

FY 2011 Explanatory Notes
Farm Service Agency

Table of Contents

	<u>Page</u>
Purpose Statement	22-1
Statement of Available Funds and Staff Years	22-8
Permanent Positions by Grade and Staff Years	22-9
Passenger Vehicle Fleet Data	22-10
 SALARIES AND EXPENSES	
Appropriations Language	22-11
Lead-off Tabular Statement	22-12
Project Statements	22-13
Justifications.....	22-15
Geographic Breakdown of Obligations and Staff-Years	22-18
Classification by Objects.....	22-19
Summary of Recovery Act Funding.....	22-20
Status of Program.....	22g-1
 PROGRAMS	
State Mediation Grants:	
Appropriations Language	22-21
Lead-off Tabular Statement	22-22
Project Statement	22-22
Justifications.....	22-22
Geographic Breakdown of Obligations	22-23
Classification by Objects.....	22-24
Status of Program.....	22g-6
Grassroots Source Water Protection Program	
Appropriations Language	22-25
Lead-off Tabular Statement	22-26
Project Statement	22-26
Justifications.....	22-26
Classification by Objects.....	22-26
Status of Program.....	22g-8
Dairy Indemnity Program:	
Appropriations Language	22-27
Lead-off Tabular Statement	22-28
Project Statements	22-28
Justifications.....	22-28
Geographic Breakdown of Obligations	22-29
Classification by Objects.....	22-29
Status of Program.....	22g-9
Agricultural Credit Insurance Fund:	
Appropriations Language	22-30
Lead-off Tabular Statement	22-31
Project Statements	22-32
Justifications.....	22-34
Geographic Breakdown of Obligations	22-36
Classification by Objects.....	22-43
Summary of Recovery Act Funding.....	22-44
Status of Program.....	22g-11

Reforestation Pilot Program	
Appropriations Language	22-46
Lead-off Tabular Statement	22-47
Project Statement	22-47
Justifications.....	22-47
Classification by Objects.....	22-47
Status of Program.....	22g-13
Emergency Conservation Program:	
Lead-off Tabular Statement	22-48
Project Statements.....	22-48
FY 2009 Outlays by Type of Disaster.....	22-49
Geographic Breakdown of Obligations.....	22-50
Classification by Objects.....	22-51
Status of Program.....	22g-14
Agricultural Disaster Relief Trust Fund	
Lead-off Tabular Statement	22-52
Project Statements.....	22-52
Classification by Objects.....	22-52
Summary of Recovery Act Funding.....	22-53
Status of Program.....	22g-17
USDA Supplemental Assistance Program	
Lead-off Tabular Statement	22-57
Project Statement	22-57
Classification by Objects.....	22-57
Status of Program.....	22g-18
Aquaculture Grant Program	
Summary of Recovery Act Funding.....	22-58
SUMMARY OF BUDGET AND PERFORMANCE	
Statement of Goals and Objectives	22-61
Key Performance Outcomes and Measures.....	22-69
Full Cost by Strategic Objective	22-71

FARM SERVICE AGENCY

Purpose Statement

The Farm Service Agency (FSA) was established October 13, 1994, pursuant to the Department of Agriculture Reorganization Act of 1994, Public Law (P.L.) 103-354, as amended by the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127. FSA's mission is to contribute to the viability of American agriculture by providing efficient and equitable administration of farm commodity, farm loan, conservation, and emergency programs. FSA provides the personnel to carry out many of the programs funded by the Commodity Credit Corporation (CCC) and is responsible for the overall coordination of budgetary and fiscal matters of the CCC.

FSA administers programs authorized by the Food, Conservation, and Energy Act of 2008, P. L. 110-246 (the 2008 Farm Bill), and a variety of other laws. Descriptions of the programs administered by FSA and funded by CCC appear in the CCC Purpose Statement in Section 18 of these Explanatory Notes. The following is a summary of FSA's programs and activities funded by other sources, including appropriations, transfers, and fees.

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

Most farm loan programs administered by FSA are authorized by the Consolidated Farm and Rural Development Act, P.L. 87-128, August 8, 1961, as amended. Subtitle A of this act authorizes direct and guaranteed farm ownership, recreation, and soil and water loans. Subtitle B authorizes direct and guaranteed operating loans. Subtitle C authorizes emergency loans. The Agriculture Credit Improvement Act of 1992, P.L. 102-554, establishes special assistance to qualified beginning farmers and ranchers to enable them to conduct viable farming and ranching operations. Indian Tribe Land Acquisition Loans are authorized by Public Law 91-229, April 11, 1970, as amended. The 2008 Farm Bill authorizes Conservation Loans and Indian Fractionated Land Loans.

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

The programs funded by this account are:

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

Loans are made for 40 years or less. A direct loan may not exceed \$300,000 and a guaranteed loan may not exceed \$1,112,000, adjusted annually. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost of money to the Government plus up to 1 percent. However, loans to limited resource borrowers (farmers who need special supervision or who cannot afford the regular interest rate due to low income) bear interest of not more than one-half of the Treasury rate for marketable obligations with maturities of 5 years plus not more than 1 percentage point, with a floor of 5 percent. Effective with the 2008 Farm Bill, interest rates for beginning farmer down-payment loans are established at 4 percent less than the regular borrower rate, with a floor of 1.5 percent. The interest rate for guaranteed loans is negotiated by the lender and borrower.

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

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

Operating loans may be made for paying costs incident to reorganizing a farming system for more profitable operations; purchasing livestock, poultry, and farm equipment; purchasing feed, seed, fertilizer, insecticides, and farm supplies and meeting other essential operating expenses; financing land and water development, use, and conservation; developing recreation and other non-farm enterprises; and refinancing existing indebtedness.

Farm operating loans are for periods of 1 to 7 years depending on loan purposes. The loan limit is \$300,000 for a direct loan and \$1,112,000, 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. In addition, the interest rate assistance program may also be sufficient to allow moderate-income borrowers to move from the direct loan program to the guaranteed loan program.

The Agricultural Credit Improvement Act of 1992, Public Law 102-554, requires at least 50 percent of the amounts available for direct farm operating loans be reserved for qualified beginning farmers and ranchers during the first 9 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. Partnerships and private domestic corporations and cooperatives may also qualify, provided they are primarily engaged in agricultural or aquaculture production. Loans may be made only for actual losses arising from natural disasters. A farmer who cannot receive credit elsewhere is eligible for an actual loss loan of up to \$500,000 or the calculated actual loss, whichever is less, for each disaster, at an interest rate of 3.75 percent.

Actual loss loans may be made to repair, restore, or replace damaged or destroyed farm property, livestock and livestock products, and supplies and to compensate for disaster-related loss of income based on reduced production of crops and/or livestock products. Eligible farmers may use actual loss loan funds to pay costs incident to reorganizing a farming system to make it a sound operation that is approximately equivalent in earning capacity to the operation conducted prior to the disaster. Under certain conditions, loan funds may be used to buy essential home equipment and furnishings and for limited refinancing of debts.

Repayment terms for actual loss loans 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.

- **Indian Tribe Land Acquisition Loans.** These loans allow Native Americans to repurchase tribal lands and maintain ownership for future generations. They are limited to acquisition of land within the defined boundaries of a tribe's reservation. To be eligible, a tribe must be recognized by the Secretary of the Interior or be a tribal corporation established pursuant to the Indian Reorganization Act; in addition, a tribe must be without adequate funds to acquire the needed land and be unable to obtain sufficient credit elsewhere for the purchase. The tribe must also have a satisfactory management and repayment plan. Loans are made at 5 percent interest for a period not to exceed 40 years.
- **Boll Weevil Eradication Loans.** Boll weevil eradication loans provide assistance to producer associations and State governmental agencies to eradicate boll weevils. Loans are made in major cotton producing States.
- **Credit Sales of Acquired Property.** Loans are authorized for the sale of security properties previously acquired by FSA during the servicing of its loan portfolio. Loans for sales of acquired property have been financed under the direct farm ownership loan program since separate funding for credit sales has not been appropriated.
- **Conservation Loans.** Loans for conservation projects must be part of a USDA-approved conservation plan. Eligible conservation plans may include projects for construction or establishment of conservation structures, forest and permanent cover, water conservation and waste management systems, improved permanent pasture, or other projects that comply with Section 1212 of the Food Security Act of 1985, and other purposes approved by Secretary. Eligible borrowers include farmers, ranchers, and other entities controlled by farmers and ranchers and primarily and directly engaged in agricultural production. The program gives priority to qualified beginning farmers, ranchers, socially disadvantaged farmers or ranchers, owners or tenants who use the loans to convert to sustainable or organic agricultural production systems, and producers who use the loans to build conservation structures or establish conservation practices. Loan guarantees are 75 percent of the principal amount of the loan, and loans are to be disbursed geographically to the maximum extent possible. Loans are made to borrowers unable to obtain credit elsewhere.
- **Indian Highly Fractionated Land Loans.** As authorized by the 2008 Farm Bill, this program provides discretionary authority to make and insure loans to eligible purchasers of highly fractionated lands under relevant provisions of the Indian Land Consolidation Act. Eligible purchasers are Indian tribal members.
- **Beginning Farmer and Rancher Individual Development Grant Accounts.** The 2008 Farm Bill authorizes an Individual Development Account Pilot Program, which provides for matching-funds savings accounts for beginning farmers or ranchers to be used for specified farming-related expenses. Eligible beginning farmers and ranchers are defined as those that lack significant assets and have an income that is either below 80 percent of their State's median or below 200 percent of their State's poverty income guidelines. Eligible participants cannot receive more than \$6,000 in matching funds for each fiscal year of contract. Participants must also complete financial training established by a qualified entity.

State Mediation Grants: Section 502 of the Agricultural Credit Act of 1987, P.L. 100-233, authorized the Secretary of Agriculture to help States develop and operate mediation programs to assist agricultural producers, their creditors, and other persons directly affected by the actions of USDA in resolving disputes confidentially, efficiently, and cost effectively compared to administrative appeals, litigation, and bankruptcy. Under the program, FSA makes grants to States to support mediation programs established

under State statute and certified by FSA. Grants can be up to \$500,000 annually, or 70 percent of the State's cost of operating its program for the year.

Originally designed to address farm loan disputes, the program was expanded by the Department of Agriculture Reorganization Act of 1994, P.L. 103-354, to include other agricultural issues such as wetland determinations, conservation compliance, rural water loan programs, grazing on National forest system lands, and pesticides. The Grain Standards and Warehouse Improvement Act of 2000, P.L. 106-472, clarified that certified State programs can provide mediation training and consulting services to producers, lenders, and USDA agencies.

The program was extended through fiscal year 2010 by P.L. 109-17, enacted June 29, 2005.

Emergency Conservation Program (ECP): ECP is authorized by Title IV of the Agricultural Credit Act of 1978 (P.L. 95-334), as amended in 1989 and 1996. 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.

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

Grassroots Source Water Protection Program (GSWPP): The Grassroots Source Water Protection Program was reauthorized by the 2002 Act. This program is designed to help prevent source water pollution through voluntary practices installed by producers at the local level. Under the GSWPP, FSA utilizes onsite technical assistance capabilities of each State rural water association that operates a wellhead or groundwater protection program in the State. State rural water associations can deliver assistance in developing source water protection plans within priority watersheds for the common goal of preventing the contamination of drinking water supplies.

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

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

Domestic and Export Commodity Procurement Activities: Procurement activities are governed by the following legislation: National School Lunch Act, Sections 6(a) and (e), 13 and 17; Emergency Food Assistance Act of 1983, as amended; Agricultural Trade Development and Assistance Act of 1954 (Public

Law 83-480, Title II), as amended; Food for Progress Act of 1985, as amended; and the Agricultural Act of 1949, Section 416(b), as amended.

- **Domestic Nutrition and Feeding Programs.** FSA procures commodities for domestic food programs administered by the Food and Nutrition Service. These programs include the National School Lunch Program; elderly, disaster, and emergency feeding programs; food aid to Native Americans living on reservations; and other programs that help individuals in need. FSA also donates surplus Government-owned commodities for use in feeding programs, using CCC authority, when these products are available.
- **Foreign Food-Aid Humanitarian and Developmental Assistance Programs.** FSA procures commodities for overseas humanitarian and developmental use for the Food for Progress and Section 416(b) programs, and under Title II of P.L. 480. Services for P.L. 480 are being provided on a reimbursable basis in FY 2009, and it is anticipated that the same will be the case in FY 2010.
- **Surplus Removal and Disaster and Food Assistance Programs.** FSA procures commodities under Executive Order and congressional mandate for surplus removal and disaster and food assistance programs. In response to natural disasters, FSA distributes Government-owned food from warehouses and may make special purchases of food as part of the disaster relief effort.

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

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

Aquaculture Assistance. The American Recovery and Reinvestment Act of 2009, P.L. 111-5, authorizes no more than \$50 million of Commodity Credit Corporation (CCC) funds for an Aquaculture Grant Program to provide assistance to eligible aquaculture producers for losses associated with high feed input costs during the 2008 calendar year. CCC provides block grants to State Departments of Agriculture or similar State government entities that agree to provide assistance to eligible aquaculture producers in their State. Grants to States will be pro rated based on the amount of aquaculture feed used in each State during the 2007 calendar year. Each State will conduct program signup for aquaculture producers in their State. Applicants who receive assistance under this program may not receive assistance under the Supplemental Agricultural Disaster Assistance Programs for any losses in 2008 relating to the same species of aquaculture.

Agricultural Disaster Relief Trust Fund. The 2008 Farm Bill provides for supplemental agricultural disaster assistance that includes the Agricultural Disaster Relief Trust Fund. The Fund is composed of amounts equivalent to 3.08 percent of the amounts received in the general fund of the U.S. Treasury during FY 2008-2011 attributable to the duties collected on articles entered, or withdrawn from warehouse, for consumption under the Harmonized Tariff Schedule of the U.S. The Fund has authority to borrow and has

repayable advances that are such sums as may be necessary to make up the Fund's budget authority. The Trust Fund may be used to make payments to farmers and ranchers under five programs:

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

The 2008 Farm Bill requires that participants in these new disaster assistance programs have crop insurance or non-insured crop disaster assistance (NAP), or pay a fee if they are otherwise eligible. The ARRA amended the 2008 Farm Bill and the SURE Program to modify the payment formulas for 2008 crops. It also provided an additional 90-day window for 2008 crops for those producers who did not obtain a policy or plan of insurance or NAP coverage, or elect to buy in by September 16, 2008, as authorized under the 2008 Farm Bill. No obligations or outlays were incurred in FY 2008, and the budget authority totaling \$832,951,063 was carried forward into FY 2009 as an unobligated balance.

AGENCY STRUCTURE: FSA delivers its programs through approximately 2,248 USDA Service Centers, 50 State offices, and an area office in Puerto Rico. FSA has headquarters offices in Washington, DC, two field offices in Kansas City, an office in Salt Lake City, and a field office in St. Louis servicing farm loan programs. Personnel at the Washington headquarters office are responsible for program policy decisions, program design, and program oversight. Personnel at the Washington headquarters office and the Kansas City complex are responsible for financial management, IT support for program delivery, and commodity operations.

FSA's permanent, full-time, end-of-year Federal employment as of September 30, 2009, was 4,957. FSA non-Federal permanent employment in USDA Service Centers was 8,606.

OIG Reports:

Number	Title	Report Date
03601-49-Te	Socially Disadvantaged Borrower Foreclosures – Farm Program Loans	6/8/2009
03601-16-At	Tobacco Transition Payment Program – Producers	8/3/2009
06401-24-Fm	Commodity Credit Corporation Financial Statements for Fiscal Years 2009 and 2008	11/12/2009

GAO Reports:

Number	Title	Report Date
GAO-09-890R	Department of Agriculture, Commodity Credit Corporation: Direct and Counter-Cyclical Program and Average Crop Revenue Election Program	7/21/2009
GAO-09-891R	Department of Agriculture, Commodity Credit Corporation: Sugar Program	7/21/2009
GAO-09-892R	Department of Agriculture, Commodity Credit Corporation: Marketing Assistance Loans and Loan Deficiency Payments	7/21/2009
GAO-10-169R	Department of Agriculture, Commodity Credit Corporation: Farm Storage Facility Loan and Sugar Storage Facility Loan Programs	10/28/2009
GAO-10-271R	Department of Agriculture, Commodity Credit Corporation: Conservation Reserve Program	12/1/2009
GAO-10-272R	Department of Agriculture, Farm Service Agency: Livestock Forage Disaster Program and Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish; Supplemental Agricultural Disaster Assistance	12/1/2009

FARM SERVICE AGENCY

Available Funds and Staff Years
2009 Actual and Estimated 2010 and 2011

Item	Actual 2009		Estimated 2010		Estimated 2011	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries & Expenses:						
Direct Appropriation.....	\$1,170,273,000	1,840	\$1,253,777,000	1,965	\$1,364,673,000	1,975
Transfer from Congressional Affairs.....	302,000	--	0	--	0	--
Credit Reform Transfers:						
CCC Export Loans Program Account.....	348,000	2	355,000	2	359,000	2
P.L. 480 Program Account.....	2,736,000	24	2,812,000	24	2,846,000	24
ACIF Program Account.....	309,403,000	2,914	313,173,000	2,879	318,200,000	2,879
Subtotal, Salaries and Expenses.....	1,483,062,000	4,780	1,570,117,000	4,870	1,686,078,000	4,880
American Recovery and Reinvestment Act (ARRA) (IT).....	14,687,000	--	35,313,000	--	0	--
Prior Year Recoveries.....	1,264,000	--	0	--	0	--
Unobligated balance brought forward from FY 2008.....	30,816,000	--	0	--	0	--
Unobligated balance carried forward from FY 2009 for County.....	-11,529,000	--	11,529,000	--	0	--
Unobligated balances carried forward from FY 2009 IT Purposes.....	-21,646,000	--	21,646,000	--	0	--
Total, Salaries and Expenses.....	1,496,654,000	4,780	1,638,605,000	4,870	1,686,078,000	4,880
ACIF Program Account:						
Subsidy.....	220,027,000	0	142,791,000	0	150,722,000	0
ARRA.....	20,055,000	0	385,000	0	0	0
Administrative Expenses:						
Non-Recoverable Loan Costs.....	6,786,000	0	7,920,000	0	7,920,000	0
State Mediation Grants.....	4,369,000	0	4,369,000	0	4,369,000	0
Grassroots Source Water Protection Program.....	5,000,000	0	5,000,000	0	0	0
FY 2009 ARRA Aquaculture Grants.....	48,500,000	0	1,500,000	0	0	0
Total, Above.....	1,801,391,000	0	1,800,570,000	0	1,849,089,000	0
Obligations under other USDA appropriations:						
Foreign Agricultural Service.....	5,109,000	39	5,257,000	39	5,409,000	39
Risk Management Agency.....	1,900,000	20	1,955,000	20	2,012,000	20
Food & Nutrition Service.....	2,428,000	21	2,573,000	21	2,573,000	21
Agricultural Marketing Service.....	1,761,000	35	1,380,000	11	1,380,000	11
Natural Resources Conservation Service.....	1,632,000	21	1,600,000	21	1,600,000	21
Flying Contracts.....	9,361,000	9	9,500,000	9	9,500,000	9
CCC to administer P.L. 480 Title II Grants.....	6,500,000	54	6,180,000	40	6,264,000	40
Farm Bill (CCC).....	39,718,000	0	7,531,000	0	0	0
Miscellaneous.....	60,083,000	0	54,318,000	0	53,272,000	0
Total, Other USDA Appropriations.....	128,492,000	199	90,294,000	161	82,010,000	161
Total, Agriculture Appropriations.....	1,929,883,000	4,979	1,890,864,000	5,031	1,931,099,000	5,041
Obligations under Other Federal Funds:						
Sales of Aerial Photographs.....	313,000	4	322,000	4	331,000	4
Total, Other Federal Funds.....	313,000	4	322,000	4	331,000	4
Obligations under Non-Federal Funds:						
Loan Service Fee Financing.....	5,200,000	0	5,000,000	0	5,000,000	0
Producer Measurement Service.....	1,711,000	0	1,700,000	0	1,700,000	0
Warehouse Examinations.....	3,354,000	54	3,471,000	54	3,471,000	54
Sales of Aerial Photographs.....	451,000	5	464,000	5	478,000	5
Total, Non-Federal Funds.....	10,716,000	59	10,635,000	59	10,649,000	59
Total, Farm Service Agency.....	1,940,912,000	5,042	1,901,821,000	5,094	1,942,079,000	5,104

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

	Direct	Reimbursable	Total S/Y
FY 2009	9,142	276	9,418
FY 2010	9,149	276	9,425
FY 2011	9,149	276	9,425

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

FARM SERVICE AGENCY
Permanent Positions by Grade and Staff Year Summary
2009 Actual and Estimated 2010 and 2011

Grade	2009			2010			2011		
	Wash DC	Field	Total	Wash DC	Field	Total	Wash DC	Field	Total
Senior Executive Service	9	1	10	9	1	10	9	1	10
GS 15	52	33	85	52	33	85	52	33	85
GS 14	118	38	156	118	38	156	118	38	156
GS 13	231	593	824	231	600	831	241	600	841
GS 12	80	1,467	1,547	80	1,525	1,605	80	1,525	1,605
GS 11	23	717	740	23	717	740	23	717	740
GS 10	0	0	0	0	0	0	0	0	0
GS 9	19	277	296	19	277	296	19	277	296
GS 8	17	59	76	17	59	76	17	59	76
GS 7	41	973	1,014	41	973	1,014	41	973	1,014
GS 6	13	98	111	13	98	111	13	98	111
GS 5	2	58	60	2	58	60	2	58	60
GS 4	1	15	16	1	15	16	1	15	16
GS 3	0	5	5	0	5	5	0	5	5
GS 2	0	4	4	0	4	4	0	4	4
Other Graded Positions.....	3	10	13	3	10	13	3	10	13
Ungraded Positions.....	0	0	0	0	0	0	0	0	0
Total Permanent Positions.....	609	4,348	4,957	609	4,413	5,022	619	4,413	5,032
Unfilled Positions end-of-year.....	0	0	0	0	0	0	0	0	0
Total, Permanent Full-Time Employment, end-of-year.....	609	4,348	4,957	609	4,413	5,022	619	4,413	5,032
Staff-Year Estimate.....	1,585	3,457	5,042	1,554	3,540	5,094	1,564	3,540	5,104

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

Fiscal Year	Number of Vehicles by Type								Annual Operating Costs (\$ in 000)
	Sedans and Station Wagons	Light Trucks, SUV's and Vans		Medium Duty Vehicles	Ambulances	Buses	Heavy Duty Vehicles	Total Number of Vehicles	
		4X2	4X4						
FY 2008	285	145	224	6	0	0	3	663	\$5,624
Change from 2008	38	25	31	2	0	0	0	96	-\$715
FY 2009	323	170	255	8	0	0	3	759	\$4,909
Change from 2009	0	0	0	0	0	0	0	0	\$98
FY 2010 1/	323	170	255	8	0	0	3	759	\$5,007
Change from 2010	0	0	0	0	0	0	0	0	\$100
FY 2011 1/	323	170	255	8	0	0	3	759	\$5,107

1/ FY 2010 and FY 2011 are estimates.

