

2019 Explanatory Notes  
Commodity Credit Corporation

Contents

|   | <u>Page</u> |
|---|-------------|
| Purpose Statement .....                   | 26-1        |
| Statement of Available Funds.....         | 26-13       |
| Summary of Proposed Legislation .....     | 26-14       |
| Classification by Objects .....           | 26-18       |
| Net Realized Losses                       |             |
| Appropriations Language .....             | 26-19       |
| Farm Storage Facility Loan Programs       |             |
| Lead-off Tabular Statement.....           | 26-24       |
| Project Statement.....                    | 26-25       |
| Geographic Breakdown of Obligations ..... | 26-26       |
| Classification by Objects.....            | 26-27       |
| Status of Programs.....                   | 26-28       |

# COMMODITY CREDIT CORPORATION

## Purpose Statement

The Commodity Credit Corporation (CCC or the 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 Farm Service Agency (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 City, Missouri, and FSA State and county offices. There are 50 State offices, an insular area office in Puerto Rico, and over 2,100 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 attachés located throughout the world.

Historically, the principal operations conducted by CCC are 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 2014 Farm Bill. 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 Public Law 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.

### **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 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 as provided in annual appropriations acts.

Hazardous Waste Management Program. 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 storage sites have been found to have carbon tetrachloride ground water contamination levels exceeding the EPA maximum. Section 11 borrowing authority is used to conduct both operation and maintenance of existing treatment systems as well as remedial actions, with \$4.1 million approved in 2017. CCC is authorized to use its borrowing authority, not to exceed \$5 million, for site investigations, ongoing operations and maintenance and remediation expenses.

## AGRICULTURAL ACT OF 2014

Public Law 113-79, the Agricultural Act of 2014 (2014 Farm Bill) was signed by the President on February 7, 2014. The 2014 Farm Bill repealed certain programs, continued some programs with modifications, and authorized several new programs. (Unless otherwise noted, these programs are authorized and/or funded through 2018).

## PROGRAMS OF THE CORPORATION

### COMMODITY PROGRAMS

**Price support, marketing assistance loans, and related stabilization programs** – The Corporation conducts programs to support farm income and prices and stabilize the market for agricultural commodities. Price support is provided to producers of agricultural commodities through loans, purchases, payments, and other means.

Price support is mandatory for sugar and dairy products. Marketing assistance loans are mandatory for wheat, feed grains, oilseeds, upland cotton, peanuts, rice, and pulse crops. Loans are also required to be made for sugar, honey, wool, mohair, and extra-long staple cotton.

One method of providing support is loans to and purchases from producers. With limited exceptions, loans made on commodities are nonrecourse. The commodities serve as collateral for the loan and on maturity the producer may deliver or forfeit such collateral to satisfy the loan obligation without further payment.

Direct purchases may be made from processors as well as producers, depending on the commodity involved. Also, special purchases are made under various laws for the removal of surpluses; for example, the Act of August 19, 1958, as amended, and section 416 of the Agricultural Act of 1949, as amended.

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

**Agriculture Risk Coverage (ARC)** – There are two types: County ARC and Individual ARC.

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

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

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

Once the election between ARC and PLC is made, a producer cannot switch to ARC (from PLC), or vice versa, in subsequent years. If an election is not made, the farm may not participate in either PLC or ARC for the 2014 crop year and the producers on the farm are deemed to have elected PLC for subsequent crop years, but must still enroll their farm to receive coverage. If the sum of the base acres on a farm is 10 acres or less, the producer on that farm may not receive PLC or ARC payments, unless the producer is a socially disadvantaged farmer or rancher or is a limited resource farmer or rancher. Payments for PLC and ARC are issued after the end of the respective crop year, but not before October 1.

Producers enrolling in PLC, and who also participate in the Federal crop insurance program, may, beginning with the 2015 crop year, make the annual choice whether to purchase additional crop insurance coverage called the Supplemental Coverage Option (SCO). SCO provides the producer the option of covering a portion of his or her crop insurance deductible and is based on expected county yields or revenue. The cost of SCO is subsidized and indemnities are determined by the yield or revenue loss for the county or area. SCO is not available for a covered commodity enrolled in ARC.

**Adjusted Gross Income (AGI)** – AGI provisions have been simplified and modified. Producers whose average total AGI exceeds \$900,000 during a crop, fiscal, or program year are not eligible to participate in most programs administered by FSA and the Natural Resources Conservation Service (NRCS). Previous AGI provisions distinguished between farm and nonfarm AGI.

**Payment Limitations** – The total amount of payments received, directly and indirectly, by a person or legal entity (except joint ventures or general partnerships) for PLC, ARC, marketing loan gains, and loan deficiency payments (other than for peanuts), may not exceed \$125,000 per crop year. A person or legal entity that receives payments for peanuts has a separate \$125,000 payment limitation. For the livestock disaster programs, a total \$125,000 annual limitation applies for payments under the Livestock Indemnity Program, the Livestock Forage Disaster Program, and the Emergency Assistance for Livestock, Honey Bees and Farm-Raised Fish program. A separate \$125,000 annual limitation applies to payments under the Tree Assistance Program.

**Marketing Assistance Loans (MAL) and Sugar Loans** – The 2014 Farm Bill extended the authority for sugar loans for the 2014 through 2018 crop years and nonrecourse marketing assistance loans (MALs) and loan deficiency payment (LDPs) for the 2014-2018 crops of wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded and non-graded wool, mohair, honey, unshorn pelts and peanuts. Availability of loans for some commodities may be affected by appropriations language. Provisions are mostly unchanged from the 2008 Farm Bill, except marketing loan gains and loan deficiency payments are subject to payment limitations. The Consolidated Appropriations Act of 2016 authorized the CCC to issue commodity certificates to agricultural producers that can be exchanged for MAL collateral beginning with the 2015 crop year.

## DAIRY PROGRAMS

**The Margin Protection Program for Dairy (MPP - Dairy)** – This program replaced the Milk Income Loss Contract (MILC) program was effective September 1, 2014, and extends through December 31, 2018. The MPP offers dairy producers: (1) catastrophic coverage, at no cost to the producer, other than an annual \$100 administrative fee; and (2) various levels of buy-up coverage. Catastrophic coverage provides payments to participating producers when the national dairy production margin is less than \$4.00 per hundredweight (cwt). The national dairy production margin is the difference between the all-milk price and average feed costs. Producers may purchase buy-up coverage that provides payments when margins are between \$4.00 and \$8.00 per cwt. To participate in buy-up coverage, a producer must pay a premium that varies with the level of protection the producer elects. In response to comments, CCC amended regulations to allow update their production history when a qualified family member joins the operation. In addition, the 2014 Farm Bill creates the Dairy Product Donation Program. This program is triggered in times of low operating margins for dairy producers, and requires USDA to purchase dairy products for donation to food banks and other feeding programs.

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

## OTHER PROGRAMS

**Noninsured Crop Disaster Assistance Program (NAP)** – NAP has been expanded to include buy-up coverage, similar to buy-up provisions offered under the federal crop insurance program. Producers may elect coverage for each individual crop between 50 and 65 percent, in 5 percent increments, at 100 percent of the average market price. Producers also pay a service fee and a fixed premium equal to 5.25 percent of the liability for buy-up coverage. The waiver of service fees has been expanded from just limited resource farmers to also include beginning farmers and socially disadvantaged farmers. The premiums for buy-up coverage are reduced by 50 percent for those same farmers. NAP coverage is expanded to include crops grown expressly for the purpose of producing a feedstock for renewable biofuel, renewable electricity, or bio-based products. Grazing land is not eligible for buy-up coverage.

**Biomass Crop Assistance Program (BCAP)** – BCAP provides incentives to farmers, ranchers and forest landowners to establish, cultivate and harvest eligible biomass for heat, power, bio-based products, research and advanced biofuels. Crop producers and bioenergy facilities can team together to submit proposals to USDA for selection as a BCAP project area. BCAP was extended through 2018 and funded at \$25 million per fiscal year. However, the appropriations acts capped the program at \$23 million in FY 2015 and at \$3 million in Fiscal Years 2016 and 2017.

**Feedstock Flexibility Program (FFP)** – The 2014 Farm Bill extended FFP through fiscal year 2018. FFP allows for the purchase of sugar to be sold for the production of bioenergy in order to avoid forfeitures of sugar loan collateral under the Sugar Program.

**Bio-based Fuel Production** – Section 5(e) of the CCC Charter Act authorized CCC to take action to increase the consumption of agricultural commodities by “...aiding in the development of new and additional markets, marketing facilities, and uses for such commodities.” Under this authority, CCC made available up to \$170 million to subsidize the production of bio-based jet fuel. \$55.6 million of this was obligated in FY 2015 and expected to outlay through FY 2019. Of this amount, \$10.2 million has been spent and \$45.4 million remains to be spent. CCC entered into an agreement with the Department of Energy and the Navy to assist in the development of bio-fuels because there was no existing viable commercial source for the large-scale production of such fuel at the time. USDA plans to cancel any future funding.

The following table shows actual and estimated CCC payments made directly to producers for 2016 to 2019, in accordance with the provisions of the 2014 Farm Bill.

**COMMODITY CREDIT CORPORATION**  
**Payment Programs, Fiscal Years 2016 – 2019**  
**(Dollars in Thousands)**

|  | <b>2016</b>      | <b>2017</b>      | <b>2018</b>      | <b>2019</b>      |
|--|------------------|------------------|------------------|------------------|
|  | <b>Actual</b>    | <b>Actual</b>    | <b>Estimate</b>  | <b>Estimate</b>  |
| <b>Total Production Flexibility Payments For All Commodities</b> | <b>0</b>         | <b>0</b>         | <b>0</b>         | <b>0</b>         |
| <b>ARC Payments:</b>   |                  |                  |                  |                  |
| Corn   | \$3,770,064      | \$4,118,291      | \$2,779,917      | \$1,530,700      |
| Grain Sorghum  | 36,757           | 56,171           | 55,528           | 58,900           |
| Barley   | 7,943            | 8,705            | 4,666            | 9,500            |
| Oats   | 2,366            | 17,090           | 23,600           | 21,600           |
| <b>Total Feed Grains</b>   | <b>3,817,130</b> | <b>4,200,257</b> | <b>2,863,711</b> | <b>1,620,700</b> |
| Wheat  | 369,025          | 669,158          | 843,456          | 751,545          |
| Rice   | 186              | 1,025            | 27,791           | 15,953           |
| Peanuts  | 98               | 399              | 403              | -                |
| Lentils  | 551              | 1,498            | 0                | 3,202            |
| Large Chickpeas  | 2,372            | 2,197            | 0                | 2,603            |
| Small Chickpeas  | 204              | 139              | 0                | 10               |
| Dry Edible Peas  | 1,982            | 2,411            | 0                | 4,486            |
| <b>Oilseed Payments:</b>   |                  |                  |                  |                  |
| Soybeans   | 330,118          | 1,108,030        | 196,678          | 150,900          |
| Sunflower Seed Oil   | 8,643            | 5,215            | 0                | 17,930           |
| Sunflower Seed Non-Oil   | 147              | 0                | 0                | -                |
| Flaxseed   | 371              | 1,008            | 1,560            | 373              |
| Canola   | 668              | 696              | 250              | 980              |

