FY 2012 Explanatory Notes
Commodity Credit Corporation

Table of Contents

COMMODITY CREDIT CORPORATION

Purpose Statement

The Commodity Credit Corporation (CCC or Corporation) is a wholly-owned Government corporation created in 1933 under a Delaware charter and reincorporated June 30, 1948, as a Federal corporation within the Department of Agriculture by the Commodity Credit Corporation Charter Act, approved June 29, 1948 (15 U.S.C. 714). CCC assists in stabilizing, supporting, and protecting farm income and prices, helps to maintain balanced and adequate supplies of agricultural commodities, helps in the orderly distribution of these commodities, and assists in the conservation of soil and water resources. The goal is to promote economic stability in the farm sector through an approach that supports farm income and facilitates prices that are reasonable to consumers and competitive in world markets, while retaining basic management responsibilities of farmers and minimizing Federal interference in the agricultural economy.

Management of the Corporation is vested in a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex-officio director and chairman of the board. The board consists of seven members, in addition to the Secretary. Various Department of Agriculture officials are ex-officio officers of the Corporation. The activities of the Corporation are carried out mainly by the personnel and through the facilities of the FSA and the FSA State and county committees. The Foreign Agricultural Service (FAS), the Natural Resources Conservation Service (NRCS), and other agencies and offices of the Department, and commercial agents also carry out certain phases of the Corporation's activities. With respect to FSA-administered CCC programs, FSA utilizes its headquarters offices in Washington, D.C. and Kansas and FSA State and county offices. There are 50 State offices, an insular area office in Puerto Rico, and approximately 2,248 county offices. Similarly, NRCS-administered programs are carried out through the national office of NRCS and its nationwide office structure. CCC activities carried out by FAS require the use of the FAS headquarters office and agricultural attaches located throughout the world.

Historically, the principal operations conducted by CCC related to the operation of price and income support programs for producers of agricultural commodities. While the CCC Charter Act provides broad authority with respect to the support of U.S. Agriculture, the majority of CCC activities are those that the Corporation is required to implement under various statutes, such as the Food, Conservation, and Energy Act of 2008 (the 2008 Act). Operations of the CCC include:

Buying	Donating	Transporting	Crop Loss Protection
Selling	Lending	Making Payments	
Bartering	Storing	Conservation Operations	

In addition, a significant amount of CCC funds are expended in the operation of numerous conservation programs, principally under the Food Security Act of 1985. Most of these conservation programs are administered on behalf of CCC by NRCS.

CCC is the principal source of funds for the international activities of the Department of Agriculture. Under the CCC Charter Act and other acts, most notably the Food For Peace Act (P.L. 480) and the Agricultural Trade Act of 1978, the Corporation provides assistance in the development of international markets and provides guarantees to facilitate the financing of goods and services exported from the United States to improve or establish agriculture-related facilities in emerging markets, and storage, handling, and disposition of commodities acquired under the various programs. CCC funds, and CCC-acquired commodities, are also used with respect to the administration of developmental programs in foreign countries.

CCC-owned commodities are also available for use in the administration of domestic nutrition and feeding programs administered by the Food and Nutrition Service.

FINANCING

The Corporation has an authorized capital stock of $100 million held by the United States, with the authority to have outstanding borrowing of up to $30 billion at any one time. Its capital structure is replenished each year by appropriations to restore net realized losses on support operations and to reimburse costs of other programs.

Borrowing Authority

Funds are borrowed from the Treasury and may also be borrowed from private lending agencies and others. The Corporation maintains a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by such agencies and others. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the Act of March 8, 1938 (15 U.S.C. 713a-4). Reservation of borrowing authority for these purposes has not been required for many years.

Interest on borrowings from the Treasury (and on capital stock) is paid at a rate based upon the average interest rate of all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. Interest may also be paid on other notes and obligations at a rate prescribed by the Corporation and approved by the Secretary of the Treasury.

The Department of Agriculture and Related Agencies Appropriations Acts of 1966 made provision for terminating interest after June 30, 1964 on the portion of the Corporation's borrowings from the Treasury equal to the unreimbursed realized losses recorded on the books of the Corporation after the end of the fiscal year in which such losses are realized.

Contract Authority

Support and other programs required by statute may result in the Corporation's incurring obligations in excess of available funds or borrowing authority. Such obligations are liquidated from subsequent appropriations and other funds that may become available to the Corporation. Any increase in obligations in excess of available fund resources is reported as contract authority in the year involved; a decrease is reported as the application of appropriations and other funds to liquidate the contract authority.

Appropriations

Reimbursement for Net Realized Losses. Under Section 2 of Public Law 87-155, the Act of August 17 1961 (15 U.S.C. 713a-11), annual appropriations are authorized for each fiscal year, commencing with FY 1961, to reimburse the Corporation for net realized losses. The Omnibus Budget Reconciliation Act of 1987 amended Public Law 87-155 to authorize that the Corporation be reimbursed for its net realized losses by means of a current, indefinite appropriation. However, the Corporation has continued to be reimbursed by annual appropriations for net realized losses sustained, but not previously reimbursed, except under the enactment of the FY 2000 Appropriations Act. The FY 2000 Appropriations Act, P.L. 106-78, authorized a current, indefinite appropriation up to the amount of actual losses reflected on the books of the Corporation as of the close of the immediately preceding fiscal year. The FY 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, and 2010 Appropriations Acts, P.L. 107-76, P.L. 108-7, P.L. 108-199, P.L. 108-447, P.L. 109-97, P.L. 110-5, P.L. 110-161, P.L. 111-8, and P.L. 111-80 respectively, authorized the Corporation to be reimbursed for net realized losses sustained, but not previously reimbursed, pursuant to section 2 of the Act of August 17, 1961 (15 U.S.C. 713a-11). The FY 2012 Appropriations Act is not anticipated to depart from this process.

<u>CCC Export Credit Guarantee Liquidating Account</u>. Under the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990, a permanent, indefinite appropriation for the Corporation's Export Credit Guarantee Programs (GSM-102 and GSM-103) is authorized to cover the obligations and commitments of pre-fiscal year 1992 guarantees. Therefore, the Export Credit Guarantee Program activity is no longer financed through CCC borrowing authority.

<u>CCC Export Credit Guarantee Program Account.</u> Under the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990, a permanent, indefinite appropriation for the Corporation's Export Credit Guarantee Programs (GSM-102, including Facility Guarantees) is authorized to cover the subsidy costs of the current year's program. The FY 2012 appropriation estimate represents the present value of CCC's estimated net cash flows over the lifetime of the credit guarantees to be made in FY 2012. A current, definite amount is appropriated by Congress for the administrative costs of carrying out the export guarantee programs. Therefore, CCC borrowing authority is not used.

<u>Hazardous Waste Management Program.</u> Legislation affecting this program includes the Safe Drinking Water Act and the Comprehensive Environmental Response, Compensation, and Liability Act. CCC conducted a grain storage program from the 1930's to the early 1970's. At its peak during the 1950's, CCC operated grain storage facilities on leased property at approximately 4,500 locations nationwide. During this period, some of the grain was authorized for fumigation using carbon tetrachloride to control destructive insects. In 1985, use of carbon tetrachloride was prohibited and the EPA assigned a maximum allowable contaminant level. Since that time, over 50 former CCC grain bin sites have been found to have carbon tetrachloride ground water contamination levels exceeding the EPA maximum. From FY 1992 through FY 2003, CCC received annual funding from the USDA Hazardous Waste Management Fund to conduct its own investigations. For FY 2003 and FY 2004, USDA funding was greatly reduced and for FY 2005 and FY 2006 no funding was provided, therefore CCC has relied more on its Section 11 borrowing authority to conduct both operation and maintenance of existing treatment systems as well as remedial actions. In FY 2010, $4.8 million was provided for reimbursable agreements through Section 11, but this amount may change in FY 2011. CCC is authorized to use its borrowing authority, not to exceed $5 million, for site investigations, ongoing operations and maintenance and remediation expenses.

COMMODITY PROGRAMS

CCC provides loans, purchases, and payments along with other programs in order to support farm income and prices and stabilize commodity markets. These actions are authorized under the Commodity Credit Corporation Charter Act, as amended, the Agricultural Act of 1949, as amended, and the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill).

CCC is required to support the price of dairy products. Marketing assistance loans are required to be available for wheat, feed grains, cotton, long grain and medium grain rice, soybeans, minor oilseeds, pulse crops, honey, wool and mohair at levels provided for by law. Pulse crops include both large and small chickpeas. CCC has to make an offer, open to all producers, to make loans upon or purchase any quantity of these commodities produced which meet eligibility requirements. Eligibility requirements include grade, moisture content, adequacy of storage, and compliance with conservation use provisions. Income support in the form of direct and counter-cyclical payments is required by law to be available to growers of feed grain, wheat, upland cotton, soybeans, minor oilseeds, peanuts and rice.

The 2008 Farm Bill adds the Average Crop Revenue Election (ACRE) program as an alternative to counter-cyclical payments and in exchange for a 20 percent reduction in direct payments and a 30 percent reduction in marketing assistance loans rates for all commodities produced on the farm except for seed cotton loans. The election to enroll a farm in ACRE may be made for any of the crop years 2009-2012, but once the election is made, it is irrevocable through the 2012 crop.

CCC has little control over the volume of loan business it must handle. The relationship of the market price for each commodity to the loan rate largely determines the volume of that commodity which will be placed under loan or acquired by the CCC. Price, in turn, is determined by weather conditions, insect damage, use of fertilizers, existing supplies, domestic and export demand, and all other factors influencing production and affecting the market. Dispositions of inventory are governed by the same set of economic factors. These circumstances can cause tremendous variations over relatively short periods in the volume of CCC commodity loan and related operations.