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

FSA owns all-terrain vehicles in Hawaii. Neither private contractors nor the GSA Interagency Fleet Management System provides or maintains these types of vehicles.

The change from FY 2008 reflects an increase in GSA leased vehicles. FSA's GSA leased vehicles show an increase because the field offices are replacing their commercially lease vehicles with GSA leased vehicles.

The change from FY 2009 reflects an increase in annual operating costs due to increased gas prices nationwide.

FARM SERVICE AGENCY

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

Salaries and Expenses (Including Transfers of Funds):

For necessary expenses of the Farm Service Agency, [~~\$1,253,777,000~~] \$1,364,673,000: *Provided*, That the Secretary is authorized to use the services, facilities, and authorities (but not the funds) of the Commodity Credit Corporation to make program payments for all programs administered by the Agency: *Provided further*, That other funds made available to the Agency for authorized activities may be advanced to and merged with this account: *Provided further*, That funds made available to county committees shall remain available until expended.

FARM SERVICE AGENCY

SALARIES AND EXPENSES

Appropriations Act, 2010.....	\$1,570,117,000
Budget Estimate, 2011.....	<u>1,686,078,000</u>
Increase in Appropriation.....	+ <u>115,961,000</u>

SUMMARY OF INCREASES AND DECREASES

<u>Item of Change</u>	2010 <u>Estimated</u>		<u>Pay Costs</u>		Program <u>Changes</u>	2011 <u>Estimated</u>
Farm Loan Programs.....	\$313,173,000	+	\$0	+	5,027,000	\$318,200,000
Income Support and Disaster Assistance.....	884,696,000	+	12,357,000	+	\$95,323,000	992,376,000
Conservation Programs.....	310,871,000	+	2,477,000	+	0	313,348,000
Commodity Operations.....	<u>61,377,000</u>	+	<u>777,000</u>	+	0	<u>62,154,000</u>
Total Available	<u>1,570,117,000</u>	+	<u>15,611,000</u>	+	<u>100,350,000</u>	<u>1,686,078,000</u>

FARM SERVICE AGENCY

Project Statement
(On basis of appropriation)

	2009 Actual		2010 Estimated		Increase or Decrease	2011 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Total S&E:							
Farm Loan Programs.....	\$309,403,000	2,923	\$313,173,000	2,904	+	\$5,027,000	\$318,200,000 2,904
Income Support and Disaster Assistance.....	832,279,000	8,047	884,696,000	9,090	+	107,680,000	992,376,000 9,100
Conservation Programs.....	294,807,000	2,835	310,871,000	1,922	+	2,477,000	313,348,000 1,922
Commodity Operations.....	60,165,000	117	61,377,000	103	+	777,000	62,154,000 103
Total Available or Estimate.....	1,496,654,000	13,922	1,570,117,000	14,019	+	115,961,000 (1)	1,686,078,000 14,029
Unobligated Balance.....	68,488,000	--					
American Recovery and Reinvestment Act (ARRA), 2009 P.L. 111-5....	-50,000,000	--					
Transfer from the Office of Congressional Affairs.....	-302,000	--					
Total, Appropriation.....	1,514,840,000	13,922					

Project Statement
(On basis of available funds)

	2009 Actual	2010 Estimated	Increase or Decrease	2011 Estimated
Farm Loan Programs.....	\$309,403,000	\$313,173,000	+	\$5,027,000 \$318,200,000
Income Support and Disaster Assistance.....	832,279,000	884,696,000	+	107,680,000 992,376,000
Includes transfers from:				
P.L. 480 Program Account	(2,736,000)	(2,812,000)		(34,000) (2,846,000)
CCC Export Guarantee Account	(348,000)	(355,000)		(4,000) (359,000)
Conservation Programs.....	294,807,000	310,871,000	+	2,477,000 313,348,000
Commodity Operations.....	60,165,000	61,377,000	+	777,000 62,154,000
Total Available or Estimate	\$1,496,654,000	\$1,570,117,000	+	\$115,961,000 \$1,686,078,000
Advances and Reimbursements (A&R):				
Loan Service Fees Transferreda/.....	5,200,000	5,000,000		0 5,000,000
Farm Bill.....	39,718,000	7,531,000		-7,531,000 0
All Other Advances and Reimbursements.....	92,483,000	87,120,000	+	-730,000 86,390,000
Subtotal, A&R.....	137,401,000	99,651,000		-8,261,000 91,390,000
Total Net Obligations.....	1,634,055,000	1,669,768,000	+	107,700,000 1,777,468,000
Funds Carried Forward from Prior Year...b/...c/.....	30,816,000	0		0 0
American Recovery and Reinvestment Act (ARRA)...d/.....	-35,313,000	35,313,000		-35,313,000 0
Funds Carried Forward to Next Yearc/...e/...f/.....	-33,175,000	33,175,000		-33,175,000 0
Prior Year Refunds/Adjustments.....	1,264,000	0		0 0
Change in Funds Carried Forward.....	-36,408,000	68,488,000		-68,488,000 0
Total, Available Funds Basis.....	\$1,597,647,000	\$1,738,256,000	+	\$39,212,000 \$1,777,468,000

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

b/ Section 702 of Title VII - General Provisions of the 2008 Appropriations Act, P.L. 110-161, provided that any funds made available to County Committees shall remain available until expended (7 U.S.C. 2209b).

c/ FY 2001 Military Construction Appropriations (PL 106-246) an unobligated balance of \$44 thousand is available.

d/ The American Recovery and Reinvestment Act of 2009, P.L. 111-5, \$50 million is available through Sept. 30, 2010, of which \$14.687 million was obligated in FY 2009 and \$35.313 million is remaining available in FY 2010.

e/ Section 702 of Title VII - General Provisions of the 2009 Omnibus Appropriations Act, P.L. 111-8, provided that any funds made available to County Committees shall remain available until expended (7 U.S.C. 2209b). An unobligated balance of \$11.485 million is available.

f/ Section 738 of Title VII - General Provisions of the 2009 Omnibus Appropriations Act, P.L. 111-8, provided that any unobligated balances at the end of the fiscal year from appropriations made available for salaries and expenses shall remain available through September 30, 2010, for information technology expenses. An unobligated balance of \$21.646 million is available.

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

<u>Item</u>	Direct <u>Appropriation</u>	<u>Program Accounts</u>			<u>Total</u>
		<u>ACIF</u>	<u>P.L. 480</u>	<u>CCC Export Credit</u>	
FY 2010 Appropriations Act.....	\$1,253,777	\$313,173	\$2,812	\$355	\$1,570,117
FY 2011 Budget Estimate:					
Pay costs.....	15,573	0	34	4	15,611
Operating Expenses.....	0	5,027	0	0	5,027
Increase for IT Modernization and Stabilization.....	95,323	0	0	0	95,323
Change from FY 2010 Appropriation.....	110,896	5,027	34	4	115,961
Total, FY 2011 Budget Estimate.....	<u>\$1,364,673</u>	<u>\$318,200</u>	<u>\$2,846</u>	<u>\$359</u>	<u>\$1,686,078</u>

Justification of Increases and Decreases

- (1) An increase of \$115,961,000 for Farm Service Agency Salaries and Expenses (\$1,570,117,000 available in FY 2010) consisting of:

- (a) A total increase of \$103,998,000 for Federal Offices:

- (1) An increase of \$8,675,000 for the proposed pay costs and operating expenses for 4,880 direct Federal staff years.

The FY 2011 proposed pay cost is for 4,880 direct Federal staff years. This includes \$0.954 million for annualization of the FY 2010 pay raise and \$2.694 million for the anticipated FY 2011 pay raise. The increase is necessary to fully support the staff required to administer farm programs such as direct and counter-cyclical payment contracts and increased conservation programs; to properly service existing farm loans efficiently and effectively and analyze new loan requests; and to maintain the personnel required to meet key objectives related to commodity operations. Of the total increase, \$5.027 million is requested under the Agriculture Credit Insurance Fund for increased operating costs.

- (2) An increase of \$95,323,000 for IT stabilization and modernization of FSA computer systems.

FSA plans, acquires, and manages funded IT resources for supporting and enabling business processes and program delivery systems. This includes automation and support functions for all FSA farm programs involving commodities, credit and loans, farm operations, conservation and disaster relief. IT is a critical success factor for FSA in fulfilling its mission to (1) provide an equitable financial safety net for the Nation's farmers and ranchers and (2) ensure that American agriculture remains competitive and productive in global markets while increasing the viability and stability of domestic agricultural operations.

IT resources and services contribute to these achievements in several ways. By operating and maintaining an IT infrastructure at optimal performance and operating capacity, the doors are kept open and essential business operations are provided "face to face" by our employees to farmers and ranchers at 2,384 field Service Centers. IT is also there for FSA employees to process applications for farmers and ranchers in a timely manner, and it is IT that provides the means and mechanisms for eligible customers to get benefit payments promptly.

FSA relies on one of the oldest information technology systems (hardware and software) within the Department of Agriculture that is inaccessible to the internet. Billions of dollars of annual farm program payments, conservation payments, and loans to producers mandated by the 2008 Farm Bill and other legislation are dependent upon the continued viability of this antiquated IT system. FSA must upgrade the aging technology infrastructure and equipment which is creating inefficiencies and threatening the delivery of fundamental services to producers.

Further, the outmoded IT systems of the Farm Service Agency are highly vulnerable to security breaches because inadequate data storage capacity requires sensitive producer data and financial information to be uploaded into mainframe computers from physical media, sent from county offices across the country rather than electronically. An independent review conducted pursuant to Section 1618 of the 2008 Farm Bill also concluded that "Modernization will bring significant benefits such as improvements in cost efficiency, producer access, fraud mitigation, staff efficiency and morale. More fundamentally, Modernization will replace the aging platforms that are difficult to maintain and incapable of supporting the fiduciary requirements that FSA faces today and will continue to face in the future."

Without sufficient funding to transform this FSA IT architecture into a modernized web-based environment, FSA would be compelled to continue operations by funding “stop gap” responses to AS/400 hardware failures and limited options for part replacement and repair availability. This is a costlier alternative than getting FSA IT operations modernized on the scheduled timetable with the requested funding support.

When all components of IT Modernization are completed and working together, FSA will have a streamlined IT architecture built on re-engineered and “mature” business processes that are supported by newer, faster, more secure and more reliable web-based technologies. FSA staff and stakeholders will have the quality information they need to deliver program benefits and information upon which FSA relies to meet their farm business challenges. Completion of this Modernization effort will produce a transformed FSA IT software developmental process that relies on streamlined and mature processes to meet planned strategic objectives and deliver quick response solutions. It will deliver and operate these open and portable applications within a 21st century architecture that operates on the web using shared information and leveraged resources.

FSA IT operations will perform at optimal efficiency and capacity within desired response times in a secure IT environment. For FSA employees, Modernization will better equip them to educate, enroll and provide payments to FSA’s customers. Customers from anywhere that supports web technology will be able to access real-time information and perform real-time business transactions when and where they want them.

With full modernization, FSA can create a reliable business environment for farmers and ranchers to make decisions to productively use farm payments, crop insurance, and disaster assistance to increase the viability and stability of their agricultural operations and provide economic vitality to rural America.

The 2011 Budget proposes an increase of \$95.3 million to fund critical IT replacement and modernization projects to support core FSA operations. Of this amount, \$38.3 million is proposed for continued implementation of the MIDAS (“Modernize and Innovate the Delivery of Agricultural Systems”) initiative, which is a comprehensive project to streamline the existing complicated business processes that support mandated farm programs and provide a modern IT infrastructure to operate the programs. The 2011 proposal builds on funding included in the FY 2010 appropriation to continue this multi-year effort. Development of MIDAS is an extensive effort which will result in a secure, modern IT system capable of supporting web-based program delivery. The system will also provide linkages with the Department’s new financial management system.

A second component of the IT proposal is a \$20 million increase needed for conversion of FSA software to shift program applications from the current obsolete system to the new IT system. Existing program software that is essential to delivery of FSA’s core programs is written for the outmoded mainframe IT system and needs to be converted for use with modern, web-based systems. Funds will support this conversion of program delivery applications for use with the new system.

Further, the budget proposes a \$36 million increase in FSA to support the Department’s efforts to modernize and upgrade the Common Computing Environment (CCE) for the Service Center Agencies (SCAs). This funding will be used to replace outdated components of the IT infrastructure, many of which have exceeded their expected life cycles, in order to reduce system vulnerabilities to failure and improve the performance and effectiveness of the shared infrastructure. These improvements will allow the SCAs to better serve program participants with a more flexible and reliable IT infrastructure. This funding will allow for the first system-wide refresh of the CCE since the infrastructure was implemented in 2000. In addition, as the components of the CCE are replaced, USDA will implement a right-sizing

process whereby configuration changes will be made to better support the delivery of current and future programs. As part of this process, the Department will strive to improve system security, reduce the long-term cost of infrastructure services, and improve service reliability.

The proposed increase includes \$1 million for additional IT staff (10 FTEs) and supports essential Modernization activities and initiatives to enhance implementation time and success rate. This includes MIDAS (COTS software customization) as well as non-COTS modernization such as Java-based enhancements to legacy systems. Staffing resources will be used for filling new technical skill gaps, managing contractors and work tasks, and providing contract oversight. As current staff attrition occurs, replacements will be focused on new skill areas that will help offset the “bubble effect”. Resource levels and service efficiencies will be monitored and evaluated to manage this situation.

(b) A total increase of \$11,963,000 for non-Federal county offices includes:

(1) An increase of \$11,963,000 for the proposed pay costs for 9,149 direct non-Federal staff years.

The FY 2011 proposed pay cost is for 9,149 direct non-Federal staff years. This includes \$3.139 million for annualization of the FY 2010 pay raise and \$8.824 million for the anticipated FY 2011 pay raise. The increase is necessary to fully support the staff required to administer farm programs such as direct and counter-cyclical payment contracts increased conservation programs; and to properly service existing farm loans efficiently and effectively and analyze new loan requests.

FARM SERVICE AGENCY
Salaries and Expenses
Geographic Breakdown of Obligations and Staff Years
2009 Actual and Estimated 2010 and 2011

State	FY 2009		FY 2010		FY 2011	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama	\$19,436,200	50	\$20,390,222	58	\$21,896,142	58
Alaska	827,962	3	\$868,602	7	\$932,753	7
Arizona	5,117,986	22	\$5,369,201	22	\$5,765,743	22
Arkansas	26,051,426	107	\$27,330,156	113	\$29,348,625	113
California	17,284,252	65	\$18,132,646	69	\$19,471,833	69
Caribbean	5,171,608	50	\$5,425,455	57	\$5,826,152	57
Colorado	15,036,774	41	\$15,774,851	44	\$16,939,903	44
Connecticut	2,161,419	8	\$2,267,512	8	\$2,434,979	8
Delaware	1,862,408	9	\$1,953,824	9	\$2,098,124	9
District of Columbia	427,083,000	1,208	\$448,046,294	1,270	\$481,136,756	1,280
Florida	12,661,990	49	\$13,283,502	48	\$14,264,555	48
Georgia	27,774,296	68	\$29,137,592	72	\$31,289,549	72
Hawaii	3,035,360	15	\$3,184,350	16	\$3,419,530	16
Idaho	14,051,569	53	\$14,741,288	57	\$15,830,006	57
Illinois	48,339,960	104	\$50,712,718	113	\$54,458,106	113
Indiana	33,173,017	67	\$34,801,309	74	\$37,371,560	74
Iowa	59,076,965	144	\$61,976,748	147	\$66,554,041	147
Kansas	47,713,560	117	\$50,055,572	117	\$53,752,427	117
Kentucky	33,483,135	113	\$35,126,649	116	\$37,720,928	116
Louisiana	20,734,561	92	\$21,752,313	91	\$23,358,830	91
Maine	6,268,478	32	\$6,576,165	32	\$7,061,848	32
Maryland	7,014,671	19	\$7,358,985	21	\$7,902,483	21
Massachusetts	3,595,730	19	\$3,772,226	20	\$4,050,824	20
Michigan	25,509,182	73	\$26,761,296	75	\$28,737,752	75
Minnesota	42,712,557	127	\$44,809,095	130	\$48,118,471	130
Mississippi	29,290,683	94	\$30,728,411	107	\$32,997,858	107
Missouri	54,347,300	342	\$57,014,928	216	\$61,225,766	216
Montana	22,285,064	63	\$23,378,922	76	\$25,105,572	76
Nebraska	41,004,646	118	\$43,017,352	120	\$46,194,399	120
Nevada	2,477,310	12	\$2,598,908	11	\$2,790,850	11
New Hampshire	2,177,967	9	\$2,284,872	10	\$2,453,621	10
New Jersey	4,107,392	17	\$4,309,003	17	\$4,627,244	17
New Mexico	8,000,258	31	\$8,392,949	33	\$9,012,810	33
New York	18,544,184	77	\$19,454,422	81	\$20,891,228	81
North Carolina	31,487,958	83	\$33,033,539	89	\$35,473,231	89
North Dakota	32,437,585	111	\$34,029,778	120	\$36,543,047	120
Ohio	30,929,838	65	\$32,448,024	66	\$34,844,473	66
Oklahoma	31,440,485	131	\$32,983,736	134	\$35,419,750	134
Oregon	11,054,956	44	\$11,597,587	44	\$12,454,127	44
Pennsylvania	19,271,947	66	\$20,217,907	73	\$21,711,101	73
Rhode Island	885,752	5	\$929,229	6	\$997,857	6
South Carolina	14,994,871	50	\$15,730,892	53	\$16,892,697	53
South Dakota	34,039,414	119	\$35,710,233	123	\$38,347,612	123
Tennessee	27,666,708	78	\$29,024,724	84	\$31,168,345	84
Texas	76,212,640	216	\$79,953,524	227	\$85,858,492	227
Utah	13,719,727	104	\$14,393,157	100	\$15,456,164	100
Vermont	4,939,584	28	\$5,182,043	22	\$5,564,763	22
Virginia	19,172,438	52	\$20,113,514	56	\$21,598,998	56
Washington	12,660,590	42	\$13,282,033	45	\$14,262,978	45
West Virginia	9,643,518	41	\$10,116,868	43	\$10,864,049	43
Wisconsin	31,758,292	100	\$33,317,142	101	\$35,777,780	101
Wyoming	6,924,827	27	\$7,264,732	27	\$7,801,268	27
Subtotal, Available or Estimate	1,496,654,000	4,780	1,570,117,000	4,870	1,686,078,000	4,880
Unobligated balance	68,488,000					
Total, Available or Estimate	1,565,142,000	4,780	1,570,117,000	4,870	1,686,078,000	4,880

Note: Includes Recovery Act Funding.