|                                    | <b>2016<br/>Actual</b> | <b>2017<br/>Actual</b> | <b>2018<br/>Estimate</b> | <b>2019<br/>Estimate</b> |
|------------------------------------|------------------------|------------------------|--------------------------|--------------------------|
| <b>Oilseed Payments Continued:</b> |                        |                        |                          |                          |
| Rapeseed                           | 6                      | 2                      | 0                        | 0                        |
| Sesame Seed                        | 6                      | 4                      | 11                       | 0                        |
| Mustard Seed                       | 84                     | 138                    | 0                        | 0                        |
| Safflower Seed                     | 204                    | 128                    | 0                        | 0                        |
| Crambe                             | 0                      | 0                      | 30                       | 0                        |
| <b>Total Oilseeds</b>              | <b>340,247</b>         | <b>1,115,221</b>       | <b>198,529</b>           | <b>170,183</b>           |
| <b>Total ARC Payments</b>          | <b>4,531,795</b>       | <b>5,992,305</b>       | <b>3,933,890</b>         | <b>2,568,681</b>         |
| <b>PLC Payments:</b>               |                        |                        |                          |                          |
| Corn                               | 0                      | 54,171                 | 202,711                  | 319,000                  |
| Grain Sorghum                      | 0                      | 206,676                | 355,686                  | 240,600                  |
| Barley                             | 0                      | 0                      | 0                        | 64,400                   |
| Oats                               | 0                      | 7,077                  | 8,900                    | 300                      |
| <b>Total Feed Grains</b>           | <b>0</b>               | <b>267,924</b>         | <b>567,297</b>           | <b>624,300</b>           |
| Wheat                              | 0                      | 508,314                | 1,423,929                | 756,185                  |
| Rice                               | 401,887                | 556,934                | 1,000,465                | 343,139                  |
| Peanuts                            | 323,332                | 532,045                | 534,014                  | 563,306                  |
| Lentils                            | 0                      | 0                      | 0                        | 0                        |
| Small Chickpeas                    | 0                      | 0                      | 0                        | 0                        |
| Dry Edible Peas                    | 0                      | 0                      | 0                        | 0                        |
| <b>Oilseed Payments:</b>           |                        |                        |                          |                          |
| Soybeans                           | 0                      | 0                      | 0                        | 8,800                    |
| Sunflower Seed Oil                 | 0                      | 5,330                  | 29,530                   | 24,710                   |
| Flaxseed                           | 0                      | 4,979                  | 7,260                    | 5,780                    |
| Canola                             | 55,346                 | 77,124                 | 59,285                   | 69,760                   |
| Rapeseed                           | 0                      | 0                      | 0                        | 0                        |
| Crambe                             | 0                      | 0                      | 0                        | 0                        |
| <b>Total Oilseeds</b>              | <b>55,346</b>          | <b>87,433</b>          | <b>96,075</b>            | <b>109,050</b>           |
| <b>Total PLC Payments</b>          | <b>780,565</b>         | <b>1,952,650</b>       | <b>3,621,780</b>         | <b>2,395,980</b>         |
| <b>Direct Payments:</b>            |                        |                        |                          |                          |
| Corn                               | 5,337                  | 1,994                  | 0                        | 0                        |
| Grain Sorghum                      | 221                    | 233                    | 0                        | 0                        |
| Barley                             | 82                     | 79                     | 0                        | 0                        |
| Oats                               | 7                      | 3                      | 0                        | 0                        |
| <b>Total Feed Grains</b>           | <b>5,647</b>           | <b>2,309</b>           | <b>0</b>                 | <b>0</b>                 |
| Wheat                              | 1,714                  | 690                    | 0                        | 0                        |
| Upland Cotton                      | 1,862                  | 637                    | 0                        | 0                        |
| Rice                               | 418                    | 172                    | 0                        | 0                        |
| Peanuts                            | 231                    | 55                     | 0                        | 0                        |
| Soybeans                           | 1,354                  | 445                    | 0                        | 0                        |

|   | 2016<br>Actual | 2017<br>Actual | 2018<br>Estimate | 2019<br>Estimate |
|---|----------------|----------------|------------------|------------------|
| Other Oilseeds  | 36             | 2              | 0                | 0                |
| <b>Total Direct Payments</b>                          | <b>11,262</b>  | <b>4,310</b>   | <b>0</b>         | <b>0</b>         |
| <b>ACRE Payments:</b>                                 |                |                |                  |                  |
| Corn  | 712            | 102            | 0                | 0                |
| Grain Sorghum   | 26             | 1              | 0                | 0                |
| Barley  | 25             | 33             | 0                | 0                |
| Oats  | 3              | 2              | 0                | 0                |
| <b>Total Feed Grains</b>                              | <b>766</b>     | <b>138</b>     | <b>0</b>         | <b>0</b>         |
| Wheat   | 228            | 101            | 0                | 0                |
| Rice  | 14             | 0              | 0                | 0                |
| Upland Cotton   | 16             | 8              | 0                | 0                |
| Lentils   | 0              | 0              | 0                | 0                |
| Small Chickpeas                                       | 0              | 0              | 0                | 0                |
| Dry Edible Peas                                       | 0              | 0              | 0                | 0                |
| Soybeans  | 172            | 6              | 0                | 0                |
| Other Oilseeds  | 3              | 0              | 0                | 0                |
| <b>Total ACRE Payments</b>                            | <b>1,199</b>   | <b>253</b>     | <b>0</b>         | <b>0</b>         |
| <b>Counter-Cyclical Payments:</b>                     |                |                |                  |                  |
| Upland Cotton   | 13             | 12             | 0                | 0                |
| Peanuts   | 2              | 26             | 0                | 0                |
| <b>Total Counter-Cyclical Payments</b>                | <b>15</b>      | <b>38</b>      | <b>0</b>         | <b>0</b>         |
| <b>Market Loss Assistance Payments:</b>               |                |                |                  |                  |
| Barley  | 0              | 0              | 0                | 0                |
| Upland Cotton   | 2,859          | 0              | 0                | 0                |
| Milk Income Loss Payment                              | -24            | 0              | 0                | 0                |
| Unidentified Commodity                                | 0              | 37             | 0                | 0                |
| <b>Total Market Loss Assistance and MILC Payments</b> | <b>2,835</b>   | <b>37</b>      | <b>0</b>         | <b>0</b>         |
| <b>Loan Deficiency Payments :</b>                     |                |                |                  |                  |
| Corn  | -333           | 0              | 4,500            | 700              |
| Grain Sorghum   | -2             | 0              | 1,018            | 784              |
| Barley  | 1              | 0              | 12               | 14               |
| Oats  | 0              | 0              | 0                | 0                |
| <b>Total Feed Grains</b>                              | <b>-334</b>    | <b>0</b>       | <b>5,530</b>     | <b>1,498</b>     |
| Wheat   | 73,822         | 52,201         | 0                | 0                |
| Upland Cotton   | 138,981        | 50             | 1,104            | 20,977           |
| Rice  | -43            | 0              | 0                | 0                |
| Peanuts   | 767            | 0              | 0                | 0                |
| Dry Peas  | 10             | 0              | 0                | 0                |
| Wool  | -13            | 0              | 0                | 0                |
| Mohair  | -1             | 0              | 0                | 0                |

|  | 2016<br>Actual   | 2017<br>Actual   | 2018<br>Estimate | 2019<br>Estimate |
|--|------------------|------------------|------------------|------------------|
| Soybeans                                   | -3               | 0                | 0                | 0                |
| Other Oilseeds                             | 2                | 0                | 0                | 0                |
| <b>Total Loan Deficiency Payments</b>      | <b>213,188</b>   | <b>52,251</b>    | <b>6,634</b>     | <b>22,475</b>    |
| <b>Total Noninsured Assistance Program</b> | <b>137,378</b>   | <b>157,157</b>   | <b>150,060</b>   | <b>150,060</b>   |
| <b>Crop Disaster Program:</b>              |                  |                  |                  |                  |
| Pre-2014 Farm Bill Crop Disaster           | 0                | 0                | 0                | 0                |
| Tree Assistance Program                    | 12,555           | 6,912            | 20,000           | 20,000           |
| Livestock Forage Disaster Program          | 451,533          | 350,709          | 393,550          | 416,125          |
| Emergency Livestock Assistance             | 23,669           | 18,223           | 19,500           | 19,500           |
| Livestock Indemnity Program                | 41,319           | 25,066           | 30,671           | 31,350           |
| <b>Total Disaster Payments</b>             | <b>529,076</b>   | <b>400,910</b>   | <b>463,721</b>   | <b>486,975</b>   |
| <b>Other Programs:</b>                     |                  |                  |                  |                  |
| Upland Cotton Econ Adjustment Asst.        | 50,556           | 42,137           | 50,000           | 50,000           |
| Cotton Ginning Cost Share                  | 330,000          | 722              | 0                | 0                |
| Tobacco Payments                           | -148             | 60               | 0                | 0                |
| Dairy Margin Protection Program            | 10,504           | 357              | 30,998           | 57,344           |
| <b>Total Other Payments</b>                | <b>390,912</b>   | <b>43,276</b>    | <b>80,998</b>    | <b>107,344</b>   |
| <b>Payments, Grand Total</b>               | <b>6,598,225</b> | <b>8,603,187</b> | <b>8,257,083</b> | <b>5,731,515</b> |

## EXPORT PROGRAMS

**Export Credit Guarantees** – The short-term Export Credit Guarantee Program (GSM-102), CCC guarantees (for up to 18 months) payments due to 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. Fees were updated using the risk-based approach in October 2011. 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 guarantee commitments in 2017 were \$1.582 billion, all for the GSM-102 program. Total program levels for 2017 and 2018 are estimated to be \$5.5 billion each year, including \$5.0 billion for GSM-102 and \$0.5 billion for facility guarantees.

The 2019 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 direct loans or loan guarantees issued since 1992, budget authority and outlays for these programs represent estimated subsidy costs over the life of the program, rather than claims, 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 subsidy are presented in the Budget in the program account. All claims disbursement and repayment activity related to loans made in 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-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.

### **CONSERVATION PROGRAMS**

Title II of the 2014 Farm Bill re-authorized funding and enrollment authority for new and existing conservation programs implemented by FSA and NRCS. These programs 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)** - Administered by FSA, the purpose of CRP is to cost-effectively assist farm owners and operators in conserving and improving soil, water, air, and wildlife resources by converting highly erodible and other environmentally sensitive acreage normally devoted to the production of agricultural commodities to a long-term resource-conserving cover. CRP participants enroll contracts for periods from 10 to 15 years in exchange for annual rental payments and cost-share and technical assistance for installing approved conservation practices.

