

2013 Explanatory Notes  
Farm Service Agency

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## FARM SERVICE AGENCY

Purpose Statement

The Farm Service Agency (FSA) was established October 13, 1994, pursuant to the Department of Agriculture Reorganization Act of 1994, Public Law (P.L.) 103-354, as amended by the Federal Agriculture Improvement and Reform Act of 1996, P.L. 104-127. FSA's mission is to deliver timely, effective programs and services to America's farmers and ranchers to support them in sustaining our Nation's vibrant agricultural economy, as well as to provide first-rate support for domestic and international food aid efforts. FSA provides the personnel to carry out many of the programs funded by the Commodity Credit Corporation (CCC) and is responsible for the overall coordination of budgetary and fiscal matters of the CCC.

FSA administers programs authorized by the Food, Conservation, and Energy Act of 2008, P. L. 110-246 (the 2008 Farm Bill), and a variety of other laws. Descriptions of the programs administered by FSA and funded by CCC appear in the CCC Purpose Statement of these Explanatory Notes. The following is a summary of FSA's programs and activities.

**Farm Loan Programs:** FSA's farm loan programs provide a safety net for farmers and ranchers temporarily unable to obtain sufficient credit elsewhere to finance their operations at reasonable rates and terms.

Most farm loan programs administered by FSA are authorized by the Consolidated Farm and Rural Development Act, P.L. 87-128, August 8, 1961, as amended. Subtitle A of this act authorizes direct and guaranteed farm ownership, conservation, recreation, and soil and water loans. Subtitle B authorizes direct and guaranteed operating loans. Subtitle C authorizes emergency loans. The Agriculture Credit Improvement Act of 1992, P.L. 102-554, establishes special assistance to qualified beginning farmers and ranchers to enable them to conduct viable farming and ranching operations. Indian Tribal Land Acquisition Loans and Indian Highly Fractionated Land Loans are authorized by Public Law 91-229, April 11, 1970, as amended.

The Agricultural Credit Insurance Fund Program Account was initiated in FY 1992, as required by the Federal Credit Reform Act of 1990. The account shows the direct loan obligations and guaranteed loan commitments of FSA's farm loan programs and the associated subsidy costs. Subsidy costs are obtained by estimating the net present value of the Government's cash flows resulting from direct and guaranteed loans made through this account.

The programs funded by this account are:

- **Farm Ownership Loans.** FSA makes direct and guaranteed loans for family farmers to purchase farmland; restructure their debts, including utilizing their real estate equities to refinance heavy short-term debts; and make adjustments in their operations to comply with local sanitation and pollution abatement requirements, keep up with advances in agricultural technology, better utilize their land and labor resources, or meet changing market requirements.

Loans are made for a term of 40 years or less. A direct loan may not exceed \$300,000 and a guaranteed loan may not exceed \$1,214,000, adjusted annually. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost of money to the Government plus up to 1 percent. However, loans to limited resource borrowers (farmers who need special supervision or who cannot afford the regular interest rate due to low income) bear interest of not more than one-half of the Treasury rate for marketable obligations with maturities of 5 years plus not more than 1 percentage point, with a minimum of 5 percent. Effective with the 2008 Farm Bill, interest rates for beginning farmer down-payment loans are established at 4 percentage points less than the regular

borrower rate, with a minimum of 1.5 percent. The interest rate for guaranteed loans is negotiated by the lender and borrower.

At least 40 percent of the amounts appropriated for guaranteed farm ownership loans will be reserved for beginning farmers and ranchers during the first 6 months of the fiscal year. Also, at least 75 percent of the amount appropriated for direct farm ownership loans will be reserved for qualified beginning farmers and ranchers.

- **Farm Operating Loans.** Farm operating loans are targeted to family farmers unable to obtain credit from private sources at reasonable rates and terms and are accompanied by supervisory assistance in farm and financial management.

Operating loans may be made for paying costs incident to reorganizing a farming system for more profitable operations; purchasing livestock, poultry, and farm equipment; purchasing feed, seed, fertilizer, insecticides, and farm supplies and meeting other essential operating expenses; financing land and water development, use, and conservation; developing recreation and other non-farm enterprises; and refinancing existing indebtedness.

Farm operating loans are for periods of 1 to 7 years depending on loan purposes. The loan limit is \$300,000 for a direct loan and \$1,214,000, adjusted annually, for a guaranteed loan. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost of money to the Government plus up to 1 percent. However, loans to limited resource borrowers bear interest of not more than one-half of the Treasury rate for marketable obligations plus not more than 1 percentage point, with a floor of 5 percent. The interest rate for guaranteed loans is negotiated by the lender and borrower and may be subsidized under the interest assistance program.

The Agricultural Credit Improvement Act of 1992, Public Law 102-554, requires at least 50 percent of the amounts available for direct farm operating loans be reserved for qualified beginning farmers and ranchers during the first 11 months of the fiscal year.

- **Emergency Loans.** Emergency loans are made available in designated areas (counties) and in contiguous counties where property damage and/or severe production losses have occurred as a direct result of a natural disaster. Areas may be declared a disaster by the President or designated for emergency loan assistance by the Secretary of Agriculture, or by the FSA Administrator for physical loss loans only.

Emergency loans are made to established, eligible, family-size farms and ranches (including equine farms and ranches) and aquaculture operators who have suffered at least a 30 percent loss in crop production or a physical loss to livestock, livestock products, real estate, or chattel property. Partnerships and private domestic corporations and cooperatives may also qualify, provided they are primarily engaged in agricultural or aquaculture production. Loans may be made only for actual losses arising from natural disasters. A farmer who cannot receive credit elsewhere is eligible for an actual loss loan of up to \$500,000 or the calculated actual loss, whichever is less, for each disaster, at an interest rate of 3.75 percent.

Actual loss loans may be made to repair, restore, or replace damaged or destroyed farm property, livestock and livestock products, and supplies and to compensate for disaster-related loss of income based on reduced production of crops and/or livestock products. Eligible farmers may use actual loss loan funds to pay costs incident to reorganizing a farming system to make it a sound operation that is approximately equivalent in earning capacity to the operation conducted prior to the disaster. Under certain conditions, loan funds may be used to buy essential home equipment and furnishings and for limited refinancing of debts.

All emergency loans must be fully collateralized. The specific type of collateral may vary depending on the loan purpose, repayment ability and the individual circumstances of the applicant. If applicants cannot provide adequate collateral, their repayment may be considered as collateral to secure the loan. Repayment terms for actual loss loans also vary according to the purposes of the loan, type of collateral available to secure the loan, and the projected repayment ability of the borrower. Loans for actual production or physical losses to crops, livestock, supplies, and equipment may be scheduled for repayment for up to 7 years. Under some conditions a longer repayment period may be authorized for production loss loans, but not to exceed 20 years. Generally, real estate will be needed as security when a loan term of more than 7 years is authorized. Loss loans for actual losses to real estate will generally be scheduled for repayment within 30 years but under some conditions may be scheduled for up to 40 years. Applications for emergency loans must be received within 8 months of the county's disaster or quarantine designation date.

- **Indian Tribal Land Acquisition Loans.** These loans allow Native Americans to repurchase tribal lands and maintain ownership for future generations. They are limited to acquisition of land within the defined boundaries of a tribe's reservation. To be eligible, a tribe must be recognized by the Secretary of the Interior or be a tribal corporation established pursuant to the Indian Reorganization Act; in addition, a tribe must be without adequate funds to acquire the needed land and be unable to obtain sufficient credit elsewhere for the purchase. The tribe must also have a satisfactory management and repayment plan. Loan interest rates are fixed for the life of the loan at the current interest rate charged by FSA on the loan closing date and are made for a period not to exceed 40 years.
- **Boll Weevil Eradication Loans.** Boll weevil eradication loans provide assistance to producer associations and State governmental agencies to eradicate boll weevils. Loans are made in major cotton producing States.
- **Credit Sales of Acquired Property.** Loans are authorized for the sale of security properties previously acquired by FSA during the servicing of its loan portfolio. Loans for sales of acquired property have been financed under the direct farm ownership loan program since separate funding for credit sales has not been appropriated.
- **Conservation Loans.** These loans are available as direct or guaranteed loans to eligible borrowers to cover the cost of implementing qualified conservation projects. Loans for conservation projects must be part of a USDA-approved conservation plan. Eligible conservation plans may include projects for construction or establishment of conservation structures, forest and permanent cover, water conservation and waste management systems, improved permanent pasture, or other projects that comply with Section 1212 of the Food Security Act of 1985, and other purposes approved by the Secretary. Eligible borrowers include farmers, ranchers, and other entities controlled by farmers and ranchers and primarily and directly engaged in agricultural production. The program gives priority to qualified beginning farmers, ranchers, socially disadvantaged farmers or ranchers, owners or tenants who use the loans to convert to sustainable or organic agricultural production systems, and producers who use the loans to build conservation structures or establish conservation practices. Direct conservation loans have a maximum indebtedness of \$300,000, and guaranteed loans have a maximum indebtedness of \$1,214,000. The repayment term for direct conservation loans is 7 years for chattel and 20 years for real estate adjusted annually, unless the applicant requests a lesser term. The interest rate for direct conservation loans is equivalent to the direct farm ownership rate and the guaranteed conservation loans interest rate is determined by the lender, but will not exceed the rate charged to the lender's average agricultural customers. Loan guarantees are 75 percent of the principal amount of the loan, and loans are to be disbursed geographically to the maximum extent possible.

- **Indian Highly Fractionated Land Loans.** Provides direct loans to eligible purchasers of highly fractionated lands under relevant provisions of the Indian Land Consolidation Act. Eligible purchasers are Indian tribal members.
- **Beginning Farmer and Rancher Individual Development Grant Accounts.** Section 333 B of the Consolidated Farm and Rural Development Act authorizes an Individual Development Account Pilot Program of at least five years in duration in at least fifteen states, which provides for matching-funds savings accounts for beginning farmers or ranchers to be used for specified farming-related expenses. Eligible beginning farmers and ranchers lack significant assets and have an income that is either below 80 percent of their State's median or below 200 percent of their State's poverty income guidelines. Eligible participants cannot receive more than \$6,000 in matching funds for each fiscal year of contract. Participants must also complete financial training established by a qualified entity.

**State Mediation Grants:** Section 502 of the Agricultural Credit Act of 1987, P.L. 100-233, authorized the Secretary of Agriculture to help States develop and operate mediation programs to assist agricultural producers, their creditors, and other persons directly affected by the actions of USDA in resolving disputes confidentially, efficiently, and cost effectively compared to administrative appeals, litigation, and bankruptcy. Under the program, FSA makes grants to States to support mediation programs established under State statute and certified by FSA. Grants can be up to \$500,000 annually, or 70 percent of the State's cost of operating its program for the year.

Originally designed to address farm loan disputes, the program was expanded by the Department of Agriculture Reorganization Act of 1994, P.L. 103-354, to include other agricultural issues such as wetland determinations, conservation compliance, rural water loan programs, grazing on National forest system lands, and pesticides. The Grain Standards and Warehouse Improvement Act of 2000, P.L. 106-472, clarified that certified State programs can provide mediation training and consulting services to producers, lenders, and USDA agencies.

The program is currently authorized through September 30, 2015 under P.L. 109-17, enacted June 29, 2005, as amended by P.L. 111-233 on August 16, 2010.

**Farm Programs:** FSA provides loans, purchases, and payments in order to support farm income and provide disaster assistance. These actions are authorized under the Commodity Credit Corporation Charter Act, as amended, the Agricultural Act of 1949, the Food, Conservation, and Energy Act of 2008, P. L. 110-246 (2008 Farm Bill), appropriation acts, and a variety of other laws.

Several important programs include:

- **Direct, Counter-Cyclical and ACRE Payments:** About \$5 billion annually in fixed direct payments are made to producers for eligible commodities for base acres are established. Counter-cyclical payments are made to producers when it is determined that the effective commodity price is less than the target commodity price. The 2008 Farm Bill added the ACRE program for the 2009-2012 crop years. Producers who elect to enroll a farm in ACRE are eligible for ACRE payments in lieu of counter-cyclical payments on the farm and in exchange for a 20 percent reduction in direct payments on the farm and a 30 percent reduction in the marketing assistance loan rates for all commodities produced on the farm.
- **Marketing Assistance Loans and Loan Deficiency Payments.** The 2008 Farm Bill authorizes non-recourse marketing assistance loans. These loans have a term of 9 months beginning on the first day of the first month after the month in which the loan is made, and they cannot be extended.

The producer must comply with applicable conservation requirements under subtitle B of title XII of the Food Security Act of 1985 and applicable wetland protection requirements under subtitle C of title XII of the Act during the term of the loan.

Producers of eligible commodities can repay a marketing assistance loan at a rate that is the lesser of the loan rate established for the commodity plus interest; or a rate that the Secretary determines. Special rules apply to upland cotton, rice, and extra long staple cotton. New crops eligible for marketing assistance loans include triticale, peas, lentils, honey, wool, and mohair. Producers also have the option for most commodities to take loan deficiency payments in lieu of a marketing assistance loan when repayment rates are below the loan rate.

- **Conservation Reserve Program (CRP).** CRP, is USDA's largest conservation/environmental program. 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 long-term resource-conserving vegetative covers. CRP participants enroll acreage for periods of 10 to 15 years in exchange for annual rental payments, cost-share payments, and technical assistance for installing and maintaining approved conservation practices.
- **Agricultural Disaster Relief Trust Fund.** The 2008 Farm Bill provides for supplemental agricultural disaster assistance, for qualifying losses occurring on or before September 30, 2011, that is funded through the Agricultural Disaster Relief Trust Fund. The Fund is composed of amounts equivalent to 3.08 percent of the amounts received in the general fund of the U.S. Treasury during FY 2008-2011 attributable to the duties collected on articles entered, or withdrawn from warehouse, for consumption under the Harmonized Tariff Schedule of the U.S. The Fund has authority to borrow and has repayable advances that are such sums as may be necessary to make up the Fund's budget authority. The Trust Fund may be used to make payments to farmers and ranchers under five programs:

**Supplemental Revenue Assistance Payments (SURE) Program** provides assistance to eligible producers who are in counties that receive a natural disaster declaration by the Secretary and who have incurred crop production and/or quality losses during the crop year.

**Livestock Forage Disaster Program (LFP)** compensates producers for grazing losses resulting from drought-related conditions as well as grazing losses due to fire on public managed lands.

**Livestock Indemnity Program (LIP)** compensates producers for livestock losses that were the result of a natural disaster.

**Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP)** provides emergency relief to producers of livestock, honeybees, and farm raised fish to aid in the reduction of losses due to disease, adverse weather or other conditions determined by the Secretary that are not covered by LIP, LFP, or SURE.

**Tree Assistance Program (TAP)** assists eligible orchardists or nursery tree growers who suffered tree losses or damage as a result of a natural disaster. The program shares the cost of tree replanting, clean-up and debris removal, and rehabilitation.

- **Biomass Crop Assistance Program (BCAP).** BCAP was established by Section 9001 of the 2008 Act. Funded by the CCC, BCAP provides rental and cost-share payments to encourage production of biomass crops. Payments are also provided to offset collection, harvest, storage, and transportation costs of eligible material for use in a biomass conversion facility.

- **Milk Income Loss Contract.** The Milk Income Loss Contract Program (MILC) issues monthly payments to producers when milk prices and/or feed costs fall below specified levels.
- **Emergency Conservation Program (ECP):** ECP is authorized by Title IV of the Agricultural Credit Act of 1978 (P.L. 95-334), as amended. ECP provides emergency cost-share assistance to farmers and ranchers to help rehabilitate farmland and rangeland damaged by natural disasters and to carry out water conservation measures during periods of severe drought. Cost-share assistance may be offered only for emergency conservation practices to restore land to a condition similar to that existing prior to the natural disaster. ECP program participants receive cost-share assistance of up to 75 percent of the cost to implement approved emergency conservation practices, as determined by county FSA committees.

**Commercial Warehouse Activities:** Under the United States Warehouse Act (USWA), first enacted in 1916 and most recently reauthorized by the Grain Standards and Warehouse Improvement Act of 2000, P.L. 106-472, FSA operates a nationwide, voluntary program, under which FSA licenses warehouse operators who store agricultural products. Under the USWA, FSA also licenses qualified persons to sample, inspect, weigh, and grade agricultural products. Entities which receive a USWA license must meet minimum financial standards and maintain physical warehouse facilities capable of handling and storing applicable agricultural commodities. In order to ensure compliance with the provisions of these licenses, FSA periodically makes unannounced examinations of the license holders. The USWA authorizes the use of user fees to cover the costs of administering that Act.

**End-Use Certificate Program:** Under the North American Free Trade Agreement Implementation Act, FSA monitors the end use of wheat imported from Canada. Under the program, importers of Canadian wheat, regardless of ultimate use, must complete an end-use certificate. Transactions that occur subsequent to the entry of such wheat into the United States must be reported to FSA, and all purchasers must continue to report any consumption of such wheat.

**Domestic and Export Commodity Procurement Activities:** Procurement activities are governed by the following legislation: National School Lunch Act, Sections 6(a) and (e), 13 and 17; Emergency Food Assistance Act of 1983, as amended; Agricultural Trade Development and Assistance Act of 1954 (Public Law 83-480, Title II), as amended; Food for Progress Act of 1985, as amended; and the Agricultural Act of 1949, Section 416(b), as amended.

- **Domestic Nutrition and Feeding Programs.** FSA procures commodities for domestic food programs administered by the Food and Nutrition Service. These programs include the National School Lunch Program; elderly, disaster, and emergency feeding programs; food aid to Native Americans living on reservations; and other programs that help individuals in need. FSA also donates surplus Government-owned commodities for use in feeding programs, using CCC authority, when these products are available.
- **Foreign Food-Aid Humanitarian and Developmental Assistance Programs.** FSA procures commodities for overseas humanitarian and developmental use for the Food for Progress and Section 416(b) programs, and under Title II Food for Peace.
- **Surplus Removal and Disaster and Food Assistance Programs.** FSA procures commodities under Executive Order and congressional mandate for surplus removal and disaster and food assistance programs. In response to natural disasters, FSA distributes Government-owned food from warehouses and may make special purchases of food as part of the disaster relief effort.



**AGENCY STRUCTURE:** FSA delivers its programs through more than 2,100 USDA Service Centers, 50 State offices, and an area office in Puerto Rico. FSA has headquarters offices in Washington, DC, two field offices in Kansas City, an office in Salt Lake City, and a field office in St. Louis servicing farm loan programs. Personnel at the Washington headquarters office are responsible for program policy decisions, program design, and program oversight. Personnel at the Washington headquarters office and the Kansas City complex are responsible for financial management, IT support for program delivery, and commodity operations.

FSA's permanent, full-time, end-of-year Federal employment as of September 30, 2011, was 4,710. FSA non-Federal permanent employment in USDA Service Centers was 8,370. The total number of Federal permanent full time positions in the Washington, DC headquarters office was 1,399 and the total number of Federal and non-Federal permanent positions in the field offices was 11,681.

**OIG Audits**

Number	Title	Report Date
03024-0001-11	Fiscal Year 2010 Farm Service Agency Farm Assistance Program Payments  <b><u>Status: Management decision achieved. Final action pending.</u></b>	6/21/2011
03024-0001-22	Review of FSA's Error Rate Determination for Payments Made to Estates of Deceased Individuals.  <b><u>Status: Closed. OIG conducted cursory review based on Senator's Coburn Request. OIG responded to the Senator in June 2011 stating an audit at this time would not be conducted.</u></b>	Closed - Engagement Letter Received 5/7/2011
03401-0001-11	FSA Financial Statements Fiscal Years 2011 and 2010  <b><u>Status: FSA has been provided preliminary findings.</u></b>	In Progress - Engagement Letter Received 1/24/2011
03601-0001-32	Farm Storage Facility Loan Program  <b><u>Status: Ongoing.</u></b>	In Progress – Engagement Letter Received 11/23/2010
03601-0018-CH	FSA Farm Loan Security  <b><u>Status: Management Decision reached on all recommendations. Pending Publication of Regulations.</u></b>	8/10/2010
03601-0019-CH	FSA Controls to Ensure Farm Program Payments are not Issued to Producers and Entities that Exceed Income Eligibility Limits  <b><u>Status: OIG has obtained some preliminary data from FSA, but no other actions have been taken to date.</u></b>	In Progress – FSA was notified of OIG's Audit Plan on 5/16/2011
03601-0023-KC	2005 Hurricane Relief Initiatives: 2005 Hurricane Livestock Indemnity Program and Feed Indemnity Program  <b><u>Status: Pending outcome of an OIG Investigation.</u></b>	2/2/2009
03601-0028-KC	Biomass Crop Assistance Program -- Collection, Harvest, Storage and Transportation Matching Payments Program  <b><u>Status: Ongoing.</u></b>	In Progress – Fast Report issued 2/3/2011
03601-0051-TE	Conservation Reserve Program-- Soil Rental Rates  <b><u>Status: Ongoing.</u></b>	In Progress – Engagement Letter Received 2/23/2010
03702-0001-TE	Review of Emergency Disaster Assistance for the 2008 Natural Disasters: Emergency Conservation Program  <b><u>Status: Closed 10/20/2011.</u></b>	9/30/2010
03703-0001-IT	American Recovery and Reinvestment Act Spending for FSA Information Technology  <b><u>Status: Closed 7/1/2011.</u></b>	3/31/2011
03703-0002-CH	Controls Over Aquaculture Grant Recovery Act Funds (Phase 2)  <b><u>Status: FSA provided response to Official Draft 1/4/2012.</u></b>	Official Draft Report Issued 9/19/2011

Number	Title	Report Date
03703-0002-TE	American Recovery and Reinvestment Act - Direct Farm Operating Loans (Phase 2)  <i><u>Status: Closed 1/13/2011.</u></i>	1/13/2011
06401-0015-FM	Audit of FY 2002 CCC Financial Statements <i><u>Status: Closed 8/10/2011</u></i>	12/26/2002
06401-0017-FM	CCC Financial Statements for FY 2004 and 2003  <i><u>Status: Closed 8/10/2011.</u></i>	11/5/2004
06401-0001-11	CCC FY 2011 Financial Statement Audit  <i><u>Status: Close 11/10/2011. No new recommendations.</u></i>	11/10/2011
50501-0002-12	Fiscal Year 2011 Federal Information Security Management Act  <i><u>Status: Ongoing.</u></i>	In Progress - Engagement Letter Issued 5/17/2011
50601-0014-AT	Effectiveness and Enforcement of Suspension and Debarment Regulations in the USDA  <i><u>Status: Management Decision reached on two of the four recommendations made to FSA. Pending additional discussions with OIG and OGC.</u></i>	8/16/2010
50601-0016-KC	Emergency Disaster Assistance for 2008 Floods: Emergency Conservation Program  <i><u>Status: Management Decision Achieved. Pending Final Action.</u></i>	3/31/2011
50703-0001-31	Supplemental Revenue Assistance Payments (SURE) Program, ARRA Act of 2009  <i><u>Status: Ongoing.</u></i>	In Progress – Engagement Letter Issued 5/20/2011

**GAO Assignments**

Number	Title	Report Date
GAO-11-0586 (310690)	Farm Service Agency Information Technology Modernization Review  <i><u>Status: Statement of Action signed by the Secretary on 12/05/2011.</u></i>	07/20/2011

FARM SERVICE AGENCY  
Available Funds and Staff Years  
(Dollars in thousands)

Item	2010 Actual		2011 Actual		2012 Estimate		2013 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
<i>Detailed information for each account can be found in the Project Statements.</i>								
<b>Salaries and Expenses:</b>								
Discretionary Appropriations.....	\$1,253,777	14,009	\$1,210,711	13,618	\$1,198,966	12,391	\$1,208,290	12,428
<b>ACIF Program Account:</b>								
FSA S&E Transfer.....	313,173	-	305,588	-	289,728	-	304,977	-
Subsidy.....	140,608	-	147,980	-	108,213	-	97,970	-
Subsidy Supplemental.....	30,580	-	-	-	-	-	-	-
Individual Development Accounts.....	-	-	-	-	-	-	2,500	-
Admin. Expenses Non-Recoverable Loan Costs.....	7,920	-	7,920	-	7,904	-	7,920	-
Admin. Expenses Non-Recoverable Loan Costs Supplemental....	1,000	-	-	-	-	-	-	-
State Mediation Grants.....	4,369	-	4,185	-	3,759	-	4,369	-
Grassroots Source Water Protection Program.....	5,000	-	4,250	-	3,817	-	-	-
Subtotal Appropriations.....	1,756,427	14,009	1,680,634	13,618	1,612,387	12,391	1,626,026	12,428
Rescission.....	-	-	-3,361	-	-	-	-	-
<b>Transfers In:</b>								
<b>Credit Reform Transfers:</b>								
CCC Export Loans Program Account.....	355	-	354	-	355	-	354	-
P.L. 480 Program Account.....	2,812	-	2,806	-	2,500	-	2,806	-
Congressional Relations.....	187	-	172	-	-	-	-	-
<b>Transfers Out:</b>								
Adjusted Appropriation.....	1,759,781	14,009	1,680,605	13,618	1,615,242	12,391	1,629,186	12,428
Balance Available, SOY.....	70,992	-	49,055	-	18,037	-	-	-
Other Adjustments (Net).....	-	-	405	-	-	-	-	-
Total Available.....	1,830,773	14,009	1,730,065	13,618	1,633,279	12,391	1,629,186	12,428
Lapsing Balances.....	-5,000	-	-14,467	-	-	-	-	-
Balance Available, EOY.....	-49,055	-	-18,037	-	-	-	-	-
Obligations.....	1,776,718	14,009	1,697,561	13,618	1,633,279	12,391	1,629,186	12,428
Subtotal Obligations, FSA.....	1,776,718	14,009	1,697,561	13,618	1,633,279	12,391	1,629,186	12,428
<b>Obligations under other USDA appropriations:</b>								
Foreign Agricultural Service.....	5,893	43	5,277	43	4,526	30	4,424	30
Risk Management Agency.....	1,900	22	2,000	22	2,000	18	2,000	18
Food & Nutrition Service.....	2,545	23	2,077	23	2,100	20	2,100	20
Agricultural Marketing Service.....	1,348	12	3,597	12	1,100	9	1,100	9
Natural Resources Conservation Service.....	2,275	0	3,815	0	3,899	0	3,140	0
Flying Contracts.....	10,065	10	9,800	10	9,000	6	9,000	6
CCC to Administer P.L. 480 Title II Grants.....	6,180	44	6,496	44	6,727	43	6,727	43
Miscellaneous.....	56,955	0	55,993	0	51,478	0	51,478	0
Total, Other USDA.....	94,692	154	89,055	154	80,830	126	79,969	126
Total, Agriculture Appropriations.....	1,871,410	14,163	1,786,616	13,772	1,714,109	12,517	1,709,155	12,554
<b>Other Federal Funds:</b>								
Sale of Aerial Photographs.....	277	4	144	2	205	2	205	2
Total, Other Federal.....	277	4	144	2	205	2	205	2
<b>Non-Federal Funds</b>								
Loan Service Fee Financing.....	3,570	57	293	45	2,913	40	2,913	40
Producer Measurement Service.....	2,274	57	1,785	40	1,785	35	1,785	35
Warehouse Examinations.....	3,471	56	3,471	56	3,471	56	3,471	56
Sale of Aerial Photographs.....	400	6	207	6	295	4	295	4
Total, Non-Federal.....	9,715	176	5,756	147	8,464	135	8,464	135
Total, FSA.....	1,881,402	14,343	1,792,516	13,921	1,722,778	12,654	1,717,824	12,691

FARM SERVICE AGENCY  
Permanent Positions by Grade and Staff Year Summary

Item	2010 Actual			2011 Actual			2012 Estimate			2013 Estimate		
	Wash. D.C.	Field	Total	Wash. D.C.	Field	Total	Wash. D.C.	Field	Total	Wash. D.C.	Field	Total
ES.....	-	-	-	-	-	-	-	-	-	-	-	-
SES.....	11	-	11	8	-	8	11	-	11	11	-	11
SL.....	1	-	1	1	-	1	1	-	1	1	-	1
GS-15.....	58	50	108	60	49	109	59	47	106	59	47	106
GS-14.....	158	416	574	163	-	163	169	-	169	169	-	169
GS-13.....	407	1,040	1,447	409	400	809	388	372	760	388	372	760
GS-12.....	491	624	1,115	464	825	1,289	448	978	1,426	448	978	1,426
GS-11.....	98	-	98	94	554	648	97	601	698	97	601	698
GS-10.....	-	215	215	2	-	2	3	-	3	3	-	3
GS-9.....	74	32	106	69	187	256	64	230	294	64	230	294
GS-8.....	48	923	971	44	27	71	40	26	66	40	26	66
GS-7.....	114	96	210	112	863	975	103	815	918	103	815	918
GS-6.....	15	35	50	22	67	89	14	65	79	14	65	79
GS-5.....	10	19	29	9	41	50	9	28	37	9	28	37
GS-4.....	3	4	7	1	6	7	1	6	7	1	6	7
GS-3.....	1	6	7	1	2	3	1	3	4	1	3	4
GS-2.....	-	-	-	-	4	4	-	3	3	-	3	3
GS-1.....	-	-	-	-	-	-	-	-	-	-	-	-
Other Graded Positions.....	11	1	12	-	226	226	11	228	239	11	228	239
Ungraded Positions.....	-	-	-	-	-	-	-	-	-	-	-	-
Total Perm. Positions.....	1,500	3,461	4,961	1,459	3,251	4,710	1,419	3,402	4,821	1,419	3,402	4,821
Unfilled, EOY....	-	-	-	-	-	-	-	-	-	-	-	-
Total, Perm. Full-Time Employment, EOY.....	1,500	3,461	4,961	1,459	3,251	4,710	1,419	3,402	4,821	1,419	3,402	4,821
Staff Year Est....	1,524	3,465	4,989	1,477	3,441	4,918	1,396	3,098	4,494	1,396	3,098	4,494

FARM SERVICE AGENCY  
Size, Composition, and Annual Operating Costs of Vehicle Fleet

Fiscal Year	Number of Vehicles by Type *							Annual Operating Costs (\$ in 000) **	
	Sedans and Station Wagons	Light Trucks, SUVs, and Vans		Medium Duty Vehicles	Ambulances	Buses	Heavy Duty Vehicles		Total Number of Vehicles
		4x2	4x4						
2010	361	163	252	9	-	-	2	787	\$1,156
Change	-26	-3	-16	-4	-	-	-	-49	+4,135
2011	335	160	236	5	-	-	2	738	5,291
Change	-	-	-	-	-	-	-	-	-
2012	335	160	236	5	-	-	2	738	5,291
Change	-	-	-	-	-	-	-	-	-
2013	335	160	236	5	-	-	2	738	5,291

\* Numbers include vehicles owned by the agency and leased from commercial sources or GSA.