FARM SERVICE AGENCY

CLASSIFICATION BY OBJECTS

Salaries and Expenses

2009 Actual and Estimated 2010 and 2011

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Personnel Compensation:			
Washington D.C.	\$122,726,000	\$174,365,000	\$177,998,000
Field	232,788,000	202,667,000	202,639,000
11 Total personnel compensation.....	355,514,000	377,032,000	380,637,000
12 Personnel benefits.....	98,129,000	104,020,000	105,063,000
13 Benefits for former personnel.....	530,000	0	0
Total pers. comp. & benefits.....	454,173,000	481,052,000	485,700,000
Other Objects:			
21 Travel.....	11,980,000	11,604,000	13,280,000
22 Transportation of things.....	3,344,000	3,032,000	3,032,000
23 Rent, communications, and utilities.....	13,224,000	12,000,000	12,000,000
23.1 Rental Payments to GSA.....	346,000	1,305,000	1,305,000
24 Printing and reproduction.....	946,000	849,000	849,000
25 Other services.....	275,829,000	294,930,000	390,928,000
26 Supplies and materials.....	5,119,000	4,883,000	6,559,000
31 Equipment.....	7,438,000	7,438,000	7,438,000
41 Grants, subsidies, and contributions.....	723,648,000	753,013,000	764,976,000
42 Insurance claims and indemnities.....	499,000	10,000	10,000
43 Interest and dividends.....	108,000	1,000	1,000
44 Refunds.....	0	0	0
Total other objects.....	1,042,481,000	1,089,065,000	1,200,378,000
Total direct obligations	1,496,654,000	1,570,117,000	1,686,078,000

Position Data:

Average Salary, ES positions	\$150,048	\$154,775	\$159,650
Average Salary, GS positions	\$71,980	\$74,247	\$76,586
Average Grade, GS positions	12.2	12.2	12.2

FARM SERVICE AGENCY
Salaries and Expenses

SUMMARY OF RECOVERY ACT FUNDING

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

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

	<u>2009 Actual</u>		<u>2010 Estimated</u>		<u>Increase or Decrease</u>	<u>2011 Estimated</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>		<u>Amount</u>	<u>Staff Years</u>
Farm Loan Programs	\$2,349,925	0	\$0	0	\$0	\$0	0
Carryover			5,296,945		-5,296,945	0	0
Income Support & Disaster Assistance	4,993,591	0	0	0	0	0	0
Carryover			12,359,539	0	-12,359,539	0	0
Conservation Programs	4,993,591	0	0	0	0	0	0
Carryover			12,359,539	0	-12,359,539	0	0
Commodity Operations	2,349,925	0	0	0	0	0	0
Carryover			5,296,945	0	-5,296,945	0	0
Unobligated Balance	<u>-35,312,968</u>	0	0	0	0	0	0
Total Available or Estimate	<u>\$14,687,032</u>	0	<u>\$35,312,968</u>	0	<u>-\$35,312,968</u>	<u>\$0</u>	0

Program Implementation Activities

The Recovery Act Funds are a down payment on a multi-year modernization effort. FSA's continued investment in new technology is required to reliably administer program payments and provide basic farm program services to producers. Of the \$50 million, \$31 million will be for IT stabilization and \$19 million for modernization

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

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

Performance Measure:

	<u>Performance Data</u>		
	<u>2009 Actual</u>	<u>2010 Target</u>	<u>2011 Target</u>
Number of Jobs Created or Saved (In private sector).....	86	200	0

**FARM SERVICE AGENCY
SALARIES AND EXPENSES**

STATUS OF PROGRAM

Current Activities:

FSA’s major program areas are:

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

FSA programs, activities, and workload indicators in FY 2009 are outlined in the following pages.

Farm Loans

Farm Loan Programs. In FY 2009, activity under the Agricultural Credit Insurance Fund included:

Number of direct loans.....	24,137
Dollar value of direct loans.....	\$1,916,865,000
Number of guaranteed loans.....	10,093
Dollar value of guaranteed loans.....	\$2,657,494,000

State Mediation Grants (SMG). In FY 2009, SMG activity included:

Number of State Mediation Grants.....	34
Dollar value of grants.....	\$4,369,000
Amount of SMG payments issued.....	\$4,484,432

Income Support and Disaster Assistance

Direct and Counter-cyclical Program (DCP) and Average Crop Revenue Election (ACRE). FY 2009 activity consisted of participant annual enrollment, contract maintenance, and payment processing.

Total number of DCP contracts1,573,920
 Dollar value of direct payments made..... \$5,222,325,000
 Dollar value of counter-cyclical payments made..... \$731,087,000
 Total number of ACRE contracts.....130,551
 Dollar value of ACRE payments made.....\$0

Deficiency Payments. Marketing assistance loans, loan deficiency payments, and other price support program activities in FY 2009 included:

Commodity	Marketing Assistance Loans		Loan Deficiency Payments (LDP's)	
	Number of Loans	Dollar Value (\$000)	Number of LDP's	Dollar Value (\$000)
Corn	30,656	2,052,035	14	\$25
Grain Sorghum	585	16,129	0	30
Barley	456	12,616	1,926	1,659
Oats	183	1,527	0	0
Wheat	5,846	236,243	932	4,031
Rice	4,037	444,733	0	69
Cotton a/	13,975	2,718,184	33,865	131,166
Soybeans	20,845	941,978	4	39
Minor Oilseeds	435	20,322	0	0
Sugar b/ d/	549	1,118,369	0	0
Peanuts	11,097	718,163	0	0
Tobacco b/ c/	0	0	0	0
Honey d/	273	6,846	0	0
Pulse Crops	115	3,643	0	-9
Wool & Mohair	5	121	39,863	8,487
Total	89,057	8,290,909	76,604	\$145,497

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

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

c/ The number of tobacco loans is not available.

d/ There was no LDP activity for sugar and honey.

Farm Storage Facility Loans (FSFL). FSFL program activities in 2009 included:

Farm Storage Facility Loans closed.....	2,464
Amount of Farm-Storage Facility Loans.....	\$139,249,000

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

Milk Income Loss Contract (MILC) Program. The MILC was authorized by the 2002 Act and has no set funding level. The 2008 Farm Bill extends the MILC program through 9/30/2012. This program purpose is to financially compensate dairy producers when domestic milk prices fall below a specified level.

FY 2009 activity included:

Number of MILC payments.....	310,830
Amount of MILC payments	\$756,889,000

Non-Insured Crop Disaster Assistance Program (NAP). NAP activity in FY 2009 included:

Number of actual production history records completed for NAP.....	40,200
Number of NAP applications for coverage.....	64,000
Amount of NAP payments issued.....	\$62,064,000

Livestock Compensation Program (LCP) LCP activity in FY 2009:

Number of LCP contracts.....	128
Amount of LCP payments - CCC.....	\$32,476
Amount of LCP payments - USDA Disaster Assistance.....	\$2,042,744

Livestock Indemnity Program (LIP). LIP activity in FY 2009:

Number of LIP applications and disapproved applications.....	26
Amount of LIP payments- USDA Disaster Assistance.....	\$1,692,629
Amount of LIP payments - Agriculture Disaster Assistance.....	\$2,946,799

Crop Disaster Program (CDP). CDP activity in FY 2009 included:

Number of CDP applications.....	11,696
Amount of CDP payments issued - CCC.....	\$113,777
Amount of CDP payments issued - USDA Disaster Assistance.....	\$114,562,916

Tree Assistance Program (TAP). Activity for FY 2009 included:

Number of TAP applications.....	7
Amount of TAP payments - CCC.....	\$67,583

Commodity Operations

Commercial Warehouse Activities. During FY 2009, 960 U.S. Warehouse Act licenses were in effect at 3,057 locations. 77 staff years, which includes Federal examiners, were used in the performance and review of onsite examinations at 1,056 grain, 302 cotton, and 70 miscellaneous commodity warehouses. In addition, CCC contract onsite examinations were performed at 398 grain, 282 cotton, 78 miscellaneous, and 143 processed commodity warehouses.

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

End-Use Certificate Program. FSA monitors Canadian wheat imports through the use of North American Free Trade Agreement mandated end-use certificates. Almost 1.897 million metric tons (69.7 million bushels) of Canadian wheat entered the U.S. in FY 2009.

Economic Adjustment Assistance Program for Domestic Users of Upland Cotton. The 2008 Farm Bill authorized USDA to provide economic adjustment assistance to domestic users of upland cotton in the form of payments. In FY 2009, \$67.3 million was paid to domestic users of upland cotton to support U.S. manufacturing infrastructure.

Extra-Long Staple Cotton Competitiveness Program. In FY 2009, CCC provided payments of \$0.534 million to domestic users and \$9.78 million to exporters.

Domestic Nutrition and Feeding Programs. In FY 2009, over 268 million pounds of nonfat dry milk (NDM) and 4.7 million pounds of butter were purchased by FSA under the Dairy Product Price Support Program. Of this quantity, 92.8 million pounds of NDM were utilized to provide food for domestic feeding programs. Additionally, 609.2 million pounds of peanut products, dairy products, flour, pasta, vegetable oil, and corn and rice products were also purchased by FSA for domestic feeding programs.

Foreign Food-Aid Humanitarian and Developmental Assistance Programs. In FY 2009, FSA procured more than 2.8 million metric tons of grains, processed grain products, vegetable oil, pulses (such as dried beans, peas, lentils), and other products valued at approximately \$1.0 billion for food relief programs throughout the world.

Commercial Storage. The Corporation has contracts to store Government-owned and collateralized agricultural products in over 6,735 warehouses located throughout the United States.

The inventory of CCC-owned commodities was reduced during FY 2009, resulting in \$5.73 million in storage and handling charges. Total number of loans was 88,313.

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

Conservation

Emergency Conservation Program (ECP). FY 2009 activity included:

Number of ECP payment applications.....	63,097
Amount of ECP payments issued.....	\$71,083,900

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

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

Conservation Reserve Program (CRP) and Emergency Forestry Conservation Reserve Program (EFCRP).
FY 2009 activity included:

Number of active CRP contracts.....	760,152
Number of CRP cost-share payments.	65,980
Amount of CRP cost-share and incentive payments.....	\$78,386,411
Number of CRP rental payments.....	954,053
Amount of CRP annual rental payments.....	\$1,734,977,412
Number of CRP acres approved for enrollment.....	1,307,056
Number of EFCRP cost share payments.....	914
Amount of EFCRP cost-share payments.....	\$3,950,444
Amount of EFCRP technical assistance payments.....	\$19,938
Number of EFCRP rental payments.....	1,396
Amount of EFCRP annual rental payments.....	\$6,061,136

Grasslands Reserve Program (GRP). FY 2009 activity included:

Number of GRP applications and contracts submitted	1,007
Number of GRP active contracts.....	3,379

FARM SERVICE AGENCY

The estimates include appropriation language for this item as follows:

State Mediation Grants

For grants pursuant to section 502(b) of the Agricultural Credit Act of 1987, as amended (7 U.S.C. 5101-5106), \$4,369,000.

STATE MEDIATION GRANTS

Appropriations Act, 2010.....	\$4,369,000
Budget Estimate, 2011	<u>4,369,000</u>
Change in Appropriations	<u>==</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	2010 <u>Estimated</u>	Program <u>Changes</u>	2011 <u>Estimated</u>
State Mediation Grants	<u>\$4,369,000</u>	==	<u>\$4,369,000</u>

PROJECT STATEMENT

(On basis of appropriation)

Project	2009 Actual	2010 Estimated	Increase or Decrease	2011 Estimated
State Mediation Grants.....	\$4,369,000	\$4,369,000	--	\$4,369,000
Total Appropriation.....	4,369,000	4,369,000	--	\$4,369,000

Justification of Requested Level

In FY 2009, 34 States received grants pro rated at 71 percent of their initial request. States budgeted over \$2.1 million in matching funds for the program. In FY 2010, 35 to 36 States are expected to receive grants. In FY 2009, grants to States ranged from \$14,303 to \$372,922, and in fiscal years 2010 and 2011 grants are expected to range from about \$5,000 to \$322,398.

The program is currently authorized through September 30, 2010, under P. L. 109-17, enacted June 29, 2005.

The following table shows the geographic breakdown of obligations for fiscal years 2009 – 2011.

State Mediation Program
 Geographic Breakdown of Obligations
 2009 Actual and Estimated 2010 and 2011

State	2009 Actual	2010 Estimated	2011 Estimated
Alabama	\$197,628	\$183,094	\$183,094
Arizona	109,664	104,458	104,458
Arkansas	69,130	65,584	65,584
California	57,284	44,798	44,798
Colorado	12,610	33,056	33,056
Florida	40,788	38,035	38,035
Illinois	89,985	85,781	85,781
Indiana	140,853	132,074	132,074
Iowa	186,902	208,061	208,061
Kansas	372,922	322,398	322,398
Louisiana	95,353	102,990	102,990
Maine	58,401	46,034	46,034
Maryland	104,834	103,681	103,681
Massachusetts	147,650	147,483	147,483
Michigan	83,123	78,858	78,858
Minnesota	326,159	306,095	306,095
Mississippi	117,656	73,323	73,323
Missouri	67,574	64,281	64,281
Nebraska	131,450	113,271	113,271
New Jersey	14,303	16,283	16,283
New Mexico	53,074	52,380	52,380
New York	289,515	302,096	302,096
North Carolina	157,870	127,584	127,584
North Dakota	233,135	216,484	216,484
Oklahoma	270,896	181,676	181,676
Pennsylvania	0	65,584	65,584
Rhode Island	43,386	26,905	26,905
South Dakota	90,682	106,031	106,031
Texas	197,857	255,656	255,656
Utah	19,685	16,154	16,154
Vermont	163,530	155,141	155,141
Virginia	54,526	42,024	42,024
Washington	70,973	54,051	54,051
Wisconsin	218,157	203,725	203,725
Wyoming	81,445	75,422	75,422
Undistributed	0	218,449	218,449
Total, Available or Estimate	4,369,000	4,369,000	4,369,000

FARM SERVICE AGENCY
State Mediation GrantsClassification by Objects
2009 Actual and Estimated 2010 and 2011

	<u>Object Class</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
41.0	Grants, subsidies, and contributions	\$4,369,000	\$4,369,000	\$4,369,000
	Total direct obligations	<u>4,369,000</u>	<u>4,369,000</u>	<u>4,369,000</u>

STATE MEDIATION GRANTS

STATUS OF PROGRAM

Current Activities: During FY 2009:

- Grants were made to 34 States. One additional State is expected to become certified in FY 2010.
- States contributed over \$2.1 million in matching funds.
- Participating USDA agencies include FSA, Forest Service, Natural Resources Conservation Service, Risk Management Agency, and Rural Development.
- In addition to credit disputes, the most frequently mediated issues were Conservation Reserve Program payment eligibility/limitation, highly erodible land/water conservation program requirements, price support payments, and production flexibility contracts.
- Program Results Comparison:

	<u>FY 2008</u>	<u>FY 2009</u>
Number of cases mediated	2,577	5,428
Number of cases resolved	1,728	1,855
Percentage of cases resolved*	80%	64%
Average cost per case	\$986	\$800

*Target was 75 percent for both fiscal years.

Selected Example of Recent Progress

In order to protect the confidentiality of the mediation process, details are not provided that would allow identification of the parties.

Mediation Improves Communication and Enables Farmer to Recoup Crop Loss: A farmer received a letter from FSA informing him that his request for Noninsured Crop Disaster Assistance Program (NAP) assistance had been denied. The farmer believed that his NAP claim should have been approved, however, and he requested to meet with FSA through the Agricultural Mediation Program.

The mediation process proved beneficial for both the client and FSA in a few ways. As a result of the mediation session, FSA agreed to reevaluate a portion of the claim, meaning that the farmer could recoup some of his crop loss and thus remain on better financial ground. In addition, the mediation was successful because the mediator was able to facilitate a discussion between the farmer and FSA regarding the circumstances which had led to the original denial. By talking things through, the parties were able to better understand each other’s assumptions, address and correct some past miscommunications, and agree on a procedure to follow regarding similar situations in the future. In this way, they proactively worked together to avoid having the same type of issues recur.

The following table shows allocations and outlays by State for FY 2009.

State Mediation Grants
Grants and Outlays by State
Fiscal Year 2009

State	Grants	Outlays a/
Alabama	\$197,628	\$208,222
Arizona	109,664	205,009
Arkansas	69,130	69,858
California	57,284	28,436
Colorado	12,610	18,729
Florida	40,788	56,086
Illinois	89,985	43,803
Indiana	140,853	95,353
Iowa	186,902	313,414
Kansas	372,922	413,758
Louisiana	95,353	119,490
Maine	58,401	62,096
Maryland	104,834	50,334
Massachusetts	147,650	137,859
Michigan	83,123	119,699
Minnesota	326,159	208,118
Mississippi	117,656	90,971
Missouri	67,574	54,099
Nebraska	131,450	149,400
New Jersey	14,303	18,234
New Mexico	53,074	58,382
New York	289,515	289,515
North Carolina	157,870	133,892
North Dakota	233,135	196,369
Oklahoma	270,896	305,049
Rhode Island	43,386	54,525
South Dakota	90,682	36,053
Texas	197,857	236,103
Utah	19,685	15,198
Vermont	163,530	198,530
Virginia	54,526	69,857
Washington	70,973	56,973
Wisconsin	218,157	266,783
Wyoming	81,445	104,235
Total	\$4,369,000	\$4,484,432

a/ Includes outlays from prior year obligations.

FARM SERVICE AGENCY

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

Grassroots Source Water Protection Program

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

The FY 2011 Budget proposes no funding for this program.

GRASSROOTS SOURCE WATER PROTECTION PROGRAM

Appropriations Act, 2010.....	\$5,000,000
Budget Estimate, 2011	<u>0</u>
Decrease in Appropriation.....	<u>-5,000,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>2010 Estimated</u>	<u>Program Changes</u>	<u>2011 Estimated</u>
Payments to State Rural Water Associations.....	<u>\$5,000,000</u>	<u>-\$5,000,000</u>	<u>0</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>2009 Actual</u>	<u>2010 Estimated</u>	<u>Decrease</u>	<u>2011 Estimated</u>
Payments to State Rural Water Associations.	\$4,950,000	\$4,950,000	-\$4,950,000	0
Payment to the FSA S&E Account	50,000	50,000	-50,000	0
Total appropriation.....	5,000,000	5,000,000	-5,000,000 (1)	0

Justification of Decrease

(1) A decrease of \$5,000,000 for Grassroots Source Water Protection Program (GSWPP) (\$5,000,000 available in 2010):

The FY 2011 Budget proposes no funding for this program due to fiscal constraints.

Classification by Objects

2009 Actual and Estimated 2009 and 2010

<u>Object Class</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
25.0 Payment to the FSA S&E Account	\$50,000	\$50,000	0
41.0 Grants, subsidies, and contributions	4,950,000	4,950,000	0
Total direct obligations	<u>5,000,000</u>	<u>5,000,000</u>	<u>0</u>

GRASSROOTS SOURCE WATER PROTECTION PROGRAM

STATUS OF PROGRAM

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

Selected Examples of Recent Activity: During FY 2009, \$5 million was provided by P.L. 111-8, the Omnibus Appropriations Act, 2009. The 44 States (an increase of 7 States from FY 2008) participating in the GSWPP were chosen based on objective technical criteria relating to water quality and population. During FY 2009, \$4,950,000 was outlayed, including \$255,054 for administrative costs to operate the program under the NRWA. States received various amounts ranging from \$66,790 to \$105,210. In addition, \$50,000 was transferred to the FSA Salaries and Expense account for administrative expenses associated with the implementation of the program.

Between October 1, 2008 and September 30, 2009, the GSWPP completed 112 source water plans with management activities implemented in the source water areas. The 112 plans provide protection measures for 543 public drinking water sources – 487 wells and 56 surface water intakes.

The program was implemented in the following States:

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

The following table shows appropriations from fiscal years 2005 through 2009.

Grassroots Source Water Protection Program
Appropriations for Fiscal Years 2005-2009

Fiscal Year	Appropriations
2005	3,244,000 1/
2006	3,712,500
2007	3,712,500
2008	3,687,009
2009	5,000,000
TOTAL	\$19,356,009

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

FARM SERVICE AGENCY

The estimates include appropriation language for this item as follows:

Dairy Indemnity Program (Including Transfer of Funds):

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

DAIRY INDEMNITY PROGRAM

Appropriations Act, 2010	\$876,000
Budget Estimate, 2011	<u>876,000</u>
Change in Appropriation	<u>-----</u> --

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>2010 Estimated</u>	<u>Program Changes</u>	<u>2011 Estimated</u>
Indemnity payments to dairy farmers and manufacturers	<u>\$876,000</u>	<u>--</u>	<u>\$876,000</u>

PROJECT STATEMENT

(On basis of appropriation)

Project	2009 Actual	2010 Estimated	Increase or Decrease	2011 Estimated
Indemnity payments to dairy farmers and manufacturers.....	\$876,000	\$876,000	--	\$876,000
Total appropriation	876,000	876,000	--	876,000

PROJECT STATEMENT

(On basis of available funds)

Project	2009 Actual	2010 Estimated	Increase or Decrease	2011 Estimated
Indemnity payments to dairy farmers and manufacturers.....	\$650,788	\$1,208,600	-\$332,600	\$876,000
Unobligated balance brought forward from prior years	-107,388	-332,600	+332,600	--
Unobligated balance carried forward to next year	332,600	--	--	--
Total appropriation	876,000	876,000	--	876,000

Justification

The amount of Dairy Indemnity Program (DIP) claims varies considerably from year to year, depending upon the nature and extent of contamination problems encountered. It is therefore impossible to predict with any degree of accuracy what program needs will be in a given year. For that reason, the budget requests "such sums as may be necessary," the same as Congress provided for FY 2010. The FY 2011 level of \$876,000 is an estimate of the amount to be used under the indefinite authority.

