2018 Explanatory Notes
Farm Service Agency

Contents

FARM SERVICE AGENCY

Purpose Statement

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

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

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

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

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

The programs funded by this account are:

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

  Loans are made for a term of 40 years or less. A direct loan may not exceed $300,000 and a guaranteed loan may not exceed $1,399,000, adjusted annually. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost of money to the Government plus up to 1 percent. However, loans to limited resource borrowers (farmers who need special supervision or who cannot afford the regular interest rate due to low income) bear interest of not more than one-half of the Treasury rate for marketable obligations with maturities of 5 years plus not more than 1 percentage point, with a minimum of 5 percent. Effective with the 2008 Farm Bill, interest rates for beginning farmer down-payment loans are established at 4 percentage points less than the regular borrower rate, with a minimum of 1.5 percent. Effective with the 2014 Farm Bill, interest rates for joint financing loans (loans made in conjunction with a commercial lender providing over 50 percent of the credit) are established at 2 percentage points less than the regular borrower rate, but no less than 1 percent. The interest rate for guaranteed loans is negotiated by the lender and borrower.

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

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

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

  Farm operating loans are for periods of 1 to 7 years depending on loan purposes. The loan limit is $300,000 for a direct loan, $50,000 for a Microloan and $1,399,000, adjusted annually, for a guaranteed loan. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost of money to the Government plus up to 1 percent. However, loans to limited resource borrowers bear interest of not more than one-half of the Treasury rate for marketable obligations plus not more than 1 percentage point, with a floor of 5 percent. The interest rate for guaranteed loans is negotiated by the lender and borrower and may be subsidized under the interest assistance program.

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

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

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

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

All emergency loans must be fully collateralized. The specific type of collateral may vary depending on the loan purpose, repayment ability, and the individual circumstances of the applicant. If applicants cannot provide adequate collateral, their repayment may be considered as collateral to secure the loan. Repayment terms for actual loss loans also vary according to the purposes of the loan, type of collateral available to secure the loan, and the projected repayment ability of the borrower. Loans for actual production or physical losses to crops, livestock, supplies, and equipment may be scheduled for repayment for up to 7 years. Under some conditions a longer repayment period may be authorized for production loss loans, but not to exceed 20 years. Generally, real estate will be needed as security when a loan term of more than 7 years is authorized. Loss loans for actual losses to real estate will generally be scheduled for repayment within 30 years but under some conditions may be scheduled for up to 40 years. Applications for emergency loans must be received within 8 months of the county's disasater or quarantine designation date.

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

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

- Conservation Loans**.** These are made as guaranteed loans to eligible borrowers to cover the cost of implementing qualified conservation projects. Loans for conservation projects must be part of a USDA-approved conservation plan. Eligible conservation plans may include projects for construction or establishment of conservation structures, forest and permanent cover, water conservation and waste management systems, improved permanent pasture, or other projects that comply with Section 1212 of the Food Security Act of 1985, and other purposes approved by the Secretary. Eligible borrowers include farmers, ranchers, and other entities controlled by farmers and ranchers and primarily and directly engaged in agricultural production. The program gives priority to qualified beginning farmers, ranchers, socially disadvantaged farmers or ranchers, owners or tenants who use the loans to convert to sustainable or organic agricultural production systems, and producers who use the loans to build conservation structures or establish conservation practices. Direct conservation loans have a maximum indebtedness of $300,000, and guaranteed loans have a maximum indebtedness of $1,399,000. The repayment term for direct conservation loans is a maximum of 7 years for loans secured by chattel and 20 years for real estate, unless the applicant requests a lesser term. The interest rate for direct conservation loans is equivalent to the direct farm ownership rate and the guaranteed conservation loans interest rate is determined by the lender. Loan guarantees are 80 percent of the principal amount of the loan (90 percent for beginning and socially disadvantaged farmers), and loans are to be disbursed geographically to the maximum extent possible.

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

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

<u>State Mediation Grants</u>: Section 502 of the Agricultural Credit Act of 1987, P.L. 100-233, authorized the Secretary of Agriculture to help States develop and operate mediation programs to assist agricultural producers, their creditors, and other persons directly affected by the actions of USDA in resolving disputes confidentially, efficiently, and cost effectively compared to administrative appeals, litigation, and bankruptcy. Under the program, FSA makes grants to States to support mediation programs established under State statute and certified by FSA. Grants can be up to a maximum of $500,000 annually and must not exceed 70 percent of the State's cost of operating its program for the year. The 2014 Farm Bill extended the program through 2018.

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

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

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

OVERVIEW

- Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) replaced the Direct and Counter Cyclical Program (DCP) and the Average Crop Revenue Election (ACRE) Program in the 2014 Farm Bill. PLC provides payments when the effective price of a covered commodity is less than the statutory reference price for that commodity. ARC payments are issued when actual revenues are less than the guarantee. There are two types of ARC, County and Individual.

- The Marketing Assistance Loan Program **(**MAL**)** and sugar loans continue mostly unchanged. The Dairy Margin Protection Program (MPP-Dairy) provides coverage for catastrophic drops in production margin, when the national dairy production margin is less than $4.00 per hundredweight. This coverage is provided at no cost, other than a $100 annual administrative fee. MPP-Dairy also offers buy-up coverage that provides payments when margins are between $4.00 and $8.00 per hundredweight.

- The Conservation Reserve Program (CRP), USDA's largest conservation program, continues through 2018 with an annually decreasing enrolled acreage cap. The contract portion of the Grassland Reserve Program enrollment has been merged with CRP.

- The Noninsured Crop Disaster Assistance Program was expanded to include protection at higher coverage levels, similar to buy-up provisions offered under the federal crop insurance program. The Livestock Forage Disaster Program, the Livestock Indemnity Program, the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish, and the Tree Assistance Program are considered permanent programs.

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

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

For the livestock disaster programs, a total $125,000 annual limitation applies for payments under the Livestock Indemnity Program, the Livestock Forage Disaster Program, and the Emergency Assistance for Livestock, Honey Bees and Farm-Raised Fish Program. A separate $125,000 annual limitation applies to payments under the Tree Assistance Program.

ACTIVELY ENGAGED IN FARMING**:** Producers who participate in the Price Loss Coverage or Agriculture Risk Coverage programs are required to provide significant contributions to the farming operation to be considered as "actively engaged in farming." The 2014 Farm Bill required the Secretary to promulgate regulations to define "significant contribution of active personal management" as part of this determination. In December 2015, FSA published regulations to define "significant contribution of active personal management" to ensure that payments are issued only to active managers at farms that operate as joint ventures or general partnerships.

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

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

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

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

Base Reallocation and Yield Updates**:** Owners of farms that participate in PLC or ARC programs for the 2014-2018 crops had a one-time opportunity, in 2015, to: (1) maintain the farm's 2013 bases through 2018; or (2) reallocate base acres (excluding cotton bases). Covered commodities include wheat, oats, barley, corn, grain sorghum, rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed, dry peas, lentils, small chickpeas, and large chickpeas. Upland cotton is no longer considered a covered commodity, but the upland cotton base acres on the farm are renamed "generic" base acres. Producers may receive payments on generic base acres if those acres are planted to a covered commodity.

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

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

ARC - County**:** Payments are issued when the actual county crop revenue of a covered commodity is less than the ARC county guarantee for the covered commodity and are based on county data, not farm data. The ARC county guarantee equals 86 percent of the previous 5-year average national farm price, excluding the years with the highest and lowest price (the ARC guarantee price), times the 5-year average county yield, excluding the years with the highest and lowest yield (the ARC county guarantee yield). Both the guarantee and actual revenue are computed using base acres, not planted acres. The payment is equal to 85 percent of the base acres of the covered commodity times the difference between the county guarantee and the actual county crop revenue for the covered commodity. Payments may not exceed 10 percent of the benchmark county revenue (the ARC guarantee price times the ARC county guarantee yield).

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

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

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

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

MARKETING ASSISTANCE LOANS (MALS) AND SUGAR LOANS

The 2014 Farm Bill extends the authority for sugar loans for the 2014 through 2018 crop years and nonrecourse marketing assistance loans (MALs) and loan deficiency payment (LDPs) for the 2014-2018 crops of wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded and nongraded wool, mohair, honey, unshorn pelts and peanuts. Availability of loans for some commodities may be affected by appropriations language. Provisions are mostly unchanged from the 2008 farm bill, except marketing loan gains and loan deficiency payments are subject to payment limitations.

DAIRY PROGRAMS

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

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

DAIRY INDEMNITY PAYMENT PROGRAM (DIPP)

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

CONSERVATION RESERVE PROGRAM (CRP)

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

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

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

BIOMASS CROP ASSISTANCE PROGRAM (BCAP)

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

NONINSURED CROP DISASTER ASSISTANCE PROGRAM (NAP)

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

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

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

DISASTER PROGRAMS

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

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

- Livestock Indemnity Program (LIP**):** provides benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather or by attacks by animals reintroduced into the wild by the Federal Government. LIP payments are equal to 75 percent of the average fair market value of the livestock.

- Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP**):** provides emergency assistance to eligible producers of livestock, honeybees and farm-raised fish for losses due to disease (including cattle tick fever), adverse weather, or other conditions, such as blizzards and wildfires, not covered by LFP and LIP. Total payments are capped at $20 million in a fiscal year.

- Tree Assistance Program (TAP): provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines damaged by natural disasters.

FEEDSTOCK FLEXIBILITY PROGRAM (FFP)

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

NON-FARM BILL PROGRAMS

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

Emergency Conservation Program (ECP)

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

Emergency Forest Restoration Program (EFRP)

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

Farm Storage Facility Loan Program (FSFL)

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

Sugar Storage Facility Loan Program (SSFL)

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

Commercial Warehouse Activities

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

Export Commodity Procurement Activities

Procurement activities are governed by the following legislation: Emergency Food Assistance Act of 1983, as amended; Agricultural Trade Development and Assistance Act of 1954 (Public Law 83-480, Title II), as amended; Food for Progress Act of 1985, as amended; the Food, Conservation, and Energy Act of 2008, and the Agricultural Act of 1949, Section 416(b), as amended.

- Foreign Food-Aid Humanitarian and Developmental Assistance Programs**.** FSA procures commodities for overseas humanitarian and developmental use for the Food for Progress and Section 416(b) programs, the McGovern-Dole International Food for Education, Child Nutrition Program and under P.L. 480.

  Under these programs the following products were procured:

International Program Purchases		
Item	**Quantity**	**Unit**
Bags	19,671,000	Count
Bulk Grain Products	1,501,704	Metric Tons
Peas, Beans and Lentils	188,680	Metric Tons
Corn Products	108,730	Metric Tons
Oil Products	101,501	Metric Tons
Wheat Products	15,700	Metric Tons
Rice Products	89,160	Metric Tons
Whole Grain Products	39,200	Metric Tons
Emergency Food Products	320	Metric Tons
Tallow	2,160	Metric Tons

- Surplus Removal and Disaster and Food Assistance Programs**.** FSA procures commodities under Executive Order and congressional mandate for surplus removal and disaster and food assistance programs. In response to natural disasters, FSA distributes Government-owned food from warehouses and may make special purchases of food as part of the disaster relief effort.

AGENCY STRUCTURE

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

FSA's permanent, full-time, end-of-year Federal employment as of September 30, 2016, was 4,132. FSA non-Federal permanent employment in USDA Service Centers was 7,219. The total number of Federal and non-Federal permanent full time positions in the Washington, DC headquarters office was 1,164 and the total number in the field offices was 10,187.

OIG Reports – Completed

06401-0005-11	02/12/16	CCC Financial Statements for fiscal Years 2015 and 2014
06401-0006-11	11/22/16	CCC's Balance Sheet for fiscal Year 2016
50601-0003-22	01/27/17	Coordination of USDA Farm Program Compliance – FSA, RMA and NRCS

OIG Reports – In Progress

03601-0002-	Agriculture Risk Coverage and Price Loss Coverage Programs
03601-0002-41	FSA Commodity Purchases for International Food Assistance Programs

GAO Reports – In Progress

101680	Department of Defense Foreign Currency Methodologies for budgeting purposes

FARM SERVICE AGENCY

Available Funds and Staff Years
(Dollars in thousands)

Item	2015 Actual		2016 Actual		2017 Estimate		2018 Estimate	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Salaries and Expenses:								
Discretionary Appropriations	$1,200,180	9,024	$1,200,180	9,161	$1,197,898	9,057	$1,130,163	8,299
ACIF Program Account:								
FSA S&E Transfer	306,998	2,245	306,998	2,174	306,415	2,214	297,386	2,122
Subsidy	78,727	-	69,575	-	69,443	-	69,443	-
Individual Development Grants	-	-	-	-	-	-	-	-
Admin. Expenses Non-Recoverable Loan Costs	7,920	-	7,920	-	7,905	-	7,905	-
State Mediation Grants	3,404	-	3,404	-	3,398	-	3,398	-
Grassroots Source Water Protection Program	5,526	-	6,500	-	6,488	-	-	-
Reforestation Pilot Program	600	-	600	-	599	-	-	-
Geog. Disadvantaged Farmers and Ranchers	1,996	-	1,996	-	1,992	-	-	-
Emergency Conservation Program	9,216	-	17,000	-	102,979	-	-	-
Emergency Conservation Program (Stafford)	-	-	91,000	-	-	-	-	-
Subtotal Appropriations	1,614,567	11,269	1,705,173	11,335	1,697,117	11,271	1,508,295	10,421
Transfers In:	-	-	-	-	-	-	-	-
Credit Reform Transfers:								
CCC Export Loans Program Account	354	3	354	3	353	3	353	3
P.L. 480 Program Account	2,528	21	2,528	21	2,523	21	149	1
Congresssional Relations	135	-	135	-	-	-	-	-
Transfers Out	-	-	-4,782	-	-	-	-	-
Adjusted Appropriation	1,617,584	11,293	1,703,408	11,359	1,699,993	11,295	1,508,797	10,425
Balance Available, SOY S&E	47,907	-	33,647	-	13,209	-	-	-
Balance Available, SOY Emergency Forest Restoration					60,002		36,002	-
Other Adjustments (Net)	-	-	-	-	3,313	-	-	-
Total Available	1,665,491	11,293	1,737,055	11,359	1,776,517	11,295	1,544,799	10,425
Lapsing Balances	-56,404	-	-2,988	-	-	-	-	-
Balance Available, EOY (S&E)	-27,000	-	-19,282	-	-	-	-	-
Balance Available, EOY (Emergency Forest Restoration)	-	-	-	-	-36,002		-12,002	
Obligations	1,582,087	11,293	1,714,785	11,359	1,740,515	11,295	1,544,799	10,425
Obligations under other USDA appropriations:								
Foreign Agricultural Service	4,601	20	4,714	22	4,897	25	4,934	25
Risk Management Agency	2,863	14	2,501	15	3,104	16	3,150	16
Food & Nutrition Service	1,979	18	-	-	-	-	-	-
Agricultural Marketing Service	530	5	1,024	8	1,327	10	1,342	10
Natural Resources Conservation Service	793	7	1,028	6	1,712	6	1,530	6
Flying Contracts	10,845	-	10,392	-	10,550	-	10,550	-
Farm Bill	25,287	3	4,323	-	1,177	-	-	-
CCC to Administer P.L. 480 Title II Grants	6,410	38	7,089	48	7,081	48	-	-
Miscellaneous	37,621	7	26,251	6	11,995	6	11,513	6
Total, Other USDA	90,929	112	57,322	105	41,843	111	33,019	63
Total, Agriculture Appropriations	1,673,016	11,405	1,772,107	11,464	1,782,358	11,406	1,577,818	10,488
Other Federal Funds:								
Sale of Aerial Photographs	449	3	605	6	450	3	590	3
Warehouse Examinations	5,104	40	3,297	29	4,300	39	4,300	39
Total, Other Federal	5,553	43	3,902	35	4,750	42	4,890	42
Non-Federal Funds								
Loan Service Fee Financing	1,730	22	1,858	33	1,856	33	1,257	33
Producer Measurement Service	1,051	14	938	13	937	13	1,576	13
Farm Bill	27,774	836	27,943	644	1,999	55	-	-
Miscellaneous	1,794	4	1,822	2	2,064	5	1,839	5
Total, Non-Federal	32,349	876	32,561	692	6,856	106	4,672	51
Total, FSA	1,710,918	12,324	1,808,570	12,191	1,793,964	11,554	1,587,380	10,581

FARM SERVICE AGENCY

Permanent Positions by Grade and Staff Year Summary
2015 and 2016 Actuals and Estimated 2017 and 2018

Item	2015Actual			2016 Actual			2017 Estimate			2018 President's Budget		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive Service…..	11	0	11	14	0	14	14	0	14	14	0	14
Senior Level…………………	0	0	0	0	0	0	0	0	0	0	0	0
GS 15………………………	59	47	106	59	47	106	59	47	106	59	47	106
GS 14………………………	138	7	145	146	6	152	146	6	152	146	6	152
GS 13………………………	364	392	756	410	368	778	410	368	778	379	350	729
GS 12………………………	281	927	1,208	306	907	1,213	306	907	1,213	306	780	1,086
GS 11………………………	44	511	555	103	465	568	103	465	568	103	465	568
GS 10………………………	0	0	0	0	0	0	0	0	0	0	0	0
GS 9………………………	64	231	295	62	317	379	62	317	379	66	238	304
GS 8………………………	25	22	47	22	36	58	22	36	58	25	23	48
GS 7………………………	42	649	691	46	664	710	46	664	710	46	664	710
GS 6………………………	11	55	66	7	70	77	7	70	77	7	70	77
GS 5………………………	2	57	59	8	87	95	8	87	95	8	87	95
GS 4………………………	0	0	0	12	0	12	12	0	12	12	0	12
GS 3………………………	0	0	0	0	0	0	0	0	0	0	0	0
GS 2………………………	0	0	0	0	0	0	0	0	0	0	0	0
Other Graded Positions.........	9	1	10	3	0	3	3	0	3	8	1	9
Total Permanent Positions....	1,050	2,899	3,949	1,198	2,967	4,165	1,198	2,967	4,165	1,179	2,731	3,910
Total, Permanent Full-Time Employment, end-of-year.......................	1,185	2,735	3,920	1,164	2,968	4,132	1,147	2,888	4,035	1,077	2,708	3,785
Staff-Year Estimate..............	1,180	2,750	3,930	1,147	2,951	4,098	1,157	2,954	4,111	1,077	2,708	3,785

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

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

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

2/ Changes to the motor vehicle fleet.

For FY 2017 there are a total of 114 planned disposals of 77 Sedans/Wagons, 21 Light trucks 4X2 and 16 4X4 Vechicles. In 2018, there is a planned disposal of one Sedan/Wagon for a net loss of one vehicle.

3/ Replacement of passenger motor vehicles. All vehicles proposed for replacement vehicles have a mileage of more than 60,000 miles or 7 years of age.

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

5/

Fiscal Year	Number of Vehicles by Type *								Annual Operating Costs ($ in 000) **
	Sedans and Station Wagons	Light Trucks, SUVs, and Vans		Medium Duty Vehicles	Ambu-lances	Buses	Heavy Duty Vehicles	Total Number of Vehicles	
		4X2	4X4						
2015 Actual	352	268	0	73	0	0	2	695	$3,304
Change	-5	+16	+85	-73	0	0	0	+23	+365
2016 Actuals	347	284	85	0	0	0	2	718	$3,669
Change	-77	-21	-16	0	0	0	0	-114	+530
2017 Estimate	270	263	69	0	0	0	2	604	$4,199
Change	-1	0	0	0	0	0	0	-1	0
2018 Estimate	269	263	69	0	0	0	2	603	$4,199

* Numbers include vehicles owned by the agency and leased from commercial sources or GSA.
** Excludes acquisiton costs and gains from sale of vehicles as shown in FAST.