The 2014 Farm Bill extended and modified the authorization for CRP. The acreage cap is gradually lowered to 24 million acres for fiscal years 2017 and 2018. The requirement to reduce rental payments under emergency haying and grazing is eliminated. Rental payment reductions of not less than 25 percent are required for managed and routine haying and grazing. Producers are also given the opportunity for an “early-out” from their CRP contracts, but only in fiscal year 2015. The rental payment portion of the Grassland Reserve Program enrollment has been incorporated into the CRP. The Farm Bill also authorizes up to \$10 million in incentive payments for tree thinning and related activities. The baseline assumes that enrollment stays at or near the 24-million cap throughout the baseline period.

CRP enrolls land through general and continuous signups. Under general signup provisions, producers compete nationally during specified enrollment periods for acceptance based on an environmental benefits index. Under continuous signup provisions, producers enroll specified high-environmental value lands such as wetlands, riparian buffers, and various types of wildlife habitat at any time during the year without competition. Grassland enrollment is a hybrid: continuous, but competitive.

The last general signup was held in fiscal year 2016, enrolling 400,000 acres. Under the fiscal year 2017 continuous signup, over 1.1 million acres were enrolled. Also in 2017, grassland offers for 900,000 acres were approved for acceptance.

**The Transition Incentive Program (TIP)** – The 2014 Farm Bill included a provision that provides up to \$33 million to encourage the transition of expiring CRP land to a beginning or socially disadvantaged farmer or rancher so land can be returned to sustainable grazing or crop production. TIP now includes eligibility for military veterans (i.e., “veteran farmers”) who are beginning farmers.

### **CONSERVATION RESERVE PROGRAM Net Expenditures (Dollars in Thousands)**

| Program Level               | 2016 Actual      | 2017 Actual      | 2018 Estimated   | 2019 Estimated   |
|-----------------------------|------------------|------------------|------------------|------------------|
| Financial Assistance        | \$1,813,518      | \$1,868,269      | \$2,111,200      | \$2,205,732      |
| Technical Assistance        | 7,586            | 13,576           | 16,613           | 14,065           |
| <b>Total, Program Level</b> | <b>1,821,104</b> | <b>1,881,845</b> | <b>2,127,813</b> | <b>2,219,797</b> |

**Pollinator Health** – A fundamental concern for honey bee health is enhancing bee nutrition. Through the Conservation Reserve Program, FSA and USDA have the ability to significantly improve bee nutrition by enhancing

conservation cover to those varieties that are most beneficial for pollinator forage habitat. FSA has initiated an option under continuous signup specifically tailored to plantings that provide pollen sources over multiple seasons. In 2017, 180,000 acres of these plantings were added. FSA is also coordinating five monitoring, assessment, and evaluation projects with other agencies, including USGS, ARS, NRCS, and NIFA to assure these efforts will be effective and cost efficient.

**Emergency Forestry Conservation Reserve Program (EFCRP)** – The Department of Defense, Emergency Supplemental Appropriations to Address Hurricanes in the Gulf of Mexico, and Pandemic Influenza Act of 2006, P.L. 109-148, as amended by P.L. 109-234 and P.L. 110-28, mandated that the Secretary 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, called the Emergency Forestry Conservation Reserve Program (EFCRP). The Agricultural Act of 2014 repealed EFCRP, although payments for existing contracts will continue. These acres have not counted against the CRP maximum program authority for acreage enrollment.

**Agricultural Management Assistance Program (AMA)** – The Agricultural Risk Protection Act of 2000 authorized CCC funding of \$10 million for 2001 and subsequent years for the Agricultural Management Assistance Program (AMAP). AMAP provides cost-share assistance to producers in states in which Federal Crop Insurance Program participation is historically low as determined by the Secretary of Agriculture. The Secretary delegated authority to implement this program to the Natural Resources Conservation Service (50 percent), Risk Management Agency (40 percent), and the Agricultural Marketing Service (10 percent). The program continues under the 2014 Farm Bill. FY 2017 actual outlays included \$3.7 million total in transfers.

## DISASTER PROGRAMS

The following four disaster programs were authorized by the 2008 Farm Bill under the USDA Supplemental Disaster Assistance program. These programs were re-authorized under CCC and extended indefinitely (beyond the horizon of the 2014 Farm Bill). The programs are made retroactive to Oct. 1, 2011. Producers are no longer required to purchase crop insurance or NAP coverage to be eligible for these programs (the risk management purchase requirement) as mandated by the 2008 Farm Bill.

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

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

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

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

## FOREIGN ASSISTANCE PROGRAMS

**Market Access Program (MAP)** – Under the MAP, CCC Funds are used to reimburse participating organizations for a portion of the costs of carrying out overseas marketing and promotional activities. The 2014 Farm Bill continued the authority for the MAP program with annual funding of \$200 million for 2014–2018.

**Foreign Market Development Cooperator Program (FMD) and Quality Samples Program** – Under the FMD program, \$34.5 million in 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. CCC will fund the Quality Samples Program at an authorized annual level of \$2.5 million. Under this initiative, samples of U.S. agricultural products will be provided to foreign importers to promote a better understanding and appreciation for the high quality of U.S. products.

**Technical Assistance for Specialty Crops and Emerging Markets** – Emerging Markets is extended through 2018. Technical Assistance for Specialty Crops is extended through 2018 with annual funding of \$9 million for each fiscal year.

**The Bill Emerson Humanitarian Trust (BEHT)** – BEHT is a commodity and/or monetary reserve designed to ensure that the United States can meet its international food aid commitments. Assets of the Trust can be released any time the Administrator of the U.S. Agency for International Development determines that PL 480 Title II is inadequate to meet those needs in any fiscal year. When a release from the Trust is authorized, the Trust’s assets cover all commodity costs associated with the release. All non-commodity costs, including ocean freight charges; internal transportation, handling, and storage overseas; and certain administrative costs are paid by CCC. The 2014 Farm Bill extended the authorization to replenish the BEHT through 2018.

**Food for Progress Program** – The Food for Progress Program (FPP) helps developing countries and emerging democracies modernize and strengthen their agricultural sectors. U.S. agricultural commodities donated to recipient countries are sold on the local market and the proceeds are used to support agricultural, economic or infrastructure development programs. The 2014 Farm Bill extended FPP through 2018.

#### TRANSFER OF FUNDS

The 2002 and all subsequent Farm Bills have authorized CCC to transfer funds to various agencies to fulfill authorized programs. The following table shows recipient agencies and amounts of transfers for 2016 and 2017 and anticipated amounts for 2018 and 2019:

| CCC Transfers<br>(Dollars in Thousands)    |                   |                   |                      |                      |
|--|-------------------|-------------------|----------------------|----------------------|
| Agencies Receiving Transfers:              | FY 2016<br>Actual | FY 2017<br>Actual | FY 2018<br>Estimated | FY 2019<br>Estimated |
| Agricultural Marketing Service             | \$117,250         | \$104,750         | \$117,000            | \$87,000             |
| Animal and Plant Health Inspection Service | 62,500            | 62,500            | 75,000               | 75,000               |
| Office of Chief Economist                  | 1,000             | 1,000             | 1,000                | 1,000                |
| National Institute of Food and Agriculture | 143,000           | 143,000           | 145,000              | 80,000               |
| Departmental Administration                | 13,000            | 13,000            | 13,000               | 13,000               |
| Food and Nutrition Service                 | 20,600            | 20,600            | 20,600               | 20,600               |
| Natural Resources Conservation Service     | 3,621,847         | 3,613,305         | 3,628,000            | 4,014,000            |
| Risk Management Agency                     | 4,000             | 4,000             | 4,000                | 4,000                |
| Rural Development                          | 114,750           | 68,000            | 111,000              | 50,000               |
| Wool Apparel Manufacturers Trust Fund      | 30,000            | 30,000            | 30,000               | 30,000               |
| Pima Cotton Trust Fund                     | 16,000            | 16,000            | 16,000               | 0                    |
| APHIS Non-Farm Bill a/                     | 0                 | 0                 | 0                    | 0                    |
| <b>Total</b>                               | <b>4,143,947</b>  | <b>4,076,155</b>  | <b>4,160,600</b>     | <b>4,374,600</b>     |

a/ Includes transfers to Animal and Plant Health Inspection Service for emergency plant and animal disease eradication programs.

### CCC NET EXPENDITURES

CCC net expenditures for 2018 are estimated at \$11.2 billion, an increase of \$0.5 billion from 2017 net expenditures of \$10.8 billion. Baseline expenditures for 2019 are estimated at \$8.6 billion.

The following table shows CCC net expenditures by commodity and program for 2016 through 2019.

(Dollars in Thousands)

|   | 2016<br>Actual   | 2017<br>Actual   | 2018<br>Estimate | 2019<br>Estimate |
|---|------------------|------------------|------------------|------------------|
| <b>Feed Grains:</b>                     |                  |                  |                  |                  |
| Corn                                    | \$3,776,802      | \$4,257,205      | \$2,964,428      | \$1,859,658      |
| Grain Sorghum                           | 37,182           | 263,648          | 412,009          | 300,284          |
| Barley                                  | 10,146           | 7,266            | 3,681            | 74,256           |
| Oats                                    | 2,491            | 23,642           | 35,808           | 25,275           |
| Feed Grain Products                     | 0                | 0                | 0                | 0                |
| <b>Total Feed Grains and Products</b>   | <b>3,826,621</b> | <b>4,551,761</b> | <b>3,415,926</b> | <b>2,259,473</b> |
| Wheat and Products                      | 761,205          | 1,106,400        | 2,286,120        | 1,507,730        |
| Rice                                    | 403,627          | 541,908          | 1,058,779        | 358,326          |
| Upland Cotton a/                        | 709,641          | 20               | 108,742          | 53,117           |
| ELS Cotton                              | -9,669           | -1,235           | 2,530            | -325             |
| Tobacco                                 | -204,836         | 0                | 0                | 0                |
| Honey                                   | 729              | -3,790           | -101             | -34              |
| Dairy and Products                      | 1,357            | 0                | 0                | 0                |
| Soybeans                                | 313,479          | 1,125,104        | 190,527          | 159,405          |
| Other Oilseeds                          | 67,512           | 93,961           | 27,952           | 42,690           |
| Sugar                                   | 0                | 160,792          | 0                | 0                |
| Peanuts                                 | 319,799          | 544,970          | 603,885          | 626,195          |
| Wool and Mohair                         | -7               | 0                | 0                | 0                |
| Soybeans Products                       | 13,679           | 0                | 0                | 0                |
| Vegetable Oil Products                  | 16,333           | 0                | 69,194           | 76,789           |
| Other Commodities                       | 12,980           | 6,214            | 2,207            | 10,321           |
| <b>Total Commodities</b>                | <b>6,232,450</b> | <b>8,126,105</b> | <b>7,765,761</b> | <b>5,093,687</b> |
| Market Access Program                   | 200,028          | 200,287          | 200,000          | 200,000          |
| Foreign Market Development Cooperator   | 34,272           | 32,792           | 34,500           | 0                |
| Quality Samples Program                 | 807              | 1,074            | 2,500            | 2,500            |
| Livestock Forage                        | 451,533          | 350,709          | 393,550          | 416,125          |
| Livestock Indemnity                     | 41,319           | 25,066           | 30,671           | 31,350           |
| Emergency Livestock Assistance          | 23,669           | 18,223           | 19,500           | 19,500           |
| Tree Assistance Program                 | 12,555           | 6,912            | 20,000           | 20,000           |
| Pre-2014 Farm Bill Crop Disaster        | 0                | 0                | 0                | 0                |
| Export Donations - Ocean Transportation | 19,893           | 27,993           | 40,000           | 40,000           |
| Noninsured Assistance Program           | 137,378          | 157,157          | 150,060          | 150,060          |
| Bio-based Fuel Production               | 6,633            | 1,060            | 23,000           | 22,000           |
| Conservation Reserve Program (CRP)      | 1,821,104        | 1,881,845        | 2,127,813        | 2,219,797        |

