recent years have been level.

First year delinquency rate on new direct loans						
	2017 Actual	2018 Actual	2018 Target	2018 Result	2019 Target	2020 Target
Percent	8.9	6.2	N/A[1]	N/A[1]	10[2]	10[2]

[1] This is a new measure which commences FY 2019

[2] Current economic conditions will make reduction challenging. Projection is in line with goals set for states.

Acreage enrolled in Conservation Reserve Program (CRP) riparian and grass buffers (Cumulative, Million Acres)						
	2017 Actual	2018 Actual	2018 Target	2018 Result	2019 Target	2020 Target
Acres	1.60	1.53	1.6	Met	1.5[1]	1.5[1]

[1] The biggest challenges in both the near and long-term are factors largely outside the control of CRP. Challenges include crop prices; an increase in prices typically results in less enrollment whereas a decrease in prices often leads to increased enrollment. These market fluctuations have the potential to impact whether CCC meets its buffer, wetland restoration, and grassland targets.

CRP restored wetland acreage (Million Acres)						
	2017 Actual	2018 Actual	2018 Target	2018 Result	2019 Target	2020 Target
Acres	1.9	2.3	1.9	Met	N/A[1]	N/A[1]

[1] USDA will be retiring this measure; final reporting year is FY 2018.

Acreage enrolled in CRP Grasslands (Million Acres - cumulative)						
	2017 Actual	2018 Actual	2018 Target	2018 Result	2019 Target	2020 Target
Acres	.5	.5	N/A[1]	N/A[1]	.9	.9

[1] This is a new measure which commences FY 2019

Selected Past Accomplishments Toward Achievement of the Key Outcomes:

Farm Loan Programs

- As of September 30, 2018, FSA approved more than 34,000 loans totaling over $5.4 billion.
- With over 85,000 borrowers, the direct loan portfolio is at its highest level since FY 2003.
- While overall loan obligations are down about 8 percent compared to the same time in FY 2017, direct farm ownership obligations are 11 percent higher.
- Over the past several years, loan servicing by Farm Loan Officers has been relegated in order to process loan applications, including relegating statutorily-mandated loan servicing requirements. This, coupled with the trend of staff taking longer to process Direct Loan applications on average, is leading Headquarters to adjust the target for the loan processing performance measure. This will provide field staff the opportunity to:
  - Focus more attention to quality checks and account for staffing reductions; and
  - Conduct more loan servicing, including year-end assessments with customers and chattel inspection.
- Hiring and training 200 Farm Loan Officer Trainees to mitigate past and ongoing attrition. It takes two years of training before a trainee is eligible to be certified and obtain their loan authority; and an additional one to two years before they achieve a journeyman level in their performance on loan cases.

Production, Emergency, and Compliance Programs

- FSA provides millions of dollars in income support and disaster assistance payments each year to agricultural commodity producers. These payments stabilize, support, and protect farm income. FSA payments for these programs are driven by commodity market prices, payment eligibility rules established in public policy, and natural disasters. USDA payments are best explained in the context of a commodity crop year, which does not directly correspond to financial statement reporting.
- Although there were annual changes to ownership and operation of farms, the number of farms enrolled in the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) remained constant in FY 2018. This activity is expected to remain consistent in FY 2019.

Conservation Reserve Program

- Though most CRP enrollment was suspended in FY 2018 to avoid exceeding the statutorily mandated acreage enrollment cap, Conservation Reserve Enhancement Program (CREP) and CRP-Grassland offers were still being accepted (note: CRP-Grassland offers can only be approved during a batching period).
- CRP enrollment suspension was lifted June 2018 and sign-up continued through August 2018 for a smaller selection of CRP practices. FSA prioritized CRP practices for enrollment that have the greatest conservation benefits for soil, water, and wildlife resources. Each of the eligible practices have been identified as having significant benefits. Additionally, signing, practice, and soil rental rate incentives were not made available for new continuous CRP offers.

Selected Accomplishments Expected at the FY 2020 Proposed Resource Level:

Farm Loan Program

- Planned FY20 Actions include:
  - Hiring and training of additional loan officers.
  - Improving online services on farmers and ranchers to reduce time required employee time explaining program requirements and increase time available for loan officers to process and service loans.

Production, Emergency, and Compliance Programs

- The safety net programs under the 2014 Farm Bill, including ARC/PLC, have substantial outlay potential depending on the extent and duration of market swings and yields.

Conservation Reserve Program

- Within the framework of new Farm Bill legislation and at the direction of the Administration, FSA will work collaboratively with the Natural Resource Conservation Service to ensure effective program and technical assistance delivery.