

PREFACE

The 2015 and 2016 actuals in the Explanatory Notes have been adjusted to be on a comparable basis with the 2017 and 2018 estimates. Based on the timing of the budget release, the 2017 amounts in this document are based on the Further Continuing Appropriations Act (P.L. 114-254), not the 2017 omnibus. For mandatory programs subject to sequestration, the 2018 sequestration rate is 6.6 percent, but is not reflected in these Explanatory Notes. 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 April 2017. 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 2018 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.

Following the Project Statements is the Justification of Increases and Decreases, starting with a brief description of base funds. In addition to the activities and functions specifically described in the budget request, current year and budget year base funds will be used to carry out activities and functions consistent with the full range of authorities and activities delegated to each agency or office.

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

A statement of Key Performance Outcomes and Measures that discusses a few of the most important, long-term performance measures for each agency is included. This exhibit also includes Key Performance Measure historical data, most recent actual data and targets for the next two fiscal years.

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.

The Department will be revising the USDA Strategic Plan in 2017 and expects to release it with the 2019 President's Budget. The performance outcomes and measures used in these Explanatory Notes have not been changed.