|  | 2016<br>Actual   | 2017<br>Actual    | 2018<br>Estimate  | 2019<br>Estimate |
|--|------------------|-------------------|-------------------|------------------|
| Emergency Forestry CRP                               | 4,685            | 4,644             | 2,274             | 2,063            |
| Voluntary Public Access & Habitat Incentives Program | 0                | 0                 | 0                 | 0                |
| Biomass Crop Assistance                              | 10,024           | 5,305             | 3,000             | 0                |
| Technical Assistance for Specialty Crops             | 7,952            | 8,704             | 9,000             | 0                |
| Interest   | -24,743          | 80,918            | 39,476            | 14,565           |
| Change in Working Capital                            | 245,123          | -151,755          | 0                 | 0                |
| CCC Operating Expenses                               | 54,849           | -5,866            | 0                 | 0                |
| All Other  | 283,817          | 6,827             | 369,895           | 412,353          |
| <b>Total Programs and Expenses</b>                   | <b>3,330,898</b> | <b>2,651,895</b>  | <b>3,465,239</b>  | <b>3,550,313</b> |
| <b>Total Net Expenditures, CCC Baseline</b>          | <b>9,563,348</b> | <b>10,778,000</b> | <b>11,231,000</b> | <b>8,644,000</b> |

a/ Includes \$330 million for Cotton Ginning Cost Share in FY 2016

### COMMODITY CREDIT CORPORATION

#### Statement of Available Funds

(Dollars in Thousands)

| Item   | 2016<br>Actual   | 2017<br>Actual    | 2018<br>Actual    | 2019<br>Estimated. |
|--|------------------|-------------------|-------------------|--------------------|
| Reimbursement for Net Realized Losses                        | \$6,871,131      | \$21,290,712      | \$14,284,847      | \$15,410,530       |
| CCC Export Loans Program Account<br>(current, discretionary) | 6,748            | 8,537             | 8,479             | 6,717              |
| <b>Total Commodity Credit Corporation</b>                    | <b>6,877,879</b> | <b>21,299,249</b> | <b>14,293,326</b> | <b>15,417,247</b>  |

### Summary of Proposed Legislation for CCC

**Program:** Adjusted Gross Income Limitation

**Proposal:** The 2019 Budget proposes to lower the Adjusted Gross Income (AGI) limitation from \$900,000 to \$500,000. AGI limitation applies to multiple programs administered by Farm Service Agency including the Agriculture Risk Coverage (ARC), Price Loss Coverage (PLC), Marketing Assistance Loans (MALs) and the Conservation Reserve Program (CRP).

**Rationale:** Target commodity and conservation assistance to producers with an AGI of \$500,000 or less. Financial assistance will be targeted to producers that may lack the financial resources to recover from natural disasters and/or drops in revenue.

**Goal:** Target program funding to assist producers with an AGI of \$500,000 or less

Lower AGI – CCC Programs only (Dollars in millions)

|                  | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------|------|------|------|------|------|
| Budget Authority | 0    | -114 | -89  | -142 | -135 |
| Outlays          | 0    | -114 | -89  | -142 | -135 |

**Program:** Conservation Reserve Program (CRP)

**Proposal:** The 2019 Budget proposes to change the focus of the Conservation Reserve Program to preserve sensitive agricultural corridors, rather than temporarily removing large tracts of land from production. Sensitive agricultural corridors include stream and river banks, and areas with high soil erodibility. In addition, the Budget will eliminate all signing and practice incentive payments, except for land enrolled in the Conservation Reserve Enhancement Program (CREP).

Also, the Budget proposes to limit the CRP annual rental payments to 80 percent of the National Agricultural Statistical Service (NASS) county rental rates.

**Rationale:** Targets enrollment of additional acres to the most environmentally sensitive agricultural land. To fund other Administration priorities, eliminate signing incentive payments (SIPs) and practice incentive payments (PIPs), and limit annual rental rate to 80 percent of NASS.

**Goal:** Streamline CRP funding to more effectively meet program objectives

CRP – Target Sensitive Land and Eliminate SIPs/PIPs  
(Dollars in millions)

|                  | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------|------|------|------|------|------|
| Budget Authority | 0    | -136 | -117 | -107 | -84  |
| Outlays          | 0    | -136 | -117 | -107 | -84  |

CRP – Lower Annual Rental Rate to 80 percent of NASS  
(Dollars in millions)

|                  | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------|------|------|------|------|------|
| Budget Authority | 0    | 0    | -9   | -38  | -79  |
| Outlays          | 0    | 0    | -9   | -38  | -79  |

Programs: Agriculture Wool Apparel Manufacturers Trust Fund

Proposal: The 2019 Budget proposes to eliminate the Agricultural Wool Apparel Manufacturers Trust Fund program administered by the Foreign Agricultural Service (FAS) and funded through CCC.

Rationale: Eliminate program to fund other Administrative priorities.

Goal: Target funding to programs that are a higher priority.

Agriculture Wool Apparel Manufacturers Trust Fund (Dollars in  
millions)

|                  | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------|------|------|------|------|------|
| Budget Authority | 0    | 0    | -30  | 0    | 0    |
| Outlays          | 0    | 0    | -30  | 0    | 0    |

Programs: Economic Adjustment Assistance for Upland Cotton Users (EAAP)

Proposal: The 2019 Budget proposes no funding for EAAP.

Rationale: Eliminate program to fund other Administration priorities.

Goal: Target funding to programs that are a higher priority.

Economic Adjustment Assistance for Upland Cotton Users  
(Dollars in millions)

|                  | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------|------|------|------|------|------|
| Budget Authority | 0    | -50  | -50  | -50  | -50  |
| Outlays          | 0    | -50  | -50  | -50  | -50  |

Program: Food for Progress

Proposal: The 2019 Budget proposes to eliminate the Food for Progress program administered by USAID and funded through CCC.

Rationale: Eliminate program to fund other Administration priorities.

Goal: Target funding to programs that are a higher priority.

Food for Progress (Dollars in millions)

|                  | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------|------|------|------|------|------|
| Budget Authority | 0    | -166 | -166 | -166 | -166 |
| Outlays          | 0    | -166 | -166 | -166 | -166 |

Program: Payment Limitations and Actively Engaged

Proposal: The 2019 Budget proposes to eliminate the use of commodity certificates, eliminate the separate \$125,000 payment limit for peanuts, include marketing loan forfeitures in the \$125,000 payment limitation, and limiting all farms to one manager that can qualify as actively engaged.

Rationale: Target commodity program with fewer financial resources.

Goal: Target funding to programs that are a higher priority.

Eliminate Commodity Certificates (Dollars in millions)

|                  | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------|------|------|------|------|------|
| Budget Authority | 0    | -34  | -22  | -17  | -13  |
| Outlays          | 0    | -34  | -22  | -17  | -13  |

Eliminate Separate Payment Limit for Peanuts (Dollars in millions)

|                  | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------|------|------|------|------|------|
| Budget Authority | 0    | -44  | -50  | -53  | -53  |
| Outlays          | 0    | -44  | -50  | -53  | -53  |

Include Market Loan Forfeitures in Payment Limit  
(Dollars in millions)

|                  | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------|------|------|------|------|------|
| Budget Authority | 0    | -1   | -1   | -1   | -1   |
| Outlays          | 0    | -1   | -1   | -1   | -1   |

Limit Farms to One Manager (Dollars in millions)

|                  | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------|------|------|------|------|------|
| Budget Authority | 0    | -70  | -70  | -70  | -70  |
| Outlays          | 0    | -70  | -70  | -70  | -70  |

Program: Livestock Forage Disaster Program (LFP)

Proposal: The 2019 Budget proposes to eliminate all funding for the Livestock Forage Disaster Program.

Rationale: Eliminate program funding to remove duplication with protection provided by federal crop insurance and to fund other Administration priorities.

Goal: Target funding to programs that are a higher priority.

Eliminate Livestock Forage Program (Dollars in millions)

|                  | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------|------|------|------|------|------|
| Budget Authority | 0    | -416 | -421 | -434 | -444 |
| Outlays          | 0    | -416 | -421 | -434 | -444 |

**COMMODITY CREDIT CORPORATION**

Classification by Objects  
(Dollars in Thousands)

|  | 2016       | 2017       | 2018       | 2019       |
|--|------------|------------|------------|------------|
|  | Actual     | Actual     | Estimate   | Estimate   |
| Direct Obligations:                      |            |            |            |            |
| 22 Transportation of things              | \$36,000   | \$81,000   | \$40,000   | \$40,000   |
| 33 Investments and loans                 | 6,980,000  | 7,210,000  | 8,063,000  | 7,724,000  |
| 41 Grants, subsidies, and contributions  | 28,036,000 | 10,975,000 | 8,781,000  | 11,809,000 |
| Subtotal Direct Obligations              | 35,052,000 | 18,266,000 | 16,884,000 | 19,573,000 |
| Reimbursable Obligations                 |            |            |            |            |
| 25.2 Other services from Federal sources | 36,000     | 0          | 556,000    | 600,000    |
| Subtotal, Reimbursable Obligations       | 36,000     | 0          | 556,000    | 600,000    |
| 99.9 Total, new obligations              | 35,088,000 | 18,266,000 | 17,440,000 | 20,173,000 |

**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).

Commodity Credit Corporation  
Reimbursement for Net Realized Losses

|  |                       |
|--|-----------------------|
| Budget Estimate, 2019.....                 | \$15,410,529,955      |
| 2018 Annualized Continuing Resolution..... | <u>14,284,846,781</u> |
| Change from 2018 Appropriation.....        | 1,125,683,174         |

