

**2020 USDA EXPLANATORY NOTES – COMMODITY CREDIT CORPORATION**

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***AGENCY WIDE***

**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 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 2018. CCC is authorized to use its borrowing authority, not to exceed \$5 million, for site investigations, ongoing operations and maintenance and remediation expenses.

### **BIAPARTISAN BUDGET ACT OF 2018**

The Bipartisan Budget Act of 2018 (BBA), Public Law 115-123, provides assistance to producers impacted by hurricanes and wildfires in 2017 and made changes to the CCC commodity and disaster programs.

The BBA provided \$2.36 billion, available until December 31, 2019, for disaster assistance for necessary expenses related to crop, tree, bush, and vine losses related to the consequences of Hurricanes Harvey, Irma, Maria, and other hurricanes and wildfires occurring in calendar year 2017. USDA is administering this assistance through the 2017 Wildfires and Hurricanes Indemnity Program (2017 WHIP), which provides payments to eligible producers who suffered eligible crop, tree, bush, and vine losses resulting from hurricanes and wildfires that occurred in the 2017 calendar year.

In addition, the BBA made changes to the Supplemental Agricultural Disaster Assistance Programs, including:

Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP) – The BBA removed the annual funding limitation of \$20 million per program year and clarified which losses are eligible for assistance.

Livestock Indemnity Program (LIP) – The BBA removed the payment limit for LIP and added provisions to provide benefits for the sale of animals at a reduced price if the sale occurred due to injury that was a direct result of an eligible adverse weather event or due to an attack by an animal reintroduced into the wild.

**Livestock Forage Disaster Program (LFP)** – The BBA clarified LFP provisions related to contract growers and grazing animals. This program maintains a \$125,000 payment limitation.

**Tree Assistance Program (TAP)** – The BBA removed the payment limitation for TAP and increased the number of acres for which a producer can receive payment from 500 to 1,000 acres per year. In addition, the BBA expanded coverage under TAP by providing \$15 million for 2017 pecan tree losses for growers who suffered a pecan stand mortality loss that exceeds 7.5 percent (rather than a mortality loss that exceeds 15 percent) due to an eligible natural disaster.

Also, the BBA revised the eligibility requirements, enrollment procedures, and payment calculations for the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs to add seed cotton as a covered commodity and remove generic base acres. The BBA also amended provisions to include seed cotton yields, allocation of generic base acres, election of ARC-County Option (ARC-CO) or PLC for seed cotton base acres, and enrollment for 2018.

## **AGRICULTURAL IMPROVEMENT ACT OF 2018**

### **(2018 Farm Bill)**

The Agriculture Improvement Act of 2018 (2018 farm bill), Public Law 115-334, was signed by the President on December 20, 2018. The 2018 farm bill repealed certain programs and continued other programs with modifications.

## **PROGRAMS OF THE CORPORATION**

### **COMMODITY PROGRAMS**

**Income support, marketing assistance loans, and related stabilization programs** – The Corporation conducts programs to support farm income and stabilize the market for agricultural commodities.

**Price Loss Coverage (PLC)** – Payments are issued when the effective price of a covered commodity is less than the respective effective reference price for that commodity established in the statute. (Covered commodities include corn, soybeans, wheat, rice, seed cotton, peanuts, other feed grains, pulses, and other oilseeds. For the full list, see the: 2013/14-2018/19 Market Year Average (MYA) Prices table at [https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/arc-plc/pdf/2018\\_my\\_a.pdf](https://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/arc-plc/pdf/2018_my_a.pdf).) The payment is equal to 85 percent of the base acres of the covered commodity multiplied by the difference between the effective reference price and the effective price. This amount is multiplied by the program payment yield for the covered commodity to determine the payment. While PLC retains the core characteristics of the 2014 farm bill, the 2018 farm bill authorizes a nationwide one-time PLC yield update that will be in effect for 2020-2023 crops. In addition, the PLC reference price now has an escalator option, not to exceed 115 percent of the statutory reference price (the effective reference price), and producers can re-visit their election decision.

**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 2018 farm bill retains the core characteristics of the 2014 farm bill. The ARC county guarantee continues to equal 86 percent of the previous five-year average national farm price, excluding the years with the highest and lowest price (the ARC guarantee price), multiplied by the five-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). The 2018 farm bill makes two significant changes: when determining yield data sources, crop insurance yields are to be given priority over National Agricultural Statistics Service (NASS) yields, and county yields will be adjusted for trend (capped at the trend-adjusted yield factor used to increase yield history under the Federal crop insurance program).

**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 five-year average individual yield, excluding the years with the highest and lowest yields, and summing across all crops on the farm. The actual revenue is computed in a similar fashion, with both the guarantee and actual revenue computed using planted acreage on the farm. The individual ARC payment equals: (a) 65 percent of the sum of the base acres of all covered commodities on the farm, times (b) the difference between the individual guarantee revenue and the actual individual crop revenue across all covered commodities planted on the farm. Payments may not exceed 10 percent of the individual benchmark revenue.

**County Agriculture Risk Coverage (ARC)/Price Loss Coverage (PLC) Election:** Under the 2014 farm bill, a one-time decision regarding participation in County ARC or PLC was made for 2014-18 crops. Now, a new program election by crop and Farm Service Agency (FSA) farm will be made for 2019 crops, and that decision will also apply to 2020 crops for each FSA farm. Starting with the 2021 crop, the choice between County ARC and PLC can be made for each FSA farm in each year through 2023 crops. Failure of all producers of a FSA farm to make a unanimous election for the 2019 crop means no program payments for that FSA farm for the 2019 crop, and all the farm's producers are defaulted for the 2020-2023 crops to the same coverage as for 2015-2018 crops. Alternatively, if Individual ARC is selected, then every covered commodity on the FSA farm must participate in Individual ARC.

Under the 2018 farm bill, no ARC or PLC payments will be made for the 2019-23 crop years if all base acres on the farm for the 2009-17 crop years were entirely planted to grass or pasture, including idle or fallow land.

**Marketing Assistance Loans (MAL) and Sugar Loans:** MALs are available to producers of crops including wheat, feed grains, oilseeds, upland cotton, peanuts, rice, and pulse crops and provide short-term financing for 2019-23 crops. Loans are also available for sugar, honey, wool, and extra-long staple cotton. With limited exceptions, marketing assistance loans 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. The 2018 farm bill increased marketing assistance loan rates for most eligible commodities. Availability of loans for some commodities may be affected by appropriations language.

Direct purchases may be made from processors as well as producers, depending on the commodity.

**Adjusted Gross Income (AGI)** – As in the 2014 farm bill, producers whose average total AGI exceeds \$900,000 as applicable to a crop, fiscal, or program year are not eligible to receive payments for most programs administered by FSA and the Natural Resources Conservation Service (NRCS) under the 2018 farm bill. "Actively engaged" provisions are retained, although first cousins, nieces, and nephews are now eligible family members.

**Payment Limitations** – The 2018 farm bill retains several provisions of the 2014 farm bill. The total amount of payments received, directly and indirectly, by a person or legal entity (except joint ventures or general partnerships) for PLC and ARC may not exceed \$125,000 per program year. In addition, as under the 2014 farm bill, a person or legal entity that receives PLC and ARC payments for peanuts has a separate \$125,000 payment limitation. Marketing loan gains and loan deficiency payments were removed from the \$125,000 payment limit in the 2018 farm bill.

