

PREFACE

The 2014 and 2015 actuals in the Explanatory Notes have been adjusted to be on a comparable basis with the 2016 and 2017 estimates. The 2016 amounts in this document are based on the Consolidated Appropriations Act, 2016 (P.L. 114-113). All years are Federal fiscal years unless otherwise indicated.

Statement of Available Funds and Staff Years

A statement is included for each agency, immediately following the introductory purpose statement, to reflect all sources of funds available to the agency and to show the staff years related to each source of funds.

These statements reflect the best available information at the time these Explanatory Notes were prepared in January 2016. However, it is not possible in many instances to determine in advance the extent to which agencies may be requested to perform additional services for other Federal and non-Federal agencies or organizations. Therefore, amounts of actual reimbursements and other funds received from sources other than appropriations directly to the agency may vary from those shown in the statements.

In those cases where the funds are not appropriated (reimbursements, trust funds, transfers, revolving funds, etc.), the dollar amounts shown represent actual or estimated obligations for the year.

In some instances there may be duplication of amounts shown. This results largely from cases involving reimbursements between different agencies within the Department and where amounts are paid from appropriations to the Working Capital Fund. There is no duplication of the staff years shown.

Project Statements

The obligations shown in the Project Statements are based on the appropriations and activities proposed in the 2017 budget estimates. In some Project Statements, the activities are further divided into subcategories, reflecting a more detailed description of the work conducted under the appropriation items.

In those accounts where prior year balances are also available for obligation during the year, such amounts are shown in a separate Project Statement.

The amounts shown in Project Statements for the past year are taken directly from the accounting records to the maximum extent possible. Where the Department has adjusted obligations after Treasury has closed the books for the year, the most current estimate has been shown. These adjustments will be picked up by Treasury in subsequent reports.

Classification by Objects

A statement is included for each account showing total obligations by Object Classification. Obligations for personnel compensation are also broken between headquarters and field.

Loan Levels

Knowledge of the following basic budget terminology will assist the reader in understanding the budget proposals.

"Direct" loans involve the Federal government disbursing the money to the borrower and receiving the money back from the borrower in regular installments in future years. The Federal agency having responsibility for administering the credit program must counsel prospective borrowers on eligibility criteria and application procedures, evaluate applicant's eligibility and ability to repay, perform the administrative procedures to process the application, make and record the loan payment, receive and record the receipts for repayment, calculate the interest and remaining balance status, monitor the regularity of payments, follow

up on delinquent status, and, where necessary, institute legal action to eliminate or minimize the loss to the Federal government in the event of the borrower's default on the loan.

For international trade "**Credit Sales**", the same basic process is involved except that the disbursement of the cash loan is replaced by the disbursement of cash to purchase and ship the commodities being exported to the foreign country involved.

Loan "Guarantees" involve the Federal government guaranteeing a private lending institution that a stipulated portion of a borrower's loan will be repaid. The Federal government does not disburse or receive funds involved in the loan and repayment between the lending institution and the borrower. If the borrower defaults on the loan, the Federal government would have to disburse to the lending institution the portion of the borrower's unpaid balance representing the amount of the Federal guarantee. The Federal agency having responsibility for administering the credit program must counsel prospective borrowers on eligibility criteria and application procedures, evaluate applicant's eligibility and ability to pay, counsel and assist the borrower in arranging the loan with the lending institution, perform administrative procedures necessary to record the loan guarantee transaction, maintain liaison with the lending institutions to keep informed of the status of loan repayments, follow up on seriously delinquent status, and, where necessary, institute legal action to eliminate or minimize the loss of the Federal government in the event of the borrower's default on the loan. The Rural Utilities Service (RUS), however, guarantees loans made by the Federal Financing Bank. Because RUS is guaranteeing loans made by another Federal agency, the transaction more closely resembles a direct loan.

Summary of Budget and Performance

An exhibit is included for each agency displaying a crosswalk of their goals; objectives and programs and how they link to the Department's overall Strategic Goals.

A statement of Key Performance Outcomes and Measures that discusses a few of the most important, long-term performance measures for each agency is also included.

A tabular presentation and a short description of selected performance targets in units and dollars is included for each priority activity. Data for all of an agency's performance measures is not included. Only the dollars that relate to key performance measures are displayed.

A statement of full costs is included to reflect the sum of all budget resources used by an agency to achieve program outputs. If the full cost of an output or outcome could not be precisely calculated, the costs shown are the best estimate or approximation of the full costs at the time these Explanatory Notes were prepared.

Corrections for USDA's FY 2017 President's Budget

Farm Service Agency– For fiscal year 2017, the Object Classification breakdown by category and staff year data reported in the Budget Appendix are incorrect. The FY 2017 staff years reported in the Budget Appendix are overstated by 191 FTEs. The correct staff years for FY 2017 are 4,172. The Classification by Objects schedule and staff year data reported for FY 2017 in the Explanatory Notes are correct.

Commodity Credit Corporation – The amount for Biomass Crop Assistance was reported incorrectly in the Budget Appendix. The Budget Appendix included obligations and anticipated outlays based on a program level of \$25 million for FY 2016. The FY 2016 Appropriations Act included a limit of \$3 million for the program. The distribution in the Notes for this program is correct.

Risk Management Agency – The FY 2015 direct FTEs in the Budget Appendix (Employment Summary) are incorrectly overstated at 464. The FY 2015 direct FTEs should be 438 as reflected in the FY 2017 Explanatory Notes and USDA's FY 2017 Budget Summary.

Rural Business-Cooperative Service, Biorefinery Assistance Program – The obligation that is in the Budget Appendix for the guaranteed loan program appears as \$45 million for fiscal year 2015. The correct obligation is \$80 million for fiscal year 2015. The numbers in the 2017 Explanatory Notes for fiscal year 2015 obligations are correct.