House Committee on Agriculture
Farm Bill Audit
Direct and Counter-cyclical Program (DCP)

1. Program Name

Direct and Counter-cyclical Program (DCP)

2. Subprograms/Department Initiatives

The Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) reauthorizes direct and counter-cyclical payments, with some changes, that were previously authorized under the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill). FSA enters into annual contracts with agricultural producers to maintain base acres on participating farms. During the contract period, eligible land on the participating farm, may be planted to any commodity except fruits, vegetables (other than mung beans and pulse crops), and wild rice.

FSA is responsible for overall implementation of DCP. Producers enroll and payments are initiated at the FSA County Office administratively designated for the farm.

DCP Direct Payments

Direct payments are paid annually and are not based on producers' current production choices, but instead are tied to base acres and program yields. Direct payments do not provide an incentive to increase production of any particular crop and the payments support farm income without affecting producers' current production decisions.

The 2008 Farm Bill continues the direct payments that began under the 2002 Farm Bill. Direct payment rates for the eligible DCP commodities are statutory and as follows:

- Wheat: $0.52 per bushel
- Corn: $0.28 per bushel
- Grain sorghum: $0.35 per bushel
- Barley: $0.24 per bushel
- Oats: $0.024 per bushel
- Upland cotton: $0.0667 per pound
- Rice, long grain: $2.35 per hundredweight
- Rice, medium/short grain: $2.35 per hundredweight
- Soybeans: $0.44 per bushel
- Other oilseeds: $0.80 per hundredweight
- Peanuts: $36 per ton

For each commodity, the total direct payment for producers on a farm is determined by multiplying 83.3 percent for 2009 through 2011 and 85 percent in 2008 and 2012 of the farm's base acreage *times* the farm's direct payment yield *times* the direct payment rate.

Counter-cyclical Payments

Counter-cyclical payments provide support counter to the cycle of movement of market prices as part of a "safety net" in the event of low crop prices. Counter-cyclical payments for a commodity are only issued if in a given year, the effective price for a commodity is below the target price for the commodity. The counter-cyclical payment rate is the amount by which the target price of each commodity exceeds its effective price. The effective price for each commodity equals the direct payment rate *plus* the higher of:

- the national average market price received by producers during the marketing year as determined by the USDA secretary,
- or the national loan rate for the commodity.

Target prices, as provided by the 2008 Farm Bill, for each commodity are as follows:

Crop	2008	2009	2010 - 12
Wheat	$3.92/bu	$3.92/bu	$4.17/bu
Corn	$2.63/bu	$2.63/bu	$2.63/bu
Grain sorghum	$2.57/bu	$2.57/bu	$2.63/bu
Barley	$2.24/bu	$2.24/bu	$2.63/bu
Oats	$1.44/bu	$1.44/bu	$1.79/bu
Upland cotton	$0.7125/lb	$0.7125/lb	$0.7125/lb
Rice, long grain	$10.50/cwt	$10.50/cwt	$10.50/cwt
Rice, medium/ short grain	$10.50/cwt	$10.50/cwt	$10.50/cwt
Soybeans	$5.80/bu	$5.80/bu	$6.00/bu
Other oilseeds	$10.10/cwt	$10.10/cwt	$12.68/cwt
Dry peas	Not available	$8.32/cwt	$8.32/cwt
Lentils	Not available	$12.81/cwt	$12.81/cwt
Chickpeas, small (Garbanzo bean, Desi)	Not available	$10.36/cwt	$10.36/cwt
Chickpeas, large (Garbanzo bean, Kabuli)	Not available	$12.81/cwt	$12.81/cwt
Peanuts	$495/ton	$495/ton	$495/ton

3. Brief History

For crop years 2002 through 2007, pursuant to the 2002 Farm Bill (P.L. 107–171), wheat, corn, barley, grain sorghum, oats, upland cotton and rice, (the same crops that were previously eligible for fixed annual Production Flexibility Contract (PFC) payments for producers under the 1996 Farm Bill) oilseed crops, including soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, and peanuts were crops eligible for a fixed direct payment. (PFC payments were based on historical yields and acreage. Direct payments were received whether or not a crop was planted, and did not depend on what crop was planted, (except for fruit and vegetable restrictions)). The 2008 Farm Bill further authorizes these types of direct payments for the 2008 through 2012 crop years, with some changes, and adds pulse crops beginning with the 2009 crop year.

Counter-cyclical payments (counter-cyclical payments are similar to the deficiency payments authorized under the earlier Acreage Reduction Program (ARP), which mandated strict acreage limitations and mandatory acreage idling or set-aside requirements) were authorized for the 2002 through 2007 crop years pursuant to the 2002 Farm Bill for these same crops.

Under the 2008 Farm Bill, peanuts continue to be eligible for direct and counter-cyclical payments, and continue to have slightly different statutory requirements than for other crops.

The 2008 Farm Bill provides that the base acres and program yields established by the 2002 Farm Bill that were effective September 30, 2007, will constitute the base acres and yields for the 2008 through 2012 crop years. The 2008 Farm Bill, however, requires adjustments to base acres for various reasons including, but not limited to, land no longer being devoted to agricultural uses.

4. Purpose/Goals

The Direct and Counter-Cyclical Program (DCP) provides annual payments to eligible producers on farms enrolled for the 2008 through 2012 crop years. Both direct and counter-cyclical payments are computed using the base acres and payment yields established for each farm.

The intent of DCP is to provide a safety net for farmers, while allowing farmers planting flexibility. The program protects farmers from low market prices of program commodities, and helps ensure farmer's cash flow needs are met. Roughly 80 percent of all farms with base acres are enrolled in DCP.

5. Success in Meeting Programmatic Purpose/Goals

DCP has successfully met its programmatic goals.

6. Annual Budget Authority (FY2002-FY2011)

	FY 2002 Through FY 2011 Budget Authority									
	(Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
Direct Payments	$0	$4,151,272	$5,288,646	$5,234,599	$4,962,372	$3,957,175	$4,821,206	$5,222,325	$4,898,085	$4,950,510
Counter Cyclical Payments	0	1,742,999	809,381	2,771,503	4,355,612	3,158,554	359,064	730,918	902,584	131,848

This program is funded by Commodity Credit Corporation (CCC). Budget authority for this CCC program is based on actual outlays.

7. **Annual Outlays (FY2002-FY2011)**

	FY 2002 Through FY 2011 Annual Outlays (Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
Direct Payments	$0	$4,151,272	$5,288,646	$5,234,599	$4,962,372	$3,957,175	$4,821,206	$5,222,325	$4,898,085	$4,950,510
Counter Cyclical Payments	0	1,742,999	809,381	2,771,503	4,355,612	3,158,554	359,064	730,918	902,584	131,848

8. Annual Delivery Cost (FY2002-FY2011)

Annual delivery cost is reported consistent with the President's 2012 Budget and USDA's Strategic Plan. The administrative costs included in the table below are the aggregate costs for all the programs in the table. Costs for individual programs are not available.

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	Price Support and Marketing Assistance Loans	11,286,100	9,509,047	8,290,909	6,313,263	6,095,604
	Loan Deficiency Payments	173,751	6,036	148,553	191,647	36,565
	Direct Payments	3,957,175	4,821,206	4,176,795	4,898,085	4,950,410
	Countercyclical Payments	3,158,554	359,064	1,213,300	902,584	131,848
	ACRE Payments	0	0	0	0	446,633
	Milk Income Loss Contract Payments	157,850	2,153	769,900	181,527	173,000
	Tobacco Payments	955,495	954,817	1,130,095	954,091	960,000
	Other Direct Payments	25,695	29,768	84,375	103,432	80,504
	NAP Payments	126,951	73,989	40,700	98,745	116,873
	Crop Disaster Assistance	58,591	1,281	114,828	-109	0
	Livestock Indemnity Program	198	2	1,716	91,825	77,000
	Emergency Livestock Assistance	664	25	1,926	-403	0
	Emergency Conservation Program	149,727	128,456	0	92,459	39,719
	Biomass Crop Assistance		0	0	248,202	199,000
	Emergency Forest Restoration Program		0	0	0	18,000
	Tree Assistance Program	1,973	1,010	68	90	0
	CCC Interest Expenditures	648,627	140,936	2,856	10,426	16,635
	Dairy Indemnity Program	181	144	651	162	200
	Emergency Forestry Conservation Program	6,302	12,717	7,854	8,297	9291
	USDA Supplemental Assistance, appropriated	0	0	83,814	295,600	295,600
	FSA Disaster Assistance, appropriated	0	2,541,733	0	0	0
	Reforestation Pilot Program	0	794	794	800	800
	Agricultural Disaster Relief Trust Fund	0	0	6,000	1,573,278	1,926,134
	Aquaculture Grants (123317)	0	0	48,500	39,942	0
	Farm Storage Facility Loans	548	0	12,500	0	0
	Administrative costs (direct)	776,465	683,795	694,980	744,303	753,934
	Indirect costs	47,548	234,633	226,905	242,967	246,299
	Total Costs	**21,532,395**	**19,501,606**	**17,058,019**	**16,991,214**	**16,574,049**
	FTEs	8,905	8,620	9,529	8,355	8,140

9. Eligibility Criteria

Any farm with base acres is eligible to participate in DCP. A producer on a farm with base acres is eligible to receive payment if the following criteria are met:

- Actively Engaged in Farming provisions
- Highly Erodible Land and Wetland provisions
- Average Adjusted Gross Income provisions
- Conservation Compliance provisions
- Controlled substance provisions
- Federal Crop Insurance Corporation fraud provisions

Additionally, farms that contain fewer than 10 base acres do not earn a payment unless that farm is at least 50 percent owned by a socially disadvantage or limited resource farmer or rancher.

10. Utilization (Participation) Data

Under the 2008 DCP, 1.1 million producers enrolled 1.8 million farms with 260.9 million base acres. Under the 2009 DCP, 940,000 producers' enrolled 1.5 million farms with 226.4 million base acres (Note that for 2009, 90,000 producers' enrolled 131,000 farms with 33.9 million base acres in ACRE program). Preliminary 2010 DCP enrollment numbers show that 903,300 producers' enrolled 1.6 million farms with 222.3 million base acres (Note that for 2010, 94,000 producers' enrolled 137 thousand farms with 35.1 million base acres in the ACRE program). Preliminary reports for the 2011 DCP indicate that the number of producers, farms, and base acres will decrease marginally due to a slight increase (about 1,000 farms) in ACRE participation.

11. Duplication or Overlap with Other Programs

Beginning with the 2009 crop, ACRE payments provide a revenue-based safety net that is an alternative to price based counter-cyclical payments. To enroll a farm in ACRE, producers agree to forgo counter-cyclical payments, take a 20 percent reduction in direct payments, and a 30 percent reduction in the marketing assistance loan rates.

12. Waste, Fraud and Abuse

Improper Payments Information Act review was conducted on DCP in accordance with Appendix C to OMB Circular A-123. Based on random sampling, a 1.77 percent error rate was recorded for 2010 DCP.

13. Effect of Administrative Pay-go

None.

House Committee on Agriculture
Farm Bill Audit
Marketing Assistance Loans (MAL) and Loan Deficiency Payments (LDP) Program

1. Program Name

Marketing Assistance Loans (MAL) and Loan Deficiency Payments (LDP) Program

2. Subprograms/Department Initiatives

Subprograms –

MAL and LDP

The Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) reauthorizes nonrecourse marketing assistance loans (MAL) and loan deficiency payments (LDP) and makes them available for the 2008-2012 crops of wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple cotton, long grain rice, medium grain rice, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded wool, nongraded wool, honey and peanuts.

MALs and LDPs are marketing tools available to producers beginning upon harvest or shearing. The MAL provides cash when market prices are typically at harvest-time lows, which allows the producer to delay the sale of the commodity until more favorable market conditions emerge. Allowing producers to store production at harvest or shearing provides for a more orderly marketing of commodities throughout the year.

