

2018 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 Program .....	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 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 2016. 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 is extended through 2018 and funded at \$25 million per fiscal year, except for FY 2015, which was capped at \$23 million by the 2015 Consolidated and Continuing Appropriations Act and FY 2016 which was capped at \$3 million by the 2016 Consolidated Appropriations Act.

**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 will make 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 2018. Of this amount, \$6.6 million has been spent and \$48.9 million remains to be spent. Because there is no existing viable commercial source for the large-scale production of such fuel, CCC has entered into an agreement with the Department of Energy and the Navy to assist in the development of this product.

The following table shows actual and estimated CCC payments made directly to producers for 2015 to 2018, in accordance with the provisions of the 2014 Farm Bill. Payments were substantially lower in FY 2015 because the first Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) payments were made in FY 2016 for the 2014 crop year. In addition, CCC payments are expected to increase in 2017 and again in 2018, primarily due to projected increases in PLC and ARC payments.

**COMMODITY CREDIT CORPORATION**  
**Payment Programs, Fiscal Years 2015 – 2018**  
**(Dollars in Thousands)**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Total Production Flexibility Payments For All Commodities</b>	<b>-\$89</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ARC Payments:</b>				
Corn	0	\$3,770,064	\$4,224,468	\$5,254,800
Grain Sorghum	0	36,757	56,811	3,300
Barley	0	7,943	7,660	0
Oats	0	2,366	17,654	23,500
<b>    Total Feed Grains</b>	<b>0</b>	<b>3,817,130</b>	<b>4,306,593</b>	<b>5,281,600</b>
Wheat	0	369,025	652,749	807,688
Rice	0	186	726	16,454
Peanuts	0	98	455	520
Lentils	0	551	1,243	0
Large Chickpeas	0	2,372	1,773	1,140
Small Chickpeas	0	204	40	0
Dry Edible Peas	0	1,982	1,575	0
<b>Oilseed Payments:</b>				
Soybeans	0	330,118	1,104,468	0
Sunflower Seed Oil	0	8,643	4,900	0
Sunflower Seed Non-Oil	0	147	0	0
Flaxseed	0	371	927	1,600

	2015 Actual	2016 Actual	2017 Estimate	2018 Estimate
Canola	0	668	593	0
<b>Oilseed Payments Continued:</b>				
Rapeseed	0	6	0	0
Sesame Seed	0	6	0	0
Mustard Seed	0	84	93	81
Safflower Seed	0	204	117	0
Crambe	0	0	0	0
<b>Total Oilseeds</b>	<b>0</b>	<b>340,247</b>	<b>1,111,098</b>	<b>1,681</b>
<b>Total ARC Payments</b>	<b>0</b>	<b>4,531,795</b>	<b>6,076,252</b>	<b>6,109,083</b>
<b>PLC Payments:</b>				
Corn	0	0	53,504	235,600
Grain Sorghum	0	0	207,012	274,200
Barley	0	0	0	17,800
Oats	0	0	6,810	14,500
<b>Total Feed Grains</b>	<b>0</b>	<b>0</b>	<b>267,326</b>	<b>542,100</b>
Wheat	0	0	506,202	1,585,920
Rice	0	401,887	560,643	865,463
Peanuts	0	323,332	545,693	575,471
Lentils	0	0	0	0
Small Chickpeas	0	0	0	0
Dry Edible Peas	0	0	0	0
<b>Oilseed Payments:</b>				
Sunflower Seed Oil	0	0	4,618	18,130
Flaxseed	0	0	4,737	6,720
Canola	0	55,346	76,497	64,220
Rapeseed	0	0	0	0
Crambe	0	0	0	0
<b>Total Oilseeds</b>	<b>0</b>	<b>55,346</b>	<b>85,852</b>	<b>89,070</b>
<b>Total PLC Payments</b>	<b>0</b>	<b>780,565</b>	<b>1,965,716</b>	<b>3,658,024</b>
<b>Direct Payments:</b>				
Corn	8,065	5,337	0	0
Grain Sorghum	810	221	0	0
Barley	447	82	0	0
Oats	16	7	0	0
<b>Total Feed Grains</b>	<b>9,338</b>	<b>5,647</b>	<b>0</b>	<b>0</b>
Wheat	5,939	1,714	0	0
Upland Cotton	3,279	1,862	0	0
Rice	2,493	418	0	0
Peanuts	286	231	0	0
Soybeans	2,145	1,354	0	0
Other Oilseeds	108	36	0	0

	2015 Actual	2016 Actual	2017 Estimate	2018 Estimate
<b>Total Direct Payments</b>	<b>23,588</b>	<b>11,262</b>	<b>0</b>	<b>0</b>
<b>ACRE Payments:</b>				
Corn	154,502	712	0	0
Grain Sorghum	6,402	26	0	0
Barley	167	25	0	0
Oats	8	3	0	0
<b>Total Feed Grains</b>	<b>161,079</b>	<b>766</b>	<b>0</b>	<b>0</b>
Wheat	48,883	228	0	0
Rice	0	14	0	0
Upland Cotton	64,384	16	0	0
Lentils	0	0	0	0
Small Chickpeas	2	0	0	0
Dry Edible Peas	87	0	0	0
Soybeans	1,098	172	0	0
Other Oilseeds	3,746	3	0	0
<b>Total ACRE Payments</b>	<b>279,279</b>	<b>1,199</b>	<b>0</b>	<b>0</b>
<b>Counter-Cyclical Payments:</b>				
Upland Cotton	97	13	0	0
Peanuts	14	2	0	0
<b>Total Counter-Cyclical Payments</b>	<b>111</b>	<b>15</b>	<b>0</b>	<b>0</b>
<b>Market Loss Assistance Payments:</b>				
Barley	-1	0	0	0
Upland Cotton	484,293	2,859	0	0
Milk Income Loss Payment	1,767	-24	0	0
Unidentified Commodity	-47	0	0	0
<b>Total Market Loss Assistance and MILC Payments</b>	<b>486,012</b>	<b>2,835</b>	<b>0</b>	<b>0</b>
<b>Loan Deficiency Payments :</b>				
Corn	-113	-333	0	0
Grain Sorghum	0	-2	0	0
Barley	-3	1	0	0
<b>Total Feed Grains</b>	<b>-116</b>	<b>-334</b>	<b>0</b>	<b>0</b>
Wheat	-1	73,822	185,046	80,022
Upland Cotton	173,315	138,981	43,943	17,453
Rice	0	-43	0	0
Peanuts	313	767	0	0
Dry Peas	0	10	0	0
Wool	-2	-13	0	0
Mohair	4	-1	0	0
Soybeans	-2	-3	0	0
Other Oilseeds	0	2	0	0