The 2018 farm bill also changes payment limits for the Noninsured Crop Disaster Assistance Program (NAP) with a payment limit of \$125,000 now applies to catastrophic coverage payments and \$300,000 payment limit applies to additional coverage. In addition, the payment limit for the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP) is eliminated. The Bipartisan Budget Act of 2018 had previously eliminated payment limits for the Livestock Indemnity Program (LIP) and the Tree Assistance Program (TAP).

## TRADE MITIGATION PROGRAMS

On July 24, 2018, The U.S. Secretary of Agriculture Sonny Perdue announced that USDA would authorize up to

\$12 billion in short-term trade mitigation relief. This action was taken to assist farmers suffering from damage due to unjustified trade retaliation while the Administration works on free, fair and reciprocal trade deals to open more markets to help American farms compete globally.

The CCC Charter Act (15 U.S.C 714c) Section 5 authorizes CCC to assist in the disposition of surplus commodities and to increase the domestic consumption of agricultural commodities by expanding or aiding in the expansion of domestic markets or by developing or aiding in the development of new and additional markets, marketing facilities, and uses for such commodities.

The **Market Facilitation Program (MFP)** provides direct payments to producers of soybeans, corn, sorghum, wheat, cotton, dairy and hogs. The payments help producers who have been negatively impacted by foreign governments imposing tariffs on U.S. agricultural products and disrupting marketing of agricultural commodities beyond the control of producers. The payments are to aid producers in the disposition of surplus commodities and aid in the expansion of domestic markets or in the development of new and additional markets for specific crops or commodities negatively impacted by the actions of foreign governments.

The MFP has two categories – crop and livestock. The program has a single combined \$125,000 payment limitation for any producer for the five crops and a separate combined \$125,000 payment limitation for any producer for hogs and milk. MFP program payments do not count against any payment limits established under the 2014 or 2018 farm bills.

The **Food Purchase and Distribution Program** is administered by the Agricultural Marketing Service (AMS) to purchase unexpected surplus of affected commodities such as fruits, nuts, rice, legumes, beef, pork and milk for distribution to food banks and other nutrition programs.

The **Agricultural Trade Promotion Program** is administered by the Foreign Agricultural Service (FAS) in conjunction with the private sector to assist in developing new export markets for farm products.

#### DAIRY PROGRAMS

**Dairy Margin Coverage** – The 2018 farm bill changes the name of the Margin Protection Program for Dairy (MPP-Dairy) to the Dairy Margin Coverage program and retains much of the 2014 farm bill structure (although with some major changes). These changes include: lowering participant premiums, adding additional levels of coverage (up to \$9.50 per hundredweight for the first 5 million pounds of production), allowing a 75 percent credit (for continuing participants) or a 50 percent credit (for those taking cash) based on the difference between premiums and program payments accruing to the dairy operation during 2014 to 2017, and allowing producers to make a separate election for covered production over five million pounds. Also, the 2018 farm bill repealed the Dairy Product Donation Program and replaced it with a new fluid milk donation program that encourages dairy organizations to donate milk through food banks and similar organizations.

**Dairy Indemnity Payment Program (DIPP)** – DIPP 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

**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. Although BCAP was funded at \$25 million per fiscal year in the 2014 farm bill, appropriations acts capped the program at \$23 million in 2015 and at \$3 million in 2016 and 2017. The 2018 appropriations act prevented FSA from using staff and other resources to administer BCAP in 2018. The 2018 farm bill provides an authorization to spend up to \$25 million annually through 2023 but changes the funding source from CCC mandatory funds to discretionary funds subject to annual appropriation. It also adds algae as an eligible material.

**Feedstock Flexibility Program (FFP)** – The 2018 farm bill extended FFP through 2023. 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.” 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 ended this program in 2018.

The following table shows actual and estimated CCC payments made directly to producers for 2017 to 2020, in accordance with the provisions of the 2014 and 2018 farm bills.

**COMMODITY CREDIT CORPORATION**  
**Payment Programs, Fiscal Years 2017 – 2020**  
(Dollars in Thousands)

	2017 Actual	2018 Actual	2019 Estimate	2020 Estimate
<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	\$4,118,291	\$2,832,978	\$445,213	\$167,500
Grain Sorghum	56,171	56,718	40,607	23,033
Barley	8,705	5,818	20,453	200
Oats	17,090	21,581	14,537	100
<b>Total Feed Grains</b>	<b>4,200,257</b>	<b>2,917,095</b>	<b>520,810</b>	<b>190,833</b>
Wheat	669,158	673,114	393,495	1,000
Seed Cotton	0	0	0	1,130
Rice	1,025	20,242	11,242	9,502
Peanuts	399	481	166	0
Lentils	1,498	302	2,285	0
Large Chickpeas	2,197	260	347	0
Small Chickpeas	139	65	196	0
Dry Edible Peas	2,411	2,527	4,042	0
<b>Oilseed Payments:</b>				
Soybeans	1,108,030	207,591	242,438	92,400
Sunflower Seed Oil	5,215	6,218	5,320	0
Flaxseed	1,008	1,475	1,630	0
Canola	696	473	479	0
<b>Oilseed Payments Continued:</b>				
Rapeseed	2	14	24	0
Sesame Seed	4	6	2	0
Mustard Seed	138	123	154	0
Safflower Seed	128	291	669	0
Crambe	0	0	38	0
<b>Total Oilseeds</b>	<b>1,115,221</b>	<b>216,191</b>	<b>250,754</b>	<b>92,400</b>
<b>Total ARC Payments</b>	<b>5,992,305</b>	<b>3,830,277</b>	<b>1,183,337</b>	<b>294,865</b>
<b>PLC Payments:</b>				
Corn	54,171	209,815	246,374	212,271
Grain Sorghum	206,676	345,415	244,013	199,873
Barley	0	0	89,096	56,842
Oats	7,077	8,663	0	0
<b>Total Feed Grains</b>	<b>267,924</b>	<b>563,893</b>	<b>579,483</b>	<b>468,986</b>
Wheat	508,314	1,284,552	715,489	322,384
Seed Cotton	0	0	0	312,802
Rice	556,934	808,241	538,488	601,462

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>
Peanuts	532,045	535,449	341,336	0
<b>Oilseed Payments:</b>				
Soybeans	0	0	0	9,100
Sunflower Seed Oil	5,330	23,809	31,667	0
Flaxseed	4,979	6,412	4,094	0
Canola	77,124	59,720	49,035	0
Rapeseed	0	0	707	0
Crambe	0	0	2	0
<b>Total Oilseeds</b>	<b>87,433</b>	<b>89,941</b>	<b>85,505</b>	<b>9,100</b>
<b>Total PLC Payments</b>	<b>1,952,650</b>	<b>3,282,076</b>	<b>2,260,301</b>	<b>1,714,734</b>
<b>Direct Payments<sup>1</sup>:</b>				
Corn	1,994	0	0	0
Grain Sorghum	233	0	0	0
Barley	79	0	0	0
Oats	3	0	0	0
<b>Total Feed Grains</b>	<b>2,309</b>	<b>0</b>	<b>0</b>	<b>0</b>
Wheat	690	0	0	0
Upland Cotton	637	0	0	0
Rice	172	0	0	0
Peanuts	55	0	0	0
Soybeans	445	0	0	0
Other Oilseeds	2	0	0	0
<b>Total Direct Payments</b>	<b>4,310</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ACRE Payments<sup>1</sup>:</b>				
Corn	102	0	0	0
Grain Sorghum	1	0	0	0
Barley	33	0	0	0
Oats	2	0	0	0
<b>Total Feed Grains</b>	<b>138</b>	<b>0</b>	<b>0</b>	<b>0</b>
Wheat	101	0	0	0
Upland Cotton	8	0	0	0
Soybeans	6	0	0	0
<b>Total ACRE Payments</b>	<b>253</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Counter-Cyclical Payments<sup>1</sup>:</b>				
Upland Cotton	12	0	0	0
Peanuts	26	0	0	0
<b>Total Counter-Cyclical Payments</b>	<b>38</b>	<b>0</b>	<b>0</b>	<b>0</b>

<sup>1</sup> Commodity level data unavailable due to system limitations.