MALs for commodities are considered nonrecourse when the MAL can either be redeemed by the repayment of the MAL or by delivering the pledged collateral to the Commodity Credit Corporation (CCC) as full payment for the MAL at maturity. MAL repayment provisions specify, under certain circumstances, that producers may repay MALs at less than loan rate (principal) plus accrued interest and other charges. Alternatively, loan deficiency payment (LDP) provisions specify that, in lieu of securing a MAL, producers may elect to receive an LDP.

LDPs are payments made to a producer who, although eligible to obtain a MAL, agrees to forgo the loan in return for a payment on the eligible commodity. The LDP payment is the difference between the county loan rate and CCC determined value for the applicable commodity or class of commodity multiplied by the eligible quantity. LDPs are only applicable when the market price or CCC determined value is less than the county loan rate.

MAL repayment and LDP provisions are intended to minimize potential delivery of loan collateral to CCC, accumulation of CCC-owned stocks, storage costs, discrepancies in marketing loan benefits across State and county boundaries, and allow U.S. produced-commodities to be marketed freely and competitively. Accumulating CCC-owned stocks tends to make U.S.-produced commodities less competitive in world markets and can result in substantial storage costs to taxpayers.

Recourse Loans

Recourse loans are commodity loans for which the commodity offered as collateral does not meet the specified quality eligibility requirements and may not be delivered or forfeited to CCC in satisfaction of the loan indebtedness. Recourse loans must be repaid in full on or before the loan maturity date at principal plus interest. The following are considered recourse loans: high moisture corn and grain sorghum, and seed cotton; acquired grain for high moisture corn or grain sorghum loans; distress loans on any commodity that is not stored in eligible storage; and any commodity otherwise eligible for nonrecourse loan but not meeting the quality eligibility requirements according to U.S. grading standards.

Graze-Out Payments

Graze-out payments are payments made to eligible producers who although eligible to obtain a loan elect to use acreage planted to barley, oats, triticale, or wheat for livestock grazing and agree to forgo any other harvesting of the commodity on this acreage during the applicable crop year. The payment rate is determined by the amount the applicable commodity loan rate exceeds the CCC-determined value of the commodity for the county where the farm is located. Graze-out payments are only applicable when the market price or CCC determined value is less than the county loan rate.

Department Initiatives – none.

3. Brief History

The Commodity Credit Corporation (CCC) was created on October 17, 1933, by the CCC Charter Act, and established for the purpose of stabilizing, supporting, and protecting farm income and prices. The CCC Charter Act gave CCC the authority to carry out price and income support activities, and initially made commodity loans available to cotton and corn producers.

The Agricultural Adjustment Act of 1938 (1938 Act) is considered a permanent part of agricultural legislation. In the original law, Congress enacted the first comprehensive legislation dealing with price support, and provided price support loans for wheat, corn, and cotton. Price support for peanuts and wool were subsequently added. Currently, when current legislation is not renewed, the law reverts back to the permanent provisions of the 1938 Act, along with the Agricultural Act of 1949 (1949 Act).

The 1949 Act is permanent legislation of U.S. agricultural policy and has been amended by every subsequent farm bill. The 1949 Act made commodity loans available to producers of approved commodities at a rate established in the legislation, or subsequent amendments. The commodities included wheat, corn, cotton, peanuts, rice, honey, honey, grain sorghum, barley, oats, rye and soybeans.

The Food Security Act of 1985 (1985 Farm Bill) authorized producers to repay their commodity loans at a level that is the lesser of principal plus interest, or at the prevailing market price as determined by the Secretary, thus the applicable commodity loans became known as Marketing Assistance Loans (MAL). From 1985 until 1990, repayments at the prevailing market price were required to be made by a negotiable certificate issued by CCC as an in-kind payment.

The 1985 Farm Bill also introduced the Loan Deficiency Payment (LDP) which enabled eligible producers of rice and cotton to forgo obtaining a commodity loan and instead receive a payment based on the difference between the county loan rate and CCC determined value for the applicable commodity or class of commodity *times* the eligible quantity.

The Food Agriculture, Conservation and Trade Act of 1990 (1990 Farm Bill) continued MAL and LDP provisions but allowed MAL repayments with cash. The 1990 Farm Bill added wheat, feed grains and oilseeds as commodities eligible for LDP and also allowed recourse loans for silage and high moisture feed grains.

4. Purpose/Goals

MALs and LDPs are marketing tools available to producers of eligible commodities. The MAL program supports America's farmers and ranchers by providing producers with short term interim financing after harvest and during the shearing season for wool, and providing significant income support for eligible commodities when market prices are below statutory loan rates. MALs also facilitate the orderly marketing and distribution of all commodities throughout the year, giving producers flexibility on when to sell their commodities.

Producers can settle their loan by either repaying the loan or by forfeiting the commodity to CCC as full payment for the MAL at maturity. MAL repayment provisions specify, under certain circumstances, that producers may repay at less than the loan rate (principal) plus accrued interest.

The LDP program is an alternative to the MAL program. If a producer agrees to forgo receiving a MAL and provided there is a rate in effect, the producer may obtain an LDP on their harvested commodity. An LDP rate is in effect when the alternative repayment rate is below the applicable crop year commodity loan rate. Like MALs, LDPs support America's farmers by providing price income support to producers and giving producers flexibility on when to sell their commodities.

The intent of MAL repayments and LDP's was to minimize the potential delivery of loan collateral to CCC, limit the accumulation of CCC-owned stocks, minimize storage costs, stabilize the discrepancies in marketing loan benefits across state and county boundaries, and allow U.S. produced commodities to be marketed freely and competitively. Accumulating CCC-owned stocks tends to make U.S. produced commodities less competitive in world markets and can result in substantial storage costs to taxpayers.

When market prices are low, LDP participation tends to increase. Likewise when market prices are high, LDPs are not authorized which leaves only the MAL option open to producers for providing them the influx of cash at harvest.

5. Success in Meeting Programmatic Purpose/Goals

Total Number of MALs and LDPs by Crop Year

	Crop Years								
Program	2002	2003	2004	2005	2006	2007	2008	2009	2010
Marketing Assistance Loans	193,132	132,276	209,997	185,132	158,154	99,828	101,551	74,662	66,507
Loan Deficiency Payments	221,545	300,936	1,843,984	1,500,137	180,640	18,864	35,734	33,903	25,500

MALs are used by producers of loan commodities who at harvest take advantage of the low interest CCC loans on the commodities they produce to pay their crop expenses, and market these commodities later in the year when prices are usually higher. LDPs are only applicable when the current market price is below the established commodity loan rate.

6. Annual Budget Authority (FY2002-FY2011)

	FY 2002 Through FY 2011 Budget Authority (Dollars in thousands)									
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Estimated
Marketing Assistance Loans	10,130,603	10,718,057	$9,149,591	$12,619,239	$12,013,778	$11,286,100	$9,509,047	$8,290,909	$7,189,585	$7,014,700
Loan Deficiency Payments	5,344,682	693,390	461,177	3,855,624	4,629,556	173,736	6,036	145,497	191,647	36,565

Budget authority for CCC programs is based on obligations. Funds obligated in one fiscal year may not be disbursed until a succeeding fiscal year or fiscal years. In the case of these two programs, obligations, budget authority and outlays are incurred at the same time period.

7. Annual Outlays (FY2002-FY2011)

	FY 2002 Through FY 2011 Annual Outlays (Dollars in thousands)									
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Estimated
Marketing Assistance Loans	10,130,603	10,718,057	$9,149,591	$12,619,239	$12,013,778	$11,286,100	$9,509,047	$8,290,909	$7,189,585	$7,014,700
Loan Deficiency Payments	5,344,682	693,390	461,177	3,855,624	4,629,556	173,736	6,036	145,497	191,647	36,565

8. Annual Delivery Cost (FY2002-FY2011)

Annual delivery cost is reported consistent with the President's 2012 Budget and USDA's Strategic Plan. The administrative costs included in the table below are the aggregate costs for all the programs in the table. Costs for individual programs are not available.

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	Price Support and Marketing Assistance Loans	11,286,100	9,509,047	8,290,909	6,313,263	6,095,604
	Loan Deficiency Payments	173,751	6,036	148,553	191,647	36,565
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	Countercyclical Payments	3,158,554	359,064	1,213,300	902,584	131,848
	ACRE Payments	0	0	0	0	446,633
	Milk Income Loss Contract Payments	157,850	2,153	769,900	181,527	173,000
	Tobacco Payments	955,495	954,817	1,130,095	954,091	960,000
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	NAP Payments	126,951	73,989	40,700	98,745	116,873
	Crop Disaster Assistance	58,591	1,281	114,828	-109	0
	Livestock Indemnity Program	198	2	1,716	91,825	77,000
	Emergency Livestock Assistance	664	25	1,926	-403	0
	Emergency Conservation Program	149,727	128,456	0	92,459	39,719
	Biomass Crop Assistance		0	0	248,202	199,000
	Emergency Forest Restoration Program		0	0	0	18,000
	Tree Assistance Program	1,973	1,010	68	90	0
	CCC Interest Expenditures	648,627	140,936	2,856	10,426	16,635
	Dairy Indemnity Program	181	144	651	162	200
	Emergency Forestry Conservation Program	6,302	12,717	7,854	8,297	9291
	USDA Supplemental Assistance, appropriated	0	0	83,814	295,600	295,600
	FSA Disaster Assistance, appropriated	0	2,541,733	0	0	0
	Reforestation Pilot Program	0	794	794	800	800
	Agricultural Disaster Relief Trust Fund	0	0	6,000	1,573,278	1,926,134
	Aquaculture Grants (123317)	0	0	48,500	39,942	0
	Farm Storage Facility Loans	548	0	12,500	0	0
	Administrative costs (direct)	776,465	683,795	694,980	744,303	753,934
	Indirect costs	47,548	234,633	226,905	242,967	246,299
	Total Costs	**21,532,395**	**19,501,606**	**17,058,019**	**16,991,214**	**16,574,049**
	FTEs	8,905	8,620	9,529	8,355	8,140

9. **Eligibility Criteria**

To be eligible for MAL or LDP, the producer must comply with conservation and wetland protection requirements, submit an acreage report to account for all cropland on the farm, have and retain beneficial interest in the commodity until the MAL is repaid or CCC takes title to the commodity, and meet the applicable adjusted gross income limitations.

Several commodities have been added to the list as eligible for MAL and LDP through previous farm bills. Current commodities eligible for MAL and LDP include wheat, barley, oats, corn, grain sorghum, soybeans, long and medium rice, peanuts, cotton, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, graded and non-graded wool, mohair, honey, dry peas, lentils, small chickpeas, and beginning with the 2009 crop year, large chickpeas. Hay, silage, and unshorn pelts are eligible for LDP only. Mohair was recently removed from the list of eligible commodities for both MAL and LDP through the remainder of Fiscal Year 2011.

A person or legal entity with an average adjusted gross nonfarm income that exceeds $500,000 is not eligible for an LDP or market loan gain (MLG). These producers may request an MAL but must repay the MAL at principal plus interest. The MLG rate equals the amount by which the applicable loan rate exceeds the MAL repayment rate.

10. **Utilization (Participation) Data**

Producer participation in the MAL or LDP program includes producers from all fifty States, some to a much larger extent than others. Depending on the predominate commodities produced in the state and the current market price of these commodities, some years a particular State has many MAL and just a few LDPs, and other years both MAL and LDP numbers are high.

11. **Duplication or Overlap with Other Program**

MALs and LDPs are not a duplication of other USDA programs.

12. **Waste, Fraud and Abuse**

To comply with the Improper Payments Information Act of 2002, FSA conducts internal investigations through the County Office Review Program of high risk programs. MALs and LDPs have been reviewed numerous times in the last few years. The error rate for improper payments for MALs was 0.52 percent in 2011. For LDPs, the error rate for improper payments was 0.44 percent in 2010.

13. Effect of Administrative Pay-go

None.