\*\* Excludes acquisition costs and gains from sale of vehicles as shown in FAST.

1/ Increased in FY11 reflects GSA leasing cost which was excluded in FY2010 annual operating costs.

FARM SERVICE AGENCY

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses (Including Transfers of Funds):

For necessary expenses of the Farm Service Agency, [~~\$1,198,966,000, of which \$13,000,000 shall be for the Common Computing Environment and of which not less than \$66,685,000 shall be for Modernize and Innovate the Delivery of Agricultural Systems~~]\$1,208,290,000: Provided, That the Secretary is authorized to use the services, facilities, and authorities (but not the funds) of the Commodity Credit Corporation to make program payments for all programs administered by the Agency: Provided further, That other funds made available to the Agency for authorized activities may be advanced to and merged with this account: Provided further, That funds made available to county committees shall remain available until expended.

This change removes specified amounts for information technology activities that will continue to be funded in 2013.

## FARM SERVICE AGENCY

## Lead-Off Tabular Statement

Salaries and Expenses

Appropriations Act, 2012.....	\$1,491,549,000
Budget Estimate, 2013.....	<u>1,516,427,000</u>
Change from 2012 Appropriation.....	<u>+24,878,000</u>

Summary of Increases and Decreases - Current Law

(Dollars in thousands)

	2010 Actual	2011 Change	2012 Change	2013 Change	2013 Estimate
Discretionary Appropriations:					
Farm Loan Program.....	\$313,173	-\$8,196	-\$15,249	+\$15,249	\$304,977
Income Support & Disaster Assistance.....	908,910	-32,691	-6,796	+6,967	876,535
Conservation Programs.....	318,034	-9,152	-2,421	+2,454	308,770
Commodity Operations.....	30,000	-3,651	-412	+208	26,145
Subtotal.....	1,570,117	-53,690	-24,878	+24,878	1,516,427



## FARM SERVICE AGENCY

Project Statement  
(On basis of appropriations)  
(Dollars in thousands)

Program	2010 Actual		2011 Actual		2012 Estimate		Change		2013 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Discretionary Appropriations:										
Farm Loan Program.....	\$313,173	2,804	\$304,977	2,591	\$289,728	2,162	+\$15,249 (1)	-	\$304,977	2,162
Income Support & Disaster Assistance.....	908,910	8,217	876,219	8,169	869,423	7,528	+7,112 (2)	+19	876,535	7,547
Conservation Programs.....	318,034	2,878	308,882	2,774	306,461	2,618	+2,309 (3)	+18	308,770	2,636
Commodity Operations.....	30,000	110	26,349	84	25,937	83	+208 (4)	-	26,145	83
Total Adjusted Approp.....	1,570,117	14,009	1,516,427	13,618	1,491,549	12,391	+24,878	+37	1,516,427	12,428
Rescissions and Transfers:										
Program Transfers.....	-316,340	-	-308,137	-	-292,583	-	-15,554	-	-308,137	-
Rescission.....	-	-	2,421	-	-	-	-	-	-	-
Total Appropriation.....	1,253,777	14,009	1,210,711	13,618	1,198,966	12,391	+9,324	+37	1,208,290	12,428
Transfers In:										
Cong. Relations.....	187	-	172	-	-	-	-	-	-	-
Credit Reform Transfers.....	316,340	-	308,137	-	292,583	-	+15,554	-	308,137	-
Subtotal.....	316,527	-	308,309	-	292,583	-	+15,554	-	308,137	-
Rescission.....	-	-	-2,421	-	-	-	-	-	-	-
Bal. Available, SOY.....	70,992	-	49,055	-	18,037	-	-18,037	-	-	-
Recoveries, Other (Net).....	-	-	405	-	-	-	-	-	-	-
Total Available.....	1,641,296	14,009	1,566,059	13,618	1,509,586	12,391	+6,841	+37	1,516,427	12,428
Lapsing Balances.....	-5,000	-	-14,467	-	-	-	-	-	-	-
Bal. Available, EOY.....	-49,055	-	-18,037	-	-	-	-	-	-	-
Total Obligations.....	1,587,241	14,009	1,533,555	13,618	1,509,586	12,391	+6,841	+37	1,516,427	12,428

Project Statement  
(On basis of obligations)  
(Dollars in thousands)

Program	2010 Actual		2011 Actual		2012 Estimate		Change		2013 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Discretionary Obligations:										
Farm Loan Program.....	\$313,173	2,804	\$304,977	2,591	\$289,728	2,162	+\$15,249 (5)	-	\$304,977	2,162
Income Support & Disaster Assistance.....	920,034	8,217	888,983	8,169	882,915	7,528	-6,380 (6)	+19	876,535	7,547
Conservation Programs.....	324,034	2,878	313,346	2,774	311,006	2,618	-2,236 (7)	+18	308,770	2,636
Commodity Operations.....	30,000	110	26,249	84	25,937	83	+208 (8)	-	26,145	83
Total Obligations.....	1,587,241	14,009	1,533,555	13,618	1,509,586	12,391	+6,841	+37	1,516,427	12,428
Lapsing Balances.....	5,000	-	14,467	-	-	-	-	-	-	-
Bal. Available, EOY.....	49,055	-	18,037	-	-	-	-	-	-	-
Total Available.....	1,641,296	14,009	1,566,059	13,618	1,509,586	12,391	+6,841	+37	1,516,427	12,428
Transfers In.....	-316,527	-	-308,309	-	-292,583	-	-15,554	-	-308,137	-
Rescission.....	-	-	2,421	-	-	-	-	-	-	-
Bal. Available, SOY.....	-70,992	-	-49,055	-	-18,037	-	+18,037	-	-	-
Other Adjustments (Net).....	-	-	-405	-	-	-	-	-	-	-
Total Appropriation.....	1,253,777	14,009	1,210,711	13,618	1,198,966	12,391	+9,324	+37	1,208,290	12,428

## Justification of Increases and Decreases

- 1) A total increase of \$24,878,000 and 37 staff years for Farm Service Agency Salaries and Expenses (\$1,491,549,000 and 12,391 staff years available in 2012)

- a) A total increase of \$15,390,000 for Federal Offices:

- (1) A net increase of \$0, which includes \$1,629,000 to fund increased Federal pay costs for 4,306 direct Federal staff years, which will be offset by a decrease from the one-time savings from the completion of Voluntary Separation Incentive Program (VSIP's) in FY 2012.

This increase will enable FSA to maintain necessary staffing levels required to administer farm programs such as direct and counter-cyclical payment (DCP) contract and increased conservation programs; to properly service existing farm loans efficiently and effectively and analyze new loan requests; and to maintain the personnel required to meet key objectives related to commodity operations. Approximately 51 percent of FSA's Federal budget is in support of personal compensation. Consequently, absorbing pay costs would require a reduction in direct program operations and severely limit the agency's ability to conduct direct and counter-cyclical payment (DCP) contracts, service existing and analyze new farm loan requests and meet objectives related to commodity operations.

- (2) An increase of \$11,781,000 is to fund critical IT transformation and modernization projects to support core FSA operations

FSA's 2012 IT base funding of \$334,554,000 provides IT resources and services that fund critical IT transformation and modernization projects to support core FSA operations and program delivery in several ways. FSA is (1) maintaining and enhancing the current infrastructure at a level that supports required operations, services and program delivery; (2) eliminating the reliance on outmoded technology and applications; (3) modernizing FSA's IT environment to enhance and improve the delivery of information and benefits to customers; and (4) improving the quality, reliability and availability of data needed by the modernization effort to more effectively support FSA programs.

This increase is needed for the continuation of contract services that support the business delivery of FSA's programs by providing resources for (a) modernization, development and maintenance of applications systems and (b) deployment support (e.g. data and data base administration, testing and certification, security, etc.) for application systems. These funds will enable FSA to continue to maintain essential program delivery and operations to the field. Since FSA IT projects are heavily contract dependent, continuation of these resources at needed levels facilitate the scheduled implementation of FSA OCIO's strategic plans – migration from legacy AS 400 System 36 environment to the Web, modernization of IT applications and continued maintenance of essential program delivery and operations.

MIDAS is a comprehensive project to streamline the existing complicated business processes that support mandated farm programs and provide a modern IT infrastructure to operate the programs. MIDAS will provide benefits to employees, farmers and ranchers and will cover FSA's Farm Programs including price support programs, conservation and environmental programs, production, and emergency disaster programs.

The 2012 enacted level enables FSA to begin the MIDAS system configuration, training, deployment, hosting and operations for the Initial Operating Capability (IOC). The IOC includes phased deployments of the functionality that supports the following programs: Acreage Reporting, Farm Records, Marketing Assistance Loans and Service Center

Information Management System (SCIMS). The 2013 Budget includes a total of \$99,800,000 for MIDAS. This funding level will complete the original \$304,700,000 estimate for this project and enable FSA to continue and complete the design, configuration, and phased deployment of system capabilities to support additional Farm Programs.

The MIDAS solution remains dependent on existing FSA Web-based IT systems, architecture, and infrastructure. MIDAS will continue to be closely aligned with other Agency and Department-wide modernization efforts. GIS modernization will enable MIDAS to use and leverage digital data to enhance program delivery and support. Full functionality of Enterprise Information Management (EIM), formerly known as Enterprise Data Warehouse (EDW), will provide MIDAS with integrated high quality data to deliver critical reports to staff and FSA customers.

(3) An increase of \$3,609,000 for operating costs.

This increase is necessary to fund the replacement of broken and inadequate equipment such as copiers and faxes. The replacement of much needed equipment that has been deferred for several years will enable offices to provide producers the necessary copies of farm loan applications and ensure prompt program delivery to producers. In addition, funds will also be used to fully cover the cost of travel for State Committee members to perform activities for conservation, dairy, price support, farm and other programs as assigned and required according to regulations and directives. This increase will also enable State Committee members to make authorized programs available to producers and provide the public with timely and reasonable service.

b) A total increase of \$9,488,000 for Non-Federal Offices:

(1) A net increase of \$0, which includes \$2,161,000 to fund increased Federal pay costs for 8,235 direct non-federal staff years, which will be offset by a decrease from the one-time savings from the completion of Voluntary Separation Incentive Program (VSIP's) in FY 2012.

This increase will enable FSA to maintain necessary staffing levels for 8,235 direct non-Federal staff years. The increase is necessary to fully support the staff required to administer farm programs such as direct and counter-cyclical payment contracts increased conservation programs; and to properly service existing farm loans efficiently and effectively and analyze new loan requests. Approximately 87 percent of FSA's Federal budget to support non-federal staff is in support of personal compensation. Consequently, absorbing pay costs would require a reduction in direct program operations and severely limit the agency's ability to conduct direct and counter-cyclical payment (DCP) contracts, service existing and analyze new farm loan requests and meet objectives related to commodity operations

(2) An increase of \$1,237,000 in salaries and benefits for 37 temporary non-federal county personnel.

The requested temporary staff will provide assistance in county offices during the peak seasonal times for accepting applications from producers and farmers and other work as required. The temporary staff provide continuity of operations in the FSA county offices. Having temporary staff will allow FSA the flexibility to hire staff when needed and keep costs at a reduced level compared to hiring permanent non-federal employees.

(3) An increase of \$8,251,000 for operating costs.

This increase is necessary to fully cover the cost of travel for County Committee and Non-federal staff to perform compliance activity for farm programs required by statute and regulations. In addition, a portion of the funds will be used to replace broken and inadequate equipment such as copiers and faxes. The replacement of much needed equipment that has been deferred for several years will enable offices to provide producers the necessary copies of loan and other program applications and ensure prompt program delivery to producers.

FARM SERVICE AGENCY  
Geographic Breakdown of Obligations and Staff Years  
(Dollars in thousands)

State/Territory	2010 Actual		2011 Actual		2012 Estimate		2013 Estimate	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Alabama.....	\$20,225	229	\$19,629	225	\$18,576	207	\$18,886	208
Alaska.....	933	8	911	8	1,164	9	1,184	9
Arizona.....	5,372	58	8,668	55	4,436	50	4,510	50
Arkansas.....	26,279	315	25,436	305	23,831	279	24,228	280
California.....	17,936	206	13,667	195	15,691	175	15,953	176
Colorado.....	15,917	181	15,659	178	13,812	157	14,042	158
Connecticut.....	2,229	25	2,116	23	2,146	20	2,181	20
Delaware.....	1,916	21	1,755	20	1,755	19	1,785	19
Florida.....	13,214	138	12,512	134	11,682	121	11,877	122
Georgia.....	28,772	364	27,987	356	26,452	325	26,893	326
Hawaii.....	3,341	34	3,247	35	3,145	31	3,198	31
Idaho.....	14,415	168	14,093	162	13,208	145	13,429	146
Illinois.....	49,853	630	49,000	618	44,108	551	44,843	552
Indiana.....	34,081	417	33,731	405	30,388	363	30,895	364
Iowa.....	60,372	736	59,518	721	53,627	654	54,521	656
Kansas.....	49,033	606	48,071	585	42,928	526	43,644	527
Kentucky.....	33,970	403	32,735	398	31,002	367	31,520	368
Louisiana.....	20,900	237	20,041	229	18,756	214	19,068	215
Maine.....	6,676	68	6,166	65	5,530	57	5,622	57
Maryland.....	7,673	87	8,297	93	7,340	75	7,462	76
Massachusetts.....	3,832	42	3,766	42	3,591	35	3,651	35
Michigan.....	25,669	289	24,974	280	22,925	261	23,307	262
Minnesota.....	44,072	529	42,679	516	39,011	468	39,662	469
Mississippi.....	29,384	323	29,055	319	26,129	285	26,565	286
Missouri.....	55,252	614	46,854	570	49,651	573	50,479	574
Montana.....	22,625	263	21,900	247	20,480	233	20,822	234
Nebraska.....	42,714	533	40,898	500	37,796	454	38,426	455
Nevada.....	2,349	27	2,244	27	2,360	26	2,399	26
New Hampshire.....	2,278	23	2,255	25	2,115	21	2,150	21
New Jersey.....	4,474	42	4,490	40	4,025	35	4,092	35
New Mexico.....	8,160	91	7,750	89	7,111	81	7,229	82
New York.....	19,034	219	18,581	214	16,534	192	16,810	193
North Carolina.....	32,121	396	31,632	393	30,028	357	30,529	358
North Dakota.....	32,902	397	31,429	375	28,868	339	29,349	340
Ohio.....	32,194	392	31,636	384	29,816	349	30,313	350
Oklahoma.....	31,663	382	30,671	374	28,104	337	28,573	338
Oregon.....	11,075	124	10,867	121	9,827	110	9,991	111
Pennsylvania.....	19,800	228	18,811	219	17,737	207	18,033	208
Rhode Island.....	1,171	11	1,234	11	1,335	10	1,357	10
South Carolina.....	15,395	175	15,122	175	14,141	155	14,377	156
South Dakota.....	34,301	416	33,355	398	30,785	361	31,298	362
Tennessee.....	28,163	332	27,448	326	25,442	293	25,866	294
Texas.....	76,412	869	72,612	839	64,661	747	65,740	749
Utah.....	13,398	158	2,740	149	12,983	142	13,199	142

FARM SERVICE AGENCY  
Geographic Breakdown of Obligations and Staff Years

(Dollars in thousands)

Vermont.....	5,235	57	4,829	56	4,654	49	4,732	49
Virginia.....	19,743	226	19,194	217	17,946	203	18,245	204
Washington.....	13,233	139	12,748	138	11,493	119	11,685	120
West Virginia.....	9,711	105	9,547	104	8,422	90	8,562	90
Wisconsin.....	32,767	405	31,675	391	29,165	361	29,651	362
Wyoming.....	7,213	78	7,128	77	6,732	71	6,844	71
American Samoa.....	-	-	-	-	-	-	-	-
District of Columbia.....	492,752	1,136	487,070	1,129	513,277	1,029	521,841	1,029
Guam.....	-	-	-	-	-	-	-	-
Midway Islands.....	-	-	-	-	-	-	-	-
N. Mariana Islands.....	-	-	-	-	-	-	-	-
Puerto Rico.....	5,042	57	5,122	63	4,828	53	4,909	53
Virgin Islands.....	-	-	-	-	-	-	-	-
Other Countries.....	-	-	-	-	-	-	-	-
Undistributed.....	-	-	-	-	-	-	-	-
Obligations.....	1,587,241	14,009	1,533,555	13,618	1,509,586	12,391	1,516,427	12,428
Lapsing Balances.....	5,000	-	14,467	-	-	-	-	-
Bal. Available, EOY.....	49,055	-	18,037	-	-	-	-	-
Total, Available.....	1,641,296	14,009	1,566,059	13,618	1,509,586	12,391	1,516,427	12,428

## FARM SERVICE AGENCY

Classification by Objects

(Dollars in thousands)

	2010	2011	2012	2013
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Personnel Compensation:				
Washington D.C.....	\$121,474	\$119,575	\$109,528	\$111,860
Field.....	242,013	237,540	212,930	217,966
11 Total personnel compensation.....	363,487	357,115	322,458	329,826
12 Personal benefits.....	103,136	107,225	99,899	98,742
13.0 Benefits for former personnel.....	512	784	6,314	-
Total, personnel comp. and benefits.....	467,135	465,124	428,671	428,568
Other Objects:				
21.0 Travel and transportation of persons.....	12,651	7,984	5,461	7,081
22.0 Transportation of things.....	2,808	2,520	1,590	1,590
23.1 Rental payments to GSA.....	460	460	470	470
23.3 Communications, utilities, and misc. charges.....	12,271	16,862	13,795	13,795
24.0 Printing and reproduction.....	1,026	334	125	125
25 Other contractual services.....	341,624	251,419	355,753	393,849
26.0 Supplies and materials.....	3,750	2,431	1,840	2,340
31.0 Equipment.....	1,739	2,761	-	3,277
32.0 Land and structures.....	-	-	-	-
33.0 Investments and loans.....	-	-	-	-
41.0 Grants.....	743,452	772,284	655,744	665,232
42.0 Insurance claims and indemnities.....	210	11,224	28,100	100
43.0 Interest and dividends.....	115	152	0	0
Total, Other Objects.....	1,120,106	1,068,431	1,062,878	1,087,859
99.9 Total, new obligations.....	1,587,241	1,533,555	1,509,586	1,516,427
Position Data:				
Average Salary (dollars), ES Position.....	\$157,191	\$161,042	\$161,042	\$161,042
Average Salary (dollars), GS Position.....	\$74,487	\$75,764	\$77,448	\$79,318
Average Grade, GS Position.....	12.4	12.4	12.5	12.5

**FARM SERVICE AGENCY  
SALARIES AND EXPENSES**

**STATUS OF PROGRAM**

Current Activities:

FSA’s major program areas are:

- **Farm Loans** – FSA’s farm loan programs provide direct loans or loan guarantees to family farmers who could not otherwise obtain agricultural credit. The programs improve access to capital and mitigate market losses, including those resulting from disasters, and thus contribute to the success of farms and ranches, a market-based agriculture sector, and thriving agricultural communities.
- **Income Support and Disaster Assistance** – FSA’s income support and disaster assistance programs are key components of USDA’s efforts to provide America’s farmers and ranchers with an economic safety net to help them maintain their operations during difficult times. The programs mitigate market losses, including those resulting from disasters, and thus contribute to the success of farms and ranches, a market-based agriculture sector, and thriving agricultural communities. The programs also contribute to affordable food and fiber, a secure supply of quality food and fiber, and effective food aid.
- **Commodity Operations** – FSA’s commodity operations include management of the U.S. Warehouse Act (USWA) and acquisition, procurement, storage, and distribution of commodities. The programs expand market opportunities for farmers and thus contribute to the success of farms and ranches, a market-based sector, and thriving agricultural communities. These programs also contribute to affordable food and fiber, a secure supply of quality food and fiber, and effective food aid.
- **Conservation** – FSA conservation programs help maintain and enhance the nation’s natural resources and environment. Certain conservation programs mitigate losses from natural disasters and thus contribute to the success of farms and ranches, a market-based agricultural sector, and thriving agricultural communities. The programs target land to maximize conservation benefits and contribute to quality soil, water, wildlife habitat, and air.

FSA programs, activities, and workload indicators in 2011 are outlined in the following pages.

**Farm Loans**

Farm Loan Programs: In 2011, activity under the Agricultural Credit Insurance Fund included:

Number of direct loans.....	21,732
Dollar value of direct loans.....	\$1,673,873,000
Number of guaranteed loans.....	10,493
Dollar value of guaranteed loans.....	\$3,142,493,000

State Mediation Grants (SMG): In 2011, SMG activity included:

Number of Grants made to States.....	38
Dollar value of grants.....	\$4,176,630
Amount of SMG payments issued.....	\$3,634,113



**Income Support and Disaster Assistance**

Direct and Counter-cyclical Program (DCP) and Average Crop Revenue Election (ACRE): 2011 activity consisted of participant annual enrollment, contract maintenance, and payment processing.

Total number of DCP contracts .....1,575,892  
 Dollar value of DCP and ACRE direct payments made..... \$4,744,958,000  
 Dollar value of counter-cyclical payments made..... \$123,959,000  
 Total number of ACRE contracts.....146,479  
 Dollar value of ACRE revenue payments made.....\$431,450,000

Deficiency Payments: Marketing assistance loans, loan deficiency payments, and other price support program activities in 2011 included:

Commodity	Marketing Assistance Loans		Loan Deficiency Payments (LDP's)	
	Number of Loans	Dollar Value (\$000)	Number of LDP's	Dollar Value (\$000)
Corn	16,462	\$1,398,916	0	\$-383
Grain Sorghum	45	1,332	0	0
Barley	200	7,710	0	11
Oats d/	44	420	0	0
Wheat	2,334	143,456	4,930	27,282
Rice	4,098	493,810	0	0
Cotton a/	8,829	2,996,209	0	0
Soybeans	9,069	511,899	0	-352
Minor Oilseeds	139	8,350	0	0
Sugar b/	334	927,311	0	0
Peanuts d/	7,136	605,996	0	0
Tobacco b/ c/	0	0	0	0
Honey d/	171	4,169	0	0
Pulse Crops	76	3,735	0	-6
Wool & Mohair	1	6	8,179	3,238
Total	48,938	\$7,103,319	13,109	\$29,790

a/ Reflects loans made through the county offices. In addition, loans are made through cooperative associations; the number of those loans is not available.

b/ LDP's are not available for tobacco or sugar.

c/ The number of tobacco loans is not available.

d/ There was no LDP activity for grain sorghum, oats, rice, cotton, minor oilseeds, peanuts, and honey.

Farm Storage Facility Loans (FSFL): FSFL program activities in 2011 included:

Farm Storage Facility Loans closed.....	2,870
Amount of Farm-Storage Facility Loans.....	\$250,000,000

The objectives of the Corporation in carrying out its storage program are to help producers finance needed storage facilities on their own farms and to make efficient use of commercial facilities in the storage of CCC-owned commodities.