	2017 Actual	2018 Actual	2019 Estimate	2020 Estimate
<b>Trade Mitigation Assistance:</b>				
Corn	0	30	211,185	0
Grain Sorghum	0	195	344,930	0
Wheat	0	5,859	262,210	0
Cotton	0	18	609,120	0
Dairy	0	15,429	280,250	0
Soybeans	0	1,606	7,984,550	0
Other Commodities	0	14,958	2,269,660	0
<b>Total Trade Mitigation Assistance</b>		<b>38,095</b>	<b>11,961,905</b>	<b>0</b>
<b>Market Loss Assistance Payments<sup>1</sup>:</b>				
Unidentified Commodity	37	0	0	0
<b>Total Market Loss Assistance and MILC Payments</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Deficiency Payments:</b>				
Corn	0	0	300	6,000
Grain Sorghum	0	0	42	302
<b>Total Feed Grains</b>	<b>0</b>	<b>0</b>	<b>342</b>	<b>6,302</b>
Wheat	52,201	71	32,794	43,386
Upland Cotton	50	1	0	0
Soybeans	0	0	315	15,779
<b>Total Loan Deficiency Payments</b>	<b>52,251</b>	<b>72</b>	<b>33,451</b>	<b>65,467</b>
<b>Total Noninsured Assistance Program</b>	<b>157,157</b>	<b>183,464</b>	<b>161,195</b>	<b>161,195</b>
<b>Crop Disaster Program:</b>				
Tree Assistance Program	6,912	11,267	30,877	26,782
Livestock Forage Disaster Program	350,709	487,455	801,418	679,699
Emergency Livestock Assistance	18,223	47,064	37,205	32,219
Livestock Indemnity Program	25,066	36,615	29,779	28,300
<b>Total Disaster Payments</b>	<b>400,910</b>	<b>582,401</b>	<b>899,279</b>	<b>767,000</b>
<b>Other Programs:</b>				
Upland Cotton Econ Adjustment Asst.	42,137	44,487	50,000	50,000
Cotton Ginning Cost Share	722	215,832	0	0
Tobacco Payments	60	35	0	0
Dairy Margin Protection Program/DMC	357	230,306	1,073,575	818,049
<b>Total Other Payments</b>	<b>43,276</b>	<b>490,660</b>	<b>1,123,575</b>	<b>868,049</b>
<b>Payments, Grand Total</b>	<b>8,603,187</b>	<b>8,407,045</b>	<b>17,623,043</b>	<b>3,871,310</b>

### CONSERVATION PROGRAMS

Title II of the 2018 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 several 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, CRP is a voluntary program that assists 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.

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 continuous, but competitive.

The 2018 farm bill extended and modified authorization for CRP through 2023. The acreage cap is increased from 24 million acres to 27 million acres by 2023 and includes 8.6 million acres for continuous practices and 2 million acres for grasslands. Two new pilot programs are created: the Clean Lakes, Estuaries, and Rivers initiative (CLEAR 30, which has 30-year contracts) and a Soil Health and Income Protection Program. FSA is expected to target at least 40 percent of continuous CRP acres to the practices considered as Clean Lakes, Estuaries, and Rivers (CLEAR). A proportional, historic State acreage allocation was included for a portion of the acres available for enrollment. The 2018 farm bill authorizes up to \$12 million in incentive payments for tree thinning and related activities and provides additional haying and grazing flexibilities.

**The Transition Incentive Program (TIP)** – The 2018 farm bill extended TIP through 2023. It authorizes up to \$50 million to encourage the transition of expiring CRP land to a beginning, socially disadvantaged, or veteran farmer or rancher so land can be returned to sustainable grazing or crop production. The transitioning landowner no longer need be a retiring producer. The 2018 farm bill also reauthorizes transition for land that will be prepared for organic production or enrolled in NRCS's Conservation Stewardship Program (CSP) or the Environmental Quality Incentives Program (EQIP).

#### CONSERVATION RESERVE PROGRAM

Net Expenditures  
(Dollars in Thousands)

Program Level	2017 Actual	2018 Actual	2019 Estimated	2020 Estimated
Financial Assistance	\$1,868,269	\$1,943,404	\$2,070,102	\$2,078,072
Technical Assistance	13,576	9,679	16,394	27,381
<b>Total, Program Level</b>	<b>1,881,845</b>	<b>1,953,083</b>	<b>2,086,496</b>	<b>2,105,453</b>

**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). These acres have not counted against the CRP maximum program authority for acreage enrollment. The final annual rental payments will be made in 2021.

**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. The 2018 actual outlays included \$5 million total in transfers.

## DISASTER PROGRAMS

**Noninsured Crop Disaster Assistance Program (NAP)** – NAP provides “catastrophic” and additional (“buy-up”) coverage for crops and in locations where Federal crop insurance is unavailable. The 2018 farm bill authorizes permanent funding for “buy-up” coverage, which has been the case for catastrophic coverage since 1994. Producers who elect buy-up select a by-crop coverage level 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 2018 farm bill increases the service fee. Service fees are waived for limited resource, beginning farmers and socially disadvantaged farmers; buy-up coverage premiums are reduced by 50 percent for those same farmers. In addition, a payment limit of \$125,000 now applies to catastrophic coverage payments and a \$300,000 payment limit applies to additional NAP coverage. NAP was first authorized the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994.

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

**Livestock Forage Disaster Program (LFP)** – LFP provides compensation to eligible livestock producers that have suffered grazing losses due to drought or fire on land that is native or improved pastureland with permanent vegetative cover or that is planted specifically for grazing. LFP payments for drought are equal to 60 percent of the monthly feed cost for up to five months, depending upon the severity of the drought. LFP payments for fire on federally managed rangeland are equal to 50 percent of the daily 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. There is no payment limit for LIP. The 2018 farm bill amends LIP to include coverage for: 1) death or sale loss resulting from diseases caused by, or transmitted by, a vector that cannot be controlled by vaccination or acceptable management practices; and 2) death of unweaned livestock due to adverse weather.

**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 adverse weather, or other conditions, such as blizzards and wildfires, not covered by LFP and LIP. The 2018 farm bill adds assistance for costs related to inspection for cattle tick fever (regardless of the finding).

**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. The 2018 farm bill also provides a higher cost share rate for veteran and beginning farmers.

## FOREIGN ASSISTANCE 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 2018 were \$1.978 billion, all for the GSM-102 program. Total program levels for 2019 and 2020 are estimated to be \$5.5 billion each year, including \$5.0 billion for GSM-102 and \$0.5 billion for facility guarantees.

The 2020 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.

**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 2018 farm bill continued the authority for the MAP program with annual funding of \$200 million for 2019–2023.

**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 2023. Technical Assistance for Specialty Crops is extended through 2023 with annual funding of \$9 million for each fiscal year.

**Priority Trade Fund** – The 2018 farm bill authorizes \$3.5 million per year from 2019-2023 for authorized activities to access, develop, maintain, and expand markets for United States agricultural commodities. The funding can be applied to MAP, FMD, Technical Assistance for Specialty Crops or Emerging Market programs. Allocation of Priority Trade funding will be informed by the extent to which program applications exceed available funds for one or more programs.