House Committee on Agriculture
Farm Bill Audit
Average Crop Revenue Election (ACRE) Program

1. Program Name

Average Crop Revenue Election (ACRE) Program

2. Subprograms/Department Initiatives

The Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) authorizes annual direct and counter-cyclical payments, with some changes, similar to the direct and counter-cyclical payments (DCP) previously authorized under the Farm Security and Rural Investment Act of 2002 (2002 Farm Bill). In addition, the 2008 Farm Bill authorized the optional ACRE program as an alternative to the traditional counter-cyclical program. ACRE consists of two payment types, direct payments (ACRE direct) and revenue-based counter-cyclical payments (ACRE). Similar to DCP, FSA enters into annual contracts with agricultural producers to maintain base acres on participating farms and makes direct payments on these base acres (see separate paper for the DCP). In contrast, ACRE's revenue based counter-cyclical payments are made on crops planted on the farm during the current contract year as opposed to the historical plantings of DCP. During the contract period, eligible land on the participating farm, may be planted to any commodity except fruits, vegetables (other than mung beans and pulse crops), and wild rice.

FSA is responsible for overall implementation of ACRE. Producers enroll and payments are initiated at the FSA County Office administratively designated for the farm.

ACRE Direct Payments

ACRE direct payments are not based on producers' current production choices, but instead are tied to base acres and yields. Direct payments do not provide an incentive to increase production of any particular crop and the payments support farm income without affecting producers' current production decisions.

The 2008 Farm Bill continues the direct payments that began under the Farm Security and Rural Investment Act of 2002. Direct payments under the ACRE program are identical to those available under DCP except that the ACRE direct payment rate is 80 percent of the DCP direct payment rate. ACRE direct payment rates for the eligible ACRE commodities are as follows:

- Wheat: $0.416 per bushel
- Corn: $0.224 per bushel
- Grain sorghum: $0.28 per bushel
- Barley: $0.192 per bushel
- Oats: $0.0192 per bushel
- Upland cotton: $0.05336 per pound

- Rice, long grain: $1.88 per hundredweight
- Rice, medium/short grain: $1.88 per hundredweight
- Soybeans: $0.352 per bushel
- Other oilseeds: $0.64 per hundredweight
- Peanuts: $28.80 per ton

ACRE Payments

ACRE payments are issued when two conditions are met for a commodity. Actual State Revenue falls below the State ACRE Guarantee and Actual Farm Revenue falls below the Farm ACRE Guarantee.

Once it has been determined that both conditions have been met for the farm to earn an ACRE payment, the payment is computed for a year by multiplying:

- 83.3 percent (85 percent in 2012) of the planted and considered planted acres on the farm not to exceed the total base acres on the farm by
- the farm productivity index by
- the lesser of:
    - state ACRE guarantee minus actual state revenue
    - state ACRE guarantee times 25 percent

Note: Similar to DCP, Federal crop insurance or NAP is not required for participation in ACRE.

3. Brief History

<u>Background</u>

The optional ACRE Program is an alternative revenue-based safety net to the price-based safety net provided by counter-cyclical payments in DCP for crop years 2009 through 2012. Producers must elect to participate in ACRE rather than in the traditional DCP. Producers are required to sign-up for ACRE (or DCP) annually. ACRE provides producers an option to protect against declines in market revenue. ACRE involves state and farm revenue changes from guarantee revenue levels that are based on national prices, state planted yields, and farm planted yields.

A decision to participate in ACRE may be made in any of the crop years 2009-2012; however, the ACRE election is irrevocable and cannot be changed from the time of election through the 2012 crop year. Producers may elect the ACRE alternative on a farm-by-farm basis.

ACRE Tradeoffs

Producers who elect and enroll a farm in ACRE agree to: (1) forgo DCP counter-cyclical payments, (2) a 20-percent reduction in their direct payments, and (3) a 30-percent reduction in the marketing assistance loan rates for all commodities produced on the farm which are eligible for ACRE payments.

4. Purpose/Goals

The purpose of ACRE is to offer producers an alternative approach to managing risk. ACRE provides payments to producers when farm revenues fall below a set threshold. This contrasts with the price based protection offered by counter-cyclical payments. The ACRE program provides payments to eligible producers on farms enrolled for the 2009 through 2012 crop years to partially offset annual reductions in market revenue.

5. Success in Meeting Programmatic Purpose/Goals

The ACRE program has successfully met its programmatic goals to provide a revenue-based counter-cyclical safety-net to producers. However, enrollment in ACRE has been lower than expected.

6. Annual Budget Authority (FY2002-FY2011)

	FY 2002 Through FY 2011 Budget Authority									
	(Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
ACRE Payments	0	0	0	0	0	0	0	0	0	446,633

This program is funded by Commodity Credit Corporation (CCC). Budget authority for this CCC program is based on actual outlays.

7. Annual Outlays (FY2002-FY2011)

	FY 2002 Through FY 2011 Annual Outlays									
	(Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
ACRE Payments	0	0	0	0	0	0	0	0	0	446,633

8. Annual Delivery Cost (FY2002-FY2011)

Annual delivery cost is reported consistent with the President's 2012 Budget and USDA's Strategic Plan. The administrative costs included in the table below are the aggregate costs for all the programs in the table. Costs for individual programs are not available.

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	Price Support and Marketing Assistance Loans	11,286,100	9,509,047	8,290,909	6,313,263	6,095,604
	Loan Deficiency Payments	173,751	6,036	148,553	191,647	36,565
	Direct Payments	3,957,175	4,821,206	4,176,795	4,898,085	4,950,410
	Countercyclical Payments	3,158,554	359,064	1,213,300	902,584	131,848
	ACRE Payments	0	0	0	0	446,633
	Milk Income Loss Contract Payments	157,850	2,153	769,900	181,527	173,000
	Tobacco Payments	955,495	954,817	1,130,095	954,091	960,000
	Other Direct Payments	25,695	29,768	84,375	103,432	80,504
	NAP Payments	126,951	73,989	40,700	98,745	116,873
	Crop Disaster Assistance	58,591	1,281	114,828	-109	0
	Livestock Indemnity Program	198	2	1,716	91,825	77,000
	Emergency Livestock Assistance	664	25	1,926	-403	0
	Emergency Conservation Program	149,727	128,456	0	92,459	39,719
	Biomass Crop Assistance		0	0	248,202	199,000
	Emergency Forest Restoration Program		0	0	0	18,000
	Tree Assistance Program	1,973	1,010	68	90	0
	CCC Interest Expenditures	648,627	140,936	2,856	10,426	16,635
	Dairy Indemnity Program	181	144	651	162	200
	Emergency Forestry Conservation Program	6,302	12,717	7,854	8,297	9291
	USDA Supplemental Assistance, appropriated	0	0	83,814	295,600	295,600
	FSA Disaster Assistance, appropriated	0	2,541,733	0	0	0
	Reforestation Pilot Program	0	794	794	800	800
	Agricultural Disaster Relief Trust Fund	0	0	6,000	1,573,278	1,926,134
	Aquaculture Grants (123317)	0	0	48,500	39,942	0
	Farm Storage Facility Loans	548	0	12,500	0	0
	Administrative costs (direct)	776,465	683,795	694,980	744,303	753,934
	Indirect costs	47,548	234,633	226,905	242,967	246,299
	Total Costs	**21,532,395**	**19,501,606**	**17,058,019**	**16,991,214**	**16,574,049**
	FTEs	8,905	8,620	9,529	8,355	8,140

9. Eligibility Criteria

Any farm with base acres is eligible to participate in ACRE; however, to receive an ACRE payment, producers on the farm must plant a covered commodity (wheat, corn, grain sorghum, barley, oats, upland cotton, rice, soybeans, other oilseeds, dry peas, lentils, small chickpeas, and large chickpeas) or peanuts.

A producer on a farm with base acres is eligible to receive payment if the following criteria are met:

- Actively engaged in farming provisions
- Highly Erodible Land and Wetland provisions
- Average (3-year) Adjusted Gross Income not to exceed $750,000 for farm income and $500,000 for non-farm income
- Conservation Compliance provisions
- Controlled substance provisions
- Federal Crop Insurance Corporation fraud provisions

Additionally, farms that contain fewer than 10 base acres do not earn a payment unless that farm is at least 50 percent owned by a socially disadvantage or limited resource farmer or rancher.

10. Utilization (Participation) Data

Under the 2009 ACRE Program, 90,000 producers enrolled 131,000 farms with 33.9 million base acres. Preliminary 2010 ACRE enrollment numbers, show that, 94,000 producers enrolled 137,000 farms with 35.1 million base acres. Preliminary reports for the 2011 ACRE Program indicate that enrollment will increase by about 1,000 farms.

11. Duplication or Overlap with Other Programs

ACRE payments provide a revenue-based safety net that is an alternative to price based traditional counter-cyclical payments. To enroll a farm in ACRE, producers agree to forgo traditional counter-cyclical payments, take a 20-percent reduction in direct payments, and a 30-percent reduction in the marketing assistance loan rates.

12. Waste, Fraud and Abuse

No such instances have to date been identified. FSA minimizes the risk of improper ACRE payments by working in partnership with the Internal Revenue Service to determine whether or not the participant appears to meet or exceed AGI limitations.

13. Effect of Administrative Pay-go

See Exhibit 1.

House Committee on Agriculture
Farm Bill Audit
Supplemental Revenue Assistance Payments (SURE) Program

1. Program Name

Supplemental Revenue Assistance Payments (SURE) Program

2. Subprograms/Department Initiatives

None

3. Brief History

SURE is a nationwide crop disaster program authorized by the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) to provide assistance to producers suffering production, quality and/or revenue losses due to natural disasters. Unlike prior ad hoc disaster programs, the 2008 Farm Bill created a Trust Fund during FY 2008-11 to provide funding for assistance to producers incurring 2008 through September 30, 2011disaster-related losses.

SURE is based on a producer's entire farming operation in all counties (and States) rather than on individual crop losses. Payments are calculated in an amount equal to 60 percent of the difference between the SURE guarantee and the calculated SURE total farm revenue. The SURE guarantee cannot exceed 90 percent of the expected revenue for the producer's farming operation.

The American Recovery and Reinvestment Act of 2009 (ARRA) increased 2008 SURE program benefits for participants by increasing the guarantee calculation for both insurable and noninsurable (NAP) crops.

SURE is one of five complementary disaster programs authorized by the 2008 Farm Bill. The others are Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP), Livestock Indemnity Program (LIP), the Livestock Forage Program (LFP), and the Tree Assistance Program (TAP).

4. Purpose/Goals

SURE helps mitigate the impacts of natural disasters on producers such as prevented planting, loss of production, loss due to quality, and decreases in market prices received. SURE provides a revenue guarantee (SURE guarantee) for a producer's total farming interest. SURE is a supplement to Federal crop insurance and the Noninsured Crop Disaster Assistance Program (NAP) to reduce producers' financial losses and cover shallow losses not covered by crop insurance or NAP.

5. Success in Meeting Programmatic Purpose/Goals

SURE successfully provides financial assistance to producers who suffer qualifying losses due to natural disasters. As of July 19, 2011, 103,709 producers received approximately $2.1 billion for 2008 crop year losses, and to date, 32,273 producers have qualified for approximately $485 million for 2009 crop year losses. Crop year 2009 SURE sign up is scheduled to end on July 29, 2011.

6. Annual Budget Authority (FY2002-FY2011)

	FY 2002 Through FY 2011 Budget Authority (Dollars in thousands)									
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Estimated
SURE	$0	0	0	0	0	0	0	0	$1,195,517	$1,287,000
SURE Recovery Act	0	0	0	0	0	0	0	0	$688,805	$171,393

7. Annual Outlays (FY2002-FY2011)

	FY 2002 Through FY 2011 Budget Outlays (Dollars in thousands)									
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Estimated
SURE	$0	$0	0	0	0	0	0	0	973,434	1,287,000
SURE Recovery Act	0	0	0	0	0	0	0	0	$578,327	$255,000

8. Annual Delivery Cost (FY2002-FY2011)

Annual delivery cost is reported consistent with the President's 2012 Budget and USDA's Strategic Plan. The administrative costs included in the table below are the aggregate costs for all the programs in the table. Costs for individual programs are not available.