The following tables show the geographic breakdown of obligations and the classification by objects for fiscal years 2009-2011:

Dairy Indemnity Program
Geographic Breakdown of Obligations
2009 Actual and Estimated 2010 and 2011

State	2009 Actual	2010 Estimated	2011 Estimated
Alabama	\$5,911	--	--
Arkansas	6,729	\$2,336	--
Georgia	44,716	--	--
Kansas	186,787	--	--
Missouri	16,208	1,093	--
Nevada	77,958	--	--
New Mexico	63,259	--	--
Oklahoma	49,007	--	--
Texas	200,805	4,071	--
Undistributed	-592	1,201,101	\$876,000
TOTAL	\$650,788	\$1,208,601	\$876,000

Classification by Objects
2009 Actual and Estimated 2010 and 2011

Object Class	<u>2009</u>	<u>2010</u>	<u>2011</u>
41.0 Grants, subsidies, and contributions	\$650,788	\$1,208,601	\$876,000
Total direct obligations	650,788	1,208,601	876,000

DAIRY INDEMNITY PROGRAM**STATUS OF PROGRAM**

Current Activities: During FY 2009, 22 dairy farmers in 9 States filed claims totaling \$659,212 under the Dairy Indemnity Program. Nineteen claims resulted from losses due to aflatoxin, a contaminant, and three claims resulted from losses due to Polonium 210, a rare and highly radioactive metalloid, discovered in their cattle's milk. Outlays for FY 2009 totaled \$650,788. The unobligated balance of \$332,600 will be obligated and outlaid during FY 2010.

Payments to dairy farmers since the program's inception in FY 1965 total \$20.592 million.

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

Selected Examples of Recent Activity: The following tables show (a) allocations and outlays by State during FY 2009 and (b) payments and number of payees during fiscal years 1965 through 2009.

Dairy Indemnity Program
Allocations and Outlays by State
Fiscal Year 2009

State	Allocations	Outlays
Alabama	\$5,911	\$5,911
Arkansas	6,729	6,729
Georgia	44,716	44,716
Kansas	186,787	186,787
Missouri	21,167	16,208
Nevada	77,958	77,958
New Mexico	66,132	63,259
Oklahoma	49,007	49,007
Texas	200,805	200,805
Undistributed	--	-592
TOTAL	\$659,212	\$650,788

Dairy Indemnity Program
 Payments and Number of Payees
 Fiscal Years 1965-2009

Fiscal Years	Payments to Dairy Farmers	Payments to Manufacturers of Dairy Products	Total Payments	Number of Payees
1965 to 1974	\$1,648,663	141,427	1,790,090	449
1975	193,389	--	193,389	26
1976 a/	159,289	--	159,289	19
1977	40,284	--	40,284	8
1978	66,266	9,210	75,476	12
1979	64,267	--	64,267	13
1980	91,575	--	91,575	9
1981	42,231	--	42,231	15
1982	15,087	--	15,087	5
1983	6,121,374	--	6,121,374	18
1984	2,043,010	398,910	2,441,920	22
1985	50,070	--	50,070	5
1986	15	--	15	10
1987	4,871,724	3,361,892	8,233,616 b/	131
1988	449,543	--	449,543	4
1989	230,101	--	230,101	106
1990	112,405	--	112,405	52
1991	90,702	--	90,702	24
1992	131,651	--	131,651	51
1993	120,129	--	120,129	27
1994	387,358	--	387,358	27
1995	18,565	--	18,565	7
1996	207,867	--	207,867	22
1997	257,311	--	257,311	30
1998	416,622	--	416,622	42
1999	126,353	--	126,353	30
2000	36,407	--	36,407	7
2001	22,112	--	22,112	9
2002	124,309	--	124,309	19
2003	393,369	--	393,369	69
2004	601,092	--	601,092	86
2005	349,232	--	349,232	23
2006	132,457	--	132,457	15
2007	181,329	--	181,329	21
2008	144,388	--	144,388	14
2009	651,380	--	650,788	22
Total	\$20,591,926	\$3,911,439	\$24,502,773	1,449

a/ Includes transition quarter.

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

FARM SERVICE AGENCY

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

Agricultural Credit Insurance Fund Program Account (Including Transfers of Funds):

For gross obligations for the principal amount of direct and guaranteed farm ownership (7 U.S.C. 1922 et seq.) and operating (7 U.S.C. 1941 et seq.) loans, Indian tribe land acquisition loans (25 U.S.C. 488), boll weevil loans (7 U.S.C. 1989), direct and guaranteed conservation loans (7 U.S.C. 1924 et seq.), and Indian highly fractionated land loans (25 U.S.C. 488), to be available from funds in the Agricultural Credit Insurance Fund, as follows: farm ownership loans, [~~\$2,150,000,000~~] \$1,975,000,000, of which \$1,500,000,000 shall be for unsubsidized guaranteed loans and [~~\$650,000,000~~] \$475,000,000 shall be for direct loans; operating loans, [~~\$2,670,000,000~~] \$2,544,035,000, of which \$1,500,000,000 shall be for unsubsidized guaranteed loans, [~~\$170,000,000~~] \$144,035,000 shall be for subsidized guaranteed loans and [~~\$1,000,000,000~~] \$900,000,000 shall be for direct loans; Indian tribe land acquisition loans, [~~\$3,940,000~~] \$2,000,000; conservation loans, \$150,000,000, of which \$75,000,000 shall be for guaranteed loans and \$75,000,000 shall be for direct loans; Indian highly fractionated land loans, \$10,000,000; and for boll weevil eradication program loans, [~~\$100,000,000~~] \$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, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, as follows: farm ownership loans, [~~\$32,070,000~~] \$38,570,000, of which [~~\$5,550,000~~] \$5,700,000 shall be for unsubsidized guaranteed loans, and [~~\$26,520,000~~] \$32,870,000 shall be for direct loans; operating loans, [~~\$106,402,000~~] \$109,410,000, of which [~~\$35,100,000~~] \$34,950,000 shall be for unsubsidized guaranteed loans, [~~\$23,902,000~~] \$19,920,000 shall be for subsidized guaranteed loans, and [~~\$47,400,000~~] \$54,540,000 shall be for direct loans; conservation loans, [~~\$1,343,000~~] \$2,528,000, of which [~~\$278,000~~] \$285,000 shall be for guaranteed loans, and [~~\$1,065,000~~] \$2,243,000 shall be for direct loans; and Indian highly fractionated land loans, [~~\$793,000~~] \$214,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, [~~\$321,093,000~~] \$326,120,000, of which [~~\$313,173,000~~] \$318,200,000 shall be
 1 [transferred] paid to [and merged with] 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.

This change clarifies the appropriation language for the reimbursement of the FSA Salaries and Expenses account for work to administer farm loans.

FARM SERVICE AGENCY
AGRICULTURAL CREDIT INSURANCE FUND

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>	<u>Total Budget Authority</u>
Appropriations Act, 2010.....	\$5,083,940,000	\$140,608,000	\$321,093,000	\$461,701,000
Budget Estimate, 2011.....	4,741,035,000	150,722,000	326,120,000	476,842,000
Change in Appropriation.....	<u>-342,905,000</u>	<u>+10,114,000</u>	<u>+5,027,000</u>	<u>+15,141,000</u>

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

<u>Item of Change</u>	<u>2010 Estimated</u>	<u>Program Changes</u>	<u>2011 Estimated</u>
Loan Levels:			
Farm Ownership.....	650,000,000	-175,000,000	475,000,000
Farm Operating.....	1,000,000,000	-100,000,000	900,000,000
Indian Land.....	3,940,000	-1,940,000	2,000,000
Boll Weevil.....	100,000,000	-40,000,000	60,000,000
Total Direct Loans.....	<u>1,753,940,000</u>	<u>-316,940,000</u>	<u>1,437,000,000</u>
Farm Ownership - Unsubsidized.....	1,500,000,000	0	1,500,000,000
Farm Operating - Unsubsidized.....	1,500,000,000	0	1,500,000,000
Farm Operating - Subsidized.....	170,000,000	-25,965,000	144,035,000
Total Guaranteed Loans.....	<u>3,170,000,000</u>	<u>-25,965,000</u>	<u>3,144,035,000</u>
Conservation			
Direct.....	75,000,000	0	75,000,000
Guaranteed.....	75,000,000	0	75,000,000
Total Conservation Loans.....	<u>150,000,000</u>	<u>0</u>	<u>150,000,000</u>
Indian Highly Fractionated Land Loans.....	<u>10,000,000</u>	<u>0</u>	<u>10,000,000</u>
Total Loans.....	<u>5,083,940,000</u>	<u>-342,905,000</u>	<u>4,741,035,000</u>
Budget Authority:			
Direct Loan Subsidy.....	73,920,000	+13,490,000	87,410,000
Guaranteed Loan Subsidy.....	64,552,000	-3,982,000	60,570,000
Conservation Loan Subsidy.....	1,343,000	+1,185,000	2,528,000
Indian Highly Fractionated Land Subsidy.....	793,000	-579,000	214,000
Total Subsidy.....	<u>140,608,000</u>	<u>+10,114,000</u>	<u>150,722,000</u>
Administrative Expenses.....	321,093,000	+5,027,000	326,120,000
Total Budget Authority.....	<u>461,701,000</u>	<u>15,141,000</u>	<u>476,842,000</u>

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

Program:	2009 Actual		2010 Estimated		Increase or Decrease		2011 Estimated	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Direct loans:								
Farm Ownership	\$560,236,000	\$35,575,000	\$650,000,000	\$26,520,000	-\$175,000,000	+\$6,350,000	\$475,000,000	\$32,870,000
Farm Operating	1,085,256,000	127,952,000	1,000,000,000	47,400,000	-100,000,000	+7,140,000	900,000,000	54,540,000
Farm Operating - ARRA	173,367,000	20,440,000	0	0	0	0	0	0
Indian Land Acquisition	3,940,000	248,000	3,940,000	0	-1,940,000	0	2,000,000	0
Boll Weevil Eradication	100,000,000	0	100,000,000	0	-40,000,000	0	60,000,000	0
Total Direct Loans and Subsidies	1,922,799,000	184,215,000	1,753,940,000	73,920,000	-316,940,000	+13,490,000	1,437,000,000	87,410,000
Guaranteed Loans:								
Farm Ownership, Unsubsidized	1,238,768,000	4,088,000	1,500,000,000	5,550,000	0	+150,000	1,500,000,000	5,700,000
Farm Operating, Unsubsidized	1,210,670,000	30,146,000	1,500,000,000	35,100,000	0	-150,000	1,500,000,000	34,950,000
Farm Operating, Subsidized	149,986,000	20,683,000	170,000,000	23,902,000	-25,965,000	-3,982,000	144,035,000	19,920,000
Total Guaranteed Loans and Subsidies	2,599,424,000	54,917,000	3,170,000,000	64,552,000	-25,965,000	-3,982,000	3,144,035,000	60,570,000
Conservation Loans:								
Direct	0	0	75,000,000	1,065,000	0	+1,178,000	75,000,000	2,243,000
Guaranteed	0	0	75,000,000	278,000	0	+7,000	75,000,000	285,000
Total Conservation Loans and Subsidies	0	0	150,000,000	1,343,000	0	+1,185,000	150,000,000	2,528,000
Indian Highly Fractionated Land Loans	0	0	10,000,000	793,000	0	-579,000	10,000,000	214,000
Subtotal, Loans Regular and Supplemental Appropriations:	4,522,223,000	239,132,000	5,083,940,000	140,608,000	-342,905,000 (1)	+10,114,000 (2)	4,741,035,000	150,722,000
Administrative expenses	0	317,323,000	0	321,093,000	0	+5,027,000 (3)	0	326,120,000
TOTAL APPROPRIATION	4,522,223,000	556,455,000	5,083,940,000	461,701,000	-342,905,000	15,141,000	4,741,035,000	476,842,000

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

Program:	2009 Actual		2010 Estimated		Increase or Decrease		2011 Estimated	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Direct loans:								
Farm Ownership	\$560,000,000	\$35,560,000	\$650,000,000	\$26,520,000	-\$175,000,000	+\$6,350,000	\$475,000,000	\$32,870,000
Farm Operating	1,056,359,000	124,545,000	1,000,000,000	47,400,000	-100,000,000	+7,140,000	900,000,000	54,540,000
Farm Operating - Carryover	0	0	2,109,000	100,000	-2,109,000	-100,000	0	0
Subtotal	1,056,359,000	124,545,000	1,002,109,000	47,500,000	-102,109,000	+7,040,000	900,000,000	54,540,000
Farm Operating - ARRA	170,105,000	20,055,000						
Farm Operating - ARRA -Carryover	0	0	8,122,000	385,000	-8,122,000	-385,000	0	0
Subtotal	170,105,000	20,055,000	8,122,000	385,000	-8,122,000	-385,000	0	0
Emergency Disaster - Carryover	30,401,000	4,323,000	56,450,000	2,083,000	+20,000	+3,841,000	56,470,000	5,924,000
Indian Land Acquisition	0	0	3,940,000	0	-1,940,000	0	2,000,000	0
Boll Weevil Eradication	100,000,000	0	100,000,000	0	-40,000,000	0	60,000,000	0
Total Direct Loans and Subsidies	1,916,865,000	184,483,000	1,820,621,000	76,488,000	-327,151,000	+16,846,000	1,493,470,000	93,334,000
Guaranteed Loans:								
Farm Ownership, Unsubsidized	1,238,768,000	4,088,000	1,500,000,000	5,550,000	0	+150,000	1,500,000,000	5,700,000
Farm Ownership, Unsubsidized - Carryover	33,942,000	112,000						
Subtotal	1,272,710,000	4,200,000	1,500,000,000	5,550,000	0	+150,000	1,500,000,000	5,700,000
Farm Operating, Unsubsidized	1,210,670,000	30,146,000	1,500,000,000	35,100,000	0	-150,000	1,500,000,000	34,950,000
Farm Operating, Unsubsidized - Carryover	24,405,000	608,000						
Subtotal	1,235,075,000	30,754,000	1,500,000,000	35,100,000	0	-150,000	1,500,000,000	34,950,000
Farm Operating, Subsidized	149,709,000	20,645,000	170,000,000	23,902,000	-25,965,000	-3,982,000	144,035,000	19,920,000
Total Guaranteed Loans and Subsidies	2,657,494,000	55,599,000	3,170,000,000	64,552,000	-25,965,000	-3,982,000	3,144,035,000	60,570,000
Conservation Loans:								
Direct	0	0	75,000,000	1,065,000	0	+1,178,000	75,000,000	2,243,000
Guaranteed	0	0	75,000,000	278,000	0	+7,000	75,000,000	285,000
Total Conservation Loans and Subsidies	0	0	150,000,000	1,343,000	0	+1,185,000	150,000,000	2,528,000
Indian Highly Fractionated Land	0	0	10,000,000	793,000	0	-579,000	10,000,000	214,000
Subtotal, Loans Regular and Supplemental Appropriations:	4,485,611,000	235,039,000	5,083,940,000	140,608,000	-342,905,000	+10,114,000	4,741,035,000	150,722,000
Subtotal Carryover	88,748,000	5,043,000	66,681,000	2,568,000	-10,211,000	+3,356,000	56,470,000	5,924,000
Total, Loans and Subsidies Above	4,574,359,000	240,082,000	5,150,621,000	143,176,000	-353,116,000	+13,470,000	4,797,505,000	156,646,000
Administrative expenses		316,903,000		321,093,000		+5,027,000		326,120,000
GRAND TOTAL	4,574,359,000	556,985,000	5,150,621,000	464,269,000	-353,116,000	+18,497,000	4,797,505,000	482,766,000

Justification of Increases and Decreases

- (1) A decrease of \$342,905,000 for the Agricultural Credit Insurance Fund (ACIF) loan program levels (\$5,083,940,000 available in FY 2010) consisting of:

- (a) An decrease of \$175,000,000 for direct ownership loans to encourage beginning farmers to establish more productive farming operations (\$650,000,000 available in FY 2010).

The requested level of \$475,000,000 represents the return to a more traditional funding request. For several years, demand for this program exceeded available funding creating a backlog of unfunded requests at the field level. The FY 2009 supplemental and FY 2010 enacted appropriations have helped resolve the backlog.

- (b) A decrease of \$100,000,000 for direct farm operating loans to assist family farmers in maintaining productive farming operations (\$1,000,000,000 available in FY 2010).

The requested level of \$900 million should meet demand for direct operating loans in FY 2011. The estimated loan level reflects the expectation that the FY 2009 supplemental and FY 2010 enacted appropriations will resolve the backlog of unfunded loans.

- (c) A decrease of \$1,940,000 for Indian land acquisition loans to enable Indian tribes to purchase privately held lands that lie within their reservations (\$3,940,000 available in FY 2010).

The decrease in proposed loan level is commensurate with a decrease in demonstrated demand for this program over the last several years.

- (d) A decrease of \$40,000,000 for boll weevil eradication loans to eliminate the boll weevil and prevent reinfestation (\$100,000,000 available in FY 2010).

The decrease for boll weevil eradication loans is due to recent progress made in actual eradication efforts which in turn results in lower demand. The requested loan level is expected to be adequate to meet demand.

- (e) A decrease of \$25,965,000 for guaranteed farm operating subsidized loans that enable family farmers to obtain credit from commercial lenders in rural communities (\$170,000,000 available in FY 2010).

The \$144 million in program level requested will provide about 727 guaranteed farm operating subsidized loans. Demand for this program has declined since programmatic regulations were revised to tighten lending requirements. The decline in demand in this program did not reflect an overall decline in the need for operating loans; rather, the revised regulations resulted in increased demand in the direct and guaranteed unsubsidized operating loan programs.

- (2) A net increase of \$10,114,000 for the Agricultural Credit Insurance Fund (ACIF) loan subsidy (\$140,608,000 available in FY 2010):

The subsidy amounts support the proposed FY 2011 direct and guaranteed loan levels of \$4.741 billion. The net increase is comprised of the following increases and decreases:

For direct loans, there is a total increase of \$13.490 million in subsidy to support proposed direct loan levels. The change is comprised of an increase of \$6.350 million for direct ownership loan subsidy and an increase of \$7.140 million for direct operating loan subsidy. The increase in subsidy costs is due to increased subsidy rates. Subsidy rate increases are largely due to projected increases in defaults.

For guaranteed loans, there is a total decrease of \$3.982 million in subsidy that is comprised of: an increase of \$150 thousand in ownership loans; a decrease of \$150 thousand in operating unsubsidized loans; and a decrease of \$3.982 million in operating subsidized loans. The minimal increase in ownership loans and decrease operating unsubsidized loans are due to corresponding changes in subsidy rates. The decrease in operating subsidized loans is due to a \$25.5 million reduction in requested loan level combined with a slightly lower subsidy rate.

For conservation loans, there is an increase of \$1.185 million that is comprised of \$1.178 million for direct loans and \$7 thousand for guaranteed loans due to increased subsidy rates.

For Indian highly fractionated land loans, there is a decrease of \$579 thousand due to the decreased subsidy rate.

- (3) An increase of \$5,027,000 for Agricultural Credit Insurance Fund (ACIF) administrative expenses (\$321,093,000 available in FY 2010):

This increase is attributable to increases in personnel compensation and increased operating costs. See the FSA Salaries and Expenses section of these explanatory notes for further details.