USDA has incorporated stochastic price and production variability into its 10-year budget baseline process starting with the FY 2007 President's Budget. For the 2010-2021 crops, CCC outlay projections for counter-cyclical payments, marketing loan benefits, and milk income loss contract payments are based on price probability distributions and flexibilities generated by the Economic Research Services' Food and Agricultural Policy Simulation model. This approach was used for feed grains (corn, barley, sorghum, oats), wheat, rice, upland cotton, soybeans, sugar and dairy. The following paragraphs highlight specific commodity activity:

Dairy program. Dairy qualifies for milk price supports and dairy market loss payments. The 2008 Farm Bill replaces the price support program of the 2002 Farm Bill with the Dairy Product Price Support Program, which is effective for calendar years 2008-2012. It requires the Secretary to support the price of cheddar cheese, butter and nonfat dry milk through purchases of such products at prices not less than $1.13 per pound for cheddar cheese in blocks, not less than $1.10 per pound for cheddar cheese in barrels, not less than $1.05 per pound for butter, and not less than $0.80 per pound for nonfat dry milk. Purchase prices for milk products may be adjusted lower based on preset levels of product net removals. The 2008 Farm Bill extends the Milk Income Loss Contract (MILC) Program through September 30, 2012. The payment calculation percentage is raised from 34 to 45 percent and the payment quantity is raised from 2,400,000 to 2,985,000 million pounds per fiscal year effective October 1, 2008 through August 31, 2012. A feed cost adjuster is added that raises the $16.94 base price when the national average ration cost exceeds $7.35 per hundredweight for a given month.

Tobacco program. The American Jobs Creation Act of 2004, P.L. 108-357 eliminated the program effective with the 2005 crop. In return for termination of the program, growers and quota holders will receive a "buyout." The owner of quota will be paid $7 per pound for the quota they hold. The actual producer will be paid $3 per pound for quota they produced. The legislation eliminates all geographic and poundage restrictions on tobacco production as well as price support. The buyout cost is funded by assessments on the tobacco product manufacturers and importers. The program will cost $10.14 billion and the growers and quota holders will be paid over a 10-year period.

Peanut price support program. Under the 2008 Farm Bill, peanuts qualify for ACRE or direct payments, counter-cyclical payments, marketing assistance loans and loan deficiency payments for the 2009 through 2012 crops.

The 2002 Farm Bill terminated the marketing quota programs and repealed price support programs. The prior quota programs remained in effect for the 2001 crop only, with payments being made during fiscal years 2002 through 2006. This legislation also established marketing assistance loans for the 2002 through 2007 crops, with a loan rate of $355 per ton. The payment rate is the amount by which the established loan rate exceeds the rate at which a loan may be repaid. The Farm Bill also requires that for crop years 2002 through 2006 CCC pay storage, handling, and other associated costs to ensure proper storage of peanuts for which a loan is made. This authority terminates beginning with the 2007 crop.

Sugar program. Sugar qualifies for price support. The 2002 Farm Bill extended the national average sugar loan rates to cover through the 2007 crops at 18 cents per pound for raw cane sugar and 22.9 cents per pound for refined beet sugar. Loans are available to processors of domestically grown sugarcane and sugar beets for a term of nine months that fall within one fiscal year. The non-recourse loans are available through the 2007 crop for processors of domestically produced sugar beets and sugarcane including for in-process sugar. Loans for in-process sugar have a loan rate of 80 percent of the loan rate for raw cane sugar or refined beet sugar (based on the source material used). If forfeitures occur, the processor shall convert the in-process into final product at no cost to the CCC. Upon transfer, the processor will receive payment based on the loan rate less 80 percent of raw cane or refined beet sugar rate times the quantity of sugar transferred. The 2008 Farm Bill extends the marketing allotment provisions of the 2002 Act, except they are now permanent and cannot be set at a level less than 85 percent of estimated sugar deliveries for human consumption. The 2008 Farm Bill introduces the Feedstock Flexibility Program, which requires the diversion of sugar from food use to ethanol producers, if needed, to keep sugar prices above levels at which sugar processors might otherwise forfeit sugar under loan to the CCC. If the program is managed correctly, CCC will purchase surplus and preempt any forfeitures.

Non-Insured Assistance Program (NAP). The Federal Crop Insurance Reform Act of 1994, P.L. 103-354, removed the authority in the Agricultural Act of 1949 for disaster payments and expanded crop insurance authorities to provide for catastrophic coverage at 50 percent yield protection at a flat fee for crops currently covered by insurance programs. Farmers are able to pay an additional premium to increase coverage. Where crop insurance coverage is not available through the Risk Management Agency, producers of crops for food and fiber and certain other crops are covered under NAP, which is financed by CCC and operated through the FSA. The program reimburses producers at the same rates and terms as the catastrophic crop insurance program.

Payments to Producers:
Direct Payments and Counter-Cyclical Payments. The 2002 Farm Bill rescinded production flexibility contracts and established direct and counter-cyclical payments for May 2002 through 2007. The eligible commodities for both direct payments and counter-cyclical payments are wheat, corn, grain sorghum, barley, oats, upland cotton, rice, soybeans, other oilseeds, and peanuts. The 2008 Farm Bill adds long grain and medium grain rice and large chickpeas as eligible commodities.

Counter-cyclical payments are made to producers for eligible commodities for which payment yields and base acres are established if it is determined that the effective commodity price is less than the target commodity price. Counter-cyclical payments are made for the crop as soon as practicable after the end of the 12-month marketing year for the eligible commodity. If, before the end of the 12-month marketing year it is determined that counter-cyclical payments will be required for the eligible commodity, producers will be provided the option to receive partial payment of the projected counter-cyclical payment.

Direct payments are made to producers for eligible commodities for which payment yields and base acres are established. The commodity payment amount is calculated as follows: Payment Amount = specified rate x payment acres x payment yield. The producer can choose to receive advance payments (up to 50 percent) during the producer's selected month, which may be any month during the period beginning on December 1 of the calendar year before the calendar year in which the crop of the covered commodity is harvested through the month within which the direct payment would otherwise be made. The Deficit Reduction Act of 2005, P.L. 109-171, signed February 8, 2006, amended the 2002 Farm Bill by authorizing advance direct payments for covered commodities of up to 40 percent of the direct payment for the 2006 crop year and up to 22 percent for the 2007 crop year. The 2008 Farm Bill continues the 2002 Farm Bill payment rates; however, payment acres decrease from 85 to 83.3 percent of base acres for 2009-2011 crops, and no advance payments are available for the 2012 and subsequent crops.

Average Crop Revenue Election (ACRE) Payments. The 2008 Farm Bill adds the ACRE program for the 2009-2012 crop years. Producers who elect to enroll a farm in ACRE are eligible for ACRE payments in lieu of counter-cyclical payments on the farm and in exchange for a 20 percent reduction in direct payments on the farm and a 30 percent reduction in the marketing assistance loan rates for all commodities produced on the farm except that the loan rate for seed cotton loans will not be so reduced. The election to enroll a farm in ACRE may be made for any of the crop years 2009-2012, but once the election is made, it is irrevocable through the 2012 crop.

Marketing Assistance Loans and Loan Deficiency Payments. The 2002 Farm Bill authorized non-recourse marketing assistance loans to producers of each eligible loan commodity for 2002 through 2007.

These loans have a term of 9 months beginning on the first day of the first month after the month in which the loan is made, and they cannot be extended. The producer must comply with applicable conservation requirements under subtitle B of title XII of the Food Security Act of 1985 and applicable wetland protection requirements under subtitle C of title XII of the Act during the term of the loan.

Producers of eligible commodities can repay a marketing assistance loan at a rate that is the lesser of the loan rate established for the commodity plus interest; or a rate that the Secretary determines. Special rules apply to upland cotton, rice, and extra long staple cotton. New crops eligible for marketing assistance loans include triticale, peas, lentils, honey, wool, and mohair. Producers also have the option for most commodities to take loan deficiency payments in lieu of a marketing assistance loan when repayment rates are below the loan rate.

The 2008 Farm Bill establishes specific loan rates for long grain and medium grain rice and restricts loan rate adjustments to grade and quality factors. Also, large chickpeas are added as a new marketing assistance loan commodity with a higher loan rate than small chickpeas.

Market Loss Assistance for Asparagus Producers. The 2008 Farm Bill authorizes the use of $15 million to make payments to 2007 crop asparagus producers. Of the total, $7.5 million will be available to fresh asparagus producers and $7.5 million will be available to frozen market asparagus producers.

The following table shows estimated CCC payments made directly to producers, assuming the provisions of the 2008 Farm Bill:

COMMODITY CREDIT CORPORATION
Direct, Counter-Cyclical, ACRE, Production Flexibility, Marketing Loss Assistance, Loan Deficiency, Emergency Disaster, and Noninsured Assistance Payments
Fiscal Years 2010 – 2012
(Thousands of Dollars)

	2010 Actual	2011 Estimate	2012 Estimate
Total Production Flexibility Payments For all Commodities	-$49	0	0
Direct Payments:			
Corn	1,938,081	$1,997,900	$1,531,100
Grain Sorghum	184,149	192,300	144,800
Barley	75,242	80,300	59,900
Oats	2,837	3,027	2,196
Total Feed Grains	2,200,309	2,273,527	1,737,996
Wheat	1,060,708	1,043,805	865,307
Upland Cotton	588,871	587,465	458,223
Rice	418,137	407,296	331,564
Peanuts	68,650	69,307	51,915
Soybeans	543,104	550,650	419,600
Other Oilseeds	18,306	18,360	13,929
Unidentified Commodity	0	0	0
Total Fixed Decoupled Payments	4,898,085	4,950,410	3,878,534
ACRE Payments:			
Corn	0	98,859	370
Grain Sorghum	0	1,238	0
Barley	0	16,260	5,602
Oats	0	2,600	709
Total Feed Grains	0	118,957	6,681
Wheat	0	313,500	9,510
Rice	0	0	5,143
Lentils	0	0	0
Large Chickpeas	0	41	0
Dry Edible Peas	0	2,476	2,934
Soybeans	0	56	0
Peanuts		169	0
Other Oilseeds	0	11,434	205
Total Acre Payments	0	446,633	24,473
Counter-Cyclical Payments a/:			
Corn	-179	0	0
Grain Sorghum	0	0	0
Barley	-3	0	0
Total Feed Grains	-182	0	0
Wheat	-1	0	0
Upland Cotton	889,938	97,087	0
Rice	-4	0	0
Peanuts	12,827	34,761	0
Soybeans	6	0	0
Unidentified Commodity	0	0	0
Total Counter-Cyclical Payments	902,584	131,848	0