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	Price Support and Marketing Assistance Loans	11,286,100	9,509,047	8,290,909	6,313,263	6,095,604
	Loan Deficiency Payments	173,751	6,036	148,553	191,647	36,565
	Direct Payments	3,957,175	4,821,206	4,176,795	4,898,085	4,950,410
	Countercyclical Payments	3,158,554	359,064	1,213,300	902,584	131,848
	ACRE Payments	0	0	0	0	446,633
	Milk Income Loss Contract Payments	157,850	2,153	769,900	181,527	173,000
	Tobacco Payments	955,495	954,817	1,130,095	954,091	960,000
	Other Direct Payments	25,695	29,768	84,375	103,432	80,504
	NAP Payments	126,951	73,989	40,700	98,745	116,873
	Crop Disaster Assistance	58,591	1,281	114,828	-109	0
	Livestock Indemnity Program	198	2	1,716	91,825	77,000
	Emergency Livestock Assistance	664	25	1,926	-403	0
	Emergency Conservation Program	149,727	128,456	0	92,459	39,719
	Biomass Crop Assistance		0	0	248,202	199,000

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	Emergency Forest Restoration Program		0	0	0	18,000
	Tree Assistance Program	1,973	1,010	68	90	0
	CCC Interest Expenditures	648,627	140,936	2,856	10,426	16,635
	Dairy Indemnity Program	181	144	651	162	200
	Emergency Forestry Conservation Program	6,302	12,717	7,854	8,297	9291
	USDA Supplemental Assistance, appropriated	0	0	83,814	295,600	295,600
	FSA Disaster Assistance, appropriated	0	2,541,733	0	0	0
	Reforestation Pilot Program	0	794	794	800	800
	Agricultural Disaster Relief Trust Fund	0	0	6,000	1,573,278	1,926,134
	Aquaculture Grants (123317)	0	0	48,500	39,942	0
	Farm Storage Facility Loans	548	0	12,500	0	0
	Administrative costs (direct)	776,465	683,795	694,980	744,303	753,934
	Indirect costs	47,548	234,633	226,905	242,967	246,299
	Total Costs	**21,532,395**	**19,501,606**	**17,058,019**	**16,991,214**	**16,574,049**
	FTEs	8,905	8,620	9,529	8,355	8,140

9. Eligibility Criteria

To be eligible for SURE benefits, producers and entities must:

1) Obtain crop insurance and/or NAP on all crops of economic significance (a crop contributing at least 5 percent to the total farm's expected revenue), unless they qualify as a Limited Resource, Socially Disadvantaged, or Beginning Farmer or Rancher.

2) Have at least one crop of economic significance suffer at least a 10% production loss, adjusted for quality, due to a natural disaster.

3) Have a risk and ownership share in a qualified crop, in a Secretarial declared disaster county or contiguous county, or if not located in a qualified county, have a 50 percent or greater actual production loss for the farm compared with normal production for the farm.

4) For the 2008 program year, no person as defined and determined under provisions in 7 CFR Part 1400 in effect for 2008, may receive more than $100,000 total in payments under SURE, ELAP, LIP, and LFP combined. For 2009 and subsequent years, no person or legal entity, excluding joint venture or general partnership, may receive directly or indirectly, more than $100,000 total in payments under SURE, ELAP, LIP, and LFP, combined.

5) Also, in applying the limitation on average adjusted gross income (AGI) for 2008, an individual or entity is ineligible for payment under SURE if the individual's or entity's average adjusted gross income exceeds $2.5 million for 2007, 2006, and 2005 under the provisions in 7 CFR Part 1400 in effect for 2008 unless 75 percent or more of their income was from farming, ranching or forestry. For 2009 through 2011, the average AGI limitation relating to limits on payments for persons or legal entities, excluding

joint ventures and general partnerships, with certain levels of average adjusted gross income will apply. Specifically, for 2009 through 2011, a person or legal entity with an average adjusted gross nonfarm income, as defined in 7 CFR Part 1404.3 that exceeds $500,000 will not be eligible to receive SURE payments. Direct attribution provisions also apply to SURE for 2009 and subsequent years. Under direct attribution, any payment to a legal entity also will be considered for payment limitation purposes to be a payment to a persons or legal entity with an interest in the legal entity or in a sub-entity.

10. Utilization (Participation) Data

2008 Crop Year				**2009 Crop Year** (to date)	
Non-stimulus		**Stimulus**			
Total Participants	Total Dollars	* Total Participants	Total Dollars	Total Participants	Total Dollars
89,831	$1,294,950,257	103,709	$815,381,190	32,273	$485,287,214

The 2008 crop year included Stimulus funds. Not everyone qualified for Stimulus funds. Producers with high levels of Federal crop insurance coverage may not have been able to fully take advantage of Stimulus funds because SURE payments are capped at 90 percent of a producer's expected revenue.

The last day to sign-up for 2009 benefits is July 29, 2011. A large percentage of 2009 data has not been reported as of this date.

Acreage data is not available because the SURE application process is completed manually, therefore acreage data is not compiled in an automated format.

11. Duplication or Overlap with Other Programs

SURE assists producers with crop losses and is a supplement to crop insurance and NAP. In many instances the producer or entity has already received crop insurance indemnities and/or NAP payments and these payments are included in determining the total farm revenue to count against the SURE guarantee. For the 2009 crop year, counties receiving a Secretarial disaster designation due to excessive moisture may have had producers qualify for assistance under the Crop Assistance Program (CAP) on some crops. However, any Federal government assistance received for crop losses that are covered under SURE during a program year are counted as revenue for the farm, thus reducing the total SURE payment by the amount of payment received for that loss.

12. Waste, Fraud and Abuse

Compliance reviews for SURE are required to ensure accuracy of the information provided by producers. If a producer is selected, the information is recorded in the National Compliance Review database. Additional selections may be required when County Committees, District Directors or State Committees have reason to believe inaccurate data or certifications were provided. Those found with inaccurate data may have to refund the SURE payment or part of the payment.

When RMA and FSA data does not match or falls outside of acreage tolerance rules, FSA notifies RMA of the discrepancy and the two agencies work to correct inaccuracies. For instance, FSA may deny RMA prevented planting acreage if documented evidence exists that supports the lack of prevented planting conditions.

Currently SURE is in the early stages of being audited by the Office of Inspector General. At this time, we do not have any indication of on-going systemic waste, fraud, and abuse.

13. Effect of Administrative Pay-go

None.

House Committee on Agriculture
Farm Bill Audit
Livestock Forage Disaster Program (LFP)

1. Program Name

Livestock Forage Disaster Program (LFP)

2. Subprograms/Department Initiatives

None.

3. Brief History

The Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) authorized the Livestock Forage Disaster Program (LFP) to provide compensation to eligible livestock producers that have suffered grazing losses for covered livestock on land that is native or improved pastureland with permanent vegetative cover or that is planted specifically for grazing. The grazing losses must be due to a qualifying drought condition during the normal grazing period for the county. LFP also provides compensation to eligible livestock producers that have suffered grazing losses on rangeland managed by a federal agency (public lands) if the eligible livestock producer is prohibited by the federal agency from grazing the normal permitted livestock on the public lands due to a qualifying fire.

The grazing losses must have occurred on or after January 1, 2008, and before October 1, 2011.

LFP is one of five complementary disaster programs authorized by the 2008 Farm Bill. The others are Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP), Livestock Indemnity Program (LIP), the Supplemental Revenue Assistance Payments (SURE) Program, and the Tree Assistance Program (TAP).

4. Purpose/Goals

Provide compensation to livestock producers that have suffered grazing losses for livestock. The grazing losses must be due to a drought condition during the normal grazing period for the county or the eligible livestock producer must be prohibited by a federal agency from grazing the normal permitted livestock on public lands due to a qualifying fire.

5. Success in Meeting Programmatic Purpose/Goals

LFP successfully provides immediate financial assistance to livestock producers who suffer qualifying grazing losses due to drought (on private and public lands) or fire (on public lands). Livestock producers received compensation for grazing losses totaling approximately \$163.9 million for 2008 calendar year losses, \$98.1 million for 2009 calendar year losses, and \$32 million for 2010 calendar year losses. As of July 12, 2011, livestock producers have received compensation in the amount of approximately $86.4 million for 2011 calendar year losses.

6. Annual Budget Authority (FY2002-FY2011)

	FY 2002 Through FY 2011 Budget Authority									
	(Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
LFP	$0	0	0	0	0	0	0	2	264,664	524,000

7. Annual Outlays (FY2002-FY2011)

	FY 2002 Through FY 2011 Annual Outlays									
	(Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
LFP	$0	$0		0	0	0	0	0	263,263	50,000

8. Annual Delivery Cost (FY2002-FY2011)

Annual delivery cost is reported consistent with the President's 2012 Budget and USDA's Strategic Plan. The administrative costs included in the table below are the aggregate costs for all the programs in the table. Costs for individual programs are not available.

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	Price Support and Marketing Assistance Loans	11,286,100	9,509,047	8,290,909	6,313,263	6,095,604
	Loan Deficiency Payments	173,751	6,036	148,553	191,647	36,565
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	Countercyclical Payments	3,158,554	359,064	1,213,300	902,584	131,848
	ACRE Payments	0	0	0	0	446,633
	Milk Income Loss Contract Payments	157,850	2,153	769,900	181,527	173,000
	Tobacco Payments	955,495	954,817	1,130,095	954,091	960,000
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	NAP Payments	126,951	73,989	40,700	98,745	116,873
	Crop Disaster Assistance	58,591	1,281	114,828	-109	0
	Livestock Indemnity Program	198	2	1,716	91,825	77,000
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	Emergency Conservation Program	149,727	128,456	0	92,459	39,719
	Biomass Crop Assistance		0	0	248,202	199,000
	Emergency Forest Restoration Program		0	0	0	18,000
	Tree Assistance Program	1,973	1,010	68	90	0
	CCC Interest Expenditures	648,627	140,936	2,856	10,426	16,635
	Dairy Indemnity Program	181	144	651	162	200

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	Emergency Forestry Conservation Program	6,302	12,717	7,854	8,297	9291
	USDA Supplemental Assistance, appropriated	0	0	83,814	295,600	295,600
	FSA Disaster Assistance, appropriated	0	2,541,733	0	0	0
	Reforestation Pilot Program	0	794	794	800	800
	Agricultural Disaster Relief Trust Fund	0	0	6,000	1,573,278	1,926,134
	Aquaculture Grants (123317)	0	0	48,500	39,942	0
	Farm Storage Facility Loans	548	0	12,500	0	0
	Administrative costs (direct)	776,465	683,795	694,980	744,303	753,934
	Indirect costs	47,548	234,633	226,905	242,967	246,299
	Total Costs	**21,532,395**	**19,501,606**	**17,058,019**	**16,991,214**	**16,574,049**
	FTEs	8,905	8,620	9,529	8,355	8,140

9. Eligibility Criteria

LFP provides compensation to eligible livestock producers that have suffered grazing losses for covered livestock on land that is native or improved pastureland with permanent vegetative cover or that is planted specifically for grazing. The grazing losses must be due to a qualifying drought condition during the normal grazing period for the county. LFP also provides compensation to eligible livestock producers that have suffered grazing losses on rangeland managed by a federal agency if the eligible livestock producer is prohibited by the federal agency from gazing the normal permitted livestock on the managed rangeland due to a qualifying fire.

The grazing losses must have occurred on or after January 1, 2008, and before October 1, 2011.

An eligible livestock producer that owns or leases grazing land or pastureland physically located in a county rated by the U.S. Drought Monitor as having a:

- D2 (severe drought) intensity in any area of the county for at least eight weeks during the normal grazing period is eligible to receive assistance in an amount equal to one monthly payment;

- D3 (extreme drought) intensity in any area of the county at any time during the normal grazing period is eligible to receive assistance in an amount equal to two monthly payments;

- D3 (extreme drought) intensity in any area of the county for at least four weeks during the normal grazing period or is rated a D4 (exceptional drought) at any time during the normal grazing period is eligible to receive assistance in an amount equal to three monthly payments.