**RECONCILIATION TO BUDGET AUTHORITY**

The following table reconciles budget authority with appropriations:

(Dollars in thousands)

|                                       | FY 2016     | FY 2017      | FY 2018      | FY2019       |
|---------------------------------------|-------------|--------------|--------------|--------------|
| Appropriation (for realized losses)   | \$6,871,131 | \$21,290,712 | \$14,284,847 | \$15,410,530 |
| Portion applied to CCC debt reduction | -2,727,184  | -17,190,000  | -11,250,000  | -8,639,000   |
| Transferred to Other Accounts         | -4,143,947  | -4,076,155   | -4,160,600   | -4,374,600   |
| Adjusted Appropriation                | 0           | 0            | 0            | 0            |
| Adjustments:                          | 0           | 0            | 0            | 0            |
| Authority to borrow (Net)             | 27,921,000  | 7,062,000    | 8,450,000    | 11,349,000   |
| CCC Export Loans Program Account      | 6,748       | 8,537        | 8,479        | 6,717        |
| Budget Authority (net)                | 27,927,748  | 7,070,537    | 8,458,479    | 11,355,717   |

The following tables reflect actual and estimated losses by commodity and program for fiscal years 2016 through 2019:

FY 2016 - ACTUALS (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        | -\$521.8 | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | -\$521.8                              |
| Domestic Donations               | 0.0      | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 0.0                                   |
| Export Donations                 | 102.8    | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 102.8                                 |
| Storage and Handling             | 8.8      | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 8.8                                   |
| Transportation                   | 19.9     | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 19.9                                  |
| Loan Deficiency Payments         | 213.1    | -\$0.3                  | \$73.8             | -\$0.4 | \$139.0       | \$0.3    | 0.0            | 0.7                                   |
| ACRE Payments                    | 6,531.9  | 1,463.9                 | 450.5              | 260.0  | 1,904.5       | 613.5    | 0.0            | 1,839.5                               |
| Upland Cotton Transition Payment | -6,752.5 | -1,513.2                | -465.7             | -268.7 | -1,968.7      | -634.2   | 0.0            | -1,902.0                              |
| Dairy Margin Protection Program  | 10,567.6 | 3,817.1                 | 369.0              | 0.2    | 0.0           | 330.1    | 0.0            | 6,051.2                               |
| Dairy Producer Paid Premiums     | 2,652.5  | 0.0                     | 0.0                | 401.9  | 0.0           | 0.0      | 0.0            | 2,250.6                               |
| Conservation Reserve Program     | 10.5     | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | \$10.5         | 0.0                                   |
| Other Conservation Program b/    | -19.7    | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | -19.7          | 0.0                                   |
| Foreign Market Development Coop  | 1,821.1  | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 1,821.1                               |
| Quality Samples Program          | 4.7      | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 4.7                                   |
| Noninsured Assistance Program    | 34.3     | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 34.3                                  |
| Market Access Program            | 0.8      | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 0.8                                   |
| Marketing Loan Write-offs        | 137.4    | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 137.4                                 |
| Transfers to Other USDA Agencies | 200.0    | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 200.0                                 |
| Disaster Programs                | -241.2   | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | -241.2                                |
| Other c/                         | 4,143.9  | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 4,143.9                               |
| Total Program Costs:             | 529.1    | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 529.1                                 |
| Non-Program Costs:               | -204.7   | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | -204.7                                |
| Interest (net):                  | 2,022.1  | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 2,022.1                               |
| Support and Related Costs        | 21,260.6 | 3,767.5                 | 427.6              | 393.0  | 74.8          | 309.7    | -9.2           | 16,297.2                              |
| Export Credit Sales              |          |                         |                    |        |               |          |                |                                       |
| Loss in Interest Income          | -24.7    |                         |                    |        |               |          |                |                                       |
| Operating Expenses               | 54.8     |                         |                    |        |               |          |                |                                       |
| Total Non-Program Costs          | 30.1     |                         |                    |        |               |          |                |                                       |
| Total Net Realized Losses        | 21,290.7 |                         |                    |        |               |          |                |                                       |

a/ Other commodities and programs include soybean products, blended food products, vegetable oil products, pulse crops, peanuts and minor oilseeds.

b/ Other conservation program includes the Emergency Forestry Conservation Reserve Program.

c/ Other costs include upland cotton economic adjustment assistance payments, ocean transportation for export donations, and all other miscellaneous expense

FY 2017 - ACTUALS (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        | -560.7   | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | -560.7                                |
| Domestic Donations               | 0.0      | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 0.0                                   |
| Export Donations                 | 503.4    | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 503.4                                 |
| Storage and Handling             | -0.7     | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | -0.7                                  |
| Transportation                   | 28.0     | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 28.0                                  |
| Loan Deficiency Payments         | 52.3     | 0.0                     | 52.2               | 0.0    | 0.1           | 0.0      | 0.0            | 0.0                                   |
| Loans Made                       | 7,385.0  | 1,712.3                 | 229.3              | 302.4  | 2,476.5       | 529.5    | 0.0            | 2,135.0                               |
| Loans Repaid b/                  | -7,304.6 | -1,631.2                | -353.4             | -318.6 | -2,521.0      | -512.9   | 0.0            | -1,967.5                              |
| ARC Payments                     | 5,992.3  | 4,200.3                 | 669.2              | 1.0    | 0.0           | 1,108.0  | 0.0            | 13.8                                  |
| PLC Payments                     | 1,952.6  | 267.9                   | 508.3              | 556.9  | 0.0           | 0.0      | 0.0            | 619.5                                 |
| Dairy Margin Protection Program  | 0.4      | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.4            | 0.0                                   |
| Dairy Premiums                   | -4.4     | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | -4.4           | 0.0                                   |
| Conservation Reserve Program     | 1,881.8  | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 1,881.8                               |
| Other Conservation Program c/    | 4.6      | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 4.6                                   |
| Foreign Market Development Coop  | 32.8     | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 32.8                                  |
| Quality Samples Program          | 1.1      | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 1.1                                   |
| Noninsured Assistance Program    | 157.2    | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 157.2                                 |
| Market Access Program            | 200.3    | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 200.3                                 |
| Marketing Loan Write-offs        | -144.3   | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | -144.3                                |
| Transfers to Other USDA Agencies | 4,076.2  | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 4,076.2                               |
| Disaster Programs                | 400.9    | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 400.9                                 |
| Tobacco Assessments              | 0.0      | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 0.0                                   |
| Other d/                         | -444.2   | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | -444.2                                |
| Total Program Costs:             | 14,210.0 | 4,549.3                 | 1,105.6            | 541.7  | -44.4         | 1,124.6  | -4.0           | 6,937.2                               |
| Non-Program Costs:               |          |                         |                    |        |               |          |                |                                       |
| Interest (net):                  | 80.9     |                         |                    |        |               |          |                |                                       |
| Operating Expenses               | -5.9     |                         |                    |        |               |          |                |                                       |
| Total Non-Program Costs          | 75.0     |                         |                    |        |               |          |                |                                       |
| Total Net Realized Losses        | 14,285.0 |                         |                    |        |               |          |                |                                       |

a/ Other commodities and programs include ELS cotton, tobacco, honey, sugar, soybean products, blended food products, vegetable oil products, pulse crops, peanuts and minor oilseeds

b/ Figures do not reflect SOY outstanding loans

c/ Other conservation program includes the Emergency Forestry Conservation Reserve Program.

d/ Other costs include upland cotton economic adjustment assistance payments, ocean transportation for export donations, and all other miscellaneous expense and revenue.

FY 2018 - ESTIMATE (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                 | 146.1    | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 0.0            | 146.1                                 |
| Storage and Handling             | 97.5     | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 0.0            | 97.5                                  |
| Transportation                   | 40.0     | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 0.0            | 40.0                                  |
| Loan Deficiency Payments         | 6.6      | 5.5                     | 0.0                | 0.0     | 1.1           | 0.0      | 0.0            | 0.0                                   |
| Loans Made                       | 8,622.8  | 1,859.6                 | 220.5              | 304.6   | 3,221.8       | 662.5    | 0.0            | 2,353.8                               |
| Loans Repaid                     | -8,419.4 | -1,880.2                | -201.8             | -274.1  | 3,114.2       | -668.7   | 0.0            | -2,280.5                              |
| ARC Payments                     | 3,933.9  | 2,863.7                 | 843.5              | 27.8    | 0.0           | 196.7    | 0.0            | 2.3                                   |
| PLC Payments                     | 3621.8   | 567.3                   | 1,423.9            | 1,000.5 | 0.0           | 0.0      | 0.0            | 630.1                                 |
| Dairy Margin Protection Program  | 31.0     | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 31.0           | 0.0                                   |
| Dairy Premiums                   | -7.4     | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 0.0            | -7.4                                  |
| Conservation Reserve Program     | 2,127.8  | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 0.0            | 2,127.8                               |
| Other Conservation Program b/    | 2.3      | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 0.0            | 2.3                                   |
| Foreign Market Development Coop  | 34.5     | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 0.0            | 34.5                                  |
| Quality Samples Program          | 2.5      | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 0.0            | 2.5                                   |
| Noninsured Assistance Program    | 150.1    | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 0.0            | 150.1                                 |
| Market Access Program            | 200.0    | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 0.0            | 200.0                                 |
| 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 | 4,160.6  | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 0.0            | 4,160.6                               |
| Disaster Programs                | 463.7    | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 0.0            | 463.7                                 |
| Tobacco Assessments              | 0.0      | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 0.0            | 0.0                                   |
| Other c/                         | 131.6    | 0.0                     | 0.0                | 0.0     | 0.0           | 0.0      | 0.0            | 131.6                                 |
| Total Program Costs:             | 15,346.0 | 3,415.9                 | 2,286.1            | 1058.8  | 108.7         | 190.5    | 31.0           | 8,255.0                               |
| Non-Program Costs:               |          |                         |                    |         |               |          |                |                                       |
| Interest (net):                  | 39.5     |                         |                    |         |               |          |                |                                       |
| Operating Expenses               | 25.0     |                         |                    |         |               |          |                |                                       |
| Total Non-Program Costs          | 64.5     |                         |                    |         |               |          |                |                                       |
| Total Net Realized Losses        | 15,410.5 |                         |                    |         |               |          |                |                                       |

a/ Other commodities and programs include soybean products, blended food products, vegetable oil products, pulse crops, peanuts and minor oilseeds.

b/ Other conservation program includes the Emergency Forestry Conservation Reserve Program.

c/ Other costs include upland cotton economic adjustment assistance payments, ocean transportation for export donations, and all other miscellaneous expense.