	2010 Actual	2011 Estimate	2012 Estimate
Market Loss Assistance Payments:			
Dairy - Milk Income Loss Contract Payments.	181,527	173,000	66,000
Asparagus Market Loss Asst Payments	0	15,000	0
Other Commodities	-63	0	0
Unidentified Commodity	-6	0	0
Total Market Loss and MILC Payments	181,458	188,000	66,000
Loan Deficiency Payments a/:			
Corn	-162	0	0
Grain Sorghum	-2	0	0
Barley	1,274	0	0
Total Feed Grains	1,110	0	0
Wheat	178,213	29,629	0
Upland Cotton	4,418	0	0
Rice	-51	0	0
Lentils	-1	0	0
Dry Peas	-16	0	0
Wool	6,245	5,735	5,712
Pelts	1,639	1,082	1,239
Mohair	85	119	225
Soybeans	18	0	0
Other Oilseeds	-13	0	0
Total Loan Deficiency Payments	191,647	36,565	7,176
Noninsured Assistance Payments	98,745	116,873	115,000
Crop Disaster Program:			
Crop Disaster Payments	-1,082	0	0
Emergency Livestock Asst Program	-79	0	0
Tree Assistance Program	90	0	0
Livestock Indemnity Program	-81	0	0
Total Disaster Payments	-1,152	0	0
Other Programs:			
Upland Cotton Econ Adjustment Asst	75,635	65,504	61,887
ELS Cotton Competitiveness Payments	27,866	0	0
Tobacco Payments	954,091	960,000	960,000
Total Other Payments	1,057,592	1,025,504	1,021,887
Payments, Grand Total	**7,328,910**	**6,895,833**	**5,113,070**

a/ These estimates do not include stochastic add-ons.

EXPORT PROGRAMS

Export Credit Guarantees. Under the short-term Export Credit Guarantee Program (GSM-102), CCC guarantees (for up to 3 years) payments due U.S. exporters, or their assignees (U.S. financial institutions), from defaults in payments by foreign banks on export credit sales due to commercial as well as noncommercial risks. Facility payment guarantees operate under the general provisions of the GSM-102 program and provide export financing for capital goods and services to improve handling, marketing, processing, storage, or distribution of imported agricultural products.

On July 1, 2005, the guarantee fees (premia) charged under the export credit guarantee programs were changed from a flat fee basis to a country risk-based approach. The revised premia respond to a World Trade Organization (WTO) dispute panel decision and are intended to remove any long-term subsidy component of the program, prospectively. Also in response to the panel decision, the GSM-103 intermediate export credit guarantee program was suspended on July 1, 2005. Both GSM-103 and the Supplier Credit Guarantee were repealed by Title III, Section 3101, of the Food, Conservation, and Energy Act of 2008.

Total loan commitments in FY 2010 were $3.090 billion, all for the GSM-102 program. Total program level for FY 2012 is estimated to be $5.5 billion, including $5.4 billion for GSM-102 and $100 million for facility guarantees. The program level for FY 2012 is the same as the FY 2011 level.

The 2012 budget continues to reflect credit reform procedures for Federal credit programs authorized by the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. These procedures require that for guarantees issued since 1992, budget authority and outlays for these programs represent estimated subsidy costs over the life of the program, rather than claim disbursements and repayments. The appropriation language specifies the portion of the requested budget authority to be used for administrative expenses, which are funded via a discretionary annual appropriation. Budget authority for the subsidy represents the present value of CCC's estimated net cash flows over the lifetime of the credit guarantee. Budget authority and outlays for the subsidies are presented in the Budget in "loan program accounts." All claims disbursement and repayment activity related to loans made in FY 1992 or later appear in a "financing account" and are considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for pre-FY 1992 portfolios of guarantees and claims are reflected in the budget in "liquidating accounts" and are calculated on a cash basis as before, to represent claim disbursements and borrower repayments.

Direct Export Credit. Under the short-term export credit sales program, GSM-5, CCC may provide direct financing on terms not to exceed three years for the commercial sale of agricultural commodities from private stocks. There have been no sales under the direct credit program since FY 1985.

CONSERVATION PROGRAMS

Title II of the Food, Conservation, and Energy Act of 2008, P.L. 110-246, re-authorizes funding for new and existing conservation programs implemented by FSA or NRCS. The bill provides funding through September 30, 2012 to help farmers adopt and maintain conservation systems that protect water quality, reduce soil erosion, protect and enhance wildlife habitat and wetlands, conserve water and sequester carbon. NRCS administers many of the programs that are financed through CCC, and detailed descriptions of program operations and performance indicators can be found under NRCS elsewhere in these Explanatory Notes.

Conservation Reserve Program (CRP). CRP, administered by FSA, is USDA's largest conservation/environmental program. The purpose of CRP is to cost-effectively assist farm owners and operators in conserving and improving soil, water, air, and wildlife resources by converting highly erodible and other environmentally sensitive acreage normally devoted to the production of agricultural commodities to long-term resource-conserving vegetative covers. CRP participants enroll acreage for periods of 10 to 15 years in exchange for annual rental payments, cost-share payments, and technical assistance for installing and maintaining approved conservation practices.

Established by the 1985 Food Security Act, CRP was amended and extended under subsequent farm bills. Most recently, the 2008 Farm Bill re-authorized CRP enrollment through December 31, 2012, decreased maximum CRP enrollment at any one time to 32 million acres beginning October 1, 2009, expanded Farmable Wetlands Program (FWP) eligibility, and included provisions for funding a tree thinning cost-share program and a transitions option. The transitions option is designed to encourage use of expiring CRP lands to assist beginning and socially disadvantaged farmers.

CRP enrolls land through both general and continuous signups. Under general signup provisions, producers compete for acceptance nationally during specified enrollment periods based on an environmental benefits index. Continuous signup is reserved for high environmental impact small-footprint practices such as riparian buffers, filter-strips, and wetland restorations, and is noncompetitive.

Most continuous signup enrollments are eligible for additional payments above and beyond payments made for general signup contracts. Most continuous practices receive annual incentives of up to 20 percent of the annual rental payment, plus an up-front signing incentive of $100-$150/acre and a practice incentive equal to 40 percent of installation costs, payable when practice installation is complete. Continuous signup also includes:

- Conservation Reserve Enhancement Program (CREP). Under Federal-State partnerships covering up to 100,000 acres per State with 20 percent of funding provided by the State, producers enroll specific practices on a continuous basis. CREP enrollments receive continuous sign-up incentives, and most CREP agreements provide for additional financial incentives.
- Farmable Wetland Program. FWP enrollment is limited to 1 million acres across all States, was originally limited to small non-flood-plain wetlands and adjacent uplands, and also receives continuous signup incentives. The 2008 Farm Bill expanded eligibility to include aquaculture ponds, flooded farmland, constructed wetlands, and associated buffers.

Since 2002, USDA initiated several enhancements to continuous CRP designed to increase environmental benefits by enrolling up to:

- 250,000 acres of bottomland hardwood trees to enhance wildlife habitat, sequester carbon, protect water quality, and reduce flood damage;
- 500,000 and 250,000 acres, respectively for restoration of floodplain and non-floodplain wetlands;
- 350,000 acres of upland bird habitat buffers;
- 150,000 acres to provide habitat for duck nesting in wetland complexes located in the Prairie Pothole region;
- 250,000 acres for restoration of longleaf pine ecosystems in the Southeastern U. S; and
- 650,000 acres to restore habitat for high-priority wildlife species throughout the U. S.

Through FY 2010, 948,000 acres have been enrolled in these initiatives.

Beginning in FY 2009, incentive payments similar to those provided for other continuous signup practices were established for the wetland restoration initiatives noted above. This brought payment provisions for the wetland initiatives into line with the other initiatives.

General sign-ups were not held in fiscal year 2007, 2008, or 2009. A general signup was held in fiscal year 2010, in which 4.3 million acres were approved for acceptance. Under continuous signup, including CREP and FWP, a combined total of 4.6 million acres were under contract as of the end of fiscal year 2010. About 500,000 acres are projected to be enrolled under continuous signup in fiscal year 2011.

The expiration schedule is now as follows:

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
4.4 m.a.	6.5 m.a.	3.3 m.a.	2.0 m.a.	1.7 m.a.	1.2 m.a..

FY 2010 ended with 31.4 million acres under contract. With contracts expiring on 4.4 million acres on September 30, 2010, and contracts beginning on 4.3 million acres from FY 2010's general signup and 200,000 acres of continuous signup, 2011 enrollment began with 31.5 million acres. Combined general and continuous signup is projected to remain at or near the 32 million-acre-cap throughout the baseline period. The budget assumes a 3.95 million acre general signup in 2011 and a 6.0 million acre general signup in 2012.

Conservation Reserve Program
Program Level
(Dollars in Thousands)

Program Level	2010 Actual	2011 Estimated	2012 Estimated
Financial Assistance	$1,841,396	$1,854,778	$1,994,593
Technical Assistance	69,234	142,718	147,130
Total, Program Level	$1,910,630	$1,997,496	$2,141,723

Emergency Forestry Conservation Reserve Program (EFCRP). The Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico and Pandemic Influenza, 2006, P.L. 109-148, mandated that during calendar year 2006, the Secretary shall carry out an emergency pilot program in States that the Secretary determines have suffered damage to merchantable timber in counties affected by hurricanes during the 2005 calendar year. The Act provided $404.1 million for this program. The Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006, P.L. 109-234, signed June 15, 2006, increased funding by $100 million, to $504.1 million. The U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, P.L. 110-28, signed on May 25, 2007, reauthorized EFCRP enrollment and signup resumed in August, 2007. Signup was terminated in December 2008. EFCRP enrollment as of November 30, 2010 was 291,873 acres.