Milk Income Loss Contract (MILC) Program: MILC activity in 2011 included:

Number of MILC payments.....	795
Amount of MILC payments .....	\$566,000

Non-Insured Crop Disaster Assistance Program (NAP): NAP activity in 2011 included:

Number of actual production history records completed for NAP.....	135,087
Number of NAP applications for coverage.....	52,069
Amount of NAP payments issued.....	\$71,071,000

Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP): ELAP activity in 2011 included:

Number of ELAP applications.....	871
Amount of ELAP payments—Disaster Trust Fund – FSA.....	\$8,487,081

Livestock Forage Disaster Program (LFP): activity in 2011:

Number of LFP contracts.....	34,805
Amount of LFP payments - Disaster Trust Fund - FSA.....	\$205,872,199

Livestock Indemnity Program (LIP): LIP activity in 2011:

Number of LIP applications .....	7,001
Amount of LIP payments- Disaster Trust Fund - FSA.....	\$32,042,607

Durum Wheat Quality Program (DWQP): DWQP activity in 2011 included:

Number of DWQP applications.....	0
Amount of DWQP obligations—FSA.....	\$0

Supplemental Revenue Assistance Payments (SURE) Program: SURE activity in 2011 included:

Number of SURE applications.....	76,392
Amount of SURE payments—Recovery Act Funds – FSA.....	\$240,934,822
Amount of SURE payment—Disaster Trust Fund – FSA.....	\$985,277,408

Tree Assistance Program (TAP): Activity for 2011 included:

Number of TAP applications.....	408
Amount of TAP payments – Recovery Act Funds - FSA.....	\$0
Amount of TAP payments – Disaster Trust Fund - FSA.....	\$10,271,454

### **Commodity Operations**

The Commodity Credit Corporation (CCC or Corporation) CCC did not own significant quantities of commodities during 2011. As a result, storage and handling charges were minimal.

End-Use Certificate Program: FSA monitors Canadian wheat imports through the use of North American Free Trade Agreement mandated end-use certificates. Almost 1.6 million metric tons (57.5 million bushels) of Canadian wheat entered the U.S. in 2011.

Economic Adjustment Assistance Program for Domestic Users of Upland Cotton: The 2008 Farm Bill authorized USDA to provide economic adjustment assistance to domestic users of upland cotton in the form of payments. In 2011, \$75.7 million was paid to domestic users of upland cotton to support U.S. manufacturing infrastructure.

Extra-Long Staple (ELS) Cotton Competitiveness Program: The ELS Program did not “trigger-in” during 2011. The domestic price of ELS cotton remained above the statutorily defined limit of 134 percent of the loan rate.

Domestic Nutrition and Feeding Programs: In 2011, FSA purchased 395.2 million pounds of peanut products, dairy products, flour, pasta, vegetable oil, and corn and rice products to fulfill domestic food distribution program requirements.

Foreign Food-Aid Humanitarian and Developmental Assistance Programs: In 2011, FSA procured more than 1.8 million metric tons of grains, processed grain products, vegetable oil, pulses (such as dried beans, peas, lentils), and other products valued at approximately \$957 million for food assistance programs throughout the world.

Dairy Product Price Support Program (DPPSP): Because market prices were above support levels, DPPSP did not trigger in 2011.

### **Warehouse Activities**

The objective of the Corporation in carrying out its warehouse activities is to make efficient use of commercial facilities in the storage of CCC-owned commodities, and to license warehouses under the USWA.

Licensing Activities: In 2011, 926 USWA licenses were in effect at 3,121 locations. There were 77 staff years, which includes Federal examiners, used in administering the Federal licensing of warehouses under the USWA, performing audits for CCC programs, performing quality assurance reviews at suppliers facilities and review of on-site examinations at 1,338 grain, 312 cotton, and 76 miscellaneous commodity warehouses. In addition, CCC storage agreement onsite examinations were performed at 104 grain, 255 cotton, 69 miscellaneous, and 120 processed commodity warehouses.

In accordance with the Grain Standards and Warehouse Improvement Act of 2000, user fees were charged for warehouse examination services for warehouses licensed under the USWA.

Storage Agreement Activities: In 2011, CCC had storage agreements with about 2,500 commercial warehouse operators in over 6,700 locations in the U.S. for the storage of Government-owned and loan grain and rice, cotton, peanuts, and processed commodities. The grain and rice facilities have a total capacity of about 8.6 billion bushels.

The capacities of the warehouses with CCC storage agreements in 2011 were as follows: 8.6 billion bushels of grain and rice; 22.4 million bales of cotton; 2.9 million short tons of peanuts; 13.5 billion pounds of

sugar; 2.3 billion pounds of processed (dry); 4.2 million pounds of processed (freezer) and 4.0 million pounds of processed (cooler).

Grain, rice, and cotton warehouses not licensed under the USWA may be assessed storage agreement fees; the collection of these fees is currently suspended.

### **Conservation**

Emergency Conservation Program (ECP): 2011 activity included:

Number of ECP payment applications.....	7,448
Amount of ECP payments issued.....	\$35,215,981

Hazardous Waste Management Program: Hazardous Waste Management Program: Carbon tetrachloride, formerly used as a pesticide to treat stored grain, has been detected above the Environmental Protection Agency Maximum Contaminant Level in groundwater samples taken at over 80 former CCC grain storage facilities. Current environmental liability posed by these sites is estimated to exceed \$50 million. Since FY 2003, Hazardous Waste Management funding from the Department has been reduced to zero, CCC must now rely on its Section 11 borrowing authority. CCC is authorized to use its borrowing authority, not to exceed \$5 million in the annual appropriation act, for site investigations, ongoing operations and maintenance, and remediation expenses.

Although the funding has declined annually in real dollars, numerous fiscal commitments have continued to increase. These include the costs of environmental monitoring and sampling needed to comply with regulatory mandates. New and more costly expenditures are anticipated to comply with regulatory determinations to install remedial systems at former CCC sites. For these reasons the Hazardous Waste Program has begun efforts to reestablish CCC access to the U.S. Department of Justice Judgment Fund.

Conservation Reserve Program (CRP) and Emergency Forestry Conservation Reserve Program (EFCRP): 2011 activity included:

Number of active CRP contracts.....	753,084
Number of CRP cost-share payments.....	81,624
Amount of CRP cost-share and incentive payments.....	\$101,115,916
Number of CRP rental payments.....	920,045
Amount of CRP annual rental payments.....	\$1,646,424,510
Number of CRP acres approved for enrollment.....	4,697,292
Number of EFCRP cost share payments.....	334
Amount of EFCRP cost-share payments.....	\$870,198
Amount of EFCRP technical assistance payments.....	\$0
Number of EFCRP rental payments.....	1,921
Amount of EFCRP annual rental payments.....	\$5,242,062

Biomass Crop Assistance Program (BCAP): 2011 activity included:

Number of BCAP Matching Payment active contracts .....	111
Number of BCAP Project Area active contracts.....	849
Amount of BCAP payments.....	\$4,762,216

Grasslands Reserve Program (GRP): 2011 activity included:

Number of GRP active contracts.....	3,631
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Voluntary Public Access and Habitat Incentive Program (VPA-HIP): 2011 activity included:

Number of VPA-HIP proposals approved.....	29
Amount of VPA-HIP obligations.....	\$17,832,940

FARM SERVICE AGENCY

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

State Mediation Grants

For grants pursuant to section 502(b) of the Agricultural Credit Act of 1987, as amended (7 U.S.C. 5101-5106), [~~\$3,759,000~~]\$4,369,000.

22-28  
 FARM SERVICE AGENCY  
 State Mediation Grants  
Lead-Off Tabular Statement

Appropriations Act, 2012.....	\$3,759,000
Budget Estimate, 2013.....	<u>4,369,000</u>
Change from 2012 Appropriation.....	+ 610,000

Summary of Increases and Decreases  
 (Dollars in thousands)

	2010 Actual	2011 Change	2012 Change	2013 Change	2013 Estimate
Discretionary Appropriations:					
State Mediation Grants.....	\$4,369	-\$192	-\$418	\$610	\$4,369
Total, Appropriation or Change.....	<u>4,369</u>	<u>-192</u>	<u>-418</u>	<u>+610</u>	<u>4,369</u>

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 FARM SERVICE AGENCY  
 State Mediation Grants

Project Statement  
 (On basis of appropriations)  
 (Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
State Mediation Gramts.....	\$4,369	\$4,177	\$3,759	+ \$610 (1)	\$4,369
Total Adjusted Approp.....	4,369	4,177	3,759	+610	4,369
Rescissions and					
Transfers (Net).....	-	8	-	-	-
Total Appropriation.....	4,369	4,185	3,759	+610	4,369
Rescission and					
Transfers (Net).....	-	-8		-	-
Total Available.....	4,369	4,177	3,759	+610	4,369
Lapsing Balances.....	-	-543	-	-	-
Total Obligations.....	4,369	3,634	3,759	+610	4,369

22-30  
 FARM SERVICE AGENCY  
 State Mediation Grants

Project Statement  
 (On basis of obligations)  
 (Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
State Mediation Grants.....	\$4,369	\$3,634	\$3,759	+\$610 (1)	\$4,369
Total Obligations.....	4,369	3,634	3,759	+610	4,369
Lapsing Balances.....	-	543	-	-	-
Total Available.....	4,369	4,177	3,759	+610	4,369
Rescission.....	-	8	-	-	-
Total Appropriation.....	4,369	4,185	3,759	+610	4,369

Justification of Increases and Decreases

(1) An increase of \$610,000 to meet the demand for State Mediation Grants.

In Fiscal Year 2011, 38 States received grants pro rated at 80 percent of their initial request. States budgeted over \$2 million in matching funds for the program. Grants to States ranged from \$2,776 to \$354,444. In fiscal year 2012 and fiscal year 2013, 39 and 40 states respectively are expected to receive grants. State budget constraints and the increase in the number of cases requiring mediation warrant the increase in funding for the grants.

This program is currently authorized through September 30, 2015 under P. L. 109-17, enacted June 29, 2005, as amended by P. L. 111-233 on August 16, 2010.



22-31  
 FARM SERVICE AGENCY  
 State Mediation Grants  
Geographic Breakdown of Obligations and Staff Years  
 (Dollars in thousands)

State/Territory	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$225	\$186	-	\$225
Arizona.....	105	136	\$85	105
Arkansas.....	66	49	45	66
California.....	45	-	-	45
Colorado.....	33	21	19	33
Florida.....	38	19	29	38
Hawaii.....	-	-	37	-
Idaho.....	64	-	39	64
Illinois.....	105	67	88	105
Indiana.....	142	220	129	142
Iowa.....	208	206	192	208
Kansas.....	404	250	264	404
Louisiana.....	76	-	-	76
Maine.....	60	40	42	60
Maryland.....	104	39	87	104
Massachusetts.....	148	80	68	148
Michigan.....	79	97	69	79
Minnesota.....	354	354	270	354
Mississippi.....	73	21	43	73
Missouri.....	64	-	-	64
Nebraska.....	113	54	104	113
New Hampshire.....	-	-	37	-
New Jersey.....	16	8	12	16
New Mexico.....	52	58	56	52
New York.....	302	329	232	302
North Carolina.....	128	28	82	128
North Dakota.....	117	128	135	117
Oklahoma.....	182	304	178	182
Oregon.....	-	40	30	-
Pennsylvania.....	66	-	58	66
Rhode Island.....	31	33	16	31
South Dakota.....	106	50	81	106
Texas.....	256	265	256	256
Utah.....	16	14	15	16
Vermont.....	155	221	98	155
Virginia.....	42	3	34	42
Washington.....	72	74	51	72
Wisconsin.....	248	177	192	248
Wyoming.....	75	64	74	75
Undistributed.....	-1	-	512	-1
Obligations.....	4,369	3,634	3,759	4,369
Lapsing Balances.....	-	543	-	-
Total, Available.....	4,369	4,177	3,759	4,369

22-32

FARM SERVICE AGENCY

State Mediation Grants

Classification by Objects

(Dollars in thousands)

	2010	2011	2012	2013
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:				
41.0 Grants.....	\$4,369	\$3,634	\$3,759	\$4,369
99.9 Total, new obligations.....	<u>4,369</u>	<u>3,634</u>	<u>3,759</u>	<u>4,369</u>

**STATE MEDIATION GRANTS  
STATUS OF PROGRAM**

Current Activities: During FY 2011:

- In addition to credit disputes, the most frequently mediated issues were Conservation Reserve Program payment eligibility/limitation, highly erodible land/water conservation program requirements, price support payments, and production flexibility contracts.
- Grants were made to 38 States. California discontinued participation in the program in FY 2011. In a previous report, Pennsylvania was erroneously reported as certified for participation for the first time in FY 2011. Pennsylvania had participated as a certified State in previous years; however, it was not certified for FY 2011 and did not receive FY 2011 grant funds. Pennsylvania has been recertified for participation in FY 2012.
- States contributed over \$1.2 million in matching funds.
- Participating USDA agencies include the Farm Service Agency, with over 162 cases; Natural Resources Conservation Service, with over 30 cases, Risk Management Agency, with over 14 cases, Rural Development, with over 56 cases, other (Agriculture Credit, Banks, etc.) with over 509 cases.

Selected Example of Recent Progress

- State Mediation Grants were made to 38 different states to resolve credit disputes.
- In FY 2011, FSA initiated numerous new processes in FY 2011 to increase the efficiency and integrity of the Certified State Mediation Grant Program. As a result, FSA recovered approximately \$80,000 in previously advanced grant funds that were not used by the States by the deadlines mandated by statute and regulations. In addition, there was a 41% decrease in the average cost per case from FY 2010 to FY 2011. FSA plans to continue to evaluate and improve the administration of the Certified State Mediation Grant Program to realize additional savings in FY 2012 and beyond.

Program Results Comparison:

	FY 2010	FY 2011
Number of cases mediated	6,397	5,014
Number of cases heard for resolution	3,220	2,354
• Resolved with agreements	2,604	1,495
• Resolved without agreement	616	447
Percentage of cases resolved*	81%	64%
Average cost per case	\$800	\$533

\*Target was 75 percent for both fiscal years.

The following table shows allocations and outlays by State for FY 2011:

State Mediation Grants  
Grants and Outlays by State  
Fiscal Year 2011  
(Dollars in Thousands)

State	Grants	Outlays a/
Alabama	186	57
Arizona	136	122
Arkansas	49	13
California	0	0
Colorado	20	20
Florida	19	6
Idaho	0	0
Illinois	67	67
Indiana	220	176
Iowa	206	80
Kansas	250	33
Louisiana	0	0
Maine	40	40
Maryland	39	0
Massachusetts	80	33
Michigan	97	97
Minnesota	355	85
Mississippi	21	20
Missouri	0	0
Nebraska	54	2
New Jersey	7	0
New Mexico	58	35
New York	329	329
North Carolina	28	0
North Dakota	128	0
Oklahoma	304	304
Oregon	40	28
Pennsylvania	0	0
Rhode Island	33	28
South Dakota	50	0
Texas	265	60
Utah	14	9
Vermont	221	221
Virginia	3	0
Washington	74	74
Wisconsin	177	101
Wyoming	64	32
<b>Total</b>	<b>3,634</b>	<b>2,072</b>

a/ Includes outlays from prior year obligations.

22-35  
 FARM SERVICE AGENCY  
 Grassroots Source Water Protection Program  
Lead-Off Tabular Statement

Appropriations Act, 2012.....	\$3,817,000
Budget Estimate, 2013.....	-
Change from 2012 Appropriation.....	-3,817,000

Summary of Increases and Decreases  
 (Dollars in thousands)

	2010 Actual	2011 Change	2012 Change	2013 Change	2013 Estimate
Discretionary Appropriations:					
Grassroots Source Water Protection Program.....	\$5,000	-\$759	-\$424	-\$3,817	-
Total, Appropriation or Change.....	5,000	-759	-424	-3,817	-

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Grassroots Source Water Protection Program

[For necessary expenses to carry out wellhead or groundwater protection activities under section 1240O of the Food Security Act of 1985 (16 U.S.C. 3839bb-2), \$3,817,000, to remain available until expended.]

This change eliminates funding for Grassroots Source Water Protection Program.

FARM SERVICE AGENCY  
Grassroots Source Water Protection Program

Project Statement  
(On basis of appropriations)  
(Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
Grassroots Source Water Protection Program.....	\$5,000	\$4,241	\$3,817	-\$3,817 (1)	-
Total Adjusted Approp.....	5,000	4,241	3,817	-3,817	-
Rescissions and Transfers (Net).....	-	9	-	-	-
Total Appropriation.....	5,000	4,250	3,817	-3,817	-
Rescissions and Transfers (Net).....	-	-9	-	-	-
Total Available.....	5,000	4,241	3,817	-3,817	-
Total Obligations.....	5,000	4,241	3,817	-3,817	-

Project Statement  
(On basis of obligations)  
(Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
Grassroots Source Water Protection Program.....	\$5,000	\$4,241	\$3,817	-\$3,817 (1)	-
Total Obligations.....	5,000	4,241	3,817	-3,817	-
Total Available.....	5,000	4,241	3,817	-3,817	-
Rescission.....	-	9	-	-	-
Total Appropriation.....	5,000	4,250	3,817	-3,817	-

Justification of Increases and Decreases

(1) A decrease of \$3,817,000 for Grassroots Source Water Protection Program (\$3,817,000 is available in 2012).

The FY 2013 Budget proposes no funding for this program due to fiscal constraints.

FARM SERVICE AGENCY  
Grassroots Source Water Protection Program  
Geographic Breakdown of Obligations  
(Dollars in thousands)

State/Territory	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$100	\$100	\$100	-
Alaska.....	200	167	-	-
Arizona.....	100	100	100	-
Arkansas.....	100	100	100	-
California.....	100	100	100	-
Colorado.....	100	100	100	-
Connecticut/Rhode Island...	100	83	-	-
Delaware.....	100	83	-	-
Florida.....	100	100	100	-
Georgia.....	100	100	100	-
Idaho.....	100	100	100	-
Illinois.....	100	100	100	-
Indiana.....	100	100	100	-
Iowa.....	100	100	100	-
Kansas.....	100	100	100	-
Louisiana.....	100	100	100	-
Maine.....	100	83	-	-
Maryland.....	100	83	-	-
Massachusetts.....	100	83	-	-
Michigan.....	100	83	-	-
Minnesota.....	100	100	100	-
Mississippi.....	100	100	100	-
Missouri.....	100	100	100	-
Montana.....	100	100	100	-
Nevada.....	100	100	100	-
New Mexico.....	100	100	100	-
North Carolina.....	100	83	-	-
North Dakota.....	100	83	-	-
Ohio.....	100	100	100	-
Oklahoma.....	100	100	100	-
Oregon.....	100	100	100	-
Pennsylvania.....	100	100	100	-
South Carolina.....	100	100	100	-
South Dakota.....	100	100	100	-
Tennessee.....	100	100	100	-
Texas.....	100	100	100	-
Utah.....	100	100	100	-
Vermont.....	100	83	-	-
Virginia.....	100	100	100	-
Washington.....	100	100	100	-
West Virginia.....	100	100	100	-
Wisconsin.....	100	100	100	-
Wyoming.....	100	100	100	-
Undistributed.....	592	16	511	-
Obligations.....	5,000	4,241	3,817	-
Total, Available.....	5,000	4,241	3,817	-

Undistributed funds are utilized for salary, fringe, travel, indirect and resources for the National Rural Water Association to manage the program.

FARM SERVICE AGENCY  
Grassroots Source Water Protection Program

Classification by Objects

(Dollars in thousands)

	2010	2011	2012	2013
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:				
25.3	Other purchases of goods and services			
	from Federal sources.....			
	\$50	-	-	-
41.0	Grants.....			
	4,950	\$4,241	\$3,817	-
	Total, Other Objects.....			
	5,000	4,241	3,817	-
99.9	Total, new obligations.....			
	5,000	4,241	3,817	-



## GRASSROOTS SOURCE WATER PROTECTION PROGRAM

### STATUS OF PROGRAM

Current Activities: The Grassroots Source Water Protection Program (GSWPP) is a joint project by FSA and the nonprofit National Rural Water Association (NRWA) designed to help prevent source water pollution in States through voluntary practices installed by producers and other landowners at the local level. GSWPP uses onsite technical assistance capabilities of each State rural water association that operates a source water protection program in the State. State rural water associations deliver assistance in developing source water protection plans within watersheds for the common goal of preventing the contamination of drinking water supplies.

Selected Examples of Recent Activity: During 2011, \$4.24 million was provided by P.L. 112-10, Department of Defense and Full-Year Continuing Appropriations Act, 2011. The 44 States participating in the GSWPP were chosen based on objective technical criteria relating to water quality and population. During 2011, \$4.24 million was outlaid, including \$191,329 for administrative costs to operate the program under the NRWA. States received various amounts ranging from \$83,488 to \$166,977.

Between October 1, 2010 and September 30, 2011, the GSWPP completed 144 source water plans with management activities implemented in the source water areas. These water plans provide protection measures for 540 public drinking water sources (464 wells and 76 surface water intakes). In 2011, the GSWPP had 43 Specialists active in 44 states. Connecticut and Rhode Island are combined as Atlantic States Rural Water Association.

The program was implemented in the following States:

Alabama	Georgia	Massachusetts	North Dakota	Texas
Alaska	Idaho	Michigan	Ohio	Utah
Arizona	Illinois	Minnesota	Oklahoma	Vermont
Arkansas	Indiana	Mississippi	Oregon	Virginia
California	Iowa	Missouri	Pennsylvania	Washington
Colorado	Kansas	Montana	Rhode Island	West Virginia
Connecticut	Louisiana	Nevada	South Carolina	Wisconsin
Delaware	Maine	New Mexico	South Dakota	Wyoming
Florida	Maryland	North Carolina	Tennessee	

The following table shows appropriations from fiscal years 2005 through 2011.

#### Grassroots Source Water Protection Program Appropriations for Fiscal Years 2005-2011

Fiscal Year	Appropriations	
2005	\$3,244,000	1/
2006	3,712,500	
2007	3,712,500	
2008	3,687,009	
2009	5,000,000	
2010	5,000,000	
2011	4,241,000	

1/ Funds were transferred from the Natural Resources Conservation Service to FSA to assist in the implementation of the program.

FARM SERVICE AGENCY

The estimates include appropriation language for this item as follows:

Dairy Indemnity Program (Including Transfer of Funds):

For necessary expenses involved in making indemnity payments to dairy farmers and manufacturers of dairy products under a dairy indemnity program, such sums as may be necessary, to remain available until expended: Provided, That such program is carried out by the Secretary in the same manner as the dairy indemnity program described in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (Public Law 106-387, 114 Stat. 1549A-12).

22-41  
 FARM SERVICE AGENCY  
 Dairy Indemnity Program  
Lead-Off Tabular Statement

Appropriations Act, 2012.....	\$100,000
Budget Estimate, 2013.....	<u>100,000</u>
Change from 2012 Appropriation.....	-

Dairy Indemnity Program  
Summary of Increases and Decreases  
 (On basis of appropriation)  
 (Dollars in thousands)

	2010 Actual	2011 Change	2012 Change	2013 Change	2013 Estimate
Mandatory Appropriations:.....					
Dairy Indemnity Program.....	\$876	-\$776	-	-	\$100
Total, Appropriation or Change.....	876	-776	-	-	100

22-42  
 FARM SERVICE AGENCY  
 Dairy Indemnity Program  
Project Statement  
 (On basis of appropriations)  
 (Dollars in thousands)

Program	2010 Actual	2011 Actual	2012 Estimate	Change	2013 Estimate
	Amount	Amount	Amount	Amount	Amount
Mandatory Appropriations:					
Dairy Indemnity Program.....	\$876	\$100	\$100	-	\$100
Total Adjusted Appropriation.....	876	100	100	-	100
Rescissions and					
Transfers (Net).....	-	-	-	-	-
Total Appropriation.....	876	100	100	-	100
Bal. Available, SOY.....	333	1,047	763	-173	590
Total Available.....	1,209	1,147	863	-173	690
Bal. Available, EOY.....	-1,047	-763	-590	+200	-390
Total Obligations.....	162	384	273	+27	300

Project Statement  
 (On basis of obligations)  
 (Dollars in thousands)

Program	2010 Actual	2011 Actual	2012 Estimate	Change	2013 Estimate
	Amount	Amount	Amount	Amount	Amount
Mandatory Obligations:					
Dairy Indemnity Program.....	\$162	\$384	\$273	+\$27 (1)	\$300
Total Obligations.....	162	384	273	+27	300
Bal. Available, EOY.....	1,047	763	590	-200	390
Total Available.....	1,209	1,147	863	-173	690
Bal. Available, SOY.....	-333	-1,047	-763	+173	-590
Total Appropriation.....	876	100	100	-	100

Justification of Increases and Decreases

(1) The amount of Dairy Indemnity Program claims varies considerably from year to year, depending upon the nature and extent of contamination problems encountered. It is therefore impossible to predict with any degree of accuracy what program needs will be in a given year. For that reason, the budget requests "such sums as may be necessary," the same as Congress provided for 2012. The 2013 estimate of \$100,000 is the amount projected to be used under the indefinite authority.

22-43  
 FARM SERVICE AGENCY  
 Dairy Indemnity Program  
Geographic Breakdown of Obligations  
 (Dollars in thousands)

State/Territory	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount
Arkansas.....	\$11	-	-	-
Florida.....	4	-	-	-
Georgia.....	25	\$53	-	-
Mississippi.....	-	66	-	-
Missouri.....	1	3	-	-
Oklahoma.....	2	-	-	-
Texas.....	116	262	-	-
Undistributed.....	3	-	\$273	\$300
Obligations.....	162	384	273	300
Bal. Available, EOY.....	1,047	763	590	390
Total, Available.....	1,209	1,147	863	690

22-44

FARM SERVICE AGENCY

Dairy Indemnity Program

Classification by Objects

(Dollars in thousands)

	2010	2011	2012	2013
	Actual	Actual	Estimate	Estimate
Other Objects:				
41.0 Grants.....	\$162	\$384	\$273	\$300
99.9 Total, new obligations.....	162	384	273	300

**DAIRY INDEMNITY PROGRAM****STATUS OF PROGRAM**

Current Activities: During 2011, 28 dairy farmers in 4 States filed claims totaling \$383,637 under the Dairy Indemnity Program. Twenty-seven claims resulted from losses due to Aflatoxin, a naturally occurring toxin that may inadvertently contaminate grain used for feed, and one claim resulted from a loss due to herbicides (Atrazine, MANA Silencer, Generic Roundup and Ammonia Sulfate) that drifted into the producer's pasture. Outlays for 2011 totaled \$380,736.

Payments to dairy farmers since the program's inception in 1965 total \$21.1 million. The provision for making indemnity payments to manufacturers of dairy products became effective on November 30, 1970. Since that time, 20 manufacturers have received indemnity payments totaling \$3.9 million, which is unchanged since 1987.

Selected Examples of Recent Activity: The following tables show (a) allocations and outlays by State during 2011 and (b) payments and number of payees during 1965 through 2011.