FARM SERVICE AGENCY

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

Salaries and Expenses (Including Transfers of Funds):

For necessary expenses of the Farm Service Agency, [$1,200,180,000]$1,130,163,000: Provided, **[**That not more than 50 percent of the $129,546,000 made available under this heading for information technology related to farm program delivery, including the Modernize and Innovate the Delivery of Agricultural Systems and other farm program delivery systems, may be obligated until the Secretary submits to the Committees on Appropriations of both Houses of Congress a plan for expenditure that (1) identifies for each project/investment over $25,000 (a) the functional and performance capabilities to be delivered and the mission benefits to be realized, (b) the estimated lifecycle cost, including estimates for development as well as maintenance and operations, and (c) key milestones to be met; (2) demonstrates that each project/investment is, (a) consistent with the Farm Service Agency Information Technology Roadmap, (b) being managed in accordance with applicable lifecycle management policies and guidance, and (c) subject to the applicable Department's capital planning and investment control requirements; and (3) has been reviewed by the Government Accountability Office and approved by the Committees on Appropriations of both Houses of Congress: Provided further, That the agency shall submit a report by the end of the fourth quarter of fiscal year 2016 to the Committees on Appropriations and the Government Accountability Office, that identifies for each project/investment that is operational (a) current performance against key indicators of customer satisfaction, (b) current performance of service level agreements or other technical metrics, (c) current performance against a pre-established cost baseline, (d) a detailed breakdown of current and planned spending on operational enhancements or upgrades, and (e) an assessment of whether the investment continues to meet business needs as intended as well as alternatives to the investment: Provided further,**]** That the Secretary is authorized to use the services, facilities, and authorities (but not the funds) of the Commodity Credit Corporation to make program payments for all programs administered by the Agency: Provided further, That other funds made available to the Agency for authorized activities may be advanced to and merged with this account: Provided further, That funds made available to county committees shall remain available until expended **[**: Provided further, That none of the funds available to the Farm Service Agency shall be used to close Farm Service Agency county offices: Provided further, That none of the funds available to the Farm Service Agency shall be used to permanently relocate county based employees that would result in an office with two or fewer employees without prior notification and approval of the Committees on Appropriations of both Houses of Congress**]**.

The first change proposes deletion of the language included in the 2016 Enacted, specifying the funding levels for MIDAS and farm program delivery as well as the request for a project/investment expenditure plan. Since this was a non-recurring provision applicable to fiscal year 2016 only, retention of the language in fiscal year 2018 is unnecessary.

The second change proposes deletion of the language included in the 2016 Enacted, prohibiting office closures and limiting employee relocations. Since this was a non-recurring provision applicable to fiscal year 2016 only, retention of the language in fiscal year 2018 is unnecessary. In addition these restrictions limit FSA's ability to respond to changing customer needs and program delivery methods.

FARM SERVICE AGENCY

Lead-Off Tabular Statement

Salaries and Expenses

Budget Estimate, 2018..........	$1,428,051,000
2017 Annualized Continuing Resolution..........	1,507,189,000
Change in Appropriation..........	-79,138,000

FARM SERVICE AGENCY

Summary of Increases and Decreases
(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Discretionary Appropriation:					
Direct Programs………..…………………	$1,200,180	0	-$2,282	-$67,735	$1,130,163
Farm Loan Programs………..……………	306,998	0	-583	-9,029	297,386
Other Credit Programs………..…………	2,882	0	-6	-2,374	502
Total Discretionary Appropriations	$1,510,060	+0	-$2,871	-$79,138	$1,428,051

FARM SERVICE AGENCY

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

Program	2015 Actual		2016 Actual		2017 Estimate		Inc. or Dec		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Appropriations:										
Total Appropriations	$1,510,060	11,293	$1,510,060	11,359	$1,507,189	11,295	$-79,138	-870	$1,428,051	10,425
Rescissions and Transfers:										
Program Transfers										
Farm Loan Programs	-306,998	-2,245	-306,998	-2,174	-306,415	-2,214	9,029	92	-297,386	-2,122
Transfer Out			-4,782							
Other Credit Programs	-2,882	-24	-2,882	-24	-2,876	-24	2,374	20	-502	-4
Total Appropriation	1,200,180	9,024	1,195,398	9,161	1,197,898	9,057	-67,735	-758	1,130,163	8,299
Transfers In:										
Cong. Relations	135	-	135	-	-	-	-	-	-	-
Credit Reform Transfers	309,880	2,269	309,880	2,198	309,291	2,238	-11,403	-112	297,888	2,126
Subtotal	310,015	2,269	310,015	2,198	309,291	2,238	-11,403	-112	297,888	2,126
Rescission		-		-	-	-	-	-	-	-
Sequestration		-	-	-	-	-	-	-	-	-
Bal. Available, SOY	47,907	-	33,647	-	13,209	-	-13,209	-	-	-
Recoveries, Other (Net)	-	-		-	3,313	-	-3,313	-	-	-
Total Available	1,558,102	11,293	1,539,060	11,359	1,523,711	11,295	-95,660	-870	1,428,051	10,425
Lapsing Balances	-56,404	-	-2,988	-	-	-	-	-	-	-
Bal. Available, EOY	-27,000	-	-19,282	-	-	-	-	-	-	-
Total Obligations	1,474,698	11,293	1,516,790	11,359	1,523,711	11,295	-95,660	-870	1,428,051	10,425

FY 2016 total appropriation includes interchange transfer out of -$4,782 to the Agricultural Credit Insurance Fund.

FARM SERVICE AGENCY

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

Program	2015 Actual		2016 Actual		2017 Estimate		Inc. or Dec.		2018 President's Budget	
	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs	Amount	SYs
Discretionary Obligations:										
Direct Obligations………..............................	$1,164,818	9,024	$1,211,692	9,161	$1,214,420	9,057	-$84,257	-758	$1,130,163	8,299
Farm Loan Program……….........................	306,998	2,245	306,998	2,126	306,415	2,214	-9,029	-92	297,386	2,122
Other Credit Programs.................................	2,882	24	2,882	72	2,876	24	-2,374	-20	502	4
Total Reimbursable Obligations..............	309,880	2,269	309,880	2,198	309,291	2,238	-11,403	-112	297,888	2,126
Total Obligations...	1,474,698	11,293	1,521,572	11,359	1,523,711	11,295	-95,660	-870	1,428,051	10,425
Lapsing Balances...	56,404	-	2,988	-	-	-	-	-	-	-
Bal. Available, EOY..	27,000	-	19,282	-	-	-	-	-	-	-
Total Available...	1,558,102	11,293	1,543,842	11,359	1,523,711	11,295	-95,660	-870	1,428,051	10,425
Transfers In..	-309,880	-	-309,880	-	-309,291	-	+11,403	-	-297,888	-
Transfers Out...	-	-	-4,782	-	-	-	-	-	-	-
Cong. Relations……………………….........	-135		-135							
Rescission..	-	-		-	-	-	-	-	-	-
Sequestration...										
Bal. Available, SOY..	-47,907	-	-33,647	-	-13,209	-	+13,209	-	-	-
Other Adjustments (Net)...................................	-	-	-	-	-3,313	-	+3,313	-	-	-
								-		
Total Appropriation......................................	1,200,180	11,293	1,195,398	11,359	1,197,898	11,295	-67,735	-870	1,130,163	10,425

Justification of Increases and Decreases

A net decrease of $79,138,000 and 918 staff years for Farm Service Agency Salaries and Expenses, of which 870 is from direct appropriation and 48 staff years supported the administration of P.L. 480 Title II Grants ($1,507,189,000 and 11,295 direct staff years available in 2017)

1) A net decrease of $50,443,000 and 326 total staff years (278 direct staff years and 48 staff years supporting the administration of P.L. 480 Title II Grants) for Federal Offices ($837,122,000 and 3,958 staff years available in 2017)

FSA's priority in FY 2018 will be to continue to strengthen the farm financial safety net to create rural prosperity through the successful implementation and administration of new, revised and continued programs authorized by the 2014 Farm Bill. These programs support farmers and ranchers through times of economic stress or natural disasters and play a significant role in achieving USDA's objective of ensuring a competitive agricultural system.

The funding change is requested for the following items:

a. An increase of $5,438,000 for pay cost ($1,279,000 for annualization of the 2017 pay increase and $4,159,000 for the 2018 pay cost increase).

The proposed funding level is needed to cover pay and benefit cost increases for existing staff. This will ensure adequate resources are available for the office to carry out its full range of responsibilities and support USDA program delivery.

b. A decrease of $31,515,000 and 278 direct staff years for salaries and benefits.

FSA will propose a number of streamlining efforts such as consolidating administrative organizations that are accomplishing similar functions. This will allow the agency to realign personnel to accomplish other mission critical functions. In addition, FSA will invest in workflow automation initiatives, using base funding, to transform, where feasible, from manual to automated processes. FSA is already in the process of researching reorganization possibilities in the program areas. Additionally, FSA will make strategic reductions through a hiring freeze and natural attrition, to the greatest degree possible, and the use of VERA/VSIP authority if necessary. FSA's goal is to continue to provide acceptable levels of customer service with our efforts to streamline the agency.

c. A decrease of $5,126,000 in operating expenses.

Federal expenses includes headquarters oversight and field office farm loan program activity. While FSA's loan portfolio continues to grow and mandatory programs are not diminishing, FSA is working to further reduce operating costs. FSA is working on a high level Agency Reform plan to decrease operating expenses through more efficient use of travel and postage and reductions in contract services.

d. A decrease of $19,240,000 for Information Technology (IT).

FSA plans, acquires and manages information technology resources (technology, data, people and applications) that enable business processes and program delivery systems to support the mission of FSA and USDA. Information technology provides resources and services to ensure operational availability, security and integrity of the current portfolio of information technology applications and services – services that are used every day by over 11,000 FSA employees, thousands of USDA partner Agency employees, and over 8 million customers. FSA program delivery is currently supported in a mixed environment of centralized web-based applications, mainframe applications, cloud-based and Commercial off the Shelf (COTS) applications which operate within the USDA Enterprise Data Centers and Network. While FSA has responsibility for all FSA information technology service delivery, FSA partners with the USDA Client Technology Services (CTS), National Information Technology Center (NITC) and National Finance Center (NFC) to provide a full range of information technology services.

Continuation of the program is critical because information technology supports the automation of:

- Farm programs which encompass the development, implementation and execution of complex farm and agricultural policies to fulfill the legislative mandates of the 2014 Farm Bill and other legislation, as required. To execute most programs, FSA is required to collect substantial amounts of land, crop, producer and market data which is used as the basis for delivering services and benefits throughout the country by FSA state offices and locally by over 2,100 FSA county offices.

- Farm loan programs provide capital to American farmers and ranchers through ownership, operating, and emergency loans. The farm loan programs act as a lender of first opportunity to new and socially disadvantaged farmers and ranchers who are unable to obtain credit through commercial lenders, enabling them to establish or stabilize their operations in the face of financial hardship and/or natural disasters. Farm loan programs are administered through a network of 850 USDA Service Centers, 50 State offices, the National Financial and Accounting Operations Center and National Program Office.

- Commodity operations which supports domestic food programs that serve over 30 million Americans and are administered through 98 State Distributing Agencies (SDAs) supporting over 100,000 Recipient Agency (RA) school districts, food banks, and feeding centers, and 110 Indian Tribal Organizations (ITOs) supporting over 75,000 program participants. USDA Foods account for nearly 20 percent of the value of school districts food purchases menus and serve food insecure groups such as senior citizens, Native Americans, and low income citizens through household programs. FSA orders, purchases, and delivers 5.4 billion pounds of domestic food products annually, valued at more than $3 billion.

Base IT funding supports the FSA objective to increase operational effectiveness.

Funds will be used for information technology services, hardware and software. New efficiencies are expected through improved management of FSA's hardware and software inventory, increased efficiencies in image capturing, processing and distribution of the National Agricultural Imagery Program, improved use of FSA's enterprise architecture to control complexity in information technology, increased system availability and reliability through the stabilization of information technology operations, and improved efficiency of software delivery.

The net decrease of $19,240,000 for IT includes:

i. <u>A decrease of $21,051,000 for farm program modernization.</u>

FSA has realized operational efficiencies of the Modernize and Innovate the Delivery of Agricultural Systems (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. In addition, FSA strategically halted new development in fiscal year 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. Based on the third-party analysis, an alternatives analysis was completed in fiscal year 2017. The future direction of the MIDAS investment will be determined based on the alternatives analysis.

ii. <u>A decrease of $17,681,000 for operations and maintenance of information technology systems.</u>

To more effectively plan and manage information technology operations and maintenance costs, FSA increased visibility into efforts to continually improve IT solutions to support current and updated business needs in response to legislative, regulatory, policy, and business functional changes. Updates to FSA's process for identifying, authorizing and managing information technology work decreases operations and maintenance costs and allowing funds to be directed to strategic modernization efforts and thoughtful, targeted enhancements supporting continuous program enablement. In addition, FSA improved oversight of its inventory of hardware and software equipment supporting operations in headquarters, state and county offices. FSA reduced excess equipment from the inventory which decreases future costs. FSA also is updating its equipment management policies to align use of government equipment to the requirements of job functions which will further eliminate unnecessary costs

iii. An increase of $16,100,000 for CCC audit readiness.

To support CCC audit readiness, FSA seeks to integrate its financial management systems to provide reconciliation of financial transactions addressing funds control requirements in preparation for future CCC audits and enabling publication of accurate CCC and consolidated FSA financial statements. This integration includes enhancements and integration of financial management systems and systems directly supporting program delivery. Continued migration of farm loan programs accounting from legacy mainframe technology to FSA's centralized enterprise accounting system and integration of farm programs obligations with FSA's financial systems will fully integrate FSA's financial management, increasing transparency and accountability. In addition, county office employees will gain operational efficiencies as the financial interface for farm programs and farm loan programs is standardized.

iv. An increase of $6,850,000 for enterprise data warehouse.

FSA has significant need to produce reports and analytics for field operations as well as executive decision making. FSA initiated a project in 2015 to build a reporting and analytics system and this system is currently in production. The first phase of this development consisted of data related to organization, location, business partner, farm records and crop acreage data that is historical. FSA will continue to expand these capabilities to other data domains to best support mission needs and priorities.

v. An increase of $2,918,000 for Bridges to Opportunity.

To sustain the use of the Bridges to opportunity service (BTO or Bridges) to provide farmers, ranchers and anyone interested in agriculture with information on topics ranging from organic production, beginning farmer resources, integrated pest management, disaster assistance that can benefit and grow a farming and ranching operation – helping more farmers, ranchers or anyone interested in agriculture achieve their version of the American Dream. FSA footprint of over 2,100 county offices and over 11,000 full-time employees serve as the place to go for farmers and other customers looking for information by offering a full continuum of available resources provided locally by USDA agencies, other units of federal, state and local government, or strategic not-for-profit partners. FSA offices serving as the bridge or connector to opportunities will ultimately help our customers be more successful and the greater agricultural economy thrive.

vi. A decrease of $3,776,000 for the National Agricultural Imagery Program (NAIP).

Historically, NAIP had been executed as a three year cycle program, meaning each state was imaged every three years. Due to efficiencies in image capturing, processing and distribution, FSA has been able to image additional states each year, equating to some states being imaged every two years and annually. FSA will return to the original three year cycle envisioned for this program.

vii. A decrease of $2,600,000 for information technology management.

FSA continues to incrementally develop a comprehensive blueprint of agency business processes and needs to provide a common understanding of the agency and its alignment with strategic objectives and tactical demands. This blueprint is used to create information technology systems with a common look and feel to improve efficiencies for county office employees. Incremental investment in effective, repeatable processes and tools to deliver information technology solutions for less cost and higher quality also continue.

2) A net decrease of $28,695,000 and total staff years of 592 (592 direct staff years) for Non - Federal Offices ($670,067,000 and 7,337 staff years available in FY 2017).

a. An increase of $6,999,000 for pay cost ($1,706,000 for annualization of the 2017 pay increase and $5,293,000 for the 2018 pay cost increase).

The proposed funding level is needed to cover pay and benefit cost increases for existing staff. This will ensure adequate resources are available for the office to carry out its full range of responsibilities and support USDA program delivery.

b. A decrease of $40,499,000 and 592 direct staff years in salaries and benefits.

FSA is developing a high level Agency Reform Plan to include long-term workforce reductions. FSA will identify key delivery points and streamline efforts to achieve reductions in staffing. The Agency's goal is to right size its workforce and redistribute FSA's human capital in order to maintain acceptable levels of customer service. Additionally, FSA will make strategic reductions through a hiring freeze and natural attrition, to the greatest degree possible, and the use of VERA/VSIP authority if necessary.

c. A decrease of $1,510,000 in operating expenses.

FSA is working diligently to maintain current levels of service in administering mandatory programs while meeting existing budget constraints. FSA will reduce operating expenses by while balancing travel requirements necessary to ensure the safety and security of federal programs, as well as reduce postage costs required to provide informational material such as newsletters notifying producers of program availability and deadlines. Non-Federal offices will limit supplies and equipment to the levels that are essential to conduct program administration.

d. An increase of $6,315,000 in rent.

FSA had a large group of building leases which were written under the prior leasing authority, effective ten to twenty years ago and that are expiring at a similar time. There are approximately 244 leases that will need to be renewed in 2018. In addition FSA has about 500 leases that expired in 2017 and will need additional financial resources in 2018 to pay for the increased lease amounts. All of these leases are expected to increase significantly, because they have not seen any increases for several years. Efforts are being made to even out the timing of future lease renewals to avoid large increase in the lease expense in a single year.