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 DIRECT FARM OWNERSHIP PROGRAM
 Geographic Breakdown of Obligations
 2009 Actual and Estimated 2010 and 2011

	2009 Actual	2010 Estimated	2011 Estimated
Alabama	\$1,758,000	\$2,040,536	\$1,491,161
Alaska	125,000	145,089	106,027
Arizona	1,012,000	1,174,643	858,393
Arkansas	4,288,000	4,977,143	3,637,143
California	5,084,000	5,901,071	4,312,321
Colorado	5,218,000	6,056,607	4,425,982
Connecticut	225,000	261,161	190,848
Delaware	200,000	232,143	169,643
Florida	2,413,000	2,800,804	2,046,741
Georgia	5,318,000	6,172,679	4,510,804
Hawaii	1,170,000	1,358,036	992,411
Idaho	6,744,000	7,827,857	5,720,357
Illinois	29,974,000	34,791,250	25,424,375
Indiana	13,789,000	16,005,089	11,696,027
Iowa	66,577,000	77,276,875	56,471,563
Kansas	38,353,000	44,516,875	32,531,563
Kentucky	18,930,000	21,972,321	16,056,696
Louisiana	593,000	688,304	502,991
Maine	1,252,000	1,453,214	1,061,964
Maryland	600,000	696,429	508,929
Massachusetts	1,659,000	1,925,625	1,407,188
Michigan	15,178,000	17,617,321	12,874,196
Minnesota	36,566,000	42,442,679	31,015,804
Mississippi	1,605,000	1,862,946	1,361,384
Missouri	19,306,000	22,408,750	16,375,625
Montana	8,901,000	10,331,518	7,549,955
Nebraska	51,850,000	60,183,036	43,979,911
Nevada	1,023,000	1,187,411	867,723
New Hampshire	934,000	1,084,107	792,232
New Jersey	695,000	806,696	589,509
New Mexico	3,894,000	4,519,821	3,302,946
New York	4,524,000	5,251,071	3,837,321
North Carolina	4,350,000	5,049,107	3,689,732
North Dakota	13,207,000	15,329,554	11,202,366
Ohio	16,489,000	19,139,018	13,986,205
Oklahoma	32,241,000	37,422,589	27,347,277
Oregon	5,341,000	6,199,375	4,530,313
Pennsylvania	11,221,000	13,024,375	9,517,813
Rhode Island	207,000	240,268	175,580
South Carolina	6,108,000	7,089,643	5,180,893
South Dakota	32,379,000	37,582,768	27,464,330
Tennessee	8,866,000	10,290,893	7,520,268
Texas	18,169,000	21,089,018	15,411,205
Utah	8,319,000	9,655,982	7,056,295
Vermont	1,999,000	2,320,268	1,695,580
Virginia	3,929,000	4,560,446	3,332,634
Washington	8,057,000	9,351,875	6,834,063
West Virginia	2,799,000	3,248,839	2,374,152
Wisconsin	30,209,000	35,064,018	25,623,705
Wyoming	2,021,000	2,345,804	1,714,241
District of Columbia	0	0	0
Puerto Rico	4,331,000	5,027,054	3,673,616
Other Countries	0	0	0
Undistributed	0	0	0
Total, Available or Estimate	<u>560,000,000</u>	<u>650,000,000</u>	<u>475,000,000</u>

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 GUARANTEED FARM OWNERSHIP LOAN PROGRAM
 Geographic Breakdown of Obligations
 2009 Actual and Estimated 2010 and 2011

	2009 Actual	2010 Estimated	2011 Estimated
Alabama	\$29,376,000	\$34,622,184	\$34,622,184
Alaska	0	0	0
Arizona	2,424,000	2,856,896	2,856,896
Arkansas	41,370,000	48,758,162	48,758,162
California	18,606,000	21,928,798	21,928,798
Colorado	18,146,000	21,386,647	21,386,647
Connecticut	3,312,000	3,903,482	3,903,482
Delaware	429,000	505,614	505,614
Florida	6,563,000	7,735,069	7,735,069
Georgia	35,249,000	41,544,028	41,544,028
Hawaii	3,793,000	4,470,382	4,470,382
Idaho	14,844,000	17,494,952	17,494,952
Illinois	64,961,000	76,562,218	76,562,218
Indiana	54,214,000	63,895,939	63,895,939
Iowa	78,391,000	92,390,647	92,390,647
Kansas	20,132,000	23,727,322	23,727,322
Kentucky	38,265,000	45,098,648	45,098,648
Louisiana	6,567,000	7,739,784	7,739,784
Maine	2,944,000	3,469,761	3,469,761
Maryland	3,250,000	3,830,409	3,830,409
Massachusetts	6,108,000	7,198,812	7,198,812
Michigan	40,827,000	48,118,189	48,118,189
Minnesota	60,619,000	71,444,791	71,444,791
Mississippi	7,978,000	9,402,770	9,402,770
Missouri	58,652,000	69,126,510	69,126,510
Montana	23,422,000	27,604,875	27,604,875
Nebraska	55,038,000	64,867,095	64,867,095
Nevada	4,024,000	4,742,636	4,742,636
New Hampshire	502,000	591,651	591,651
New Jersey	6,605,000	7,784,570	7,784,570
New Mexico	7,967,000	9,389,806	9,389,806
New York	32,252,000	38,011,802	38,011,802
North Carolina	40,448,000	47,671,504	47,671,504
North Dakota	14,889,000	17,547,988	17,547,988
Ohio	114,879,000	135,394,945	135,394,945
Oklahoma	30,511,000	35,959,881	35,959,881
Oregon	14,207,000	16,744,192	16,744,192
Pennsylvania	38,033,000	44,825,215	44,825,215
Rhode Island	607,000	715,403	715,403
South Carolina	22,816,000	26,890,651	26,890,651
South Dakota	32,163,000	37,906,907	37,906,907
Tennessee	15,161,000	17,868,564	17,868,564
Texas	21,047,000	24,805,730	24,805,730
Utah	9,090,000	10,713,360	10,713,360
Vermont	12,835,000	15,127,170	15,127,170
Virginia	11,449,000	13,493,647	13,493,647
Washington	12,261,000	14,450,660	14,450,660
West Virginia	1,985,000	2,339,496	2,339,496
Wisconsin	129,164,000	152,231,066	152,231,066
Wyoming	3,856,000	4,544,633	4,544,633
District of Columbia	0	0	0
Puerto Rico	479,000	564,543	564,543
Other Countries	0	0	0
Undistributed	0	0	0
Total, Available or Estimate	<u>1,272,710,000</u>	<u>1,500,000,000</u>	<u>1,500,000,000</u>

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 DIRECT FARM OPERATING LOAN PROGRAM
 Geographic Breakdown of Obligations
 2009 Actual and Estimated 2010 and 2011

	2009 Actual	2010 Estimated	2011 Estimated
Alabama	\$6,879,910	\$6,605,207	\$5,932,176
Alaska	616,000	503,316	452,031
Arizona	6,504,400	5,950,733	5,344,388
Arkansas	34,707,320	31,123,077	27,951,819
California	26,349,620	26,173,257	23,506,356
Colorado	8,896,500	7,826,730	7,029,232
Connecticut	568,000	503,316	452,031
Delaware	125,000	102,134	91,727
Florida	7,901,900	7,162,450	6,432,639
Georgia	30,344,010	31,362,479	28,166,828
Hawaii	2,031,000	1,765,692	1,585,778
Idaho	16,194,140	14,404,974	12,937,192
Illinois	14,131,210	14,458,083	12,984,890
Indiana	5,708,500	5,099,344	4,579,751
Iowa	57,612,940	58,405,101	52,453,965
Kansas	44,051,180	40,379,682	36,265,231
Kentucky	38,558,590	34,484,510	30,970,742
Louisiana	15,058,570	15,302,935	13,743,657
Maine	7,574,000	6,217,098	5,583,613
Maryland	3,323,000	2,818,897	2,531,668
Massachusetts	3,230,000	2,659,568	2,388,574
Michigan	30,605,890	31,766,113	28,529,333
Minnesota	56,658,710	52,258,270	46,933,461
Mississippi	12,773,360	11,104,821	9,973,305
Missouri	16,913,870	17,065,359	15,326,500
Montana	10,653,310	10,581,078	9,502,929
Nebraska	58,638,100	60,361,170	54,210,723
Nevada	1,576,180	1,349,802	1,212,266
New Hampshire	1,826,000	1,634,960	1,468,368
New Jersey	2,481,330	2,312,313	2,076,702
New Mexico	6,643,500	5,888,636	5,288,618
New York	26,045,200	23,209,738	20,844,803
North Carolina	19,970,710	20,679,267	18,572,172
North Dakota	32,593,200	27,764,913	24,935,832
Ohio	7,405,520	6,968,804	6,258,724
Oklahoma	41,018,170	37,622,883	33,789,333
Oregon	18,743,110	18,727,283	16,819,083
Pennsylvania	48,397,780	43,177,336	38,777,820
Rhode Island	271,000	221,426	198,864
South Carolina	20,341,498	20,708,682	18,598,589
South Dakota	36,893,070	38,092,699	34,211,277
Tennessee	25,012,470	24,448,419	21,957,269
Texas	66,704,654	64,309,261	57,756,526
Utah	24,130,280	22,855,129	20,526,326
Vermont	11,936,000	9,949,482	8,935,688
Virginia	20,447,870	19,019,795	17,081,790
Washington	19,352,600	20,082,805	18,036,485
West Virginia	10,419,650	9,189,605	8,253,239
Wisconsin	90,822,020	80,469,304	72,269,957
Wyoming	2,158,450	2,919,397	2,621,928
District of Columbia	0	0	0
Puerto Rico	4,425,000	3,934,200	3,533,328
Other Countries	135,000	127,463	114,475
Undistributed	0	0	0
Total, Available or Estimate	<u>1,056,359,292</u>	<u>1,002,109,000</u>	<u>900,000,000</u>

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 GUARANTEED FARM OPERATING SUBSIDIZED LOAN PROGRAM
 Geographic Breakdown of Obligations
 2009 Actual and Estimated 2010 and 2011

	2009 Actual	2010 Estimated	2011 Estimated
Alabama	0	0	0
Alaska	0	0	0
Arizona	0	0	0
Arkansas	0	0	0
California	0	0	0
Colorado	0	0	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	0	0	0
Georgia	0	0	0
Hawaii	0	0	0
Idaho	\$350,000	\$397,438	\$336,735
Illinois	11,473,000	13,028,008	11,038,171
Indiana	832,000	944,766	800,467
Iowa	18,913,000	21,476,398	18,196,194
Kansas	9,180,000	10,424,223	8,832,076
Kentucky	1,592,000	1,807,774	1,531,663
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	3,763,000	4,273,023	3,620,382
Minnesota	21,924,000	24,895,497	21,093,076
Mississippi	384,000	436,046	369,446
Missouri	2,477,000	2,812,723	2,383,121
Montana	1,259,000	1,429,640	1,211,284
Nebraska	16,750,000	19,020,233	16,115,172
Nevada	0	0	0
New Hampshire	350,000	397,438	336,735
New Jersey	870,000	987,917	837,027
New Mexico	241,000	273,664	231,866
New York	1,362,000	1,546,600	1,310,380
North Carolina	891,000	1,011,763	857,231
North Dakota	7,108,000	8,071,392	6,838,605
Ohio	154,000	174,873	148,163
Oklahoma	3,434,000	3,899,432	3,303,851
Oregon	0	0	0
Pennsylvania	7,790,000	8,845,828	7,494,757
Rhode Island	0	0	0
South Carolina	400,000	454,215	384,840
South Dakota	9,876,000	11,214,556	9,501,698
Tennessee	571,000	648,391	549,359
Texas	800,000	908,429	769,680
Utah	785,000	891,396	755,248
Vermont	309,000	350,881	297,289
Virginia	730,000	828,941	702,333
Washington	0	0	0
West Virginia	400,000	454,215	384,840
Wisconsin	23,561,000	26,754,370	22,668,034
Wyoming	1,180,000	1,339,933	1,135,278
District of Columbia	0	0	0
Puerto Rico	0	0	0
Other Countries	0	0	0
Undistributed	0	0	0
Total, Available or Estimate	149,709,000	170,000,000	144,035,000

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 GUARANTEED FARM OPERATING UNSUBSIDIZED LOAN PROGRAM
 Geographic Breakdown of Obligations
 2009 Actual and Estimated 2010 and 2011

	2009 Actual	2010 Estimated	2011 Estimated
Alabama	\$4,244,000	\$5,154,343	\$5,154,343
Alaska	0	0	0
Arizona	13,050,000	15,849,240	15,849,240
Arkansas	67,787,000	82,327,389	82,327,389
California	37,194,000	45,172,156	45,172,156
Colorado	14,896,000	18,091,209	18,091,209
Connecticut	5,743,000	6,974,880	6,974,880
Delaware	248,000	301,196	301,196
Florida	7,257,000	8,813,635	8,813,635
Georgia	47,025,000	57,111,916	57,111,916
Hawaii	81,000	98,375	98,375
Idaho	35,708,000	43,367,407	43,367,407
Illinois	32,082,000	38,963,626	38,963,626
Indiana	29,897,000	36,309,941	36,309,941
Iowa	50,316,000	61,108,840	61,108,840
Kansas	29,985,000	36,416,817	36,416,817
Kentucky	18,368,000	22,307,957	22,307,957
Louisiana	84,428,000	102,537,903	102,537,903
Maine	3,582,000	4,350,343	4,350,343
Maryland	2,593,000	3,149,201	3,149,201
Massachusetts	1,628,000	1,977,208	1,977,208
Michigan	35,079,000	42,603,486	42,603,486
Minnesota	82,292,000	99,943,728	99,943,728
Mississippi	15,357,000	18,651,094	18,651,094
Missouri	24,707,000	30,006,680	30,006,680
Montana	21,920,000	26,621,865	26,621,865
Nebraska	50,022,000	60,751,776	60,751,776
Nevada	1,363,000	1,655,365	1,655,365
New Hampshire	472,000	573,245	573,245
New Jersey	1,308,000	1,588,567	1,588,567
New Mexico	13,656,000	16,585,228	16,585,228
New York	43,831,000	53,232,800	53,232,800
North Carolina	21,286,000	25,851,871	25,851,871
North Dakota	34,830,000	42,301,075	42,301,075
Ohio	38,368,000	46,597,980	46,597,980
Oklahoma	23,027,000	27,966,318	27,966,318
Oregon	20,882,000	25,361,213	25,361,213
Pennsylvania	24,612,000	29,891,302	29,891,302
Rhode Island	482,000	585,390	585,390
South Carolina	10,326,000	12,540,939	12,540,939
South Dakota	28,670,000	34,819,748	34,819,748
Tennessee	12,065,000	14,652,956	14,652,956
Texas	92,890,000	112,815,011	112,815,011
Utah	5,507,000	6,688,258	6,688,258
Vermont	14,153,000	17,188,835	17,188,835
Virginia	9,568,000	11,620,347	11,620,347
Washington	41,351,000	50,220,837	50,220,837
West Virginia	412,000	500,374	500,374
Wisconsin	75,362,000	91,527,235	91,527,235
Wyoming	5,165,000	6,272,898	6,272,898
District of Columbia	0	0	0
Puerto Rico	0	0	0
Other Countries	0	0	0
Undistributed	0	0	0
Total, Available or Estimate	<u>1,235,075,000</u>	<u>1,500,000,000</u>	<u>1,500,000,000</u>

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 EMERGENCY LOAN PROGRAM
 Geographic Breakdown of Obligations
 2009 Actual and Estimated 2010 and 2011

	2009 Actual	2010 Estimated*	2011 Estimated*
Alabama	\$17,000	0	0
Alaska	0	0	0
Arizona	0	0	0
Arkansas	294,000	0	0
California	1,119,000	0	0
Colorado	0	0	0
Connecticut	0	0	0
Delaware	0	0	0
Florida	107,000	0	0
Georgia	1,517,000	0	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	0	0	0
Indiana	0	0	0
Iowa	174,000	0	0
Kansas	615,000	0	0
Kentucky	338,000	0	0
Louisiana	10,067,000	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	88,000	0	0
Michigan	1,842,000	0	0
Minnesota	55,000	0	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	311,000	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	692,000	0	0
New Mexico	1,098,000	0	0
New York	385,000	0	0
North Carolina	983,000	0	0
North Dakota	1,325,000	0	0
Ohio	295,000	0	0
Oklahoma	0	0	0
Oregon	251,000	0	0
Pennsylvania	0	0	0
Rhode Island	0	0	0
South Carolina	765,000	0	0
South Dakota	0	0	0
Tennessee	775,000	0	0
Texas	5,061,000	0	0
Utah	0	0	0
Vermont	599,000	0	0
Virginia	90,000	0	0
Washington	939,000	0	0
West Virginia	0	0	0
Wisconsin	431,000	0	0
Wyoming	168,000	0	0
District of Columbia	0	0	0
Puerto Rico	0	0	0
Other Countries	0	0	0
Undistributed	0	\$56,450,000	\$56,470,000
Total, Available or Estimate	30,401,000	56,450,000	56,470,000

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

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 BOLL WEEVIL ERADICATION, INDIAN LAND ACQUISITION LOANS
 AND OTHER PROGRAMS
 Geographic Breakdown of Obligations
 2009 Actual and Estimated 2010 and 2011

BOLL WEEVIL ERADICATION LOAN PROGRAM

	<u>2009 Actual</u>	<u>2010 Estimated</u>	<u>2011 Estimated</u>
Arkansas	\$14,161,290		
Texas	85,838,670		
Undistributed	0	\$100,000,000	\$60,000,000
Total Available or Estimate	<u>99,999,960</u>	<u>100,000,000</u>	<u>60,000,000</u>

INDIAN LAND ACQUISITION LOAN PROGRAM

	<u>2009 Actual</u>	<u>2010 Estimated</u>	<u>2011 Estimated</u>
Undistributed	0	\$3,940,000	\$2,000,000
Total Available or Estimate	<u>0</u>	<u>3,940,000</u>	<u>2,000,000</u>

CONSERVATION LOANS¹

	<u>2009 Actual</u>	<u>2010 Estimated</u>	<u>2011 Estimated</u>
Direct, Undistributed	0	\$75,000,000	\$75,000,000
Guaranteed, Undistributed	0	75,000,000	75,000,000
Total Available or Estimate	<u>0</u>	<u>150,000,000</u>	<u>150,000,000</u>

INDIAN HIGHLY FRACTIONATED LAND PROGRAM¹

	<u>2009 Actual</u>	<u>2010 Estimated</u>	<u>2011 Estimated</u>
Undistributed	0	\$10,000,000	\$10,000,000
Total Available or Estimate	<u>0</u>	<u>10,000,000</u>	<u>10,000,000</u>

¹ Because Conservation and Indian Highly Fractionated Land are new programs, we have no historical basis on which to project geographic obligations.

FARM SERVICE AGENCY
Agricultural Credit Insurance Fund

Classification by Objects
2009 Actual and Estimated 2010 and 2011

<u>Object Class</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
25.3 Purchases of goods and services	\$316,903,000	\$321,093,000	326,120,000
41.0 Grants, subsidies and contributions	240,082,000	143,176,000	156,646,000
99.0 Total Obligations	<u>556,985,000</u>	<u>464,269,000</u>	<u>482,766,000</u>

FARM SERVICE AGENCY
Agricultural Credit Insurance Fund

SUMMARY OF RECOVERY ACT FUNDING

<u>Program/Project/Activity</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Direct Farm Operating Loans (subsidy)	\$20,055,000	\$385,000	0
<i>Loan Level</i>	<i>(\$170,105,000)</i>	<i>(\$8,122,000)</i>	<i>(0)</i>

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

<u>Project</u>	<u>2009 Actual</u>	<u>2010 Estimated</u>	<u>Increase or Decrease</u>	<u>2011 Estimated</u>
Direct Farm Operating Loans (subsidy)	\$20,055,000	\$385,000	-\$385,000	0
Unobligated balance brought forward from prior years	0	-385,000	+385,000	0
Unobligated balance carried forward to next year	385,000	0	0	0
Total appropriation	20,440,000	0	0	0

Program Implementation Activities:

Objective: To provide operating capital for family farmers and ranchers.

The Recovery Act provided additional subsidy of \$20.44 million (\$173.367 million in loan level) for FSA's Direct Farm Operating Loan (OL) program. The Direct OL program, as with all FSA farm loan programs, assists eligible family farmers and ranchers in building and sustaining successful farm operations. Direct OL loans are used to purchase items necessary for family farmers to continue operations. As such, they may be used to purchase livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance, and other operating expenses. Operating loans may also be used to pay for minor improvements to buildings, costs associated with land and water development, and family subsistence, and to refinance debts under certain conditions. Given the timing of the additional loan funds made available through the Recovery Act, much of the funding was used to cover spring planting expenses. These funds did have an immediate impact on main street businesses in rural communities.

Completed Actions:

A total of \$170.1 million was obligated in 2009, providing funding for 2,839 loans. FSA maintained all stimulus funds at its Washington, DC, headquarters. Maintaining the funds in one location resulted in greater transparency, improved funds control, and allowed for the most efficient and expedient means of distribution. FSA targeted funds to minority and beginning farmers as required by the Consolidated Farm and Rural Development Act.

Planned Actions:

FSA will use the remaining Recovery Act money to fund approximately 136 loans. A reduced subsidy rate in FY 2010 makes \$8.1 million available in loan level.

Performance Measures:

	<u>Performance Data</u>		
	<u>2009 Actual</u>	<u>2010 Target</u>	<u>2011 Target</u>
Increase lending to beginning and socially disadvantaged farmers and ranchers (%)	37.9%	38.3%	38.7%
Reduce average processing time for direct loans (# days)	33.5 days	33 days	32.5 days

FARM SERVICE AGENCY
 AGRICULTURAL CREDIT INSURANCE FUND
 DIRECT FARM OPERATING LOAN PROGRAM-ARRA
 Geographic Breakdown of Obligations
 2009 Actual and Estimated 2010 and 2011

	2009 Actual	2010 Estimated	2011 Estimated
Alabama	\$1,204,090	\$57,492	0
Alaska	0	0	0
Arizona	778,600	37,176	0
Arkansas	3,383,680	161,561	0
California	5,683,380	271,365	0
Colorado	682,500	32,587	0
Connecticut	48,000	2,292	0
Delaware	0	0	0
Florida	864,100	41,258	0
Georgia	8,039,990	383,886	0
Hawaii	130,000	6,207	0
Idaho	1,435,860	68,558	0
Illinois	3,563,790	170,161	0
Indiana	532,500	25,425	0
Iowa	13,868,060	662,159	0
Kansas	5,368,820	256,345	0
Kentucky	3,646,410	174,105	0
Louisiana	3,670,430	175,252	0
Maine	35,000	1,671	0
Maryland	127,000	6,064	0
Massachusetts	25,000	1,194	0
Michigan	8,272,110	394,969	0
Minnesota	7,299,290	348,520	0
Mississippi	817,640	39,040	0
Missouri	3,972,130	189,658	0
Montana	2,296,690	109,660	0
Nebraska	15,236,900	727,517	0
Nevada	75,820	3,620	0
New Hampshire	175,000	8,356	0
New Jersey	348,670	16,648	0
New Mexico	563,500	26,905	0
New York	2,360,800	112,721	0
North Carolina	5,338,290	254,888	0
North Dakota	1,387,800	66,263	0
Ohio	1,123,480	53,643	0
Oklahoma	5,027,830	240,064	0
Oregon	4,176,890	199,434	0
Pennsylvania	4,446,220	212,294	0
Rhode Island	0	0	0
South Carolina	5,003,502	238,903	0
South Dakota	9,727,930	464,480	0
Tennessee	4,909,530	234,416	0
Texas	12,002,346	573,077	0
Utah	3,841,720	183,431	0
Vermont	241,000	11,507	0
Virginia	2,830,130	135,130	0
Washington	5,226,400	249,545	0
West Virginia	827,350	39,504	0
Wisconsin	7,662,980	365,885	0
Wyoming	1,414,550	67,541	0
District of Columbia	0	0	0
Puerto Rico	390,000	18,621	0
Other Countries	21,000	1,003	0
Undistributed	0	0	0
Total, Available or Estimate	170,104,708	8,122,000	0

AGRICULTURAL CREDIT INSURANCE FUND

STATUS OF PROGRAM

Current Activities:

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

- Farm Ownership Loans. FSA makes direct and guaranteed loans to family farmers to purchase farmland; restructure debts, including utilizing real estate equity to refinance heavy short-term debts; and modify their operations to comply with sanitation and pollution abatement requirements, keep up with advances in agricultural technology, better utilize their land and labor resources, or meet changing market requirements.
- Farm Operating Loans. Direct and guaranteed operating loans may be made to pay costs incident to reorganizing a farming system for more profitable operations; purchasing livestock, poultry, and farm equipment; purchasing feed, seed, fertilizer, insecticides, and farm supplies and meeting other essential operating expenses; financing land and water development, use, and conservation; developing recreation and other non-farm enterprises; and refinancing existing indebtedness. Under the law, at least 50 percent of direct farm operating loan funding must be reserved for qualified beginning farmers and ranchers during the first 11 months of the fiscal year.
- Emergency Loans. Direct loans are made available in designated counties and contiguous counties where property damage and/or severe production losses have occurred as a result of natural disaster.
- Indian Tribe Land Acquisition Loans. Direct loans are made to eligible Native American tribes to assist them in repurchasing lands within the boundaries of their reservations and maintaining ownership for future generations.
- Boll Weevil Eradication Loans. Direct loans assist producer associations and State governmental agencies in cotton-producing States to carry out boll weevil eradication programs.