Voluntary Public Access and Habitat Incentive Program. The Voluntary Public Access and Habitat Incentive Program was established by Section 2606 of the 2008 Act to encourage farmers and ranchers to allow public access on their lands for hunting, fishing, and other recreation based activities. It provides up to $50 million of CCC funding through FY 2012 to be granted to States that have public access programs. Outlays are estimated at $33.3 million for FY 2011 and $16.7 million for FY 2012.

Biomass Crop Assistance Program (BCAP). BCAP was established by Section 9001 of the 2008 Act. Funded by the CCC, BCAP provides rental and cost-share payments to encourage production of biomass crops. Payments are also provided to offset collection, harvest, storage, and transportation costs of eligible material for use in a biomass conversion facility. BCAP is scheduled for full implementation in FY 2011, although payments for collection, harvest, and storage and transportation were begun in 2009. FY 2011 and FY 2012 outlays are estimated at $199.0 million and $201.0 million respectively.

Agricultural Management Assistance Program (AMA). The 2002 Farm Bill authorized the use of CCC funding of $20 million for each fiscal year 2004 through 2007, and $10 million for subsequent years, to provide grants to qualified public and private entities for educating agricultural producers about the full range of risk management activities, including futures, options, agricultural trade options, crop insurance, cash forward contracting, debt reduction, production diversion, farm resources risk reduction and other risk management strategies. The 2008 Farm Bill increased funding to $15 million for FY 2008-2012. There were no outlays in Fiscal Year (FY) 2010 as funding was transferred out. CCC transferred $7.5 million to the Natural Resources Conservation Service, $6.0 million to the Risk Management Agency, and $1.5 million to the Agricultural Marketing Service in FY 2010, and plans to transfer the same amounts in FY 2011.

OTHER CCC PROGRAMS

Tree Assistance Program. The following CCC funding was provided under Division B, Chapter 1, of the FY 2005 Military Construction Appropriations and Emergency Hurricane Supplemental Appropriations Act: Sec. 101(c)(1): Such sums as necessary (estimated at $10 million) for assistance to producers who suffered tree losses during the period December 1, 2003, to December 31, 2004, excluding those who received assistance from Section 32 for 2004 hurricane crop losses; Sec. 101(c)(2): $15 million for losses on production of periodic crops of timber; Sec. 111: $8.5 million for assistance to pecan producers for tree loss or damage due to any hurricane or tropical storm of the 2004 hurricane season in counties declared a disaster by the President. The Emergency Agricultural Disaster Assistance Act of 2006, P.L. 109-234, authorized such sums as are necessary from CCC to producers who suffered tree losses in hurricane-affected counties and fruit and tree nut producers in hurricane-affected counties for site preparation, replacement, rehabilitation and pruning. FY 2010 program outlays were $90 thousand.

Milk Income Loss Contract. The 1996 Farm Bill had established a Dairy Recourse Loan Program that was never implemented due to repeated legislative extensions of the Dairy Price Support Program. The 2002 Farm Bill repealed all legislative authority for the Dairy Recourse Loan Program, but established a new Milk Income Loss Contract Program, under which the Secretary may contract with eligible producers up to September 30, 2005, to make monthly payments when milk prices fall below specified levels. The Milk Income Loss Contract Program was extended through August 31, 2007 by the Deficit Reduction Act of 2005, P.L. 109-171. The 2008 Farm Bill extends the MILC program through September 30, 2012. The Milk Income Loss Contract Program outlays in FY 2010 were $181.5 million.

Payment Limitations. In general, the 2002 Farm Bill revised the Food Security Act of 1985 (7 U.S.C. 1308) for payment limitations. The total amount of direct payments made to a person during any crop year for one or more covered commodities may not exceed $40,000. The total amount of counter-cyclical payments made to a person during any crop year for one or more covered commodities may not exceed $65,000. The total amount of marketing loan gains and payments that a person may receive during any crop year may not exceed $75,000. Notwithstanding any other provision or law, an individual or entity shall not be eligible to receive any benefit during a crop year if the average adjusted gross income of the individual or entity exceeds $2,500,000, unless not less than 75 percent of the average adjusted gross income of the individual or entity is derived from farming, ranching, or forestry operations, as determined by the Secretary. The 2008 Farm Bill extends this through the 2008 crop year.

The 2008 Farm Bill rescinds the three entity rule for payment limitation purposes for the 2009-2012 crops. Instead, payments are tracked as received directly or indirectly by an individual person or legal entity. Except for those who elect to receive ACRE payments, the direct payment limitation remains at $40,000 and the counter-cyclical payment limitation remains at $65,000. Beginning with the 2009 crop, the 2008 Farm Bill rescinds the payment limitation for both marketing loan gains and loan deficiency payments. Commodity program payments are subject to farm and nonfarm adjusted gross income (AGI) limits for 2009-2012 crop years. The AGI limit for farm income is $750,000 and $500,000 for nonfarm income.

Foreign Market Development Programs. CCC funds are used extensively to enhance U.S. competitiveness and expand foreign markets for U.S. agricultural commodities and products. The following programs highlight CCC activity in these areas:

Market Access Program (MAP). Under this program, CCC funds are used to reimburse participating organizations for a portion of the costs of carrying out overseas marketing and export promotion activities. Program participants include nonprofit agricultural trade organizations, State-regional trade groups, cooperatives, and private companies that qualify as small business concerns. The 2012 Budget provides funding of $200 million.

Foreign Market Development (Cooperator) Program (FMD). Under the FMD, cost-share assistance is provided to nonprofit commodity and agricultural trade associations to support overseas market development activities that are designed to remove long-term impediments to increased U.S. trade. These activities include technical assistance, trade servicing, and market research. Unlike MAP, Cooperator Program activities are carried out on a generic commodity basis and do not include brand-name or consumer promotions. The 2008 Farm Bill re-authorized the program and the 2012 budget provides $34.5 million for the Cooperator Program.

Technical Assistance for Specialty Crops (TASC) Program. TASC is designed to address unique barriers that prohibit or threaten the export of U.S. specialty crops. Under the program, grants are provided to assist U.S. organizations in activities designed to overcome phytosanitary and related technical barriers to trade. Re-authorized by the 2008 Farm Bill, the budget provides $9 million for TASC in FY 2012.

Emerging Markets Program. The Emerging Markets Program authorizes CCC funding to be made available to carry out technical assistance activities that promote the export of U.S. agricultural products and address technical barriers to trade in emerging markets. Many types of technical assistance activities are eligible for funding, including feasibility studies, market research, industry sector assessments, specialized training, and business workshops. The 2008 Farm Bill re-authorized this program and the budget provides $10 million for FY 2012.

Quality Samples Program (QSP). Under the QSP, CCC provides funding to assist private entities to furnish samples of U.S. agricultural products to foreign importers in order to overcome trade and marketing obstacles. The program provides foreign importers with a better understanding and appreciation of the characteristics of U.S. agricultural products. The program is carried out under the authority of the CCC Charter Act and is not subject to reauthorization under the Farm Bill. For 2012, the budget includes $2.5 million of CCC funding for this program.

Export Subsidy Program - Dairy Export Incentive Program (DEIP). Under the Dairy Export Incentive Program (DEIP), CCC funds are used to make bonus payments to exporters of U.S. agricultural commodities to enable them to be price competitive and, thereby, make sales in targeted overseas markets where competitor countries are making subsidized sales.

U.S. dairy products were competitive in overseas markets during 2008 due to favorable world market conditions, and no bonuses were awarded under DEIP. However, this situation changed in FY 2009 and the first quarter of FY 2010 when bonus payments were made. The program level may increase or decrease from the level projected in the budget depending upon the relationship between U.S. and world market prices during the course of the programming year.

Estimates of the quantity of dairy products to be exported under DEIP and associated expenditures were formulated within the maximum allowable expenditures and quantity levels specified in conjunction with provisions of the Uruguay Round Agreement. These levels result in baseline projections that assume DEIP will not exceed $116.6 million annually through 2012. Actual DEIP subsidies are further limited on a product-by-product basis under the Uruguay Round.

Transfers of Funds. The 2002 and 2008 Farm Bills and the FY 2006, FY 2007, FY 2008, FY 2009, and FY 2010 Appropriations Acts authorized CCC to transfer funds to various agencies to fulfill authorized programs through fiscal year 2010. The following table shows recipient agencies and amounts of transfers anticipated for fiscal years 2011 and 2012:

CCC Farm Bill Transfers
(Dollars in Thousands)

Agencies Receiving Transfers:	FY 2011	FY 2012
Agricultural Marketing Service	$ 66,500	$ 66,500
Animal and Plant Health Inspection Service	55,000	55,000
Office of Chief Economist	1,000	1,000
National Institute of Food and Agriculture	139,000	149,000
Departmental Administration	2,000	2,000
Food and Nutrition Service	20,600	20,600
Natural Resources Conservation Service	3,822,500	4,591,500
Risk Management Agency	6,000	6,000
Rural Development	159,000	178,000
Total	$ 4,271,600	$ 5,069,600

PROPOSED LEGISLATIVE CHANGES

As part of the President's commitment to fiscal responsibility, the Budget includes several significant offsets. The proposals include programmatic changes that:

1. Reduce Direct Payment Cap. To transition the dependence of large farms and wealthy landowners on direct payments made on the basis of historical base acres to revenue from other sources including emerging markets for environmental services, the President's Budget proposes a 25 percent reduction in the current cap on direct payments to individuals. The 2008 Farm Bill set a limitation of $40,000 in direct payments per producer participant in the Direct and Countercyclical program and $32,000 for those who participate in the Average Crop Revenue Election (ACRE) program. The proposed adjustment will reduce the limitations to $30,000 (or $24,000 for those in the ACRE option.) These payments are made regardless of market prices, losses, or whether the land is still producing crops. Direct payments are only a modest portion of the roughly $17 billion in direct Government support already provided to farm producers through various USDA programs including farm commodity and income support payments, crop insurance benefits, disaster payments, and Conservation Reserve Program rental payments. Estimated savings over 10-years are $1.5 billion.