FY 2019 - ESTIMATE (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                 | 147.5    | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 147.5                                 |
| Storage and Handling             | 94.2     | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 94.2                                  |
| Transportation                   | 40.0     | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 40.0                                  |
| Loan Deficiency Payments         | 22.5     | 1.5                     | 0.0                | 0.0    | 21.0          | 0.0      | 0.0            | 0.0                                   |
| Loans Made                       | 8,330.5  | 1,882.0                 | 220.5              | 336.7  | 2,817.3       | 655.0    | 0.0            | 2,419.0                               |
| Loans Repaid                     | -8,223.9 | -1,869.0                | -220.5             | -337.5 | -2,785.2      | -655.3   | 0.0            | -2,356.4                              |
| ARC Payments                     | 2,568.7  | 1,620.7                 | 751.5              | 16.0   | 0.0           | 150.9    | 0.0            | 29.6                                  |
| PLC Payments                     | 2,396.0  | 624.3                   | 756.2              | 343.1  | 0.0           | 8.8      | 0.0            | 663.6                                 |
| Dairy Margin Protection Program  | 57.3     | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 57.3           | 0.0                                   |
| Dairy Premiums                   | -7.5     | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | -7.5                                  |
| Conservation Reserve Program     | 2,219.8  | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 2,219.8                               |
| Other Conservation Program b/    | 2.1      | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 2.1                                   |
| Foreign Market Development Coop  | 0.0      | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 0.0                                   |
| Quality Samples Program          | 2.5      | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 2.5                                   |
| Noninsured Assistance Program    | 150.1    | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 150.1                                 |
| Market Access Program            | 200.0    | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 200.0                                 |
| 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 | 4,375.6  | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 4,375.6                               |
| Disaster Programs                | 487.0    | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 487.0                                 |
| Tobacco Assessments              | 0.0      | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 0.0                                   |
| Other c/                         | 112.6    | 0.0                     | 0.0                | 0.0    | 0.0           | 0.0      | 0.0            | 112.6                                 |
| Total Program Costs:             | 12,974.9 | 2,259.5                 | 1,507.7            | 358.3  | 53.1          | 159.4    | 57.3           | 8,579.5                               |
| Non-Program Costs:               |          |                         |                    |        |               |          |                |                                       |
| Interest (net):                  | 14.6     |                         |                    |        |               |          |                |                                       |
| Operating Expenses               | 25.0     |                         |                    |        |               |          |                |                                       |
| Total Non-Program Costs          | 39.6     |                         |                    |        |               |          |                |                                       |
| Total Net Realized Losses        | 13,014.5 |                         |                    |        |               |          |                |                                       |

a/ Other commodities and programs include soybean products, blended food products, vegetable oil products, pulse crops, peanuts and minor oilseeds.

b/ Other conservation program includes the Emergency Forestry Conservation Reserve Program.

c/ Other costs include upland cotton economic adjustment assistance payments, ocean transportation for export donations, and all other miscellaneous expense

2019 EXPLNATORY NOTES - COMMODITY CREDIT CORPORATON  
Farm and Sugar Storage Facility Loans  
Lead-Off Tabular Statement

|  |                    |
|--|--------------------|
| Budget Estimate, 2019.....                 | \$308,500,000      |
| 2018 Annualized Continuing Resolution..... | <u>308,500,000</u> |
| Change in Appropriation.....               | <u><u>0</u></u>    |

2019 EXPLANATORY NOTES - COMMODITY CREDIT CORPORATION  
 Farm and Sugar Storage Facility Loans  
Project Statement  
 Adjusted Appropriations Detail  
 (Dollars in thousands)

| Program                                | <u>2016 Actual</u><br>Amount | <u>2017 Actual</u><br>Amount | <u>2018 Estimate</u><br>Amount | <u>Inc. or Dec.</u><br>Amount | 2019 President's<br><u>Budget</u><br>Amount |
|--|------------------------------|------------------------------|--------------------------------|-------------------------------|---|
| Mandatory Appropriations:              |                              |                              |                                |                               |   |
| Program Level                          |                              |                              |                                |                               |   |
| FSFL.....                              | \$300,000                    | \$300,000                    | \$300,000                      | -                             | \$300,000                                   |
| SSFL.....                              | 8,500                        | 8,500                        | 8,500                          | -                             | 8,500                                       |
| Subtotal Program Level.....            | <u>308,500</u>               | <u>308,500</u>               | <u>308,500</u>                 | -                             | <u>308,500</u>                              |
| Total Program Level Available.....     | 308,500                      | 308,500                      | 308,500                        | -                             | 308,500                                     |
| Lapsing Balances.....                  | -149,395                     | -93,529                      | -                              | -                             | -   |
| Total Obligations (Program Level)..... | <u><u>159,105</u></u>        | <u><u>214,971</u></u>        | <u><u>308,500</u></u>          | -                             | <u><u>308,500</u></u>                       |

Project Statement  
 Obligations Detail  
 (Dollars in thousands)

| Program                                 | <u>2016 Actual</u><br>Amount | <u>2017 Actual</u><br>Amount | <u>2017 Estimate</u><br>Amount | <u>Inc. or Dec.</u><br>Amount | 2019 President's<br><u>Budget</u><br>Amount |
|---|------------------------------|------------------------------|--------------------------------|-------------------------------|---|
| Mandatory Appropriations:               |                              |                              |                                |                               |   |
| Program Level                           |                              |                              |                                |                               |   |
| FSFL.....                               | \$159,105                    | \$214,971                    | \$300,000                      | -                             | \$300,000                                   |
| SSFL.....                               | -                            | -                            | 8,500                          | -                             | 8,500                                       |
| Subtotal Program Level Obligations..... | <u>159,105</u>               | <u>214,971</u>               | <u>308,500</u>                 | -                             | <u>308,500</u>                              |
| Total Obligations.....                  | <u>159,105</u>               | <u>214,971</u>               | <u>308,500</u>                 | -                             | <u>308,500</u>                              |
| Lapsing Balances.....                   | 149,395                      | 93,529                       | -                              | -                             | -   |
| Total Program Level .....               | <u><u>308,500</u></u>        | <u><u>308,500</u></u>        | <u><u>308,500</u></u>          | -                             | <u><u>308,500</u></u>                       |

Justification of Increases and Decreases

(1) There is no change in funding requested from FY 2018 to FY 2019.

The base funding is sufficient to meet the demand in FY 2019. Funds will be used to build or upgrade farm storage and handling facilities.

2019 EXPLANATORY NOTES - COMMODITY CREDIT CORPORATION  
Farm and Sugar Storage Facility Loans  
Geographic Breakdown of Loan Obligations and Staff Years  
(Dollars in thousands)

| State/Territory       | 2016 Actual | 2017 Actual | 2018 Estimate | 2019 President's |
|-----------------------|-------------|-------------|---------------|------------------|
|                       | Amount      | Amount      | Amount        | Budget<br>Amount |
| Alabama.....          | \$623       | \$312       | \$712         | \$712            |
| Alaska.....           | 33          | -           | -             | -                |
| Arizona.....          | -           | 391         | -             | -                |
| Arkansas.....         | 1,407       | 605         | 833           | 833              |
| California.....       | 101         | 150         | 37            | 37               |
| Colorado.....         | 955         | 1,702       | 886           | 886              |
| Connecticut.....      | 157         | 154         | 132           | 132              |
| Delaware.....         | 1,001       | -           | 1,336         | 1,336            |
| Florida.....          | 315         | 325         | 44            | 44               |
| Georgia.....          | 365         | 247         | 544           | 544              |
| Idaho.....            | 1,871       | 3,279       | 1,788         | 1,788            |
| Illinois.....         | 14,195      | 19,006      | 56,260        | 56,260           |
| Indiana.....          | 4,060       | 4,274       | 11,988        | 11,988           |
| Iowa.....             | 32,196      | 42,038      | 71,275        | 71,275           |
| Kansas.....           | 4,033       | 9,376       | 4,278         | 4,278            |
| Kentucky.....         | 4,484       | 3,399       | 3,688         | 3,688            |
| Louisiana.....        | 261         | 34          | -             | -                |
| Maine.....            | 2,223       | 2,415       | 793           | 793              |
| Maryland.....         | 243         | 671         | 553           | 553              |
| Michigan.....         | 1,529       | 3,228       | 2,811         | 2,811            |
| Minnesota.....        | 22,503      | 34,368      | 42,188        | 42,188           |
| Mississippi.....      | 1,417       | 229         | 1,773         | 1,773            |
| Missouri.....         | 10,329      | 9,240       | 8,829         | 8,829            |
| Montana.....          | 2,201       | 3,807       | 2,507         | 2,507            |
| Nebraska.....         | 15,379      | 15,126      | 17,150        | 17,150           |
| New Hampshire.....    | 54          | 239         | -             | -                |
| New Jersey.....       | 163         | 152         | 159           | 159              |
| New York.....         | 2,291       | 2,047       | 1,386         | 1,386            |
| North Carolina.....   | 1,311       | 1,720       | 778           | 778              |
| North Dakota.....     | 4,807       | 15,784      | 5,982         | 5,982            |
| Ohio.....             | 4,257       | 5,229       | 3,894         | 3,894            |
| Oklahoma.....         | 330         | 939         | 598           | 598              |
| Oregon.....           | 986         | 912         | 165           | 165              |
| Pennsylvania.....     | 1,318       | 3,560       | 1,689         | 1,689            |
| South Carolina.....   | 51          | 404         | 234           | 234              |
| South Dakota.....     | 13,921      | 15,974      | 54,488        | 54,488           |
| Tennessee.....        | 575         | 483         | 1,330         | 1,330            |
| Texas.....            | 188         | 2,461       | -             | -                |
| Utah.....             | 224         | 63          | 70            | 70               |
| Vermont.....          | 61          | 181         | 639           | 639              |
| Virginia.....         | 2,600       | 1,656       | 2,301         | 2,301            |
| Washington.....       | 161         | 217         | -             | -                |
| West Virginia.....    | 103         | 861         | 214           | 214              |
| Wisconsin.....        | 3,744       | 7,372       | 3,818         | 3,818            |
| Wyoming.....          | 79          | 341         | 350           | 350              |
| Undistributed.....    | -           | -           | -             | -                |
| Obligations.....      | 159,105     | 214,971     | 308,500       | 308,500          |
| Lapsing Balances..... | 149,395     | 93,529      | -             | -                |
| Total, Available..... | 308,500     | 308,500     | 308,500       | 308,500          |

2019 EXPLANATORY NOTES - COMMODITY CREDIT CORPORATON  
 Farm and Sugar Storage Facility Loans  
Classification by Objects  
 (Dollars in thousands)

|                |                             | 2016           | 2017           | 2018            | 2019                          |
|----------------|-----------------------------|----------------|----------------|-----------------|-------------------------------|
|                |                             | <u>Actual</u>  | <u>Actual</u>  | <u>Estimate</u> | <u>President's<br/>Budget</u> |
| Other Objects: |                             |                |                |                 |                               |
| 33.0           | Loans.....                  | \$159,105      | \$214,971      | \$308,500       | \$308,500                     |
| 99.9           | Total, new obligations..... | <u>159,105</u> | <u>214,971</u> | <u>308,500</u>  | <u>308,500</u>                |