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

State/Territory	2015 Actual		2016 Actual		2017 Estimate		2018 President's Budget	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama	$18,329	187	$17,247	191	$17,261	190	$15,669	177
Alaska	943	7	1,074	9	1,075	9	976	8
Arizona	4,556	42	4,280	46	4,284	46	3,889	42
Arkansas	21,894	251	20,994	250	21,011	249	19,074	232
California	15,145	161	14,491	165	14,503	164	13,166	153
Caribbean	4,438	43	4,181	37	4,184	37	3,799	34
Colorado	14,130	139	12,743	140	12,754	139	11,577	130
Connecticut	1,827	12	1,511	18	1,512	18	1,373	17
Delaware	1,735	11	1,719	17	1,720	17	1,562	16
District of Columbia	522,217	1,096	615,139	1,026	621,329	1,003	608,872	852
Florida	10,790	104	9,934	110	9,942	110	9,025	102
Georgia	26,207	296	25,372	315	25,393	314	23,051	292
Hawaii	3,147	23	3,117	30	3,120	30	2,832	28
Idaho	12,449	129	11,859	131	11,869	131	10,774	121
Illinois	46,283	521	43,204	516	43,240	514	39,252	478
Indiana	30,978	338	29,554	368	29,578	367	26,851	341
Iowa	53,226	621	48,969	652	49,009	649	44,490	604
Kansas	44,666	476	41,310	512	41,344	510	37,531	474
Kentucky	29,753	341	29,128	347	29,152	346	26,464	321
Louisiana	17,959	189	16,735	189	16,749	188	15,204	175
Maine	5,612	47	5,401	54	5,405	54	4,907	50
Maryland	7,248	63	6,375	65	6,380	65	5,792	60
Massachusetts	3,236	26	3,203	34	3,206	34	2,910	31
Michigan	21,780	247	21,188	245	21,205	244	19,250	227
Minnesota	38,344	437	36,558	382	36,588	380	33,214	354
Mississippi	24,349	254	22,099	224	22,117	223	20,078	208
Missouri	39,420	423	37,200	390	37,231	388	33,797	361
Montana	20,772	213	19,613	203	19,629	202	17,819	188
Nebraska	38,908	419	36,379	400	36,409	398	33,051	371
Nevada	2,358	17	2,212	22	2,214	22	2,010	20
New Hampshire	2,018	12	2,018	20	2,020	20	1,833	19
New Jersey	3,768	27	3,488	31	3,491	31	3,169	29
New Mexico	7,056	69	6,718	73	6,724	73	6,104	68
New York	16,174	171	15,876	176	15,889	175	14,424	163
North Carolina	29,869	328	28,786	337	28,810	336	26,153	312
North Dakota	28,578	311	27,170	324	27,192	323	24,685	300
Ohio	28,948	330	27,314	304	27,337	303	24,816	282
Oklahoma	29,496	322	28,344	329	28,367	328	25,751	305
Oregon	10,005	96	9,611	91	9,619	91	8,732	84
Pennsylvania	17,394	191	16,413	190	16,427	189	14,912	176
Rhode Island	1,040	4	957	9	958	9	869	8
South Carolina	13,396	137	12,584	140	12,594	139	11,433	130
South Dakota	30,384	326	29,294	344	29,318	343	26,615	319
Tennessee	25,481	262	23,186	258	23,205	257	21,065	239
Texas	64,538	687	60,330	724	60,367	721	54,812	671
Utah	7,443	71	7,379	72	7,385	72	6,704	67
Vermont	4,714	38	4,566	44	4,570	44	4,148	41
Virginia	17,619	179	16,955	189	16,969	188	15,404	175
Washington	11,007	107	10,331	116	10,340	116	9,386	107
West Virginia	8,442	79	8,576	88	8,583	88	7,792	82
Wisconsin	28,180	342	27,756	344	27,779	343	25,217	319
Wyoming	6,449	60	6,349	68	6,354	68	5,768	63
Obligations	1,474,698	11,293	1,516,790	11,359	1,523,711	11,295	1,428,051	10,425
Lapsing Balances	56,404		2,988					
Bal. Available, EOY	27,000		19,282					
Total, Available or Estimate	1,558,102	11,293	1,539,060	11,359	1,523,711	11,295	1,428,051	10,425

FARM SERVICE AGENCY

Classification by Objects

(Dollars in thousands)

		2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
Personnel Compensation:					
	Washington D.C.	$100,775	$100,896	$114,485	$106,245
	Field	202,454	214,793	212,614	201,493
11	Total personnel compensation	303,229	315,689	327,099	307,738
12	Personal benefits	101,297	111,331	108,218	101,503
13.0	Benefits for former personnel	254	398	0	0
	Total, personnel comp. and benefits	404,780	427,418	435,317	409,241
Other Objects:					
21.0	Travel and transportation of persons	10,619	12,149	9,578	8,764
22.0	Transportation of things	1,585	1,832	1,999	1,829
23.1	Rental payments to GSA	24,620	24,831	24,949	24,949
23.2	Rental payments to others	4,687	3,505	2,597	2,597
23.3	Communications, utilities, and misc. charges	913	44	62	62
23.3	Postage	7,255	5,786	336	307
24.0	Printing and reproduction	1,026	1,090	781	715
25	Other contractual services	361,028	367,867	366,103	332,912
25.3	Other purchases of goods and services from Federal sources (DHS)	3,138	3,352	3,352	3,352
26.0	Supplies and materials	1,963	1,160	1,138	1,041
31.0	Equipment	6,322	797	994	909
41.0	Grants	646,558	666,959	676,505	641,373
42.0	Insurance claims and indemnities	204	0	0	0
43.0	Interest and dividends	0	0	0	0
	Total, Other Objects	1,069,918	1,089,372	1,088,394	1,018,810
99.9	Total, new obligations	1,474,698	1,516,790	1,523,711	1,428,051

	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
Position Data:				
Average Salary (dollars), ES Position	$169,855	$173,214	$174,557	$177,044
Average Salary (dollars), GS Position	$78,424	$77,535	$79,614	$80,748
Average Grade, GS Position	11.0	11.0	11.0	11.0

FARM SERVICE AGENCY

Shared Funding Projects

(Dollars in thousands)

	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
Working Capital Fund:				
Adminstration:				
HR Enterprise System Management	-	154	154	241
Integrated Procurement System	304	297	298	361
Mail and Reproduction Management	853	1,260	670	727
Material Management Service Center	212	217	273	268
Procurement Operations Division	147	179	67	78
Subtotal	1,516	2,107	1,462	1,675
Communications:				
Creative Media & Broadcast Center	276	297	754	473
Finance and Management:				
National Finance Center	4,592	5,115	4,886	10,286
Financial Management Services	21,374	14,574	7,142	6,596
Internal Control Support Services	470	549	644	631
Subtotal	26,436	20,238	12,672	17,513
Information Technology:				
National Information Technology Center	24,446	25,826	23,093	21,521
Client Technology Service	95,593	85,681	91,487	83,367
Subtotal	120,039	111,507	114,580	104,888
Correspondence Management	439	393	381	343
Total, Working Capital Fund	**148,706**	**134,542**	**129,849**	**124,892**
Departmental Shared Cost Programs:				
1890's USDA Initiatives	335	389	455	409
Advisory Committee Liaison Services	-	-	7	7
Classified National Liaison Services	121	63	65	59
Continuity of Operations Planning	255	246	256	230
Emergency Operations Center	272	288	283	255
Facility and Infrastructure Review and Assessment	54	53	54	49
Faith-Based Initiatives and Neighborhood Partnerships	46	47	48	44
Hispanic-Serving Institutions National Program	219	216	240	216
Honor Awards	9	9	9	8
Human Resources Transformation	207	189	213	191
Identity & Access Management (HSPD-12)	813	831	816	734
Intertribal Technical Assistance Network	372	377	370	333
Medical Services	77	97	107	96
People's Garden	87	79	80	72
Personnel Security Branch (formerly PDSD)	101	175	215	194
Preauthorizing Funding	456	458	449	404
Retirement Processor/Web Application	72	71	73	65
TARGET Center	168	177	175	158
USDA 1994 Program	87	85	94	85
Virtual University	238	244	240	216
Total, Departmental Shared Cost Programs	**3,989**	**4,094**	**4,249**	**3,825**

FARM SERVICE AGENCY
Shared Funding Projects
(Dollars in thousands)

	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
E-Gov:				
Budget Formulation and Execution Line of Business..................	12	11	11	11
Enterprise Human Resources Intigration......................................	254	241	236	236
E-Training..	334	398	-	-
Financial Management Line of Business......................................	20	17	12	12
Human Resources Management Line of Business........................	33	34	34	35
Integrated Acquisition Environment...	80	468	937	956
Integrated Acquisition Environment - Loans and Grants.............	228	-	-	-
Disaster Assistance Improvement Plan...	45	43	42	42
E-Rulemaking..	96	36	2	2
Geospatial Line of Business..	-	23	13	13
GovBenefits.gov..	154	127	98	100
Grants.gov..	65	-	-	-
Total, E-Gov..	**1,321**	**1,398**	**1,385**	**1,407**
Agency Total..	**154,016**	**140,034**	**135,483**	**130,124**

FARM SERVICE AGENCY
SALARIES AND EXPENSES

Status of Programs

Current Activities:

FSA's major program areas are:

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

Administrative Efficiencies

Commodity Credit Corporation (CCC) Audit. CCC as a corporation has been audited since the early 1990's. The corporation has a long history of clean audits, despite the complexity of accounting for farm programs, each with unique qualifications and terms. The auditor gave an unmodified (clean) opinion on the CCC balance sheet for FY 2016. The auditor identified weakness in accounting estimates, maintenance of accounting records and general information technology controls. CCC has developed corrective action plans to address these weaknesses and is in the process of completing them by September 30, 2017.

Improper Payments and Related Compliance (Based on FY 2016 Review Cycle). The FY 2016 Improper Payment Information Act (IPIA) Review Cycle included a statistical sample of the following programs designated as high risk: Emergency Conservation-Hurricane Sandy (ECP-Sandy), Emergency Forest Restoration-Hurricane Sandy (EFRP-Sandy) (designated as high risk by Hurricane Sandy legislation), Loan Deficiency Payments (LDP), Livestock Indemnity (LIP), Livestock Forage Disaster (LFP), Supplemental Revenue Assistance Payments (SURE), and Noninsured Crop Disaster Assistance (NAP). With the exceptions of LIP and SURE, all programs reported a projected improper payment rate of less than 10 percent. For LIP, FSA attributed the majority of improper payments to administrative or process errors made by agency staff. To reduce the improper payment error rate, the agency issued new procedures on implementation of the program to State and County Offices and provided national training to FSA employees. The SURE Program has expired and was not reauthorized under the Agricultural Act of 2014. To reduce the improper payment error rate, the agency issued directives to all State and County Offices to conduct second party reviews before finalizing any payments related to prior year adjustment payments.

Furthermore, ECP-Sandy and EFRP-Sandy reported actual improper payment rates of 0.18 percent and 1.44 percent respectively, less than the FY 2016 target rates of 0.60 percent and 1.50 percent, respectively.

Also, in coordination with Office of Management and Budget (OMB) and Office of the Chief Financial Officer, FSA provided assurances to continue to review, and risk assess, and began to statistically sample several major programs – Agriculture Risk Coverage (ARC), Price Loss Coverage (PLC) and the Margin Protection Program for Dairy Producers (MPP-Dairy) – to determine if these programs should remain categorized as high risk.

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. The Consolidated and Further Continuing Appropriations Act of 2015 directed FSA to conduct an independent review of FSA's workload analysis methods and determine a clear path forward to ensure that the agency continues to provide the highest level of customer service. FSA subsequently contracted with the National Academy of Public Administration (NAPA) to conduct the independent review.

NAPA published the independent review in September, 2016. The review provided recommendations to FSA to further improve the existing processes. NAPA's review of FSA's customer service found that the agency enjoys a strong reputation for customer service. NAPA has found as part of their study that FSA's in-person service delivery model faces a number of significant challenges including budget constraints, increasing workload from ever changing mandates, increasing efforts to focus more intensively on outreach to historically underserved customer groups, changes in technology, and customer service delivery preferences, among others.

The report provided several major recommendations: 1) Improve the efficiency and quality of in-person service delivery, while developing online/self-service delivery options; 2) Adapt programs, delivery and outreach to meet the needs of historically underserved and new/beginning producers; 3) Institutionalize an integrated agency-wide approach to customer service; 4) Build workforce capacity and skills; and 5) Improve workload analysis.

FSA has conducted a review of these recommendations and begun researching, prioritizing and implementing recommendations 1-4 in the report. In addressing recommendation #5 in the report a dedicated project management team was established in 2016 to manage the development, communications and feedback on the workload analysis and staffing model. A senior-level governance process was established in April 2016 with the implementation of the charter and establishment of the Managerial Cost Accounting Working Group in June 2016. The current focus has been on improving inputs to the staffing model, improving documentation, communications, and obtaining employee feedback on the model inputs and analytical tools.

Outreach and Education. FSA has strengthened program education and stakeholder engagement efforts. State and county offices participated in over 20,000 activities nationwide in FY 2016, educating producers on FSA programs and USDA initiatives such as New Farmers, Veterans in Ag, StrikeForce, Know Your Farmers, Organic Agriculture. The 4 New Farmer Coordinators headquartered in FSA's VA, GA, NM and KY State Offices, assisted state outreach coordinators with beginning farmer outreach, by providing support and cross–cutting customer service training to enhance partnerships.

Cooperative Agreements. FSA entered into cooperative agreements with 1010 non-federal entities to focus additional outreach and education to those producers in those areas who could benefit from the additional outreach to: (1) increase access to FSA programs and services; and (2) improve technical assistance and financial education related to FSA farm and farm loan programs. About $4.5 million was awarded in FY 2016 and announced to be awarded in January 2017 to nonprofits that have a 501 c(3) status with the IRS and public and State controlled institutions of higher education to provide additional outreach for producers including new and beginning farms, veterans, underserved communities, and /or established producers. Cooperative agreements between $20,000 and $99,999 were awarded to non-federal entities providing outreach, technical, or financial assistance for the benefit of every state.

Strike Force. FSA has partnered with other agencies within USDA on the Strike Force Initiative to provide relief to persistent high-poverty counties through a team concept. The initiative helps improve outreach methods to help increase awareness of and participation in USDA's programs, as well as provide additional economic benefits to these areas in order to create sustainability in these distressed areas. In FY 2016, Strike Force served 25 states and Puerto Rico, and operated in 970 counties.

Know Your Farmer Know Your Food, Organic Champions. White House Initiative on Asian American and Pacific Islanders, Native American Working Group, Environmental Justice and other initiatives. FSA has 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. Outreach activities conducted to increase access to USDA programs include: webinars, stakeholder discussions, reporting analysis and providing facilitated referrals to other USDA agencies. Several producers were not aware of some of the cross cutting USDA programs available to assist them in areas from extending their growing seasons to obtaining USDA program information in their native language. Examples of some of the activities conducted across the nation include: 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 to educate AAPI partners of the new translation service available in all county offices. 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.

Bridges to Opportunity (BTO) – BTO is an FSA service that provides 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 this service is enabled by an information technology (IT) customer service platform that provides customers a comprehensive Customer Summary of their visit that contains the agricultural resources and referrals they requested, and also fulfills the congressionally mandated Receipt for Service requirement. Leveraging FSA's relationships with its nearly two million customers, BTO involves working with other USDA agencies and non-federal partners to provide farmers and ranchers with information on topics that include organic production, beginning farmer resources, integrated pest management, disaster assistance, conservation practices, agricultural education courses, loans, grants, and other information, and financial assistance that can benefit and grow farming and ranching operations.

Providing the BTO service to a traditional FSA customer may occur when the customer calls or visits the office to complete routine FSA program business. Through the visit, the customer may inquire about other agricultural information or assistance that may help in their farming operation, beyond the FSA programs they participate in. The FSA employee, using the BTO IT application, is able to quickly search and compile resources to provide to the customer, including but not limited to fact sheets, Web sites, videos, and other information provided by USDA and external partners; identify and provide contact information for or referrals to organizations and individuals with helpful expertise; and provide information on upcoming agricultural events in the area. FSA's role in compiling agricultural resources give the customer a head start on finding precisely what they need.

BTO also is highly effective in reaching target audiences that may have been previously underserved, such as new and beginning farmers or agriculturally-based ethnic communities. In this scenario, a person who is looking for basic information on how to get into agriculture can call or visit an FSA office, and the FSA employee can use the BTO IT application to search, find, compile, and deliver pertinent information to the customer. This type of service departs from FSA's traditional eligibility based programs and services, and allows FSA to help existing and new customers in ways that go beyond FSA's existing programs. Bridges repositions FSA as the connector, or bridge, between the customer seeking assistance to the organization or individual that has the expertise to help them, from within USDA and non-federal organizations.

Modernize and Innovate the Delivery of Agricultural Systems (MIDAS). USDA engaged a Congressional mandated independent third party assessment by the MITRE Corporation to conduct an analysis to determine if the current enterprise solution provides the necessary functionality and is the most cost effective modernization solution. In April 2016, the assessment of MIDAS was completed and the findings were consistent with previous assessments. FSA has begun to implement improvements, such as new governance processes and a smaller iterative approach to delivering IT functionality and solutions. In addition, FSA recently completed an analysis of alternatives for the existing MIDAS application that supports Farm Programs delivery. Final decisions will be determined by the incoming Administration.

Acreage and Crop Reporting Streamlining Initiative ACRSI). A joint FSA and Risk Management Agency (RMA) IT system has been developed to replace duplicative crop reporting of common acreage information by producers to both agencies and their crop insurance provider, saving time and potentially reducing inadvertent data reporting errors. Currently, FSA is exploring critical project decisions concerning policy, infrastructure, and system stability in fully-defining enhancements for the spring 2017 reporting period.

ACRSI was piloted in the spring of 2015 in 30 counties in Iowa and Illinois. The agencies used lessons learned from the pilot to expand statewide reporting in incremental phases to 15 States and all counties in those states in the fall of 2015. For spring crops in 2016, RMA and FSA expanded ACRSI nationwide for 13 major crops that captured over 93% of all reported acres. The FSA/RMA Joint Policy Team have implemented data standards and reporting protocols that will ensure an effective data sharing process between FSA, RMA, and insurance companies.

FSA Programs, Activities and Workload Indicators

FSA programs, activities, and workload indicators in FY 2016 are outlined in the following pages:

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

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

- Data-matching processes that utilize information from the Internal Revenue Service and Social Security Administration 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 Natural Resources Conservation Service (NRCS) and the Risk Management Agency (RMA) use and rely on this information in the administration of conservation and crop insurance programs

Farm Loans

FSA provides several loan programs for beginning, socially disadvantaged, and family size farmers delivered through FSA county service centers. Over the last three fiscal years loan demand has continued to grow, especially for Guaranteed Farm Operating Loans and Direct Farm Operating Loans. Demand for Guaranteed Operating Loans has increased an average of 16.5% per year over that time while demand for Direct Farm Operating Loans has increased an average of nearly 4%.

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 2016, activity under the Agricultural Credit Insurance Fund included:

Number of direct loans	29,603
Dollar value of direct loans	$2,409,213,624

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 2016, activity under the Agricultural Credit Insurance Fund included:

Number of guaranteed loans... 10,048
Dollar value of guaranteed loans.. $3,965,523,160

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 2016, SMG activity included:

Number of Grants made to States………………...40
Dollar value of grants... $3,364,000
Amount of SMG payments issued.. $3,614,519

Income Support and Disaster Assistance

Price Loss Coverage (PLC) provides payments to producers on farms and commodities that have elected and enrolled in PLC for crop years 2014 through 2018. PLC payments are authorized for a covered commodity when the effective price for the commodity is less than the reference price of the commodity. The payment requirement for this program is expected to grow substantially through 2018 from $781 million in FY 2016 to $3.7 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 are issued the later of October 1 of the subsequent crop year or when the marketing year average price is published by USDA for each 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 2016 PLC payments were for the 2014 crop year. FY 2017 and FY 2018 PLC payments will be made for the 2015 and 2016 crop years, respectively.

FY 2016 PLC activity included:

Number of 2016 payments…………………………………………………………………….....141,259
Dollar value of PLC payments made………………………………………………………..... $780,564,254

Agriculture Risk Coverage (ARC) provides payments to producers on farms and commodities that have elected and enrolled in ARC for crop years 2014 through 2018. The ARC program provides producers an option to earn payments to protect against declines in market revenue. Current producers on the farm must elect ARC during the designated election period and then annually enroll the farm from the 2014 crop year to the conclusion of the 2014 Farm Bill. The producer must provide proof of cash lease or share crop information. 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. ARC payments are expected to increase from $4.5 billion in FY 2016 to $6.1 billion in FY 2018. FY 2016 ARC payments were for the 2014 crop year. FY 2017 and FY 2018 ARC payments will be made for the 2015 and 2016 crop years, respectively.

FY 2016 ARC activity included:

Number of 2016 payments……………………………………….…………………...…1,358,003
Dollar value of ARC payments made……………………………………...…………$4,531,795,861

Cotton Transition Assistance Program (CTAP) provides assistance to producers on farms with upland cotton base acres. This assistance bridges the gap between direct program payments for upland cotton and the implementation of the Stacked Income Protection Plan (STAX) administered by the Risk Management Agency. CTAP was only authorized for the 2014 and 2015 crop years. All upland cotton producing countries were eligible for STAX in crop year 2016. For crop year 2015, CTAP payments were issued in FY 2016.