**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 2018 farm bill extended the authorization to replenish the BEHT through 2023.

**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 2018 farm bill extended FPP through 2023.

**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 2017 and 2018 and anticipated amounts for 2019 and 2020:

<b>CCC Transfers (Dollars in Thousands)</b>				
<b>Agencies Receiving Transfers:</b>	<b>2017 Actual</b>	<b>2018 Actual</b>	<b>2019 Estimated</b>	<b>2020 Estimated</b>
Agricultural Marketing Service	\$104,750	\$117,250	\$135,000	\$123,000
Animal and Plant Health Inspection Service	62,500	75,000	233,000	75,000
Office of Chief Economist	1,000	1,000	1,000	1,000
National Institute of Food and Agriculture	143,000	145,000	195,000	188,000
Departmental Administration	13,000	13,000	15,000	15,000
Food and Nutrition Service	20,600	20,600	20,600	20,600
Natural Resources Conservation Service	3,613,305	3,640,396	4,331,000	4,324,000
Risk Management Agency	4,000	4,000	4,000	4,000
Rural Development	68,000	111,003	126,000	101,000
Wool Apparel Manufacturers Trust Fund	30,000	30,000	30,000	30,000
Pima Cotton Trust Fund	16,000	16,000	16,000	16,000
APHIS Non-Farm Bill <sup>1</sup>	0	0	0	0
<b>Total</b>	<b>4,076,155</b>	<b>4,173,249</b>	<b>5,107,000</b>	<b>4,898,000</b>

<sup>1</sup> Includes transfers to Animal and Plant Health Inspection Service for emergency plant and animal disease eradication programs.

## CCC NET EXPENDITURES

CCC net expenditures for 2019 are estimated at \$20.9 billion, an increase of \$10 billion from 2018 net expenditures of \$10.9 billion. Baseline expenditures for 2020 are estimated at \$6.5 billion.

The following table shows CCC net expenditures by commodity and program for 2017 through 2020.

(Dollars in Thousands)

	2017 Actual	2018 Actual	2019 Estimate	2020 Estimate
<b>Feed Grains:</b>				
Corn	\$4,257,205	\$3,024,452	\$918,170	\$413,706
Grain Sorghum	263,648	402,158	629,701	223,258
Barley	7,266	3,312	112,336	57,402
Oats	23,642	30,400	15,623	114
<b>Total Feed Grains and Products</b>	<b>4,551,761</b>	<b>3,460,322</b>	<b>1,675,830</b>	<b>694,480</b>
Wheat and Products	1,106,400	1,957,374	1,488,248	374,695
Rice	541,908	828,494	570,351	609,060
Upland Cotton a/	20	290,395	724,302	363,052
ELS Cotton	-1,235	4,318	29,681	-51
Honey	-3,790	558	76	-21
Dairy and Products	0	15,429	280,250	0
Soybeans	1,125,104	224,705	8,216,129	151,348
Other Oilseeds	93,961	100,123	91,118	46
Sugar	0	0	0	0
Peanuts	544,970	675,559	286,750	3,531
Other Commodities	167,006	21,324	2,283,657	-1,107
<b>Total Commodities</b>	<b>8,126,105</b>	<b>7,578,601</b>	<b>15,646,392</b>	<b>2,195,033</b>
Market Access Program	200,287	194,651	200,000	200,000
Foreign Market Development Cooperator	32,792	29,657	35,000	35,000
Quality Samples Program	1,074	1,232	2,500	2,500
Livestock Forage	350,709	487,455	801,417	679,699
Livestock Indemnity	25,066	36,615	29,779	28,300
Emergency Livestock Assistance	18,223	47,064	37,205	32,219
Tree Assistance Program	6,912	11,267	30,877	26,782
Export Donations - Ocean Transportation	27,993	32,394	40,000	40,000
Noninsured Assistance Program	157,157	183,464	161,195	161,195
Bio-based Fuel Production	1,060	10,713	0	0
Conservation Reserve Program (CRP)	1,881,845	1,953,083	2,086,496	2,105,453
Emergency Forestry CRP	4,644	2,259	2,054	692
Biomass Crop Assistance	5,305	1,308	0	0
Technical Assistance for Specialty Crops	8,704	5,496	9,000	9,000
Interest	80,918	162,921	605,875	211,644
Change in Working Capital	-151,755	0	0	0
CCC Operating Expenses	-5,866	0	0	0
All Other	6,827	120,000	1,258,706	731,834
<b>Total Programs and Expenses</b>	<b>2,651,895</b>	<b>3,279,579</b>	<b>5,300,104</b>	<b>4,264,318</b>

	2017 Actual	2018 Actual	2019 Estimate	2020 Estimate
<b>Total Net Expenditures, CCC Baseline</b>	<b>10,778,000</b>	<b>10,858,180</b>	<b>20,946,496</b>	<b>6,459,351</b>

**AVAILABLE FUNDS***Table Available Funds (thousands of dollars)*

Item	2017 Actual	2018 Actual	2019 Estimate	2020 Estimate
Reimbursement for Net Realized Losses	\$21,290,712	\$14,284,847	\$10,888,368	\$25,553,096
CCC Export Loans Program Account (current, discretionary)	8,537	8,845	8,845	6,381
<b>Total Commodity Credit Corporation</b>	<b>21,299,249</b>	<b>14,293,692</b>	<b>10,897,213</b>	<b>25,559,477</b>

**CLASSIFICATION BY OBJECTS***Table Classification by Objects (thousands of dollars)*

	2017 Actual	2018 Actual	2019 Estimate	2020 Estimate
Direct Obligations:				
22 Transportation of things	\$81,000	0	0	0
33 Investments and loans	7,210,000	\$7,178,000	\$7,000,000	\$7,000,000
41 Grants, subsidies, and contributions	10,975,000	5,216,000	23,134,000	16,060,000
Subtotal Direct Obligations	18,266,000	12,394,000	30,134,000	23,060,000
Reimbursable Obligations:				
25.2 Other services from Federal sources	0	15,000	476,000	476,000
Subtotal, Reimbursable Obligations	0	15,000	476,000	476,000
99.9 Total, new obligations	18,266,000	12,409,000	30,610,000	23,536,000

**ACCOUNT 1: NET REALIZED LOSSES****APPROPRIATIONS LANGUAGE**

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).

**LEAD-OFF TABULAR STATEMENT**

## Commodity Credit Corporation

## Reimbursement for Net Realized Losses

2019 Annualized Continuing Resolution.....	\$10,888,367,703
Change from 2019 Annualized.....	<u>+14,664,728,297</u>
Budget Estimate, 2020.....	25,553,096,000

**RECONCILIATION TO BUDGET AUTHORITY**

The following table reconciles budget authority with appropriations:

(Dollars in thousands)

	2017	2018	2019	2020
Appropriation (for realized losses)	\$21,290,712	14,284,847	\$10,888,368	\$25,553,096
Portion applied to CCC debt reduction	-17,214,000	-10,111,598	-5,781,000	-20,655,000
Transferred to Other Accounts	-4,076,712	-4,173,249	-5,107,368	-4,898,096
Adjusted Appropriation	0	0	0	0
Adjustments:				
Authority to borrow (Net)	7,062,000	2,290,000	22,927,000	11,003,000
CCC Export Loans Program Account	8,537	8,845	8,845	6,381
Budget Authority (net)	7,070,537	2,298,845	22,935,845	11,009,381

The following tables reflect actual and estimated losses by commodity and program for 2017 through 2020: 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 <sup>1 2</sup>
Program Costs:								
Gain (-) or loss on sales	-\$560.7	0.0	0.0	0.0	0.0	0.0	0.0	-\$560.7
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 <sup>3</sup>	-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 <sup>4</sup>	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
Other <sup>5</sup>	-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							

<sup>1</sup> Other commodities and programs include ELS cotton, tobacco, honey, sugar, soybean products, blended food products, vegetable oil products, pulse crops, peanuts and minor oilseeds.