**COMMODITY CREDIT CORPORATION**

**Status of Program**

Current Activities:

**Commodity Loans Made and Outstanding  
(Dollars in Billions)**

|                   | 2007   | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  |
|-------------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Loans Made        | \$11.3 | \$9.5 | \$8.3 | \$7.2 | \$7.1 | \$5.7 | \$5.7 | \$3.8 | \$5.7 | \$6.5 | \$7.4 |
| Loans Outstanding | \$0.7  | \$0.6 | \$0.4 | \$0.7 | \$0.3 | \$0.4 | \$0.3 | \$0.2 | \$0.4 | \$0.2 | \$0.2 |

**FY 2017 Commodity Loans  
(Dollars in Thousands)**

| <b>Commodity</b> | <b>Loans Outstanding SOY</b> | <b>Loans Made</b> | <b>Loan Repaid</b> | <b>Loans Outstanding EOY</b> |
|------------------|------------------------------|-------------------|--------------------|------------------------------|
| Cotton           | -\$12,800                    | \$2,588,235       | \$2,633,973        | -\$58,539                    |
| Feed Grains      | 67,048                       | 1,705,943         | 1,625,377          | 147,613                      |
| Other Oilseeds   | 2,092                        | 26,399            | 27,063             | 1,428                        |
| Peanuts          | 11,958                       | 809,738           | 797,293            | 24,404                       |
| Rice             | 22,693                       | 302,359           | 318,582            | 6,471                        |
| Soybeans         | 9,275                        | 529,523           | 512,900            | 25,898                       |
| Sugar            | -34,166                      | 1,175,081         | 1,014,289          | 126,625                      |
| Wheat            | 101,353                      | 229,326           | 353,390            | -22,710                      |
| Other a/         | -10,955                      | 18,432            | 21,686             | -14,209                      |
| <b>Total</b>     | <b>156,498</b>               | <b>7,385,035</b>  | <b>7,304,553</b>   | <b>236,981</b>               |

a/ Other includes sorghum, lentils, peas, wool, chickpeas, and honey.

**FY 2017 ARC-PLC Payments  
(Dollars in Thousands)**

| <b>Commodity</b>       | <b>ARC</b>       | <b>PLC</b>       | <b>Total</b>     |
|------------------------|------------------|------------------|------------------|
| Barley                 | \$8,705          | 0                | \$8,705          |
| Corn                   | 4,118,291        | 54,171           | 4,172,462        |
| Oats                   | 17,090           | 7,077            | 24,167           |
| Peanuts                | 399              | 532,045          | 532,444          |
| Rice                   | 1,025            | 556,934          | 557,959          |
| Sorghum                | 56,171           | 206,676          | 262,847          |
| Soybeans               | 1,108,030        | 0                | 1,108,030        |
| Canola                 | 696              | 77,125           | 77,820           |
| Wheat                  | 669,158          | 508,314          | 1,177,471        |
| Sunflower Seed Oil     | 5,215            | 5,330            | 10,545           |
| Sunflower Seed Non-Oil | 0                | 0                | 0                |
| Large Chickpeas        | 2,197            | 0                | 2,197            |
| Small Chickpeas        | 139              | 0                | 139              |
| Dry Edible Peas        | 2,411            | 0                | 2,411            |
| Sesame Seed            | 4                | 0                | 4                |
| Rapeseed               | 2                | 0                | 2                |
| Safflower Seed         | 128              | 0                | 128              |
| Flaxseed               | 1,008            | 4,979            | 5,987            |
| Lentils                | 1,498            | 0                | 1,498            |
| Mustard Seed           | 138              | 0                | 138              |
| <b>Total</b>           | <b>5,992,305</b> | <b>1,952,650</b> | <b>7,944,955</b> |

**FY 2017 Counter-Cyclical, Direct and ACRE Payments  
(Dollars in Thousands)**

| <b>Commodity</b> | <b>Counter-Cyclical</b> | <b>Direct</b> | <b>ACRE</b> |
|------------------|-------------------------|---------------|-------------|
| Barley           | 0                       | \$79          | \$33        |
| Corn             | 0                       | 1,994         | 102         |
| Oats             | 0                       | 3             | 2           |
| Peanuts          | \$26                    | 55            | 0           |
| Rice             | 0                       | 172           | 0           |
| Sorghum          | 0                       | 233           | 1           |
| Soybeans         | 0                       | 445           | 6           |
| Upland Cotton    | 12                      | 637           | 8           |
| Wheat            | 0                       | 690           | 101         |
| Other Oilseeds   | 0                       | 2             | 0           |
| Lentils          | 0                       | 0             | 0           |
| Small Chickpeas  | 0                       | 0             | 0           |
| Dry Edible Peas  | 0                       | 0             | 0           |
| <b>Total</b>     | <b>38</b>               | <b>4,310</b>  | <b>253</b>  |

Other Payments Made Directly to Producers. The following table includes loan deficiency payments, cotton ginning cost share, and cotton transition assistance, but excludes ARC, PLC, direct, acre and counter-cyclical payments.

**Other Payments to Producers  
(Dollars in Millions)**

| <b>Commodity</b>       | <b>2012</b>    | <b>2013</b>    | <b>2014</b>  | <b>2015</b>  | <b>2016</b>  | <b>2017</b> |
|------------------------|----------------|----------------|--------------|--------------|--------------|-------------|
| Cotton                 | \$60.2         | \$59.8         | \$50.0       | \$706.6      | \$485.5      | \$1.7       |
| Dairy                  | 403.2          | 275.2          | 5.7          | 2.2          | 10.6         | 0.0         |
| Feed Grains            | -0.2           | 0.0            | 0.4          | -0.1         | 0.0          | 0.0         |
| Rice                   | 0.0            | 0.0            | 0.3          | 0.0          | 0.0          | 0.0         |
| Soybeans               | 0.0            | 0.0            | 0.0          | 0.0          | 0.0          | 0.0         |
| Wheat                  | -0.4           | -0.4           | 0.8          | 0.0          | 73.8         | 52.2        |
| Wool, Mohair and Pelts | 0.1            | -0.2           | 0.0          | 0.0          | 0.0          | 0.0         |
| Other                  | 0.0            | 0.0            | 0.3          | 0.3          | 0.0          | 0.0         |
| Tobacco                | 953.4          | 951.7          | 917.7        | 35.0         | -0.7         | 0.0         |
| <b>Total Payments</b>  | <b>1,416.3</b> | <b>1,286.1</b> | <b>975.2</b> | <b>744.0</b> | <b>569.2</b> | <b>53.9</b> |

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 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 \$67.7 million, which is comprised entirely of cash purchases in FY 2017.

Noninsured Crop Disaster Assistance Program (NAP). NAP payments in 2017 totaled \$157.2 million, with offsetting fees collected of \$21.8 million. Of the payments, \$0.1 million was for crop year 2012, \$0.4 million was for crop year 2013, \$3.0 million was for crop year 2014, \$8.9 million was for crop year 2015, \$131.3 million was for crop year 2016, and \$13.4 million was for crop year 2017.

Disaster Assistance. The following four disaster programs are authorized by the Agricultural Act of 2014: Livestock Forage Disaster Program (LFP), Livestock Indemnity Program (LIP), Tree Assistance Program (TAP) and Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP). Payments to producers are authorized for FY 2012 and each succeeding fiscal year.

**FY 2017 Disaster Assistance  
(Dollars in Thousands)**

| <b>Disaster Programs</b>  | <b>FY 2017 Outlays</b> |
|---|------------------------|
| Livestock Forage Disaster Program (LFP)   | \$350,709              |
| Livestock Indemnity Program (LIP)   | 25,066                 |
| Tree Assistance Program (TAP)   | 6,912                  |
| Emergency Assistance for Livestock,<br>Honeybees and Farm-Raised Fish Program<br>(ELAP) | 18,223                 |
| <b>Total</b>  | <b>400,910</b>         |

**Farm Bill-Authorized CCC Transfers, FY 2017  
(Dollars in Thousands)**

| <b>Agencies Receiving Transfers</b>                | <b>FY 2017 Amount</b> |
|--|-----------------------|
| Animal and Plant Health Inspection Service (APHIS) | \$62,500              |
| Rural Business-Cooperative Service (RBCS)          | 68,000                |
| USDA Office of the Secretary (OSEC)                | 13,000                |
| USDA Office of the Chief Economist (OCE)           | 1,000                 |
| Natural Resources Conservation Service (NRCS)      | 3,613,305             |
| Agricultural Marketing Service (AMS)               | 104,750               |
| National Institute of Food and Agriculture (NIFA)  | 143,000               |
| Wool Apparel Manufacturers Trust Fund              | 30,000                |
| Food and Nutrition Service (FNS)                   | 20,600                |
| Risk Management Agency (RMA)                       | 4,000                 |
| Pima Cotton Trust Fund                             | 16,000                |
| <b>Total</b>                                       | <b>4,076,155</b>      |

Prompt Payment Act Interest Payments. Total interest paid on late payments during 2017 was \$224,736 compared to \$310,790 in 2016. 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 2017, loan obligations totaled \$215 million.

Sugar Storage Facility Loans. No loans were made in 2017.

**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 2017, 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 1987. There has been no amount outstanding under this program since September 30, 2010, and principal repayments from inception totaled \$9,649.2 million.

CCC Export Credit Guarantees. During 2017, the following loan commitments were made under the CCC Export Credit Guarantee Programs.

| <b>Activity</b>                | <b>FY 2017 Loan Commitments<br/>(Dollar in Thousands)</b> |
|--------------------------------|---|
| GSM-102, Short-term Guarantees | \$1,581,962   |
| Facility Guarantee Program     | 0   |
| <b>Total</b>                   | <b>1,581,962</b>  |

Guarantee fees (premium) charged under the export credit guarantee programs are risk-based and are calculated to offset program costs and expected losses and to comply with relevant international agreements related to official export financing programs.

U.S. Agricultural Technical Expertise Provided to Emerging Markets. The Food, Agriculture, Conservation and Trade Act of 1990 extended by the Agriculture Act of 2014 , (Public Law 113–79) as amended, authorizes for each fiscal year through 2018, a program for promoting agricultural exports to emerging markets through the sharing of U.S. agricultural technical expertise. Actual expenditures during 2017 totaled \$5.7 million, which included expenditures for prior year obligations.

Bill Emerson Humanitarian Trust. The Agricultural Act of 2014 extends the authorization to replenish the Bill Emerson Humanitarian Trust (BEHT) through 2018. 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 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.

### **STORAGE ACTIVITIES**

The objectives of the Corporation in carrying out its storage program are to establish guidelines to protect the interests of commodity owners, monitor USDA approved and licensed warehouse programs to maintain adequate storage facilities and to make efficient use of commercial facilities in the storage of CCC-owned commodities.