	2015 Actual	2016 Actual	2017 Estimate	2018 Estimate
<b>Total Loan Deficiency Payments</b>	<b>173,511</b>	<b>213,188</b>	<b>228,989</b>	<b>97,475</b>
<b>Total Noninsured Assistance Program</b>	<b>124,662</b>	<b>137,378</b>	<b>154,463</b>	<b>164,439</b>
<b>Crop Disaster Program:</b>				
Pre-2014 Farm Bill Crop Disaster	-6,899	0	0	0
Tree Assistance Program	11,147	12,555	22,619	20,000
Livestock Forage Disaster Program	2,521,295	451,533	335,568	423,046
Emergency Livestock Assistance	48,585	23,669	18,440	19,500
Livestock Indemnity Program	52,018	41,319	36,239	31,060
<b>Total Disaster Payments</b>	<b>2,626,146</b>	<b>529,076</b>	<b>412,866</b>	<b>493,606</b>
<b>Other Programs:</b>				
Upland Cotton Econ Adjustment Asst.	48,983	50,556	47,000	50,000
Cotton Ginning Cost Share	0	330,000	0	0
Tobacco Payments	35,007	-148	0	0
Dairy Margin Protection Program	436	10,504	16,000	20,000
<b>Total Other Payments</b>	<b>84,426</b>	<b>390,912</b>	<b>63,000</b>	<b>70,000</b>
<b>Payments, Grand Total</b>	<b>3,797,646</b>	<b>6,598,225</b>	<b>8,901,286</b>	<b>10,592,627</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 2016 were \$2.150 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 2018 budget continues to reflect credit reform procedures for Federal credit programs authorized by the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. These procedures require that for guarantees issued since 1992, budget authority and outlays for these programs represent estimated subsidy costs over the life of the program, rather than claim disbursements and repayments. The appropriation language specifies the portion of the requested budget authority to be used for administrative expenses, which are funded via a discretionary annual appropriation. Budget authority for the subsidy represents the present value of CCC's estimated net cash flows over the lifetime of the credit guarantee. Budget authority and outlays for 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. The bill provided funding through September 30, 2018 to help farmers adopt and maintain conservation systems that protect water quality, reduce soil erosion, protect and enhance wildlife habitat and wetlands, conserve water and sequester carbon. NRCS administers many of the programs that are financed through CCC, and detailed descriptions of program operations and performance indicators can be found under NRCS elsewhere in these Explanatory Notes.

**Conservation Reserve Program (CRP)** - 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.

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 2016 continuous signup, over 1.3 million acres were enrolled. Also in 2016, grassland offers for 101,000 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	2015 Actual	2016 Actual	2017 Estimate	2018 Estimate
Financial Assistance	\$1,713,551	\$1,813,518	\$2,029,961	\$2,133,206
Technical Assistance	22,561	7,586	14,909	14,339
<b>Total, Program Level</b>	<b>1,736,112</b>	<b>1,821,104</b>	<b>2,044,870</b>	<b>2,147,545</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 2016, 178,000 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 2016 actual outlays included \$5 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 2015 and 2016 and anticipated amounts for 2017 and 2018:

CCC Transfers (Dollars in Thousands)				
Agencies Receiving Transfers:	FY 2015 Actual	FY 2016 Actual	FY 2017 Estimate	FY 2018 Estimate
Agricultural Marketing Service	\$115,000	\$117,250	\$105,000	\$117,000
Animal and Plant Health Inspection Service	62,500	62,500	63,000	75,000
Office of Chief Economist	1,000	1,000	1,000	1,000
National Institute of Food and Agriculture	123,000	143,000	143,000	145,000
Departmental Administration	13,000	13,000	13,000	13,000
Food and Nutrition Service	20,600	20,600	21,000	21,000
Natural Resources Conservation Service	3,709,521	3,621,847	3,775,000	3,655,000
Risk Management Agency	4,000	4,000	4,000	4,000
Rural Development	102,000	114,750	68,000	88,000
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 a/	1,007,000	0	0	0
<b>Total</b>	<b>5,203,621</b>	<b>4,143,947</b>	<b>4,239,000</b>	<b>4,165,000</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 2017 are estimated at \$11.9 billion, an increase of \$2.3 billion from 2016 net expenditures of \$9.6 billion. Baseline expenditures for 2018 are estimated at \$14.3 billion.

The following table shows CCC net expenditures by commodity and program for 2015 through 2018.