2. Tighten Payment Eligibility. The President wants to maintain a strong safety net for farm families and beginning farmers. The need for more fiscal responsibility necessitates reexamination of government payments to wealthy individuals who are better able to take advantage of new market opportunities. Therefore, the Budget also proposes a three- year phased reduction in farm program average Adjusted Gross Income (AGI) eligibility limits from the current $500,000 of non-farm AGI to $250,000, and the farm AGI limit for eligibility for direct payments would be reduced from the current $750,000 set by the 2008 Farm Bill to $500,000 over a three- year period as well. These adjustments in current program limits

would affect only a very small portion of the farm program participants without disturbing the foundation of the current safety net for productive family farmers. Estimated savings over 10-years are $979 million.

3. Eliminate Cotton and Peanut Storage Credits. The President's Budget proposes to eliminate the requirement for the Government to pay the storage costs of cotton and peanuts that are put under loan with USDA. Cotton is the only commodity for which this assistance is regularly provided. Storage credits for cotton have been found to have a negative impact on the amount of cotton on the market. Because cotton storage is covered by the Government, producers may store their cotton for longer than necessary. Peanut storage credits are only provided if the crop is forfeited to the Government, therefore payments are rarely made and there is little need for storage credits. Estimated savings are $1 million.

4. CAP the Biomass Crop Assistance Program matching payments at $70 million in fiscal year 2012 which saves $62 million and is included in the proposed General Provisions language.

CCC NET EXPENDITURES

CCC net expenditures for FY 2011 are estimated at $11.1 billion, an increase of $1.1billion from FY 2010 outlays of $10.0 billion. FY 2012 baseline expenditures are estimated at $8.5billion.

The following table shows CCC net expenditures by commodity and program for fiscal years 2010 through 2012.

COMMODITY CREDIT CORPORATION

FY 2010 ACTUAL, FY 2011 AND FY 2012 ESTIMATED EXPENDITURES
(Dollars in Thousands)

	2010 Actual	2011 Estimates	2012 Estimate
Corn	$1,965,104	$2,108,008	$1,541,934
Grain Sorghum	182,225	194,460	144,814
Barley	79,479	98,867	65,130
Oats	2,438	6,161	3,137
Corn and Sorghum Products	-2,753	-355	0
Total Feed Grains and Products	2,226,493	2,407,141	1,755,015
Wheat and Products	1,279,673	1,444,602	921,246
Rice	535,420	320,362	348,753
Upland Cotton	1,667,538	872,072	514,522
ELS Cotton	-5,365	48,991	2,280
Tobacco	21,488	3,046	2,846
Honey	-298	-1	6
Dairy	354,638	424,915	222,040
Soybeans and Products	564,431	552,273	427,107
Minor Oilseeds	17,376	29,756	14,306
Sugar	1	0	0
Peanuts	102,822	79,080	55,361
Wool and Mohair	7,962	6,919	7,185
Vegetable Oil Products	32,613	54,609	46,001
Other Commodities	39,748	546,796	2,575
Total Commodities	6,844,540	6,790,561	4,319,243
Tobacco Trust Fund	936,556	960,000	960,000
Export Guarantee Program, Liquidating	-5,303	-4,000	-8,000
Export Guar. Program (subsidy) Account	70,467	150,000	6,000
Market Access Program	202,331	206,608	204,358
Foreign Market Development Cooperator	31,516	37,344	34,500
Quality Samples Program	1,170	1,794	2,362
Export Donations - Ocean Transportation	38,392	47,650	43,400
Crop Disaster Assistance	-1082	0	0
Noninsured Assistance Program	79,349	87,787	85,620
Emergency Livestock Assistance	-79	0	0
American Indian Livestock Indemnity	-81	0	0
Tree Assistance	90	0	0
Conservation Reserve Program (CRP)	1,910,630	1,997,496	2,141,723
Emergency Forestry CRP	8,297	9,291	8,038
Wetlands Reserve Program	-4	0	0
Voluntary Public Access & Habitat Incentives Program	0	33,334	16,666
Pilot Program for Local and Regional Food Aid	1,428	38,560	17,000
Biomass Crop Assistance a/	248,202	199,000	139,000
Technical Assistance for Specialty Crops	3,425	6,688	7,905
Interest	-28,527	-649	6,266
Change in Working Capital	-447,192	250,000	250,000
CCC Operating Expenses	13,711	6,496	6,496
All Other	94,943	317,475	204,035
Total Programs and Expenses	3,158,239	4,344,874	4,125,369
Farm Storage Facility Loan Program Account	12,451	7,000	0
Total Net Expenditures, CCC Baseline	**10,015,230**	**11,142,435**	**8,444,612**

a/ BCAP reflects the reduction of $62 million in proposed savings for the limitation of matching payments.

Commodity Credit Corporation
Statement of Available Funds
2010 Actual and Estimated 2011 and 2012
(Dollars in Thousands)

Item	2010 Actual	2011 Estimated	2012 Estimated
Reimbursement for Net Realized Losses	$15,079,163	$15,089,209	$14,070,919
Purchase of Cheese and Cheese Products	60,000	60,000	0
CCC Export Credit Guarantee Program Account (permanent, indefinite)	0	0	0
CCC Export Loans Program Account (current, discretionary)	6,820	6,820	6,820
CCC Storage Facility Program Account (permanent, indefinite)	0	0	0
Total Commodity Credit Corporation	$15,145,983	$15,156,029	$14,077,739

COMMODITY CREDIT CORPORATION
Classification by Object
2010 Actual and Estimated 2011 and 2012
(Dollars in Thousands)

		2010	2011	2012
	Direct Obligations:			
22.0	Transportation of things..................	50,903	201,939	198,300
25.2	Other services............................	202,022	205,925	210,308
25.2	Other services: storage & handling......	3,903	300	870
26.0	Supplies and materials (cost of commodities sold or donated - CCC)...	1,638,622	1,726,904	1,161,598
31.0	Equipment................................	0	0	0
41.0	Grants, subsidies, and contributions.....	9,668,526	9,717,015	7,791,600
43.0	Interest and dividends....................	8,578	21,144	41,280
99.0	Subtotal direct obligations............	11,572,554	11,873,227	9,403,956
	Reimbursable Obligations:			
22.0	Transportation of things: PL 480 Ocean Transportation................................	850,599	796,000	796,000
26.0	Supplies and materials (cost of commodities sold or donated - PL 480).	787,990	961,015	961,359
33.0	Investments and loans....................	7,189,505	7,014,700	7,884,187
99.0	Subtotal reimbursable obligations...	8,828,094	8,771,715	9,641,546
99.9	Total Obligations............................	20,400,648	20,644,942	19,045,502

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows:

COMMODITY CREDIT CORPORATION FUND

Reimbursement for Net Realized Losses

For the current fiscal year, such sums as may be necessary to reimburse the Commodity Credit Corporation for net realized losses sustained, but not previously reimbursed, pursuant to section 2 of the Act of August 17, 1961 (15 U.S.C. 713a-11): Provided, That of the funds available to the Commodity Credit Corporation under section 11 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714i) for the conduct of its business with the Foreign Agricultural Service, up to $5,000,000 may be transferred to and used by the Foreign Agricultural Service for information resource management activities of the Foreign Agricultural Service that are not related to Commodity Credit Corporation business.

Hazardous Waste Management
(Limitation on Expenses)

For the current fiscal year, the Commodity Credit Corporation shall not expend more than $5,000,000 for site investigation and cleanup expenses, and operations and maintenance expenses to comply with the requirement of section 107(g) of the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. 9607(g)), and section 6001 of the Resource Conservation and Recovery Act (42 U.S.C. 6961).

Reimbursement for Net Realized Losses
(in $000)

Annualized Continuing Resolution, 2011	$15,089,209
Budget Estimate, 2012	14,070,919
Change in Appropriations	-$1,018,290

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of change	2011 Estimated	Change	2012 Estimated
Reimbursement of losses:			
2010 actual losses	$15,089,209	-$15,089,209	$0
2011 estimated losses	0	14,070,919	14,070,919
Total Available	$15,089,209	-$1,018,290	$14,070,919

PROJECT STATEMENT
(On basis of appropriation)

Item	2010 Actual	2011 Estimated	Decrease	2012 Estimated
Reimbursement of losses:				
Appropriation	$15,079,163	$15,089,209	-$1,018,290	$14,070,919

FY 2010 losses will be reimbursed through the FY 2011 Appropriations Act.

RECONCILIATION TO BUDGET AUTHORITY

The preceding analysis of realized losses explains the actual 2010 losses of CCC. Regardless of whether appropriations made to CCC are to restore losses or are for other purposes, CCC must record losses in its books for numerous required purposes, including the computation of capital impairment.

The following table reconciles budget authority with appropriations:

	(Dollars in Thousands)	
	2011	2012
Appropriation (for realized losses) **a/**	15,089,209	14,070,919
Other CCC Appropriation	60,000	0
Portion applied to CCC debt reduction	-10,817,609	-9,001,319
Transferred to Other Accounts	-4,271,600	-5,069,600
Adjusted Appropriation	60,000	0
Adjustments:		
Authority to borrow	9,963,000	7,490,000
CCC Export Loans Program Account	6,820	6,820
Budget Authority (net)	10,029,820	7,496,820

a/ Reimbursed through current indefinite appropriation in FY 2011 Appropriations Act and the same is anticipated to be authorized in FY 2012 Appropriation Act.