<sup>2</sup> Other costs include upland cotton economic adjustment assistance payments, ocean transportation for export donations, and all other miscellaneous expense and revenue.

<sup>3</sup> Figures do not reflect SOY outstanding loans.

<sup>4</sup> Other conservation program includes the Emergency Forestry Conservation Reserve Program.

## FY 2018 - ACTUALS (millions of dollars)

ITEM	TOTAL	Feed Grains and Product	Wheat and Products	Rice	Upland Cotton	Soybeans	Dairy Products	All Other Commodities and Programs <sup>1</sup>
Program Costs:								
Storage and Handling	\$12.5	0.0	0.0	0.0	0.0	0.0	0.0	\$12.5
Transportation	32.4	0.0	0.0	0.0	0.0	0.0	0.0	32.4
Loan Deficiency Payments	0.1	0.0	\$0.1	0.0	0.0	0.0	0.0	0.0
Loans Made	7,627.2	\$1,914.0	136.7	\$190.9	\$2,520.2	\$733.1	0.0	2,132.3
Loans Repaid	-7,459.5	-1,934.9	-142.9	-190.9	-2,490.2	-717.6	0.0	-1,983.0
ARC Payments	3,830.3	2,917.1	673.1	20.2	0.0	207.6	0.0	12.2
PLC Payments	3,282.1	563.9	1,284.6	808.2	0.0	0.0	0.0	625.4
Market Facilitation Program	38.1	0.0	0.0	0.0	0.0	0.0	0.0	38.1
Dairy Margin Protection Program	230.3	0.0	0.0	0.0	0.0	0.0	\$230.3	0.0
Dairy Premiums	-58.5	0.0	0.0	0.0	0.0	0.0	-58.5	0.0
Conservation Reserve Program	1,953.1	0.0	0.0	0.0	0.0	0.0	0.0	1,953.1
Other Conservation Program <sup>2</sup>	2.3	0.0	0.0	0.0	0.0	0.0	0.0	2.3
Foreign Market Development Coop	29.7	0.0	0.0	0.0	0.0	0.0	0.0	29.7
Quality Samples Program	1.2	0.0	0.0	0.0	0.0	0.0	0.0	1.2
Noninsured Assistance Program	183.5	0.0	0.0	0.0	0.0	0.0	0.0	183.5
Market Access Program	194.7	0.0	0.0	0.0	0.0	0.0	0.0	194.7
Transfers to Other USDA Agencies	4,173.2	0.0	0.0	0.0	0.0	0.0	0.0	4,173.2
Disaster Programs	582.4	0.0	0.0	0.0	0.0	0.0	0.0	582.4
Other <sup>3</sup>	-3,857.2	0.0	0.0	0.0	0.0	0.0	0.0	-3,857.2
Total Program Costs:	10,797.9	3,460.1	1,951.6	828.5	30.0	223.1	171.8	4,060.5
Non-Program Costs:								
Interest (net)	90.5							
Operating Expenses	0.0							
Total Non-Program Costs	90.5							
Total Net Realized Losses	10,888.4							

<sup>1</sup> Other commodities and programs include soybean products, blended food products, vegetable oil products, pulse crops, peanuts and minor oilseeds.

<sup>2</sup> Other conservation program includes the Emergency Forestry Conservation Reserve Program.

<sup>3</sup> Other costs include upland cotton economic adjustment assistance payments, ocean transportation for export donations, and all other miscellaneous expense.

## FY 2019 - ESTIMATES (millions of dollars)

ITEM	TOTAL	Feed Grains and Product	Wheat and Products	Rice	Upland Cotton	Soybeans	Dairy Products	All Other Commodities and Programs <sup>1</sup>
Program Costs:								
Storage and Handling	\$13.5	0.0	0.0	0.0	0.0	0.0	0.0	\$13.5
Transportation	40.0	0.0	0.0	0.0	0.0	0.0	0.0	40.0
Loan Deficiency Payments	33.5	\$0.3	\$32.8	0.0	0.0	\$0.3	0.0	0.0
Loans Made	8,035.9	1,809.3	255.2	\$320.8	\$2,843.9	771.1	0.0	2,035.6
Loans Repaid	-7,878.5	-1,790.2	-170.9	-300.2	-2,749.1	-782.2	0.0	-2,085.9
ARC Payments	1,183.3	520.8	393.5	11.2		242.4	0.0	15.4
PLC Payments	2,260.3	579.5	715.5	538.5	0.0	0.0	0.0	426.8
Market Facilitation Program	11,961.9	556.1	262.2	0.0	609.1	7,984.6	\$280.3	2,269.7
Dairy Margin Protection Program	1,073.6	0.0	0.0	0.0	0.0	0.0	1,073.6	0.0
Dairy Premiums	-87.4	0.0	0.0	0.0	0.0	0.0	-87.4	0.0
Conservation Reserve Program	2,086.5	0.0	0.0	0.0	0.0	0.0	0.0	2,086.5
Other Conservation Program <sup>2</sup>	2.1	0.0	0.0	0.0	0.0	0.0	0.0	2.1
Foreign Market Development Coop	35.0	0.0	0.0	0.0	0.0	0.0	0.0	35.0
Quality Samples Program	2.5	0.0	0.0	0.0	0.0	0.0	0.0	2.5
Noninsured Assistance Program	161.2	0.0	0.0	0.0	0.0	0.0	0.0	161.2
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	5,107	0.0	0.0	0.0	0.0	0.0	0.0	5,107
Disaster Programs	899.3	0.0	0.0	0.0	0.0	0.0	0.0	899.3
Tobacco Assessments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other <sup>3</sup>	471.7	0.0	0.0	0.0	0.0	0.0	0.0	471.7
Total Program Costs:	25,578.9	1,675.8	1,488.3	570.3	703.9	8,216.2	1,266.5	11,657.9
Non-Program Costs:								
Interest (net)	-25.9							
Operating Expenses	0.0							
Total Non-Program Costs	-25.9							
Total Net Realized Losses	25,553.1							

<sup>1</sup> Other commodities and programs include soybean products, blended food products, vegetable oil products, pulse crops, peanuts and minor oilseeds.

<sup>2</sup> Other conservation program includes the Emergency Forestry Conservation Reserve Program.