(Dollars in Thousands)

	2015 Actual	2016 Actual	2017 Estimate	2018 Estimate
<b>Feed Grains:</b>				
Corn	\$200,840	\$3,776,802	\$4,303,792	\$5,664,775
Grain Sorghum	43,759	37,182	256,658	277,831
Barley	2,647	10,146	17,915	18,709
Oats	225	2,491	14,334	38,212
Feed Grain Products	-19	0	0	0
<b>Total Feed Grains and Products</b>	<b>247,452</b>	<b>3,826,621</b>	<b>4,592,699</b>	<b>5,999,527</b>
Wheat and Products	142,675	761,205	1,317,091	2,485,592
Rice	17,751	403,627	554,433	892,385
Upland Cotton a/	1,008,919	709,641	224,357	241,593
ELS Cotton	4,367	-9,669	7,140	8,341
Tobacco	-225,220	-204,836	0	0
Honey	-337	729	447	556
Dairy and Products	-66,084	1,357	0	0
Soybeans	25,960	313,479	1,116,641	51,281
Other Oilseeds	6,097	67,512	91,688	91,759
Sugar	0	0	83,067	106,050
Peanuts	74,003	319,799	593,109	656,898
Wool and Mohair	2	-7	0	0
Soybeans Products	3,906	13,679	0	0
Vegetable Oil Products	21,202	16,333	0	0
Other Commodities	5,626	12,980	5,141	2,680
<b>Total Commodities</b>	<b>1,266,319</b>	<b>6,232,450</b>	<b>8,585,813</b>	<b>10,536,662</b>
Market Access Program	191,671	200,028	191,948	198,504
Foreign Market Development Cooperator	30,897	34,272	33,372	34,477
Quality Samples Program	1,569	807	2,500	2,500
Livestock Forage	2,521,295	451,533	335,568	423,046
Livestock Indemnity	52,018	41,319	36,239	31,060
Emergency Livestock Assistance	48,585	23,669	18,440	19,500
Tree Assistance Program	11,147	12,555	22,619	20,000
Pre-2014 Farm Bill Crop Disaster	-6,899	0	0	0
Export Donations - Ocean Transportation	38,869	19,893	55,000	55,000
Noninsured Assistance Program	124,662	137,378	154,463	164,439
Bio-based Fuel Production	0	6,633	24,494	24,494
Conservation Reserve Program (CRP)	1,736,112	1,821,104	2,044,870	2,147,545

	2015 Actual	2016 Actual	2017 Estimate	2018 Estimate
Emergency Forestry CRP	5,250	4,685	5,622	2,250
Tech Assistance and Capacity Building for Brazilian Cotton	300,000	0	0	0
Voluntary Public Access & Habitat Incentives Program	-12	0	0	0
Biomass Crop Assistance	6,578	10,024	3,000	3,000
Technical Assistance for Specialty Crops	6,300	7,952	9,000	9,000
Interest	-11,695	-24,743	16,853	69,424
Change in Working Capital	230,371	245,123	230,000	230,000
CCC Operating Expenses	58,989	54,849	48,000	7,800
All Other	41,708	283,817	21,157	247,299
<b>Total Programs and Expenses</b>	<b>5,387,415</b>	<b>3,330,898</b>	<b>3,253,145</b>	<b>3,689,338</b>
<b>Total Net Expenditures, CCC Baseline</b>	<b>6,653,734</b>	<b>9,563,348</b>	<b>11,838,958</b>	<b>14,226,000</b>

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

### COMMODITY CREDIT CORPORATION

#### Statement of Available Funds

(Dollars in Thousands)

Item	2015 Actual	2016 Actual	2017 Estimate	2018 Estimate
Reimbursement for Net Realized Losses	\$13,444,728	\$6,871,131	\$21,290,712	\$17,483,000
CCC Export Loans Program Account (current, discretionary)	6,748	6,748	6,735	6,735
<b>Total Commodity Credit Corporation</b>	<b>13,451,476</b>	<b>6,877,879</b>	<b>21,297,447</b>	<b>17,489,735</b>

**Summary of Proposed Legislation for CCC**

Program: Conservation Reserve Program (CRP)

Proposal: The 2018 Budget proposes to target enrollment of additional acres in the CRP by using continuous and grassland signups. No acres will be enrolled under general signup until 2020, for contracts to begin at the start of FY 2021. In addition, all Signing Incentive Payments (SIPs) and Practice Incentive Payments (PIPs) on all newly enrolled CRP acreage will be eliminated, except for acres enrolled under the Conservation Reserve Enhancement Program (CREP).

Rationale: Targets enrollment of additional acres to the most sensitive agricultural land, while maintaining acreage in the Conservation Reserve Program close to the current statutory cap of 24 million acres.

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

(Dollars in millions)

	2017	2018	2019	2020	2021
Budget Authority	0	-82	-157	-151	-157
Outlays	0	-82	-157	-151	-157

Program: Biomass Crop Assistance Program (BCAP)

Proposal: The 2018 Budget proposes no funding for BCAP.

Rationale: Elimination of programs that are not a Federal responsibility, are lower priority, and are not cost effective.

Goal: Target funding to programs that are a Federal responsibility, higher priority and cost effective.

(Dollars in millions)

	2017	2018	2019	2020	2021
Budget Authority	0	-3	0	0	0
Outlays	0	-3	0	0	0

Programs: Pima Agricultural Cotton Trust Fund  
 Agriculture Wool Apparel Manufactures Trust Fund  
 Market Access Program (MAP)  
 Foreign Market Development Program (FMD)

Proposal: The 2018 Budget proposes to eliminate Foreign Agricultural Service administered programs funded through CCC. These programs include Pima Cotton Trust Fund, Agriculture Wool Apparel Manufactures Trust Fund, Market Access Program (MAP), and the Foreign Market Development Program (FMD).

Rationale: Elimination of programs that are not a Federal responsibility, are lower priority, and are not cost effective.

Goal: Target funding to programs that are a Federal responsibility, higher priority and cost effective.

Pima Cotton Trust Fund (Dollars in millions)

	2017	2018	2019	2020	2021
Budget Authority	0	-16	0	0	0
Outlays	0	-16	0	0	0

Agriculture Wool Apparel Manufactures Trust Fund (Dollars in millions)

	2017	2018	2019	2020	2021
Budget Authority	0	-30	-30	0	0
Outlays	0	-30	-30	0	0

Market Access Program (Dollars in millions)

	2017	2018	2019	2020	2021
Budget Authority	0	-30	-184	200	200
Outlays	0	-30	-184	200	200

Foreign Market Development (Dollars in millions)

	2017	2018	2019	2020	2021
Budget Authority	0	-24	-10	0	0
Outlays	0	-24	-10	0	0

Program: Adjusted Gross Income (AGI) Limitation

Proposal: The 2018 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.