FY 2016 CTAP activity included:

Number of 2016 payments……………………………………….…………………...………3,488
Dollar value of CTAP payments made…………………………………………………….....$2,859,453

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 2016 activity is residual payments related to prior crop years.

FY 2016 ACRE activity included:

Total number of ACRE and Direct payments…..6,747
Dollar value of ACRE and Direct payments made …. ………………………………......………… $12,460,829

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 due to the fall of commodity prices from the peak in 2013. Loan demand has increased from $5.7 billion in FY 2015 to $6.5 billion in FY 2016 to an estimated loan demand of $7.9 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 2016 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 c/	4,802	$1,440,876	0	-$333
Grain Sorghum c/	28	4,821	0	-2
Barley c/	173	16,618	0	1
Oats c/	59	1,549	0	0
Wheat	4,361	450,481	58,365	73,822
Rice c/	1,002	259,955	0	-43
Cotton a/ c/	2,064	1,904,460	41,729	138,981
Soybeans	2,995	613,504	0	-3
Minor Oilseeds c/	107	31,638	0	2
Sugar b/	115	1,012,268	0	0
Peanuts c/	3,543	784,312	26	767
Honey c/	55	4,739	0	0
Pulse Crops c/	67	6,763	0	10

Commodity	Marketing Assistance Loans		Loan Deficiency Payments (LDPs)	
	Number of Loans	**Dollar Value ($000)**	**Number of LDP's**	**Dollar Value ($000)**
Wool	0	0	0	-13
Mohair d/	0	0	0	0
Total	**19,371**	**6,531,984**	**100,120**	**213,188**

a/ Reflects loans made through the county offices. In addition, loans are made through cooperative associations; the number of those loans is not available.
b/ LDP's are not available for sugar.
c/ There was no LDP activity for corn, grain sorghum, barley, oats, rice, cotton, minor oilseeds, peanuts, pulse crops and honey. Minus (-) indicates credit adjustment to the program.
d/ Consolidated Appropriations Act, 2016 restricted FSA from administering Mohair MAL's and LDP's.

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. 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. 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. Computation of the storage need is based on crops grown on the producer's farm(s) during the past three years less any additional storage space currently owned by the applicant. Additionally, county office employees must determine if the proposed project is compliant with local land use laws, zoning and evaluate the potential environmental impacts. The requested loan amount is evaluated to determine credit worthiness of the applicant and whether the applicant's expected cash flow shows any debt exposure that could impact the applicant's ability to make their annual installments. Loan amounts exceeding $100,000, or aggregate loan balances exceeding $100,000, require additional security to be pledged to ensure repayment of the loan in the form of real estate lien or a letter of credit. For FSFL loans secured by real estate, CCC's interest in the real estate shall be superior to other lien-holders, which requires, when necessary, lien subordinations from other lien holders. The loan application can only be approved after the loan applicant and equipment eligibility, and feasibility of loan repayment are determined. Prior to loan approval it must be determined that environmental conditions of the construction site will not place CCC at risk and the required security is obtained. Once approved, FSA county office staff monitor the acquisition and/or construction progress during the six month approval period. During approval period, severance agreements and lien waivers are obtained, verification of all peril structure insurance and flood insurance, if applicable, are obtained from the applicant. Sales documents and receipts are submitted to the county office as evidence of the total cost of the project. The county office then obtains release of liability forms from all contractors and suppliers submitting bills for the FSFL project and obtains proof the applicant has paid the required down-payment amount. FSA again completes an onsite inspection to verify completion of the project as approved. When construction is complete and all documents necessary to disburse the loan are received, the county office perform a final inspection and schedule a loan closing with the applicant. FSFL's secured by real estate are closed by an attorney or title company. Once disbursed, FSFL's require annual servicing (repayments) to collect installment amounts for the applicable 3, 5, 7, 10, or 12 year term 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. CCC's objectives in carrying out its FSFL program is to help producers finance needed storage and handling facilities, storage and handling trucks and equipment to be used for their own production. FSFL financing is not authorized for crop production equipment.

FY 2016 FSFL program activities included:

Farm Storage Facility Loans Closed..……………………………………………………………………….577
Amount of Farm-Storage Facility Loans.. $159,104,683

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. 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. 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 2016 included:

Number of payments………………………………………………………………………………………48
Amount of MPP-Dairy payments...$10,504,220

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 Office Committee (COC) reviews, and approves or disapproves the notice of loss and notifies the producer. The producer files an application for payment once an appraisal or harvest is complete and total production records are obtained. The deadline for filing an Application for Payment is no later than the immediately subsequent crop year acreage reporting date for the crop. Beginning in 2015, producers will be required to file an application for payment within 60 days of the harvest end date. An approved yield is generated for the producer based a 4-10 year average of prior year actual production reported for crop, or the COC assigns a yield according to NAP policy and procedure. The program technician, County Executive Director (CED) and/or District Director reviews 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 2016 included:

Number of actual production history records completed for NAP... 66,797
Number of NAP applications for coverage... 64,441
Amount of NAP payments issued...$137,378,336

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

ELAP activity in FY 2016 included:

Number of 2016 ELAP payments…………….…………………….………………..…..…….….………4,320
Dollar value of ELAP payments……………...$23,668,771

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 2016 included:

Number of 2016 LFP payments…...70,105
Dollar value of LFP payments……………..$451,532,896

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.

LIP activity in FY 2016 included:

Number of 2016 LIP payments…………………………………………………………………...5,088
Dollar value of LIP payments ……………………………………….…………………….... $41,318,621

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 2016 included:

Number of 2016 TAP payments…………...838
Amount of TAP payments ………………………………………...$12,555,069

Tobacco Transition Payment Program (TTPP). TTTP established a revenue program to for FY 2005 through FY 2014 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 2016 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 2016, $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 18.7 million bushels of wheat, 5.7 million bales of upland cotton, and transferred 70 million pounds of peanuts during FY 2016. Remaining inventory is driven primarily by 27,192 pounds of blended food, 222,180 cwt. of dry whole peas, and 10,139 pounds of vegetable oil. Both cotton and peanuts had an ending inventory of zero. The total storage and handling payments made during FY 2016 was $8.8 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 2016, $50.6 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 2016. 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 2016, FSA procured more than 1.8 million metric tons of grains, processed grain products, vegetable oil, pulses (such as dried beans, peas and lentils), and other products valued at approximately $627 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 of USDA.

Warehouse Activities

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

Licensing Activities: In FY 2016, 867 USWA licenses were in effect at 3,283 locations. There were 29 staff years, which includes Federal examiners, used in administering the Federal licensing of warehouses under the USWA, performing audits for CCC programs, performing quality assurance reviews at suppliers facilities and review of on-site examinations at 1,296 grain, 251 cotton, 77 peanut, and 119 miscellaneous commodity warehouses. In addition, CCC storage agreement onsite examinations were performed at 149 grain, 264 cotton, 21 miscellaneous, and 94 sugar commodity warehouses.

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

Storage Agreement Activities: In FY 2016, CCC had storage agreements with about 2,500 commercial warehouse operators in over 6,200 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 2016 were as follows: 9.2 billion bushels of grain and rice; 19.3 million bales of cotton; 3.6 million short tons of peanuts; 14.4 billion pounds of sugar, and 9 million pounds of processed (dry) grain, rice, and cotton warehouses that are not licensed under the USWA may be assessed fees for CCC storage agreement; the collection of these fees is currently suspended.

Conservation

Emergency Conservation Program (ECP**)** is administered subject to availability of funds. After a disaster event occurs, the 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 2016 included:

Number of ECP payment…………….. 1,326
Amount of ECP payments issued...…....... $28,159,321

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 2016, the CCC program allocated $0.5 million from the USDA HMMA account for the design and construction of remedial systems.

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

Hazardous Waste Management Program FY 2016 activity included:

Total Contaminated Sites in CCC Inventory	81
Investigation/Remediation Complete or Active	41
Investigation/Remediation Pending	24
Sites Closed/No Further CCC Action/Liability	16
FY 2016 Funding	$5.0 million
FY 2016 Funding (HMMA)	$0.5 million
TOTAL	$5.5 million

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 2016 (excluding technical assistance) included:

Number of active CRP contracts...655,054
Number of CRP cost-share payments. 91,189
Amount of CRP cost-share payments...$105,327,199
Number of CRP rental payments.. 802,876
Amount of CRP annual rental payments... $1,708,190,884
Number of CRP acres approved for enrollment...1,814,518

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 2016 included:

Number of EFCRP rental payments…………………………………………………….................2,017
Amount of EFCRP annual rental payments…………………………………………………..$4,684,601

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. Consolidated Appropriations Act, 2016 limited funding to $3 million in FY 2016.

BCAP activity in FY 2016 (excluding technical assistance) included:

Number of BCAP Cost Share Payments…………………………………………………………………48
Amount of BCAP Cost Share Payments…………………………………………………..… $473,778
Number of BCAP Project Area Active contracts…………………………….……………………..…852
Number of BCAP Annual Rental Payments…………………….…………………………………956
Amount of BCAP Annual Payments……………………………………………...…….……. $3,957,106
Number of BCAP Matching Payments…………………….………………………….….……….… 240
Amount of BCAP Matching Payments……………..$5,326,627

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 2016 included:

Number of Applications………... 0
Number of GRP active contracts/easements 2,255/165

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 2016 included:

Number of Applications………...631
Amount of EFRP payments………………………………………………………………………..$4,719,927

FARM SERVICE AGENCY
State Mediation Grants

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

State Mediation Grants:

For grants pursuant to section 502(b) of the Agricultural Credit Act of 1987, as amended (7 U.S.C. 5101-5106), [$3,404,000] $3,398,000.

Lead-Off Tabular Statement

Budget Estimate, 2018	$3,398,000
2017 Annualized Continuing Resolution	3,398,000
Change in Appropriation	0

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

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Discretionary Appropriations:					
State Mediation Grants	$3,404	-	-$6	-	$3,398
Total	3,404	-	-6	-	3,398

FARM SERVICE AGENCY
State Mediation Grants

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2015 Actual	2016 Actual	2017 Estimate	Inc. or Dec	2018 President's Budget
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
State Mediation Grants............	$3,404	$3,404	$3,398	-	$3,398
Subtotal................................	3,404	3,404	3,398	-	3,398
Total Adjusted Approp............	3,404	3,404	3,398	-	3,398
Rescissions, Transfers, and Seq.	-	-	-	-	-
Total Appropriations............	3,404	3,404	-	-	-
Rescission....................................	-	-	-	-	-
Sequestration...............................	-	-	-	-	-
Total Available........................	3,404	3,404	3,398	-	3,398
Lapsing Balances.........................	-41	-29	-	-	-
Total Obligations.....................	3,363	3,375	3,398	-	3,398

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2015 Actual	2016 Actual	2017 Estimate	Inc. or Dec	2018 President's Budget
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
State Mediation Grants............	$3,363	$3,375	$3,398	-	$3,398
Total Obligations.....................	3,363	3,375	3,398	-	3,398
Lapsing Balances.........................	41	29	-	-	-
Total Available........................	3,404	3,404	3,398	-	3,398
Rescission....................................	-	-	-	-	-
Sequestration...............................	-	-	-	-	-
Total Appropriation.................	3,404	3,404	3,398	-	3,398

Justification of Increases and Decreases

The FY 2018 President's Budget request is sufficient to cover base funding needs base on prior years obligations. The State Mediation Grant program provides funding to State to mediate cases that are authorized by statute and the Secretary of Agricultural for funding under the grant program. Only the following issues are considered covered: (1) agricultural credit, including both direct and guaranteed FSA loans and those from commercial lenders and suppliers, (2) NRCS wetland determinations, (3) compliance with farm programs, including conservation programs, (4) rural water loan programs, (5) grazing on National Forest System lands; (6) USDA-related pesticide issues, (7) Rural Development housing loans, (8) Rural Development business loans, and (9) RMA crop insurance issues.

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

State/Territory	2015 Actual	2016 Actuals	2017 Estimate	2018 President's Budget
	Amount	Amount	Amount	Amount
Alabama	$58	$82	$72	$72
Arizona	69	60	66	66
Arkansas	74	68	73	73
California	-	113	58	58
Colorado	13	23	19	19
Connecticut	-	45	23	23
Florida	27	24	26	26
Hawaii	57	53	57	57
Idaho	51	51	53	53
Illinois	51	28	41	41
Indiana	156	146	140	140
Iowa	249	233	230	230
Kansas	338	329	308	308
Maine	47	65	58	58
Maryland	116	56	89	89
Massachusetts	37	57	48	48
Michigan	52	54	55	55
Minnesota	152	283	224	224
Mississippi	74	67	73	73
Missouri	9	19	14	14
Montana	49	45	48	48
Nebraska	119	124	125	125
New Hampshire	64	58	63	63
New Jersey	6	13	10	10
New Mexico	31	29	31	31
New York	303	287	304	304
North Carolina	76	56	68	68
North Dakota	103	22	64	64
Oklahoma	214	172	199	199
Oregon	38	33	37	37
Pennsylvania	25	12	19	19
Rhode Island	39	55	48	48
South Dakota	150	43	99	99
Texas	51	61	58	58
Utah	13	12	13	13
Vermont	146	128	141	141
Virginia	39	41	41	41
Washington	55	54	56	56
Wisconsin	209	206	210	210
Wyoming	3	68	37	37
Undistributed	-	-	-	-
Obligations	3,363	3,375	3,398	3,398
Lapsing Balances	41	29	-	-
Total, Available	3,404	3,404	3,398	3,398

FARM SERVICE AGENCY

State Mediation Grants

Classification by Objects

(Dollars in thousands)

		2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
Other Objects:					
41.0	Grants, Subsidies and Contributions..................	$3,363	$3,375	$3,398	$3,398
99.9	Total, new obligations................................	3,363	3,375	3,398	3,398

STATE MEDIATION GRANTS

Status of Programs

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 2,150 covered cases during Fiscal Year (FY) 2016. 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 1,903 cases, or more than 85 percent of the total caseload. Rural Development Housing issues were second (89 cases), followed by NRCS (72 cases), FSA farm programs matters (67 cases), Risk Management Agency crop insurance issues (9 cases), Forest Service grazing disputes (6 cases), USDA-related pesticide matters (2 cases) and Rural Development business loans (2 cases).

The 2,150 cases for FY 2016 represents an increase of approximately 6 percent from the previous year's 2,029 cases. Several factors have contributed to this increase, including more adverse decisions covered by USDA agencies.

During FY 2016, 40 program grantees received a total of $3,400,000 in Federal funds of which $3,374,850 was obligated and disbursed in FY 2016. With the increased caseload, the cost per covered case was $1,570, which is a slight decrease from the prior fiscal year.

Program Results Comparison – FY 2015 and FY 2016

	FY 2015	FY 2016
Number of cases for which mediation was requested	2,029	2,150
Mediation not completed in initial FY, and carried over to next FY	25	35
No mediation held (request withdrawn, settled prior to mediation, etc.)	20	30
Cases mediated	1,381	1,418
Cases resolved with agreement	1,310	1,350
Cases closed with no agreement	71	68
Percentage of cases mediated that resulted in agreement	95%	95%
Average cost per case	$1,648	$1,570

State Mediation Grants Grants and Outlays by State – Fiscal Year 2016 (Dollars in Thousands)		
State	Grants	Outlays [1]
Alabama	$82	$62
Arizona	60	62
Arkansas	68	74
California	113	113
Colorado	23	24
Connecticut	45	45
Florida	24	15
Hawaii	53	53
Idaho	51	51
Illinois	28	60
Indiana	146	146
Iowa	233	290
Kansas	329	424
Maine	65	47
Maryland	56	92
Massachusetts	56	52
Michigan	54	47
Minnesota	282	349
Mississippi	67	82
Missouri	19	13
Montana	45	43
Nebraska	124	134
New Hampshire	58	47
New Jersey	13	15
New Mexico	29	44
New York	287	287
North Carolina	56	63
North Dakota	22	66
Oklahoma	165	172
Oregon	33	40
Pennsylvania	12	26
Rhode Island	55	55
South Dakota	43	78
Texas	61	56
Utah	12	7
Vermont	128	128
Virginia	39	28
Washington	54	54
Wisconsin	206	126
Wyoming	68	45
Total	**3,364**	**3,615**

[1] This number includes outlays from both current and prior year obligations.

FARM SERVICE AGENCY

Grassroots Source Water Protection Program

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

<u>Grassroots Source Water Protection Program:</u>

[For necessary expenses to carry out wellhead or groundwater protection activities under section 1240O of the Food Security Act of 1985. (16 U.S.C. 3839bb-2), $6,500,000, to remain available until expended.]

Lead-Off Tabular Statement

Budget Estimate, 2018	0
2017 Annualized Continuing Resolution	$6,488,000
Change in Appropriation	-6,488,000

Summary of Increases and Decreases

(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Discretionary Appropriations:					
Grassroots Source Water Protection	$5,526	+$974	-$12	-$6,488	-
Total	5,526	974	-12	-6,488	-

FARM SERVICE AGENCY
Grassroots Source Water Protection Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	Inc. or Dec. Amount		2018 President's Budget Amount
Discretionary Appropriations:						
Grassroots Source Water Protection...........	$5,526	$6,500	$6,488	-$6,488	(1)	-
Total Adjusted Appropriation.....................	5,526	6,500	6,488	-6,488		-
Rescissions, Transfers and Seq. (Net)........	-	-	-	-		-
Total Appropriations...............................	5,526	6,500	6,488	-6,488		-
Rescission..	-	-	-	-		-
Sequestration..	-	-	-	-		-
Total Available...	5,526	6,500	6,488	-6,488		-
Total Obligations..	5,526	6,500	6,488	-6,488		-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	Inc. or Dec. Amount	2018 President's Budget Amount
Discretionary Obligations:					
Grassroots Source Water Protection...........	$5,526	$6,500	$6,488	-$6,488	-
Subtotal..	5,526	6,500	6,500	-	-
Total Obligations..	5,526	6,500	6,488	-6,488	-
Total Available...	5,526	6,500	6,488	-6,488	-
Rescission..	-	-	-	-	-
Sequestration..	-	-	-	-	-
Total Appropriation....................................	5,526	6,500	6,488	-6,488	-

Justification of Increase and Decrease

(1) A decrease of $6,488,000 for Grassroots Source Water Protection Program ($6,488,000 was available in FY 2017).

The FY 2018 President's Budget proposes no funding for this program.

FARM SERVICE AGENCY
Grassroots Source Water Protection Program

Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2015 Actual	2016 Estimate	2017 Estimated	2018 President's Budget
	Amount	Amount	Amount	Amount
Alabama	$110	$130	$130	-
Alaska	110	130	129	
Arizona	110	130	130	-
Arkansas	110	130	130	-
California	110	130	130	-
Colorado	110	130	130	-
Connecticut	110	130	130	-
Delaware	110	130	130	-
Florida	110	130	130	-
Georgia	110	130	130	-
Hawaii	110	130	129	-
Idaho	110	130	130	-
Illinois	110	130	130	-
Indiana	111	130	129	-
Iowa	110	130	130	-
Kansas	111	130	129	-
Kentucky	110	130	130	-
Louisiana	111	130	129	-
Maine	111	130	129	-
Maryland	110	130	130	-
Massachusetts	110	130	130	-
Michigan	111	130	129	-
Minnesota	110	130	130	-
Mississippi	110	130	130	-
Missouri	111	130	129	-
Montana	110	130	130	-
Nebraska	110	130	130	-
New Hampshire	111	130	129	-
New Jersey	110	130	130	-
Nevada	110	130	130	-
New Mexico	110	130	130	-
New York	111	130	129	-
North Carolina	110	130	130	-
North Dakota	110	130	130	-
New Mexico	110	130	130	-
Ohio	111	130	129	-
Oklahoma	111	130	129	-
Oregon	110	130	130	-
Pennsylvania	110	130	130	-
Rhode Island	110	130	130	-
South Carolina	110	130	130	-
South Dakota	110	130	130	-
Tennessee	110	130	130	-
Texas	110	130	130	-
Utah	110	130	130	-
Virginia	110	130	130	-
Washington	110	130	130	-
West Virginia	110	130	130	-
Wisconsin	110	130	130	-
Wyoming	110	130	130	-
Undistributed	-	-	-	-
Obligations	5,526	6,500	6,488	-
Total, Available	5,526	6,500	6,488	-

FARM SERVICE AGENCY
Grassroots Source Water Protection Program
Classification by Objects
(Dollars in thousands)

		2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
41.0	Grants, subsidies, and contributions....................	$5,526	$6,500	$6,488	-
99.9	Total, new obligations..................................	5,526	6,500	6,488	-

GRASSROOTS SOURCE WATER PROTECTION PROGRAM

Status of Programs

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 2016, $6.5 million was provided by the Consolidated Appropriations Act, 2016 (P.L. 114-113). The GSWPP completed 167 source water plans with management activities implemented in the source water areas. These water plans provide protection measures for 629 public drinking water sources (570 wells and 59 surface water intakes). The GSWPP was active in all 50 states.