<sup>3</sup> Other costs include upland cotton economic adjustment assistance payments, ocean transportation for export donations, and all other miscellaneous expense

## FY 2020 - ESTIMATES (millions of dollars)

ITEM	TOTAL	Feed Grains and Product	Wheat and Products	Rice	Upland Cotton	Soybeans	Dairy Products	All Other Commodities and Programs <sup>1 16</sup>
Program Costs:								
Storage and Handling	\$13.9	0.0	0.0	0.0	0.0	0.0	0.0	\$13.9
Transportation	40.0	0.0	0.0	0.0	0.0	0.0	0.0	40.0
Loan Deficiency Payments	65.5	\$6.3	\$43.4	0.0	0.0	\$15.8	0.0	0.0
Loans Made	9,876.9	2,294.2	236.6	\$278.6	\$3,089.0	1,939.7	0.0	2,038.8
Loans Repaid <sup>2</sup>	-9,806.9	-2,265.9	-228.7	-280.5	-3,089.9	-1,905.6	0.0	-2,036.3
ARC Payments	294.9	190.8	1.0	9.5	1.1	92.4	0.0	0.0
PLC Payments	1,714.7	469.0	322.4	601.5	312.8	9.1	0.0	0.0
Market Facilitation Program	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dairy Margin Protection Program	818.0	0.0	0.0	0.0	0.0	0.0	\$818.0	0.0
Dairy Premiums	-87.8	0.0	0.0	0.0	0.0	0.0	-87.8	0.0
Conservation Reserve Program	2,105.5	0.0	0.0	0.0	0.0	0.0	0.0	2,105.5
Other Conservation Program <sup>3</sup>	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.7
Foreign Market Development Coop	35.0	0.0	0.0	0.0	0.0	0.0	0.0	35.0
Quality Samples Program	2.5	0.0	0.0	0.0	0.0	0.0	0.0	2.5
Noninsured Assistance Program	161.2	0.0	0.0	0.0	0.0	0.0	0.0	161.2
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	4,898.0	0.0	0.0	0.0	0.0	0.0	0.0	4,898.0
Disaster Programs	767.0	0.0	0.0	0.0	0.0	0.0	0.0	767.0
Tobacco Assessments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other <sup>4</sup>	294.4	0.0	0.0	0.0	0.0	0.0	0.0	294.4
Total Program Costs:	11,393.5	694.4	347.7	609.1	313.0	151.4	730.2	8,520.7
Non-Program Costs:								
Interest (net)	-39.1							
Operating Expenses	0.0							
Total Non-Program Costs	-39.1							
Total Net Realized Losses	11,354.0							

<sup>1</sup> Other commodities and programs include ELS cotton, tobacco, honey, sugar, soybean products, blended food products, vegetable oil products, pulse crops, peanuts and minor oilseeds.

<sup>2</sup> Figures do not reflect SOY outstanding loans.

<sup>3</sup> Other conservation program includes the Emergency Forestry Conservation Reserve Program.

<sup>4</sup> Other costs include upland cotton economic adjustment assistance payments, ocean transportation for export donations, and all other miscellaneous expense and revenue.

**PROPOSED LEGISLATION**

## Commodity Credit Corporation

## Program: Adjusted Gross Income Limitation

Proposal: The 2020 Budget proposes to make all commodity and conservation programs subject to an Adjusted Gross Income (AGI) limitation of \$500,000.

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

(Dollars in millions)

	2020	2021	2022	2023
Budget Authority	-63	-117	-132	-124
Outlays	-63	-117	-132	-124

## Program: Conservation Reserve Program (CRP)

Proposal: The 2020 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)

	2020	2021	2022	2023
Budget Authority	-58	-105	-110	-101
Outlays	-58	-105	-110	-101

## CRP – Lower Annual Rental Rate to 80 percent of NASS

(Dollars in millions)

	2020	2021	2022	2023
Budget Authority	0	-0	-29	-51
Outlays	0	-0	-29	-51

Program: Economic Adjustment Assistance for Upland Cotton Users (EAAP) Proposal: The 2020 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)

	2020	2021	2022	2023
Budget Authority	-50	-50	-50	-50
Outlays	-50	-50	-50	-50

Program: Payment Limitations and Actively Engaged

Proposal: The 2020 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)

	2020	2021	2022	2023
Budget Authority	-34	-22	-17	-13
Outlays	-34	-22	-17	-13

Eliminate Separate Payment Limits  
(Dollars in millions)

	2019	2020	2021	2022	2023
Budget Authority	-44	-50	-53	-53	-54
Outlays	-44	-50	-53	-53	-54

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

	2019	2020	2021	2022	2023
Budget Authority	-1	-1	-1	-1	-1
Outlays	-1	-1	-1	-1	-1

Limit Farms to One Manager  
(Dollars in millions)

	2019	2020	2021	2022	2023
Budget Authority	-70	-70	-70	-70	-70
Outlays	-70	-70	-70	-70	-70

Program: Livestock Forage Disaster Program (LFP)

Proposal: The 2020 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)

	2020	2021	2022	2023
Budget Authority	-680	-778	-769	-758
Outlays	-680	-778	-769	-758

Program: Food for Progress Proposal: The 2020 Budget proposes to eliminate the Food for Progress program.

Rationale: Eliminate program funding to prioritizes development assistance programs. In kind food aid is associated with high transportation and other costs and is inefficient compared to other types of development assistance.

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

Food for Progress

(Dollars in millions)

	2020	2021	2022	2023
Budget Authority	-166	-166	-166	-166
Outlays	-166	-166	-166	-166

**STATUS OF PROGRAMS**  
**Commodity Loans Made and Outstanding**  
**(Dollars in Billions)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Loans Made	\$9.5	\$8.3	\$7.2	\$7.1	\$5.7	\$5.7	\$3.8	\$5.7	\$6.5	\$7.4	\$7.6
Loans Outstanding	\$0.6	\$0.4	\$0.7	\$0.3	\$0.4	\$0.3	\$0.2	\$0.4	\$0.2	\$0.2	\$0.4

**FY 2018 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	-\$58,539	\$2,658,361	\$2,624,020	-\$24,198
Feed Grains	147,613	1,914,033	1,934,924	126,722
Other Oilseeds	1,428	21,359	19,775	3,012
Peanuts	24,404	1,000,754	861,125	164,033
Rice	6,471	190,946	190,935	6,482
Soybeans	25,898	733,083	717,575	41,406
Sugar	0	959,343	959,343	0
Wheat	-22,710	136,709	142,932	-28,933
Other <sup>1</sup>	112,416	12,624	8,858	116,182
<b>Total</b>	<b>236,981</b>	<b>7,627,212</b>	<b>7,459,487</b>	<b>404,706</b>

**FY 2018 ARC-PLC Payments**  
**(Dollars in Thousands)**

<i>Commodity</i>	<i>ARC</i>	<i>PLC</i>	<i>Total</i>
Barley	\$5,818	0	\$5,818
Corn	2,832,978	\$209,815	3,042,793
Oats	21,581	8,663	30,244
Peanuts	481	535,449	535,930
Rice	20,242	808,241	828,483
Sorghum	56,718	345,415	402,133
Soybeans	207,591	0	207,591
Canola	473	59,720	60,193
Wheat	673,114	1,284,552	1,957,666
Sunflower Seed Oil	6,218	23,809	30,027
Sunflower Seed Non-Oil	0	0	0
Large Chickpeas	260	0	260
Small Chickpeas	65	0	65

<sup>1</sup> Other includes lentils, peas, wool, chickpeas, and honey.