The following tables reflect actual and estimated losses by commodity and program for fiscal years 2010 through 2012:

FY 2010 - ACTUAL (millions of dollars)

ITEM	TOTAL	Feed Grains and Product	Wheat and Products	Rice	Upland Cotton	Soybeans	Dairy Products	All Other Commodities and Programs a/
Program Costs:								
Gain (-) or loss on sales	4.0	0.0	0.2	0.0	4.3	0.0	-0.4	-0.1
Domestic Donations	202.8	0.1	0.0	0.0	0.0	0.0	174.0	28.7
Export Donations	67.7	0.0	20.8	0.0	0.0	0.0	0.0	46.9
Storage and Handling	3.9	0.0	0.0	0.0	0.0	0.0	2.8	1.1
Transportation	2.6	0.0	0.0	0.0	0.0	0.0	1.6	1.0
Production Flexibility Payments	0.2	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Loan Deficiency Payments	189.3	1.2	175.7	0.0	4.4	0.0	0.0	8.0
Counter-Cyclical Payments	194.1	-0.1	0.0	0.1	814.2	0.0	0.0	-620.1
Direct Payments	4,417.1	-406.3	-173.5	-70.5	-100.0	-103.6	0.0	5,271.0
Livestock Emergency Assistance	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	-0.1
Milk Income Loss Payments	169.2	0.0	0.0	0.0	0.0	0.0	169.2	0.0
Conservation Reserve Program	1,818.4	0.0	0.0	0.0	0.0	0.0	0.0	1,818.4
Other Conservation Program b/	8.2	0.0	0.0	0.0	0.0	0.0	0.0	8.2
Crop Disaster Payments	-1.3	0.0	0.0	0.0	0.0	0.0	0.0	-1.3
Foreign Market Development Coop	32.1	0.0	0.0	0.0	0.0	0.0	0.0	32.1
Quality Samples Program	1.1	0.0	0.0	0.0	0.0	0.0	0.0	1.1
Noninsured Assistance Program	77.7	0.0	0.0	0.0	0.0	0.0	0.0	77.7
Market Access Program	200.7	0.0	0.0	0.0	0.0	0.0	0.0	200.7
Biomass Crop Assistance Program	248.5							248.5
Marketing Loan Write-offs	1.8	0.0	1.8	0.0	0.0	0.0	0.0	0.0
Transfers to Other USDA Agencies	3,617.5	0.0	0.0	0.0	0.0	0.0	0.0	3,617.5
Other c/	3,845.8	1.3	0.3	-1.2	70.3	0.5	36.0	3,738.6
Total Program Costs:	15,101.3	-403.7	25.3	-71.5	793.2	-103.1	383.2	14,477.9
Non-Program Costs:								
Interest (net):								
Support and Related Costs	-20.8							
Export Credit Sales	0.0							
Loss in Interest Income	-5.0							
Operating Expenses	13.7							
Total Non-Program Costs	-12.1							
Total Net Realized Losses	15,089.2							

a/ Other commodities and programs include tobacco, soybean products, blended food products, vegetable oil products, sugar, wool, mohair, pulse crops, peanuts, honey and minor oilseeds.
b/ Other conservation programs include the Emergency Forestry Conservation Reserve Program and the Voluntary Public Habitat and Incentive Program.
c/ Other costs include upland cotton economic adjustment assistance and ELS competitiveness payments, other loans written off, ocean transportation for export donations, and all other miscellaneous expense.

FY 2011 - ESTIMATED (millions of dollars)

ITEM	TOTAL	Feed Grains and Product	Wheat and Products	Rice	Upland Cotton	Soybeans	Dairy Products	All Other Commodities and Programs a/
Program Costs:								
Gain (-) or loss on sales	3.6	0.1	0.0	3.6	0.0	0.0	0.0	-0.1
Domestic Donations	575.1	0.0	0.0	0.0	0.0	0.0	25.1	550.0
Export Donations	126.9	2.7	44.7	14.0	0.0	2.5	0.0	63.0
Storage and Handling	-2.4	0.0	0.0	0.0	0.0	0.0	0.1	-2.5
Transportation	0.3	0.0	0.0	0.0	0.0	0.0	0.3	0.0
Loan Deficiency Payments	36.6	0.0	29.6	0.0	0.0	0.0	0.0	7.0
Counter-Cyclical Payments	131.8	0.0	0.0	0.0	97.1	0.0	0.0	34.7
Direct Payments	4,950.4	2,273.5	1,043.8	407.3	587.5	550.7	0.0	87.6
ACRE Payment	446.6	119.0	313.5	0.0	0.0	.01	0.0	14.0
Milk Income Loss Payments	173.0	0.0	0.0	0.0	0.0	0.0	173.0	0.0
Conservation Reserve Program	1,997.5	0.0	0.0	0.0	0.0	0.0	0.0	1,997.5
Other Conservation Program **b/**	42.6	0.0	0.0	0.0	0.0	0.0	0.0	42.6
Foreign Market Development Coop	37.3	0.0	0.0	0.0	0.0	0.0	0.0	37.3
Quality Samples Program	1.8	0.0	0.0	0.0	0.0	0.0	0.0	1.8
Noninsured Assistance Program	87.8	0.0	0.0	0.0	0.0	0.0	0.0	87.8
Dairy Export Incentive Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Market Access Program	206.6	0.0	0.0	0.0	0.0	0.0	0.0	206.6
Marketing Loan Write-offs	2.7	0.0	2.7	0.0	0.0	0.0	0.0	0.0
Transfers to Other USDA Agencies	4,271.6	0.0	0.0	0.0	0.0	0.0	0.0	4,271.6
Other c/	973.0	0.0	0.0	-0.1	126.0	0.0	215.2	631.9
Total Program Costs:	14,062.8	2,395.3	1,434.3	424.8	810.6	553.2	413.7	8,030.9

Nonprogram Costs:	
Interest (net):	
Support and Related Costs	1.6
Export Credit Sales	0.0
Loss in Interest Income	0.0
Operating Expenses	6.5
Total Nonprogram Costs	8.1
Total Net Realized Losses	14,070.9

a/ Other commodities and programs include tobacco, soybean products, blended food products, vegetable oil products, sugar, wool, mohair, pulse crops, peanuts, honey and minor oilseeds.
b/ Other conservation programs include the Emergency Forestry Conservation Reserve Program and the Voluntary Public Habitat and Incentive Program.
c/ Other costs include upland cotton economic adjustment assistance payments, ocean transportation for export donations, and all other miscellaneous expense.

FY 2012 - ESTIMATED (millions of dollars)

ITEM	TOTAL	Feed Grains and Product	Wheat and Products	Rice	Upland Cotton	Soybeans	Dairy Products	All Other Commodities and Programs a/
Program Costs:								
Gain (-) or loss on sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic Donations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Export Donations	101.2	2.2	35.6	11.1	0.0	2.0	0.0	50.3
Storage and Handling	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loan Deficiency Payments	7.2	0.0	0.0	0.0	0.0	0.0	0.0	7.2
Counter-Cyclical Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct Payments	3,878.5	1,738.0	865.3	331.6	458.2	419.6	0.0	65.8
ACRE Payments	24.5	6.7	9.5	5.1	0.0	0.0	0.0	3.2
Milk Income Loss Payments	66.0	0.0	0.0	0.0	0.0	0.0	66.0	0.0
Conservation Reserve Program	2,141.7	0.0	0.0	0.0	0.0	0.0	0.0	2,141.7
Other Conservation Program b/	24.7	0.0	0.0	0.0	0.0	0.0	0.0	24.7
Foreign Market Development Coop	34.5	0.0	0.0	0.0	0.0	0.0	0.0	34.5
Quality Samples Program	2.4	0.0	0.0	0.0	0.0	0.0	0.0	2.4
Noninsured Assistance Program	85.6	0.0	0.0	0.0	0.0	0.0	0.0	85.6
Market Access Program	204.4	0.0	0.0	0.0	0.0	0.0	0.0	204.4
Marketing Loan Write-offs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers to Other USDA Agencies	5,069.6	0.0	0.0	0.0	0.0	0.0	0.0	5,069.6
Other c/	692.2	0.7	1.4	-0.2	61.9	1.4	156.0	471.0
Total Program Costs:	12,332.6	1,747.6	911.8	347.6	520.1	423.0	222.0	8,160.5
Nonprogram Costs:								
Interest (net):								
Support and Related Costs	8.4							
Export Credit Sales	0.0							
Loss in Interest Income	0.0							
Operating Expenses	6.5							
Total Nonprogram Costs	14.9							
Total Net Realized Losses	12,347.5							

a/ Other commodities and programs include soybean products, blended food products, vegetable oil products, wool, mohair, pulse crops, peanuts and minor oilseeds.
b/ Other conservation programs include Emergency Forestry Conservation Reserve Program and the Voluntary Public Habitat and Incentive Program.
c/ Other costs include upland cotton economic adjustment assistance payments, ocean transportation for export donations, and all other miscellaneous expense

COMMODITY CREDIT CORPORATION
FARM AND SUGAR STORAGE FACILITY LOAN PROGRAMS

	Program Level	Subsidy
Annualized Continuing Resolution, 2011	$302,500,000	0
Budget Estimate, 2012	302,500,000	0
Change in Appropriation	0	0

Summary of Increases and Decreases
(On basis of appropriation)

Item of Change	2011 Estimated	Program Changes	2012 Estimated
Program Level:			
FSFL	$300,000,000	0	$300,000,000
SSFL	2,500,000	0	2,500,000
Total Program Level	302,500,000	0	302,500,000
Subsidy Costs:			
FSFL	0	0	0
SSFL	0	0	0
Total Available	0	0	0

COMMODITY CREDIT CORPORATION
FARM AND SUGAR STORAGE FACILITY LOAN PROGRAMS

Project Statement by Program
(On basis of appropriation)

	2010 Actual	2011 Estimated	Increase or Decrease	2012 Estimated
Program Level:				
FSFL	$327,071,000	$300,000,000	0	$300,000,000
SSFL	0	2,500,000	0	2,500,000
Total Program Level	327,071,000	302,500,000	0	302,500,000
Subsidy Costs:				
FSFL	0	0	0	0
SSFL	0	0	0	0
Total Available or Estimate	0	0	0	0