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

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

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

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

FARM SERVICE AGENCY

Dairy Indemnity Program

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

Lead-Off Tabular Statement

Budget Estimate, 2018	$500,000
2017 Annualized Continuing Resolution	500,000
Change in Appropriation	0

Summary of Increases and Decreases

(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Mandatory Appropriations:					
Dairy Indemnity Program	$750	-$250	-	-	$500
Total	750	-250	-	-	500

FARM SERVICE AGENCY
Dairy Indemnity Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2015 Actual	2016 Actual	2017 Estimate	Inc. or Dec	2018 President's Budget
	Amount	Amount	Amount	Amount	Amount
Mandatory Appropriations:					
Dairy Indemnity Program..........................	$695	$466	$465	+35	$500
Subtotal...	695	466	465	35	500
Total Adjusted Appropriation..................	695	466	465	35	500
Rescissions, Transfers, and Seq. (Net)…...………..…..…	55	34	35	-35	-
Total Appropriation..................................	750	500	500	-	500
Sequestration...	-55	-34	-35	+35	-
Total Available..	695	466	465	+35	500
Lapsing Balances..	-114	-216	-	-	-
Total Obligations......................................	581	250	465	$35	500

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2015 Actual	2016 Actual	2017 Estimate	Change	2018 President's Budget
	Amount	Amount	Amount	Amount	Amount
Mandatory Obligations:					
Dairy Indemnity Program..........................	$581	$250	$465	+$35	$500
Subtotal...	581	250	465	+35	500
Total Obligations..................................	581	250	465	+35	500
Lapsing Balances..	114	216	-	-	-
Total Available..	731	466	465	+35	500
Sequestration...	55	34	35	-35	-
Bal. Available, SOY....................................	-	-	-	-	-
Total Appropriation..................................	750	500	500	-	500

Justification of Increases and Decreases

There is no change in funding requested for FY 2018. The level of funding requested is expected to be sufficient to meet the needs of producers affected by various contaminants covered under this program.

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

State/Territory	2015 Actual Amount	2016 Actuals Amount	2017 Estimate Amount	2018 President's Budget Amount
Arkansas	-	$6	$10	$14
Georgia	$119	10	122	122
Illinois	33	33	33	33
Indiana	3	-	3	3
Iowa	7	-	7	7
Kansas	79	19	58	65
Nebraska	-	4	-	-
North Carolina	16	16	16	16
South Carolina	71	6	65	71
Missouri	15	14	15	15
Oklahoma	12	12	12	12
Texas	226	130	124	142
Obligations	581	250	465	500
Recoveries, Other (Net)	-	-		
Lapsing Balances	-	216	-	-
Total, Available	581	466	465	500

Classification by Objects
(Dollars in Thousands)

		2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
Other Objects:					
41.0	Grants, Subsidies and Contributions	$581	$250	$465	$500
99.9	Total, new obligations	581	250	465	500

DAIRY INDEMNITY PROGRAM

Status of Programs

Current Activities: During FY 2016, 11 dairy farmers in 5 States filed 15 claims totaling $161,717 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 2016 totaled $238,717. Payments to dairy farmers since the program's inception in 1965 total $27.9 million.

Selected Examples of Recent Activity: The following tables shows allocations and outlays by State during FY 2016 and payments and number of payees from 1965-2016.

Dairy Indemnity Program
Allocations and Outlays by State
Fiscal Year 2016

State	**Obligations**	**Outlays**
Arkansas	$6,315	$6,315
Georgia	10,416	10,416
Illinois	32,987	32,987
Kansas	19,466	19,466
Missouri	25,493	14,211
Nebraska	3,700	3,700
North Carolina	15,636	15,636
South Carolina	5,909	5,909
Texas	130,077	130,077
Total	249,999	238,717

Dairy Indemnity Program
Payments and Number of Payees
Fiscal Years 1965-2016

Fiscal Years	Payments to Dairy Farmers	Payments to Manufacturers of Dairy Products	Total Payments	Number of Payees
1965 to 2011	$21,133,792	$3,911,439	$25,045,231	1,495
2012	273,724	-	286,777	32
2013	917,615	-	917,615	158
2014	1,073,364	-	1,073,364	43
2015	383,711	-	383,711	26
2016	238,717	-	238,717	29
Total	$23,782,206	$3,911,439	$27,945,415	1,783

FARM SERVICE AGENCY

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

<u>Agricultural Credit Insurance Fund Program Account (Including Transfers of Funds):</u>

For gross obligations for the principal amount of direct and guaranteed farm ownership (7 U.S.C. 1922 et seq.) and operating (7 U.S.C. 1941 et seq.) loans, emergency loans (7 U.S.C. 1961 et seq.), Indian tribe land acquisition loans (25 U.S.C. 488), boll weevil loans (7 U.S.C. 1989), guaranteed conservation loans (7 U.S.C. 1924 et seq.), and Indian highly fractionated land loans (25 U.S.C. 488), [and individual development account grants (7 U.S.C. 1981-2008r)] to be available from funds in the Agricultural Credit Insurance Fund, as follows: [$2,000,000,000] <u>$2,500,000,000</u> for guaranteed farm ownership loans and $1,500,000,000 for farm ownership direct loans; [$1,393,443,000] <u>$1,393,423,000</u> for unsubsidized guaranteed operating loans and[$1,254,004,000] <u>$1,304,851,000</u> for direct operating loans; emergency loans,[$34,667,000] <u>$25,610,000</u>; Indian tribe land acquisition loans,[$2,000,000] <u>$20,000,000</u>; guaranteed conservation loans, $150,000,000; [Indian highly fractionated land loans, $10,000,000;] and for boll weevil eradication program loans, $60,000,000: *Provided*, That the Secretary shall deem the pink bollworm to be a boll weevil for the purpose of boll weevil eradication program loans.

For the cost of direct and guaranteed loans and grants, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, as follows: farm operating loans,[$53,961,000] <u>$52,716,000</u> for direct operating loans,[$14,352,000] <u>$15,467,000</u> for unsubsidized guaranteed operating loans, and emergency loans, [$1,262,000] <u>$1,260,000</u>, to remain available until expended.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs,[$314,918,000] <u>$305,291,000</u>, of which [$306,998,000] <u>$297,386,000</u> shall be paid to the appropriation for “Farm Service Agency, Salaries and Expenses”.

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

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Lead-Off Tabular Statement

Budget Estimate, 2018	$374,734,000
2017 Annualized Continuing Resolution	383,763,000
Change in Appropriation	-9,029,000

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
Summary of Increases and Decreases
(Dollars in thousands)

Program	2015 Actual		2016 Change		2017 Change		2018 Change		2018 President's Budget	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Discretionary Appropriations:										
Direct Loans:										
Farm Ownership	$1,500,000	-	-	-	-	-	-	-	$1,500,000	-
Farm Operating	1,252,004	$63,101	-	-$9,140	+$12,268	-$103	+$40,579	-$1,142	1,304,851	$52,716
Emergency	34,667	856	-	+406	-12,127	-2	+3,070	-	25,610	1,260
Indian Land Acquisition	2,000	-	-	-	-	-	+18,000	-	20,000	-
Boll Weevil Eradication	60,000	-	-	-	-	-	-	-	60,000	-
Indian Highly Fractionated Land	10,000	-	-	-	-10,000	-	-	-	-	-
Subtotal	2,858,671	63,957	-	-8,734	-$9,859	-105	+61,649	-1,142	2,910,461	53,976
Guaranteed Loans:										
Farm Ownership, Unsubsidized	2,000,000	-	-	-	-	-	+500,000	-	2,500,000	-
Farm Operating, Unsubsidized	1,393,443	14,770	-	-418	-54,658	-27	+54,638	+1,142	1,393,423	15,467
Conservation	150,000	-	-	-	-	-	-	-	150,000	-
Subtotal	3,543,443	14,770	-	-418	-54,658	-27	+554,638	+1,142	4,043,423	15,467
Individual Development Grants	-	-	-	-	-	-	-	-	-	-
Program Loan Cost Expense	-	7,920	-	-	-	-15	-	-	-	7,905
Salaries and Expenses	-	306,998	-	-	-	-583	-	-9,029	-	297,386
Subtotal	-	314,918	-	-	-	-598	-	-9,029	-	305,291
Total	6,402,114	393,645	-	-9,152	-64,517	-730	+616,287	-9,029	6,953,884	374,734

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2015 Actual Loan Level	2015 Actual Subsidy	2016 Actual Loan Level	2016 Actual Subsidy	2017 Estimate Loan Level	2017 Estimate Subsidy	Inc. or Dec. Loan Level	Inc. or Dec. Subsidy		2018 President's Budget Loan Level	2018 President's Budget Subsidy
Discretionary Appropriations:											
Direct Loans:											
Farm Ownership	$1,500,000	-	$1,500,000	-	$1,500,000	-	-	-		$1,500,000	-
Farm Operating	1,252,004	$63,101	1,252,004	$53,961	1,264,272	$53,858	+$40,579	-$1,142	(1)	1,304,851	$52,716
Emergency	34,667	856	34,667	1,262	22,540	1,260	+3,070	-	(2)	25,610	1,260
Indian Land Acquisition	2,000	-	2,000	-	2,000	-	+18,000	-	(3)	20,000	-
Boll Weevil Eradication	60,000	-	60,000	-	60,000	-	-	-		60,000	-
Indian Highly Fractionated Land	10,000	-	10,000	-	-	-	-	-		-	-
Subtotal	2,858,671	63,957	2,858,671	55,223	2,848,812	55,118	+61,649	-1,142		2,910,461	53,976
Guaranteed Loans:											
Farm Ownership, Unsubsidized	2,000,000	-	2,000,000	-	2,000,000	-	+500,000	-	(4)	2,500,000	-
Farm Operating, Unsubsidized	1,393,443	14,770	1,393,443	14,352	1,338,785	14,325	+54,638	+1,142	(5)	1,393,423	15,467
Conservation	150,000	-	150,000	-	150,000	-	-	-		150,000	-
Subtotal	3,543,443	14,770	3,543,443	14,352	3,488,785	14,325	+554,638	+1,142		4,043,423	15,467
Individual Development Grants	-	-	-	-	-	-	-	-		-	-
Administrative Expense											
Program Loan Cost Expense	-	7,920	-	7,920	-	7,905	-	-		-	7,905
Salaries and Expenses	-	306,998	-	306,998	-	306,415	-	-9,029	(6)	-	297,386
Subtotal	-	314,918	-	314,918	-	314,320	-	-9,029		-	305,291
Total Adjusted Appropriations	6,402,114	393,645	6,402,114	384,493	6,337,597	383,763	+616,287	-9,029		6,953,884	374,734

Table Continued on next page.

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

	2015 Actual		2016 Actual		2017 Estimate		Inc. or Dec.		2018 President's Budget	
Program	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Direct Loans:										
Transfers(Internal) Farm Ownership....................................	-	-	-	-	-	-	-	-	-	-
Transfers(Internal) Farm Operating......................................	-	-	87,610	3,777	-	-	-	-	-	-
Subtotal, Direct Transfers...	-	-	87,610	3,777	-	-	-	-	-	-
Guaranteed Loans:										
Transfers/Adjustments(Internal) Farm Ownership...............	500,000	-	500,000	-	-	-	-	-	-	-
Transfers(Internal) Farm Operating, Unsubsidized..............	-	-	97,573	1,005	-	-	-	-	-	-
Subtotal, Guaranteed Transfers..	500,000	-	597,573	1,005	-	-	-	-	-	-
Total Appropriation...	6,902,114	393,645	7,087,297	389,275	6,337,597	383,763	+616,287	-9,029	6,953,884	374,734
Recissions……………………………………………………	-	-	-	-	-	-	-	-	-	-
Sequestration………………………………………………….	-	-	-	-	-	-	-	-	-	-
Bal Available, SOY……………………………………………	91,937	2,239	77,921	2,771	45,617	2,550	-19,702	-1,275	25,915	1,275
Recoveries, Other (Net)………………………………………	-	99	-	-	-	-	-	-	-	-
Total Available..	6,994,051	395,983	7,165,218	392,046	6,383,214	386,313	+596,585	-10,304	6,979,799	376,009
Lapsing Balances………………………………………………	-1,200,494	-633	-722,972	-397	-	-	-	-	-	-
Balance Available, EOY………………………………………	-113,125	-2,863	-67,509	-2,483	-22,809	-1,275	+22,809	+1,275	-	-
Total Obligations..	5,680,432	392,487	6,374,737	389,166	6,360,406	385,038	619,394	-9,029	6,979,799	376,009

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

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2015 Actual Loan Level	2015 Actual Subsidy	2016 Actual Loan Level	2016 Actual Subsidy	2017 Estimate Loan Level	2017 Estimate Subsidy	Inc. or Dec. Loan Level	Inc. or Dec. Subsidy	2018 President's Budget Loan Level	2018 President's Budget Subsidy
Discretionary Appropriations:										
Direct Loans:										
Farm Ownership	$1,007,898	-	$1,016,966	-	$1,500,000	-	-	-	$1,500,000	-
Farm Operating	1,251,216	$63,061	1,339,523	$57,733	1,264,272	$53,858	+$40,579	-$1,142	1,304,851	$52,716
Emergency	13,383	331	42,725	1,555	45,349 1/	2,535	+$6,177	-	51,525 1/	2,535
Indian Land Acquisition	-	-	-	-	2,000	-	+18,000	-	20,000	-
Boll Weevil Eradication	-	-	-	-	60,000	-	-	-	60,000	-
Indian Highly Fractionated Land	-	-	10,000	-	-	-	-	-	-	-
Subtotal	2,272,497	63,392	2,409,214	59,288	2,871,621	56,393	+64,756	-$1,142	2,936,376	55,251
Guaranteed Loans:										
Farm Ownership, Unsubsidized	2,041,130	-	2,470,663	-	2,000,000	-	+500,000	-	2,500,000	-
Farm Operating, Unsubsidized	1,365,450	14,474	1,493,461	15,357	1,338,785	14,325	+54,638	+1,142	1,393,423	15,467
Conservation	1,355	-	1,399	-	150,000	-	-	-	150,000	-
Subtotal	3,407,935	14,474	3,965,523	15,357	3,488,785	14,325	+554,638	+1,142	4,043,423	15,467
Individual Development Grants	-	-	-	-	-	-	-	-	-	-
Administrative Expense										
Program Loan Cost Expense	-	7,623	-	7,523	-	7,905	-	-		7,905
Salaries and Expenses	-	306,998	-	306,998	-	306,415	-	-9,029	-	297,386
Subtotal	-	314,621	-	314,521	-	314,320	-	-9,029		305,291
Total Obligations	5,680,432	392,487	6,374,737	389,166	6,360,406	385,038	+619,394	-9,029	6,979,799	376,009
Lapsing Balances	1,200,494	633	722,972	397	-	-	-	-	-	-
Balance Available, EOY	113,125	2,863	67,509	2,483	22,809	1,275	-22,809	-1,275	-	-
Total Available	6,994,051	395,983	7,165,218	392,046	6,383,214	386,313	+596,585	-10,304	6,979,799	376,009
Bal Available, SOY	-91,937	-2,239	-77,921	-2,771	-45,617	-2,550	+19,702	+1,275	-25,915	-1,275
Other Adjustments (Net)	-	-99	-	-	-	-	-	-	-	-
Total Appropriation	6,902,114	393,645	7,087,297	389,275	6,337,597	383,763	+616,287	-+9,029	6,953,884	374,734

Loan levels and subsidy may change for individual programs throughout the year as authorized by the Consolidated Farm and Rural Development Act (ConAct) and annual appropriations acts.
1/ Emergency loan level includes subsidy BA carry-in of $22,809 in 2017 and $25,915 in 2018.

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

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

An increase of $40,579,000 in Direct – Farm Operating Loans ($1,264,272,000 available in 2017).
The increase for 2018 is driven by projected reductions in farm income which will increase financial stress on farm loan borrowers. As a result of reduced farm incomes, many producers are being forced to increase borrowings to cope with inadequate levels of operating capital and operating losses due to low prices. In some of those cases, existing credit sources are no longer willing to provide operating credit under any conditions, and those producers have no other source of credit other than FSA. In addition, a reduction in the program's subsidy rate provides for a higher loan level while requiring less subsidy (reduction of $1,142,000 in required subsidy). Demand for this category of loan is projected to continue to increase through 2018.

An increase of $3,070,000 in Emergency Loans ($22,540,000 available in 2017)
The increase for 2018 is due to a change in subsidy rate. The reduced subsidy rate allows a higher loan level to be provided for the same budget authority, and provides the flexibility to handle an increase in loan demand.

An increase of $18,000,000 in Indian Land Acquisition Loans ($2,000,000 available in 2017)
FSA is proposing an increase of $18,000,000 in Indian Acquisition Loan level for 2018. Feedback from Tribal communities has indicated that the current $2 million loan level is not sufficient to attract borrowers. In addition, this program has a negative subsidy rate and, therefore, the loan level increase requires no additional subsidy budget authority.

An increase of $500,000,000 in Guaranteed – Farm Ownership Loans ($2,000,000,000 available in 2017).
Demand for Guaranteed – Farm Ownership Loans has increased by nearly $1 billion since FY 2013. The 2018 budget proposes an increase of $500,000,000 to $2,500,000,000. Farm incomes are dropping as the result of lower commodity prices which is reducing producers' ability to generate cash flow. This trend is expected to continue through 2018. As a result commercial credit is tightening, and in some cases lenders will not provide credit without an FSA guarantee. In each of the last two fiscal years the loan demand has exceeded the originally appropriated amount, and the Secretary utilized provisions in the appropriations act to increase the program level by 25 percent. This increase will allow the program to operate without requesting new authority, provide 2,016 additional loans to veteran farmers and ranchers, and will ensure that FSA can meet the continued increase in loan demand. Because this loan program has negative subsidy, the proposed increase can be accomplished without an increase to subsidy budget authority.

An increase of $54,638,000 in Guaranteed – Farm Operating Loans ($1,338,785,000 available in 2017)
This loan level increase requires a subsidy budget authority increase of $1,142,000 which is offset in Direct Farm Operating Loans. Higher loan levels are supported by projected reductions in farm income which will increase financial stress. As a result of reduced farm incomes many producers are being forced to increase borrowings to cope with inadequate levels of operating capital and operating losses due to low prices. FSA also seeks to contribute significantly to the recruitment and support of a new generation of American farmers – particularly, veteran farmers. Because this group of farmers lack sufficient production history and established credit record, commercial credit is not available without an FSA guarantee.