(Dollars in millions – CCC programs only)

	2017	2018	2019	2020	2021
Budget Authority	0	-72	-60	-77	-73
Outlays	0	-72	-60	-77	-73

**COMMODITY CREDIT CORPORATION**

Classification by Objects

(Dollars in Thousands)

	2015	2016	2017	2018
	Actual	Actual	Estimate	Estimate
Direct Obligations:				
22 Transportation of things	\$47,000	\$36,000	\$55,000	\$55,000
33 Investments and loans	6,083,000	6,980,000	8,224,000	7,875,000
41 Grants, subsidies, and contributions	3,441,000	28,036,000	9,608,000	7,948,000
Subtotal Direct Obligations	9,571,000	35,052,000	17,887,000	15,878,000
Reimbursable Obligations				
25.2 Other services from Federal sources	0	36,000	42,000	54,000
Subtotal, Reimbursable Obligations	0	36,000	42,000	54,000
99.9 Total, new obligations	9,571,000	35,088,000	17,929,000	15,932,000

**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

2017 Annualized Continuing Resolution.....	\$21,290,711,786
Budget Estimate, 2018.....	<u>17,483,000,000</u>
Change from 2017 Annualized Continuing Resolution.....	-3,807,711,786

**RECONCILIATION TO BUDGET AUTHORITY**

The following table reconciles budget authority with appropriations:

(Dollars in thousands)

	FY 2015	FY 2016	FY 2017	FY2018
Appropriation (for realized losses)	\$13,444,728	\$6,871,131	\$21,290,712	\$17,483,000
Portion applied to CCC debt reduction	-8,241,541	-2,727,184	-17,051,712	-13,318,000
Transferred to Other Accounts	-5,203,621	-4,143,947	-4,239,000	-4,165,000
Adjusted Appropriation	0	0	0	0
Adjustments:	0	0	0	0
Authority to borrow (Net)	7,788,000	27,921,000	10,227,000	8,561,000
CCC Export Loans Program Account	6,748	6,748	6,735	6,735
Budget Authority (net)	7,794,748	27,927,748	10,233,735	8,567,735

The following tables reflect actual and estimated losses by commodity and program for fiscal years 2015 through 2018:

FY 2015 - 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	\$4.2	0.0	0.0	0.0	0.0	0.0	0.0	\$4.2
Domestic Donations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Export Donations	102.8	\$38.5	\$19.8	\$3.0	0.0	0.0	0.0	41.5
Storage and Handling	6.9	0.0	0.0	0.0	0.0	0.0	0.0	6.9
Transportation	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.7
Loan Deficiency Payments	173.5	0.0	0.0	0.0	\$173.3	0.0	0.0	0.2
ACRE Payments	279.3	0.0	0.0	0.0	0.0	0.0	0.0	279.3
Upland Cotton Transition Payment	484.3	0.0	0.0	0.0	484.3	0.0	0.0	0.0
Dairy Margin Protection Program	0.4	0.0	0.0	0.0	0.0	0.0	\$0.4	0.0
Dairy Producer Paid Premiums	-76.2	0.0	0.0	0.0	0.0	0.0	-76.2	0.0
Conservation Reserve Program	1,736.0	0.0	0.0	0.0	0.0	0.0	0.0	1,736.0
Other Conservation Program b/	8.9	0.0	0.0	0.0	0.0	0.0	0.0	8.9
Foreign Market Development Coop	30.9	0.0	0.0	0.0	0.0	0.0	0.0	30.9
Quality Samples Program	1.5	0.0	0.0	0.0	0.0	0.0	0.0	1.5
Noninsured Assistance Program	124.6	0.0	0.0	0.0	0.0	0.0	0.0	124.6
Market Access Program	191.7	0.0	0.0	0.0	0.0	0.0	0.0	191.7
Marketing Loan Write-offs	187.1	0.0	0.0	0.0	187.1	0.0	0.0	0.0
Transfers to Other USDA Agencies	5,203.2	0.0	0.0	0.0	0.0	0.0	0.0	5,203.2
Disaster Programs	2,626.1	0.0	0.0	0.0	0.0	0.0	0.0	2,626.1
Other c/	-4,262.9	82.4	68.4	19.8	84.9	-\$0.7	1.8	-4,519.5
Total Program Costs:	6,823.0	120.9	88.2	22.8	929.6	-0.7	-74.0	5,736.2
Non-Program Costs:								
Interest (net):								
Support and Related Costs	-11.9							
Export Credit Sales	0.0							
Loss in Interest Income	1.0							
Operating Expenses	59.0							
Total Non-Program Costs	48.1							
Total Net Realized Losses	6,871.1							

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 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/:e/
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
Loans Made	6,531.9	1,463.9	450.5	260.0	1,904.5	613.5	0.0	1,839.5
Loans Repaid b/	-6,752.5	-1,513.2	-465.7	-268.7	-1,968.7	-634.2	0.0	-1,902.0
ARC Payments c/	10,567.6	3,817.1	369.0	0.2	0.0	330.1	0.0	6,051.2
PLC Payments c/	2,652.5	0.0	0.0	401.9	0.0	0.0	0.0	2,250.6
Dairy Margin Protection Program	10.5	0.0	0.0	0.0	0.0	0.0	\$10.5	0.0
Dairy Premiums	-19.7	0.0	0.0	0.0	0.0	0.0	-19.7	0.0
Conservation Reserve Program	1,821.1	0.0	0.0	0.0	0.0	0.0	0.0	1,821.1
Other Conservation Program d/	4.7	0.0	0.0	0.0	0.0	0.0	0.0	4.7
Foreign Market Development Coop	34.3	0.0	0.0	0.0	0.0	0.0	0.0	34.3
Quality Samples Program	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.8
Noninsured Assistance Program	137.4	0.0	0.0	0.0	0.0	0.0	0.0	137.4
Market Access Program	200.0	0.0	0.0	0.0	0.0	0.0	0.0	200.0
Marketing Loan Write-offs	-241.2	0.0	0.0	0.0	0.0	0.0	0.0	-241.2
Transfers to Other USDA Agencies	4,143.9	0.0	0.0	0.0	0.0	0.0	0.0	4,143.9
Disaster Programs	529.1	0.0	0.0	0.0	0.0	0.0	0.0	529.1
Tobacco Assessments	-204.7	0.0	0.0	0.0	0.0	0.0	0.0	-204.7
Other e/	2,022.1	0.0	0.0	0.0	0.0	0.0	0.0	2,022.1
Total Program Costs:	21,260.6	3,767.5	427.6	393.0	74.8	309.7	-9.2	16,297.2
Non-Program Costs:								
Interest (net):	-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/ Figures do not reflect SOY outstanding loans