Dairy Indemnity Program  
Allocations and Outlays by State  
Fiscal Year 2011

State	Allocations	Outlays
Georgia	\$52,615	\$52,615
Mississippi	65,993	65,993
Missouri	2,680	2,680
Texas	262,349	259,448
Total	\$383,637	\$380,736

Dairy Indemnity Program  
Payments and Number of Payees  
Fiscal Years 1965-2011

Fiscal Years	Payments to Dairy Farmers	Payments to Manufacturers of Dairy Products	Total Payments	Number of Payees
1965 to 1974	\$1,648,663	\$141,427	\$1,790,090	449
1975 to 1984	8,836,772	408,120	9,244,892	147
1985 to 1994	6,443,698	3,361,892	9,805,590	437
1995 to 2004	2,204,007	0	2,204,007	321
2005	349,232	--	349,232	23
2006	132,457	--	132,457	15
2007	181,329	--	181,329	21
2008	144,388	--	144,388	14
2009	650,788	--	650,788	22
2010	161,722	--	161,722	18
2011	380,736	--	380,736	28
Total	\$21,133,792	\$3,911,439	\$25,045,231	1,495

## FARM SERVICE AGENCY

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Credit Insurance Fund Program Account  
(including transfers of funds)

- 1 For gross obligations for the principal amount of direct and guaranteed farm ownership (7 U.S.C. 1922 et seq.) and operating (7 U.S.C. 1941 et seq.) loans, emergency loans (7 U.S.C. 1961 et seq.), Indian tribe land acquisition loans (25 U.S.C. 488), boll weevil loans (7 U.S.C. 1989),  
2 guaranteed conservation loans (7 U.S.C. 1924 et seq.), [and] Indian highly fractionated land loans (25 U.S.C. 488), and individual development account grants (7 U.S.C. 1981-2008r) to be available from funds in the Agricultural Credit Insurance Fund, as follows: farm ownership loans, \$1,975,000,000, of which \$1,500,000,000 shall be for unsubsidized guaranteed [farm ownership] loans and \$475,000,000 shall be for [farm ownership] direct loans; operating loans, \$2,550,089,000, of which \$1,500,000,000 shall be for unsubsidized guaranteed [operating] loans and [\$1,050,090,000] \$1,050,089,000 shall be for direct [operating] loans; emergency loans, \$34,658,000; Indian tribe land acquisition loans, \$2,000,000; guaranteed conservation loans, \$150,000,000; Indian highly fractionated land loans, \$10,000,000; and for boll weevil eradication program loans, [\$100,000,000] \$60,000,000: Provided, That the Secretary shall deem the pink bollworm to be a boll weevil for the purpose of boll weevil eradication program loans.

- For the cost of direct and guaranteed loans and grants, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, as follows: farm ownership [,\$22,800,000] loans, \$20,140,000 for direct loans; [farm] operating loans, [\$26,100,000] \$76,340,000, of which \$17,850,000 shall be for unsubsidized guaranteed [operating] loans, [1] [\$59,120,000] and \$58,490,000 shall be for direct [operating] loans; [and] emergency loans, \$1,317,000, to remain available until expended; Indian highly fractionated land loans, [193,000] \$173,000; and for individual development account grants, \$2,500,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, [\$297,632,000] \$312,897,000 of which [\$289,728,000] \$304,977,000 shall be [transferred to and merged with] paid to the appropriation for "Farm Service Agency, Salaries and Expenses".

Funds appropriated by this Act to the Agricultural Credit Insurance Program Account for farm ownership, operating and conservation direct loans and guaranteed loans may be transferred among these programs: Provided, That the Committees on Appropriations of both Houses of Congress are notified at least 15 days in advance of any transfer.

- 1 The first change adds the emergency loan program authorized by 7 U.S.C. 1961 et seq.  
2 The second change adds individual development account grants authorized by 7 U.S.C. 1981-2008r.



FARM SERVICE AGENCY  
AGRICULTURAL CREDIT INSURANCE FUND

Lead-Off Tabular Statement

Appropriations Act, 2012.....	\$405,845,000
Budget Estimate, 2013.....	<u>413,367,000</u>
Change from 2012 Appropriation.....	+ 7,522,000

FARM SERVICE AGENCY  
AGRICULTURAL CREDIT INSURANCE FUND

Summary of Increases and Decreases  
(Dollars in thousands)

	2010 Actual		2011 Change		2012 Change		2013 Change		2013 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Direct Loans:										
Farm Ownership.....	\$650,000	\$26,520	-\$175,950	+\$6,284	+\$950	-\$10,004	-	-\$2,660	\$475,000	\$20,140
Farm Operating.....	1,000,000	47,400	-52,394	+10,025	+102,484	+1,695	-\$1	-630	1,050,089	58,490
Emergency.....	-	-	-	-	-	-	+34,658	+1,317	34,658	1,317
Indian Land Acquisition.....	3,940	-	-	-	-1,940	-	-	-	2,000	-
Boll Weevil Eradication.....	100,000	-	-	-	-	-	-40,000	-	60,000	-
Conservation.....	75,000	1,065	-63,493	-721	-11,507	-344	-	-	-	-
Indian Fractionated Land.....	10,000	793	-10,000	-793	+10,000	+193	-	-20	10,000	173
Subtotal.....	1,838,940	75,778	-301,837	+14,795	+99,987	-8,460	-5,343	-1,993	1,631,747	80,120
Guaranteed Loans:										
Farm Ownership, Unsubsidized.....	1,500,000	5,550	-3,000	+139	+3,000	-5,689	-	-	1,500,000	-
Farm Operating, Unsubsidized.....	1,500,000	35,100	-3,000	-220	+3,000	-8,780	-	-8,250	1,500,000	17,850
Farm Operating, Subsidized.....	170,000	23,902	-50,405	-7,362	-119,595	-16,540	-	-	-	-
Conservation.....	75,000	278	-74,450	-276	+149,450	-2	-	-	150,000	-
Subtotal.....	3,245,000	64,830	-130,855	-7,719	+35,855	-31,011	-	-8,250	3,150,000	17,850
Individual Development Account Grants .....	-	-	-	-	-	-	+2,500	+2,500	2,500	2,500
Administrative Expenses.....	-	322,093	-	-9,212	-	-15,249	-	+15,265	-	312,897
Non-Expenditure Transfer.....	-	-1,000	-	+1,000	-	-	-	-	-	-
Subtotal.....	-	321,093	-	-8,212	-	-15,249	-	15,265	-	312,897
Total, Appropriation or Change.....	5,083,940	461,701	-432,692	-1,136	135,842	-54,720	-2,843	7,522	4,784,247	413,367

FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
Project Statement  
 (On basis of appropriations)  
 (Dollars in thousands)

Program	2010 Actual		2011 Actual		2012 Estimate		Change		2013 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Discretionary Appropriations:										
Direct Loans:										
Farm Ownership.....	\$650,000	\$26,520	\$474,050	\$32,804	\$475,000	\$22,800	-	-2,660	\$475,000	\$20,140
Farm Operating.....	1,000,000	47,400	947,606	57,425	1,050,090	59,120	-1	-630	1,050,089	58,490
Emergency.....	-	-	-	-	-	-	34,658	+1,317	34,658	1,317
Indian Land Acquisition.....	3,940	-	3,940	-	2,000	-	-	-	2,000	-
Boll Weevil Eradication.....	100,000	-	100,000	-	100,000	-	-40,000	-	60,000	-
Conservation.....	75,000	1,065	11,507	344	-	-	-	-	-	-
Indian Fractionated Land.....	10,000	793	-	-	10,000	193	-	-20	10,000	173
Subtotal.....	1,838,940	75,778	1,537,103	90,573	1,637,090	82,113	-5,343 (1)	-1,993 (1)	1,631,747	80,120
Guaranteed Loans:										
Farm Ownership, Unsubsidized.....	1,500,000	5,550	1,497,000	5,689	1,500,000	-	-	-	1,500,000	-
Farm Operating, Unsubsidized.....	1,500,000	35,100	1,497,000	34,880	1,500,000	26,100	-	-8,250	1,500,000	17,850
Farm Operating, Subsidized.....	170,000	23,902	119,595	16,540	-	-	-	-	0	-
Conservation.....	75,000	278	550	2	150,000	-	-	-	150,000	-
Subtotal.....	3,245,000	64,830	3,114,145	57,111	3,150,000	26,100	-	-8,250 (2)	3,150,000	17,850
Individual Development Account Grants .....	-	-	-	-	-	-	+2,500	+2,500 (3)	2,500	2,500
Total, Loans and Grants.....	3,245,000	64,830	3,114,145	57,111	3,150,000	26,100	+2,500	-5,750	3,152,500	20,350
Administrative Expenses.....	-	322,093	-	312,881	-	297,632	-	+15,265 (4)	-	312,897
Non-Expenditure Transfer.....	-	-1,000	-	-	-	-	-	-	-	-
Subtotal.....	-	321,093	-	312,881	-	297,632	-	+15,265	-	312,897
Supplemental Appropriations:										
Direct Loans:										
Farm Operating.....	350,000	16,590	-	-	-	-	-	-	-	-
Subtotal.....	350,000	16,590	-	-	-	-	-	-	-	-
Guaranteed Loans:										
Farm Ownership, Unsubsidized.....	300,000	1,110	-	-	-	-	-	-	-	-
Farm Operating, Unsubsidized.....	250,000	5,850	-	-	-	-	-	-	-	-
Farm Operating, Subsidized.....	50,000	7,030	-	-	-	-	-	-	-	-
Subtotal.....	600,000	13,990	-	-	-	-	-	-	-	-
Administrative Expenses (Program Loan Cost Expense).....	-	1,000	-	-	-	-	-	-	-	-
Total Adjusted Approp.....	6,033,940	493,281	4,651,248	460,565	4,787,090	405,845	-2,843	+7,522	4,784,247	413,367

FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
Project Statement  
 (On basis of appropriations)  
 (Dollars in thousands)

Program	2010 Actual		2011 Actual		2012 Estimate		Change		2013 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Recissions.....	-	-	9,094	923	-	-	-	-	-	-
Direct Loans										
Transfers (Internal) Farm Ownership.....	57,000	2,326	107,075	7,410	-	-	-	-	-	-
Transfers (Internal) Farm Operating.....	-	-	100,000	6,060	-	-	-	-	-	-
Subtotal, Direct Transfers.....	57,000	2,326	207,075	13,470	-	-	-	-	-	-
Guaranteed Loans										
Transfers (Internal Loan) Farm Operating, Unsubsidized.....	-99,385	-2,326	-318,008	-7,410	-	-	-	-	-	-
Transfers (Internal) Farm Ownership.....	-	-	406,974	1,546	-	-	-	-	-	-
Transfers (Internal) Farm Operating Subsidized.....	-	-	-55,000	-7,606	-	-	-	-	-	-
Subtotal, Guaranteed Transfers.....	-99,385	-2,326	33,966	-13,470	-	-	-	-	-	-
Total Appropriation.....	5,991,555	493,281	4,901,383	461,488	4,787,090	405,845	-2,843	7,522	4,784,247	413,367
Recission.....	-	-	-9,094	-923	-	-	-	-	-	-
Bal. Available, SOY.....	227,654	11,629	70,848	7,127	71,118	3,605	-71,118	-3,605	-	-
Recoveries, Other (Net).....	-	-	-	8	-	-	-	-	-	-
Total Available.....	6,219,209	504,910	4,963,137	467,700	4,858,208	409,450	-73,961	+3,917	4,784,247	413,367
Lapsing Balances.....	-864,763	-18,933	-75,653	-1,297	-	-91	-	+91	-	-
Bal. Available, EOY.....	-70,848	-7,127	-71,118	-3,605	-	-	-	-	-	-
Total Obligations.....	5,283,598	478,850	4,816,366	462,798	4,858,208	409,359	-73,961	+4,008	4,784,247	413,367

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Loan levels and subsidy may change for individual programs throughout the year due to Secretarial decisions authorized in the Consolidated Farm and Rural Development Act (ConAct) and annual appropriations acts.

FARM SERVICE AGENCY  
AGRICULTURAL CREDIT INSURANCE FUND

Project Statement  
(On basis of obligations)  
(Dollars in thousands)

Program	2010 Actual		2011 Actual		2012 Estimate		Change		2013 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Direct Loans:										
Farm Ownership.....	\$650,000	\$26,520	\$474,050	\$32,804	\$475,000	\$22,800	-	-\$2,660	\$475,000	\$20,140
Farm Operating.....	1,000,000	47,400	949,257	57,525	1,050,090	59,120	-1	-630	1,050,089	58,490
Emergency.....	35,598	1,314	32,610	3,421	69,623	3,488	-34,965	-2,171	34,658	1,317
Indian Land Acquisition.....	-	-	-	-	2,000	-	-	-	2,000	-
Boll Weevil Eradication.....	-	-	-	-	100,000	-	-40,000	-	60,000	-
Conservation.....	4,932	114	11,146	333	-	-	-	-	-	-
Indian Fractionated Land.....	-	-	-	-	10,000	193	-	-20	10,000	173
Farm Operating - Recovery Act.....	22,108	1,048	-	-	-	-	-	-	-	-
Subtotal.....	1,712,638	76,396	1,467,063	94,083	1,706,713	85,601	-74,966 (1)	-5,481 (1)	1,631,747	80,120
Guaranteed Loans:										
Farm Ownership, Unsubsidized.....	1,500,000	5,550	1,497,000	5,689	1,500,000	-	-	-	1,500,000	-
Farm Operating, Unsubsidized.....	1,500,000	35,100	1,175,277	27,343	1,501,495	26,126	-1,495	-8,276	1,500,000	17,850
Farm Operating, Subsidized.....	170,000	23,902	62,692	8,671	-	-	-	-	0	-
Conservation.....	153	1	550	2	150,000	-	-	-	150,000	-
Subtotal.....	3,170,153	64,553	2,735,519	41,705	3,151,495	26,126	-1,495	-8,276 (2)	3,150,000	17,850
Individual Development Account Grants .....	-	-	-	-	-	-	+2,500	+2,500 (3)	2,500	2,500
Administrative Expenses.....	-	322,048	-	312,012	-	297,632	-	+15,265 (4)	-	312,897
Subtotal.....	-	322,048	-	312,012	-	297,632	-	+15,265	-	312,897
Supplemental Appropriations:										
Direct Loans:										
Farm Operating.....	220,267	10,441	-	-	-	-	-	-	-	-
Subtotal.....	220,267	10,441	-	-	-	-	-	-	-	-
Guaranteed Loans:										
Farm Ownership, Unsubsidized.....	105,999	392	-	-	-	-	-	-	-	-
Farm Operating, Unsubsidized.....	10,156	238	-	-	-	-	-	-	-	-
Farm Operating, Subsidized.....	11,569	1,627	-	-	-	-	-	-	-	-
Subtotal.....	127,724	2,257	-	-	-	-	-	-	-	-
Administrative Expenses (program Loan Cost Expenses).....	-	1,000	-	-	-	-	-	0	-	-

FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
 Project Statement  
 (On basis of obligations)  
 (Dollars in thousands)

Program	2010 Actual		2011 Actual		2012 Estimate		Change		2013 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Transfers.....										
Direct Loans										
Transfers (Internal) Farm Ownership.....	52,816	2,155	106,810	7,392	-	-	-	-	-	-
Transfers (Internal) Farm Operating.....			100,000	6,060	-	-	-	-	-	-
Subtotal.....	52,816	2,155	206,810	13,452	-	-	-	-	-	-
Guaranteed Loans.....										
Transfers (Internal) Farm Ownership.....	-	-	406,974	1,546	-	-	-	-	-	-
Total Obligations.....	5,283,598	477,850	4,816,366	462,798	4,858,208	409,359	-73,961	+4,008	4,784,247	413,367
Transfers.....										
Guaranteed Loans.....										
Transfers (Internal) Farm Operating.....	99,385	2,326	-241,041	-	-	-	-	-	-	-
Lapsing Balances.....	765,378	16,607	316,694	1,297	-	91	-	-91	-	-
Bal. Available, EOY.....	70,848	7,127	71,118	3,605	-	-	-	-	-	-
Total Available.....	6,219,209	503,910	4,963,137	467,700	4,858,208	409,450	-73,961	+3,917	4,784,247	413,367
Rescission.....	-	-	9,094	923	-	-	-	-	-	-
Bal. Available, SOY.....	-227,654	-11,629	-70,848	-7,127	-71,118	-3,605	+71,118	+3,605	-	-
Other Adjustments (Net).....	-	-	-	-8	-	-	-	-	-	-
Total Appropriation.....	5,991,555	492,281	4,901,383	461,488	4,787,090	405,845	-2,843	+7,522	4,784,247	413,367

Loan levels and subsidy may change for individual programs throughout the year due to Secretarial decisions authorized in the Consolidated Farm and Rural Development Act (ConAct) and annual appropriations acts.

FARM SERVICE AGENCY  
AGRICULTURAL CREDIT INSURANCE FUND

Justification of Increases and Decreases

- (1) A net decrease of \$5,343,000 in direct loan levels (\$1,637,090 available in 2012) and \$1,993,000 in subsidy budget authority (BA) (\$82,113,000 available in 2012).

The net decrease of \$5.3 million in direct loan levels includes an increase of \$34.7 million in loan level for emergency loans (\$0 appropriated in FY 2012) and a decrease of \$40 million in loan level for boll weevil eradication loans (\$100 million approved in FY 2012). Emergency loans have been funded through the use of carryover funds for the last several years, funding which is likely to be depleted in 2012. Without emergency loan funding, additional pressure will be placed on the direct operating loan program to meet emergency loan needs. The decrease for boll weevil eradication loans is due to recent progress made in actual eradication efforts which in turn results in lower demand. The requested loan level is expected to be adequate to meet demand.

The net decrease in loan level is accompanied by a net decrease in subsidy BA. The subsidy increase of \$1.3 million for emergency loans is directly commensurate with the increase requested in loan level. Subsidy decreases of \$3.3 million in Ownership, Operating and Indian Highly Fractionated Land programs are generally due to changes in economic assumptions about interest rates as well as slight changes in assumptions about borrower performance

- (2) A decrease of \$8,250,000 in subsidy BA for guaranteed operating unsubsidized loans (\$26,100,000 available in 2012).

The decrease in subsidy required for guaranteed operating unsubsidized loans is due to updated assumptions about default and recovery. Subsidy is now calculated on an econometric basis and forecast against a set of macroeconomic assumptions rather than relying totally on historical experience.

- (3) An increase of \$2,500,000 for individual grant accounts for beginning farmers or ranchers who lack significant financial resources (no funding was available in 2012).

This program was authorized by the Food, Conservation, and Energy Act of 2008. Individual development account grants provide for matching-funds savings accounts for beginning farmers and ranchers to be used for specified farm-related expenses. Eligible beginning farmers and ranchers are those that lack significant assets and have an income that is either below 80% of the State's median or below 200% of the State's poverty income guidelines.

- (4) An increase of \$15,265,000 for Agricultural Credit Insurance Fund (ACIF) administrative expenses (\$297,632,000 available in 2012):

This increase is attributable to increases in information technology and increased operating costs. See the FSA Salaries and Expenses section of these explanatory notes for further details.

FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
 DIRECT FARM OWNERSHIP PROGRAM  
Geographic Breakdown of Obligations  
 (Dollars in thousands)

State/Territory	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$4,719	\$3,039	\$2,485	\$2,485
Alaska.....	332	220	180	180
Arizona.....	3,093	3,240	2,650	2,650
Arkansas.....	6,256	6,691	5,472	5,472
California.....	8,458	7,092	5,800	5,800
Colorado.....	8,746	6,657	5,444	5,444
Connecticut.....	0	280	229	229
Delaware.....	400	800	654	654
Florida.....	2,033	1,795	1,468	1,468
Georgia.....	11,093	9,306	7,610	7,610
Hawaii.....	1,055	995	814	814
Idaho.....	9,277	5,848	4,782	4,782
Illinois.....	39,556	34,441	28,164	28,164
Indiana.....	19,978	22,899	18,726	18,726
Iowa.....	64,730	57,680	47,168	47,168
Kansas.....	42,627	33,463	27,364	27,364
Kentucky.....	23,820	20,086	16,425	16,425
Louisiana.....	987	1,043	853	853
Maine.....	3,450	1,043	853	853
Maryland.....	1,014	133	109	109
Massachusetts.....	2,692	2,593	2,120	2,120
Michigan.....	21,674	16,255	13,293	13,293
Minnesota.....	47,711	39,385	32,207	32,207
Mississippi.....	2,916	804	657	657
Missouri.....	23,214	25,252	20,650	20,650
Montana.....	10,870	9,969	8,152	8,152
Nebraska.....	50,002	38,510	31,492	31,492
Nevada.....	1,273	1,711	1,399	1,399
New Hampshire.....	1,043	520	425	425
New Jersey.....	589	896	733	733
New Mexico.....	4,762	5,010	4,097	4,097
New York.....	5,331	7,526	6,154	6,154
North Carolina.....	7,904	3,730	3,050	3,050
North Dakota.....	14,304	13,271	10,852	10,852
Ohio.....	23,773	15,423	12,612	12,612
Oklahoma.....	53,840	43,487	35,562	35,562
Oregon.....	5,111	6,315	5,164	5,164
Pennsylvania.....	18,920	12,083	9,881	9,881
Rhode Island.....	673	560	458	458
South Carolina.....	4,103	2,951	2,413	2,413
South Dakota.....	26,671	25,054	20,488	20,488
Tennessee.....	11,693	6,731	5,504	5,504
Texas.....	23,116	22,328	18,259	18,259
Utah.....	14,036	8,890	7,270	7,270
Vermont.....	2,859	1,242	1,016	1,016
Virginia.....	7,375	6,662	5,448	5,448
Washington.....	6,554	4,379	3,581	3,581
West Virginia.....	4,597	2,757	2,255	2,255
Wisconsin.....	47,842	32,584	26,646	26,646
Wyoming.....	2,932	2,762	2,259	2,259
District of Columbia.....				
Puerto Rico.....	2,812	4,344	3,552	3,552
Western Pacific Territories.....	-	125	101	101
Obligations.....	702,816	580,860	475,000	475,000



FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
 GUARANTEED FARM OWNERSHIP PROGRAM  
Geographic Breakdown of Obligations  
 (Dollars in thousands)

State/Territory	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$20,733	\$41,907	\$32,979	\$32,979
Arizona.....	5,138	3,772	2,968	2,968
Arkansas.....	56,024	84,727	66,677	66,677
California.....	20,774	32,099	25,261	25,261
Colorado.....	23,514	21,711	17,086	17,086
Connecticut.....	1,774	2,873	2,261	2,261
Delaware.....	1,770	1,310	1,031	1,031
Florida.....	6,702	5,774	4,544	4,544
Georgia.....	26,115	51,027	40,156	40,156
Hawaii.....	3,016	1,993	1,568	1,568
Idaho.....	26,000	18,890	14,866	14,866
Illinois.....	86,942	147,261	115,889	115,889
Indiana.....	55,608	115,190	90,650	90,650
Iowa.....	90,075	103,499	81,450	81,450
Kansas.....	28,578	25,392	19,982	19,982
Kentucky.....	39,086	47,133	37,092	37,092
Louisiana.....	13,166	6,537	5,144	5,144
Maine.....	2,376	1,067	840	840
Maryland.....	1,829	6,631	5,218	5,218
Massachusetts.....	4,671	4,126	3,247	3,247
Michigan.....	60,759	54,364	42,782	42,782
Minnesota.....	84,426	84,749	66,694	66,694
Mississippi.....	11,920	15,821	12,450	12,450
Missouri.....	76,845	96,831	76,202	76,202
Montana.....	19,700	31,913	25,114	25,114
Nebraska.....	66,679	61,215	48,174	48,174
Nevada.....	10,489	3,743	2,946	2,946
New Hampshire.....	1,927	100	79	79
New Jersey.....	8,209	5,164	4,064	4,064
New Mexico.....	8,746	6,725	5,292	5,292
New York.....	34,574	19,775	15,562	15,562
North Carolina.....	46,138	67,938	53,464	53,464
North Dakota.....	21,381	15,224	11,981	11,981
Ohio.....	159,798	199,136	156,712	156,712
Oklahoma.....	34,459	47,416	37,314	37,314
Oregon.....	23,590	13,798	10,858	10,858
Pennsylvania.....	35,431	19,993	15,734	15,734
Rhode Island.....	1,202	-	-	-
South Carolina.....	22,109	25,351	19,950	19,950
South Dakota.....	46,612	60,368	47,507	47,507
Tennessee.....	15,529	24,465	19,253	19,253
Texas.....	19,992	31,779	25,009	25,009
Utah.....	12,963	14,772	11,625	11,625
Vermont.....	19,671	14,478	11,394	11,394
Virginia.....	21,597	28,175	22,173	22,173
Washington.....	15,835	13,091	10,302	10,302
West Virginia.....	2,375	3,198	2,517	2,517
Wisconsin.....	199,311	210,865	165,942	165,942
Wyoming.....	9,793	11,978	9,426	9,426
District of Columbia.....	-	-	-	-
Puerto Rico.....	48	725	571	571
Obligations.....	1,605,999	1,906,069	1,500,000	1,500,000

FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
 DIRECT FARM OPERATING PROGRAM  
Geographic Breakdown of Obligations  
 (Dollars in thousands)

State/Territory	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$13,841	\$12,874	\$12,884	\$12,884
Alaska.....	713	556	556	556
Arizona.....	11,926	10,690	10,698	10,698
Arkansas.....	32,106	32,907	32,933	32,933
California.....	37,353	24,162	24,181	24,181
Colorado.....	16,906	12,297	12,307	12,307
Connecticut.....	1,535	805	806	806
Delaware.....	617	622	622	622
Florida.....	15,119	15,786	15,799	15,798
Georgia.....	45,899	40,227	40,259	40,259
Hawaii.....	1,996	1,848	1,849	1,849
Idaho.....	26,753	21,435	21,452	21,452
Illinois.....	18,054	15,076	15,088	15,088
Indiana.....	6,853	7,579	7,585	7,585
Iowa.....	71,473	54,084	54,127	54,127
Kansas.....	47,821	41,551	41,584	41,584
Kentucky.....	41,900	43,148	43,182	43,182
Louisiana.....	19,595	20,886	20,903	20,902
Maine.....	6,392	3,253	3,256	3,256
Maryland.....	2,619	2,973	2,975	2,975
Massachusetts.....	4,624	3,552	3,555	3,554
Michigan.....	29,746	21,190	21,207	21,207
Minnesota.....	62,668	51,459	51,500	51,500
Mississippi.....	13,710	13,594	13,605	13,605
Missouri.....	23,228	19,328	19,343	19,343
Montana.....	18,345	17,497	17,511	17,511
Nebraska.....	72,720	70,379	70,435	70,434
Nevada.....	4,549	3,622	3,625	3,625
New Hampshire.....	1,294	1,031	1,032	1,031
New Jersey.....	3,265	2,164	2,166	2,166
New Mexico.....	6,741	5,607	5,611	5,611
New York.....	27,780	15,374	15,386	15,386
North Carolina.....	22,515	25,961	25,982	25,982
North Dakota.....	38,102	22,859	22,877	22,877
Ohio.....	7,694	6,747	6,752	6,752
Oklahoma.....	44,210	49,307	49,346	49,346
Oregon.....	19,310	16,395	16,408	16,408
Pennsylvania.....	50,699	27,350	27,372	27,371
Rhode Island.....	1,481	875	876	876
South Carolina.....	24,831	27,247	27,269	27,269
South Dakota.....	44,356	42,033	42,066	42,067
Tennessee.....	29,471	27,324	27,346	27,345
Texas.....	76,843	68,350	68,404	68,404
Utah.....	30,216	23,277	23,295	23,296
Vermont.....	10,006	3,928	3,931	3,931
Virginia.....	17,852	17,923	17,937	17,937
Washington.....	26,962	26,192	26,213	26,213
West Virginia.....	9,465	7,449	7,455	7,455
Wisconsin.....	90,115	56,204	56,249	56,248
Wyoming.....	4,961	5,989	5,994	5,994
American Samoa.....	-	-	-	-
District of Columbia.....	-	-	-	-
Guam.....	-	-	-	-
Midway Islands.....	-	-	-	-
N. Mariana Islands.....	-	-	-	-
Puerto Rico.....	5,105	6,047	6,052	6,057
Virgin Islands.....	33	55	55	55
Western Pacific Territories.....	7	189	189	189
Obligations.....	1,242,375	1,049,257	1,050,090	1,050,089

FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
 GUARANTEED FARM OPERATING SUBSIDIZED LOAN PROGRAM  
Geographic Breakdown of Obligations  
 (Dollars in thousands)

State/Territory	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	-	-	-	-
Arkansas.....	\$33	-	-	-
Colorado.....	\$800	\$135	-	-
Georgia.....	138	-	-	-
Idaho.....	400	30	-	-
Illinois.....	17,170	8,278	-	-
Indiana.....	2,603	75	-	-
Iowa.....	34,145	8,145	-	-
Kansas.....	6,212	2,671	-	-
Kentucky.....	1,001	114	-	-
Louisiana.....	400	-	-	-
Maryland.....	-	-	-	-
Massachusetts.....	487	-	-	-
Michigan.....	5,796	376	-	-
Minnesota.....	21,318	6,095	-	-
Mississippi.....	-	-	-	-
Missouri.....	5,257	1,783	-	-
Montana.....	1,889	1,789	-	-
Nebraska.....	14,456	7,008	-	-
New Hampshire.....	400	-	-	-
New Jersey.....	2,507	-	-	-
New Mexico.....	475	55	-	-
New York.....	4,582	1,450	-	-
North Carolina.....	564	-	-	-
North Dakota.....	10,337	4,383	-	-
Ohio.....	298	188	-	-
Oklahoma.....	8,170	2,314	-	-
Pennsylvania.....	5,225	1,489	-	-
South Carolina.....	267	-	-	-
South Dakota.....	7,688	4,302	-	-
Texas.....	-	400	-	-
Utah.....	305	400	-	-
Vermont.....	1,450	533	-	-
Virginia.....	125	-	-	-
West Virginia.....	400	99	-	-
Wisconsin.....	23,946	10,420	-	-
Wyoming.....	2,725	160	-	-
District of Columbia.....	-	-	-	-
Obligations.....	181,569	62,692	-	-

FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
 GUARANTEED FARM OPERATING NON-SUBSIDIZED LOAN PROGRAM  
Geographic Breakdown of Obligations  
 (Dollars in thousands)

State/Territory	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$7,201	\$2,512	\$3,215	\$3,212
Alaska.....	-	-	-	-
Arizona.....	27,615	15,223	19,483	19,464
Arkansas.....	79,600	72,973	93,394	93,301
California.....	50,010	55,712	71,303	71,232
Colorado.....	27,862	17,290	22,129	22,107
Connecticut.....	5,746	1,498	1,917	1,915
Delaware.....	112	130	166	166
Florida.....	12,583	7,043	9,014	9,005
Georgia.....	55,923	48,661	62,279	62,217
Hawaii.....	-	128	164	164
Idaho.....	47,463	44,872	57,429	57,372
Illinois.....	43,309	21,135	27,050	27,023
Indiana.....	30,731	25,761	32,970	32,937
Iowa.....	67,459	52,075	66,648	66,582
Kansas.....	36,797	27,928	35,744	35,708
Kentucky.....	18,471	19,633	25,127	25,102
Louisiana.....	68,181	68,383	87,520	87,433
Maine.....	4,437	648	829	829
Maryland.....	1,452	230	294	294
Massachusetts.....	2,861	614	786	785
Michigan.....	46,402	39,523	50,583	50,533
Minnesota.....	110,934	67,838	86,822	86,736
Mississippi.....	24,036	18,202	23,296	23,273
Missouri.....	32,901	40,137	51,369	51,318
Montana.....	21,542	22,785	29,161	29,132
Nebraska.....	42,636	39,550	50,618	50,568
Nevada.....	2,324	2,401	3,073	3,070
New Hampshire.....	1,217	725	928	927
New Jersey.....	2,053	2,405	3,078	3,075
New Mexico.....	3,104	5,090	6,514	6,508
New York.....	46,965	20,003	25,601	25,575
North Carolina.....	19,233	23,810	30,473	30,443
North Dakota.....	61,449	33,585	42,984	42,941
Ohio.....	38,588	22,157	28,358	28,329
Oklahoma.....	48,178	35,556	45,506	45,461
Oregon.....	33,879	19,803	25,345	25,320
Pennsylvania.....	21,325	10,573	13,532	13,518
Rhode Island.....	550	-	-	-
South Carolina.....	19,509	12,613	16,143	16,127
South Dakota.....	34,855	27,875	35,676	35,640
Tennessee.....	13,068	28,023	35,865	35,829
Texas.....	110,266	76,582	98,013	97,916
Utah.....	2,519	7,143	9,142	9,133
Vermont.....	15,411	6,429	8,228	8,220
Virginia.....	9,441	16,920	21,655	21,633
Washington.....	53,096	41,665	53,325	53,272
West Virginia.....	1,491	806	1,032	1,031
Wisconsin.....	95,254	57,863	74,056	73,982
Wyoming.....	10,054	10,075	12,894	12,882
Puerto Rico.....	63	596	764	760
Obligations.....	1,510,156	1,173,182	1,501,495	1,500,000

FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
 EMERGENCY LOAN PROGRAM  
Geographic Breakdown of Obligations  
 (Dollars in thousands)

State/Territory	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$4,952	\$380	\$811	\$404
Arkansas.....	-	10,399	22,202	11,052
California.....	1,036	33	70	35
Connecticut.....	108	-	-	-
Delaware.....	-	266	568	283
Florida.....	2,443	2,088	4,458	2,219
Georgia.....	1,695	180	384	191
Hawaii.....	82	-	-	-
Iowa.....	609	538	1,149	572
Kansas.....	14	-	-	-
Kentucky.....	432	1,190	2,541	1,265
Louisiana.....	2,205	460	982	489
Maine.....	500	-	-	-
Maryland.....	-	-	-	-
Massachusetts.....	574	304	649	323
Michigan.....	1,061	1,595	3,405	1,695
Minnesota.....	1,149	-	-	-
Mississippi.....	2,452	-	-	-
Missouri.....	135	265	566	282
Montana.....	733	660	1,409	701
Nebraska.....	-	-	-	-
New Hampshire.....	54	-	-	-
New Jersey.....	430	2,366	5,051	2,515
New Mexico.....	418	76	162	81
New York.....	2,394	129	275	137
North Carolina.....	494	2,149	4,588	2,284
North Dakota.....	3,265	1,414	3,019	1,503
Ohio.....	131	8	17	9
Oklahoma.....	433	-	-	-
Oregon.....	-	53	113	56
Pennsylvania.....	271	658	1,405	699
South Carolina.....	-	1,457	3,111	1,549
South Dakota.....	242	-	-	-
Tennessee.....	43	164	350	174
Texas.....	5,872	468	999	497
Vermont.....	105	278	594	295
Virginia.....	-	3,877	8,277	4,120
West Virginia.....	-	10	21	11
Wisconsin.....	911	1,145	2,447	1,217
Wyoming.....	355	-	-	-
District of Columbia.....	-	-	-	-
Obligations.....	35,598	32,610	69,623	34,658

FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
 DIRECT CONSERVATION LOAN PROGRAM  
Geographic Breakdown of Obligations  
 (Dollars in thousands)

State/Territory	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>2013 Estimate</u>
	Loan Level	Loan Level	Loan Level	Loan Level
Alabama.....	\$41	\$85	-	-
Arkansas.....	9	37	-	-
California.....	-	376	-	-
Colorado.....	-	658	-	-
Connecticut.....	-	13	-	-
Delaware.....	-	479	-	-
Florida.....	21	391	-	-
Georgia.....	-	522	-	-
Idaho.....	203	75	-	-
Illinois.....	507	80	-	-
Indiana.....	18	10	-	-
Iowa.....	-	835	-	-
Kansas.....	248	197	-	-
Kentucky.....	-	130	-	-
Louisiana.....	40	90	-	-
Maine.....	20	325	-	-
Maryland.....	36	-	-	-
Massachusetts.....	-	255	-	-
Michigan.....	105	65	-	-
Minnesota.....	7	36	-	-
Mississippi.....	-	-	-	-
Missouri.....	-	763	-	-
Montana.....	-	108	-	-
Nebraska.....	194	283	-	-
Nevada.....	-	125	-	-
New Hampshire.....	250	-	-	-
New Jersey.....	29	184	-	-
New York.....	-	400	-	-
North Carolina.....	-	161	-	-
North Dakota.....	358	69	-	-
Ohio.....	75	204	-	-
Oklahoma.....	287	60	-	-
Oregon.....	527	519	-	-
Pennsylvania.....	-	496	-	-
Rhode Island.....	21	336	-	-
South Carolina.....	721	401	-	-
South Dakota.....	-	185	-	-
Tennessee.....	-	181	-	-
Texas.....	123	433	-	-
Utah.....	-	130	-	-
Vermont.....	468	20	-	-
Virginia.....	624	79	-	-
Washington.....	-	86	-	-
West Virginia.....	-	354	-	-
Wisconsin.....	-	776	-	-
Wyoming.....	-	134	-	-
District of Columbia.....	-	-	-	-
Obligations.....	4,932	11,146	-	-

FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
 GUARANTEED CONSERVATION LOAN PROGRAM  
Geographic Breakdown of Obligations  
 (Dollars in thousands)

State/Territory	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>2013 Estimate</u>
	Loan Level	Loan Level	Loan Level	Loan Level
Connecticut.....	-	\$175	-	-
Iowa.....	-	375	-	-
Massachusetts.....	\$153	-	-	-
Undistributed.....	-	-	\$150,000	\$150,000
Obligations.....	153	550	150,000	150,000

FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
 BOLL WEEVIL ERADICATION LOAN PROGRAM  
Geographic Breakdown of Obligations  
 (Dollars in thousands)

	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimated</u>	<u>2013 Estimated</u>
Undistributed	-	-	\$100,000	\$60,000
Total Obligation	-	-	100,000	60,000

FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
 INDIAN LAND ACQUISITION LOAN PROGRAM  
Geographic Breakdown of Obligations  
 (Dollars in thousands)

	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimated</u>	<u>2013 Estimated</u>
Undistributed	-	-	\$2,000	\$2,000
Total Obligation	-	-	2,000	2,000

FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
 INDIAN HIGHLY FRACTIONATED LAND PROGRAM  
Geographic Breakdown of Obligations  
 (Dollars in thousands)

	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimated</u>	<u>2013 Estimated</u>
Undistributed	-	-	\$10,000	\$10,000
Total Obligation	-	-	10,000	10,000

FARM SERVICE AGENCY  
 AGRICULTURAL CREDIT INSURANCE FUND  
 INDIVIDUAL DEVELOPMENT ACCOUNT GRANTS  
Geographic Breakdown of Obligations  
 (Dollars in thousands)

	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimated</u>	<u>2013 Estimated</u>
Undistributed	-	-	-	\$2,500
Total Obligation	-	-	-	2,500



FARM SERVICE AGENCY  
AGRICULTURAL CREDIT INSURANCE FUND

Classification by Objects  
(Dollars in thousands)

	2010	2011	2012	2013
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
25.3 Other purchases of goods and services				
from Federal sources.....	\$322,048	\$312,012	\$297,632	\$312,897
41.0 Grants, subsidies and contributions.....	155,802	150,786	111,727	100,470
Total, Other Objects.....	<u>477,850</u>	<u>462,798</u>	<u>409,359</u>	<u>413,367</u>
99.9 Total, new obligations.....	<u>477,850</u>	<u>462,798</u>	<u>409,359</u>	<u>413,367</u>

## AGRICULTURAL CREDIT INSURANCE FUND

### STATUS OF PROGRAM

#### Current Activities:

Through the Agricultural Credit Insurance Fund (ACIF), FSA offers direct and guaranteed loans to farmers temporarily unable to obtain regular commercial credit. Under the guaranteed loan program, FSA guarantees up to 95 percent of the principal amount of loans made by conventional agricultural lenders. Applicants unable to qualify for a guaranteed loan may be eligible for a direct loan made and serviced by FSA loan officers, who also provide loan supervision and credit counseling.

- Farm Ownership Loans. FSA makes direct and guaranteed loans to family farmers to purchase farmland; restructure debts, including utilizing real estate equity to refinance heavy short-term debts; and modify their operations to comply with sanitation and pollution abatement requirements, keep up with advances in agricultural technology, better utilize their land and labor resources, or meet changing market requirements.
- Farm Operating Loans. Direct and guaranteed operating loans may be made to pay costs incident to reorganizing a farming system for more profitable operations; purchasing livestock, poultry, and farm equipment; purchasing feed, seed, fertilizer, insecticides, and farm supplies and meeting other essential operating expenses; financing land and water development, use, and conservation; developing recreation and other non-farm enterprises; and refinancing existing indebtedness. Under the law, at least 50 percent of direct farm operating loan funding must be reserved for qualified beginning farmers and ranchers during the first 11 months of the fiscal year.
- Emergency Loans. Direct loans are made available in designated counties and contiguous counties where property damage and/or severe production losses have occurred as a result of natural disaster.
- Indian Tribe Land Acquisition Loans. Direct loans are made to eligible Native American tribes to assist them in repurchasing lands within the boundaries of their reservations and maintaining ownership for future generations.
- Boll Weevil Eradication Loans. Direct loans assist producer associations and State governmental agencies in cotton-producing States to carry out boll weevil eradication programs.
- Conservation Loans. Direct and guaranteed loans allow farming operations of any size access to credit to implement conservation practices approved by the Natural Resources Conservation Service.
- Indian Highly Fractionated Land Loans. This program provides discretionary authority to make and insure direct loans to eligible purchasers of highly fractionated lands under relevant provisions of the Indian Land Consolidation Act. Eligible purchasers are Indian tribal members.

The following table reflects 2011 ACIF program activity:

FY 2011 Actual Agricultural Credit Insurance Fund Loans and Obligations  
(Dollars in Thousands)

Farm Loans Program:	Number of Loans	Obligations
Direct Loans	21,732	\$1,673,873
Guaranteed Loans	10,493	3,142,493
Totals	32,225	4,816,366

Direct and guaranteed loan programs provided assistance totaling \$1.8 billion to beginning farmers during 2011. Loans for socially disadvantaged farmers totaled \$565.4 million, of which \$274.5 million was in the farm ownership program and \$290.9 million in the farm operating program.

Selected Examples of Recent Progress: Lending to beginning farmers was strong during 2011. FSA loaned or guaranteed beginning farmer loans for 14,823 borrowers. The ratio of minority borrowers receiving direct loans increased to 12%, while those to women borrowers showed a 0.4% increase from FY 2010. Outreach efforts by FSA field offices to promote and inform beginning and socially disadvantaged farmers about available FSA programs has resulted in increased lending to these groups in the last few years.

Although overall loan totals were generally lower from 2010 to 2011, the trend in lending to beginning and socially disadvantaged farmers was still favorable. In regard to direct and guaranteed farm ownership and operating programs, the following tables represent changes in loan activity from 2010 to 2011 for total loans as well as both Beginning Farmers and Socially Disadvantaged Farmers:

<b>Total Direct and Guaranteed Farm Ownership Loans</b>			
	<b>FY 2010</b>	<b>FY 2011</b>	<b>Percent Change</b>
Total Number Of Loans			
Direct Farm Ownership	4,316	3,472	-20%
Guaranteed Farm Ownership	4,447	4,886	10%
Total Dollar Value Of Loans (\$000)			
Direct Farm Ownership	\$702,816	\$580,860	-17%
Guaranteed Farm Ownership	1,605,999	1,906,069	19%

<b>Direct and Guaranteed Farm Ownership Loans Beginning Farmers</b>			
	<b>FY 2010</b>	<b>FY 2011</b>	<b>Percent Change</b>
Total Number Of Loans			
Direct Farm Ownership	1,731	1,380	-20%
Direct Farm Ownership Down-payment	1,225	1,246	2%
Guaranteed Farm Ownership	1,056	1,396	32%
Total Dollar Value Of Loans (\$000)			
Direct Farm Ownership	\$309,726	\$253,002	-18%
Direct Farm Ownership Down-payment	170,005	182,615	7%
Guaranteed Farm Ownership	286,919	435,919	52%

<b>Direct and Guaranteed Farm Ownership Loans Socially Disadvantaged Farmers</b>			
	<b>FY 2010</b>	<b>FY 2011</b>	<b>Percent Change</b>
Total Number Of Loans			
Direct Farm Ownership	675	670	-1%
Guaranteed Farm Ownership	310	403	30%
Total Dollar Value Of Loans (\$000)			
Direct Farm Ownership	\$106,942	\$107,539	1%
Guaranteed Farm Ownership	115,455	167,006	45%

<b>Total Direct and Guaranteed Operating Loans</b>			
	<b>FY 2010</b>	<b>FY 2011</b>	<b>Percent Change</b>
Total Number Of Loans			
Direct Operating	19,689	17,806	-10%
Guaranteed Operating	7,648	5,605	-27%
Total Dollar Value Of Loans (\$000)			
Direct Operating	\$1,242,375	\$1,049,257	-16%
Guaranteed Operating	1,691,725	1,235,874	-27%

<b>Direct and Guaranteed Operating Loans Beginning Farmers</b>			
	<b>FY 2010</b>	<b>FY 2011</b>	<b>Percent Change</b>
Total Number Of Loans			
Direct Operating	9,391	9,085	-3%
Guaranteed Operating	1,891	1,716	-9%
Total Dollar Value Of Loans (\$000)			
Direct Operating	\$615,165	\$589,336	-4%
Guaranteed Operating	324,381	309,315	-5%

<b>Direct and Guaranteed Operating Loans Socially Disadvantaged Farmers</b>			
Total Number Of Loans			
Direct Operating	4,199	4,411	5%
Guaranteed Operating	466	417	-11%
Total Dollar Value Of Loans (\$000)			
Direct Operating	\$178,864	\$178,393	0%
Guaranteed Operating	108,247	112,480	4%

FSA utilized transfer authority provided in the 2011 Appropriations Act, P.L. 112-10 to fund direct farm operating and guaranteed farm ownership loan requests. Guaranteed operating-subsidized funds were transferred to provide direct farm operating funds of \$100 million and guaranteed ownership funds of \$407 million. These transfers funded \$507 million in direct farm operating and guaranteed farm ownership loans to applicants.

FSA also utilized statutory transfer authorities (Sec. 346 of ConAct) to fund direct farm ownership beginning farmer and down payment loan requests. Through the use of the transfers, additional direct farm ownership beginning farmer funds of \$74 million and direct farm ownership down payment funds of \$33 million were made available by transfers of unused funds from the guaranteed operating unsubsidized funds. With the use of those funds, FSA provided \$107 million in direct farm ownership assistance to beginning farmers and applicants seeking down payment loans.

FSA's newly implemented Conservation Loan Program provided \$11 million in direct loans to 156 borrowers and \$550 thousand in loan guarantees to 2 borrowers.

FARM SERVICE AGENCY  
 Reforestation Pilot Program  
Lead-Off Tabular Statement

Appropriations Act, 2012.....	\$600,000
Budget Estimate, 2013.....	<u>-</u>
Change from 2012 Appropriation.....	-600,000

Summary of Increases and Decreases - Current Law  
(Dollars in thousands)

	2010	2011	2012	2013	2013
	Actual	Change	Change	Change	Estimate
Discretionary Appropriations:					
Reforestation Pilot Program.....	\$800	-\$161	-\$39	-\$600	-
Total, Appropriation or Change.....	<u>800</u>	<u>-161</u>	<u>-39</u>	<u>-600</u>	<u>-</u>

22-68  
 FARM SERVICE AGENCY  
 Reforestation Pilot Program

Project Statement  
 (On basis of appropriations)  
 (Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
Reforestation Pilot Program.....	\$800	\$639	\$600	-\$600 (1)	-
Total Adjusted Approp.....	800	639	600	-600	-
Rescissions and Transfers (Net).....	-	1	-	-	-
Total Appropriation.....	800	640	600	-600	-
Rescission.....	-	-1	-	-	-
Total Available.....	800	639	600	-600	-
Total Obligations.....	800	639	600	-600	-

Project Statement  
 (On basis of obligations)  
 (Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
Reforestation Pilot Program.....	\$800	\$639	\$600	-\$600 (1)	-
Subtotal.....	800	639	600	-600	-
Total Obligations.....	800	639	600	-600	-
Total Available.....	800	639	600	-600	-
Rescission.....	-	1	-	-	-
Total Appropriation.....	800	640	600	-600	-

Justification of Increases and Decreases

(1) A decrease of \$600,000 for the Hardwood Tree Reforestation Pilot Program (\$600,000 available in 2012):

The 2013 Budget proposes no funding for this program.

FARM SERVICE AGENCY  
 Reforestation Pilot Program  
Geographic Breakdown of Obligations and Staff Years  
 (Dollars in thousands)

State/Territory	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount
Louisiana.....	-	\$98	\$100	-
Mississippi.....	\$800	541	500	-
Obligations.....	800	639	600	-
Total, Available.....	800	639	600	-

22-70  
FARM SERVICE AGENCY  
Reforestation Pilot Program

Classification by Objects  
(Dollars in thousands)

	2010	2011	2012	2013
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
41.0 Grants.....	\$800	\$639	\$600	-
99.9 Total, new obligations.....	<u>800</u>	<u>639</u>	<u>600</u>	<u>-</u>



## REFORESTATION PILOT PROGRAM

### STATUS OF PROGRAM

The 2008 Agriculture Appropriations Act, PL 110-161, directed FSA to carry out a pilot program to demonstrate the use of new technologies that increase the rate of growth of reforested hardwood trees on private, non-industrial forest lands on the coast of the Gulf of Mexico damaged by Hurricane Katrina in 2005. In addition to loss of human lives and destruction of property, the hurricanes of 2005 also caused significant damage to forest resources in the area. Larger hardwood seedlings, such as those produced through root production methodologies (RPM), are believed to have better survival and early growth. For over four years, FSA has engaged with Mississippi State University in a demonstration project to evaluate the efficacy of the implementation of such new technologies and establishment of larger seedlings in improving hardwood reforestation success. The study is conducting trials on different types of planting stock to determine which have the highest survival and growth rates. First year plantings have shown that the RPM seedlings were two to four times larger than other planted stock at establishment. Due to different species, planting sites and growing conditions, second year plantings exhibited results slightly different from the first year with the RPM seedlings again showing exceptional growth rates.

Current Activities: Section 727 of the Consolidated and Further Continuing Appropriations Act of 2012 appropriated \$600,000 to FSA to continue the pilot program. Funding will be provided to the Mississippi State University (MSU) Forest and Wildlife Research Center to deliver the pilot program and continue to study and evaluate the effectiveness and efficiency of utilizing these new technologies.

Selected Examples of Past Activity: Since the start of the pilot program, approximately 111,000 trees have been planted on 1,100 acres located on numerous research areas and demonstration sites in Mississippi (approximately 60 sites) and Louisiana (about 12 sites to be planted in the very near future).

22-72

FARM SERVICE AGENCY  
Emergency Conservation Program

Lead-Off Tabular Statement

Appropriations Act, 2012.....	\$122,700,000
Budget Estimate, 2013.....	-
Change from 2012 Appropriation.....	<u>-122,700,000</u>

Summary of Increases and Decreases

(Dollars in thousands)

	<u>2010 Actual</u>	<u>2011 Change</u>	<u>2012 Change</u>	<u>2013 Change</u>	<u>2013 Estimate</u>
Discretionary Appropriations.....					
Emergency Conservation Program.....	-	-	+\$122,700	-\$122,700	-
Total, Appropriation or Change.....	<u>-</u>	<u>-</u>	<u>+122,700</u>	<u>-122,700</u>	<u>-</u>

22-73  
 FARM SERVICE AGENCY  
 Emergency Conservation Program

Project Statement  
 (On basis of appropriations)  
 (Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
Emergency Conservation Program	-	-	\$122,700	-\$122,700 (1)	-
Total Adjusted Approp.....	-	-	122,700	-122,700	-
Total Appropriation.....	-	-	122,700	-122,700	-
Transfers Out:					
Institution/Program.....	-	-\$31	-	-	-
Bal. Available, SOY.....	\$132,189	39,719	105,804	+7,896	\$113,700
Recoveries, Other (Net).....	32	130,434	-	-	-
Total Available.....	132,221	170,122	228,504	-114,804	113,700
Bal. Available, EOY.....	-39,719	-105,804	-113,700	+113,700	-
Total Obligations.....	92,502	64,318	114,804	-1,104	113,700

22-74  
 FARM SERVICE AGENCY  
 Emergency Conservation Program

Project Statement  
 (On basis of obligations)  
 (Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
Emergency Conservation Program	-	-	\$9,000	+\$104,700 (1)	\$113,700
Supplemental Obligations:					
Emergency Supp.....	\$92,502	\$64,318	105,804	-105,804	-
Total Obligations.....	92,502	64,318	114,804	-1,104	113,700
Bal. Available, EOY.....	39,719	105,804	113,700	-113,700	-
Total Available.....	132,221	170,122	228,504	-114,804	113,700
Transfers Out.....	-	31	-	-	-
Bal. Available, SOY.....	-132,189	-39,719	-105,804	-7,896	-113,700
Other Adjustments (Net).....	-32	-130,434	-	-	-
Total Appropriation.....	-	-	122,700	-122,700	-

Justification of Increases and Decreases

(1) The 2013 Budget does not propose funding for ECP.