Eligible livestock are livestock (alpacas, beef cattle, beefalo, beefalo, dairy cattle, deer, elk, emus, equine, goats, llamas, poultry, reindeer, sheep or swine) that have been or would have been grazing the eligible grazing land or pastureland:

- during the normal grazing period for the specific type of grazing land or pastureland for the county suffering from drought, or
- when the federal agency excluded the livestock producer from grazing the normally permitted livestock on the managed rangeland due to fire.

To be eligible for LFP for the grazing land incurring losses because of a qualifying drought or fire for which assistance is be requested, producers must:

- obtain a policy or plan of insurance for the grazed forage crop under the Federal Crop Insurance Act (FICA) or;
- file the required paperwork and pay the administrative fee by the applicable state application closing date for the Noninsured Crop Disaster Assistance Program(NAP).

Note: Eligible farmers and ranchers who meet the definition of "Socially Disadvantaged," "Limited Resource," or "Beginning Farmer or Rancher" does not have to meet this requirement.

For the 2008 program year, no person as defined and determined under provisions in 7 CFR Part 1400 in effect for 2008, may receive more than $100,000 total in payments under LFP, the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP), Livestock Indemnity Program (LIP) and the Supplemental Revenue Assistance Payments (SURE) Program, combined. For 2009 and subsequent years, no person or legal entity, excluding joint venture or general partnership, may receive directly or indirectly, more than $100,000 total in payments under LFP, ELAP, LIP, and SURE, combined.

Also, in applying the limitation on average adjusted gross income (AGI) for 2008, an individual or entity is ineligible for payment under LFP if the individual's or entity's average adjusted gross income exceeds $2.5 million for 2007, 2006, and 2005 under the provisions in 7 CFR Part 1400 in effect for 2008 unless 75 percent or more of their income was from farming, ranching or forestry. For 2009 through 2011, the average AGI limitation relating to limits on payments for persons or legal entities, excluding joint ventures and general partnerships, with certain levels of average adjusted gross income will apply. Specifically, for 2009 through 2011, a person or legal entity with an average adjusted gross nonfarm income, as defined in 7 CFR Part 1404.3 that exceeds $500,000 will not be eligible to receive LFP payments. Direct attribution provisions also apply to LFP for 2009 and subsequent years. Under direct attribution, any payment to a legal entity also will be considered for payment limitation purposes to be a payment to a persons or legal entity with an interest in the legal entity or in a sub-entity.

Producers must provide a completed application for payment and supporting documentation to their administrative FSA county office within 30 calendar days after the end of the calendar year in which the grazing loss occurred.

10. Utilization (Participation) Data

72,705 livestock producers have received compensation under LFP totaling $380,384,965 for grazing losses due to drought (on private and public lands) or fire (on public lands) due to fire that have occurred on or after January 1, 2008, and before October 1, 2011.

Livestock Forage Disaster Program Payments as of July 12, 2011

State	2008 LFP Payments Disbursed	2009 LFP Payments Disbursed	2010 LFP Payments Disbursed	2011 LFP Payments Disbursed	Total LFP Payments Disbursed
AL	$8,970,452		$3,436,639	$1,018,350	$13,425,441
AK					$0
AZ	$112,019	$2,881,334	$1,924,860	$1,788,812	$6,707,025
AR			$223,938	$1,822,648	$2,046,586
CA	$10,465,247	$14,349,563	$1,430,587		$26,245,397
CO	$4,274,245	$36,612	$20,314	$1,414,975	$5,746,146
CT					$0
DE					$0
FL	$2,653,553	$6,079,415	$23,166	$5,722,708	$14,478,842
GA	$13,676,692	$2,683,255		$1,970,068	$18,330,015
HI	$2,770,495	$3,246,585	$4,031,805	$2,180,142	$12,229,027
ID					$0
IL					$0
IN			$527,276		$527,276
IA					$0
KS	$1,280,842			$318,273	$1,599,115
KY	$6,550,532		$275,589		$6,826,121
LA			$2,164,080	$2,392,366	$4,556,446
ME					$0
MD					$0
MA					$0
MI		$61,486	$265,612		$327,098
MN		$1,703	$813		$2,516
MS			$1,134,122		$1,134,122
MO			$803,802		$803,802
MT	$6,310,926	$593,988			$6,904,914
NE					$0
NV	$1,222,059	$889,741	$4,290		$2,116,090
NH					$0
NJ					$0
NM	$6,674,520	$2,139,308	$4,606	$9,718,946	$18,537,380
NY					$0
NC	$7,379,022		$72,426		$7,451,448
ND	$28,315,713				$28,315,713

OH					$0
OK	$2,105,355	$3,773,266		$14,801,107	$20,679,728
OR	$761,349	$222,072	$1,134,019		$2,117,440
PA			$1,567		$1,567
PR					$0
RI					$0
SC	$4,848,645	$1,127,386		$24,820	$6,000,851
SD	$50,278				$50,278
TN	$12,791,638				$12,791,638
TX	$40,073,665	$58,975,944	$12,486,955	$43,263,996	$154,800,560
UT	$505,429	$223,403	$288,312		$1,017,144
VT					$0
VA	$1,217,885		$380,936		$1,598,821
WA		$468,451			$468,451
WV			$617,919		$617,919
WI		$295,234	$50,160		$345,394
WY	$918,932		$665,722		$1,584,654
Total $	$163,929,493	$98,048,746	$31,969,515	$86,437,211	$380,384,965
Total Applications	37,340	16,495	6,852	12,018	72,705

11. Duplication or Overlap with Other Programs

LFP provides compensation for grazing losses for covered livestock due to drought (on private and public lands) or fire (on public lands). ELAP covers eligible grazing losses due to other eligible adverse weather events and loss conditions not due to drought or fire on federally managed lands, as determined by the Secretary. The amount of any payment for which a livestock producer may be eligible under LFP may be reduced by any amount received by the livestock producer for the same or any similar loss from any Federal disaster assistance program.

12. Waste, Fraud and Abuse

There has been no Office of Inspector (OIG) or General Accountability Office (GAO) audit of LFP. However, FSA conducts its own internal investigations through its county office review process and through its internal review audit process. These reviews have not raised any significant issues of waste, fraud, and abuse.

13. Effect of Administrative Pay-go

None.

House Committee on Agriculture
Farm Bill Audit
Livestock Indemnity Program (LIP)

1. Program Name

Livestock Indemnity Program (LIP)

2. Subprograms/Department Initiatives

None.

3. Brief History

The Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) authorized the Livestock Indemnity Program (LIP) which provides disaster assistance to livestock owners and contract growers who suffered livestock death losses in excess of normal mortality due to adverse weather during the calendar year, including losses due to hurricanes, floods, blizzards, disease, wildfires, extreme heat, and extreme cold.

Eligible LIP losses must have occurred on or after January 1, 2008, and before October 1, 2011.

LIP is one of five complementary disaster programs authorized by the 2008 Farm Bill. The others are Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP), Livestock Forage Program (LFP), the Supplemental Revenue Assistance Payments (SURE) Program, and the Tree Assistance Program (TAP).

4. Purpose/Goals

Provide compensation to eligible livestock owners and contract growers for eligible livestock deaths in excess of normal mortality as a result of an eligible adverse weather event.

5. Success in Meeting Programmatic Purpose/Goals

LIP successfully provides financial assistance to livestock producers who suffer livestock death losses in excess of normal mortality because of eligible adverse weather events. Livestock producers received compensation for livestock death losses totaling approximately $25.5 million for 2008 calendar year losses, $62.5 million for 2009 calendar year losses, and $16.3 million for 2010 calendar year losses. As of July 12, 2011, livestock producers have received compensation in the amount of approximately $6.3 million for 2011 calendar year losses.

6. Annual Budget Authority (FY2002-FY2011)

	FY 2002 Through FY 2011 Budget Authority (Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
LIP	$0	0	0	0	0	0	0	5,761	89,438	77,000

7. Annual Outlays (FY2002-FY2011)

	FY 2002 Through FY 2011 Annual Outlays (Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
LIP	$0	$0		0	0	0	0	2,947	91,825	77,000

8. Annual Delivery Cost (FY2002-FY2011)

Annual delivery cost is reported consistent with the President's 2012 Budget and USDA's Strategic Plan. The administrative costs included in the table below are the aggregate costs for all the programs in the table. Costs for individual programs are not available.

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	Price Support and Marketing Assistance Loans	11,286,100	9,509,047	8,290,909	6,313,263	6,095,604
	Loan Deficiency Payments	173,751	6,036	148,553	191,647	36,565
	Direct Payments	3,957,175	4,821,206	4,176,795	4,898,085	4,950,410
	Countercyclical Payments	3,158,554	359,064	1,213,300	902,584	131,848
	ACRE Payments	0	0	0	0	446,633
	Milk Income Loss Contract Payments	157,850	2,153	769,900	181,527	173,000
	Tobacco Payments	955,495	954,817	1,130,095	954,091	960,000
	Other Direct Payments	25,695	29,768	84,375	103,432	80,504
	NAP Payments	126,951	73,989	40,700	98,745	116,873
	Crop Disaster Assistance	58,591	1,281	114,828	-109	0
	Livestock Indemnity Program	198	2	1,716	91,825	77,000
	Emergency Livestock Assistance	664	25	1,926	-403	0
	Emergency Conservation Program	149,727	128,456	0	92,459	39,719
	Biomass Crop Assistance		0	0	248,202	199,000
	Emergency Forest Restoration Program		0	0	0	18,000
	Tree Assistance Program	1,973	1,010	68	90	0
	CCC Interest Expenditures	648,627	140,936	2,856	10,426	16,635
	Dairy Indemnity Program	181	144	651	162	200
	Emergency Forestry Conservation Program	6,302	12,717	7,854	8,297	9291
	USDA Supplemental Assistance, appropriated	0	0	83,814	295,600	295,600
	FSA Disaster Assistance, appropriated	0	2,541,733	0	0	0

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	Reforestation Pilot Program	0	794	794	800	800
	Agricultural Disaster Relief Trust Fund	0	0	6,000	1,573,278	1,926,134
	Aquaculture Grants (123317)	0	0	48,500	39,942	0
	Farm Storage Facility Loans	548	0	12,500	0	0
	Administrative costs (direct)	776,465	683,795	694,980	744,303	753,934
	Indirect costs	47,548	234,633	226,905	242,967	246,299
	Total Costs	**21,532,395**	**19,501,606**	**17,058,019**	**16,991,214**	**16,574,049**
	FTEs	8,905	8,620	9,529	8,355	8,140

9. Eligibility Criteria

LIP provides compensation to livestock owners and contract growers who suffer livestock deaths in excess of normal mortality caused by eligible adverse weather events during the calendar year, including losses because of hurricanes, floods, blizzards, disease, wildfires, extreme heat, and extreme cold. The livestock death losses must have occurred on or after January 1, 2008, and before October 1, 2011. The livestock death losses must have also occurred in the calendar year for which benefits are being requested.

Eligible livestock owners must have legally owned the livestock on the day the livestock died. Eligible contract growers may receive payments for poultry or swine only and must have, on the day the livestock died:

- had possession and control of the eligible livestock; and,
- a written agreement setting specific terms, conditions and obligations of the parties involved regarding production of livestock.

To be eligible for LIP, the owner or contract grower's livestock must:

- have died as a direct result of an eligible adverse weather event:
  - — that occurred on or after January 1, 2008, but before October 1, 2011,
  - — no later than 60 calendar days from the ending date of the applicable adverse weather event(s); and,
  - — in the calendar year for which benefits are being requested.
- have been maintained for commercial use as part of a farming operation on the day they died; and,
- not have been produced for reasons other than for commercial use as part of a farming operation which includes wild free roaming animals, pets, or animals used for recreational purposes, such as hunting or show.