c/ ARC and PLC payments include both payments made in FY 2016 for the 2014 crop years and payments accrued in FY 2016 to be paid in FY 2017 for the 2015 crop year.

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

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

FY 2017 - 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;/d/
Program Costs:								
Gain (-) or loss on sales	-\$21.0	0.0	0.0	0.0	0.0	0.0	0.0	-\$21.0
Domestic Donations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Export Donations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Storage and Handling	39.1	0.0	0.0	0.0	0.0	0.0	0.0	39.1
Transportation	55.0	0.0	0.0	0.0	0.0	0.0	0.0	55.0
Loan Deficiency Payments	229.0	0.0	\$185.0	0.0	\$44.0	0.0	0.0	0.0
Loans Made	8,270.9	\$2,233.1	167.6	\$134.8	2,737.4	\$654.3	0.0	2,343.7
Loans Repaid	-7,570.0	0.0	0.0	0.0	0.0	0.0	0.0	-7,570.0
ARC Payments	6,076.3	4,306.6	652.7	0.7	0.0	1,104.5	0.0	11.8
PLC Payments	1,965.7	267.3	506.2	560.6	0.0	0.0	0.0	631.6
Dairy Margin Protection Program	16.0	0.0	0.0	0.0	0.0	0.0	\$16.0	0.0
Dairy Premiums	-20.0	0.0	0.0	0.0	0.0	0.0	-20.0	0.0
Conservation Reserve Program	2,044.9	0.0	0.0	0.0	0.0	0.0	0.0	2,044.9
Other Conservation Program b/	5.6	0.0	0.0	0.0	0.0	0.0	0.0	5.6
Foreign Market Development Coop	34.3	0.0	0.0	0.0	0.0	0.0	0.0	34.3
Quality Samples Program	2.5	0.0	0.0	0.0	0.0	0.0	0.0	2.5
Noninsured Assistance Program	154.5	0.0	0.0	0.0	0.0	0.0	0.0	154.5
Market Access Program	191.9	0.0	0.0	0.0	0.0	0.0	0.0	191.9
Marketing Loan Write-offs	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	-100.0
Transfers to Other USDA Agencies	4,239.0	0.0	0.0	0.0	0.0	0.0	0.0	4,239.0
Disaster Programs	412.9	0.0	0.0	0.0	0.0	0.0	0.0	412.9
Tobacco Assessments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other c/	1,391.5	0.0	0.0	0.0	0.0	0.0	0.0	1,391.5
Total Program Costs:	17,418.1	6,807.0	1,511.5	696.1	2,781.4	1,758.8	-4.0	3,867.3
Non-Program Costs:								
Interest (net):	16.9							
Operating Expenses	48.0							
Total Non-Program Costs	64.9							
Total Net Realized Losses	17,483.0							

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 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;/d/
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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Storage and Handling	\$41.0	0.0	0.0	0.0	0.0	0.0	0.0	\$41.0
Transportation	55.0	0.0	0.0	0.0	0.0	0.0	0.0	55.0
Loan Deficiency Payments	97.5	0.0	0.0	0.0	0.0	0.0	0.0	97.5
Loans Made	7,929.1	\$2,074.4	\$141.1	\$123.5	\$2,644.4	\$605.0	0.0	2,340.7
Loans Repaid	-7,257.0	0.0	0.0	0.0	0.0	0.0	0.0	-7,257.0
ARC Payments	6,109.1	5,281.6	807.7	16.5	0.0	0.0	0.0	3.3
PLC Payments	3,658.0	542.1	1,585.9	865.5	0.0	0.0	0.0	664.5
Dairy Margin Protection Program	20.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0
Dairy Premiums	-20.2	0.0	0.0	0.0	0.0	0.0	0.0	-20.2
Conservation Reserve Program	2,147.5	0.0	0.0	0.0	0.0	0.0	0.0	2,147.5
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	164.4	0.0	0.0	0.0	0.0	0.0	0.0	164.4
Market Access Program	199.0	0.0	0.0	0.0	0.0	0.0	0.0	199.0
Marketing Loan Write-offs	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	-100.0
Transfers to Other USDA Agencies	4,165.0	0.0	0.0	0.0	0.0	0.0	0.0	4,165.0
Disaster Programs	493.6	0.0	0.0	0.0	0.0	0.0	0.0	493.6
Tobacco Assessments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other c/	387.9	0.0	0.0	0.0	0.0	0.0	0.0	387.9
Total Program Costs:	18,129.2	7,898.1	2,534.7	1,005.5	2,644.4	605.0	0.0	3,441.5
Non-Program Costs:								
Interest (net):	69.4							
Operating Expenses	7.8							
Total Non-Program Costs	77.2							
Total Net Realized Losses	18,206.4							

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

COMMODITY CREDIT CORPORATON  
Farm and Sugar Storage Facility Loans

Lead-Off Tabular Statement

Budget Estimate, 2018.....	\$308,500,000
2017 Annualized Continuing Resolution.....	<u>308,500,000</u>
Change in Appropriation.....	<u>0</u>

Summary of Increases and Decreases  
(Dollars in thousands)