FARM SERVICE AGENCY  
Emergency Conservation Program  
Geographic Breakdown of Obligations  
(Dollars in thousands)

State/Territory	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$4,148	-	-	-
Arizona.....	10	-	-	-
Arkansas.....	15,024	-	-	-
California.....	605	-	-	-
Colorado.....	26	-	-	-
Connecticut/Rhode Island....	24	-	-	-
Delaware.....	-	\$1,709	-	-
Florida.....	552	81	-	-
Georgia.....	5,958	3,042	-	-
Hawaii.....	354	484	-	-
Idaho.....	1	127	-	-
Illinois.....	239	42	-	-
Indiana.....	1,590	3	-	-
Iowa.....	4,938	842	-	-
Kansas.....	61	-	-	-
Kentucky.....	24,156	2,681	-	-
Louisiana.....	3,537	96	-	-
Maine.....	89	29	-	-
Maryland.....	11	-	-	-
Massachusetts.....	2,238	156	-	-
Michigan.....	4	-	-	-
Minnesota.....	485	10	-	-
Mississippi.....	864	1,865	-	-
Missouri.....	5,487	2,008	-	-
Montana.....	228	166	-	-
Nebraska.....	1,930	1,104	-	-
Nevada.....	109	78	-	-
New Hampshire.....	335	72	-	-
New Mexico.....	244	28	-	-
New York.....	194	-	-	-
North Carolina.....	424	1,310	-	-
North Dakota.....	2,872	77	-	-
Ohio.....	156	67	-	-
Oklahoma.....	3,106	1,223	-	-
Oregon.....	176	207	-	-
Pennsylvania.....	60	55	-	-
Rhode Island.....	-	16	-	-
South Carolina.....	16	415	-	-
South Dakota.....	1,394	-	-	-
Tennessee.....	3,329	5,235	-	-
Texas.....	29,204	11,014	-	-
Utah.....	485	270	-	-
Vermont.....	42	3,646	-	-
Virginia.....	195	2,102	-	-
Washington.....	2,351	338	-	-
West Virginia.....	-	423	-	-
Wisconsin.....	93	30	-	-
Wyoming.....	316	270	-	-
American Samoa.....	-	156	-	-
District of Columbia.....	-	67	-	-
Undistributed.....	-25,161	22,774	\$114,804	\$113,700
Obligations.....	92,502	64,318	114,804	113,700
Bal. Available, EOY.....	39,719	105,804	113,700	-
Total, Available.....	132,221	170,122	228,504	113,700

22-76  
 FARM SERVICE AGENCY  
 Emergency Conservation Program

Classification by Objects  
 (Dollars in thousands)

		2010	2011	2012	2013
		<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:					
25.2	Other services from non-Federal sources.....	\$43	-	-	-
41.0	Grants.....	92,459	\$64,318	\$114,804	\$113,700
	Total, Other Objects.....	<u>92,502</u>	<u>64,318</u>	<u>114,804</u>	<u>113,700</u>
99.9	Total, new obligations.....	<u>92,502</u>	<u>64,318</u>	<u>114,804</u>	<u>113,700</u>

## EMERGENCY CONSERVATION PROGRAM

### STATUS OF PROGRAM

Current Activities: During 2011, 44 States participated in the Emergency Conservation Program (ECP), involving an estimated 1,900,000 acres and approximately \$35,138,268 in cost-share and technical assistance outlays. In 2012, the Consolidated and Further Continuing Appropriations Act, P.L. 112-55, provided \$122,700,000 for ECP. Use of this appropriation is limited to major disasters declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.). Over \$80,000,000 of these funds have been allocated to 27 states and Puerto Rico since the January 18, 2012 announcement by the Secretary. These funds will help producers remove debris from farmland, restore livestock fences and conservation structures, provide water for livestock during periods of severe drought, and grade and shape farmland damaged by a natural disaster.

Selected Examples of Recent Activity: ECP provisions in prior year supplemental appropriations acts have targeted funding for both regular ECP and specific disaster needs, and funds are monitored through separate disaster identification accounts. During 2011, ECP allocated \$28,011,874 in regular ECP to 24 states.

The following tables show (a) appropriations and outlays for 1981 through 2012 and (b) FY 2011 allocations by State.

Emergency Conservation Program Appropriations and Outlays Fiscal Years 1981-2012			
Fiscal Year	Appropriation		Outlays
1981 - 1989	\$ 58,800,000		\$ 81,271,444
1990 - 1999	387,093,870		247,183,037
2000 - 2005	301,753,200		262,294,418
2006	161,800,000	1/	88,311,155
2007	18,000,000	2/	72,165,818
2008	204,413,000	3/	27,729,774
2009	0	4/	71,083,900
2010	0	5/	76,878,872
2011	0	6/	35,138,268
2012	122,700,000		---
<b>TOTAL</b>	<b>\$1,254,560,070</b>		<b>\$ 962,056,686</b>

1/ \$199.8 million in supplemental funding provided by P.L. 109-148. \$38 million was transferred to NOAA by P.L. 109-234.

2/ \$18 million in supplemental funding was provided by P.L. 110-28; \$2 million was for Kansas only.

3/ \$89.4 million in supplemental funding was provided by P.L. 110-252 and used for multiple disasters throughout the nation, and much of this funding addressed damage from the 2008 Midwest Floods. \$115 million in a second supplemental was provided by P.L. 110-329 and was also used for multiple disasters throughout the nation. Much of this funding addressed damage from Hurricanes Ike and Gustav as well as providing additional funding to address damage from the 2008 Midwest Floods.

4/ \$66.314 million was internally re-allotted from Hurricane Katrina and Adjusted Gross Income accounts into the regular ECP account to be used for any natural disaster, per P.L. 111-32, signed June 24, 2009.

5/ During 2010, ECP provided \$53.3M in total allocations.

6/ During 2011, ECP provided \$28.0M in total allocations.

EMERGENCY CONSERVATION PROGRAM FY 2011 Allocations by State		
State	Disaster	Total Allocations
Alabama	Flood/Tornado	\$10,000
Colorado	Flood	191,000
Georgia	Drought/Flood/Hurricane/Tornado/Storm	11,000
Hawaii	Flood/Volcanic Conditions	87,000
Idaho	Flood	296,000
Iowa	Flood/Tornado	3,659,000
Kentucky	Drought/Ice Storm	1,674,000
Maine	Flood/Ice Storm	22,000
Minnesota	Flood	147,000
Missouri	Flood/Hurricane/Ice Storm/Tornado	1,894,250
Nebraska	Flood/Hurricane/Storm/Tornado	1,658,914
New Hampshire	Hurricane/Ice Storm/Wildfire	145,000
New Mexico	Flood/Wildfire	300,000
North Carolina	Drought/Tornado	190,000
Oklahoma	Flood/Ice Storm/Wildfire	6,496
Pennsylvania	Flood	58,000
South Dakota	Flood	749,000
Tennessee	Flood/Ice Storm/Tornado	2,428,000
Texas	Flood/Tornado	14,028,214
Vermont	Ice Storm/Tornado	97,000
Virginia	Flood	110,000
West Virginia	Drought/Flood/Wildfire/Wind	180,000
Wisconsin	Drought	30,000
Wyoming	Flood/Tornado	40,000
Total		28,011,874



FARM SERVICE AGENCY  
 Agricultural Disaster Relief Fund  
Lead-Off Tabular Statement  
 (Dollars in thousands)

Appropriations Act, 2012.....	\$0
Budget Estimate, 2013.....	<u>0</u>
Change from 2012 Appropriation.....	\$0

FARM SERVICE AGENCY  
 Agricultural Disaster Relief Fund  
 Summary of Increases and Decreases  
 (Dollars in thousands)

	2010 Actual	2011 Change	2012 Change	2013 Change	2013 Estimate
Mandatory Appropriations:					
Agricultural Disaster Relief Fund.....	\$776,745	\$127,963	-\$904,708	-	-
Total, Appropriation or Change.....	<u>776,745</u>	<u>127,963</u>	<u>-\$904,708</u>	<u>-</u>	<u>-</u>

FARM SERVICE AGENCY  
Agricultural Disaster Relief Fund

Project Statement  
(On basis of appropriations)  
(Dollars in thousands)

Program	2010 Actual	2011 Actual	2012 Estimate	Change	2013 Estimate
	Amount	Amount	Amount	Amount	Amount
Mandatory Appropriations:					
Agricultural Disaster Relief Fund....	\$776,745	\$904,708	-	-	-
Total Adjusted Approp.....	776,745	904,708	-	-	-
Rescissions and					
Transfers (Net).....	-	-	-	-	-
Total Appropriation.....	776,745	904,708	-	-	-
Transfers In:					
Borrowing Authority.....	296,041	400,000	\$779,000	+\$593,000	\$1,372,000
Recovery Act.....	-	33,255	-	-	-
Subtotal.....	296,041	433,255	779,000	+593,000	1,372,000
Bal. Available, SOY.....	1,530,626	165,134	485,095	-485,095	-
Total Available.....	2,603,412	1,503,097	1,264,095	+107,905	1,372,000
Lapsing Balances.....	-176,195		-	-	-
Bal. Available, EOY.....	-165,134	-485,095	-	-	-
Total Obligations.....	2,262,083	1,018,002	1,264,095	+107,905	1,372,000

FARM SERVICE AGENCY  
Agricultural Disaster Relief Fund

Project Statement  
(On basis of obligations)  
(Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Mandatory Obligations:					
Agricultural Disaster Relief...	\$2,262,083	\$1,018,002	\$1,264,095	+\$107,905	\$1,372,000
Total Obligations.....	2,262,083	1,018,002	1,264,095	+107,905	1,372,000
Lapsing Balances.....	176,195	-	-	-	-
Bal. Available, EOY.....	165,134	485,095	-	-	-
Total Available.....	2,603,412	1,503,097	1,264,095	+107,905	1,372,000
Transfers In					
(Borrowing Authority)	-296,041	-433,255	-779,000	-593,000	-1,372,000
Bal. Available, SOY.....	-1,530,626	-165,134	-485,095	+485,095	-
Total Appropriation.....	776,745	904,708	-	-	-

FARM SERVICE AGENCY  
Agricultural Disaster Relief Fund  
Geographic Breakdown of Obligations and Staff Years  
(Dollars in thousands)

State/Territory	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$12,420	\$13,405	\$9,953	\$10,803
Alaska.....	76	64	54	59
Arizona.....	4,555	4,661	3,552	3,855
Arkansas.....	4,820	8,320	5,064	5,496
California.....	46,137	17,916	24,685	26,792
Colorado.....	58,453	48,404	41,181	44,697
Connecticut.....	2,089	2,433	1,743	1,891
Delaware.....	3,494	563	1,564	1,698
Florida.....	20,004	23,293	16,686	18,110
Georgia.....	22,189	13,968	13,934	15,123
Hawaii.....	9,464	4,219	5,273	5,723
Idaho.....	18,137	4,664	8,787	9,537
Illinois.....	25,339	46,052	27,513	29,861
Indiana.....	50,576	21,874	27,921	30,304
Iowa.....	240,645	42,193	109,001	118,306
Kansas.....	101,515	98,696	77,158	83,744
Kentucky.....	21,172	8,721	11,520	12,503
Louisiana.....	13,533	8,504	8,493	9,218
Maine.....	220	322	209	227
Maryland.....	4,303	789	1,962	2,129
Massachusetts.....	1,759	2,102	1,488	1,615
Michigan.....	18,957	10,975	11,535	12,520
Minnesota.....	67,850	22,746	34,914	37,895
Mississippi.....	2,675	11,045	5,287	5,739
Missouri.....	64,026	13,987	30,065	32,631
Montana.....	48,283	58,632	41,203	44,720
Nebraska.....	64,229	31,338	36,830	39,974
Nevada.....	2,619	508	1,205	1,308
New Hampshire.....	73	79	59	64
New Jersey.....	3,981	557	1,749	1,898
New Mexico.....	20,314	23,761	16,986	18,436
New York.....	1,903	1,634	1,363	1,479
North Carolina.....	20,074	10,060	11,613	12,605
North Dakota.....	292,070	99,853	151,041	163,934
Ohio.....	102,784	14,527	45,210	49,069
Oklahoma.....	28,413	130,969	61,423	66,666
Oregon.....	29,817	9,259	15,059	16,344
Pennsylvania.....	548	586	437	474
Rhode Island.....	122	97	84	91
South Carolina.....	10,144	2,133	4,731	5,135
South Dakota.....	98,586	35,081	51,513	55,910
Tennessee.....	19,198	5,562	9,542	10,356
Texas.....	288,551	277,588	218,181	236,805
Utah.....	3,203	2,666	2,262	2,455
Vermont.....	1,166	2,366	1,361	1,477
Virginia.....	8,382	2,504	4,195	4,553
Washington.....	49,295	45,086	36,373	39,478
West Virginia.....	837	852	651	706
Wisconsin.....	65,024	17,651	31,862	34,582
Wyoming.....	5,686	2,646	3,211	3,486
Puerto Rico.....	692	2,289	1,149	1,247
Undistributed.....	281,681	-190,198	35,260	38,272
Obligations.....	2,262,083	1,018,002	1,264,095	1,372,000
Lapsing Balances.....	176,195	-	-	-
Bal. Available, EOY.....	165,134	485,095	-	-
Total, Available.....	2,603,412	1,503,097	1,264,095	1,372,000

FARM SERVICE AGENCY  
Agricultural Disaster Relief Fund

Classification by Objects  
(Dollars in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
	Actual	Actual	Estimate	Estimate
Other Objects:				
41.0 Grants.....	\$2,262,083	\$1,018,002	\$1,264,095	\$1,372,000
99.9 Total, new obligations.....	<u>2,262,083</u>	<u>1,018,002</u>	<u>1,264,095</u>	<u>1,372,000</u>

## AGRICULTURAL DISASTER RELIEF TRUST FUND

### STATUS OF PROGRAM

Current Activities: The Food, Conservation, and Energy Act of 2008, P.L. 110-246, provides for Supplemental Agricultural Disaster Assistance under Sections 12033 and 15001. This includes the Agricultural Disaster Relief Trust Fund, which is composed of amounts equivalent to 3.08 percent of the amounts received in the general fund of the U.S. Treasury during 2008-2011 “attributable to the duties collected on articles entered, or withdrawn from warehouse, for consumption under the Harmonized Tariff Schedule of the United States.” The fund has authority to borrow, and repayable advances that are “such sums as may be necessary” make up the fund’s budget authority. Advances to the fund must be repaid with interest to the general fund of the U.S. Treasury when the Secretary of the Treasury determines that funds are available in the trust fund.

Funds from the trust fund may be used to make payments to farmers and ranchers under the following five disaster assistance programs: Supplemental Revenue Assistance Payments (SURE) Program; Livestock Forage Disaster Program (LFP); Livestock Indemnity Program (LIP); Tree Assistance Program (TAP); and Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP) Program. P.L. 110-246 provides that participants in the new disaster assistance programs are required to have crop insurance or non-insured crop disaster assistance, or to pay a fee if they are otherwise ineligible.

Obligations of \$1,018,002,352 were incurred and total outlays were \$1,220,780,832 in 2011, as shown in the table below. Unobligated balances carried over to 2011 of \$165,134,338 and obligated repayable advances of \$400,000,000 provided the funding for 2011 obligations. In 2011, the amount of customs receipts credited to the Agricultural Disaster Relief Trust Fund receipt account totaled \$904,708,177. Available budget authority totaling \$485,094,851 was carried forward into 2012 as an unobligated balance. An additional \$779,000,000 of borrowing authority in 2012 and \$1,372,000,000 in 2013 will be utilized to make payments for the disaster programs.

Programs	Obligations (\$000)	Outlays (\$000)
ELAP	\$8,421	\$8,459
LFP	211,977	206,641
LIP	23,894	23,347
SURE	760,730	975,237
TAP	12,980	8,546
Subtotal	1,018,002	1,222,231
Undistributed	0	-1,451
TOTAL	1,018,002	1,220,781

FARM SERVICE AGENCY  
 USDA Supplemental Assistance  
Lead-Off Tabular Statement

Annualized Continuing Resolution, 2012.....	\$1,996,000
Budget Estimate, 2013.....	<u>-</u>
Change from 2012 Appropriation.....	-1,996,000

FARM SERVICE AGENCY  
 USDA Supplemental Assistance  
Summary of Increases and Decreases  
 (Dollars in thousands)

	2010 Actual	2011 Change	2012 Change	2013 Change	2013 Estimate
Discretionary Appropriations:					
Geographically Disadvantaged Farmers and Ranchers.....	\$2,600	-\$604	-	-\$1,996	-
Durum Wheat.....	3,000	-3,000	-	-	-
DELAP.....	290,000	-290,000	-	-	-
Total, Appropriation or Change.....	<u>295,600</u>	<u>-293,604</u>	<u>-</u>	<u>-1,996</u>	<u>-</u>

FARM SERVICE AGENCY  
USDA Supplemental Assistance

Project Statement  
(On basis of appropriations)  
(Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
Geographically					
Disadvantaged Farmers					
and Ranchers	\$2,600	\$1,996	\$1,996	-\$1,996 (1)	-
Durum Wheat.....	3,000	-	-	-	-
DELAP.....	290,000	-	-	-	-
Subtotal.....	295,600	1,996	1,996	-1,996	-
Total Adjusted Approp....	295,600	1,996	1,996	-1,996	-
Rescissions and					
Transfers (Net).....	-	4	-	-	-
Total Appropriation.....	295,600	2,000	1,996	-1,996	-
Rescission.....	-	-4	-	-	-
Bal. Available, SOY.....	776,453	779,356	782,438	+185,000	\$967,438
Recoveries, Other (Net).....	359	3,585	185,000	-185,000	-
Total Available.....	1,072,412	784,937	969,434	-1,996	967,438
Lapsing Balances.....	(271)	-	-	-	-
Bal. Available, EOY.....	-779,356	-782,438	-967,438	-	-967,438
Total Obligations.....	292,785	2,499	1,996	-1,996	-



## FARM SERVICE AGENCY

## State Mediation Grants

Project Statement

(On basis of obligations)

(Dollars in thousands)

Program	2010 Actual Amount	2011 Actual Amount	2012 Estimate Amount	Change Amount	2013 Estimate Amount
Discretionary Obligations:					
Disadvantaged Farmer.....	\$2,600	\$1,996	\$1,996	-\$1,996 (1)	-
Durun Wheat.....	2,850	-	-	-	-
DELAP.....	287,335	-	-	-	-
Other.....	-	503	-	-	-
Subtotal.....	292,785	2,499	1,996	-1,996	-
Total Obligations.....	292,785	2,499	1,996	-1,996	-
Recoveries, Other (Net).....	-	-	-	-	-
Lapsing Balances.....	271	-	-	-	-
Bal. Available, EOY.....	779,356	782,438	967,438	-	\$967,438
Total Available.....	1,072,412	784,937	969,434	-1,996	967,438
Transfers In.....	-	-	-	-	-
Transfers Out.....	-	-	-	-	-
Rescission.....	-	4	-	-	-
Bal. Available, SOY.....	-776,453	-779,356	-782,438	-185,000	-967,438
Other Adjustments (Net).....	-359	-3,585	-185,000	+185,000	-
Total Appropriation.....	295,600	2,000	1,996	-1,996	-

(1) The 2013 Budget does not propose funding for Geographically disadvantaged Farmers and Ranchers.

FARM SERVICE AGENCY  
 USDA Supplemental Assistance  
Geographic Breakdown of Obligations and Staff Years  
 (Dollars in thousands)

State/Territory	2010 Actual	2011 Actual	2012 Estimate	2013 Estimate
	Amount	Amount	Amount	Amount
Alabama.....	\$500			
Alaska.....	19	\$434		
Arizona.....	1,670			
Arkansas.....	555			
California.....	30,417	9		
Colorado.....	1,952			
Connecticut.....	855			
Delaware.....	251			
Florida.....	1,761			
Georgia.....	2,414			
Hawaii.....	39	955		
Idaho.....	6,537			
Illinois.....	4,607			
Indiana.....	4,290			
Iowa.....	8,902			
Kansas.....	2,085			
Kentucky.....	3,157			
Louisiana.....	861			
Maine.....	1,493			
Maryland.....	2,289			
Massachusetts.....	733			
Michigan.....	12,727			
Minnesota.....	21,283			
Mississippi.....	721			
Missouri.....	4,146			
Montana.....	744			
Nebraska.....	1,705			
Nevada.....	419			
New Hampshire.....	746			
New Jersey.....	468			
New Mexico.....	3,041			
New York.....	23,802			
North Carolina.....	2,004			
North Dakota.....	856			
Ohio.....	9,742			
Oklahoma.....	1,245			
Oregon.....	2,880			
Pennsylvania.....	22,223			
Rhode Island.....	51			
South Carolina.....	766			
South Dakota.....	260			
Tennessee.....	2,719			
Texas.....	7,235			
Utah.....	2,410			
Vermont.....	5,834			
Virginia.....	4,045			
Washington.....	5,395			
West Virginia.....	445			
Wisconsin.....	55,806			
Wyoming.....	124			
American Samoa.....	-	2		
Guam.....	-	18		
N. Mariana Islands.....	-	22		
Puerto Rico.....	1,441	1,044		
Virgin Islands.....	-	15		
Undistributed.....	22,115		\$1,996	
Obligations.....	292,785	2,499	1,996	-
Lapsing Balances.....	271	-	-	-
Bal. Available, EOY.....	779,356	782,438	967,438	967,438
Total, Available.....	1,072,412	784,937	969,434	967,438

FARM SERVICE AGENCY  
 USDA Supplemental Assistance

Classification by Objects  
 (Dollars in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
	Actual	Actual	Estimate	Estimate
Personnel Compensation:				
Other Objects:				
41.0 Grants.....	\$292,785	\$2,499	\$1,996	-
99.9 Total, new obligations.....	<u>292,785</u>	<u>2,499</u>	<u>1,996</u>	<u>-</u>

**USDA SUPPLEMENTAL ASSISTANCE PROGRAM**

**STATUS OF PROGRAM**

**REIMBURSEMENT TRANSPORTATION COST PAYMENT (RTCP) PROGRAM FOR GEOGRAPHICALLY DISADVANTAGED FARMERS AND RANCHERS**

Sec. 1621 of the Food, Conservation, and Energy Act of 2008, Public Law 110-246, enacted June 18, 2008, (2008 Farm Bill) authorized RTCP; and the Department of Defense and Full-Year Continuing Appropriations Act, 2011, Public Law 112-10, provided \$1,996,000 to the Farm Service Agency to administer a program to assist farmers and ranchers in Hawaii, Alaska, Puerto Rico, Virgin Islands and insular areas who paid to transport either an agricultural commodity or an input used to produce an agricultural commodity during 2011.

Current Activities: Reimbursement Transportation Cost Payment Program for Geographically Disadvantaged Farmers and Ranchers (RTCP-II) signup began on July 25, 2011 and ended on September 9, 2011. Total applications received were 922 – Puerto Rico (401), Hawaii (348), Alaska (162), and Virgin Islands (11), totaling \$2,989,389. Payments were capped and a payment factor was applied so that payments issued in the second quarter of 2012 do not exceed the amount available.

**DAIRY ECONOMIC LOSS ASSISTANCE PAYMENT**

The Dairy Economic Loss Assistance Payment (DELAP) program began in December 2009. This program is funded by \$290 million from Section 748 of the 2010 Agricultural Appropriations Act to provide loss assistance payments to eligible dairy producers. Payments to eligible DELAP program producers were issued in three payment phases. Phase I payments were issued in mid-December 2009 to eligible dairy producers with production records from previous participation in dairy programs administered by the Farm Service Agency (FSA). Phase II payments were issued on June 18, 2010 to dairy producers who did not have production records at FSA, but submitted their payment requests for benefits by January 17, 2010. The remaining \$17 million was disbursed during phase III in 2011. Currently, minor corrections are being made to a few payment requests.

FARM SERVICE AGENCY  
Emergency Forest Restoration Program  
Lead-Off Tabular Statement

Appropriations Act, 2012.....	\$28,400,000
Budget Estimate, 2013.....	<u>-</u>
Change from 2012 Appropriation.....	-28,400,000

Summary of Increases and Decreases  
(Dollars in thousands)

	2010 Actual	2011 Change	2012 Change	2013 Change	2013 Estimate
Discretionary Appropriations.....					
Emergency Forest Restoration Program.....	\$18,000	-\$18,000	+\$28,400	-\$28,400	-
Total, Appropriation or Change.....	<u>18,000</u>	<u>-18,000</u>	<u>+28,400</u>	<u>-28,400</u>	<u>-</u>

FARM SERVICE AGENCY  
Emergency Forest Restoration Program

Project Statement  
(On basis of appropriations)  
(Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Appropriations:					
Emergency Forest Restoration Program	-	-	\$28,400	-\$28,400 (1)	-
Supplemental Appropriations:					
Emergency Supp.....	\$18,000	-	-	-	-
Total Adjusted Approp....	18,000	-	28,400	-28,400	-
Rescissions and Transfers (Net).....	-	-	-	-	-
Total Appropriation.....	18,000	-	28,400	-28,400	-
Bal. Available, SOY.....	-	\$18,000	15,774	-11,774	\$4,000
Total Available.....	18,000	18,000	44,174	-40,174	4,000
Bal. Available, EOY.....	-18,000	-15,774	-4,000	+4,000	-
Total Obligations.....	-	2,226	40,174	-36,174	4,000

FARM SERVICE AGENCY  
Emergency Forest Restoration Program

Project Statement  
(On basis of obligations)  
(Dollars in thousands)

Program	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>Change</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount	Amount
Discretionary Obligations:					
Emergency Forest Restoration Program	-	-	\$24,400	-\$20,400 (1)	\$4,000
Supplemental Obligations:					
Emergency Supp.....	-	\$2,226	15,774	-15,774	-
Total Obligations.....	-	2,226	40,174	-36,174	4,000
Bal. Available, EOY.....	\$18,000	15,774	4,000	-4,000	-
Total Available.....	18,000	18,000	44,174	-40,174	4,000
Bal. Available, SOY.....	-	-18,000	-15,774	+11,774	-4,000
Total Appropriation.....	18,000	-	28,400	-28,400	-

Justification of Increases and Decreases

(1) The 2013 Budget does not propose funding for EFRP.

FARM SERVICE AGENCY  
 Emergency Forest Restoration Program  
Geographic Breakdown of Obligations  
 (Dollars in thousands)

State/Territory	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>2013 Estimate</u>
	Amount	Amount	Amount	Amount
Alabama.....	-	-	-	-
Arkansas.....	-	-	-	-
Georgia.....	-	\$461	-	-
Idaho.....	-	454	-	-
Kansas.....	-	-	-	-
Maryland.....	-	-	-	-
Mississippi.....	-	1,112	-	-
Nebraska.....	-	-	-	-
New Hampshire.....	-	131	-	-
North Carolina.....	-	-	-	-
Ohio.....	-	53	-	-
Oklahoma.....	-	-	-	-
Texas.....	-	-	-	-
Vermont.....	-	15	-	-
District of Columbia.....	-	-	-	-
Undistributed.....	-	-	\$40,174	\$4,000
Total, Available.....	-	2,226	40,174	4,000



FARM SERVICE AGENCY  
Emergency Forest Restoration Program

Classification by Objects  
(Dollars in thousands)

		2010	2011	2012	2013
		<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Other Objects:					
41.0	Grants.....	-	\$2,226	\$40,174	\$4,000
	Total, Other Objects.....	<u>0</u>	<u>2,226</u>	<u>40,174</u>	<u>4,000</u>
99.9	Total, new obligations.....	<u>0</u>	<u>2,226</u>	<u>40,174</u>	<u>4,000</u>

## **EMERGENCY FOREST RESTORATION PROGRAM**

### **STATUS OF PROGRAM**

**Current Activities:** The Emergency Forest Restoration Program (EFRP) provides payments to eligible owners of non-industrial private forest (NIPF) for implementation of emergency measures to restore land damaged by a natural disaster. Funding (\$18 million) for EFRP was appropriated by the Supplemental Appropriations Act of 2010, P.L. 111-212 and an additional \$28.4 million in 2012 by the Consolidated and Further Continuing Appropriations Act, P.L. 112-55. Use of these funds is limited to necessary expenses resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

During 2011, 16 States participated in the EFRP involving an estimated 1,360 acres and approximately \$232,825 in cost-share and technical assistance outlays. Currently in 2012, over \$12 million of the Stafford-designated disaster funds have been allocated to 10 states.