For the 2008 program year, no person as defined and determined under provisions in 7 CFR Part 1400 in effect for 2008, may receive more than $100,000 total in payments under LIP, the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP), Livestock Forage Disaster Program (LFP) and the Supplemental Revenue Assistance Payments (SURE) Program, combined. For 2009 and subsequent years, no person or legal entity, excluding joint venture or general partnership, may receive directly or indirectly, more than $100,000 total in payments under LIP, ELAP, LFP, and SURE, combined.

Also, in applying the limitation on average adjusted gross income (AGI) for 2008, an individual or entity is ineligible for payment under LIP if the individual's or entity's average adjusted gross income exceeds $2.5 million for 2007, 2006, and 2005 under the provisions in 7 CFR Part 1400 in effect for 2008 unless 75 percent or more of their income was from farming, ranching or forestry. For 2009 through 2011, the average AGI limitation relating to limits on payments for persons or legal entities, excluding joint ventures and general partnerships, with certain levels of average adjusted gross income will apply. Specifically, for 2009 through 2011, a person or legal entity with an average adjusted gross nonfarm income, as defined in 7 CFR Part 1404.3 that exceeds $500,000 will not be eligible to receive LIP payments. Direct attribution provisions also apply to LIP for 2009 and subsequent years. Under direct attribution, any payment to a legal entity also will be considered for payment limitation purposes to be a payment to a persons or legal entity with an interest in the legal entity or in a sub-entity.

Producers who suffer livestock death losses must submit a notice of loss and an application for payment to the local FSA service center that maintains their farm records within prescribed deadlines along with adequate proof that the eligible livestock death occurred as a direct result of an eligible adverse weather event.

10. Utilization (Participation) Data

As of July 15, 2011, 15,953 livestock producers have received compensation under LIP totaling $110,670,892 for livestock deaths that have occurred on or after January 1, 2008, and before October 1, 2011, in excess of normal mortality due to eligible adverse weather events.

Livestock Indemnity Program Payments as of July 12, 2011

State	2008 LIP Payments Disbursed	2009 LIP Payments Disbursed	2010 LIP Payments Disbursed	2011 LIP Payments Disbursed	Total LIP Payments Disbursed
AL	$37,794	$132,220	$270,584	$1,098,581	$1,539,179
AK					$0
AZ		$3,197			$3,197
AR	$412,372	$326,652	$441,513	$107,715	$1,288,252
CA	$87,965	$38,347	$2,353	$8,083	$136,748

CO	$1,803,635	$196,740	$359,359		$2,359,734
CT		$9,800		$26,956	$36,756
DE			$39,956		$39,956
FL	$63,514	$28,388	$48,592	$24,851	$165,345
GA	$41,312	$173,644	$66,297	$69,751	$351,004
HI	$169,000	$29,318			$198,318
ID	$286,351	$368,886	$270,613	$1,008	$926,858
IL	$56,063	$2,861	$3,505	$17,773	$80,202
IN	$30,081	$121,031	$10,283	$30,290	$191,685
IA	$604,067	$1,160,283	$837,663	$94,457	$2,696,470
KS	$74,910	$1,388,046	$1,538,042	$498,362	$3,499,360
KY	$2,071,058	$1,954,936	$2,771,729	$433,584	$7,231,307
LA	$1,297,023	$40,110	$34,287		$1,371,420
ME	$16,199	$10,841			$27,040
MD		$13,758	$90,209		$103,967
MA				$3,999	$3,999
MI	$27,239	$29,947		$8,879	$66,065
MN	$319,643	$550,448	$329,553	$92,718	$1,292,362
MS	$90,670	$83,258	$59,064	$39,708	$272,700
MO	$209,337	$471,998	$606,558	$836,328	$2,124,221
MT	$430,213	$3,435,950	$574,825	$298,588	$4,739,576
NE	$308,986	$2,856,961	$1,115,303	$12,078	$4,293,328
NV	$8,596	$120,063	$32,229		$160,888
NH	$6,900				$6,900
NJ		$4,759	$61,550		$66,309
NM	$1,365,695	$1,100,770	$378,267	$579,931	$3,424,663
NY	$120,086	$38,405	$30,793	$59,642	$248,926
NC	$85,748	$153,267	$397,428	$67,256	$703,699
ND	$1,363,691	$17,893,403	$319,104	$293,919	$19,870,117
OH	$27,600	$48,167	$62,659	$6,748	$145,174
OK	$337,903	$835,202	$418,424	$795,186	$2,386,715
OR	$106,169	$122,220		$78,630	$307,019
PA		$1,202	$116,754	$3,435	$121,391
PR	$582,249	$16,108	$1,558		$599,915
RI				$4,590	$4,590
SC	$33,206	$20,380	$3,950	$6,650	$64,186
SD	$5,102,720	$23,376,238	$1,134,243	$194,328	$29,807,529
TN	$66,019	$29,239	$263,840	$36,593	$395,691
TX	$6,359,396	$2,527,482	$152,612	$229,014	$9,268,504
UT	$725,779	$160,229	$928,773	$1,250	$1,816,031
VT				$23,407	$23,407
VA	$6,900	$96,007	$1,300,888	$119,435	$1,523,230
WA	$62,141	$118,543	$210		$180,894
WV		$14,799	$1,007,678	$17,325	$1,039,802
WI	$110,654	$160,289	$150,796	$24,691	$446,430
WY	$561,493	$2,268,998	$175,901	$13,441	$3,019,833

Total $	$25,470,377	$62,533,390	$16,407,945	$6,259,180	$110,670,892
Total Applications	2,073	7,310	4,567	2,003	15,953

11. Duplication or Overlap with Other Programs

LIP is not a duplication of other USDA disaster programs. LIP covers livestock death losses in excess of normal mortality due to eligible adverse weather events. ELAP covers eligible livestock death losses, as determined by the Secretary, that are not covered under LIP. The amount of any payment for which a livestock producer may be eligible under LIP may be reduced by any amount received by the livestock producer for the same or any similar loss from any Federal disaster assistance program.

12. Waste, Fraud and Abuse

There has been no Office of Inspector General (OIG) or General Accountability Office (GAO) audit of the program during the last four years. However, OIG has conducted financial audits of the program which have not identified any significant issues. Likewise, internal audits conducted by FSA through its county office review process have found no significant instances of waste, fraud, and abuse.

13. Effect of Administrative Pay-go

None.

House Committee on Agriculture
Farm Bill Audit
Tree Assistance Program (TAP)

1. **Program Name**

   Tree Assistance Program (TAP)

2. **Subprograms/Department Initiatives**

   N/A

3. **Brief History**

   The Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) authorized the Tree Assistance Program (TAP) to provide disaster assistance to eligible orchardists and nursery tree growers to replant or rehabilitate trees, bushes, and vines that were lost or damaged because of an eligible natural disaster. TAP is available to orchardists and nursery tree growers who commercially raise perennial trees for production of an annual crop and for those nursery tree growers who produce nursery, ornamental, fruit, nut, or Christmas trees for commercial sale.

   Eligible losses must have occurred on or after January 1, 2008, and before October 1, 2011.

   TAP is one of five complementary disaster programs authorized by the 2008 Farm Bill. The others are Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP), Livestock Indemnity Program (LIP), the Supplemental Revenue Assistance Payments (SURE) Program, and the Livestock Forage Program (LFP).

4. **Purpose/Goals**

   Provide compensation to eligible orchardists and nursery tree growers to replant or rehabilitate trees, bushes, and vines that were lost or damaged because of an eligible natural disaster. TAP provides cost share on various replanting and rehabilitation practices to assist producers in reestablishing a viable orchard or nursery stand.

5. **Success in Meeting Programmatic Purpose/Goals**

   TAP successfully provides cost share assistance to orchardists and nursery tree growers who suffer tree, bush, or vine losses or damage due an eligible natural disaster. Orchardists and nursery tree growers received cost share amounts totaling $156,736 for 2008, approximately $2 million for 2009, and $2.3 million for 2010 calendar year losses.

6. Annual Budget Authority (FY2002-FY2011)

	FY 2002 Through FY 2011 Budget Authority									
	(Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
TAP	$0	0	0	0	0	0	0	0	$2,198	5,000

7. Annual Outlays (FY2002-FY2011)

	FY 2002 Through FY 2011 Annual Outlays									
	(Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
TAP	$0	$0		0	0	0	0	0	1,507	5,000

8. Annual Delivery Cost (FY2002-FY2011)

Annual delivery cost is reported consistent with the President's 2012 Budget and USDA's Strategic Plan. The administrative costs included in the table below are the aggregate costs for all the programs in the table. Costs for individual programs are not available.

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	Price Support and Marketing Assistance Loans	11,286,100	9,509,047	8,290,909	6,313,263	6,095,604
	Loan Deficiency Payments	173,751	6,036	148,553	191,647	36,565
	Direct Payments	3,957,175	4,821,206	4,176,795	4,898,085	4,950,410
	Countercyclical Payments	3,158,554	359,064	1,213,300	902,584	131,848
	ACRE Payments	0	0	0	0	446,633
	Milk Income Loss Contract Payments	157,850	2,153	769,900	181,527	173,000
	Tobacco Payments	955,495	954,817	1,130,095	954,091	960,000
	Other Direct Payments	25,695	29,768	84,375	103,432	80,504
	NAP Payments	126,951	73,989	40,700	98,745	116,873
	Crop Disaster Assistance	58,591	1,281	114,828	-109	0
	Livestock Indemnity Program	198	2	1,716	91,825	77,000
	Emergency Livestock Assistance	664	25	1,926	-403	0
	Emergency Conservation Program	149,727	128,456	0	92,459	39,719
	Biomass Crop Assistance		0	0	248,202	199,000
	Emergency Forest Restoration Program		0	0	0	18,000
	Tree Assistance Program	1,973	1,010	68	90	0
	CCC Interest Expenditures	648,627	140,936	2,856	10,426	16,635
	Dairy Indemnity Program	181	144	651	162	200
	Emergency Forestry Conservation Program	6,302	12,717	7,854	8,297	9291

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	USDA Supplemental Assistance, appropriated	0	0	83,814	295,600	295,600
	FSA Disaster Assistance, appropriated	0	2,541,733	0	0	0
	Reforestation Pilot Program	0	794	794	800	800
	Agricultural Disaster Relief Trust Fund	0	0	6,000	1,573,278	1,926,134
	Aquaculture Grants (123317)	0	0	48,500	39,942	0
	Farm Storage Facility Loans	548	0	12,500	0	0
	Administrative costs (direct)	776,465	683,795	694,980	744,303	753,934
	Indirect costs	47,548	234,633	226,905	242,967	246,299
	Total Costs	**21,532,395**	**19,501,606**	**17,058,019**	**16,991,214**	**16,574,049**
	FTEs	8,905	8,620	9,529	8,355	8,140

9. Eligibility Criteria

To be eligible for TAP payments, the eligible orchardist or nursery tree grower must have:

- planted, or be considered to have planted (by purchasing the orchard or nursery prior to the loss of the existing stand) trees, bushes, or vines for commercial purposes, or
- a production history on planted or existing trees, for commercial purposes.
- suffered loss due to an eligible natural disaster in excess of 15 percent mortality or damage, adjusted for normal mortality.
- obtained coverage under the Federal Crop Insurance Act or Noninsured Crop Disaster Assistance Program (NAP). "Socially Disadvantaged," "Limited Resource," and "Beginning Farmers or Ranchers" do not have to meet this requirement.

Producers who planted, or are considered to have planted trees they are eligible for assistance in the form of:

- replanting and the cost of seedlings or cuttings, for tree, bush, or vine replacement the lessor of either of the following:

  — 70 percent of the actual cost of the practice
  — total amount calculated using the National rates established for that practice

- rehabilitation and the cost of pruning, removal, and other costs incurred for salvaging existing trees, bushes, or vines, or in the case of mortality, to prepare the land to replant trees, bushes, or vines, the lesser of the following:

— 50 percent of the actual cost of the practice
— amount calculated using the national rates established for that practice.