Program	2015 Actual	2016 Change	2017 Change	2018 Change	2018 President's Budget
Mandatory Appropriations:					
FFSL Program Level.....	\$300,000	-	-	-	\$300,000
SSFL Program Level.....	20,000	-\$11,500	-	-	8,500
Total.....	320,000	-11,500	-	-	\$308,500

COMMODITY CREDIT CORPORATON  
Farm and Sugar Storage Facility Loans  
Project Statement  
Adjusted Appropriations Detail  
(Dollars in thousands)

Program	<u>2015 Actual</u> Amount	<u>2016 Actual</u> Amount	<u>2017 Estimate</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2018 President's</u> <u>Budget</u> Amount
Mandatory Appropriations:					
Program Level					
FSFL.....	\$300,000	\$300,000	\$300,000	-	\$300,000
SSFL.....	20,000	8,500	8,500	-	8,500
Subtotal Program Level.....	<u>320,000</u>	<u>308,500</u>	<u>308,500</u>	-	<u>308,500</u>
Total Program Level Available.....	320,000	308,500	308,500	-	308,500
Lapsing Balances.....	-140,000	-149,395	-	-	-
Total Obligations (Program Level).....	<u>180,000</u>	<u>159,105</u>	<u>308,500</u>	-	<u>308,500</u>

Project Statement  
Obligations Detail  
(Dollars in thousands)

Program	<u>2015 Actual</u> Amount	<u>2016 Actual</u> Amount	<u>2017 Estimate</u> Amount	<u>Inc. or Dec.</u> Amount	<u>2018 President's</u> <u>Budget</u> Amount
Mandatory Appropriations:					
Program Level					
FSFL.....	\$180,000	\$159,105	\$300,000	-	\$300,000
SSFL.....	-	-	8,500	-	8,500
Subtotal Program Level Obligations.....	<u>180,000</u>	<u>159,105</u>	<u>308,500</u>	-	<u>308,500</u>
Total Obligations.....	180,000	159,105	308,500	-	308,500
Lapsing Balances.....	140,000	149,395	-	-	-
Total Program Level .....	<u>320,000</u>	<u>308,500</u>	<u>308,500</u>	-	<u>308,500</u>

Justification of Increases and Decreases

(1) There is no change in funding requested from FY 2017 to FY 2018.

The base funding is sufficient to meet demand in FY 2018. Funds will be used to build or upgrade farm storage/handling facilities.

COMMODITY CREDIT CORPORATON  
Farm and Sugar Storage Facility Loans  
Geographic Breakdown of Loan Obligations and Staff Years  
(Dollars in thousands)

State/Territory	2015 Actual Amount	2016 Actual Amount	2017 Estimate Amount	2018 President's Budget Amount
Alabama.....	\$653	\$623	\$712	\$712
Alaska.....	-	33	-	-
Arkansas.....	835	1,407	833	833
California.....	35	101	37	37
Colorado.....	890	955	886	886
Connecticut.....	129	157	132	132
Delaware.....	1,087	1,001	1,336	1,336
Florida.....	43	315	44	44
Georgia.....	549	365	544	544
Idaho.....	1,550	1,871	1,788	1,788
Illinois.....	20,557	14,195	56,260	56,260
Indiana.....	11,892	4,060	11,988	11,988
Iowa.....	34,660	32,196	71,275	71,275
Kansas.....	4,313	4,033	4,278	4,278
Kentucky.....	3,466	4,484	3,688	3,688
Louisiana.....	-	261	-	-
Maine.....	771	2,223	793	793
Maryland.....	474	243	553	553
Massachusetts.....	-	-	-	-
Michigan.....	2,783	1,529	2,811	2,811
Minnesota.....	20,775	22,503	42,188	42,188
Mississippi.....	1,744	1,417	1,773	1,773
Missouri.....	8,844	10,329	8,829	8,829
Montana.....	2,904	2,201	2,507	2,507
Nebraska.....	16,796	15,379	17,150	17,150
Nevada.....	-	-	-	-
New Hampshire.....	-	54	-	-
New Jersey.....	155	163	159	159
New York.....	1,372	2,291	1,386	1,386
North Carolina.....	768	1,311	778	778
North Dakota.....	5,885	4,807	5,982	5,982
Ohio.....	3,833	4,257	3,894	3,894
Oklahoma.....	588	330	598	598
Oregon.....	165	986	165	165
Pennsylvania.....	1,463	1,318	1,689	1,689
South Carolina.....	208	51	234	234
South Dakota.....	21,277	13,921	54,488	54,488
Tennessee.....	1,173	575	1,330	1,330
Texas.....	-	188	-	-
Utah.....	70	224	70	70
Vermont.....	646	61	639	639
Virginia.....	2,236	2,600	2,301	2,301
Washington.....	-	161	-	-
West Virginia.....	212	103	214	214
Wisconsin.....	3,844	3,744	3,818	3,818
Wyoming.....	356	79	350	350
Undistributed.....	-	-	-	-
Obligations.....	180,000	159,105	308,500	308,500
Lapsing Balances.....	140,000	149,395	-	-
Total, Available.....	320,000	308,500	308,500	308,500

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

		2015	2016	2017	2018
		<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>President's Budget</u>
Other Objects:					
33.0	Loans.....	\$180,000	\$159,105	\$308,500	\$308,500
99.9	Total, new obligations.....	<u>180,000</u>	<u>159,105</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)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Loans Made	\$12.0	\$11.3	\$9.5	\$8.3	\$7.2	\$7.1	\$5.7	\$5.7	\$3.8	\$5.7	\$6.5
Loans Outstanding	\$1.5	\$0.7	\$0.6	\$0.4	\$0.7	\$0.3	\$0.4	\$0.3	\$0.2	\$0.4	\$0.2