Some program highlights for EFRP include the following:

- The Interim Rule for EFRP (7 CFR Part 701) was published on November 17, 2010.
- The 1-EFRP Handbook and an associated EFRP implementation notice were posted for FSA employees on November 22, 2010.
- Counties were authorized to submit requests for EFRP assistance and begin accepting applications from nonindustrial private forest (NIPF) landowners on December 6, 2010, using a new web-based software system.

#### **Program Administration**

EFRP is administered by FSA's State and County Committees and offices. Subject to availability of funds, locally-elected county committees are authorized to implement EFRP for all disasters except drought and insect infestations, which are authorized at the FSA national office.

#### **Land Eligibility**

FSA county committees determine land eligibility using on-site damage inspections that assess the type and extent of damage. To be eligible for EFRP, NIPF land must:

- have existing tree cover or have had tree cover immediately before the natural disaster occurred and be suitable for growing trees; and
- be owned by any non-industrial private individual, group, association, corporation, or other private legal entity, that has definitive decision-making authority over the land.

In addition, the natural disaster must have resulted in damage that if untreated would:

- impair or endanger the natural resources on the land; and
- materially affect future use of the land.

#### **Payments**

EFRP program participants may receive financial assistance of up to 75 percent of the cost to implement approved emergency forest restoration practices as determined by FSA county committees. Individual or cumulative requests for financial assistance of \$50,000 or less per person or legal entity, per disaster are approved by the county committee. Financial assistance from \$50,001 to \$100,000 is approved by the state committee. Financial assistance over \$100,000 must be approved at the FSA national office. A payment limitation of \$500,000 per person or legal entity applies per disaster.

## FARM SERVICE AGENCY

### Summary of Budget and Performance Statement of Department Goals and Objectives

The Farm Service Agency (FSA) was established October 13, 1994, pursuant to the Department of Agriculture (USDA) Reorganization Act of 1994, P.L. 103-354. FSA's mission is to deliver timely, effective programs and services to America's farmers and ranchers to support them in sustaining our nation's vibrant agricultural economy, as well as to provide first-rate support for domestic and international food aid efforts.

FSA has three Strategic Program Goals and nine Strategic Objectives that contribute to two of the USDA Strategic Goals and one Agency Priority Goal.

<b>USDA Strategic Goal / Objective</b>	<b>Agency Strategic Goal</b>	<b>Agency Objectives</b>	<b>Programs that Contribute</b>	<b>Key Outcome</b>
<p><b>USDA Goal 1:</b> Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving</p> <p><b>Objective 1.1</b> Enhance Rural Prosperity</p> <p><b>Objective 1.3</b> Support a sustainable and competitive agricultural system</p>	<p><b>Agency Goal 1:</b> Provide a financial safety net for America's farmers and ranchers to sustain economically viable agriculture production</p>	<p><u>Objective 1.1:</u> Provide Access to Capital</p> <p><u>Objective 1.2:</u> Support Economic Viability</p> <p><u>Objective 1.3:</u> Protect the Interests of Commodity Owners</p> <p><u>Objective 1.4:</u> Develop Opportunities for Non-traditional Income Streams</p>	<p><u>Direct and Guaranteed Farm Loans</u> All Programs except Conservation Direct and Guaranteed Loan Program</p> <p><u>Income Support and Disaster Assistance</u> All Programs, including: - Supplemental Revenue Assistance Payments Program - Emergency Conservation Program - Biomass Crop Assistance Program - All Ad Hoc Disaster Assistance Programs</p> <p><u>Commodity Operations</u> - United States Warehouse Act - Licensing and Enforcement - Dairy Product Price Support Program - ELS Cotton Competitiveness Program - Canadian End Use Wheat Program</p>	<p><u>Agency Key Outcomes:</u></p> <p>Successful Farms and Ranches</p> <p>Market Based Agriculture</p> <p>Thriving Rural Communities</p> <p>Affordable Food and Fiber</p> <p>Increased Food Security</p>

\* Agency goals, objectives, and alignment reflect the FSA Strategic Plan FY 2012-2016

USDA Strategic Goal / Objective	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
<p><b>USDA Goal 1:</b> Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving</p> <p><b>Objective 1.1</b> Enhance Rural Prosperity</p> <p><b>Objective 1.3</b> Support a sustainable and competitive agricultural system</p>	<p><b>Agency Goal 3:</b> Ensure Commodities Are Procured and Distributed Effectively and Efficiently to Increase Food Security</p>	<p><u>Objective 3.1:</u> Modernize Procurement Practices for Commodity Purchases and Deliveries</p> <p><u>Objective 3.2:</u> Improve the Quality and Security of Commodities Purchased for Food Assistance Programs</p>	<p><u>Commodity Operations</u> - CCC Inventory Management Operations - Domestic and Foreign Food Assistance Purchases</p>	<p><u>Agency Key Outcomes:</u>  Increased Food Security</p>

USDA Strategic Goal / Objective	Agency Strategic Goal	Agency Objectives	Programs that Contribute	Key Outcome
<p><b>USDA Goal 2:</b> Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources</p> <p><b>Objective 2.1</b> Restore and Conserve the Nation’s Forests, Farms, Ranches, and Grasslands</p> <p><b>Objective 2.2</b> Lead Efforts to Mitigate and Adapt to Climate Change</p> <p><b>Objective 2.3</b> Protect and Enhance America’s Water Resources</p>	<p><b>Agency Goal 2:</b> Increase Stewardship of America’s Natural Resources while Enhancing the Environment</p>	<p><u>Objective 2.1:</u> Increase Resource Stewardship Opportunities on Private Lands</p> <p><u>Objective 2.2:</u> Target Natural Resource Needs to Maximize Soil, Water, Plant, Animal, Air, and Socioeconomic Benefits</p> <p><u>Objective 2.3:</u> Lead Efforts to Mitigate and Adapt to Climate Change</p>	<p>- Conservation Reserve Program</p> <p>- Conservation Reserve Enhancement Program</p> <p>- Conservation Direct and Guaranteed Loan Program</p>	<p><u>Agency Key Outcomes:</u></p> <p>Quality Soil</p> <p>Quality Water</p> <p>Quality Air</p> <p>Quality Wildlife Habitat</p>

**Supporting USDA Strategic Goal 1**

**Key Outcomes: Agency Strategic Goal 1 - Provide a financial safety net for America’s farmers and ranchers to sustain economically viable agriculture production**

- 1: Successful Farms and Ranches
- 2: Market-Based Agriculture
- 3: Thriving Rural Communities
- 4: Affordable Food and Fiber
- 5: Increased Food Security

**Long-Term Performance Measures:**

- Increase the percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA
- Maintain or reduce average processing time for direct loans

- Maintain or reduce average processing time for guaranteed loans
- Maintain or increase percentage of Farm Service Agency program delivery applications at USDA Service Centers that are Web-enabled
- Average time between warehouse examinations

Selected Past Accomplishments Toward Achievement of Agency Strategic Goal 1, Key Outcomes 1, 2, 3, 4 & 5: Successful Farms and Ranches, Market-Based Agriculture, Thriving Rural Communities, Affordable Food and Fiber, and Increased Food Security

#### Farm Loan Programs

FSA Farm Loan Programs (FLP) provide access to credit for farmers and ranchers who are temporarily unable to obtain financing from a commercial source at reasonable rates and terms. Through direct and guaranteed farm ownership and operating loans, FSA assists tens of thousands of family farmers each year in starting and maintaining profitable farms. Loan programs are particularly important to beginning, minority, and women farmers.

FSA exceeded its 2011 performance target for lending to beginning, minority, and women farmers. More than 32,200 loans were provided to farmers and ranchers in 2011. This includes more than 23,400 operating loans valued at nearly \$2.3 billion. FSA issued 13,852 operating loans, valued at greater than \$1 billion, to beginning, racial and ethnic minority, and women farmers. A total of more than 8,350 farm ownership loans valued at close to \$2.5 billion were issued in 2011. Nearly 4,500 of these loans, worth more than \$990 million, went to targeted groups. As of September 30, 2011, the Agency had more than 57,500 beginning, minority, and women farmers in its portfolio of direct and guaranteed loans, which represented more than 54 percent of its total farm loan portfolio.

Demand for FSA direct and guaranteed operating and farm ownership loans remained strong in 2011, despite historically high farm income levels. Much of the improvement in farm economic conditions is the result of higher commodity prices. The higher commodity prices benefit crop producers, but result in higher feed costs for dairy, meat, and poultry producers. Higher production costs increase the demand for operating credit, increase financial leverage, and strain liquidity. Additionally, many commercial agricultural lenders have maintained tighter credit standards established in response to the credit crisis and subsequent recession. These factors have resulted in continued strong demand for FSA credit assistance.

The financial strength of the FSA farm loan portfolio remains strong. Delinquency and loss rates for the direct and guaranteed loan programs remain below historic averages. In the Direct Loan Program, the loss rate in 2011 was 1.7 percent and the delinquency rate was 5.7 percent. The Guaranteed Loan Program had a loss rate of 0.5 percent in 2011 and a delinquency rate of 1.43 percent. Additionally, the Agency continues to meet goals for the timeliness of loan application processing, helping to ensure that credit is provided when the need arises.

#### Income Support and Disaster Assistance

The Non-Insured Crop Disaster Assistance Program (NAP) provides a risk management tool for producers of non-insurable crops that are unable to obtain crop insurance through an insurance product. NAP benefits paid decreased from \$98.7 million in 2010 to \$71.1 million in 2011.

The Food, Conservation and Energy Act of 2008 authorized five standing disaster programs to compensate producers for losses due to disaster events that occurred on or before September 30, 2011. These five programs provide assistance for crop, livestock, tree, and grazing losses that occur due to natural disasters and related conditions.

The Supplemental Revenue Assistance Payments (SURE) Program provides assistance to eligible producers in counties that received a natural disaster declaration by the Secretary of Agriculture, and have incurred crop production and/or quality losses during the current crop year. Excluding payments made in prior years, benefits paid

during 2011 for 2008-2009 crop year losses total \$676 million. Sign up for 2010 crop year losses began in November 2011 and benefits paid total \$23.2 million to date.

The Tree Assistance Program (TAP) provides assistance to eligible orchardists and nursery tree growers who suffer tree, bush, or vine losses/damage, due to natural disasters. TAP sign up began May 10, 2010. TAP payments increased from \$1.8 million in 2010 to \$10.8 million in 2011.

The Livestock Indemnity Program (LIP) compensates eligible livestock producers for livestock losses in excess of normal mortality incurred as the result of adverse weather. In 2011, approximately \$34 million LIP payments were issued.

The Livestock Forage Disaster Program (LFP) compensates eligible livestock producers for grazing losses due to drought and fire losses on land that is native or improved pasture land with permanent vegetative cover or range land managed by a federal agency. In 2011, approximately \$212 million LFP payments were issued.

The Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) provides disaster assistance to eligible livestock, honeybees and farm-raised fish producers that suffered losses, because of disease, adverse weather or other conditions. Approximately, \$7.5 million ELAP payments were issued in 2011.

Over 28,600 Farm Storage Facility Loans (FSFLs) were disbursed from 2000 through 2011 for nearly \$1.4 billion. The FSFL Program has provided financing for on-farm storage for over 865 million bushels of eligible FSFL commodities since 2000. As of September 30, 2011, FSFL applications had increased from 1,717 in 2005 to 2,925 in 2011, an increase of 1,208. Of the 2,925 2011 FSFLs, a total of \$290 million was approved and obligated. As of December, 2011, the first quarter of 2012, FSFL applications totaled 153 with approximately \$13 million approved and obligated.

The Marketing Assistance Loan (MAL) Program disburses nonrecourse commodity loans during a crop year. The Loan Deficiency Payment (LDP) Program issues approximately 99 percent of crop year LDP benefits electronically when LDPs are in effect. As of December, 2011, for the 2011 crop, approximately 2,796 LDPs were disbursed totaling \$1.1 million and 50,557 MALs were disbursed totaling \$4.5 billion.

The Milk Income Loss Contract (MILC) Program compensates dairy producers when domestic milk prices fall below a specified level, serving as a safety net to U.S. dairy producers. During 2010, approximately, \$108 million was issued in MILC payments for 2010 production. Approximately 97 percent of MILC payments are made electronically. FSA expects to meet this 97 percent mark for 2012 and 2013, if payments are triggered. Because of slowly increasing feed prices and relatively high milk prices during FY 2011, no MILC payment rate was triggered for FY 2011. All payments issued during FY 2011 were for FY 2009 and FY 2010 milk production. Based on the milk and feed price projections from the World Agricultural Supply and Demand Estimates, MILC program payments are expected for February through August 2012. Total expenditures are estimated at \$180 million for FY 2012 payments and \$2 million for FY 2013 payments.

In 2011, the Direct and Counter-Cyclical Payment (DCP) Program and the Average Crop Revenue Election (ACRE) Program provided more than \$4.7 billion in direct payments. The Counter-Cyclical portion of DCP provides payments that vary as market prices change, over \$100 million was distributed in 2011 to mitigate market losses. The ACRE Program, added under the 2008 Farm Bill, is an alternative revenue-based safety net in comparison to the price-based safety net provided by counter-cyclical payments for crop years 2009 through 2012. In 2011, nearly 141,000 farms participated and over \$400 million in payments were made under the ACRE Program. Participation in the DCP and ACRE Programs has declined gradually since 2006. High market prices and strong market conditions for DCP and ACRE eligible commodities have caused program payments to be a smaller share of farm income, reducing the attractiveness of enrolling in the programs.

The electronic Direct and Counter-Cyclical Payment (eDCP) Program Service allows agricultural producers to enroll in DCP online. This service is intended to increase customer satisfaction and reduce the time spent visiting a USDA Service Center. Producers can choose DCP payment options, assign crop shares, sign, view, print, and

submit their DCP contracts from any computer with Internet access at any time. This service is available to all eligible producers for the 2008-2012 DCP Program years and helps maintain participation rates for this program. While producers still have the option to sign up for the program in person at their local USDA Service Center, offering sign-up options through the Internet helps meet performance objectives in accordance with the USDA mandate to expand E-Gov options for program participants.

In 2011, the Emergency Conservation Program (ECP) successfully rehabilitated approximately 1.9 million acres of farmland that had been damaged by natural disasters.

The Biomass Crop Assistance Program (BCAP) provides financial assistance to owners and operators of agricultural and non-industrial private forest land who wish to establish, produce, and deliver biomass feedstocks. Approximately, \$24 million in BCAP collection, harvest, storage, and transportation payments were made in 2011 for 2010 crop residue. An additional amount of approximately \$768,000 was made for cost-share payments in 2011.

### Commodity Operations

FSA exceeded its 2011 target for the performance measure “Reduce the average number of days between warehouse examinations”. The target was set at 375 days between examinations. FSA performed examinations an average of 355 days apart in 2011. The more frequently warehouses are examined for compliance by FSA warehouse examiners, the sooner any potential compliance issues, pest infestation, or deterioration of quality for commodities in store will be discovered. During the same time period, the capacity of warehouses licensed under the United States Warehouse Act has increased.

### Information Technology

Once fully operational, the Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) initiative will improve the delivery of farm programs through re-engineering business processes and implementing modern IT systems. MIDAS Program recently completed business blueprinting phase (design), where the requirements for an integrated process supporting Farm Programs were captured and the process solution design began. In December 2011, the MIDAS team successfully completed a progress review of the MIDAS project and gained Departmental and Agency approval to move into the build phase of the program.

FSA met a key performance measure for Information Technology (IT) to increase the number of Web-enabled program delivery applications to 68 percent of total applications at USDA Service Centers in 2011. Web-enabled applications permit a more timely, more accurate, and more reliable delivery of benefits to producers and enable users to access the information systems applications via standard Web browsers. Improving the broad array of IT systems, including those for farm program delivery, farm loan programs, disaster assistance, and conservation programs, enhances services provided to producers and alleviates the risk of IT system failure due to outmoded technology.

The USDA Service Centers completed the 2011 crop acreage reporting requirement utilizing the new Web-enabled Crop Acreage Reporting System (CARS). During 2011, the Service Centers processed 2,250,008 acreage reports. The 2011 Non-Insured Crop Disaster Assistance Program (NAP) payments were migrated to the Web disbursing \$18,219,929 in payments for 2011. USDA Service Centers began capturing Farm Operating Plans for individual producers in a Web-enabled Business File application to support program eligibility determinations. Having this information in a centralized location allows FSA to implement payment programs in a more timely fashion. FSA consolidated geo-spatial assets into a single centralized repository, thereby eliminating dependency on outmoded servers in the USDA Service Center offices. This will allow the integration of geospatial data with MIDAS and other enterprise business operations. FSA also provided Web-enabled applications for the USDA Service Centers to deliver 2008 Farm Bill programs including LIP and SURE payments, ACRE, BCAP, Asparagus Loss Assistance Program, CRP Transition Incentive Program, and the Reimbursement Transportation Cost Program.

Significant progress was made to modernize the Guaranteed Loan System by converting to open and portable JAVA programming language and computing platform; deployment of the Direct Loan Servicing Special Servicing



Component, FSA web-enabled 98 percent of all Service Center transactions; and completed 50 percent of the FLP Data Mart resulting in substantial Farm Loan System loan processing, data sharing and aggregation and reporting efficiencies.

FSA implemented BCAP in the Web-enabled integrated Cost-Share System to reduce dependency on obsolete technology. BCAP matching and annual contract payments were delivered and disbursed using this system.

#### Selected Accomplishments Expected at the FY 2013 Proposed Resource Level:

##### Farm Loan Programs

FSA has improved the operational effectiveness and efficiency of Farm Loan Programs (FLP) through program streamlining and information technology initiatives implemented over the past few years. Process improvement initiatives are ongoing and will be increasingly important as program resources decline, and as loan demand remains high due to restrictive commercial credit availability. Additionally, as U.S. farms become larger and increasingly dependent on technology, entry into farming has become more capital intensive. Farm operating costs also continue to rise. These factors cause significant barriers and challenges for the beginning and socially disadvantaged farmers that FSA's farm loans are intended to assist.

Given the projected level of loan funds available, FSA anticipates to provide credit assistance to more than 30,000 farmers and ranchers in 2013. Although FSA continues efforts to further reduce processing time, extensive analysis remains a requirement on many farm operations that are unable to get credit elsewhere. Coupled with the expected high volume of loan applications and loan servicing activity from near record levels of assistance provided in recent years, less efficient loan processing may result. The overall goal is to maintain loan processing at 2010 levels. Accomplishing this will be a significant achievement given that workload is expected to remain extremely high in 2013.

##### Income Support & Disaster Assistance

The FSFL Program expects continued program interest in 2012 and through 2013 due to the inclusion under the 2008 Farm Bill of cold storage facilities for fruits and vegetables and hay and renewable biomass as eligible commodities. Producers who must store their grain and renewable biomass commodities before delivery to ethanol and bio-fuel plants are using FSFLs to construct much of the on-farm storage they need. Fruit and vegetable producers will be constructing cold storage facilities to help preserve and extend the life of their harvested commodities from harvest until the commodity is sold.

The MAL, LDP, and MILC Programs deliver financial assistance and facilitate the orderly marketing of major agricultural commodities by providing short-term financing or per-unit revenue support when market conditions warrant their use. Due to relatively high prices and strong market conditions for most of the eligible loan commodities, lower than average producer participation is expected for the LDP, however, MAL producer participation for 2011 is expected to equal the 2010 crop year with a participation level of 66,000 commodity loans. The current projections for a substantial decline in feed costs could push producer margins much lower by the beginning of the second quarter of 2012. FSA expects MILC payments to be available throughout 2012 and 2013. Current MILC projections are \$180 million for 2012 and \$2 million for 2013.

Overall, increased program participation is expected for FSFLs, MALs, and LDPs, if available, in 2013. Therefore, the projection of decreases in budget resources will unfavorably impact delivery of programs, such as approvals, compliance, software enhancements and/or upgrades. Similarly, erroneous payments are likely to occur due to reduced program oversight. Program employees will see a significant increase in workload while attempting to maintain high quality customer service. Customer outreach, employee travel, and training will be further limited. FSA customers may experience an exponential increase in process and response time.

The 2013 budget supports the President's Plan for Economic Growth and Deficit Reduction proposal to extend the 2008 Farm Bill disaster programs, or similar types of disaster assistance that are of a similar cost, to cover losses through the 2017 crop year.

The SURE Program provides assistance to eligible producers in counties that received a natural disaster declaration by the Secretary of Agriculture, and have incurred crop production and/or quality losses during the current crop year. SURE payments equal 60 percent of the difference between the disaster assistance program guarantee and the total farm revenue for the farm. Program delivery is expected to continue into 2013.

Funding for ELAP is limited to livestock, honeybees and farm-raised fish losses that occur as a result of an eligible adverse weather or loss condition that occurred on or before September 30, 2011. Consequently, FSA expects ELAP payments to cease in 2012. With the exception of SURE, only minor carry over activity is expected in 2013.

FSA anticipates a decline in NAP participation in 2013, assuming the removal of the NAP linkage requirement for the five other disaster programs authorized under the 2008 Farm Bill. NAP will continue to provide coverage equivalent to catastrophic risk protection insurance (CAT) for each commercial crop or agricultural commodity, except livestock, for which CAT is not available. Disaster assistance will continue to achieve the desired key outcomes. However, challenges including flat or reduced staffing levels will likely affect the delivery of programs. FSA's ability to decrease the average cycle time to deliver NAP crop disaster payments is expected to be adversely affected, increasing from 35 days in 2010 to 37 days in 2012 and 2013.

#### Commodity Operations

While the goal of reducing the number of days between warehouse examinations was met for 2011, new initiatives in 2012 are anticipated to place additional pressure on the warehouse examination program. The new Export Food Aid licensing agreement should be implemented in 2012. In addition, the examination program is projecting warehouse examiner personnel decreases. These factors would increase the time between warehouse examinations.

As overall staffing has decreased, management has implemented procedures to conduct warehouse examinations at multiple locations in a non-traditional manner designed to cut travel expenses while maintaining the integrity of the examination. This process and continued use of electronic documents has helped the efficiency of the program. FSA will continue to facilitate and encourage electronic commerce to reduce costs and delays associated with marketing and delivering commodities. Grain warehouse accidents have recently occurred. For that reason, FSA is working with the industry to develop safer, more efficient inventory processes to prevent accidents while maintaining the integrity of the program.

#### Information Technology

The 2012 MIDAS budget and the supporting modernization efforts will enable the MIDAS Program to complete an Initial Operating Capability (IOC) release of the solution in 2013. The IOC includes phased deployments of the functionality that supports core information, including farm records, customer data, and acreage reporting with GIS online mapping data that MIDAS can edit. The value for this first version of MIDAS centralizes customer and land data and reduces time for county office employees and farmers to conduct business, and provides a software platform that will adapt to changing demands to continue to deliver additional farm programs in a timely manner.

FSA will continue to align MIDAS with related Agency and Department-wide modernization efforts. MIDAS will be dependent on existing FSA Web-based IT systems, architecture, and infrastructure until Final Operating Capability is achieved. It is essential that MIDAS and the Department-wide Financial Management Modernization Initiative (FMFI) are aligned as the financial systems are integral to the delivery of Farm Program benefits. GIS modernization will enable MIDAS to use and leverage digital data to enhance program delivery and support. Full functionality of Enterprise Data Warehouse will provide MIDAS with integrated high quality data to deliver critical reports to staff and FSA customers. Upgrades to the Common Computing Environment will help ensure that the FSA county office staff has the desktop computers, telecommunication and internet services needed for the new program applications.

Improving the delivery of customer benefits through MIDAS remains one of the Agency's highest priorities. Consequently, FSA will continue to prioritize the MIDAS implementation, but will need to manage our IT spending needs within expected funding levels to help ensure progress on MIDAS and full FSA IT modernization, while continuing program delivery and operations.

In 2013, FSA will prioritize its base funding for IT resources and services to ensure progress in the following areas:

- Maintaining the current infrastructure at a level that supports required operations, services, and program delivery

- Eliminating the reliance on outmoded technology and applications

- Modernizing FSA's IT environment to enhance and improve the delivery of information and benefits to customers, and

- Improving the quality, reliability and availability of data needed by the modernization effort to more effectively support FSA Programs.

For FLPs, FSA will continue progress to streamline and consolidate direct and guaranteed loans reporting systems with the FLP Data Mart. Much of this work began during 2011 and significant progress is expected to continue in 2012 and 2013. When fully operational, FSA customers and field office users will use one Web-enabled reporting system. The Guaranteed Loan System will continue modernization under the Consolidated Loan Program effort with specific milestones to eliminate the use of backend mainframe processes. The Guaranteed Loan System will be fully Web-based with real-time funds control, disbursements and reporting. The Farm Loan Program Information Delivery System modernization effort will be 90 percent complete and will provide streamlined loan approval, real-time funds control, disbursements, collections, routine and special servicing, reporting and Business Intelligence capability through interfaces with Web-enabled FLP delivery systems.

#### Efficiency Measures:

- Reduce average processing time for direct loans (Also listed as long-term measure).

- Reduce average processing time for guaranteed loans (Also listed as a long-term measure).

Through its Budget and Performance Management System (BPMS), FSA is developing an integrated Activity-Based Costing (ABC) system. As part of this effort, FSA deployed the Activity Reporting System (ARS) in June 2010. ARS collects information on the amount of time spent on program activities. The ABC system, when fully implemented, will allow the Agency to develop cost-based performance measures that will be valid, reliable indicators of the efficiency of its loan programs. This information will be used to monitor, evaluate and better manage the cost of administering the FSA programs.

### **Key Outcomes: Agency Strategic Goal 3 - Ensure Commodities Are Procured and Distributed Effectively and Efficiently to Increase Food Security**

1: Increased Food Security

#### Long Term Performance Measures

FSA is developing an International Shipping Loss Rate performance measure and anticipates applying this measure beginning in FY 2013.