Producers who had a production history on planted or existing trees they are eligible for assistance for the cost of pruning, removing debris, and other costs incurred for salvaging existing trees or, for tree mortality, to prepare the land to replant trees the lessor of the following:

— 50 percent of the actual total cost of the practice
— total amount calculated using national rates established for the practice.

Eligible applicants qualify for TAP only if the tree, bush, or vine mortality in each stand, for each eligible natural disaster, exceeds the 15 percent loss threshold, plus normal mortality. The 15 percent mortality, adjusted for normal mortality, must be met before damaged trees are eligible for payment.

Eligible losses must have occurred on or after January 1, 2008, and before October 1, 2011.

The cumulative total quantity of acres planted to trees, bushes, or vines, where a producer may receive TAP, cannot exceed 500 acres for all years, 2008 through 2011.

For the 2008 program year, no person as defined and determined under provisions in 7 CFR Part 1400 in effect for 2008, may receive more than $100,000 total in payments under TAP. For 2009 and subsequent years, no person or legal entity, excluding joint venture or general partnership, may receive directly or indirectly, more than $100,000 total in payments.

For the 2009 and subsequent program years, producers or legal entities whose average nonfarm Adjusted Gross Income (AGI) exceeds $500,000 are not eligible. For the 2008 program year, producers are not eligible if their average AGI is $2.5 million or greater, unless 75 percent or more of their AGI is from agriculture. Direct attribution provisions also apply to TAP for 2009 and subsequent years. Under direct attribution, any payment to a legal entity also will be considered for payment limitation purposes to be a payment to a persons or legal entity with an interest in the legal entity or in a sub-entity.

TAP applicants who suffer eligible losses must file a Tree Assistance Program Application within 90 calendar days from the occurrence of the disaster event or the date when the loss become apparent to the producer. Upon completion of the practices the producer must provide copies of all sales receipts, invoices, canceled checks or other documentation necessary to determine cost. Practices must be completed within 12 months of an approved application.

10. Utilization (Participation) Data

Number of producers applying for TAP.	Number of producers receiving payment.
2008 – 289	161

2009 – 194	87
2010 – 366	74
2011 – 110	6 (as of July 19)

11. Duplication or Overlap with Other Programs

TAP does not duplicate benefits delivered by other USDA disaster assistance programs. It is the only program that provides compensation to replant or rehabilitate tree, bushes, or vines that were lost or damaged as the result of a natural disaster. The Noninsured Crop Disaster Assistance Program (NAP) complements TAP by covering the actual loss of fruit or nut production. There is no overlap between those programs. Regarding nursery, again TAP pays for the cost of re-establishing (seedling or grafts) or rehabilitating the nursery while NAP covers the loss of value of the crop at the time the disaster occurs.

12. Waste, Fraud and Abuse

There has been no extensive Office of Inspector General (OIG) or General Accountability Office (GAO) audit of the program during the last four years. Currently, we do not have a current audit that indicates on-going systemic waste, fraud, or abuse. FSA conducts its own internal investigation through its county office review process and through its internal review audit process.

12. Effect of Administrative Pay-go

None.

House Committee on Agriculture
Farm Bill Audit
Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP)

1. **Program Name** Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP)

2. **Subprograms/Department Initiatives**

   None

3. **Brief History**

   The Food, Conservation, and Energy Act of 2008 (the 2008 Farm Bill) established five disaster assistance programs: ELAP, Livestock Forage Disaster Program (LFP), Livestock Indemnity Program (LIP), Supplemental Revenue Assistance Payments Program (SURE) and the Tree Assistance Program (TAP). Section 12033 and 15101 of the 2008 Farm Bill authorized the Secretary to use up to $50 million per year from the Agricultural Disaster Relief Trust Fund to provide emergency relief to eligible producers under ELAP.

4. **Purpose/Goals**

   ELAP provides emergency assistance to eligible producers of livestock, honeybees and farm-raised fish that have losses due to disease, adverse weather or other conditions, including losses due to blizzards and wildfires. ELAP covers losses occurring on or after January 1, 2008, and before October 1, 2011 that are not covered under any of the other disaster assistance programs established by the 2008 Farm Bill.

5. **Success in Meeting Programmatic Purpose/Goals**

   To date, ELAP has successfully provided over $29 million in benefits to eligible livestock, honeybee, and farm-raised fish producers for 2008 through 2010 calendar year losses nationwide. The following table provides the total benefits disbursed nationwide to eligible livestock, honeybee and farm-raised fish producers for the calendar year in which the losses occurred.

Calendar Year of Loss	**ELAP Payments Disbursed**
2008	$10,779,914
2009	$11,824,366
2010	$6,572,795
Total	$29,177,076

ELAP has been particularly beneficial to beekeepers whose bees suffered from Colony Collapse Disorder (CCD). The following table provides approximate benefits disbursed nationwide to eligible honeybee producers due to CCD.

Calendar Year of Loss	ELAP Honeybee Payments
2008	Over $6 million
2009	Over $7 million
2010	Over $5 million

6. Annual Budget Authority (FY2002-FY2011)

	FY 2002 Through FY 2011 Budget Authority									
	(Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
ELAP	$0	0	0	0	0	0	0	0	21,460	50,000

7. Annual Outlays (FY2002-FY2011)

	FY 2002 Through FY 2011 Annual Outlays									
	(Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
ELAP	$0	$0		0	0	0	0	0	21,413	50,000

8. Annual Delivery Cost (FY2002-FY2011)

Annual delivery cost is reported consistent with the President's 2012 Budget and USDA's Strategic Plan. The administrative costs included in the table below are the aggregate costs for all the programs in the table. Costs for individual programs are not available.

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	Price Support and Marketing Assistance Loans	11,286,100	9,509,047	8,290,909	6,313,263	6,095,604
	Loan Deficiency Payments	173,751	6,036	148,553	191,647	36,565
	Direct Payments	3,957,175	4,821,206	4,176,795	4,898,085	4,950,410
	Countercyclical Payments	3,158,554	359,064	1,213,300	902,584	131,848
	ACRE Payments	0	0	0	0	446,633
	Milk Income Loss Contract Payments	157,850	2,153	769,900	181,527	173,000
	Tobacco Payments	955,495	954,817	1,130,095	954,091	960,000
	Other Direct Payments	25,695	29,768	84,375	103,432	80,504
	NAP Payments	126,951	73,989	40,700	98,745	116,873
	Crop Disaster Assistance	58,591	1,281	114,828	-109	0
	Livestock Indemnity Program	198	2	1,716	91,825	77,000
	Emergency Livestock Assistance	664	25	1,926	-403	0
	Emergency Conservation Program	149,727	128,456	0	92,459	39,719
	Biomass Crop Assistance		0	0	248,202	199,000
	Emergency Forest Restoration Program		0	0	0	18,000
	Tree Assistance Program	1,973	1,010	68	90	0
	CCC Interest Expenditures	648,627	140,936	2,856	10,426	16,635
	Dairy Indemnity Program	181	144	651	162	200
	Emergency Forestry Conservation Program	6,302	12,717	7,854	8,297	9291
	USDA Supplemental Assistance, appropriated	0	0	83,814	295,600	295,600
	FSA Disaster Assistance, appropriated	0	2,541,733	0	0	0
	Reforestation Pilot Program	0	794	794	800	800
	Agricultural Disaster Relief Trust Fund	0	0	6,000	1,573,278	1,926,134
	Aquaculture Grants (123317)	0	0	48,500	39,942	0
	Farm Storage Facility Loans	548	0	12,500	0	0
	Administrative costs (direct)	776,465	683,795	694,980	744,303	753,934
	Indirect costs	47,548	234,633	226,905	242,967	246,299
	Total Costs	**21,532,395**	**19,501,606**	**17,058,019**	**16,991,214**	**16,574,049**
	FTEs	8,905	8,620	9,529	8,355	8,140

9. Eligibility Criteria

General Producer Eligibility

To be considered an eligible producer for ELAP, producers must:

- file a notice of loss, no later than 30 calendar days of when the loss is apparent to the producer and file an application for payment by the applicable signup deadline.

- have suffered eligible losses of livestock, honeybees, and farm-raised fish because of an eligible adverse weather event or loss condition that occurred on or after January 1, 2008 and before October 1, 2011 and in the calendar year for which assistance is being requested.
- have suffered losses that are physically located in the county where the eligible adverse weather or eligible loss condition occurred.
- for every commodity in which the producer has an interest for the relevant program year:

  - in the case of an insurable commodity, obtain catastrophic coverage or better under a policy or plan of insurance administered under the Federal Crop Insurance Act except this obligation will not include forage crops intended for grazing
  - in the case of a noninsurable commodity, obtain Noninsured Crop Disaster Assistance Program coverage by filing the required paperwork and paying the administrative fee by the applicable state application closing date, except that this requirement will not include forage on grazing land.

There is a $100,000 limitation per crop year that applies to payments received under ELAP, LFP, LIP or SURE. Individuals or entities are ineligible for a payment under ELAP for 2008 if their average Adjusted Gross Income for 2005, 2006 and 2007 exceeds $2.5 million. For 2009 through 2011, an average adjusted gross nonfarm income limitation of $500,000 applies.

Eligible Losses

An eligible loss under ELAP is a loss that an eligible producer or contract grower of livestock, honeybees, or farm-raised fish incurs because of an eligible adverse weather event or loss condition including, but not limited to, blizzards and wildfires. To be considered an eligible loss, the loss must have occurred:

- during the calendar year for which payment is being requested
- on or after January 1, 2008, and before October 1, 2011
- in the county where the eligible adverse weather event or loss condition occurred.

Eligible livestock losses include livestock death losses and livestock feed and grazing losses that are not due to drought or wildfires on federally managed lands, caused by an eligible adverse weather event or loss condition.

Eligible honeybee losses include the loss of honeybee colonies in excess of normal mortality, honeybee hives, and purchase or produced honeybee feed losses caused by an eligible adverse weather event or loss condition.

Eligible farm-raised fish losses include death losses of eligible bait fish or game fish and purchased or produced farm-raised fish feed losses caused by an eligible adverse weather event or loss condition.

10. Utilization (Participation) Data

The following table provides the number and amount of ELAP payments disbursed by State for the 2008 through 2010 calendar years.