A decrease of $9,029,000 in administrative expenses budget authority ($314,320,000 available in 2017)
The decrease of $9,029,000 will cover 92 staff years for salaries and benefits. See Salaries and Expenses Justification of Increases and Decreases for more details on 2018 staff year reductions.

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND
DIRECT FARM OWNERSHIP PROGRAM

Geographic Breakdown of Obligations
(Dollars in thousands)

State/Territory	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama	$8,103	$10,621	$15,660	$15,660
Alaska	287	440	645	645
Arizona	1,738	1,543	2,280	2,280
Arkansas	17,420	19,708	29,070	29,070
California	9,278	8,039	11,850	11,850
Colorado	16,148	21,235	31,320	31,320
Connecticut	178	-	-	-
Delaware	3,922	3,250	4,800	4,800
Florida	8,031	7,367	10,860	10,860
Georgia	10,794	6,724	9,915	9,915
Hawaii	900	2,176	3,210	3,210
Idaho	16,903	16,935	24,975	24,975
Illinois	44,147	53,384	78,735	78,735
Indiana	25,467	31,009	45,735	45,735
Iowa	76,345	74,270	109,545	109,545
Kansas	61,983	63,846	94,170	94,170
Kentucky	41,524	44,463	65,580	65,580
Louisiana	1,651	4,686	6,915	6,915
Maine	2,825	1,695	2,505	2,505
Maryland	2,940	3,971	5,850	5,850
Massachusetts	2,355	1,755	2,595	2,595
Michigan	26,547	20,812	30,690	30,690
Minnesota	35,007	39,443	58,170	58,170
Mississippi	4,671	1,868	2,760	2,760
Missouri	38,503	44,831	66,120	66,120
Montana	11,772	11,027	16,260	16,260
Nebraska	57,937	71,709	105,765	105,765
Nevada	1,475	1,881	2,775	2,775
New Hampshire	1,126	850	1,260	1,260
New Jersey	695	948	1,395	1,395
New Mexico	8,544	10,326	15,225	15,225
New York	7,250	7,210	10,635	10,635
North Carolina	7,743	6,612	9,750	9,750
North Dakota	19,654	17,543	25,875	25,875
Ohio	33,180	32,539	48,000	48,000
Oklahoma	124,285	130,705	192,780	192,780
Oregon	14,809	7,360	10,860	10,860
Pennsylvania	25,340	18,298	26,985	26,985
Rhode Island	280	390	570	570
South Carolina	8,757	5,851	8,625	8,625
South Dakota	39,982	39,490	58,245	58,245
Tennessee	18,862	22,506	33,195	33,195
Texas	54,037	47,544	70,125	70,125
Utah	16,259	10,548	15,555	15,555
Vermont	4,817	5,198	7,665	7,665
Virginia	19,965	15,576	22,980	22,980
Washington	10,659	9,516	14,040	14,040
West Virginia	9,667	11,498	17,010	17,010
Wisconsin	44,127	37,701	55,560	55,560
Wyoming	6,335	6,982	10,350	10,350
American Samoa	-	-	-	-
District of Columbia	-	-	-	-
Guam	-	-	-	-
Midway Islands	-	-	-	-
N. Mariana Islands	-	-	-	-
Puerto Rico	2,674	3,087	4,560	4,560
Virgin Islands	-	-	-	-
Western Pacific Territories	-	-	-	-
Obligations	1,007,898	1,016,966	1,500,000	1,500,000
Lapsing Balances	492,102	483,034	-	-
Total, Available	1,500,000	1,500,000	1,500,000	1,500,000

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

State/Territory	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama	$66,064	$66,639	$53,940	$67,425
Arizona	5,506	4,622	3,740	4,675
Arkansas	124,644	134,938	109,240	136,550
California	30,158	34,671	28,060	35,075
Colorado	19,520	38,045	30,800	38,500
Connecticut	733	1,400	1,140	1,425
Delaware	15,308	12,210	9,880	12,350
Florida	17,197	17,080	13,820	17,275
Georgia	35,087	21,657	17,540	21,925
Hawaii	6,372	2,643	2,140	2,675
Idaho	22,257	36,910	29,880	37,350
Illinois	87,440	125,813	101,840	127,300
Indiana	99,369	114,697	92,840	116,050
Iowa	101,985	151,584	122,700	153,375
Kansas	45,561	68,830	55,720	69,650
Kentucky	55,909	66,003	53,420	66,775
Louisiana	9,076	10,876	8,800	11,000
Maine	2,680	2,915	2,360	2,950
Maryland	14,400	8,631	6,980	8,725
Massachusetts	6,460	2,275	1,840	2,300
Michigan	45,711	60,954	49,340	61,675
Minnesota	96,207	139,422	112,860	141,075
Mississippi	50,053	74,931	60,660	75,825
Missouri	97,397	125,347	101,460	126,825
Montana	32,378	39,906	32,300	40,375
Nebraska	84,275	123,473	99,960	124,950
Nevada	7,852	9,948	8,060	10,075
New Hampshire	645	905	740	925
New Jersey	512	419	340	425
New Mexico	12,121	16,044	12,980	16,225
New York	23,289	27,749	22,460	28,075
North Carolina	41,692	61,591	49,860	62,325
North Dakota	35,644	75,192	60,860	76,075
Ohio	175,802	171,547	138,860	173,575
Oklahoma	43,487	68,146	55,160	68,950
Oregon	21,347	18,709	15,140	18,925
Pennsylvania	18,155	13,408	10,860	13,575
Rhode Island	500	120	100	125
South Carolina	35,853	36,452	29,500	36,885
South Dakota	56,082	87,588	70,900	88,625
Tennessee	38,385	40,156	32,500	40,635
Texas	40,053	36,307	29,400	36,750
Utah	20,385	22,376	18,120	22,660
Vermont	14,456	11,399	9,220	11,535
Virginia	28,517	19,285	15,630	19,525
Washington	8,903	6,511	5,290	6,600
West Virginia	3,716	2,900	2,350	2,925
Wisconsin	224,894	239,508	193,890	242,360
Wyoming	11,888	8,562	6,940	8,675
Puerto Rico	5,205	9,369	7,580	9,475
Obligations	2,041,130	2,470,663	2,000,000	2,500,000
Lapsing Balances	458,870	29,337	-	-
Total, Available	2,500,000	2,500,000	2,000,000	2,500,000

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

State/Territory	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama	$20,861	$22,270	$21,025	$21,700
Alaska	340	605	569	587
Arizona	6,352	10,573	9,975	10,295
Arkansas	40,443	56,410	53,238	54,947
California	21,380	20,644	19,482	20,108
Colorado	17,403	22,987	21,695	22,391
Connecticut	509	413	392	405
Delaware	499	754	708	731
Florida	20,396	22,408	21,151	21,830
Georgia	45,257	33,500	31,619	32,634
Hawaii	2,003	2,347	2,212	2,283
Idaho	21,966	24,586	23,199	23,944
Illinois	15,343	15,801	14,918	15,397
Indiana	7,995	11,531	10,885	11,235
Iowa	74,056	84,758	79,990	82,558
Kansas	45,413	56,220	53,061	54,765
Kentucky	47,505	48,754	46,020	47,497
Louisiana	23,336	23,610	22,289	23,005
Maine	3,615	4,150	3,919	4,045
Maryland	1,506	2,727	2,579	2,662
Massachusetts	2,702	3,010	2,845	2,936
Michigan	22,778	19,449	18,357	18,946
Minnesota	56,548	58,948	55,641	57,426
Mississippi	24,159	18,550	17,510	18,072
Missouri	33,276	25,065	23,655	24,414
Montana	24,325	27,305	25,766	26,593
Nebraska	90,326	107,552	101,508	104,766
Nevada	3,175	4,356	4,109	4,241
New Hampshire	1,047	1,120	1,062	1,096
New Jersey	3,212	4,138	3,907	4,032
New Mexico	10,680	10,728	10,127	10,452
New York	10,924	14,630	13,806	14,249
North Carolina	24,428	29,890	28,206	29,111
North Dakota	38,215	43,137	40,710	42,016
Ohio	11,145	11,737	11,075	11,430
Oklahoma	82,180	91,724	86,577	89,356
Oregon	13,540	15,331	14,476	14,941
Pennsylvania	23,554	33,986	32,075	33,104
Rhode Island	769	778	733	757
South Carolina	28,614	29,714	28,042	28,942
South Dakota	51,165	57,736	54,490	56,239
Tennessee	33,707	29,909	28,231	29,137
Texas	89,275	91,629	86,466	89,252
Utah	21,071	19,809	18,699	19,284
Vermont	5,428	7,108	6,713	6,929
Virginia	24,155	22,035	20,797	21,465
Washington	24,494	23,103	21,809	22,509
West Virginia	13,769	13,670	12,908	13,323
Wisconsin	56,942	45,198	42,657	44,026
Wyoming	4,619	6,228	5,879	6,068
Puerto Rico	4,635	6,658	6,283	6,485
Virgin Islands	50	89	88	91
Western Pacific Territories	131	151	139	144
Obligations	1,251,216	1,339,523	1,264,272	1,304,851
Lapsing Balances	884		-	-
Bal. Available, EOY		204		
Total, Available	1,252,100	1,339,727	1,264,272	1,304,851

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

State/Territory	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama	$9,947	$9,264	$8,300	$8,639
Arizona	1,970	2,770	2,477	2,578
Arkansas	82,866	110,223	98,802	102,835
California	33,948	29,199	26,173	27,241
Colorado	16,958	18,633	16,708	17,390
Connecticut	1,200	780	696	725
Delaware	1,615	585	522	543
Florida	15,962	14,882	13,334	13,878
Georgia	65,575	61,437	55,078	57,325
Hawaii	111	256	228	237
Idaho	37,295	43,859	39,320	40,925
Illinois	43,703	41,332	37,058	38,570
Indiana	46,249	42,508	38,102	39,657
Iowa	67,044	94,651	84,852	88,315
Kansas	39,259	32,293	28,945	30,126
Kentucky	18,568	17,840	15,998	16,651
Louisiana	56,790	82,573	74,021	77,042
Maine	1,812	929	830	864
Maryland	687	275	241	251
Massachusetts	1,414	1,129	1,017	1,059
Michigan	21,792	20,843	18,689	19,452
Minnesota	88,746	100,551	90,140	93,819
Mississippi	8,136	10,260	9,197	9,573
Missouri	55,399	54,414	48,772	50,762
Montana	22,094	32,577	29,199	30,391
Nebraska	48,908	54,891	49,200	51,208
Nevada	2,846	2,750	2,463	2,564
New Hampshire	233	580	522	543
New Jersey	399	205	187	195
New Mexico	4,237	4,563	4,097	4,264
New York	17,351	15,276	13,696	14,255
North Carolina	21,381	20,338	18,234	18,978
North Dakota	100,185	118,666	106,380	110,721
Ohio	14,504	12,161	10,898	11,342
Oklahoma	46,787	38,824	34,808	36,229
Oregon	18,765	11,887	10,657	11,092
Pennsylvania	5,834	8,225	7,377	7,678
Rhode Island	500	-	-	-
South Carolina	15,047	29,174	26,146	27,214
South Dakota	37,404	37,424	33,550	34,919
Tennessee	19,350	24,830	22,264	23,173
Texas	127,268	153,780	137,855	143,481
Utah	7,786	10,217	9,157	9,531
Vermont	7,473	8,982	8,046	8,374
Virginia	18,916	16,221	14,539	15,133
Washington	35,900	28,264	25,346	26,378
West Virginia	2,255	560	495	516
Wisconsin	65,536	63,055	56,524	58,830
Wyoming	4,652	6,227	5,583	5,811
Puerto Rico	2,793	2,298	2,062	2,146
Western Pacific Territories	-	-	-	-
Obligations	1,365,450	1,493,461	1,338,785	1,393,423
Lapsing Balances	27,993		-	-
Bal. Available, EOY	2,454	80	-	-
Total, Available	1,395,897	1,493,541	1,338,785	1,393,423

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

State/Territory	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama	-	$1,698	$2,232	$2,354
Alaska	-	-	-	-
Arizona	-	-	-	-
Arkansas	$3,936	3,775	4,017	4,020
California	-	177	233	245
Colorado	-	-	-	-
Connecticut	-	-	-	-
Delaware	-	-	-	-
Florida	-	50	66	69
Georgia	587	406	534	563
Hawaii	50	-	-	-
Idaho	477	-	-	-
Illinois	-	180	237	250
Indiana	-	26	34	36
Iowa	60	285	375	395
Kansas	-	466	612	646
Kentucky	-	172	226	238
Louisiana	-	3,577	3,600	3,600
Maine	-	-	-	-
Maryland	-	-	-	-
Massachusetts	-	-	-	-
Michigan	149	226	297	313
Minnesota	2,848	388	510	538
Mississippi	-	538	707	746
Missouri	123	248	326	344
Montana	221	144	189	200
Nebraska	-	-	-	-
Nevada	-	188	247	261
New Hampshire	-	-	-	-
New Jersey	-	335	440	464
New Mexico	-	-	-	-
New York	-	64	84	89
North Carolina	295	6,998	7,008	7,018
North Dakota	1,283	597	785	828
Ohio	-	415	545	575
Oklahoma	211	99	130	137
Oregon	-	-	-	-
Pennsylvania	-	-	-	-
Rhode Island	-	-	-	-
South Carolina	3	14,218	14,300	19,706
South Dakota	-	-	-	-
Tennessee	-	-	-	-
Texas	2,718	4,815	4,915	5,015
Utah	-	-	-	-
Vermont	-	152	200	211
Virginia	-	2,488	2,500	2,664
Washington	-	-	-	-
West Virginia	-	-	-	-
Wisconsin	-	-	-	-
Wyoming	417	-	-	-
American Samoa	-	-	-	-
District of Columbia	-	-	-	-
Guam			-	-
Midway Islands	-	-	-	-
N. Mariana Islands	-	-	-	-
Puerto Rico	-	-	-	-
Virgin Islands	-	-	-	-
Western Pacific Territories	5	-	-	-
Obligations	13,383	42,725	45,349	51,525
Lapsing Balances	-	-	-	-
Bal. Available, EOY	110,671	67,225	22,809	-
Total, Available	124,054	109,950	68,157	51,525

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

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

State/Territory	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
	Loan Level	Loan Level	Loan Level	Loan Level
Wisconsin	$1,355	$1,399	-	-
Undistributed	-	-	$150,000	$150,000
Obligations	1,355	1,399	150,000	150,000
Lapsing Balances	148,645	148,601	-	-
Total, Available	150,000	150,000	150,000	150,000

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

	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
	Loan Level	Loan Level	Loan Level	Loan Level
Undistributed	-	-	$60,000	$60,000
Total Obligation	-	-	60,000	60,000
Lapsing Balances	$60,000	$60,000	-	-
Total, Available	60,000	60,000	60,000	60,000

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

State/Territory	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
	Loan Level	Loan Level	Loan Level	Loan Level
Undistributed	-	-	$2,000	$20,000
Total Obligation	-	-	2,000	20,000
Lapsing Balances	$2,000	$2,000	-	-
Total, Available	2,000	2,000	2,000	20,000

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

State/Territory	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
	Loan Level	Loan Level	Loan Level	Loan Level
Montana		$10,000	-	-
Undistributed	-	-	-	-
Total Obligation	-	10,000		
Lapsing Balances	$10,000	-	-	-
Total, Available	10,000	10,000	-	-

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

		2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
25.3	Other purchases of goods and services from Federal sources................................	$314,621	$314,521	$314,320	$305,291
41.0	Grants, subsidies and contributions.............	77,866	74,645	70,718	70,718
99.9	Total, new obligations...........................	392,487	389,166	385,038	376,009

AGRICULTURAL CREDIT INSURANCE FUND
Status of Programs

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 $2.7 billion to beginning farmers during 2016, of which $1.5 billion was in the ownership program and $1.2 billion was in the operating program. Loans for socially disadvantaged farmers totaled $842 million, of which $451 million was in the farm ownership program and $391 million was in the farm operating program.

Selected Examples of Recent Progress: Lending to beginning farmers was strong during 2016. FSA loaned or guaranteed beginning farmer loans for 21,234 borrowers. The amount of direct loans made to minority borrowers showed a 0.39% increase from FY 2015, while assistance to women borrowers remained steady from FY 2015. Outreach efforts by FSA field offices to promote and inform beginning and socially disadvantaged farmers about available FSA programs have resulted in increased lending to these groups in the last few years.

Overall loan totals were generally higher from 2015 to 2016, and the trend in lending to beginning and socially disadvantaged farmers has remained relatively steady as a percentage of total loans made. The number of beginning farmer loans increased by 3% and the number of socially disadvantaged loans decreased slightly by 2%. With regard to direct and guaranteed farm ownership and operating programs, the following tables show significant increases in loan activity from 2015 to 2016; this includes loans to both beginning farmers and socially disadvantaged Farmers.

The following tables reflect 2016 ACIF program activity:

FY 2016 Actual Agricultural Credit Insurance Fund Loans and Obligations

Total Direct and Guaranteed Loans			
	FY 2015	**FY 2016**	**Percent Change**
Total Number Of Loans			
Direct Farm Ownership	5,580	5,460	-2%
Direct Farm Ownership - Microloans	0	185	---
Guaranteed Farm Ownership	4,390	5,067	15%
Ownership Subtotal	**9,970**	**10,712**	**7%**
Direct Operating	16,107	16,878	5%
Direct Farm Operating - Microloans	6,574	6,703	2%
Guaranteed Operating	4,835	4,981	3%
Operating Subtotal	**27,516**	**28,562**	**4%**
Grand Total Number of Loans	**37,486**	**39,274**	**5%**
Total Dollar Value Of Loans ($000)			
Direct Farm Ownership	$1,007,898	$1,010,278	0%
Direct Farm Ownership – Microloans	0	6,688	---
Guaranteed Farm Ownership	2,042,485	2,472,062	21%
Ownership Subtotal	**3,050,383**	**3,489,028**	**14%**
Direct Operating	1,090,419	1,172,135	7%
Direct Farm Operating - Microloans	160,797	167,388	4%
Guaranteed Operating	1,365,450	1,493,461	9%
Operating Subtotal	**2,616,666**	**2,832,984**	**8%**
Grand Total Dollar Value of Loans	**5,667,049**	**6,322,012**	**12%**

Beginning Farmer Loans a/			
	FY 2015	**FY 2016**	**Percent Change**
Total Number Of Loans			
Direct Farm Ownership	1,939	1,986	2%
Direct Farm Ownership Down-payment	2,111	2,191	4%
Guaranteed Farm Ownership	1,727	1,818	5%
Ownership Subtotal	**5,777**	**5,995**	**4%**
Direct Operating	13,167	13,674	4%
Guaranteed Operating	1,638	1,565	-4%
Operating Subtotal	**14,805**	**15,239**	**3%**
Grand Total Number of Loans	**20,582**	**21,234**	**3%**
Total Dollar Value Of Loans ($000)			
Direct Farm Ownership	$356,072	$358,634	1%
Direct Farm Ownership Down-payment	374,150	396,352	6%
Guaranteed Farm Ownership	660,417	718,609	9%
Ownership Subtotal	**1,390,639**	**1,473,595**	**6%**
Direct Operating	805,053	840,744	4%
Guaranteed Operating	363,800	369,943	2%
Operating Subtotal	**1,168,853**	**1,210,687**	**4%**
Grand Total Dollar Value of Loans	**2,559,492**	**$2,684,282**	**5%**

Socially Disadvantaged Farmer Loans a/			
Total Number Of Loans			
	FY 2015	**FY 2016**	**Percent Change**
Direct Farm Ownership	1,223	1,214	-1%
Guaranteed Farm Ownership	474	478	1%
Ownership Subtotal	**1,697**	**1,692**	**0%**
Direct Operating	7,148	7,013	-2%
Guaranteed Operating	419	387	-8%
Operating Subtotal	**7,567**	**7,400**	**-2%**
Grand Total Number of Loans	**9,264**	**9,092**	**-2%**
Total Dollar Value Of Loans ($000)			
Direct Farm Ownership	$208,569	$209,740	1%
Guaranteed Farm Ownership	229,962	241,555	5%
Ownership Subtotal	**438,531**	**451,295**	**3%**
Direct Operating	272,021	277,673	2%
Guaranteed Operating	116,805	112,687	-4%
Operating Subtotal	**388,826**	**390,360**	**0%**
Grand Total Dollar Value of Loans	**827,357**	**841,655**	**2%**

a/ Please note that, while loans made are subsets of the total, any one loan could be counted in more than one category so that the grand total 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.