<i>Commodity</i>	<i>ARC</i>	<i>PLC</i>	<i>Total</i>
Dry Edible Peas	2,527	0	2,527
Sesame Seed	6	0	6
Rapeseed	14	0	14
Safflower Seed	291	0	291
Flaxseed	1,475	6,412	7,887
Lentils	302	0	302
Mustard Seed	123	0	123
<b>Total</b>	<b>3,830,277</b>	<b>3,282,076</b>	<b>7,112,353</b>

**FY 2018 Market Facilitation Program  
(Dollars in Thousands)**

<i>Commodity</i>	<i>MFP</i>
Wheat	\$5,859
Corn	30
Soybeans	1,606
Sorghum	195
Cotton	18
Dairy	15,429
Hogs	14,958
<b>Total</b>	<b>38,095</b>

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

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

<i>Commodity</i>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Cotton	\$59.8	\$50.0	\$706.6	\$485.5	\$1.7	\$215.9
Dairy	275.2	5.7	2.2	10.6	0.0	7.6
Feed Grains	0.0	0.4	-0.1	0.0	0.0	0.0
Rice	0.0	0.3	0.0	0.0	0.0	0.0
Soybeans	0.0	0.0	0.0	0.0	0.0	0.0
Wheat	-0.4	0.8	0.0	73.8	52.2	0.1
Wool, Mohair and Pelts	-0.2	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.3	0.3	0.0	0.0	0.0
Tobacco	951.7	917.7	35.0	-0.7	0.0	0.0
<b>Total Payments</b>	<b>1,286.1</b>	<b>975.2</b>	<b>744.0</b>	<b>569.2</b>	<b>53.9</b>	<b>223.6</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 \$65.9 million, which is comprised entirely of cash purchases in FY 2018.

**Noninsured Crop Disaster Assistance Program (NAP).** NAP payments in 2018 totaled \$183.5 million, with offsetting fees collected of \$19.2 million. Of the payments, \$1.0 million was for crop year 2012, \$0.4 million was for crop year 2013, \$0.8 million was for crop year 2014, \$1.4 million was for crop year 2015, \$4.0 million was for crop year 2016, \$155.4 million was for crop year 2017, and \$20.5 million was for crop year 2018.

**Disaster Assistance.** The following four disaster programs were permanently 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 2018 Disaster Assistance  
(Dollars in Thousands)**

<b>Disaster Programs</b>	<b>FY 2018 Outlays</b>
Livestock Forage Disaster Program (LFP)	\$487,455
Livestock Indemnity Program (LIP)	36,615
Tree Assistance Program (TAP)	11,267
Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP)	47,064
<b>Total</b>	<b>582,401</b>

**Farm Bill-Authorized CCC Transfers, FY 2018**

**(Dollars in Thousands)**

<b>Agencies Receiving Transfers</b>	<b>FY 2018 Amount</b>
Animal and Plant Health Inspection Service (APHIS)	\$75,000
Rural Business-Cooperative Service (RBCS)	111,003
USDA Office of the Secretary (OSEC)	13,000
USDA Office of the Chief Economist (OCE)	1,000
Natural Resources Conservation Service (NRCS)	3,640,396
Agricultural Marketing Service (AMS)	117,250
National Institute of Food and Agriculture (NIFA)	145,000
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>4,173,249</b>

Prompt Payment Act Interest Payments. Total interest paid on late payments during 2018 was \$232,270 compared to \$224,736 in 2017. 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 2018, loan obligations totaled \$246 million.

Sugar Storage Facility Loans. No loans were made in 2018.

## 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 2018, 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 2018, the following loan commitments were made under the CCC Export Credit Guarantee Programs.

Activity	FY 2018 Loan Commitments (Dollar in Thousands)
GSM-102, Short-term Guarantees	\$1,977,571
Facility Guarantee Program	0
<b>Total</b>	<b>1,977,571</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 2018 totaled \$8.5 million, which included expenditures for prior year obligations.

Bill Emerson Humanitarian Trust. The Agriculture 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 1,506 commercial warehouse operators in over 6,100 locations in the United States for the storage of Government-owned and loan grain and rice, cotton, peanuts, sugar and processed commodities.

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

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

## 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 2018 from 2017. CCC's acquisition cost value on September 30, 2018, was \$46.0 million, as compared to \$34.9 million in 2017.

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 2018 was \$0.517 billion, and sales proceeds were \$0.451 billion.

### Commodity Inventories Owned by CCC End of Year, Fiscal Years 1998-2018

(Dollars in Thousands)

	Cotton	Dairy	Feed Grains	Soybeans	Wheat	Other	Total
2018	0	0	\$3,419	0	\$14	\$42,615	\$46,048
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

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	<b>Cotton</b>	<b>Dairy</b>	<b>Feed Grains</b>	<b>Soybeans</b>	<b>Wheat</b>	<b>Other</b>	<b>Total</b>
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

The following table shows the value of commodities disposed of during 2018:

**(Dollar in Thousands)**

Type of Disposition	<b>Cost Value</b>	<b>Proceeds</b>
Domestic Sales for Dollars	0	0
P.L. 480 (Export) Title II <sup>1</sup>	451,170	451,170
Export Donations	65,864	0
Subtotal Domestic Dispositions	0	0
Subtotal Export Dispositions	517,034	451,170
Total Dispositions	517,034	451,170

\*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 2018

<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 million acres (rolling maximum)	\$1,943,404	0
Emergency Forestry Conservation Reserve Program	\$23.934	2,259	0
Wetlands Reserve Program	2.275 million acres (rolling maximum)	0	0

<sup>1</sup> Proceeds represent the value of commodities charged to P.L. 480 and recorded as sales.

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Voluntary Public Access & Habitat Incentives	\$50 million	0	0
Environmental Quality Incentives Program	\$1.44 billion	0	1,275,750
Farmland Protection Program	\$200 million	0	0
Agricultural Management Assistance Program	\$15 million	0	5,000
Wildlife Habitat Incentives Program	\$73 million	0	0
Conservation Security Program (terminated after September 30, 2008 will become the Conservation Stewardship Program)	0	0	0
Grassland Reserve Program	1.220 million acres	9,345	0
Chesapeake Bay Watershed Program	\$43 million	0	0
Conservation Stewardship Program	\$1,440,281	0	1,147,184
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	165,500
Regional Conservation Partnership Program	\$100 million	0	60,800
Wetlands Migration Banking Program	\$10 million	0	0
Technical Assistance	\$987 million	0	986,162
Conservation Reserve Program Technical Assistance	24.0 million acres (rolling maximum)	9,679	0
Total		1,964,687	3,640,396

(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, 2018, \$8.9 billion of this authority was in use.

Reimbursement for Net Realized Losses. During 2018, the Corporation received \$14,285 million for reimbursement of 2017 losses. As of September 30, 2018, net realized losses totaled \$10,888 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 2018 were \$47.3 million.