COMMODITY CREDIT CORPORATION
FARM AND SUGAR STORAGE FACILITY LOAN PROGRAMS
Geographic Breakdown of Obligations
2010 Actual and Estimated 2011 and 2012

	2010 Actual	2011 Estimated	2012 Estimated
Alabama	$2,292,271	$2,120,066	$2,120,066
Arkansas	4,724,915	4,369,959	4,369,959
Colorado	2,231,378	2,063,747	2,063,747
Connecticut	53,596	49,570	49,570
Delaware	152,867	141,383	141,383
Florida	420,664	389,062	389,062
Georgia	811,019	750,092	750,092
Idaho	2,641,706	2,443,250	2,443,250
Illinois	35,479,302	32,813,942	32,813,942
Indiana	20,418,601	18,884,666	18,884,666
Iowa	62,067,157	57,404,402	57,404,402
Kansas	6,751,548	6,244,342	6,244,342
Kentucky	5,334,212	4,933,483	4,933,483
Louisiana	1,965,725	1,818,051	1,818,051
Maine	1,378,942	1,275,350	1,275,350
Maryland	1,227,622	1,135,398	1,135,398
Massachusetts	270,688	250,352	250,352
Michigan	8,109,587	7,500,360	7,500,360
Minnesota	51,741,673	47,854,613	47,854,613
Mississippi	3,101,646	2,868,637	2,868,637
Missouri	11,411,102	10,553,851	10,553,851
Montana	3,788,314	3,503,720	3,503,720
Nebraska	29,300,756	27,099,555	27,099,555
Nevada	54,138	50,070	50,070
New Hampshire	8,484	7,847	7,847
New Jersey	659,056	609,544	609,544
New York	3,144,486	2,908,258	2,908,258
North Carolina	1,850,057	1,711,072	1,711,072
North Dakota	9,305,201	8,606,153	8,606,153
Ohio	8,464,286	7,828,412	7,828,412
Oklahoma	1,008,245	932,501	932,501
Oregon	1,473,004	1,362,346	1,362,346
Pennsylvania	3,326,063	3,076,195	3,076,195
South Carolina	1,210,142	1,119,231	1,119,231
South Dakota	30,463,165	28,174,639	28,174,639
Tennessee	473,870	438,271	438,271
Texas	832,427	769,891	769,891
Utah	248,689	230,006	230,006
Vermont	101,432	93,812	93,812
Virginia	739,339	683,796	683,796
Washington	1,340,719	1,239,998	1,239,998
West Virginia	474,189	438,566	438,566
Wisconsin	6,024,190	5,571,627	5,571,627
Wyoming	194,527	179,913	179,913
Total, Available or Estimate	327,071,000	302,500,000	302,500,000

COMMODITY CREDIT CORPORATION
Farm and Sugar Storage Facility Loan Programs
Direct Obligations
(Dollars in Thousands)

Object Class	2010	2011	2012
41.0 Grants, subsidies, and contributions	0	0	0
99.0 Total obligations	0	0	0

COMMODITY CREDIT CORPORATION

STATUS OF PROGRAM

Current Activities:

Commodity Loans Made and Outstanding
(Dollars in Billions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Loans Made	$9.7	$8.3	$10.1	$10.7	$9.1	$12.6	$12.0	$11.3	$9.5	$8.3	$7.2
Loans Outstanding	$3.1	$1.9	$1.6	$1.6	$1.8	$1.1	$1.5	$0.7	$0.6	$0.4	$0.7

FY 2010 Commodity Loans
(Dollars in Thousands)

Commodity	Loans Outstanding SOY	Loans Made	Loan Reductions	Loans Outstanding EOY
Cotton	$56,043	$2,413,060	$2,342,752	$126,351
Feed Grains......................	156,066	1,775,935	1,747,243	184,758
Minor Oilseeds..................	2,951	14,387	15,328	2,010
Peanuts..........................	27,153	639,927	620,583	46,497
Rice..............................	29,918	558,923	445,857	142,984
Soybeans.........................	13,924	605,813	599,011	20,726
Sugar.............................	0	875,200	875,200	0
Wheat............................	123,780	295,833	276,522	143,091
Other.............................	4,188	10,507	9,755	4,940
Total	$414,023	$7,189,585	$6,932,251	$671,357

FY 2010 Direct and Counter-Cyclical Payments
(Dollars in Thousands)

Commodity	Counter-Cyclical	Direct
Barley..	-$3	$75,242
Corn	-179	1,938,081
Minor Oilseeds...........................	0	18,306
Oats	0	2,837
Peanuts	12,827	68,650
Rice	-4	418,137
Sorghum.....................................	0	184,149
Soybeans	6	543,104
Upland Cotton	889,938	588,871
Wheat...	-1	1,060,708
Unidentified Commodity	0	0
Total................................	$902,584	$4,898,085

Other Payments Made Directly to Producers. The following table includes production flexibility payments, deficiency payments, loan deficiency payments, marketing loss assistance payments, and oilseed payments, but excludes direct and counter-cyclical payments.

Other Payments to Producers
(Dollars in Millions)

Commodity	2005	2006	2007	2008	2009	2010
Cotton	$381.9	$622.3	$115.9	$30.3	$215.5	$107.9
Dairy	9.1	351.6	156.6	2.2	756.9	181.5
Feed Grains	3,050.2	4,202.5	5.7	0	1.7	1.1
Minor Oilseeds	7.4	25.6	0	0	0	0
Rice	49.0	49.3	-0.2	0.1	0	0
Soybeans	286.3	22.0	45.8	0.1	0	0
Wheat	43.3	14.3	0	-0.1	4.0	178.2
Wool, Mohair and Pelts	7.6	7.9	7.2	5.8	8.5	8.0
Other	33.4	69.7	26.1	0.3	0.7	0
Total Payments	**$3,868.2**	**$5,365.2**	**$357.1**	**$38.7**	**$987.3**	**$476.7**

Minus (-) indicates credit adjustment to the program.

Purchases. Some commodities are purchased directly from processors. Milk prices are supported through purchases of processed dairy products from processors. Purchases of dairy products, purchases of wheat and wheat products, corn, oats, peanuts, and vegetable oils for donations and purchases of grains, soybeans, and oilseeds on which loans are also made totaled $940.2 million, which is comprised of cash purchases of $893.7 million and certificate purchases of $46.5 million.

Noninsured Crop Disaster Assistance Program (NAP). NAP payments in FY 2010 totaled $98 million, with offsetting fees collected of $19.4 million. Of the payments, $8.5 million was for the 2008 crop, $76.1 million was for the 2009 crop, and $13.9 million was for the 2010 crop.

Emergency Assistance. CCC funding was provided for the following emergency programs in FY 2010.

FY 2010 Emergency Assistance
(Dollars in Thousands)

Program	2010 Outlays
Crop Disaster Assistance	$-1,082
Livestock Assistance Program	-79
Tree Assistance Program	90
Livestock Indemnity Program	-81
Total	**-1,152**

Farm Bill-Authorized CCC Transfers, FY 2010
(Dollars in Thousands)

Agencies Receiving Transfers	FY 2010 Amount
Agricultural Marketing Service	$61,500
Animal and Plant Health Inspection Service	50,000
Office of Administration and Chief Economist	3,000
National Institute of Food and Agriculture	137,000
Natural Resources Conservation Service	2,939,276
Risk Management Agency	6,000
Food and Nutrition Service	20,600
Rural Development	364,000
Total	**$3,581,376**

Prompt Payment Act Interest Payments. Total interest paid on late payments during FY 2010 was $2,932,909.65, compared to $1,229,012.93 in FY 2009. Payments were late because of program documentation delays, high number of payments being processed during payment cycle, misplacement or mishandling of documentation at the local office, and computer system processing delays as reported by State and county offices.

Farm Storage Facility Loan Program (FSFL). For FY 2010, loan obligations totaled $327.0 million.

Sugar Storage Facility Loans. No loans were made in FY 2010.

COMMODITY EXPORT ACTIVITIES

The Corporation is authorized to promote the export of U.S. agricultural commodities and products through sales, payments, direct credit, credit guarantees, and the conduct of other activities related to the exportation of commodities. During FY 2010, CCC commercial export credit activities consisted of credit guarantees under the GSM-102 Export Credit Guarantee Program.

Direct Credit. From the beginning of the short-term export credit sales program in 1956 through September 30, 2005, sales of agricultural commodities amounted to approximately $9,649.2 million, with an additional $722.9 million in capitalized interest resulting from debt rescheduling. However, there has been no new program activity since fiscal year 1987. There was no amount outstanding under this program as of September 30, 2010 Principal repayments from inception through September 30, 2010, totaled $9,649.2 million.

CCC Export Credit Guarantees. During FY 2010, the following loan commitments were made under the CCC Export Sales Guarantee Programs.

Activity	FY 2010 Loan Commitments (Dollar in Thousands)
GSM-102, Short-term Guarantees	$3,090,000
Facilities Guarantee Program	0
Total	$3,090,000

On July 1, 2005, the guarantee fees (premia) charged under the export credit guarantee programs were changed from a flat fee basis to a country risk-based approach. The revised premia respond to a World Trade Organization dispute panel decision and are intended to remove any long-term subsidy component of the program, prospectively.

U.S. Agricultural Technical Expertise Provided to Emerging Markets. The Food, Agriculture, Conservation and Trade Act of 1990, as amended, authorizes for each fiscal year through 2012, a program for promoting agricultural exports to emerging markets through the sharing of U.S. agricultural technical expertise. Actual expenditures during FY 2010 totaled $8.3 million, which included prior year obligations.

Dairy Export Incentive Program (DEIP). The DEIP operates on a bid bonus system similar to the former Export Enhancement Program, with cash bonus payments. Cash payments of $20.1 million were made in FY 2010 and bonuses awarded in FY 2010 amounted to $2,371,433.