The following table reflects FY 2009 ACIF program activity:

FY 2009 Actual Agricultural Credit Insurance Fund Loans and Obligations
(Dollars in Thousands)

<u>Farm Loans Program:</u>	<u>Number of Loans</u>	<u>Obligations</u>
Direct Loans	24,137	\$1,916,865
Guaranteed Loans	<u>10,093</u>	<u>2,657,494</u>
Totals	<u>34,230</u>	<u>4,574,359</u>

Direct and guaranteed loan programs provided assistance totaling \$1.5 billion to beginning farmers during FY 2009. Loans for socially disadvantaged farmers totaled \$435 million, of which \$186 million was in the farm ownership program, and \$249 million in the farm operating program.

Selected Examples of Recent Progress: Lending to beginning farmers was strong during FY 2009. FSA loaned or guaranteed beginning farmer loans for over 13,000 borrowers. There was a dramatic 696-percent increase in the number of farmers who were able to obtain direct farm ownership down payment loans.

Direct operating loans also demonstrated a 34-percent increase in the number of beginning farmers assisted as compared to FY 2008. Overall, lending to beginning farmers was 24 percent above the FY 2008 levels. Lending to minority and women farmers was a significant portion of overall assistance provided, with \$435 million in loans and loan guarantees provided to more than 5,000 farmers. This represents an increase of 20 percent in the number of minority borrowers and an increase of 15 percent in the overall dollar value. Outreach efforts by FSA field offices to promote and inform beginning and minority farmers about available FSA funding has resulted in increased lending to these groups.

During FY 2009, FSA utilized the Secretary's transfer authority (provided to ACIF in the annual appropriations act) to fund critical farm loan needs. Through the use of this authority, additional direct operating funds totaling \$110 million and guaranteed operating unsubsidized funds of \$142.9 million were made available in FY 2009 by transfer of unused funds from the guaranteed operating with interest assistance loan program. This transfer provided funding for 1,838 direct operating and 654 guaranteed operating without interest assistance loan applicants. FSA received Recovery Act funding to support \$173 million in direct operating loans as well.

FARM SERVICE AGENCY

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

Reforestation Pilot Program

[Sec. 739. There is hereby appropriated \$800,000 to the Farm Service Agency to carry out a pilot program to demonstrate the use of new technologies that increase the rate of growth of re-forested hardwood trees on private non-industrial forests lands, enrolling lands on the coast of the Gulf of Mexico that were damaged by Hurricane Katrina in 2005.]

The FY 2011 Budget proposes no funding for this program.

REFORESTATION PILOT PROGRAM

Appropriations Act, 2010	\$800,000
Budget Estimate, 2011.....	--
Decrease in Appropriation.....	<u>-800,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>2010 Estimated</u>	<u>Program Changes</u>	<u>2011 Estimated</u>
Reforestation of lands on the coast of the Gulf of Mexico damaged by Hurricane Katrina.....	<u>\$800,000</u>	<u>-\$800,000</u>	<u>--</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>2009 Actual</u>	<u>2010 Estimated</u>	<u>Decrease</u>	<u>2011 Estimated</u>
Reforestation of lands on the coast of the Gulf of Mexico damaged by Hurricane Katrina.....	\$794,000	\$800,000	-\$800,000 (1)	0
Total Appropriation	794,000	800,000	-800,000	0

Justification of Decrease

(1) A decrease of \$800,000 for the Reforestation Pilot Program (\$800,000 available in 2010):

The Reforestation Pilot Program has been funded in FY 2008 through FY 2010. Three years of experience will provide useful information about the technologies demonstrated under the pilot program. No additional funding is requested due to fiscal constraints.

Classification by Objects

2009 Actual and Estimated 2010 and 2011

<u>Object Class</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
41.0 Grants, subsidies, and contributions	\$794,000	\$800,000	0
Total direct obligations	<u>794,000</u>	<u>800,000</u>	<u>0</u>

REFORESTATION PILOT PROGRAM

STATUS OF PROGRAM

Sec. 728 of the 2009 Omnibus Appropriations Act, Public Law 111-8, enacted March 11, 2009, provided \$794,000 to the Farm Service Agency to continue a pilot program demonstrating the use of new technologies intended to increase the rate of growth of reforested hardwood trees on private, non-industrial forest lands. The lands to be enrolled in this pilot program are those on the coast of the Gulf of Mexico that were damaged by Hurricane Katrina in 2005.

Current Activities: The \$794,000 was paid to the Mississippi State University (MSU) Forest and Wildlife Research Center to conduct the project to compare conventional seedlings with seedling grown using new technologies.

Selected Examples of Recent Activity: MSU submitted a progress report to FSA on December 18, 2008. According to the report, the project will be conducted in cooperation with FSA, the USDA Forest Service, and other appropriate entities in the six southern-most counties of Mississippi: George, Hancock, Harrison, Jackson, Pearl River, and Stone. The project will replant approximately 350 acres. The seedlings and planting costs will be borne by the project. Landowners will be responsible for preparing the sites so they are ready to plant in the 2008-2009 planting season. Sites will be planted at lower densities (about 100 trees per acre) than traditional plantings. A subset of the plantings will be designated for research purposes and more closely monitored and evaluated over a 2-year period by MSU personnel. Landowners chosen to participate in the demonstration component can select from among a variety of species to be planted. Water oak and Nuttall oak will be replanted in the areas designated for the more intensive research component.

The following criteria were used to select participants:

- Area must be located in the designated counties.
- Damage must have been sustained from Hurricane Katrina.
- Area is or was forested (no agricultural or pasturelands allowed).
- Site must be ready to plant in the 2008-2009 planting season.
- Site has a conservation easement, or the landowner is willing to grant limited public access for 10 years.
- Area must be reasonably accessible to public roads.
- Site has an existing management plan.
- Management history of the site is known.
- Landowner must allow application of herbicide on the research portion of the site if deemed necessary by project coordinators.
- Site must be at least 30 acres.

As of the December 18, 2008 report, 17 sites had been selected.

An interim report was submitted by MSU on December 31, 2009, and a final evaluation is due December 31, 2010.

EMERGENCY CONSERVATION PROGRAM

Appropriations Act, 2010	--
Budget Estimate, 2011	--
Change in Appropriation	--

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>2010 Estimated</u>	<u>Program Changes</u>	<u>2011 Estimated</u>
Emergency cost-sharing to farmers.....	==	==	==

PROJECT STATEMENT

(On basis of appropriation)

Project	2009 Actual	2010 Estimated	Change	2011 Estimated
Emergency cost-sharing to farmers	--	--	--	--
Technical assistance	--	--	--	--
Total appropriation.....	--	--	--	--

PROJECT STATEMENT

(On basis of available funds)

Project	2009 Actual	2010 Estimated	Increase or Decrease	2011 Estimated
Emergency cost-sharing to farmers	\$151,654,467	\$85,500,000	-\$52,030,300	\$33,469,700
Technical assistance	1,389,889	9,500,000	-5,781,144	3,718,856
Total available or estimate	153,044,356	95,000,000	-57,811,444	37,188,556
Unobligated balance brought forward from prior years	-285,232,912	-132,188,556	+95,000,000	-37,188,556
Unobligated balance carried forward to next year	132,188,556	37,188,556	-37,188,556	--
Total appropriation	--	--	--	--

The Emergency Conservation Program (ECP) was authorized by the Agricultural Credit Act of 1978 (16 U.S.C. 2201-05) and was amended in fiscal years 1989 and 1996. For 2009, \$66.314 million in ECP unobligated funds from prior years supplemental were made available to the Secretary of Agriculture, until expended, for expenses under this program related to recovery efforts in response to natural disasters, per P.L. 111-32, signed June 24, 2009. The FY 2011 Budget proposes no funding for this program.

The following tables show (a) outlays by type of disaster for fiscal year 2009 and (b) geographic breakdown of obligations for fiscal years 2009-2011.

Emergency Conservation Program
Outlays by Type of Disaster
Fiscal Year 2009

STATE	Drought	Flood	Hurricane	Tornado	Adjusted Gross Income	All Other	Technical Assistance	Total
Alabama	\$2,925	\$96,224		\$264,764				\$363,913
Arizona							\$2,317	2,317
Arkansas		860,129		1,069,669		\$1,271,871		3,201,669
California	22,187	15,580			\$1,015,166	1,552,449		2,605,382
Colorado		277,067			5,209	\$71,028		353,304
Connecticut		38,498						38,498
Florida		37,449						37,449
Georgia	1,118,711	122,260	\$477,490	1,675,439		13,642	105,262	3,512,804
Hawaii		450,991				157,960	10,572	619,523
Idaho	32,977					223,582	173	256,732
Illinois		3,177,961					33,158	3,211,119
Indiana	35,592	3,424,127	1,950				31,663	3,493,332
Iowa		10,032,315		162,724	314,693		57,680	10,567,412
Kansas		78,671		13,840		739,352	14,545	846,408
Kentucky	341,825			608,307		8,868,858	355,263	10,174,253
Louisiana			2,816,031					2,816,031
Maine		9,919				8,376	594	18,889
Massachusetts						291,328		291,328
Michigan	26,807			10,132				36,939
Minnesota	987	225,232					13,444	239,663
Mississippi			499,215	132,940		8,445		640,600
Missouri	8,344	5,078,905	106,011	828,491	228,969	267,564	271,915	6,790,199
Montana	1,008,476	7,890			6,600	76,613	21,135	1,120,714
Nebraska		685,912		120,173		181,051	59,322	1,046,458
Nevada	239,561	75,877						315,438
New Hampshire		22,775		92,436		25,108	483	140,802
New Mexico		220,039				5,541	44,128	269,708
New York		7,987			2,938			10,925
North Carolina	364,718						1,799	366,517
North Dakota	3,618	62,489						66,107
Ohio	2,780		77,086				40,275	120,141
Oklahoma	45,368	1,362,019		88,945	91,831	5,287,185	51,766	6,927,114
Oregon	172,900	97,508				234,993		505,401
Pennsylvania	42,477	889						43,366
South Carolina	611,549			8,792				620,341
South Dakota	5,907	645,261			47,212		45,670	744,050
Tennessee	584,922			1,510,846			127,284	2,223,052
Texas		89,825	1,450,098			1,290,311	1,017	2,831,251
Utah	525,846	48,820				48,548	916	624,130
Vermont		7,710		107,297		123,840	232	239,079
Virginia	555,563							555,563
Washington		891,478				190,556	28,493	1,110,527
Wisconsin		567,798					9,160	576,958
Wyoming	10,011	42,947				26,926	6,495	86,379
Undistributed						366,987	55,128	422,115
Total	5,764,051	28,762,552	5,427,881	6,694,795	1,712,618	21,332,114	1,389,889	71,083,900

Adjusted Gross Income provisions of the 2007 Act limited payments to producers who earn more than \$2.5 million during 2007.

Payments were made to producers for all natural disasters excluding hurricane damages.

The "All Other" column includes disasters such as high winds, hail and ice storms, volcanic conditions and wildfires.

Emergency Conservation Program - Geographic Breakdown of Obligations
2009 Actual and Estimated 2010 and 2011

STATE	2009 Actual	2010 Estimated	2011 Estimated
Alabama	\$353,898	\$1,936,737	0
Arizona	0	-124,712	0
Arkansas	5,116,609	7,828,289	0
California	2,091,620	-542,787	0
Colorado	44,234	-453,962	0
Connecticut	0	48,078	0
Delaware	0	38,080	0
Florida	61,475	573,787	0
Georgia	938,149	4,262,880	0
Guam	0	-42,281	0
Hawaii	109,395	-364,836	0
Idaho	236,247	-750,019	0
Illinois	3,004,147	5,942,061	0
Indiana	6,277,759	10,187,091	0
Iowa	12,084,045	23,975,667	0
Kansas	178,670	835,444	0
Kentucky	26,356,403	37,933,468	0
Louisiana	6,488,571	3,809,929	0
Maine	2,118	7,957	0
Maryland	0	320,128	0
Massachusetts	970,634	1,294,689	0
Michigan	5,225	43,365	0
Minnesota	281,773	161,605	0
Mississippi	6,365,810	3,594,607	0
Missouri	2,372,189	7,543,069	0
Montana	492,993	5,058,197	0
Nebraska	2,573,934	3,317,229	0
Nevada	60,363	207,320	0
New Hampshire	83,555	239,734	0
New Jersey	76,777	76,777	0
New Mexico	86,300	123,711	0
New York	299,617	1,106,470	0
North Carolina	79,920	2,156,945	0
North Dakota	842,904	1,010,824	0
Northern Mariana Islands	42,281	42,281	0
Ohio	23,657	-229,970	0
Oklahoma	4,032,483	8,011,066	0
Oregon	459,874	529,328	0
Pennsylvania	8,811	-226,111	0
Puerto Rico	0	1,164,735	0
South Carolina	125,921	1,724,525	0
South Dakota	1,836,093	792,799	0
Tennessee	293,936	1,850,542	0
Texas	7,306,745	10,553,118	0
Utah	185,467	240,750	0
Vermont	59,668	280,539	0
Virginia	232,772	1,581,750	0
Virgin Islands	0	57,388	0
Washington	2,150,403	2,179,026	0
West Virginia	168,349	-38,282	0
Wisconsin	587,260	1,439,601	0
Wyoming	151,013	-879,033	0
Undistributed	56,054,400	-64,929,593	\$33,469,700
FSA, Subtotal	151,654,467	85,500,000	33,469,700
NRCS, Technical Assistance	1,389,889	9,500,000	3,718,856
Total, Available or Estimate	153,044,356	95,000,000	37,188,556

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

FARM SERVICE AGENCY
Emergency Conservation Program

Classification by Objects
2009 Actual and Estimated 2010 and 2011

	<u>Object Class</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
25.1	Advisory and assistance services	\$1,389,889	\$9,500,000	\$3,718,856
41.0	Grants, subsidies, and contributions	151,654,467	85,500,000	33,469,700
99.0	Total direct obligations	<u>153,044,356</u>	<u>95,000,000</u>	<u>37,188,556</u>

EMERGENCY CONSERVATION PROGRAM**STATUS OF PROGRAM**

Current Activities: During FY 2009, 43 States participated in the Emergency Conservation Program (ECP), involving an estimated 2.5 million acres and approximately \$71,083,900 in cost-share and technical assistance outlays.

Selected Examples of Recent Activity: ECP provisions in prior year supplemental appropriations acts have targeted funding for both regular ECP and specific disaster needs, and funds are monitored through separate Standard General Ledger (SGL) accounts. During FY 2009, \$66,314,000 in unobligated funds was internally reallocated from the Hurricane Katrina and Adjusted Gross Income SGL accounts into the regular ECP account to be used for any natural disaster, per P.L. 111-32, signed June 24, 2009. Funds totaling \$226,681,331 were allocated for the following SGL accounts during FY 2009:

ECP Accounts	Number of States	Allocation
Regular ECP	43	\$225,952,393
Hurricane Katrina	2	502,340
ECP Adjusted Gross Income	2	226,598
TOTAL		\$226,681,331

NOTE: Kansas and Southern California received no allocations but had deobligations during FY 2009.

The tables that follow show (a) appropriations and outlays for fiscal years 1981 through 2009 and (b) FY 2009 allocations by State.

Emergency Conservation Program
Appropriations and Outlays
Fiscal Years 1981-2009

Fiscal Year	Appropriation	Outlays
1981 - 89	58,800,000	81,271,444
1990	29,927,000 1/	12,256,527
1991	9,999,870	13,245,469
1992	22,500,000 2/	8,854,177
1993	89,667,000 3/	27,431,669
1994	25,000,000 4/	34,139,167
1995	23,000,000 5/	27,206,940
1996	30,000,000 6/	25,405,741
1997	95,000,000 7/	31,921,356
1998	34,000,000 8/	26,458,921
1999	28,000,000 9/	40,263,070
2000	60,000,000 10/	64,985,108
2001	79,824,000 11/	37,740,788
2002	0	32,365,424
2003	0	46,979,673
2004	11,929,200 12/	23,099,983
2005	150,000,000 13/	57,123,442
2006	161,800,000 14/	88,311,155
2007	18,000,000 15/	72,165,818
2008	204,413,000 16/	27,729,774
2009	0 17/	71,083,900
TOTAL	\$1,131,860,070	\$850,039,546

NOTE: From fiscal years 1957 to 1980, \$250.5 million was provided under the Emergency Conservation Measures, authorized by P.L. 85-88, The Third Supplemental Appropriation Act of 1957. A total of \$219 million was outlaid during those years. The Emergency Conservation Program (ECP) was established by Title IV of the Agricultural Credit Act of 1978, P.L. 95-334.

1/ Includes \$10 million through a direct ECP appropriation and \$10 million transferred from the former SCS per the Dire Emergency Supplemental Appropriation Act, P.L. 101-302.

2/ Excludes \$10.5 million in contingency funds provided by P.L. 102-368, which was made available on December 30, 1992.

3/ Includes \$10.5 million in contingency funds provided by P.L. 102-368, which was made available on December 30, 1992; \$31.367 million transferred from CRP under the authority of 7 U.S.C. 2257; \$30 million provided by the FY 1993 Midwest Flood Supplemental; \$14.8 million transferred from the former FmHA; and \$3 million provided by P.L. 102-341.

4/ \$25 million in supplemental funding was provided by P.L. 103-211.

5/ Provided in the FY 1995 Agriculture Appropriations Act by transfer from the NRCS.

6/ \$30 million in supplemental funding was provided by P.L. 104-134.

7/ \$25 million in supplemental funding was provided by P.L. 104-208, and \$70 million in supplemental funding was provided by P.L. 105-18.

8/ \$34 million in supplemental funding was provided by P.L. 105-174, which included \$4 million for taps and tubing for maple producers.

9/ \$28 million in supplemental funding was provided by P.L. 106-31.

10/ \$50 million in supplemental funding was provided by P.L. 106-113, and \$10 million in supplemental funding was provided by P.L. 106-246 for the Los Alamos Fire in New Mexico.

11/ \$80 million in supplemental funding was provided by P.L. 106-387, and \$176 thousand was rescinded under P.L. 106-554.

12/ \$11.9 million in supplemental funding was provided by P.L. 108-199 for southern California.

13/ \$150 million in supplemental funding was provided by P.L. 108-324, including \$50 million in CCC funding.

14/ \$199.8 million in supplemental funding was provided by P.L. 109-148. \$38 million was transferred to NOA by P.L. 109-234.

15/ \$18 million in supplemental funding was provided by P.L. 110-28; \$2 million was for Kansas only.

16/ \$89.413 million in supplemental funding was provided by P.L. 110-252; \$115 million in a second supplementer was provided by P.L. 110-329.

17/ \$66.314 million was internally reallocated from the Hurricane Katrina and Adjusted Gross Income SGL accounts into the regular ECP account to be used for any natural disaster, per P.L. 111-32, signed June 24, 2009.