FARM SERVICE AGENCY

Reforestation Pilot Program

Lead-Off Tabular Statement

Budget Estimate, 2018	0
2017 Annualized Continuing Resolution	$599,000
Change in Appropriation	-599,000

Summary of Increases and Decreases
(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Discretionary Appropriations:					
Reforestation Pilot Program	$600	-	-$1	-$599	-
Total	600	-	-1	-599	-

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

Program	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	Inc. or Dec. Amount	2018 President's Budget Amount
Discretionary Appropriations:					
Reforestation Pilot Program	$600	$600	$599	-$599 (1)	-
Total Appropriation	600	600	599	-599	-
Total Available	600	600	599	-599	-
Total Obligations	600	600	599	-599	-

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	Inc. or Dec. Amount	2018 President's Budget Amount
Discretionary Obligations:					
Reforestation Pilot Program	$600	$600	$599	-$599	-
Total Obligations	600	600	599	-599	-
Total Available	600	600	599	-599	-
Total Appropriation	600	600	599	-599	-

Justification of Increases and Decreases

(1) A decrease of $599,000 for Reforestation Pilot Program ($599,000 was available in 2017).

The FY 2018 President's Budget proposes no funding for this program.

FARM SERVICE AGENCY

Reforestation Pilot Program

Geographic Breakdown of Obligations

(Dollars in thousands)

State/Territory	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
	Amount	Amount	Amount	Amount
Louisiana	$100	$100	$99	-
Mississippi	500	500	500	-
Obligations	600	600	599	-
Total, Available	600	600	599	-

Classification by Objects

(Dollars in thousands)

	2015 Actual	2016 Actual	2017 Estimated	2018 President's Budget
41.0 Grants, Subsidies and Contributions	$600	$600	$599	-
99.0 Total, new obligations	600	600	599	-

REFORESTATION PILOT PROGRAM

Status of Programs

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 eight 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 2016, $600,000 was made available to Mississippi State University to continue the pilot program. The MSU Forest and Wildlife Research Center planted an additional 229 acres with 8,400 RPM and equivalent type of trees, 8,400 barefoot and 8,400 conventional seedlings in 2016.

Selected Examples of Past Activity: Since the initial funding in the Agriculture Appropriations Act of 2008 through FY 2016, $5.98 million has been appropriated to support the pilot program designed to enhance restoration of hardwood forests severely damaged by Hurricane Katrina and associated storms that ravaged the Gulf Coast in 2005. Approximately 248,251 trees have been planted and 2,293 acres of hardwood forests have been restored by the program.

FARM SERVICE AGENCY

Emergency Conservation Program

Lead-Off Tabular Statement

Budget Estimate, 2018	0
2017 Annualized Continuing Resolution	$102,979,000
Change in Appropriation	-102,979,000

Summary of Increases and Decreases
(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Discretionary Appropriations:					
Emergency Conservation Program	9,216	+$98,784	-$5,021	-$102,979	-
Total,	9,216	+98,784	-5,021	-102,979	-

FARM SERVICE AGENCY
Emergency Conservation Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2015 Actual	2016 Actual	2017 Estimate	Inc. or Dec.	2018 President's Budget
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
Emergency Conservation Program Regular.................	-	$17,000	$102,979	-$102,979	-
Emergency Conservation Program Stafford.................	$9,216	$91,000	-	-	-
Subtotal..	9,216	108,000	102,979	-102,979	-
Supplemental Appropriations:					
Emergency Conservation Program Sandy	-	-	-	-	-
Total Adjusted Approp..	9,216	108,000	102,979	-102,979	-
Rescissions, Transfers, and Seq. (Net)............................	-	-	-	-	-
Total Appropriation...	9,216	108,000	102,979	-102,979	-
Transfers Out:					
EFRP...	-	-	-	-	-
EWPP..	-	-	-	-	-
Subtotal..	-	-	-	-	-
Sequestration..	-	-	-	-	-
Rescission...	-	-			
Bal. Available, SOY..	155,969	135,332	$180,855	+12,979	$193,834
Recoveries, Other (Net)...	5,565	8,158	-	-	-
Total Available..	170,750	251,490	283,834	-90,000	193,834
Bal. Available, EOY..	-135,332	-180,856	-193,834	+60,000	-133,834
Total Obligations...	35,418	70,634	90,000	-30,000	60,000

Emergency Conservation Program

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2015 Actual	2016 Actual	2017 Estimate	Inc. or Dec.	2018 President's Budget
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
Emergency Conservation Program Regular.................	$13,699	$29,609	$37,727	-$12,576	$25,151
Emergency Conservation Program Stafford.................	21,510	41,025	52,273	-17,424	34,849
Subtotal..	35,209	70,634	90,000	-30,000	60,000
Supplemental Obligations:					
Emergency Conservation Program Sandy Stafford......	209	-	-	-	-
Subtotal..	209	-	-	-	-
Total Obligations...	35,418	70,634	90,000	-30,000	60,000
Bal. Available, EOY..	135,332	180,856	193,834	-60,000	133,834
Total Available..	170,750	251,490	283,834	-90,000	193,834
Transfers In...	-	-	-	-	-
Transfers Out...	-	-	-	-	-
Rescission...	-	-	-	-	-
Sequestration..	-	-	-	-	-
Bal. Available, SOY..	-155,969	-135,332	-180,855	-12,979	-193,834
Other Adjustments (Net)...	-5,565	-8,158	-	-	-
Total Appropriation...	9,216	108,000	102,979	-102,979	-

Justification of Increase and Decrease

The FY 2018 Budget proposes no funding for this program.

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

State/Territory	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
	Amount	Amount	Amount	Amount
Alabama	$1,854	$3,090	$3,937	$2,625
Arizona	724	150	191	127
Arkansas	2,444	895	1,140	760
California	1,313	3,995	5,090	3,394
Colorado	336	175	223	149
Connecticut/Rhode Island	-	9	11	8
Delaware	-	-	0	0
Florida	894	21	27	18
Georgia	283	189	241	161
Hawaii	360	2,911	3,709	2,473
Idaho	192	316	403	268
Illinois	66	141	180	120
Indiana	-	-	0	0
Iowa	642	6	8	5
Kansas	88	2,520	3,211	2,141
Kentucky	77	65	83	55
Louisiana	-	-	0	0
Maine	-	-	0	0
Maryland	42	4	5	3
Massachusetts	-	-	0	0
Michigan	-	29	37	25
Minnesota	535	134	171	114
Mississippi	410	438	558	372
Missouri	217	6,477	8,253	5,502
Montana	1,166	814	1,037	691
Nebraska	795	5,642	7,189	4,793
Nevada	329	188	240	160
New Hampshire	19	46	59	39
New Jersey	1	40	51	34
New Mexico	357	473	603	402
New York	41	107	136	91
North Carolina	435	108	138	92
North Dakota	-	-	0	0
Ohio	10	387	493	329
Oklahoma	3,791	5,885	7,499	4,999
Oregon	3,027	4,599	5,860	3,907
Pennsylvania	-	-	0	0
South Carolina	3,713	1,675	2,134	1,423
South Dakota	1,768	2,588	3,298	2,198
Tennessee	2,151	1,451	1,849	1,233
Texas	6	7,531	9,596	6,397
Utah	15	31	39	26
Vermont	25	-	0	0
Virginia	2	245	312	208
Washington	1,408	16,248	20,703	13,802
West Virginia	-	112	143	95
Wisconsin	-	-	0	0
Wyoming	3	866	1,103	736
KCMO-DMD	5,476	-	0	0
Puerto Rico	403	33	42	28
Undistributed	-	-	0	0
Obligations	35,418	70,634	90,000	60,000
Bal. Available, EOY	135,332	180,856	193,834	133,834
Total, Available	170,750	251,490	283,834	193,834

FARM SERVICE AGENCY
Emergency Conservation Program

Classification by Objects
(Dollars in thousands)

		2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
41.0	Grants	$35,418	$70,634	$90,000	$60,000
99.9	Total, new obligations	35,418	70,634	90,000	60,000

EMERGENCY CONSERVATION PROGRAM

Status of Programs

Current Activities: During FY 2016, 33 States participated in the Emergency Conservation Program (ECP), with new or continued activity from the previous year, involving approximately $15.1 million in cost-share and technical assistance funds outlays. In FY 2016, $91 million of ECP funding was provided by P.L. 114-113, the Consolidated Appropriations Act, 2016 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.) and $17 million was provided for non-Stafford. Approximately $28 million was outlayed in FY 2016, which includes prior year unobligated balances brought forward.

Selected Examples of Recent Activity: ECP provisions in current and prior years' supplemental appropriations have targeted funding needs for both regular ECP and specific disasters, such as the pervasive western drought conditions, southern mid-Atlantic ice storms and flooding, Midwest flooding, tornado damage, and western states wildfires. Funds are monitored through separate disaster identification accounts. ECP funds continue to assist agricultural producers 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 Western U.S. where severe drought continues to pervade the region, grading and reshaping farmland scoured by flood waters, and restoring livestock fences and conservation structures destroyed by wildfire, tornados, and ice storms. During FY 2016, ECP allocated $75.7 million in Stafford Act funds and $35.3 million in unrestricted funds, totaling $111 million. These allocations include the reallocation of unrestricted funds remaining from previous years' disasters to help producers faced with new natural disaster events.

The following tables show (A) appropriations and outlays for 1981 through 2016 and (B) FY 2016 allocations by State.

Table A

Emergency Conservation Program
Appropriations and Outlays
Fiscal Years 1981-2016

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
TOTAL	1,396,825,485		1,134,220,097

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.

Table B

EMERGENCY CONSERVATION PROGRAM FY 2016 Allocations by State		
State	Disaster	Total Allocations
AL	Flooding, Tornados	$5,006,300
AR	Flooding, Tornados	8,293,632
AZ	Flooding	201,000
CA	Wildfires	2,200,000
CO	Flooding	112,500
GA	Flooding, Ice Storms, Tornados	221,400
HI	Flooding, Hurricane	1,604,000
ID	Drought	69,000
IL	Flooding	239,400
KS	Wildfires	7,065,500
KY	Flooding	6,500
LA	Flooding	304,000
MI	High Winds	36,400
MO	Flooding, Tornados	8,938,500
MS	Flooding, Tornados	658,000
MT	Drought, Wildfires	298,200
NC	Flooding, Ice Storms	161,140
NE	Drought, Flooding, Wildfires	7,052,700
NH	Flooding	25,000
NJ	Severe Storms	41,000
NV	Flooding	59,000
NY	High Winds	35,700
OH	Flooding	489,730
OK	Flooding, Severe Storms, Tornados, Wildfires	10,308,702
OR	Drought, Wildfires	8,417,071
SC	Severe Storms	2,807,000
SD	Drought, Flooding	30,072
TN	Flooding, Ice Storms, Severe Storms, Tornados	509,200
TX	Flooding, Severe Storms, Wildfires	16,275,500
VA	Flooding, Tornados	419,700
WA	Drought, Flooding, Wildfires	28,959,489
WV	Severe Storms	155,000
WY	Drought	16,675
Total		111,017,011

FARM SERVICE AGENCY

Agricultural Disaster Relief Fund

Lead-Off Tabular Statement

Budget Estimate, 2018	0
2017 Annualized Continuing Resolution	0
Change in Appropriation	0

Summary of Increases and Decreases

(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Mandatory Appropriations:					
Agricultural Disaster Relief Fund	$86	-$14	-$72	-	-
Total	86	-14	-72	-	-

FARM SERVICE AGENCY

Agricultural Disaster Relief Fund

Project Statement

Adjusted Appropriations Detail

(Dollars in thousands)

Program	2015 Actual	2016 Actual	2017 Estimate	Inc. or Dec.	2018 President's Budget
	Amount	Amount	Amount	Amount	Amount
Mandatory Appropriations:					
Agricultural Disaster Relief Fund...	$86	$72	$30	-$30	-
Total Appropriation.......................	86	72	30	-30	-
Transfers In:					
Borrowing Authority......................			$1,800	-$1,800	-
Subtotal.....................................	-	-	1,800	-1,800	-
Sequestration.....................................			-131	131	-
Bal. Available, SOY...........................	-	-	-	-	-
Other Adjustments............................	3,188	1,050	-	-	-
Total Available..............................	3,274	1,122	1,699	-1,699	-
Bal. Available, EOY..........................	-	-	-	-	-
Total Obligations...........................	3,274	1,122	1,699	-1,699	-

Project Statement

Obligations Detail

(Dollars in thousands)

Program	2015 Actual	2016 Actual	2017 Estimate	Inc. or Dec.	2018 President's Budget
	Amount	Amount	Amount	Amount	Amount
Mandatory Obligations:					
Agricultural Disaster Relief............	$3,274	$1,122	$1,699	-$1,699	-
Subtotal.....................................	3,274	1,122	1,699	-1,699	-
Total Obligations...........................	3,274	1,122	1,699	-1,699	-
Bal. Available, EOY..........................	-	-	-	-	-
Total Available..............................	3,274	1,122	1,699	-1,699	-
Transfers In					
(Borrowing Authority)	-	-	-1,800	1,800	-
Transfers Out....................................	-	-	-	-	-
Sequestration.....................................	-	-	131	-131	-
Bal. Available, SOY...........................	-	-	-	-	-
Other Adjustments (Net)....................	-3,188	-1,050	-	-	-
Total Appropriation.......................	86	72	30	-30	-

Justification of Increases and Decreases

No FY 2018 President's Budget requirements are projected for this program.

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

State/Territory	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
	Amount	Amount	Amount	Amount
Alabama	$28	-	$34	-
Alaska	-	-	10	-
Arkansas	14	-	18	-
California	129	-$1	55	-
Colorado	141	-6	12	-
Connecticut	59	-	-	-
Delaware	-	-	12	-
Florida	727	24	37	-
Georgia	45	6	18	-
Hawaii	-	-10	20	-
Idaho	-	-	34	-
Illinois	350	4	18	-
Indiana	-	-	29	-
Iowa	25	-6	34	-
Kansas	111	74	36	-
Kentucky	19	2	34	-
Louisiana	13	2	84	-
Maine	-	-	34	-
Maryland	12	-	91	-
Massachusetts	-	32	37	-
Michigan	16	5	34	-
Minnesota	132	4	41	-
Mississippi	106	1	34	-
Missouri	-	-	52	-
Montana	148	100	34	-
Nebraska	11	239	60	-
Nevada	-	-	34	-
New Hampshire	-	-	112	-
New Jersey	17	14	34	-
New Mexico	52	-115	34	-
New York	-	-	44	-
North Carolina	38	419	51	-
North Dakota	168	34	34	-
Ohio	22	1	27	-
Oklahoma	68	3	34	-
Oregon	125	-	19	-
Pennsylvania	22	-	34	-
Rhode Island	-	-	93	-
South Dakota	57	35	28	-
Tennessee	89	-	-	-
Texas	151	183	12	-
Vermont	46	-	-	-
Virginia	-	-	81	-
Washington	284	1	-	-
West Virginia	-	1	13	-
Wisconsin	-	12	12	-
Wyoming	-	-	92	-
Puerto Rico	49	64	9	-
Undistributed	-	-		-
Obligations	3,274	1,122	1,699	-
Lapsing Balances	-	-	-	-
Bal. Available, EOY	-	-	-	-
Total, Available	3,274	1,122	1,699	-

FARM SERVICE AGENCY
Agricultural Disaster Relief Fund

Classification by Objects
(Dollars in thousands)

		2015 Actual	2016 Actual	2017 Estimated	2018 President's Budget
41.0	Grants	$3,274	$1,122	$1,699	-
99.9	Total, new obligations	3,274	1,122	1,699	-

AGRICULTURAL DISASTER RELIEF TRUST FUND

Status of Programs

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 2016, funds were used to make remaining residual payments to farmers and ranchers, including adjustments to prior year obligations. Obligations totaled $1,122,050 and total outlays were $1,540,605.

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

Programs	Obligations	Outlays
DTF	$1,328	$98,439
ELAP	9,397	9,397
LFP	24,502	166,895
LIP	-161,242	22,290
SURE	1,248,065	1,243,584
TAP	0	0
Total	1,122,050	1,540,605

FARM SERVICE AGENCY

USDA Supplemental Assistance

Lead-Off Tabular Statement

Budget Estimate, 2018..	0
2017 Annualized Resolution..	$1,992,000
Change in Appropriation..	-1,922,000

Summary of Increases and Decreases

(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Discretionary Appropriations:					
Geographically Disadvantaged Farmers and Ranchers………….	$1,996	-	-$4	-$1,992	-
Total……………………………………	1,996	-	-4	-1,992	-

FARM SERVICE AGENCY

USDA Supplemental Assistance

Project Statement

Adjusted Appropriations Detail

(Dollars in thousands)

Program	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	Inc. or Dec. Amount		2018 President's Budget Amount
Discretionary Appropriations:						
Geographically Disadvantaged Farmers and Ranchers	$1,996	$1,996	$1,992	-$1,992	(1)	-
Total Adjusted Approp..................	1,996	1,996	1,992	-$1,992		-
Total Appropriation........................	1,996	1,996	1,992	-1,992		-
Total Available...............................	1,996	1,996	1,992	-1,992		-
Lapsing Balances..............................	-	-24	-	-		-
Total Obligations............................	1,996	1,972	1,992	-1,992		-

Project Statement

Obligations Detail

(Dollars in thousands)

Program	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	Inc. or Dec. Amount	2018 President's Budget Amount
Discretionary Obligations:					
Geographically Disadvantaged Farmers and Ranchers	$1,996	$1,972	$1,992	-$1,992	-
Other...	-	-	-	-	-
Subtotal......................................	1,996	1,972	1,992	-1,992	-
Total Obligations............................	1,996	1,972	1,992	-1,992	-
Lapsing Balances	-	24	-	-	-
Bal. Available, EOY..........................	-	-	-	-	-
Total Available...............................	1,996	1,996	1,992	-1,992	-
Total Appropriation........................	1,996	1,996	1,992	-1,992	-

(1) A decrease of $1,992,000 for Geographically Disadvantaged Farmers and Ranchers ($1,992,000 is available in FY 2017).

The Agricultural Act of 2014 (the 2014 Farm Bill), re-authorized the Reimbursement Transportation Cost Payment Program for Geographically Disadvantaged Farmers and Ranchers (RTCP) to reimburse geographically disadvantaged producers with a portion of the cost to transport agricultural commodities or inputs used to produce an agricultural commodity. Current year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to the agency. The FY 2018 Budget proposes no funding for this program.