Commercial Storage. The Corporation has contracts with about 2,100 commercial warehouse operators in over 6,300 locations in the United States for the storage of Government-owned and loan grain and rice, cotton, peanuts, sugar and processed commodities.

The capacities of the warehouses with CCC storage agreements in 2017 were as follows: 9.2 billion bushels of grain and rice; 19.6 million bales of cotton; 3.7 million short tons of peanuts; 14.0 billion pounds of sugar, and 46.2 million pounds of processed (dry – primarily nonfat dry milk). In accordance with the Grain Standards and Warehouse Improvement Act of 2000, user fees are charged for warehouse examination services of all warehouses licensed under the United States Warehouse Act (USWA). Grain, rice, and cotton warehouses not licensed under the USWA may be assessed storage agreement fees; the collection of these fees is currently suspended.

Activities under the Warehouse Act have been administered through FSA. These Warehouse Act functions are transferred to AMS through departmental re-organization in FY 2018. Details are in the FSA explanatory notes.

### **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 increased in 2017 from 2016. CCC's acquisition cost value on September 30, 2017, was \$34.9 million, as compared to \$24.4 million in 2016.

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 2017 was \$0.503 billion, and sales proceeds were \$0.396 billion.

**Commodity Inventories Owned by CCC**  
**End of Year, Fiscal Years 1997-2017**  
**(Dollars in Thousands)**

|      | <b>Cotton</b> | <b>Dairy</b> | <b>Feed Grains</b> | <b>Soybeans</b> | <b>Wheat</b> | <b>Other</b> | <b>Total</b> |
|------|---------------|--------------|--------------------|-----------------|--------------|--------------|--------------|
| 2017 | 0             | 0            | \$2,886            | 0               | \$50         | \$31,917     | \$34,853     |
| 2016 | 0             | 0            | 1,019              | 0               | 0            | 23,428       | 24,447       |
| 2015 | 0             | 0            | 0                  | 0               | 0            | 56,028       | 56,028       |
| 2014 | 0             | 0            | 0                  | 0               | 0            | 40,120       | 40,120       |
| 2013 | \$11          | 0            | 849                | 0               | 1,039        | 69,223       | 71,122       |
| 2012 | 0             | 0            | 0                  | 0               | 0            | 13,784       | 13,784       |
| 2011 | 0             | 0            | 4,725              | 0               | 0            | 48,046       | 52,771       |
| 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      |

The following table shows the value of commodities disposed of during 2017:

**(Dollar in Thousands)**

| <b>Type of Disposition</b>     | <b>Cost Value</b> | <b>Proceeds</b> |
|--------------------------------|-------------------|-----------------|
| Domestic Sales for Dollars     | 0                 | 0               |
| P.L. 480 (Export) Title II*    | \$396,387         | \$396,387       |
| Export Donations               | 107,029           | 0               |
| Subtotal Domestic Dispositions | 0                 | 0               |
| Subtotal Export Dispositions   | 503,416           | 396,387         |
| <b>Total Dispositions</b>      | <b>503,416</b>    | <b>396,387</b>  |

\*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 non-storables.

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 2017

| <b>Program</b>                                  | <b>Authorized Acres or Funding Level</b> | <b>(Dollars in Thousands)</b> |                         |
|---|--|-------------------------------|-------------------------|
|   |  | <b>CCC Net Outlays</b>        | <b>Transfer to NRCS</b> |
| Conservation Reserve Program                    | 24.0 million acres (rolling maximum)     | \$1,868,269                   | 0                       |
| Emergency Forestry Conservation Reserve Program | \$23.934 million                         | 4,644                         | 0                       |
| Wetlands Reserve Program                        | 2.275 million acres (rolling maximum)    | 0                             | 0                       |

| Program  | Authorized Acres<br>or Funding Level    | Dollars in Thousands |                     |
|--|---|----------------------|---------------------|
|  |   | CCC Net<br>Outlays   | Transfer to<br>NRCS |
| Voluntary Public Access & Habitat Incentives   | \$50 million                            | 0                    | 0                   |
| Environmental Quality Incentives Program   | \$1.400 billion                         | 0                    | \$1,202,850         |
| Farmland Protection Program  | \$200 million                           | 0                    | 0                   |
| Agricultural Management Assistance Program   | \$10 million                            | 1,245                | 3,678               |
| Wildlife Habitat Incentives Program  | \$73 million                            | 0                    | 0                   |
| Conservation Security Program (terminated after<br>September 30, 2008 will become the Conservation<br>Stewardship Program) | 0                                       | 0                    | 3,865               |
| Grassland Reserve Program  | 1.220 million acres                     | 0                    | 0                   |
| Chesapeake Bay Watershed Program   | \$43 million                            | 0                    | 0                   |
| Conservation Stewardship Program   | \$1,063 million                         | 0                    | 983,292             |
| Agricultural Water Enhancement Program   | \$73 million                            | 0                    | 0                   |
| Healthy Forests Reserve Program  | \$9.75 million                          | 0                    | 0                   |
| Small Watershed Rehabilitation Program   | \$262 million                           | 0                    | 0                   |
| Agricultural Conservation Easement Program   | \$400 million                           | 0                    | 396,000             |
| Regional Conservation Partnership Program  | \$100 million                           | 0                    | 60,658              |
| Wetlands Migration Banking Program   | \$10 million                            | 0                    | 0                   |
| Technical Assistance   | \$981 million                           | 0                    | 962,962             |
| Conservation Reserve Program Technical Assistance  | 24.0 million acres<br>(rolling maximum) | 13,576               | 0                   |
| <b>Total</b>   |   | <b>\$1,887,734</b>   | <b>\$3,613,305</b>  |

(Authorized funding levels are based on the 2014 Farm Bill, P.L. 113-79, enacted February 7, 2014.)

## FINANCING

**Borrowing Authority.** CCC operations are financed through borrowing from the U.S. Treasury. The 1988 Appropriations Act, P.L. 100-202, increased the statutory borrowing authority to \$30 billion. As of September 30, 2017, \$8.2 billion of this authority was in use.

**Reimbursement for Net Realized Losses.** During 2017, the Corporation received \$21,291 million for reimbursement of 2016 losses. As of September 30, 2017, net realized losses totaled \$14,285 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 1995. The Section 11 cap was increased in 2001 from \$36.2 million to \$56.1 million. Obligations in 2017 were \$47.8 million.

Summary of CCC Activities for 2015 through 2017  
(millions of dollars)

| Item  | 2015 Actual    | 2016 Actual    | 2017 Actual     |
|---|----------------|----------------|-----------------|
| <b>Loan Activity:</b>                       |                |                |                 |
| Loans Outstanding, Beginning of Year        | \$209.1        | \$377.0        | \$156.5         |
| Loans Made                                  | 5,721.3        | 6,531.9        | 7,385.0         |
| Loans Repaid - Cash                         | -5,238.0       | -6,375.2       | -7,248.1        |
| Loans Repaid – Certificates                 | 0.0            | -219.5         | -56.5           |
| Marketing Loans Repaid                      | 187.1          | 200.7          | 0.0             |
| Collateral Acquired                         | -54.8          | -147.4         | -10.5           |
| Write-offs                                  | -54.2          | -219.5         | 0.0             |
| Transfers to Accounts Receivable            | -6.0           | 8.5            | 10.6            |
| Loans Outstanding, End of Year              | 390.3          | 156.5          | 237.0           |
| <b>Inventory Activity:</b>                  |                |                |                 |
| Inventory, Beginning of Year                | 40.1           | 54.6           | 24.4            |
| Commodity Purchases                         | 463.0          | 626.4          | 502.5           |
| Certificates from Loan Redemption           | 0.0            | 0.0            | 0.0             |
| Collateral Acquired                         | 54.8           | 1,591.1        | 67.0            |
| Loan Collateral Settlements                 | 0.0            | 0.0            | 0.0             |
| Processing, Packaging, etc.                 | 0.0            | 0.0            | 0.0             |
| Storage and Handling                        | 6.9            | 6.9            | -0.7            |
| Transportation                              | 0.0            | 0.8            | 0.6             |
| Other Transfers (net)                       | -9.8           | -200.1         | -55.5           |
| Commodity Cost of Sales                     | 395.7          | 1,417.7        | 0.0             |
| Domestic Donations                          | 0.0            | 10.1           | 0.0             |
| Export Donations                            | 102.8          | 627.5          | 503.4           |
| Inventory, End of Year                      | 56.0           | 24.4           | 34.9            |
| <b>Direct Cash Payments:</b>                |                |                |                 |
| Agricultural Risk Coverage                  | 0.0            | 4,532.0        | 5,992.3         |
| Price Loss Coverage                         | 0.0            | 781.0          | 1,952.7         |
| Production Flexibility Payments a/          | 0.0            | 0.0            | 0.0             |
| Direct Payments                             | 23.6           | 11.3           | 4.6             |
| Counter-Cyclical Payments                   | 0.1            | 0.0            | 0.0             |
| Loan Deficiency Payments                    | 173.5          | 213.1          | 52.3            |
| Milk Income Loss Payments                   | 1.8            | 0.0            | 0.0             |
| Noninsured Assistance Payments a/           | 124.6          | 137.4          | 157.2           |
| Conservation Reserve Payments               | 1,736.1        | 1,821.1        | 1,881.8         |
| Other Conservation Payments                 | 5.2            | 4.7            | 4.6             |
| Other Payments                              | 568.2          | 1,494.0        | 303.9           |
| <b>Total</b>                                | <b>2,633.1</b> | <b>8,994.6</b> | <b>10,349.4</b> |
| <b>Disaster Programs:</b>                   |                |                |                 |
| Livestock Forage Disaster Program           | 2,251.3        | 451.5          | 350.7           |
| Livestock Indemnity Program                 | 52.0           | 41.3           | 25.1            |
| Tree Assistance Program                     | 11.1           | 12.6           | 6.9             |
| Emergency Assistance for Livestock,         | 48.6           | 23.7           | 18.2            |
| <b>Other Payments:</b>                      |                |                |                 |
| Margin Protection Program for Dairy         | 0.4            | 10.5           | 0.4             |
| <b>Commodity Export Activities:</b>         |                |                |                 |
| <b>CCC Export Credit Guarantee Programs</b> |                |                |                 |
| (Program Level)                             | -1,811.0       | -2,150.0       | 1,582.0         |
| (Net Outlays)                               | 45.4           | 19.0           | 19.0            |
| <b>Market Access Program</b>                |                |                |                 |
| (Program Level)                             | -185.4         | -185.4         | -185.4          |
| (Net Outlays)                               | 191.6          | 200.0          | 200.3           |
| <b>Other:</b>                               |                |                |                 |
| Realized Loss                               | 6,871.1        | 21,290.7       | 14,284.8        |
| Investment in Agricultural Commodities      | 446.3          | 626.4          | 502.5           |

a/ Reflects refunds of overpayments or accounting adjustments