EMERGENCY CONSERVATION PROGRAM
FY 2009 Allocations by State

State	Disaster	Total Allocations
Alabama	Flood/Tornado	\$2,416,006
Arkansas	Flood/Ice Storm/Tornado	17,028,000
California	Drought/Wildfire/Wind	500,391
Colorado	Flood	157,000
Connecticut	Technical Assistant Payment	89,761
Florida	Flood/Hurricane	755,340
Georgia	Drought/Flood/Hurricane/Tornado/Storm	5,810,000
Hawaii	Flood/Volcanic Conditions	1,597,000
Idaho	Flood	22,000
Illinois	Flood	724,188
Indiana	Flood/Hurricane	13,256,287
Iowa	Flood/Tornado	20,109,538
Kansas	Flood/Ice Storm/Tornado/Wildfire	1,195,067
Kentucky	Drought/Ice Storm	57,739,000
Louisiana	Hurricane	16,000,000
Maine	Flood/Ice Storm	90,000
Massachusetts	Ice Storm	2,867,000
Michigan	Drought	64,350
Minnesota	Flood	305,000
Mississippi	Ice Storm/Tornado	516,000
Missouri	Flood/Hurricane/Ice Storm/Tornado	6,748,413
Montana	Drought/Flood/Wildfire	1,192,000
Nebraska	Flood/Hurricane/Storm/Tornado	4,408,000
Nevada	Drought/Wildfire/Tornado	601,701
New Hampshire	Hurricane/Ice Storm/Wildfire	360,000
New Mexico	Flood/Wildfire	2,993,000
New York	Flood	125,000
North Carolina	Drought/Tornado	50,000
North Dakota	Drought/Flood	5,701,395
Ohio	Hurricane	375,000
Oklahoma	Flood/Ice Storm/Wildfire	3,281,000
Oregon	Ice Storm	2,429,000
Pennsylvania	Flood	70,894
Rhode Island	Flood	1,000
South Carolina	Drought/Tornado	117,000
South Dakota	Flood	1,214,080
Tennessee	Flood/Ice Storm/Tornado	5,967,000
Texas	Hurricane/IceStorm/Wildfire	45,213,000
Utah	Drought/Flood	491,000
Vermont	Ice Storm/Tornado	394,000
Virginia	Drought	338,000
Washington	Drought/Flood/Wildfire/Wind	2,188,000
Wyoming	Flood/Tornado	416,000
Subtotal		225,916,411
Reserve for Environmental Studies and Forest Service		764,920
Total		\$226,681,331

AGRICULTURAL DISASTER RELIEF FUND

Appropriation, Special Fund, 2010.....	\$756,000,000
Estimated Appropriation, Special Fund, 2011	891,000,000
Increase in Appropriation, Special Fund	+135,000,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>2010 Estimated</u>	<u>Program Changes</u>	<u>2011 Estimated</u>
Disaster Payments.....	\$756,000,000	+\$135,000,000	\$891,000,000

PROJECT STATEMENT
(On basis of appropriation)

Project	2009 Actual	2010 Estimated	Increase	2011 Estimated
Disaster payments	\$703,000,000	\$756,000,000	+\$135,000,000	\$891,000,000
Total appropriation	703,000,000	756,000,000	+135,000,000	891,000,000

PROJECT STATEMENT
(On basis of available funds)

Project	2009 Actual	2010 Estimated	Increase or Decrease	2011 Estimated
Disaster payments	\$6,000,000	\$1,525,000,000	-\$127,000,000	\$1,398,000,000
Recovery Act disaster payments	0	230,000,000	-230,000,000	0
Unobligated balance brought forward from prior years.....	-833,000,000	-1,530,000,000	+999,000,000	-531,000,000
Unobligated balance carried forward to next year	+1,530,000,000	+531,000,000	-507,000,000	+24,000,000
Total appropriation	703,000,000	756,000,000	135,000,000	891,000,000

Classification by Objects
2009 Actual and Estimated 2010 and 2011

<u>Object Class</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
41.0 Grants, subsidies, and contributions	\$6,000,000	\$1,755,000,000	\$1,398,000,000
Total direct obligations	6,000,000	1,755,000,000	1,398,000,000

FARM SERVICE AGENCY
 Agriculture Disaster Assistance Transition
 Agriculture Disaster Relief

SUMMARY OF RECOVERY ACT FUNDING

<u>Program/Project/Activity</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
2008 Agriculture Disaster Transition (estimated program level)	0	\$230,000,000	0

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

Project	2009 Actual	2010 Estimated	Increase or Decrease	2011 Estimated
Assistance to producers for crop losses due to natural disasters	0	\$230,000,000	-\$230,000,000	0
Total, available or estimate.....	0	\$230,000,000	-\$230,000,000	0

Program Implementation Activities:

Goals and Coordination Efforts:

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

Objectives:

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

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

Delivery Schedule:

Implementation Phases

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

The first phase was completed January 4, 2010.

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

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

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

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

FY 2009 Accomplishments

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

FY 2010 Planned Accomplishments

Completed in FY 2010:

- Received RMA download of RMA data and FSA data.
- Finalized Excel Workbook for calculating SURE Interim payments ready for signup January 4, 2010.
- Released buy-in software for taking automated buy-in fees.
- Published SURE regulation in *Federal Register* December 28, 2009.
- Released press releases and SURE fact sheets announcing SURE signup.
- Began 2008 SURE signup January 4, 2010.
- Began issuing 2008 SURE payments January 4, 2010.

Planned Accomplishments

- Continue to take 2008 SURE applications.
- Continue to approve and make SURE payments.

FY 2011 Planned Accomplishments

- Finalize any carry-over SURE applications for which estimated obligations were made by September 30, 2010.

FARM SERVICE AGENCY
Agricultural Disaster Relief Trust Fund
Geographic Breakdown of Obligations
2009 Actual and Estimated 2010 and 2011

STATE	2009 Actual	2010 Estimated	2011 Estimated
Alabama	0	\$963,120	0
Alaska	0	1,368	0
Arizona	0	157,384	0
Arkansas	0	1,338,945	0
California	0	2,468,540	0
Colorado	0	5,393,649	0
Connecticut	0	137,595	0
Delaware	0	535,680	0
Florida	0	536,546	0
Georgia	0	3,087,885	0
Hawaii	0	70,426	0
Idaho	0	1,717,898	0
Illinois	0	9,297,928	0
Indiana	0	7,233,377	0
Iowa	0	20,874,047	0
Kansas	0	14,592,637	0
Kentucky	0	2,193,432	0
Louisiana	0	2,589,210	0
Maine	0	130,778	0
Maryland	0	965,591	0
Massachusetts	0	194,430	0
Michigan	0	3,014,470	0
Minnesota	0	20,981,249	0
Mississippi	0	1,996,390	0
Missouri	0	8,604,383	0
Montana	0	4,854,364	0
Nebraska	0	11,972,337	0
Nevada	0	14,217	0
New Hampshire	0	34,791	0
New Jersey	0	106,438	0
New Mexico	0	785,754	0
New York	0	641,479	0
North Carolina	0	6,252,898	0
North Dakota	0	28,455,311	0
Ohio	0	10,159,695	0
Oklahoma	0	3,177,977	0
Oregon	0	1,393,047	0
Pennsylvania	0	907,764	0
Rhode Island	0	1,378	0
South Carolina	0	1,604,034	0
South Dakota	0	12,229,506	0
Tennessee	0	1,644,112	0
Texas	0	26,028,904	0
Utah	0	120,459	0
Vermont	0	45,766	0
Virginia	0	1,660,082	0
Washington	0	2,569,955	0
West Virginia	0	28,337	0
Wisconsin	0	5,939,557	0
Wyoming	0	294,880	0
Total, Available or Estimate	0	230,000,000	0

AGRICULTURAL DISASTER RELIEF TRUST FUND

STATUS OF PROGRAM

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

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

Of the programs under the trust fund, only LIP had program activity during FY 2009; obligations of \$5,763,693 were incurred, of which \$2,946,799 was outlayed. In FY 2009, the amount of customs receipts credited to the Agricultural Disaster Relief Trust Fund receipt account totaled \$703,438,297. Available budget authority totaling \$1,530,625,668 was carried forward into FY 2010 as an unobligated balance.

USDA SUPPLEMENTAL ASSISTANCE

Appropriations Act, 2010	\$295,600,000
Budget Estimate, 2011.....	0
Change in Appropriation	<u>-295,600,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>2010 Estimated</u>	<u>Program Changes</u>	<u>2011 Estimated</u>
Payments to farmers and ranchers for losses because of natural disasters.....	\$295,600,000	-\$295,600,000	0

PROJECT STATEMENT

(On basis of appropriation)

Project	2009 Actual	2010 Estimated	Change	2011 Estimated
Payments to farmers and ranchers for losses because of natural disasters.....	0	\$295,600,000	-\$295,600,000	0
Total appropriation.....	0	\$295,600,000	-\$295,600,000	0

PROJECT STATEMENT

(On basis of available funds)

Project	2009 Actual	2010 Estimated	Increase or Decrease	2011 Estimated
Payments to farmers and ranchers for losses because of natural disasters.....	\$83,813,724	\$295,600,000	-\$295,600,000	0
Unobligated balance brought forward from prior years	-860,266,816	-776,453,092	+776,453,092	0
Unobligated balance carried forward to next year	776,453,092	+776,453,092	-776,453,092	0
Total appropriation.....	0	295,600,000	-295,600,000	0

Classification by Objects2009 Actual and Estimated 2010 and 2011

<u>Object Class</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
41.0 Grants, subsidies, and contributions	\$83,813,724	\$295,600,000	0
Total direct obligations	<u>83,813,724</u>	<u>295,600,000</u>	<u>0</u>

USDA SUPPLEMENTAL ASSISTANCE PROGRAM

STATUS OF PROGRAM

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

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

Selected Examples of Recent Activity: The following table shows outlays for FY 2009 by program.

USDA Supplemental Assistance Program
Outlays by Program
Fiscal Year 2009

Programs	Allocations
Crop Disaster Assistance - 2007	\$114,562,916
Livestock Compensation Program - 2007	2,042,744
Livestock Indemnity Payments - 2007	1,692,629
Dairy Disaster Assistance	150,708
Adjustment	-148,850
TOTAL	\$118,300,147

P.L. 110-28 provided \$18 million for the ECP, including \$2 million earmarked for Kansas. The status of those funds is included in the ECP section of these Explanatory Notes.

FARM SERVICE AGENCY
Aquaculture Assistance

SUMMARY OF RECOVERY ACT FUNDING

<u>Program/Project/Activity</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Aquaculture Assistance Grants	\$50,000,000	0	0

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

Project	2009 Actual	2010 Estimated	Increase or Decrease	2011 Estimated
Grants to States for programs to assist aquaculture producers.....	\$48,500,000	\$1,500,000	-\$1,500,000	0
Unobligated balance brought forward from prior year.....	0	-1,500,000	1,500,000	0
Unobligated balance carried forward to next year	1,500,000	0	0	0
Total appropriation	50,000,000	0	0	0

Program Implementation Activities:

Objective:

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

Delivery Schedule:

Implementation Phases

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

The first phase was completed in early April 2009.

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

The second phase was completed in mid April 2009.

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

The third phase was completed in May 2009.

4. Grant Agreement Execution – This phase consists of the following milestones:
- Execute MOU's between CCC and the States, including the collection of required grant forms and certifications.
 - Receive and approve work plans submitted by the States.

The fourth phase was completed in December 2009 except for Alaska.

5. Grant Approval – This phase will consist of the following planned milestones:

- Receive and approve work plans submitted by the States.
- Transfer grant funding to the States.

The fifth phase is estimated to be completed on or before January 31, 2010.

Performance Measures:

Performance Data

Performance Measures	2009 Actual	2010 Target	2011 Target
Number of States receiving assistance	37	2	
Number of aquaculture species receiving assistance	17	TBD	

FY 2009 Accomplishments:

As of September 31, 2009, all 37 participating States executed a grant agreement with CCC, and CCC obligated \$48.5 million in grant funding to the States. FSA approved 34 State work plans and disbursed \$47.6 million to the States.

Planned Activities:

FY 2010:

- Execute a grant agreement with Alaska.
- Collect back unused grant funding from participating States.
- Reallocate unused grant funding to States that had to apply a State factor to AGP payments because benefits requested in the State exceeded the State's grant amount.
- Collect and review results of States' internal reviews.
- Ensure States are compliant with Federal reporting requirements under Section 1512 of the Recovery Act.

FY 2011:

Funding is only available through September 31, 2010; therefore, there are no planned activities for FY 2011.

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

STATE	2009 Actual	2010 Estimated	2011 Estimated
Alabama	\$10,027,066	0	0
Alaska	0	\$150,000	0
Arkansas	7,814,413	0	0
California	1,107,872	0	0
Colorado	46,412	0	0
Delaware	17,936	0	0
Florida	341,742	0	0
Georgia	205,161	0	0
Hawaii	150,498	0	0
Idaho	1,252,305	0	0
Illinois	77,140	0	0
Kentucky	53,251	0	0
Louisiana	2,412,106	0	0
Maine	829,764	0	0
Massachusetts	56,989	0	0
Michigan	22,294	0	0
Minnesota	69,481	0	0
Mississippi	19,626,815	0	0
Missouri	109,921	0	0
Nebraska	25,531	0	0
New Hampshire	2,554	0	0
New Jersey	3,790	0	0
New Mexico	5,836	0	0
New York	56,762	0	0
North Carolina	797,622	0	0
Ohio	63,190	0	0
Oklahoma	91,183	0	0
Oregon	15,820	0	0
Pennsylvania	182,001	0	0
South Carolina	72,946	0	0
South Dakota	5,082	0	0
Tennessee	55,257	0	0
Texas	1,686,883	0	0
Utah	6,793	0	0
Virginia	251,185	0	0
Washington	925,142	0	0
Wisconsin	27,173	0	0
Wyoming	4,084	0	0
Undistributed	0	1,350,000	0
Total, Available or Estimate	48,500,000	1,500,000	0

FARM SERVICE AGENCY

Summary of Budget and Performance Statement of Department Goals and Objectives

The Farm Service Agency (FSA) was established October 13, 1994, pursuant to the Department of Agriculture Reorganization Act of 1994, P.L. 103-354. FSA's mission is to equitably serve all farmers, ranchers, and agricultural partners by delivering effective, efficient, agricultural programs for all Americans.

FSA has three strategic goals and seven strategic objectives that contribute to two of the Department's strategic goals and two of the High Priority Performance Goals (HPPG's).

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcomes
USDA Goal: USDA will assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving	Agency Goal 1: Supporting productive farms and ranches Agency Goal 2: Supporting secure and affordable food and fiber	<u>Objective 1.1:</u> Improving access to capital	<u>Direct and Guaranteed Farm Loans</u> All programs except conservation loan programs	<u>Agency Key Outcomes:</u> Successful farms and ranches Market based agriculture Thriving agricultural communities Affordable food and fiber Secure supply of food and fiber Effective food aid
		<u>Objective 1.2:</u> Mitigating market losses	<u>Income Support and Disaster Assistance</u> All programs, including Supplemental Revenue Assistance Payments Program	
		<u>Objective 1.3:</u> Mitigating losses from natural disasters	All ad hoc disaster assistance programs	
		<u>Objective 2.1:</u> Providing adequate, secure storage capacity that maintains quality	<u>Conservation</u> Biomass Crop Assistance Program Emergency Conservation Program	
			<u>Commodity Operations</u> U.S. Warehouse Act - Licensing and Enforcement	
			Dairy Product Price Support Program (formerly Milk Price Support Purchases)	
			CCC Inventory Management Operations	
	ELS Cotton Competitiveness Program			
	Canadian End Use Wheat Program			
	Domestic and Foreign Food Assistance Purchases			

USDA Strategic Goal	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcomes
USDA Goal: USDA will ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources	Agency Goal 3: Conserving natural resources and enhancing the environment	<u>Objective 3.1:</u> Improving conservation practices <u>Objective 3.2:</u> Targeting lands to maximize conservation benefits <u>Objective 3.3:</u> Mitigating adverse impacts from agricultural production	Conservation Reserve Program Conservation Reserve Enhancement Program Source Water Protection Program	<u>Agency Key Outcome:</u> Quality soil Quality water Quality wildlife habitat

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

- Successful Farms and Ranches
- Market Based Agriculture
- Thriving Agricultural Communities

HPPG Measure: FSA programs contribute significantly to the rural and farm economy in terms of prosperity creation/preservation and in job creation/retention. FSA programs also directly contribute to increased lending and renewable energy options and positively impact on food processing and distribution systems. Research is needed to develop metrics that account for these contributions in concert with other USDA and Federal partners.

Long-term Performance Measures

- Maintain or reduce average processing time for direct loans
- Maintain or reduce average processing time for guaranteed loans
- Maintain or increase percentage of program benefits delivered through a Web environment
- Increase the percentage of loans made to beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA

Selected Past Accomplishments toward Achievement of Key Outcomes

Farm Loan Programs. FSA has made significant progress in expanding credit access to beginning farmers, minorities, and women. Lending to these groups has increased by more than 80 percent since FY 2000 (\$995 million) to more than \$1.8 billion in FY 2009. In FY 2009, FSA made over 18,000 loans to beginning farmers, minorities and women. USDA currently has 47,503 minority, women, and beginning farmers in its loan portfolio.

FSA experienced significant increases in demand for its farm loan programs in FY 2009. A total of 34,210 loans was made, compared to 26,305 in FY 2008. This surge in demand is due in part to more scrutiny being placed on mortgage loans by commercial lenders and the instability in the credit market. FSA was able to meet the increased demand in part because of additional funding for the Direct Operating Loan

program provided through the American Reinvestment and Recovery Act. USDA funded an additional 2,600 operating loans through the Recovery Act in FY 2009. Nearly 64 percent of these loans were issued to beginning and socially disadvantaged farmers.

FSA's loss and delinquency rates remain at historic low levels for both the direct and guaranteed loan programs. In the direct loan program, the loss rate in FY 2009 was 0.8 percent and the delinquency rate was 6.3 percent. The guaranteed loan program had a loss rate of 0.39 percent in FY 2009 and a delinquency rate of 1.69 percent. These results can be attributed to numerous factors, including ongoing systems modernization efforts and streamlining of program regulations resulting in more efficient operations that enable FSA to better service loans. FSA has also continued to significantly reduce the loan processing times for the direct and guaranteed loan programs.

Income Support and Disaster Assistance. FSA helps farmers manage market risk primarily through income support and disaster assistance programs. These programs help farmers and ranchers to address major fluctuations in market conditions and unexpected natural or man-made disasters. These efforts contribute to productive farms and ranches, thriving agricultural communities, market-based agriculture and secure and affordable food and fiber.

The Non-Insured Crop Disaster Assistance Program (NAP) provides a risk management tool for producers of non-insurable crops. In 2009, NAP enrollment was up, in part because of the passage of the Food, Conservation, and Energy Act of 2008, which requires participation in NAP or purchase of crop insurance in order to gain eligibility for USDA permanent disaster programs, including the Supplemental Revenue Assistance Payments Program, Livestock Forage Disaster Program, Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program, and the Tree Assistance Program.

Other support to farmers and ranchers is provided by Farm Storage Facility Loans (FSFL's), which have been increasing in number each of the last 4 years and are expected to continue increasing. During fiscal years 2000-2009, over 21,000 FSFL's were disbursed. The 2008 Farm Bill added hay and renewable biomass as eligible commodities. And using the discretionary authority given the Secretary in August 2009, cold storage facilities for fruits and vegetables are also added. The FSFL program has provided financing for on-farm storage for over 624 million bushels of eligible commodities since FY 2000. FSFL applications have increased from 1,717 in FY 2005 to 3,314 in FY 2009, an increase of 1,597. In FY 2006, the Commodity Credit Corporation made available nearly \$100 million in FSFL's, while in FY 2009 the amount obligated for loans exceeded \$184 million.

The Direct and Counter-Cyclical Payment Program (DCP) is a key factor in the agency's effort to mitigate market losses. This program provides more than \$5 billion annually in direct payments. Counter-cyclical payments vary as market prices change, providing as much as \$2.5 billion in a single year to mitigate market losses. To increase customer satisfaction and reduce the time spent visiting a USDA Service Center, the Agency implemented a Web-based platform to deliver the DCP and the electronic Loan Deficiency Payment Program (eLDP).

FSA's electronic DCP service allows agricultural producers to enroll in DCP online. Producers can choose DCP payment options, assign crop shares, and sign, view, print and submit their DCP contracts from any computer with Internet access at any time. This service is available to all eligible producers and helps the Agency maintain a 97.5 percent participation rate for this program

The LDP program distributed approximately 98 percent of FY 2009 LDP benefits electronically. In addition to eLDPs, producers who received cotton Marketing Assistance Loans (MALs) can repay outstanding loans electronically through the use of the Centralized Cotton Redemption (CCR) process. The CCR systems perform all calculation, collection and release functions for cotton pledged as collateral, which simplifies the cotton repayment process tremendously. In FY 2009, 2,391,865 bales of cotton were redeemed using CCR for approximately \$421,819,640 million.

The Milk Income Loss Contract Program (MILC) program is a cyclical program that compensates dairy producers when the price for Class I milk in the northeast falls below a specified level. Due to declining milk prices that have been the lowest in recent history, there has been a payment rate in effect under the MILC program for the entire 2009 fiscal year. The MILC application and payment processing software was released nationwide to State and county offices February 2, 2009. Approximately 97 percent of MILC payments issued to eligible producers were made electronically during FY 2009. FSA expects to meet this 97 percent mark for FY 2010. As of December 15, 2009, approximately \$825,067,030 has been disbursed for FY 2009 and \$52,278,060 has been issued for FY 2010 using MILC software.

Farmland restored by the Emergency Conservation Program (ECP) ensures continued production capabilities and protection of soil, water, air, and wildlife environmental resources. In FY 2009, ECP successfully rehabilitated 2.5 million acres of farmland that had been damaged by natural disasters.