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

State/Territory	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	2018 President's Budget Amount
Alaska.......................................	$339	$306	$332	-
Guam..	-	18	18	-
California.................................	21	-	20	-
Hawaii......................................	759	840	846	-
North Dakota............................	-	2	1	-
Oregon......................................	-	3	2	-
U.S. Virgin Island....................	-	13	14	-
American Samoa......................	-	8	7	-
Northern Mariana Island...........	-	4	2	-
Puerto Rico...............................	877	778	750	-
Obligations............................	1,996	1,972	1,992	-
Recoveries................................	-	-	-	-
Lapsing Balances.....................	-	24	-	-
Bal. Available, EOY................	-	-	-	-
Total, Available....................	1,996	1,996	1,992	-

Classification by Objects
(Dollars in thousands)

	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
41.0 Grants..............................	$1,996	$1,972	$1,992	-
99.9 Total, new obligations..	1,996	1,972	1,992	-

USDA SUPPLEMENTAL ASSISTANCE PROGRAM

Status of Program

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

The Agricultural Act of 2014 (Public Law 113-79), re-authorized the Reimbursement Transportation Cost Payment Program for Geographically Disadvantaged Farmers and Ranchers (RTCP). The Consolidated and Further Continuing Appropriations Act of 2016 authorized $1.996 million for fiscal year 2016 to reimburse geographically disadvantaged producers with a portion of the cost to transport agricultural commodities or inputs used to produce a 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 2016 began on July 20, 2016, and ended on September 11, 2016. Payments for FY 2016 signup will be disbursed in FY 2017.

FARM SERVICE AGENCY

Emergency Forest Restoration Program

Lead-Off Tabular Statement

Budget Estimate, 2018	0
2017 Annualized Continuing Resolution	0
Change in Appropriation	0

Summary of Increases and Decreases

(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Discretionary Appropriations:					
Emergency Forest Restoration Program	$3,203	+$2,797	-$6,000	-	-
Total,	3,203	+2,797	-6,000	-	-

FARM SERVICE AGENCY
Emergency Forest Restoration Program

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	Inc. or Dec. Amount	2018 President's Budget Amount
Discretionary Appropriations:					
Emergency Forest Restoration Program Regular	-	$4,000	-	-	-
Emergency Forest Restoration Program Stafford	$3,203	2,000	-	-	-
Total Adjusted Approp	3,203	6,000	-	-	-
Rescissions, Transfers, and Seq. (Net)	-	-	-	-	
Total Appropriations	3,203	6,000	-	-	-
Transfers In:				-	
ECP (Sandy Stafford)	-	-	-	-	-
Subtotal	-	-	-	-	-
Rescission	-	-	-	-	-
Sequestration	-	-			
Bal. Available, SOY	57,532	52,762	$60,002	-$24,000	$36,002
Recoveries, Other (Net)	1,337	4,119	-	-	-
Total Available	62,072	62,881	60,002	-24,000	36,002
Bal. Available, EOY	-52,762	-60,002	-36,002	+24,000	-12,002
Total Obligations	9,310	2,879	24,000	-	24,000

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	Inc. or Dec. Amount	2018 President's Budget Amount
Discretionary Obligations:					
Emergency Forest Restoration Program Regular	$123	$1,120	$7,022	+$780	$7,802
Emergency Forest Restoration Program Stafford	6,933	1,751	10,978	+1,220	12,198
Subtotal	7,056	2,871	18,000	+2,000	20,000
Supplemental Obligations:					
Emergency Forest Restoration Program Sandy Stafford	2,254	8	6,000	-2,000	4,000
Total Obligations	9,310	2,879	24,000	-	24,000
Bal. Available, EOY	52,762	60,002	36,002	-24,000	12,002
Total Available	62,072	62,881	60,002	-24,000	36,002
Transfers In	-	-	-	-	-
Rescission	-	-	-	-	-
Sequestration	-	-	-	-	-
Bal. Available, SOY	-57,532	-52,762	-60,002	+24,000	-36,002
Recoveries, Other (Net)	-1,337	-4,119	-	-	-
Total Appropriation	3,203	6,000	-	-	-

Justification of Increase and Decrease

The FY 2018 Budget proposes no funding for this program.

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

State/Territory	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	2018 President's Budget Amount
Alabama	$88	$8	$227	$67
Arkansas	-	6	-	50
Colorado	336	13	866	108
Connecticut	-	-	-	-
Georgia	2,567	295	6,617	2,459
Idaho	-	-	-	-
Iowa	-	-	-	-
Kansas	-	-	-	-
Kentucky	-	3	-	25
Maine	9	8	23	67
Maryland	-	-	-	-
Massachusetts	-	-	-	-
Michigan	-	-	-	-
Minnesota	-	-	-	-
Mississippi	1,170	582	3,016	4,852
Nebraska	-	68	-	567
New Hampshire	-	-	-	-
New Jersey	12	-	31	-
New York	467	-	1,204	-
North Carolina	-	-	-	-
Ohio	92	8	237	67
Oregon	-	1,005	-	8,378
Pennsylvania	-	-	-	-
South Carolina	2,642	797	6,811	6,644
South Dakota	-	-	-	-
Tennessee	79	54	204	450
Texas	48	8	124	67
Vermont	-	-	-	-
Virginia	-	24	-	200
Washington	-	-	-	-
West Virginia	-	-	-	-
KCMO-DMD	1,800	-	4,640	-
Undistributed	-	-	-	-
Obligations	9,310	2,879	24,000	24,000
Bal. Available, EOY	52,762	60,002	36,002	12,002
Total, Available	62,072	62,881	60,002	36,002

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

	2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
41.0 Grants……………	$9,310	$2,879	$24,000	$24,000
99.0 Total, new obligations.....	9,310	2,879	24,000	24,000

EMERGENCY FOREST RESTORATION PROGRAM

Status of Program

Current Activities: The Emergency Forest Restoration Program (EFRP) provides payments to eligible owners of non-industrial private forest land for implementation of emergency measures to restore forests and forest resources damaged by natural disasters. During FY 2016, 5 States participated in EFRP with new or continued activity from the previous year. The Consolidated Appropriations Act, 2016 (P.L. 114-113), provided $6 million in EFRP funding 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.). In FY 2016, $4.7 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 southern mid-Atlantic ice storms and tornado damage, and Stafford Act funds targeted to specific disaster needs, such as Hurricane Sandy. 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 2016, $5 million in EFRP unrestricted and Stafford Act designated funds were allocated to 5 States to assist private forest landowners impacted by natural disasters.

The following tables show appropriations and outlays for 2010 through 2016 and FY 2016.

Table A

Emergency Forest Restoration Program Appropriations and Outlays Fiscal Years 2010-2016			
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
TOTAL	91,268,468		18,769,043

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.

FARM SERVICE AGENCY

Pima Agriculture Cotton Trust Fund

Lead-Off Tabular Statement

Budget Estimate, 2018	0
2017 Annualized Continuing Resolution	0
Change in Appropriation	0

Summary of Increases and Decreases
(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Mandatory Appropriations:					
Pima Agriculture Cotton Trust Fund	$14,832	+$80	-$16	+$1,104	$16,000
Total	14,832	+80	-16	+1,104	16,000

FARM SERVICE AGENCY
Pima Agriculture Cotton Trust Fund

Project Statement
Adjusted Appropriations Detail
(Dollars in thousands)

Program	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	Inc. or Dec. Amount	2018 President's Budget Amount
Mandatory Appropriations:	-	-	-	-	-
Total Adjusted Approp.	-	-	-	-	-
Transfers In:					
Commodity Credit Corporation	$16,000	$16,000	$16,000	-	$16,000
Total	16,000	16,000	16,000	-	16,000
Transfers Out:					
Rescission	-	-	-	-	-
Sequestration	-1,168	-1,088	-1,104	+$1,104	-
Bal. Available, SOY	-	-	-	-	-
Recoveries, Other (Net)	-	-	-	-	-
Total Available	14,832	14,912	14,896	+1,104	16,000
Total Obligations	14,832	14,912	14,896	-	16,000

Project Statement
Obligations Detail
(Dollars in thousands)

Program	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	Inc. or Dec. Amount	2018 President's Budget Amount
Mandatory Obligations:					
Pima Agriculture Cotton Trust Fund	$14,832	$14,912	$14,896	+$1,104	$16,000
Subtotal	14,832	14,912	14,896	+1,104	16,000
Mandatory Obligations:					
Total Obligations	14,832	14,912	14,896	+1,104	16,000
Total Available	14,832	14,912	14,896	+1,104	16,000
Transfers In	-16,000	-16,000	-16,000	-	-16,000
Sequestration	1,168	1,088	1,104	-1,104	-
Total Appropriation	-	-	-	-	-

Justification of Increases and Decreases

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

FARM SERVICE AGENCY
Pima Agriculture Cotton Trust Fund

Classification by Objects
(Dollars in thousands)

		2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
Other Objects:					
41.0	Grants, Subsidies and Contributions....................	$14,832	$14,912	$14,896	$16,000
99.9	Total, new obligations...................................	14,832	14,912	14,896	16,000

FARM SERVICE AGENCY

Agriculture Wool Apparel Manufacturers Trust Fund

Lead-Off Tabular Statement

Budget Estimate, 2018	0
2017 Annualized Continuing Resolution	0
Change in Appropriation	0

Summary of Increases and Decreases
(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Mandatory Appropriations:					
Agriculture Wool Apparel Manufacturers Trust Fund	$18,621	+$9,339	-$30	+$2,070	$30,000
Total	18,621	+9,339	-30	+2,070	30,000

FARM SERVICE AGENCY

Agriculture Wool Apparel Manufacturers Trust Fund

Project Statement

Adjusted Appropriations Detail

(Dollars in thousands)

Program	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	Inc. or Dec. Amount	2018 President's Budget Amount
Mandatory Appropriations:	-	-	-	-	-
Total Adjusted Approp.	-	-	-	-	-
Transfers In:					
Commodity Credit Corporation	$30,000	$30,000	$30,000	-	$30,000
Total	30,000	30,000	30,000	-	30,000
Transfers Out:					
Rescission	-	-	-	-	-
Sequestration	-2,190	-2,040	-2,070	+$2,070	-
Bal. Available, SOY	5,301	14,490	14,490	-14,490	-
Recoveries, Other (Net)	-	-	-	-	-
Total Available	33,111	42,450	42,420	+2,070	30,000
Bal. Available, EOY	-14,490	-14,490	-14,490	-	-
Total Obligations	18,621	27,960	27,930	+2,070	30,000

Project Statement

Obligations Detail

(Dollars in thousands)

Program	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	Inc. or Dec. Amount	2018 President's Budget Amount
Mandatory Obligations:					
Agriculture Wool Apparel Manufacturers Trust Fund	$18,621	$27,960	$27,930	+$2,070	$30,000
Subtotal	18,621	27,960	27,930	+2,070	30,000
Mandatory Obligations:					
Total Obligations	18,621	27,960	27,930	+2,070	30,000
Total Available	18,621	27,960	27,930	2,070	30,000
Transfers In	-30,000	-30,000	-30,000	-	-30,000
Transfers Out	-	-	-	-	-
Bal. Available, SOY	-5,301	-14,490	-14,490	+14,490	-
Sequestration	2,190	2,040	2,070	-2,070	-
Bal. Available, EOY	14,490	14,490	14,490	-14,490	-
Total Appropriation	-	-	-	-	-

Justification of Increases and Decreases

The Agriculture Wool Apparel Manufacturers Trust fund was established by the Agricultural Act of 2014 and extends from FY 2014 to FY 2019.

FARM SERVICE AGENCY
Agriculture Wool Apparel Manufacturers Trust Fund

Classification by Objects
(Dollars in thousands)

		2015 Actual	2016 Actual	2017 Estimate	2018 President's Budget
Other Objects:					
41.0	Grants, Subsidies and Contributions....................	$18,621	$27,960	$27,930	$30,000
99.9	Total, new obligations...................................	18,621	27,960	27,930	30,000

FARM SERVICE AGENCY

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

The Department will be revising the USDA Strategic Plan later in the spring and expects to release it with the FY 2019 President's Budget.

Key Performance Measures:

Percentage of Socially Disadvantaged Farmers (SDA) financed by USDA							
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Percent	13.3	13.6	14.2	15	15.9	14.1	15.2

Percentage of Beginning Farmers financed by USDA							
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Percent	68.8	70	79.2	85.6	95.5	77.5	88

CRP restored wetland acreage							
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Millions of acres	2.29	2.09	2.00	1.93	2.09	1.90	1.90

Percentage of Farm Service Agency program delivery applications at USDA Service Centers that are Web-enabled *							
	2012 Actual	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Target	2018 Target
Percent	72.7	78	80	95	100	N/A*	N/A*

* FSA is currently developing a replacement IT measure since current measure is at 100 percent

Selected Past Accomplishments Toward Achievement of the Key Outcomes:

- FSA obligated nearly 17,800 direct loans to beginning farmers in FY 2016, a nearly four percent increase from the prior fiscal year. Nearly 3,400 guaranteed loans were also issued to beginning farmers in FY 2016, about a one percent increase over the prior fiscal year. New and beginning farmers now account for 57 percent of FSA's direct loan portfolio and 36 percent of the guaranteed loan portfolio.

- FSA also increased the dollars loaned to minority and women farmers and ranchers by two percent from 2015, providing nearly $842 million in 2016.

- Livestock Forage Disaster Program (LFP) paid over $451 million in payments in FY 2016. Livestock Indemnity Program (LIP) paid over $41 million in FY 2016.

- More than 56,000 producers participated in the Noninsured Crop Disaster Assistance Program (NAP) in 2016. Nearly a quarter of first-time NAP applicants were new and beginning farmers.

- FSA issued more than 1,900 Farm Storage Facility Loans (FSFL) in FY 2016 valued at $159 million, which provides needed assistance to producers in building or upgrading facilities to store commodities.

- In 2016, FSA allocated over $111 million in Emergency Conservation Program (ECP) funds to 42 States, helping producers rehabilitate farmland damaged by natural disasters and implement emergency water conservation measures.

- FSA completed the modernization of AS400/S36 business processes. FSA decommissioned 2,318 AS400 Data Centers and will dispose of the AS400 Data Centers in compliance with National Institute of Standards and Technology (NIST) standards by the end of fiscal year 2017.

- FSA continues to make progress streamlining business applications to provide a timelier, more accurate, and more reliable delivery of benefits to producers.

- FSA held the first-ever enrollment period for Conservation Reserve Program (CRP) Grasslands in 2016 and approved acceptance of 101,000 acres. CRP Grasslands provides participants with financial assistance for establishing approved grasses, forbs and shrubs on pasture and rangeland that can continue to be grazed.

- FSA provided $5.3 billion in payments through the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC), which assisted farmers of 21 key crops to manage risk associated with weather and/or volatile market forces.

Selected Accomplishments Expected at the FY 2018 Proposed Resource Level:

- FSA anticipates providing approximately 43,000 loans to farmers and ranchers in FY 2018 through its direct and guaranteed loan programs. This capital assists them in establishing and maintaining successful operations and more broadly it supports jobs and economic growth in rural America. FSA loan programs remain particularly important in meeting the credit needs of minority, women, and beginning farmers.

- FSA will begin integration of its financial management systems to provide end-to-end reconciliation of financial transactions addressing funds control requirements in preparation for future CCC audits and enabling publication of accurate CCC and consolidated FSA financial statements.

- FSA is increasing visibility into collected data related to organization, location, business partner, farm records, crop acreage data, and other data domains to provide reporting and analytics for field operations and executive decision-making to best support mission needs and priorities.

FARM SERVICE AGENCY

Annual Plan and Performance Report Information

The Farm Service Agency (FSA) was established October 13, 1994, pursuant to the Department of Agriculture (USDA) Reorganization Act of 1994, P.L. 103-354. The FSA mission is to serve our nation's farmers and ranchers professionally, efficiently, equitably, and in a manner that is customer, taxpayer, and employee friendly.

Analysis of Results

- FSA obligated nearly 17,800 direct loans to beginning farmers in FY 2016, a nearly four percent increase from the prior fiscal year. Nearly 3,400 guaranteed loans were also issued to beginning farmers in FY 2016, about a one percent increase over the prior fiscal year. New and beginning farmers now account for 57 percent of FSA's direct loan portfolio and 36 percent of the guaranteed loan portfolio.

- FSA also increased the dollars loaned to minority and women farmers and ranchers by two percent from 2015, providing nearly $842 million in 2016.

- Total Conservation Reserve Program (CRP) enrollment at the end of FY 2016 was at 23.9 million acres. Continuous signup enrolled the most acreage in any one year since inception of the continuous signup program in 1997.

Annual Performance Goals, Indicators, and Trends	**Actual**				**Target**	**Actual**	**Result**	**Target**	**Target**
	2012	**2013**	**2014**	**2015**	**2016**			**2017**	**2018**
Percentage of Socially Disadvantaged Farmers (SDA) financed by USDA*	13.3	13.6	14.2	15	14	15.9	Exceed	14.1	15.2
Percentage of Beginning Farmers financed by USDA*	68.8	70	79.2	85.6	76.5	95.5	Exceed	77.5	88
Allowable Data Range for Met: +/-.5									
Assessment of Performance Data									
Data Source - FSA Direct Loan System, FSA Guaranteed Loan System, PLAS, Agriculture Census									
Completeness of Data – FSA considers this data to be complete and final at the time of this report									
Reliability of Data - FSA does not discern any significant material weaknesses with data source(s)									
Quality of Data – FSA considers data collection and reporting methodology to be sound									

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

Annual Performance Goals, Indicators, and Trends	**Actual**				**Target**	**Actual**	**Result**	**Target**	**Target**
	2012	**2013**	**2014**	**2015**	**2016**			**2017**	**2018**
CRP restored wetland acreage (millions of acres)	2.29	2.09	2.00	1.93	1.90	2.09	Met	1.90	1.90
Allowable Data Range for Met: +/-.05									
Assessment of Performance Data									
Data Source - FSA National CRP Contract Data Files									
Completeness of Data – FSA considers this data to be complete and final at the time of this report									
Reliability of Data - FSA does not discern any significant material weaknesses with data source(s)									
Quality of Data – FSA considers data collection and reporting methodology to be sound									

Accomplishments Expected at the FY 2018 Proposed resource Level/ Challenges for the Future

FSA anticipates providing approximately 43,000 loans to farmers and ranchers in FY 2018 through its direct and guaranteed loan programs. This capital assists them in establishing and maintaining successful operations and more broadly it supports jobs and economic growth in rural America. FSA loan programs remain particularly important in meeting the credit needs of minority, women, and beginning farmers.

Management Challenges

FSA is currently tasked to contribute to USDA Management Challenge #1: USDA Needs to Improve Oversight and Accountability for its Programs, Challenge #4: USDA Needs to Strengthen Controls over Improper Payments and Financial Management, and Challenge #5: USDA Needs to Improve Outreach Efforts. CCC is tasked with Challenge #4: USDA Needs to Strengthen Controls over Improper Payments and Financial Management. FSA is implementing corrective actions to address these Challenges and is working closely with the OCFO in reporting quarterly and annual status updates.

Program Evaluations

Program	Title	Findings and Recommendations/Actions
FSA Microloan Program	Farm Service Agency Microloan Program	**Finding:** Opportunities exist to improve operations in areas where FSA required excessive security for loans, inconsistently filed security liens, and inconsistently established microloan repayment terms. OIG also found that FSA could not demonstrate that it had successfully reached out to some target audiences. **Recommendation:** FSA needs to develop and implement controls and guidance to achieve consistent administration of microloans, periodically evaluate outreach activities to ensure effective marketing to target groups, and develop an accurate measurement of success for its outreach program. **Agency Response:** FSA generally agreed with our findings and OIG accepted management decision on six of the seven recommendations. FSA has implemented changes to software that will track and report on excess security issues within microloans. USDA Office of the Inspector General https://www.usda.gov/oig/webdocs/03601-0003-22.pdf