Selected Past Accomplishments toward achievement of Agency Strategic Goal 3, Key Outcomes 1: Effective food aid

#### Commodity Operations

In 2011, Commodity Operations issued 613 contracts and Web-Based Supply Chain Management (WBSCM) purchase orders for \$690 million of packaged and bulk commodities and empty bags. Additional accomplishments

achieved by Commodity Operations include: 1) coordinated the entry and evaluation of ocean freight offers with the program agencies and the freight forwarders that resulted in freight contracts totaling \$159.5 million; 2) reconciled over 900 ocean shipments for a freight differential reimbursement of \$5.3 million; 3) processed 1,773 ocean bills of lading and reconciled that data in the Processed Commodities Inventory Management System; 4) reconciled and provided documentation for invoicing the Maritime Administration for \$90 million; 5) issued Requests for Proposals and awarded one year contracts with multiple options years for corn-soy blend, emergency food products, and sampling and testing of government procured commodities; and 6) reviewed 229 Food Aid Request Entry System, commodity purchase requests, 121 sales orders, and seven purchase requisitions (WBSCM) from the U.S. Agency of International Development (USAID) and the Foreign Agriculture Service (FAS) and consolidated those requests where possible. In the six months since WBSCM was implemented, Commodity Operations issued 60 solicitations and awarded 301 WBSCM purchase orders. Due to WBSCM system startup issues, some quarterly invitations had to be issued multiple times to fulfill Food and Nutrition Service (FNS) program requirements.

Commodity Operations procured approximately \$300,000 of rice and macaroni for disaster assistance in Puerto Rico for victims of Hurricane Irene and Tropical Storm Lee. Commodity Operations completed acquisition in less than two weeks, as requested by FNS.

Commodity Operations also procured adequate peanut butter product to fulfill FNS purchase requests, despite a 2011 U.S. peanut crop production shortfall of more than 40 percent, substantially higher prices and significantly fewer offers from small business vendors. Through Commodity Operation's analysis, actions and ability to work with its procurement vendors, multiple peanut product solicitations were issued with revised set-aside quantities to procure enough product.

#### Information Technology

FSA, Commodity Operations joined forces with FNS, the Agricultural Marketing Service (AMS), FAS, and USAID to implement a modern WBSCM System using commercial off-the-shelf technology.

Full functionality for WBSCM went live April 1, 2011. Some of the functions available for domestic programs are FNS' National Warehouse multi-food ordering for the Commodity Supplement Food Program (CSFP) and the Food Distribution Program on Indian Reservations Program (FDPIR); FSA Price Support warehouse activities; and the Fresh Fruit and Vegetable Program in which FNS is the program agency, Department of Defense is the procurement agency and Commodity Operations is the payment agency. CSFP and FDPIR participants use WBSCM for multi-food orders out of the National Warehouse. Some of the current functions available for international programs are; PL-480 Title II Food for Development, Food for Progress, Section 416; McGovern-Dole International Food for Education and Child Nutrition Program; and the Bill Emerson Humanitarian Trust. All order, procurement, finance (including budget and entitlement management) and reporting functions have been implemented.

#### Selected Accomplishments Expected at the 2013 Proposed Resource Level:

##### Commodity Operations

FSA will continue to work with its Dairy Product Price Support Program (DPPSP) partners to provide adequate, secure storage capacity to maintain quality and improve the purchase and delivery of food aid. FSA partners with AMS to provide adequate supplies of milk and with FNS to provide surplus dairy products acquired through the DPPSP to The National School Lunch Program and Emergency Food Assistance Program. FSA also partners with FAS and USAID to dispose of surplus CCC dairy stocks through foreign food aid donation programs, when those stocks are available.

Commodity Operations will facilitate and encourage electronic commerce to reduce costs and delays associated with marketing and delivering commodities and to increase sales of targeted agricultural commodities.

##### Information Technology

At the proposed 2013 funding level, FSA will not be able to support new automated processes for Commodity Operations. Operations and maintenance will continue with AMS sponsoring and funding WBSCM through PL 74-320, Section 32 funds. Several teams have been formed to focus on business processes to help determine the path forward for improved performance and future upgrades.

## **Supporting USDA Strategic Goal 2**

### **Key Outcomes: Agency Strategic Goal 2 - Increase Stewardship of America's Natural Resources while Enhancing the Environment**

Quality Soil  
Quality Water  
Quality Wildlife Habitat  
Quality Air

**Agency Priority Goal:** By September 30, 2013, accelerate the protection of clean, abundant water resources by implementing High Impact Targeted (HIT) practices through FSA, Forest Service (FS), and Natural Resource Conservation Service (NRCS) programs on 4 million acres in priority landscapes. Implement in two to four watersheds an interagency outcome metric to quantify improvements in water quality, such as reductions in tons of nutrients, pesticides, and sediment entering water bodies.

**Approaches and Strategies:** Landscapes of National Interest have been established, representing large-scale priority watersheds through executive orders, statute, and/or other policy guidance that Federal leaders identified as important for natural resource conservation. These include the Great Lakes Basin, Mississippi River Basin/Gulf of Mexico, Chesapeake Bay Watershed, and the Bay-Delta Sierra Nevada watershed. By engaging the expertise of agency staff and land management partners, sub-watersheds have been identified and targeted. USDA will work with farmers, ranchers, forest and rangeland owners and others to apply HIT practices in these watersheds to protect and enhance our Nation's water resources. Each watershed is evaluated to determine the mix of conservation practices that will best protect water quantity and quality given the particular problems in the watershed. NRCS, FS, and FSA have identified HIT practices and grouped them into categories: nutrient management, land management, and watershed protection/restoration.

USDA will integrate ongoing or existing USDA research and data to develop more meaningful outcome metrics. This includes creating interfaces between the FS' Watershed Condition Framework and NRCS' Agriculture Research Service's Conservation Effects Assessment Project (CEAP), which quantifies the environmental effects of conservation practices.

**Accomplishments:** Leveraging existing funding and programs in targeted areas, the USDA was able to meet its 2010-11 two year goal of implementing HIT practices on six million acres in priority areas. Within each Priority Watershed, HIT practices were applied. These HIT practices are designed to improve water quality or quantity.

**FSA Programs Contributing to Outcomes:** The primary contributors to this Agency Priority Goal are the Conservation Reserve Program (CRP) and the Conservation Reserve Enhancement Program (CREP). In 2012-13, FSA will continue to provide opportunities for farmers to enroll acreage in CRP in these sub-watersheds. However, continuing into 2012, enrollment authority was decreased in the Food, Conservation and Energy Act of 2008 to no more than 32 million acres. Cumulative enrollment stands at 31.1 million acres at the end of 2011. Selected initiatives will encourage enrollment in Agency Priority Goal priority watersheds and special focus will be placed on targeting and monitoring acreage impacts in those areas.

#### **Long-Term Performance Measures:**

Increase CRP acres of riparian and grass buffers.  
Increase CRP restored wetland acres

Riparian and grass buffers enhance water quality by intercepting sediment and nutrients before they enter waterways. Restored wetlands and buffers increase prime wildlife habitat and water storage capacity, and lead to a net increase in wetland acres on agriculture land. Wetlands also provide multiple environmental functions, including filtering of nutrients, recharging groundwater supplies, and sequestering carbon.

Selected Past Accomplishments Toward Achievement of Agency Strategic Goal 2/ Key Outcomes 1,2,3 and 4: Quality Soil, Quality Water, Quality Wildlife Habitat and Quality Air

Conservation

FSA has made substantial progress in protecting watershed health and enhancing soil quality. Total enrollment in CRP was 31.1 million acres on September 30, 2011. These acres annually reduce soil erosion by more than 325 million tons, reduce nitrogen, phosphorus, and sediment leaving the field by over 85 percent, and sequester over 44 million metric tons of carbon dioxide.

CRP allows producers to plant long-term, resource-conserving covers to improve the quality of water, control soil erosion, and enhance wildlife habitat on land. In return, the FSA provides participants with rental payments and cost-share assistance. Contract terms run between 10 and 15 years. CRP is designed to restore and enhance wetland areas, increase sediment trapping efficiencies, improve water quality, prevent soil erosion, and provide habitat for waterfowl and other wildlife.

On September 30, 2011, FSA had 2.23 million acres of CRP restored wetlands, exceeding its 2011 target of 2.05 million acres. The target for conservation buffers was met, with 2.01 million acres enrolled.

The program includes several initiatives for wetland restoration and enhancement. CRP wetland initiatives include a 500,000-acre Floodplain Restoration Initiative, a 250,000-acre Bottomland Hardwood Timber Initiative, a 250,000-acre Non-Floodplain and Playa Wetland Restoration Initiative, and a 150,000-acre Prairie Pothole Duck Nesting Habitat Initiative.

CRP also contributes to increased wildlife populations, and has added more than two million ducks to the Prairie Pothole Region annually, protected Sage Grouse populations in Eastern Washington and Lesser Prairie Chicken populations in the Great Plains, and increased ring-necked pheasant and other grassland bird populations. On June 13, 2011, the Secretary announced acceptance of 2.8 million acres in the general CRP signup held in March and April of 2011. These lands provide benefits for wildlife, soil, water, and air quality, and recreation. Of the accepted acres, producers offered to set aside 22,000 acres to be devoted to pollinator habitat.

CREP addresses high-priority conservation issues of both local and national significance, such as impacts to water supplies, loss of critical habitat for threatened and endangered wildlife species, soil erosion, and reduced habitat for fish populations such as salmon. CREP is a community-based, results-oriented effort centered on local participation and leadership. As of September 30, 2011, there were 45 CREP agreements representing partnerships with 33 States, including a total of 1.2 million acres of high value conservation practices.

Information Technology

During 2011, FSA continued to make progress toward modernizing its conservation systems applications, and reducing dependency on outdated technology. Major accomplishments include:

- Issued 924,000 CRP annual rental payments worth nearly \$1.7 billion in less than two hours using the Web-Conservation Payment System.
- Delivered and disbursed CRP Transition Incentive Payments for \$2.8 million.
- Implemented General Signup Software System to support the 2011 CRP general signup # 41.
- Implemented the capability to obligate conservation contracts to resolve a financial reporting deficiency.

Selected Accomplishments Expected at the 2013 Proposed Resource Level:

Conservation

The Food, Conservation, and Energy Act of 2008 reduced CRP enrollment authority to no more than 32 million acres. FY 2013 enrollment is expected to decrease to 29.4 million acres. The 6.5 million acres of CRP expiring in FY 2012, combined with relatively high commodity prices, will result in reduced enrollment and present FSA with a challenge in maintaining CRP's conservation benefits. Performance in FY 2013 assumes reauthorization of Farm Bill Programs at FY 2012 levels.

FSA remains strongly committed to attaining its conservation and global change objectives. Special focus will be placed on targeting and monitoring acreage impacts for the Secretary's Agency Priority Goal for Water. In order to advance this goal, FSA will be: seeking new wetland contracts for more than 50,000 acres in 2013; seeking contracts covering 40,000 acres to fulfill riparian buffer and grass filter strip goals; and continuing several initiatives, including the 350,000-acre upland bird buffer, the 150,000-acre Prairie Pothole Duck Nesting Habitat Initiative, and the State Acres for Wildlife Enhancement initiative (an 850,000-acre initiative announced in 2007 to improve habitat for endangered, threatened, or high-priority fish and wildlife species). FSA will also continue the 250,000-acre initiative to restore longleaf pine. In the early 1700s, over 90 million acres of longleaf pine ecosystem existed. Today, fewer than four million acres exist.

Information Technology

In 2013, FSA plans to complete the Web modernization of CRP contract maintenance and data migration and integrated cost-share functionality, eliminating FSA Conservation Programs dependency on outdated technology. Expected funding uncertainties, prioritization of resources and commitment to maintaining operations may alter implementation schedules.

FY 2013 Explanatory Notes  
Strategic Goal Funding Matrix  
(on basis of appropriation)

	<u>2010 Actual</u>		<u>2011 Estimated</u>		<u>Increase or Decrease</u>	<u>2012 Estimated</u>		<u>2013 Estimated</u>	
	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>		<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>
<b>Goal 1</b>									
<u>Farm Loans</u>									
Farm Loan Programs (except cons.)	169,845,000	--	139,265,000	--	-28,552,000	110,713,000	--	110,713,000	--
Program Loan Cost Expenses	7,920,000	--	7,920,000	--	0	7,920,000	--	7,920,000	--
State Mediation Grants	3,277,000	--	3,277,000	--	0	3,277,000	--	3,277,000	--
S&E	<u>313,173,000</u>	<u>2,804</u>	<u>304,977,000</u>	<u>2,591</u>	<u>-15,249,000</u>	<u>289,728,000</u>	<u>2,162</u>	<u>304,977,000</u>	<u>2,162</u>
Total	494,215,000	2,804	455,439,000	2,591	-43,801,000	411,638,000	2,162	426,887,000	2,162
<u>Income Support and Disaster Assistance</u>									
DIP	876,000	--	100,000	--	0	100,000	--	100,000	--
Reforestation Pilot Program	800,000	--	800,000	--	-800,000	0	--	0	--
Durum Wheat Quality Program	3,000,000	--	3,000,000	--	-3,000,000	0	--	0	--
Geo Disadvant. Farmers and Ranchers	2,600,000	--	2,600,000	--	-2,600,000	0	--	0	--
Dairy Economic Loss Assist. Payments	290,000,000		290,000,000		-290,000,000	0		0	
S&E	<u>920,034,000</u>	<u>8,217</u>	<u>888,983,000</u>	<u>8,169</u>	<u>-19,415,000</u>	<u>869,568,000</u>	<u>7,528</u>	<u>876,535,000</u>	<u>7,547</u>
Total	1,217,310,000	8,217	1,185,483,000	8,169	-315,815,000	869,668,000	7,528	876,635,000	7,547
<u>Commodity Operations</u>									
S&E	30,000,000	110	26,249,000	84	-312,000	25,937,000	83	26,145,000	83
<b>Total, Goal 1</b>	1,741,525,000	11,131	1,667,171,000	10,844	-359,928,000	1,307,243,000	9,773	1,329,667,000	9,792
<b>Goal 2</b>									
<u>Conservation</u>									
Conservation Loans	1,343,000	--	1,343,000	--	-1,343,000	0	--	0	--
Grassroots Source Water Protection	5,000,000	--	5,000,000	--	-5,000,000	0	--	0	--
State Mediation Grants	1,092,000	--	1,092,000	--	0	1,092,000	--	1,092,000	--
S&E	<u>324,034,000</u>	<u>2,878</u>	<u>313,346,000</u>	<u>2,774</u>	<u>-7,030,000</u>	<u>306,316,000</u>	<u>2,618</u>	<u>308,770,000</u>	<u>2,636</u>
Total	331,469,000	2,878	320,781,000	2,774	-13,373,000	307,408,000	2,618	309,862,000	2,636
Total Available	<u>2,072,994,000</u>	<u>14,009</u>	<u>1,987,952,000</u>	<u>13,618</u>	<u>-373,301,000</u>	<u>1,614,651,000</u>	<u>12,391</u>	<u>1,639,529,000</u>	<u>12,428</u>



**Farm Service Agency  
Summary of Budget and Performance  
Key Performance Outcomes and Measures**

**USDA Goal 1: USDA will assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving**

Key Outcome –Successful farms and ranches, market based agriculture, and thriving rural communities. This outcome supports Agency Goal 1: Provide a financial safety net for America’s farmers and ranchers to sustain economically viable agricultural production.

Key Performance Measures:

Measure # 1: Increase percentage of beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA.

Through its direct and guaranteed farm loan programs, FSA helps to meet the credit needs of farmers and ranchers who are temporarily unable to obtain sufficient credit elsewhere at reasonable rates and terms.

Measures #2 and # 3: Reduce average processing time for direct loans. Reduce average processing time for guaranteed loans.

Providing service to customers in a timely manner is an important performance goal for FSA’s direct and guaranteed loan programs. As such, FSA is targeting continued improvement in loan processing timeliness.

Measure #4: Maintain or increase percentage of Farm Service Agency program delivery applications at USDA Service Centers that are Web-enabled.

This measure reflects improved capability for staff to provide service through multiple program applications for FSA customers at all USDA Service Centers.

Key Outcome – Ensure Commodities Are Procured and Distributed Effectively and Efficiently to Increase Food Security (Agency Goal 3): Increased Food Security

Key Performance Measure:

- Measure #4: Average time between warehouse examinations.  
FSA will continue to focus on ensuring the adequate capacity of warehouse storage facilities, maintaining a secure marketing system through regular examinations, and reducing quality deterioration in stored products. FSA licensed capacity has increased in 2011. FSA’s performance target for FY2013 seeks to maintain the examination interval at the 2012 performance level. However, FSA recognizes that increased licensed capacity and decreased staff resources are making it challenging to maintain or reduce time between examinations.

**Key Performance Targets**

<b>Performance Measure</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Target</b>	<b>2013 Target*</b>
Increase percentage of beginning farmers; racial and ethnic minority farmers; and women farmers financed by FSA Units = percentage	15.9%	16.22%	17.4%	19.9%	21.0%	18.1%	18.2%
Reduce average processing time for direct loans Units = days	27.0	27.8	29.9	30.8	28.2	31	31
Reduce average processing time for guaranteed loans Units = days	12.6	8.55	8.75	10.2**	9.4	10	10
Maintain or increase percentage of Farm Service Agency program delivery applications at USDA Service Centers that are Web-enabled Units = percentage	N/A	54%	51%	57%	68%	73%	76%
Average time between warehouse examinations Units = days	381	387	400	345	355	375	375

\*Performance targets for 2013 do not reflect potential impacts of funding changes due to the Budget Control Act of 2011 or the 2013 Farm Bill.

\*\*Corrected Data: Previously reported as 13.25%, an estimated actual.

**USDA Goal 2: USDA will ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our water resources**

Key Outcome –Quality soil, water, quality wildlife habitat, and quality air. Supports Agency Goal 2: Increase Stewardship of America’s Natural Resources while Enhancing the Environment.

Key Performance Measures:

- Increase CRP acres of riparian and grass buffers: Conservation buffers enhance water quality by intercepting farm sediment and nutrients before they enter waterways.
- Increase CRP restored wetland acres: Restored wetlands and buffers increase prime wildlife habitat and water storage capacity, and lead to a net increase in wetland acres on agriculture land. Wetlands provide multiple environmental functions, including filtering of nutrients, recharging groundwater supplies, and sequestering carbon.

**Key Performance Targets**

<b>Performance Measure</b>	<b>2007 Actual</b>	<b>2008 Actual</b>	<b>2009 Actual</b>	<b>2010 Actual</b>	<b>2011 Actual</b>	<b>2012 Target</b>	<b>2013 Target*</b>
Increase CRP acres of riparian and grass buffers (cumulative)  Units = millions of acres	1.92	2.00	2.01	2.02	2.01	2.00	1.95
Increase CRP restored wetland acres (cumulative)  Units = millions of acres	2.08	1.98	2.04	2.05	2.23	2.23	2.23

\*Performance targets for 2013 do not reflect potential impacts of funding changes due to the Budget Control Act of 2011 or the 2013 Farm Bill.

Agency Priority Goal

Key Outcome: Accelerate the protection of clean, abundant water resources

Key Performance Measure: By September 30, 2013, accelerate the protection of clean, abundant water resources by implementing high impact targeted (HIT) practices through FSA, Forest Service, and NRCS programs on 4 million acres in priority landscapes. Implement in two to four watersheds an interagency outcome metric to quantify improvements in water quality, such as reductions in tons of nutrients, pesticides, and sediment entering water bodies.

**FARM SERVICE AGENCY**  
**Summary of Budget and Performance**  
**Full Cost by Department Strategic Goal**

**Department Strategic Goal: Assist rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving**

<u>PROGRAM</u>	<u>PROGRAM ITEMS</u>	<u>FY 2010 Amount (\$000)</u>	<u>FY 2011 Amount (\$000)</u>	<u>FY 2012 Amount (\$000)</u>	<u>FY 2013 Amount (\$000)</u>
<b>Farm Loans</b>					
	Direct Farm Ownership Loans	28,675	40,196	\$22,800	\$20,140
	Direct Farm Operating Loans	58,889	63,585	59,120	58,490
	Guaranteed Farm Ownership Loans	5,942	7,243	0	0
	Guaranteed Farm Operating Loans, subsidized	25,529	8,671	0	0
	Guaranteed Farm Operating Loans, unsub.	35,338	27,335	26,126	17,850
	Emergency Disaster Loans	1,314	3,421	3,488	1,317
	Indian Tribe Land Acquisition Loans	0	0	0	0
	Boll Weevil Eradication Loans	0	0	0	0
	Indian Fractionated Land Loans	0	0	193	173
	Program Loan Cost Expenses	7,920	7,904	7,920	7,920
	Individual Development Account Grants	0	0	0	2,500
	State Mediation Grants	3,277	2,726	2,819	3,277
	Administrative costs (direct)	314,128	304,108	289,712	304,977
	Indirect costs	<u>4,273</u>	<u>8,301</u>	<u>7,880</u>	<u>8,295</u>
	<b>Total Costs<sup>1</sup></b>	<b>485,285</b>	<b>473,490</b>	<b>420,058</b>	<b>424,939</b>
	<i>FTEs</i>	2,804	2,591	2,162	2,162

Performance Measure: Maintain or reduce average processing time for direct and guaranteed loans

Direct Loans (# of days):	30.80	28.20	31.00	31.00
Guaranteed Loans (# of days):	10.20	9.40	10.00	10.00

Performance Measure: Increase % of beginning farmers, racial and ethnic minority farmers, and women farmers financed by FSA

Percent:	19.90%	21.00%	18.10%	18.20%
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<sup>1</sup> For loan programs reflects subsidy budget authority to support loan levels

**Income Support and Disaster Assistance**

Price Support and Marketing Assistance Loans	6,313,263	6,171,946	6,443,901	6,945,344
Loan Deficiency Payments	191,647	29,790	1,718	4,601
Direct Payments	4,898,085	4,744,958	3,959,767	4,958,209
Countercyclical Payments	902,584	123,959	10,183	0
ACRE Payments	0	431,455	13,349	9,619
Milk Income Loss Contract Payments	181,527	566	180,000	2,000
Tobacco Payments	954,091	953,253	960,000	960,000
Other Direct Payments	-69	14,706	234	0
NAP Payments	98,745	71,071	109,155	115,000
Crop Disaster Assistance	-109	-684	0	0
Livestock Indemnity Program	91,825	23,347	56,000	63,000
Supplemental Revenue Assistance Payments	1,546,583	1,211,629	992,000	1,125,000
Livestock Forage Disaster Program	263,263	206,641	198,000	190,000
Emergency Assistance for Lvstk, Honey Bees, and Farm-Raised Fish	21,413	8,459	20,000	15,000
Tree Assistance Program (Disaster Trust)	1,664	8,546	5,000	2,000
Emergency Livestock Assistance	-403	0	0	0
Emergency Conservation Program	92,502	64,318	114,804	113,700
Biomass Crop Assistance	248,202	24,338	25,363	10,980
Emergency Forest Restoration Program	0	2,226	40,174	4,000
Tree Assistance Program (CCC)	90	0	0	0
CCC Interest Expenditures	10,426	6,159	8,443	37,003
Dairy Indemnity Program	162	384	273	300
Emergency Forestry Conservation Program	8,297	6,058	6,983	5,753
USDA Supplemental Assistance, appropriated	295,600	1,996	1,996	0
Reforestation Pilot Program	800	639	600	0
Aquaculture Grants (123317)	39,942	0	0	0
Farm Storage Facility Loans	0	0	0	0
Sugar Storage Facility Loans	0	0	0	0
Administrative costs (direct)	744,303	716,367	705,394	703,366
Indirect costs	<u>242,967</u>	<u>233,759</u>	<u>230,178</u>	<u>229,517</u>
<b>Total Costs</b>	<b>17,147,401</b>	<b>15,055,886</b>	<b>14,083,515</b>	<b>15,494,392</b>
<i>FTEs</i>	8,355.00	8,293.00	7,632.00	7,651.00

Performance Measure: Maintain or increase percentage of Farm Service Agency program delivery applications at USDA

Service Centers that are Web-enabled

Percent:	57%	68%	73%	76%
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<u>PROGRAM</u>	<u>PROGRAM ITEMS</u>	<u>FY 2010 Amount (\$000)</u>	<u>FY 2011 Amount (\$000)</u>	<u>FY 2012 Amount (\$000)</u>	<u>FY 2013 Amount (\$000)</u>
<b>Commodity Operations</b>					
	ELS Cotton Competiveness Payments	27,866	0	0	
	Upland Cotton Economic Adjustment Assistance	75,635	77,120	71,856	53,640
	Commodity Purchases and Sales	853,110	967,708	954,135	850,066
	Storage, Handling, Transportation, Processing, and Packaging	73,100	51,852	59,305	55,616
	CCC Interest Expenditures	791	1,088	1,736	6,244
	Dairy Price Support	40,597	14,124	0	0
	Administrative costs (direct)	24,087	21,552	21,591	21,708
	Indirect costs	18,728	16,757	16,787	16,878
	<b>Total Costs</b>	<b>1,113,914</b>	<b>1,150,201</b>	<b>1,125,410</b>	<b>1,004,152</b>
	<i>FTEs</i>	256	140	139	139
		1,070,308	1,110,804	1,085,296	
	<u>Performance Measure:</u> Reduce the average time between warehouse examinations				
	(# of days)	345	355	375	375
<b>Total Costs for Department Strategic Goal 1 (program, direct, indirect)</b>		<b>18,746,599</b>	<b>16,679,577</b>	<b>15,628,983</b>	<b>16,923,483</b>
	<i>FTEs</i>	11,415	11,024	9,933	9,952

**Department Strategic Goal: Ensure our national forests and private working lands are conserved, restored, and made more resilient to climate change, while enhancing our resources**

<u>PROGRAM</u>	<u>PROGRAM ITEMS</u>	<u>FY 2010 Amount (\$000)</u>	<u>FY 2011 Amount (\$000)</u>	<u>FY 2012 Amount (\$000)</u>	<u>FY 2013 Amount (\$000)</u>
<b>Conservation</b>					
	Conservation Reserve Program	1,910,630	1,890,600	2,069,573	2,201,694
	Grassroots Source Water Protection Program	5,000	4,242	3,817	0
	State Mediation Grants	1,092	909	940	1,092
	Direct Conservation Loans	114	1,065	0	0
	Guaranteed Conservation Loans	1	2	0	0
	Other Conservation Payments	-4	22,675	6,902	0
	Administrative costs (direct)	278,940	268,593	269,001	263,557
	Indirect costs	68,779	66,305	66,406	65,062
	<b>Total Costs</b>	<b>2,264,552</b>	<b>2,254,391</b>	<b>2,416,639</b>	<b>2,531,405</b>
	<i>FTEs</i>	2,928	2,897	2,721	2,739
	<u>Performance Measure:</u> Increase CRP acres of riparian and grass buffers				
	# of acres in millions:	2.02	2.01	2	1.95
	<u>Performance Measure:</u> Increase CRP restored wetlands				
	# of acres in millions:	2.05	2.23	2.23	2.23
<b>Total Costs for Department Strategic Goal 2 (program, direct, indirect)</b>		<b>2,264,552</b>	<b>2,254,391</b>	<b>2,416,639</b>	<b>2,531,405</b>
	<i>FTEs</i>	2,928	2,897	2,721	2,721
<b>Total Costs for All Strategic Goals (program, direct, indirect)</b>		<b>21,011,151</b>	<b>18,933,968</b>	<b>18,045,622</b>	<b>19,454,888</b>
	<i>FTEs</i>	14,343	13,921	12,654	12,673