Selected Accomplishments Expected at the FY 2011 Proposed Resource Level:

Farm Loans. FSA expects to meet its FY 2011 farm loan program goals for increased lending to women, minority, and beginning farmers and improved timeliness of loan application processing. Proposed FY 2011 funding will allow FSA to provide agricultural credit through its direct and guaranteed loan programs to approximately 30,000 family farmers. In addition, FSA continues to improve the operational effectiveness and efficiency of its farm loan programs through information system enhancements:

- Additional capabilities will be added to the Farm Business Plan management information system, which will increase the operational, reporting, and analytical capabilities for the direct loan program.
- FSA is transitioning all direct loan servicing information technology applications into a single, web-based application. In addition to moving direct loan servicing to a modern platform, the system will expand on existing capabilities to include all special servicing options. Implementation of the direct loan servicing system will allow FSA to better service its delinquent and financially distressed borrowers.
- Guaranteed Loan System enhancements will improve the user interface, resulting in productivity increases.
- The Farm Loan Programs Data Mart is under development. The Data Mart will house data for all of the farm loan program systems. Once completed, the Data Mart will significantly enhance data usefulness, resulting in improved reporting and analytical capabilities.

Income Support & Disaster Assistance. The Farm Storage Facility Loan Program (FSFL) expects growing program interest in FY 2011 due to the addition of hay and renewable biomass as eligible commodities under the Food, Conservation and Energy Act of 2008, and cold storage facilities for fruits and vegetables. To this end, FSA will expand outreach efforts for farm storage facility loans to eligible biomass, fruit and nut and vegetable producers. Producers, who must store their grain and renewable biomass commodities before delivery to ethanol and bio-fuel plants are using FSFLs to construct much of the on-farm storage they need. Fruit and vegetable producers will be constructing cold storage facilities to help preserve and extend the life of their harvested commodities from harvest until the commodity is sold.

FSA will expand protection opportunities for producers through ACRE, through which producers may receive revenue-based payments as an alternative to price-based counter-cyclical payments.

FSA will continue the use of the Geographic Information System (GIS). This system gathers pertinent information such as weather data, crop data, and satellite and aerial imagery to assess areas damaged by natural disasters, analyze potential loss, and speed delivery of disaster payments.

The Marketing Assistance Loan (MAL) and Loan Deficiency Payment (LDP) programs expect lower than average producer participation due to high prices and strong market conditions for most of the eligible loan commodities. The MAL program will continue to provide producers of eligible loan commodities with interim financial assistance at harvest, when prices are usually lower than at other times of the year. Corn

prices are expected to increase to an average \$3.90 per bushel for the 2010/11 marketing year compared with \$3.55 per bushel for the 2009/10 marketing year and well above the national average loan rate of \$1.95 per bushel for both years. Soybean prices are expected to average \$9.00 per bushel for the 2010/11 marketing year compared with \$9.25 per bushel for 2009/10, but significantly above the national average loan rate of \$5.00 per bushel for both years.

The Biomass Crop Assistance Program (BCAP), authorized in the 2008 Farm Bill, will provide financial assistance to producers or entities that deliver eligible biomass material to designated biomass conversion facilities for use as heat, power, bio-based products or bio-fuels. This program includes:

- Collection, Harvest, Storage and Transportation (CHST): assistance for agriculture and forest land owners and operators with collection, harvest, storage, and transport of eligible biomass for use in biomass conversion facilities. The FY 2010 President's budget included \$280 million for CHST payments, which covered 6-8 million tons of eligible biomass.
- Project Areas: financial and technical assistance for establishing and producing eligible crops for the conversion to bio-energy through project areas and through contracts on land of up to 5 years for non-woody crops or up to 15 years for woody biomass crops. Contracts will include crop establishment and annual payments. The FY 2010 President's Budget included \$87million for project areas.

Initial assistance will be for the CHST costs associated with the delivery of eligible materials. The first CHST payments were made in late 2009. FSA expects to fully implement the BCAP in FY 2010.

Information Technology:

FSA will continue to expand efforts to publicize available program benefits to all eligible producers and work to improve access to information through use of Web pages as well as media mailing, FSA Service Center newsletters, and producer informational meetings.

FSA will proceed with the Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) project. This initiative is intended to construct automation systems to provide online services for customers to apply for farm programs and conduct electronic business. FSA expects improvements in these online services after the internal processes are fully automated and delivered in MIDAS. FSA will support the automation systems required to enable timely delivery and accountability for the farm program benefits to customers. FSA will also conduct a migration of farm program applications from an obsolete legacy environment to minimize the increasing risk of failure to deliver basic services.

Through the FSA Budget and Performance Management System work is under way to establish an integrated activity-based costing (ABC) system. The ABC system will allow the agency to develop cost-based performance measures that will be valid, reliable indicators of the efficiency of FSA programs. This information will be used to monitor and evaluate the cost of administering these programs. The ABC system is scheduled for implementation in the second quarter of FY 2010.

Efficiency Measures (also listed as long-term measures):

- Reduce average processing time for direct loans
- Reduce average processing time for guaranteed loans.

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

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

HPPG Measure: FSA commodity programs contribute significantly to the availability of safe and nutritious domestic and foreign food aid, including the National School Lunch Program. Research is needed to develop metrics that account for FSA's contributions to this goal, in concert with other USDA and Federal partners.

Long-term Performance Measure

- Reduce or maintain average time between warehouse examinations

Selected Past Accomplishments toward Achievement of Key Outcomes:

To ensure the safety of food stored in warehouse facilities, FSA inspects storage facilities and tracks the number of days between warehouse examinations. The FY 2009 performance of 363 days between warehouse examinations surpassed the target of 400 days, due, in part, to efficient examination practices and time savings through the use of electronic warehouse receipts. The warehouse examination program performs examinations of warehouse facilities that store or handle commodities for the public and CCC. Warehouses are examined by FSA warehouse examiners for compliance with CCC storage agreements and United States Warehouse Act (USWA) licensing agreements. Increased frequency provides the opportunity to discover potential loss due to theft, pest infestation, or deterioration of quality for commodities in store. Factors affecting the time between warehouse examinations include the number of warehouses participating in storage programs for the account of CCC and/or USWA, the amount or value of commodity in store, the length of time the commodities have been in store, whether the commodities are owned or pledged as collateral for loan to private lenders or CCC, and staffing level for the examination program.

The value of dairy income is estimated at \$24.8 billion in FY 2009. Falling below the 2010 baseline projection of \$30 billion in the President's budget, the decrease was mainly the result of lower than normal milk prices. The target for the annual measure, "Increase per capita milk production," is 585 pounds of milk per person. The actual value was 622 pounds of milk per person in 2009. This maintains per capita milk production at the baseline average from 2002-2004.

Selected Accomplishments Expected at the FY 2011 Proposed Resource Level:

FSA works with its Dairy Product Price Support Program partners to provide adequate, secure storage capacity to maintain quality and improve the purchase and delivery of food aid. Food assistance purchases support domestic programs such as the National School Lunch Program and The Emergency Food Assistance Program, as well as international food aid through the U.S. Agency for International Development and the World Food Program. At the proposed FY 2011 resource level, FSA expects to support secure and affordable food and fiber by the following activities:

- Commodity operations will facilitate and encourage electronic commerce to reduce costs and delays associated with marketing and delivering commodities and to increase sales of targeted agricultural commodities.
- Warehouse operators will issue negotiable warehouse receipts to producers under the provisions of the U.S. Warehouse Act. Producers who desire to use the stored commodity as collateral for a marketing assistance loan may deliver the warehouse receipts to FSA. FSA will accept the warehouse receipts as security for a 9-month marketing assistance loan. Producers use the Marketing Assistance Loan Program as interim financing on the eligible stored commodities.

Efficiency Measure:

The efficiency measure previously used for milk price support purchases is not applicable to the new Dairy Product Price Support Program created in the 2008 Farm Bill. A new efficiency measure will be developed.

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

- Quality Soil
- Quality Water
- Quality Wildlife Habitat
- Quality Air

HPPG Measure: FSA's Conservation Reserve Program contributes significantly to practices that help create reliable supplies of clean water. In concert with other USDA partners, research is needed to develop or revise metrics that capture the number of acres with HIT practices applied to improved water quality and quantity.

Long-term Performance Measures:

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

Selected Past Accomplishments toward Achievement of the Key Outcomes:

FSA has made substantial progress in protecting watershed health and enhancing soil quality. Total enrollment in Conservation Reserve Program (CRP) was 33.8 million acres at the end of FY 2009. These acres have annually reduced soil erosion by more than 450 million tons, reduced nitrogen, phosphorus, and sediment leaving the field by well over 85 percent, and sequestered over 50 million metric tons of carbon dioxide.

CRP also contributes to increased wildlife populations, including more than 2 million additional ducks annually in the Northern Prairie, recovered sage and sharp-tailed grouse populations in Eastern Washington, increased ring-necked pheasant populations, and increased grassland bird populations. Restored wetlands in CRP reached more than 2.03 million acres at the end of FY 2009. These restored wetlands are the result of several initiatives, including the 500,000-acre Bottomland Hardwood Timber Initiative, a 250,000-acre Non-floodplain Wetland Restoration Initiative, and a 100,000-acre Prairie Pothole Duck Nesting Habitat Initiative.

At the end of FY 2009, there were 43 Conservation Reserve Enhancement Program (CREP) agreements representing partnerships with 32 States. A total of 1.2 million acres of high value conservation practices are enrolled in CREP.

Since the inception of the Grassroots Source Water Protection Program (GSWPP) in 2004 through the 2007/2008 program year, 385 SWP plans have been completed with management activities implemented. The plans provide protection measures for 1,608 public drinking water sources (1,282 wells and 326 surface water intakes) in 43 States. The 2008-2009 program year ended March 31, 2009. Preliminary data indicates that an additional 105 SWP plans will be completed and have protection activities implemented in the source water areas.

Selected Accomplishments Expected at the FY 2011 Proposed Resource Level:

The CRP and CREP will continue to achieve the desired key outcomes. However, enrollment authority was decreased in the 2008 Farm Bill to no more than 32 million acres starting in FY 2010. Therefore, FSA expects enrollment to decline from FY 2009 to FY 2010. FY 2010 and FY 2011 enrollment is expected to be between 31 and 32 million acres.

FSA works with its partners to improve conservation practices and target lands to maximize conservation benefits. Among the specific actions FSA will carry out at the proposed FY 2011 funding level are:

- Advance wetland goals set in CRP by seeking new wetland contracts covering over 50,000 acres in both FY 2010 and FY 2011. These acres aid in attaining the USDA's conservation and global change objectives.
- Advance riparian buffer and grass filter goals set in the CRP by seeking contracts covering 40,000 acres in both FY 2010 and FY 2011. These acres aid in attaining the USDA's conservation and global change objectives.
- Advance wildlife population improvement goals by continuing several initiatives, including the 250,000-acre upland bird buffer, the 100,000-acre Duck Nesting Habitat Initiative, and State Areas for Wildlife Enhancement (SAFE) initiative, a 500,000-acre initiative announced in FY 2007 to improve habitat for endangered, threatened, or high-priority fish and wildlife species
- Continue the 250,000-acre initiative to restore longleaf pine. In the early 1700s, over 90 million acres of longleaf pine ecosystem existed. Today, fewer than 4 million acres exist. Producers with cropland that is suitable for longleaf pine can submit an offer for enrollment into the CRP under continuous signup provisions. Cumulative enrollment in FY 2008 was over 60,000 acres.

Strategic Goal Funding Matrix
(on basis of appropriation)

	<u>2009 Actual</u>		<u>2010 Estimated</u>		<u>Increase or Decrease</u>	<u>2011 Estimated</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>		<u>Amount</u>	<u>Staff Years</u>
Goal ^{a/}							
Farm Loans	\$559,732,000	2,923	\$463,635,000	2,904	\$13,956,000	\$477,591,000	2,904
Income Support and Disaster Assistance	832,280,670	8,047	884,703,276	9,090	107,673,600	992,377,676	9,100
Conservation ^{b/}	8,000	0	5,000	0	-2,000	3,000	0
Commodity Operations	60,165,000	117	61,377,000	103	777,000	62,154,000	103
Total, Goal	1,452,185,670	11,087	1,409,720,276	12,097	122,405,400	1,532,124,876	12,107
Goal ^{c/}							
Conservation	300,891,000	2,835	318,301,000	1,922	-1,336,000	316,965,000	1,922
Total, Goal	300,891,000	2,835	318,301,000	1,922	-1,336,000	316,965,000	1,922
Total, Available	1,753,076,670	13,922	1,728,021,276	14,019	121,068,600	1,849,089,876	14,029

^{a/} USDA will assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving

^{b/} Less than 1 full staff-year.

^{c/} USDA will ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources.

FARM SERVICE AGENCY
Summary of Budget and Performance
Key Performance Outcomes and Measures

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

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

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

Key Performance Measures:

- Increase percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA: Through its direct and guaranteed farm loan programs, FSA helps to meet the credit needs of farmers and ranchers who are temporarily unable to obtain sufficient credit elsewhere at reasonable rates and terms.
- Reduce average processing time for direct loans; Reduce average processing time for guaranteed loans: Providing service to customers in a timely manner is an important performance goal for FSA's direct and guaranteed loan programs. As such, FSA is targeting continued improvement in loan processing timeliness.
- Maintain or increase percentage of program benefits delivered through a Web environment: Administering FSA's programs in a Web environment will improve customer service by reducing the number of hours needed to verify and disburse program benefits and will allow the Agency to explore opportunities for cost-savings through restructuring and realigning personnel and field offices.
- Reduce average time between warehouse examinations: FSA's security efforts continue to focus on ensuring the adequate capacity of warehouse storage facilities, minimizing warehouse violations, and reducing the amount of stored products that go out of condition.

Key Performance Targets

Performance Measure	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Target	2011 Target
Increase percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA Units = percentage	15.5%	15.9%	16.22%	17.4%	17.5%	18.0%
Reduce average processing time for direct loans Units = days	31.0	27.0	27.8	33.5	33.0	32.5
Reduce average processing time for guaranteed loans Units = days	12.63	12.6	8.55	13.5	13.25	13.0

Performance Measure	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Target	2011 Target
Maintain or increase percentage of program benefits delivered through a Web environment Units = percentage	33% ¹	33% ¹	33% ¹	33% ¹	50% ²	80% ²
Reduce average time between warehouse examinations Units = days	384	381	387	393	400	400

¹ Flat performance targets due to level funding

² Starting 2010, figures will be calculated utilizing a different methodology that expands the number of programs in the numerator and denominator that are targeted for transition to a Web environment.

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

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

Key Performance Measures:

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

Key Performance Targets:

Performance Measure	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Target	2011 Target
Increase CRP acres of riparian and grass buffers (cumulative) Units = millions of acres	1.86	1.92	2.02	2.03	1.99 ¹	1.99 ¹
Increase CRP restored wetland acres (cumulative) Units = millions of acres	2.03	2.08	1.98	2.04 ²	1.99 ¹	1.99 ¹

¹ Recent commodity price increases, especially soybeans, will likely reduce landowner willingness to retire cropland into CRP. In addition, the enrollment authority for CRP decreased to 32 million acres, starting in FY 2010.

² 2009 spike in CRP Wetland acres enrollment was due to increased incentives for certain wetland practices and surge in general signup acres reenrolled into wetland practices.

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

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

<u>PROGRAM</u>	<u>PROGRAM ITEMS</u>	<u>FY 2009 Amount</u> <u>(\$000)</u>	<u>FY 2010 Amount</u> <u>(\$000)</u>	<u>FY 2011 Amount</u> <u>(\$000)</u>
Farm Loans				
	Direct Farm Ownership Loans	\$35,560	\$26,520	\$32,870
	Direct Farm Operating Loans	124,545	47,500	54,540
	Guaranteed Farm Ownership Loans	4,200	5,550	5,700
	Guaranteed Farm Operating Loans, subsidized	20,645	23,902	19,920
	Guaranteed Farm Operating Loans, unsub.	30,754	35,100	34,950
	Emergency Disaster Loans	4,323	2,083	5,924
	Indian Tribe Land Acquisition Loans	0	0	0
	Boll Weevil Eradication Loans	0	0	0
	Indian Fractionated Land Loans	0	793	214
	Program Loan Cost Expenses	7,920	7,920	7,920
	Individual Development Account Grants	0	0	0
	State Mediation Grants	3,277	3,277	3,277
	Administrative costs (direct)	305,903	304,668	312,417
	Indirect costs	<u>4,214</u>	<u>8,505</u>	<u>5,783</u>
	Total Costs¹	541,341	465,818	483,515
	<i>FTEs</i>	2,923	2,904	2,904
 <u>Performance Measure:</u> Maintain or reduce average processing time for direct and guaranteed loans				
	Direct Loans (# of days):	33.50	33.00	32.50
	Guaranteed Loans (# of days):	13.50	13.25	13.00
 <u>Performance Measure:</u> Increase % of beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA				
	Percent:	17.40%	17.50%	18.00%
 ¹ For loan programs reflects subsidy budget authority to support loan levels				
 Income Support and Disaster Assistance				
	Price Support and Marketing Assistance Loans	8,290,909	8,125,368	7,799,757
	Loan Deficiency Payments	148,553	178,526	23,258
	Direct Payments	4,176,795	5,144,270	4,962,893
	Countercyclical Payments	1,213,300	1,219,205	738,412
	Milk Income Loss Contract Payments	769,900	211,800	100,000
	Tobacco Payments	1,130,095	960,000	960,000
	Other Direct Payments	84,375	89,007	81,728
	NAP Payments	40,700	91,100	95,200
	Crop Disaster Assistance	114,828	290,500	0
	Livestock Indemnity Program	1,716	0	0
	Emergency Livestock Assistance	1,926	500	0
	Tree Assistance Program	68	0	0
	CCC Interest Expenditures	2,856	25,380	89,526
	Dairy Indemnity Program	651	1,209	876
	Emergency Forestry Conservation Program	7,854	18,896	14,420
	USDA Supplemental Assistance, appropriated	83,814	295,600	0
	Reforestation Pilot Program	794	800	0
	Agricultural Disaster Relief Trust Fund (12X5531 and 12X5591)	6,000	1,755,000	1,398,000
	Aquaculture Grants (123317)	48,500	1,500	0
	Farm Storage Facility Loans	12,500	0	0
	Sugar Storage Facility Loans	0	0	0
	Administrative costs (direct)	694,980	660,473	646,863
	Indirect costs	<u>226,905</u>	<u>288,760</u>	<u>406,141</u>
	Total Costs	17,058,019	19,357,894	17,317,074
	<i>FTEs</i>	9,258.75	9,386.90	9,393.90
 Conservation				
	Emergency Conservation Program	153,044	95,000	37,189
	Administrative costs (direct)	8,344	4,803	3,154
	Indirect costs	<u>0</u>	<u>0</u>	<u>0</u>
	Total Costs	161,388	99,803	40,343
	<i>FTEs</i>	0.25	0.10	0.10

Continued -- Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving

<u>PROGRAM</u>	<u>PROGRAM ITEMS</u>	<u>FY 2009 Amount</u> <u>(\$000)</u>	<u>FY 2010 Amount</u> <u>(\$000)</u>	<u>FY 2011 Amount</u> <u>(\$000)</u>
Commodity Operations				
	ELS Cotton User Marketing Payments	9,630	1,394	0
	Upland Cotton Economic Adjustment Assistance	74,661	72,613	81,728
	Commodity Purchases and Sales	1,027,768	1,058,474	1,105,243
	Storage, Handling, Transportation, Processing, and Packaging	67,740	87,166	64,765
	CCC Interest Expenditures	3,173	2,820	9,947
	Dairy Price Support	226,894	65,379	0
	Administrative costs (direct)	39,728	36,638	37,829
	Indirect costs	<u>33,697</u>	<u>37,055</u>	<u>36,684</u>
	Total Costs	1,483,291	1,361,539	1,336,196
	<i>FTEs</i>	263	250	250
Total Costs for Department Strategic Goal (program, direct, indirect)		19,244,039	21,285,054	19,177,128
	<i>FTEs</i>	12,445	12,541	12,548

Performance Measure: Maintain or increase percentage of program benefits delivered through a Web environment
 Percent: 33% 50% 80%

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

<u>PROGRAM</u>	<u>PROGRAM ITEMS</u>	<u>FY 2009 Amount</u> <u>(\$000)</u>	<u>FY 2010 Amount</u> <u>(\$000)</u>	<u>FY 2011 Amount</u> <u>(\$000)</u>
Conservation				
	Conservation Reserve Program	1,872,881	2,006,279	1,972,982
	Grassroots Source Water Protection Program	5,000	5,000	0
	State Mediation Grants	1,092	1,092	1,092
	Direct Conservation Loans	0	1,065	2,243
	Guaranteed Conservation Loans	0	278	285
	Other Conservation Payments	46	16,704	16,680
	Administrative costs (direct)	256,932	223,539	239,414
	Indirect costs	<u>63,352</u>	<u>105,327</u>	<u>89,183</u>
	Total Costs	2,199,303	2,359,284	2,321,879
	<i>FTEs</i>	2,015	1,978	1,981
<u>Performance Measure:</u> Increase CRP acres of riparian and grass buffers				
	# of acres in millions:	2.03	1.99	1.99
<u>Performance Measure:</u> Increase CRP restored wetlands				
	# of acres in millions:	2.04	1.99	1.99
Total Costs for Department Strategic Goal (program, direct, indirect)		2,199,303	2,359,284	2,321,879
	<i>FTEs</i>	2,015	1,978	1,981
Total Costs for All Strategic Goals (program, direct, indirect)		21,443,342	23,644,338	21,499,007
	<i>FTEs</i>	14,460	14,519	14,529