## 2020 USDA EXPLANATORY NOTES – COMMODITY CREDIT CORPORATION

	Item	2016 Actual	2017 Actual	2018 Actual
<b>Loan Activity:</b>				
	Loans Outstanding, Beginning of Year	\$377.0	\$156.5	\$237.0
	Loans Made	6,531.9	7,385.0	7,627.2
	Loans Repaid - Cash	-6,375.2	-7,248.1	-7,459.5
	Loans Repaid – Certificates	-219.5	-56.5	0.0
	Marketing Loans Repaid	200.7	0.0	79.8
	Collateral Acquired	-147.4	-10.5	-28.0
	Write-offs	-219.5	0.0	0.0
	Transfers to Accounts Receivable	8.5	10.6	-52.1
	Loans Outstanding, End of Year	156.5	237.0	404.4
<b>Inventory Activity:</b>				
	Inventory, Beginning of Year	54.6	24.4	34.9
	Commodity Purchases	626.4	502.5	515.2
	Certificates from Loan Redemption	0.0	0.0	0.0
	Collateral Acquired	1,591.1	67.0	28.0
	Loan Collateral Settlements	0.0	0.0	0.0
	Processing, Packaging, etc.	0.0	0.0	0.0
	Storage and Handling	6.9	-0.7	12.4
	Transportation	0.8	0.6	0.7
	Other Transfers (net)	-200.1	-55.5	-28.2
	Commodity Cost of Sales	1,417.7	0.0	0.0
	Domestic Donations	10.1	0.0	0.0
	Export Donations	627.5	503.4	517.0
	Inventory, End of Year	24.4	34.9	46.0
<b>Direct Cash Payments:</b>				
	Agricultural Risk Coverage	4,532.0	5,992.3	3,830.3
	Price Loss Coverage	781.0	1,952.7	3,282.1
	Production Flexibility Payments <sup>1</sup>	0.0	0.0	0.0
	Direct Payments	11.3	4.6	0.0
	Counter-Cyclical Payments	0.0	0.0	0.0
	Loan Deficiency Payments	213.1	52.3	0.1
	Milk Income Loss Payments	0.0	0.0	0.0
	Noninsured Assistance Payments <sup>19</sup>	137.4	157.2	183.5
	Conservation Reserve Payments	1,821.1	1,881.8	1,953.1
	Other Conservation Payments	4.7	4.6	2.2
	Other Payments	1,494.0	303.9	749.6
<b>Disaster Programs:</b>				
	Livestock Forage Disaster Program	451.5	350.7	487.5
	Livestock Indemnity Program	41.3	25.1	36.6
	Tree Assistance Program	12.6	6.9	11.3
	Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish	23.7	18.2	47.1
<b>Other Payments:</b>				
	Margin Protection Program for Dairy	10.5	0.4	230.3
<b>Commodity Export Activities:</b>				
	CCC Export Credit Guarantee Programs			
	(Program Level)	-2,150.0	-1,582.0	-1,978.0
	(Net Outlays)	19.0	19.0	27.0
	Market Access Program			
	(Program Level)	-185.4	-185.4	-194.7
	(Net Outlays)	200.0	200.3	200.3
<b>Other:</b>				
	Realized Loss	21,290.7	14,284.8	10,888.4

<sup>1</sup> Reflects refunds of overpayments or accounting adjustments

2020 USDA EXPLANATORY NOTES – COMMODITY CREDIT CORPORATION

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	Item	2016 Actual	2017 Actual	2018 Actual
	Investment in Agricultural Commodities	626.4	502.5	515.2

**ACCOUNT 2: FARM STORAGE FACILITY LOANS****LEAD-OFF TABULAR STATEMENT***Table FSFL-1. Lead-Off Tabular Statement*

Item	Amount
2019 President's Budget.....	\$308,500,000
Change in Appropriation.....	0
2020 Department Estimate.....	<u>308,500,000</u>

**PROJECT STATEMENT***Table FSFL-2. Project Statement (thousands of dollars, staff years (SY))*

Item	2017	SY	2018	SY	2019	SY	Inc. or Dec.	Chg	SY	2020	SY
	Actual		Actual		Estimate			Key		Budget	
Mandatory Appropriations:											
Farm Storage Facility Loans.....	\$300,000	-	\$300,000	-	\$300,000	-	-	-	-	\$300,000	-
Sugar Storage Facility Loans.....	8,500	-	8,500	-	8,500	-	-	-	-	8,500	-
Subtotal.....	308,500	-	308,500	-	308,500	-	-	-	-	308,500	-
Sequestration.....	0	-	0	-	0	-	-	-	-	0	-
Total Appropriation.....	308,500	-	308,500	-	308,500	-	-	-	-	308,500	-
Total Available.....	308,500	-	308,500	-	308,500	-	-	-	-	308,500	-
Lapsing Balances.....	-93,529	-	-62,548	-	0	-	-	-	-	0	-
Total Obligations.....	214,971	-	245,952	-	308,500	-	-	-	-	308,500	-

**2020 USDA EXPLANATORY NOTES - COMMODITY CREDIT CORPORATON**

**GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS**

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

State/Territory/Country	2019				2020			
	2017 Actual	SY	2018 Actual	SY	Estimates	SY	Budget	SY
Alabama.....	\$312	-	\$349	-	\$442	-	\$442	-
Arizona.....	391	-	957	-	902	-	902	-
Arkansas.....	605	-	2,412	-	2,019	-	2,019	-
California.....	150	-	-	-	100	-	100	-
Colorado.....	1,702	-	806	-	1,679	-	1,679	-
Connecticut.....	154	-	11	-	110	-	110	-
Delaware.....	-	-	542	-	363	-	363	-
Florida.....	325	-	52	-	252	-	252	-
Georgia.....	247	-	394	-	429	-	429	-
Idaho.....	3,279	-	4,526	-	5,224	-	5,224	-
Illinois.....	19,006	-	21,036	-	26,801	-	26,801	-
Indiana.....	4,274	-	9,497	-	9,217	-	9,217	-
Iowa.....	42,038	-	51,604	-	62,676	-	62,676	-
Kansas.....	9,376	-	6,795	-	10,823	-	10,823	-
Kentucky.....	3,399	-	3,987	-	4,944	-	4,944	-
Louisiana.....	34	-	256	-	194	-	194	-
Maine.....	2,415	-	3,433	-	3,914	-	3,914	-
Maryland.....	671	-	1,201	-	1,253	-	1,253	-
Michigan.....	3,228	-	3,129	-	4,255	-	4,255	-
Minnesota.....	34,368	-	37,851	-	48,337	-	48,337	-
Mississippi.....	229	-	649	-	588	-	588	-
Missouri.....	9,240	-	11,026	-	13,564	-	13,564	-
Montana.....	3,807	-	2,502	-	4,223	-	4,223	-
Nebraska.....	15,126	-	21,788	-	24,707	-	24,707	-
New Hampshire.....	239	-	128	-	246	-	246	-
New Jersey.....	152	-	316	-	313	-	313	-
New York.....	2,047	-	2,210	-	2,849	-	2,849	-
North Carolina.....	1,720	-	877	-	1,738	-	1,738	-
North Dakota.....	15,784	-	13,986	-	19,926	-	19,926	-
Ohio.....	5,229	-	7,261	-	8,360	-	8,360	-
Oklahoma.....	939	-	1,119	-	1,377	-	1,377	-
Oregon.....	912	-	496	-	942	-	942	-
Pennsylvania.....	3,560	-	1,497	-	3,385	-	3,385	-
South Carolina.....	404	-	1,111	-	1,014	-	1,014	-
South Dakota.....	15,974	-	18,895	-	23,338	-	23,338	-
Tennessee.....	483	-	656	-	762	-	762	-
Texas.....	2,461	-	403	-	1,917	-	1,917	-
Utah.....	63	-	468	-	355	-	355	-
Vermont.....	181	-	111	-	195	-	195	-
Virginia.....	1,656	-	2,440	-	2,741	-	2,741	-
Washington.....	217	-	193	-	274	-	274	-
West Virginia.....	861	-	625	-	995	-	995	-
Wisconsin.....	7,372	-	7,678	-	10,074	-	10,074	-
Wyoming.....	341	-	679	-	683	-	683	-
Obligations.....	214,971	-	245,952	-	308,500	-	308,500	-
Lapsing Balances.....	93,529	-	62,548	-	-	-	-	-
Total, Available.....	308,500	-	308,500	-	308,500	-	308,500	-

**CLASSIFICATION BY OBJECTS**

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

<b>Item</b>		<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
		<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Budget</b>
Other Objects:					
33.0	Investments and loans.....	214,971	245,952	308,500	308,500
	Total, Other Objects.....	214,971	245,952	308,500	308,500
99.9	Total, new obligations.....	<u>214,971</u>	<u>245,952</u>	<u>308,500</u>	<u>308,500</u>