**FY 2016 Commodity Loans  
(Dollars in Thousands)**

Commodity	Loans Outstanding SOY	Loans Made	Loan Repaid	Loans Outstanding EOY
Cotton	\$51,479	\$1,904,460	\$1,968,739	-\$12,800
Feed Grains	116,456	1,463,864	1,513,272	67,048
Other Oilseeds	3,160	31,638	32,706	2,092
Peanuts	38,430	784,312	810,784	11,958
Rice	31,467	259,955	268,729	22,693
Soybeans	29,982	613,504	634,211	9,275
Sugar	0	1,012,268	1,046,434	-34,166
Wheat	116,558	450,481	465,686	101,353
Other a/	-10,567	11,501	11,889	-10,955
<b>Total</b>	<b>376,965</b>	<b>6,531,984</b>	<b>6,752,450</b>	<b>156,498</b>

a/ Other includes Honey, Dry Whole Peas and allowances for loss

**FY 2016 ARC-PLC Payments  
(Dollars in Thousands)**

Commodity	ARC	PLC	Total
Barley	\$7,943	0	\$7,943
Corn	3,770,064	0	3,770,064
Oats	2,366	0	2,366
Peanuts	98	\$323,332	323,430
Rice	186	401,887	402,073
Sorghum	36,757	0	36,757
Soybeans	330,118	0	330,118
Canola	668	55,346	56,014
Wheat	369,025	0	369,025
Sunflower Seed Oil	8,643	0	8,643
Sunflower Seed Non-Oil	147	0	147
Large Chickpeas	2,372	0	2,372
Small Chickpeas	204	0	204
Dry Edible Peas	1,982	0	1,982
Sesame Seed	6	0	6
Rapeseed	6	0	6
Safflower Seed	204	0	204
Flaxseed	371	0	371
Lentils	551	0	551
Mustard Seed	84	0	84
<b>Total</b>	<b>4,531,795</b>	<b>780,565</b>	<b>5,312,360</b>

**FY 2016 Counter-Cyclical, Direct and ACRE Payments  
(Dollars in Thousands)**

<b>Commodity</b>	<b>Counter-Cyclical</b>	<b>Direct</b>	<b>ACRE</b>
Barley	0	\$82	\$25
Corn	0	5,337	712
Oats	0	7	3
Peanuts	\$2	231	0
Rice	0	418	14
Sorghum	0	221	26
Soybeans	0	1,354	172
Upland Cotton	13	1,862	16
Wheat	0	1,714	228
Other Oilseeds	0	36	3
Lentils	0	0	0
Small Chickpeas	0	0	0
Dry Edible Peas	0	0	0
<b>Total</b>	<b>15</b>	<b>11,262</b>	<b>1,199</b>

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

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

<b>Commodity</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Cotton	\$77.1	\$60.2	\$59.8	\$50.0	\$706.6	\$485.5
Dairy	0.6	403.2	275.2	5.7	2.2	10.6
Feed Grains	-0.7	-0.2	0.0	0.4	-0.1	0.0
Rice	0.0	0.0	0.0	0.3	0.0	0.0
Soybeans	-0.4	0.0	0.0	0.0	0.0	0.0
Wheat	27.3	-0.4	-0.4	0.8	0.0	73.8
Wool, Mohair and Pelts	3.2	0.1	-0.2	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.3	0.3	0.0
Tobacco	953.3	953.4	951.7	917.7	35.0	-0.7
<b>Total Payments</b>	<b>1,060.4</b>	<b>1,416.3</b>	<b>1,286.1</b>	<b>975.2</b>	<b>744.0</b>	<b>569.2</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 \$626.4 million, which is comprised entirely of cash purchases in FY 2016.

Noninsured Crop Disaster Assistance Program (NAP). NAP payments in 2016 totaled \$137.4 million, with offsetting fees collected of \$16.4 million. Of the payments, \$0.6 million was for the 2007-2011 crop, \$0.1 million was for the 2012 crop, \$0.7 million was for the 2013 crop, \$20.5 million was for the 2014 crop and \$94.3 million was for crop year 2015, and \$21.2 million was for crop year 2016.

Disaster Assistance. The following four disaster programs authorized by the Agricultural Act of 2014: Livestock Forage 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 2016 Disaster Assistance  
(Dollars in Thousands)**

<b>Disaster Programs</b>	<b>FY 2016 Outlays</b>
Livestock Forage Program	\$451,533
Livestock Indemnity Program	41,319
Tree Assistance Program	12,555
Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program	23,669
<b>Total</b>	<b>529,076</b>

**Farm Bill-Authorized CCC Transfers, FY 2016  
(Dollars in Thousands)**

<b>Agencies Receiving Transfers</b>	<b>FY 2016 Amount</b>
Animal and Plant Health Inspection Service (APHIS)	\$62,500
Rural Business-Cooperative Service (RBCS)	114,750
USDA Office of the Secretary	13,000
USDA Office of the Chief Economist (OCE)	1,000
Natural Resources Conservation Service (NRCS)	3,621,847
Agricultural Marketing Service	117,250
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	4,000
Pima Cotton Trust Fund	16,000
<b>Total</b>	<b>4,143,947</b>

Prompt Payment Act Interest Payments. Total interest paid on late payments during 2016 was \$310,790 compared to \$557,254 in 2015. 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 2016, loan obligations totaled \$159 million.

Sugar Storage Facility Loans. No loans were made in 2016.

**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 2016, 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 2016, the following loan commitments were made under the CCC Export Sales Guarantee Programs.

<b>Activity</b>	<b>FY 2016 Loan Commitments (Dollar in Thousands)</b>
GSM-102, Short-term Guarantees	\$2,149,807
Facilities Guarantee Program	0
<b>Total</b>	<b>2,149,807</b>

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

U.S. Agricultural Technical Expertise Provided to Emerging Markets. The Food, Agriculture, Conservation and Trade Act of 1990 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 2016 totaled \$6.9 million, which included expenditures for prior year obligations.

Dairy Export Incentive Program (DEIP). The DEIP was repealed by the 2014 Farm Bill.

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 2,500 commercial warehouse operators in over 6,200 locations in the United States for the storage of Government-owned and loan grain and rice, cotton, peanuts, sugar and processed commodities.