Bill Emerson Humanitarian Trust (BEHT). The BEHT is a commodity and/or monetary reserve designed to ensure that the United States can meet its international food assistance commitments under P.L. 480 Title II. Commodities or their cash equivalent that can be held in the reserve include wheat, corn, grain sorghum, and rice. Assets of the BEHT can be released any time the Administrator of the U.S. Agency for International Development determines that P.L. 480 Title II funding for emergency needs is inadequate to meet those needs in any fiscal year. When a release BEHT release is authorized, the Trust's assets (whether commodities or funds) cover all commodity costs associated with the release. All non-commodity costs, including freight charges; internal transportation, storage, and handling overseas; and certain administrative costs are paid by CCC. There were no donations in fiscal year 2010.

STORAGE ACTIVITIES

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.

Commercial Storage. The Corporation has contracts with about 4,000 commercial warehouse operators in over 5,800 locations within 40 States for the storage of Government-owned and loan grain and rice, cotton, peanuts and processed commodities. The grain and rice facilities have a total capacity of about 8.7 billion bushels.

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.

SUPPLY AND FOREIGN PURCHASE ACTIVITIES

The Corporation is authorized to procure agricultural commodities in the U.S. and abroad for U.S. and foreign governmental agencies and entities, pursuant to sections 5(b) and (c) of its Charter Act, and section 4 of the Act of July 16, 1943 (15 U.S.C. 713a-9).

ACQUISITION AND DISPOSAL ACTIVITIES

The Corporation acquires stocks of various farm products as a result of its support activities. Such acquisitions result from purchases from producers and processors and collateral acquisitions arising from loan operations. The inventory was decreased in FY 2010 from FY 2009. CCC's acquisition-cost value on September 30, 2010, was $47.6 million, as compared to $205.2 million in FY 2009.

Summary of Dispositions. The Corporation moves substantial quantities of farm commodities into useful channels, both at home and abroad. The value (at acquisition cost) of commodities removed from CCC inventories in FY 2010 was $1,105.0 million, and sales proceeds were $830.5 million, including certificate sales proceeds of $42.0 million.

Commodity Inventories Owned by CCC
End of Year, Fiscal Years 1995-2010
(Dollars in Thousands)

	Cotton	Dairy	Feed Grains	Soybeans	Wheat	Other	Total
2010	0	$6,081	$355	0	$2,046	$39,144	$47,626
2009	0	184,499	3,696	0	3,534	13,478	205,207
2008	0	0	4,597	0	89	6,071	10,757
2007	$14,392	13,864	1,957	$3,316	144,136	7,321	184,986
2006	1,204	40,906	3,835	5,257	160,921	13,916	226,039
2005	633	95,197	4,724	37	173,281	30,314	304,186
2004	680	605,544	21,793	11	291,436	30,740	950,204
2003	27,076	1,325,207	29,673	3,606	291,731	306,863	1,984,156
2002	43,530	1,283,648	34,868	14,105	370,042	740,360	2,486,553
2001	10,400	866,800	45,500	15,700	403,700	942,807	2,284,907
2000	2,300	562,200	71,600	48,400	399,600	119,600	1,203,700
1999	2,600	206,400	42,300	25,100	425,700	11,200	713,300
1998	0	128,225	21,358	11,700	369,967	0	531,250
1997	100	23,047	7,300	0	346,334	21	376,802
1996	61	2,306	75,411	0	407,510	0	485,288

The following table shows the value of commodities disposed of during FY 2010:

(Dollar in Thousands)

Type of Disposition	Cost Value	Proceeds
Domestic Sales for Dollars	$826	$708
P.L. 480 (Export) Title I *	-436	-436
P.L. 480 (Export) Title II*	787,990	787,990
Domestic Certificate Redemption	46,499	41,985
Domestic Donations	202,771	0
Export Donations	67,724	0
Domestic Transfer to other Government Agencies	0	0
Domestic Inventory Adjustments and/or Recoveries	-369	280
Subtotal Domestic Dispositions	249,727	42,973
Subtotal Export Dispositions	855,278	787,554
Total Dispositions	$1,105,005	$830,527

*Proceeds represent the value of commodities charged to P.L. 480 and recorded as sales.

Explanation of Dispositions by Domestic Commercial Sales. For unrestricted use - Commodities acquired under support can be sold for unrestricted use domestically only at prices which are not below minimums prescribed by law. There are no similar minimums on sales of nonstorables.

For restricted use - Commodities may be sold for restricted uses or outlets at less than the minimums prescribed by law. These uses would include new or by-product uses, peanuts and oilseeds sold for extraction of oil, and commodities that have substantially deteriorated in quality or are in danger of loss or waste.

CONSERVATION

Conservation Activities in FY 2010

Program	Authorized Acres or Funding Level	(Dollars in Thousands) CCC Net Outlays	Transfer to NRCS
Conservation Reserve Program	39.2 million acres (rolling maximum)	$1,910,630	0
Emergency Forestry Conservation Reserve Program	$23.934 million	8,297	0
Wetlands Reserve Program	2.275 million acres (rolling maximum)	-4	644,620
Environmental Quality Incentives Program	$1.450 billion	0	1,180,000
Farmland Protection Program	$150 million	0	150,000
Soil and Water Conservation Program	0	0	0
Agricultural Management Assistance Program	$15 million	0	7,500
Wildlife Habitat Incentives Program	$85 million	0	85,000
Conservation Security Program (terminated after September 30, 2008 will become the Conservation Stewardship Program)	0	0	226,250
Grassland Reserve Program	1.220 million acres	0	100,714
Chesapeake Bay Watershed Program	$43 million	0	43,000
Conservation Stewardship Program	$230 million	0	419,442
Agricultural Water Enhancement Program	$73 million	0	73,000
Healthy Forests Reserve Program	$9.75 million	0	9,750
Total		**$1,918,923**	**$2,939,276**

(Authorized funding levels are based on the FY 2008 Farm Bill, P.L. 110-246, enacted June 18, 2008.)

FINANCING

Borrowing Authority. CCC operations are financed through borrowing from the U.S. Treasury. The FY 1988 Appropriations Act, P.L. 100-202, increased the statutory borrowing authority to $30 billion. As of September 30, 2010, $503 million of this authority was in use.

Reimbursement for Net Realized Losses. During FY 2010, the Corporation received $15,079.2 million for reimbursement of 2009 losses. As of September 30, 2010, unrestored realized losses totaled $15,089.2 million. These losses are financed by the Corporation's borrowing authority until reimbursed by appropriation.

Section 11 Activities. Section 161 of the 1996 Act amended section 11 of the CCC Charter Act to limit the uses of CCC funds for reimbursable agreements and transfers and allotments of funds to State and Federal agencies. Starting 1997, total CCC funds used under that section in a fiscal year, including agreements for ADP or information technology management activities, were limited to the total of such allotments and transfers in FY 1995. The Section 11 cap was increased in FY 2001 from $36.2 million to $56.2 million to include Farm Service Agency loan service fees of nearly $20 million based on 1995 collection computations. Obligations in FY 2010 were $49.0 million.

Item	2008Actual	2009 Actual	2010 Actual
Loan Activity:			
Loans Outstanding, Beginning of Year	$743.9	$629.5	$414.0
Loans Made	9,509.0	8,290.9	7,189.6
Loans Repaid	-9,058.6	-5,547.0	-6,873.4
Loans Repaid – Certificates	-1.0	-2,797.3	-46.5
Marketing Loans Repaid	0	-.1	-1.8
Collateral Acquired	-8.3	-46.9	-2.5
Write-offs	-549.2	-109.7	-2.3
Transfers to Accounts Receivable	-6.3	-5.4	-5.7
Loans Outstanding, End of Year	629.5	414.0	671.4
Inventory Activity:			
Inventory, Beginning of Year	185.0	10.8	205.2
Commodity Purchases	1,116.2	1,254.7	893.7
Certificates from Loan Redemption	1.0	2,797.3	46.5
Collateral Acquired	8.4	46.9	2.5
Loan Collateral Settlements	0.7	1.9	.2
Processing, Packaging, etc.	-0.3	10.2	17.3
Storage and Handling	(8.9)	(8.0)	(3.9)
Transportation	(.6)	(1.6)	(2.6)
Other Transfers (net)	47.6	.1	-12.8
Commodity Cost of Sales	-1,049.0	-3,724.6	-834.5
Domestic Donations	-99.4	-88.2	-202.8
Export Donations	-199.4	-103.9	-67.7
Inventory, End of Year	10.8	205.2	47.6
Direct Cash Payments:			
Production Flexibility Payments a/	-0.3	.1	0
Direct Payments	4,821.2	5,222.3	4,898.1
Counter-Cyclical Payments	359.1	731.1	902.6
Loan Deficiency Payments	6.0	145.5	191.6
Milk Income Loss Payments	2.1	756.9	181.5
Noninsured Assistance Payments a/	73.9	62.1	98.7
Conservation Reserve Payments	1,927.0	1,855.3	1,841.4
Other Conservation Payments	9.9	9.8	8.3
Other Payments	985.2	1,037.6	1,057.6
Total	8,184.1	9,820.7	9,178.8
Commodity Export Activities:			
CCC Export Credit Guarantee Programs			
(Program Level)	(3,640.0)	(5,357.0)	(3,090.0)
(Net Outlays)	-105.1	75.8	65.2
Market Access Program			
(Program Level)	(200.0)	(200.0)	(200.00)
(Net Outlays)	179.2	218.6	202.3
Dairy Export Incentive Program			
(Program Level)	(0)	(18.9)	(2.4)
(Net Outlays)	0	1.0	20.1
Other:			
Realized Loss	12,085.0	15,079.2	15,089.2
Investment in Agricultural Commodities	640.3	619.2	719.0

a/ Reflects refunds of overpayments or accounting adjustments.
b/ Does not include fee collections.