The capacities of the warehouses with CCC storage agreements in 2016 were as follows: 9.2 billion bushels of grain and rice; 19.3 million bales of cotton; 3.6 million short tons of peanuts; 14.4 billion pounds of sugar, and 9 million pounds of processed (dry). 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.

### **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 decreased in 2016 from 2015. CCC's acquisition cost value on September 30, 2016, was \$24.4 million, as compared to \$56.0 million in 2015.

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 2016 was \$1.613 billion, and sales proceeds were \$1,417.7 billion.

**Commodity Inventories Owned by CCC**  
**End of Year, Fiscal Years 1997-2016**  
**(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>
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 2016:

**(Dollar in Thousands)**

<b>Type of Disposition</b>	<b>Cost Value</b>	<b>Proceeds</b>
Domestic Sales for Dollars	\$1,627,598	\$879,009
P.L. 480 (Export) Title II*	538,699	538,699
Export Donations	88,796	0
Subtotal Domestic Dispositions	1,627,598	879,009
Subtotal Export Dispositions	627,495	538,699
<b>Total Dispositions</b>	<b>2,255,093</b>	<b>1,417,708</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 2016

<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	27.5 million acres (rolling maximum)	\$1,813,518	0
Emergency Forestry Conservation Reserve Program	\$23.934 million	4,685	0
Wetlands Reserve Program	2.275 million acres (rolling maximum)	0	0

Program	Authorized Acres or Funding Level	Dollars in Thousands	
		CCC Net Outlays	Transfer to NRCS
Voluntary Public Access & Habitat Incentives	\$50 million	0	0
Environmental Quality Incentives Program	\$1.400 billion	0	\$1,196,250
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	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	1,062,558
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	315,900
Regional Conservation Partnership Program	\$100 million	0	57,500
Wetlands Migration Banking Program	\$10 million	0	0
Technical Assistance	\$981 million	0	980,774
Conservation Reserve Program Technical Assistance	27.5 million acres (rolling maximum)	7,586	0
<b>Total</b>		<b>\$1,825,789</b>	<b>\$3,621,847</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, 2016, \$14.7 billion of this authority was in use.

**Reimbursement for Net Realized Losses.** During 2016, the Corporation received \$6,871 million for reimbursement of 2015 losses. As of September 30, 2016, net realized losses totaled \$21,290.7 million. CCC was previously reimbursed for realized losses through June 30, 2016 in the amount of \$9,950.4 million yielding a remaining unreimbursed realized loss of \$11,340.3 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 to include Farm Service Agency loan service fees of nearly \$20 million based on 1995 collection computations. Obligations in 2016 were \$47.4 million.

Summary of CCC Activities for 2014 through 2016  
(millions of dollars)

Item	2014 Actual	2015 Actual	2016 Actual
<b>Loan Activity:</b>			
Loans Outstanding, Beginning of Year	\$336.3	\$209.1	\$377.0
Loans Made	3,763.1	5,721.3	6,531.9
Loans Repaid	-3,715.1	-5,238.0	-6,375.2
Loans Repaid – Certificates	0.0	0.0	-219.5
Marketing Loans Repaid	0.2	187.1	200.7
Collateral Acquired	-150.3	-54.8	-147.4
Write-offs	-23.9	-54.2	-219.5
Transfers to Accounts Receivable	-1.1	-6.0	8.5
Loans Outstanding, End of Year	209.1	390.3	156.5
<b>Inventory Activity:</b>			
Inventory, Beginning of Year	71.1	40.1	54.6
Commodity Purchases	539.8	463.0	626.4
Certificates from Loan Redemption	0.0	0.0	0.0
Collateral Acquired	150.3	54.8	1,591.1
Loan Collateral Settlements	0.0	0.0	0.0
Processing, Packaging, etc.	0.0	0.0	0.0
Storage and Handling	-0.9	6.9	6.9
Transportation	0.0	0.0	0.8
Other Transfers (net)	-9.8	-9.8	-200.1
Commodity Cost of Sales	573.7	395.7	1,417.7
Domestic Donations	0.0	0.0	10.1
Export Donations	102.2	102.8	627.5
Inventory, End of Year	75.4	56.0	24.4
<b>Direct Cash Payments:</b>			
Agricultural Risk Coverage a/	0.0	0.0	4,532.0
Price Loss Coverage a/	0.0	0.0	781.0
Production Flexibility Payments b/	1.5	0.0	0.0
Direct Payments	4,725.9	23.6	11.3
Counter-Cyclical Payments	0.3	0.1	0.0
Loan Deficiency Payments	0.5	173.5	213.1
Milk Income Loss Payments	5.7	1.8	0.0
Noninsured Assistance Payments b/	165.3	124.6	137.4
Conservation Reserve Payments	1,718.1	1,736.1	1,821.1
Other Conservation Payments	4.5	5.2	4.7
Other Payments	966.5	568.2	1,494.0
Total	7,802.5	2,633.1	8,994.6
<b>Disaster Programs:</b>			
Livestock Forage Program	2,988.1	2,251.3	451.5
Livestock Indemnity Program	54.8	52.0	41.3
Tree Assistance Program	0.0	11.1	12.6
Emergency Assistance for Livestock,	0.0	48.6	23.7
<b>Other Payments:</b>			
Margin Protection Program	0.0	0.4	10.5
<b>Commodity Export Activities:</b>			
CCC Export Credit Guarantee Programs			
(Program Level)	-2,160.0	-1,811.0	-2,150.0
(Net Outlays)	10.7	45.4	19.0
Market Access Program			
(Program Level)	-185.4	-185.4	-185.4
(Net Outlays)	183.9	191.6	200.0
<b>Other:</b>			
Realized Loss	13,444.7	6,871.1	21,290.7
Investment in Agricultural Commodities	252.8	446.3	626.4

a/ ARC and PLC include both payments made in FY 2016 for the 2014 crop year and payments accrued in FY 2016 to be paid in FY 2017 for the 2015 crop year.

b/ Reflects refunds of overpayments or accounting adjustments