State	2008 # of Payments	2008 ELAP	2009 # of Payments	2009 ELAP	2010 # of Payments	2010 ELAP	Total ELAP Payments Disbursed
AL	11	$80,808	17	$78,610	5	$34,515	$193,933
AK	5	$6,084					$6,084
AZ	1	$100,000	13	$234,123	5	$162,892	$497,015
AR	1	$10,008	3	$157,780	4	$127,667	$295,455
CA	54	$1,206,084	59	$1,380,580	29	$593,593	$3,180,257
CO	2	$83,522	5	$49,261	8	$60,248	$193,031
CT			1	$3,044			$3,044
FL	187	$2,918,121	14	$272,028	109	$803,963	$3,994,112
GA	15	$225,720	17	$141,021	9	$55,447	$422,188
ID	17	$367,022	18	$360,546	15	$384,246	$1,111,814
IL	5	$21,168	5	$15,876	1	$4,608	$41,652
IN	2	$30,405	7	$73,409	1	$3,744	$107,558
IA	15	$210,922	15	$376,150	11	$133,741	$720,813
KS	8	$82,912	8	$34,801	4	$41,168	$158,881
KY	5	$2,016	8	$2,916	11	$118,657	$123,589
LA	136	$775,927	23	$98,768			$874,695
MD			4	$11,196	1	$19,008	$30,204
MA	2	$100,000	4	$102,124	4	$200,504	$402,628
MI	12	$334,758.29	11	$153,259	6	$67,266	$555,283
MN	12	$276,836	17	$423,641.64	11	$277,328	$977,806
MS	3	$9,899	11	$52,258	108	$235,871	$298,028
MO	10	$36,703	3	$9,285	4	$39,015	$85,003
MT	21	$329,634	190	$1,132,114	10	$209,485	$1,671,233
NE	16	$136,990	3	$43,956	23	$97,711	$278,657
NM	4	$7,602	3	$34,735	93	$305,619	$347,956
NY	9	$180,562	10	$178,997	15	$203,191	$562,750
NC	22	$124,397	26	$38,302	14	$71,736	$234,435
ND	17	$605,980	64	$895,631	8	$283,596	$1,785,207
OH	6	$24,171	11	$49,392	5	$19,109	$92,672
OK	1	$7,803	33	$213,427	1	$600	$221,830
OR	11	$117,754	16	$303,012	7	$114,070	$534,836
PA	9	$73,962	18	$158,271	9	$173,359	$405,592
SC	2	$2,196	3	$7,363			$9,559
SD	50	$1,082,515	207	$2,122,906	134	$1,170,655	$4,376,076
TN	1	$1,584	2	$2,088	3	$5,381	$9,053
TX	15	$658,553	17	$532,950.19	6	$121,839	$1,313,342
UT	8	$137,903	5	$61,128	10	$74,540	$273,571
VA	5	$18,820	7	$5,952	10	$24,946	$49,718
WA	6	$248,123	16	$482,410	3	$164,628	$895,161
WV					1	$1,084	$1,084
WI	11	$102,645	10	$70,713	9	$66,727	$240,085
WY	4	$39,805	162	$1,460,342.60	11	$101,038	$1,601,186
Totals	721	**$10,779,914**	**1,066**	**$11,824,366**	**718**	**$6,572,795**	**$29,177,076**

11. Duplication or Overlap with Other Programs

There is no overlap or duplication. ELAP is specifically authorized to provide assistance for losses not covered under any other disaster assistance program established by the 2008 Farm Bill.

12. Waste, Fraud and Abuse

There has been no Office of Inspector (OIG) or General Accountability Office (GAO) audit of ELAP. FSA conducts its own internal investigations through its county office review process and through its internal review audit process. These reviews have not raised any significant issues of waste, fraud, and abuse.

13. Effect of Administrative Pay-go

None.

House Committee on Agriculture
Farm Bill Audit
Noninsured Crop Disaster Assistance Program (NAP)

1. **Program Name**

   Noninsured Crop Disaster Assistance Program (NAP)

2. **Subprograms/Department Initiatives**

   N/A

3. **Brief History**

   NAP was initially authorized under the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 (P.L. 103-354). NAP was reauthorized under Section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (P. L. 104-127) which also terminated the prior authorities. NAP provides financial assistance to producers of noninsurable crops when natural disasters occur. The regulations governing NAP are found at 7 CFR Part 1437.

   NAP is a permanent program designed to reduce financial losses that occur when natural disasters cause a catastrophic loss of production or prevented planting for noninsurable crops by providing coverage equivalent to the catastrophic risk protection (CAT) level of crop insurance.

4. **Purpose/Goals**

   NAP provides financial assistance to producers of noninsurable crops when low yields, loss of inventory, or prevented planting occur due to natural disasters. NAP is a standing risk tool producers can use to mitigate noninsured crop losses similar to crop insurance.

5. **Success in Meeting Programmatic Purpose/Goals**

   During 2009, NAP producer enrollment increased by 19.73 percent over 2008, in part, because the 2008 Farm Bill requires total farm participation in NAP and/or purchase of crop insurance for eligibility for other disaster programs (specifically, SURE, TAP, and ELAP). Although participation increased, dollars paid out in crop year 2010 decreased from approximately $89 million for crop year 2009 to $52 million in 2010. It is important to note that dollars paid are directly related to the severity and number of disasters that occur in any given crop year.

   NAP continues to provide coverage equivalent to catastrophic (CAT) insurance for each commercial crop or agricultural commodity, except livestock, for which CAT is not available.

6. Annual Budget Authority (FY2002-FY2011)

	FY 2002 Through FY 2011 Budget Authority (Dollars in thousands)									
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Estimated
Non-Insured Assistance Payments	182,199	237,149	124,108	109,619	66,268	126,951	73,989	62,064	98,745	116,873
NAP Fees	-16,319	-8,359	-12,550	-9,879	-9,155	-7,760	-11,529	-23,621	-19,396	-29,086
Net Budget Authority	165,880	228,790	111,558	99,740	57,113	119,191	62,460	38,443	79,349	87,787

Budget authority for CCC programs is based on obligations. Funds obligated in one fiscal year may not be disbursed until a succeeding fiscal year or fiscal years. In the case of these two programs, obligations, budget authority and outlays are incurred at the same time period.

7. Annual Outlays (FY2002-FY2011)

	FY 2002 Through FY 2011 Annual Outlays (Dollars in thousands)									
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Estimated
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Net Outlays	165,880	228,790	111,558	99,740	57,113	119,191	62,460	38,443	79,349	87,787

8. Annual Delivery Cost (FY2002-FY2011)

Annual delivery cost is reported consistent with the President's 2012 Budget and USDA's Strategic Plan. The administrative costs included in the table below are the aggregate costs for all the programs in the table. Costs for individual programs are not available.

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	Price Support and Marketing Assistance Loans	11,286,100	9,509,047	8,290,909	6,313,263	6,095,604
	Loan Deficiency Payments	173,751	6,036	148,553	191,647	36,565
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	Countercyclical Payments	3,158,554	359,064	1,213,300	902,584	131,848
	ACRE Payments	0	0	0	0	446,633
	Milk Income Loss Contract Payments	157,850	2,153	769,900	181,527	173,000
	Tobacco Payments	955,495	954,817	1,130,095	954,091	960,000
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	NAP Payments	126,951	73,989	40,700	98,745	116,873
	Crop Disaster Assistance	58,591	1,281	114,828	-109	0
	Livestock Indemnity Program	198	2	1,716	91,825	77,000

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
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	Emergency Conservation Program	149,727	128,456	0	92,459	39,719
	Biomass Crop Assistance		0	0	248,202	199,000
	Emergency Forest Restoration Program		0	0	0	18,000
	Tree Assistance Program	1,973	1,010	68	90	0
	CCC Interest Expenditures	648,627	140,936	2,856	10,426	16,635
	Dairy Indemnity Program	181	144	651	162	200
	Emergency Forestry Conservation Program	6,302	12,717	7,854	8,297	9291
	USDA Supplemental Assistance, appropriated	0	0	83,814	295,600	295,600
	FSA Disaster Assistance, appropriated	0	2,541,733	0	0	0
	Reforestation Pilot Program	0	794	794	800	800
	Agricultural Disaster Relief Trust Fund	0	0	6,000	1,573,278	1,926,134
	Aquaculture Grants (123317)	0	0	48,500	39,942	0
	Farm Storage Facility Loans	548	0	12,500	0	0
	Administrative costs (direct)	776,465	683,795	694,980	744,303	753,934
	Indirect costs	47,548	234,633	226,905	242,967	246,299
	Total Costs	**21,532,395**	**19,501,606**	**17,058,019**	**16,991,214**	**16,574,049**
	FTEs	8,905	8,620	9,529	8,355	8,140

9. Eligibility Criteria

An eligible producer is a landowner, tenant or sharecropper who has an ownership share and shares in the risk of producing an eligible crop. Crops must be noninsurable crops and agricultural commodities for which the CAT level of crop insurance is not available, and must be any of the following commercially produced crops:

- crops grown for food;
- crops planted and grown for livestock consumption, including, but not limited to grain and forage crops, including native forage;
- crops grown for fiber, such as cotton and flax (except for trees);
- crops grown under a controlled environment such as mushrooms and floriculture;
- specialty crops, such as honey and maple sap;
- value loss crops, such as aquaculture, Christmas trees, ginseng, ornamental nursery and turfgrass sod;
- sea oats and sea grass; and,
- seed crops where the propagation stock is produced for sale as seed stock for other eligible NAP crop production.

Producers must apply for NAP coverage and pay the applicable service fee at their local Farm Service Agency (FSA) office 30 calendar days prior to the beginning of the coverage period. The application and service fees must be filed by the application closing date as established. The service fee is $250 per crop or $750 per producer per administrative county, not to exceed a total of $1,875 per producer with farming interests in multiple counties. Limited resource producers may request a waiver of the NAP service fees.

Producers are required to provide acreage and production reports in a timely manner, and in the event a loss occurs, file a notice of loss within the earlier of 15 days of the disaster event or when the damage becomes apparent to the producer. To finalize a claim producers have until the subsequent year's acreage reporting date to submit an application for payment.

For 2009 and subsequent years, no person or legal entity, excluding joint venture or general partnership, may receive directly or indirectly, more than $100,000 total in payments under NAP.

For 2009 and subsequent years, the average AGI limitation relating to limits on payments for persons or legal entities, excluding joint ventures and general partnerships, with certain levels of average adjusted gross income will apply. Specifically, for 2009 and subsequent years, a person or legal entity with an average adjusted gross nonfarm income, as defined in 7 CFR Part 1404.3 that exceeds $500,000 will not be eligible to receive NAP payments. Direct attribution provisions also apply to NAP for 2009 and subsequent years. Under direct attribution, any payment to a legal entity also will be considered for payment limitation purposes to be a payment to a persons or legal entity with an interest in the legal entity or in a sub-entity.

10. Utilization (Participation) Data

Number of producers obtaining NAP coverage	Number of producers receiving payment
2008 – 53222*	16,509
2009 - 63724*	16,958
2010 – 52,572*	9,194
2011 – 52,058*	Not yet available

*If a producer is operating in two counties, the producer would be counted twice.

11. Duplication or Overlap with Other Programs

By statute, NAP is prohibited from paying multiple benefits for the same loss. If the producer is eligible to receive NAP payments and benefits under any other program administered by the Secretary for the same crop loss, the producer must choose whether to receive NAP payments or benefits from any other program. Exceptions to this rule include past ad hoc Crop Disaster Programs and recently the Supplemental Revenue Assistance Payments (SURE) Program. SURE is a supplemental program to crop insurance and NAP coverage and only pays on shallow losses. NAP payments are included in total farm revenue when SURE payments are calculated.

NAP works in concert with the Tree Assistance Program (TAP). TAP compensates eligible producers of commercial fruit, nut, and nursery crops to cover the cost of reestablishing or rehabilitating lost or damaged trees, bushes, or vines while NAP covers the actual loss of fruit or nut production. Similarly, for nursery losses, TAP pays for the cost of re-establishing (seedling or graft) or rehabilitating the nursery where NAP covers the loss of value of the crop at the time the disaster occurs.

12. Waste, Fraud and Abuse

The Department is not aware of any national problems of fraud, waste, and abuse. To comply with the Improper Payments Information Act of 2002, FSA conducts internal investigations through the County Office Review Program of high risk programs. NAP overpayments have decreased from 22.94 percent in fiscal year 2006 to 11.65 percent in fiscal year 2010. Many of the improper payments are due to complexities of the program associated to calculating an approved yield. The National Office has developed and enhanced corrective actions each year to address IPIA findings and NAP Compliance Overview findings.

12. Effect of Administrative Pay-go

None.

House Committee on Agriculture
Farm Bill Audit
Sugar Program

1. Program Name

Sugar Program

2. Subprograms/Department Initiatives

The sugar program is a collection of federal programs designed to support, at minimal federal cost, producer returns from growing sugarcane and sugar beets. The programs collectively referred to as the Sugar Program include: the Price Support Loan Program, the Flexible Marketing Allotments for Sugar Program, the Tariff Rate Quota Program, and the Feedstock Flexibility Program for Bioenergy Producers.

The Price Support Loan Program establishes the support level by providing nonrecourse loans to processors of domestically grown sugarcane and sugar beets based on loan rates mandated in farm bills. If market returns are lower than loan proceeds at the time of loan maturity, sugar beet and sugarcane processors can fully satisfy their loan obligations by forfeiting sugar loan collateral to the Commodity Credit Corporation (CCC). Since sugar producers can always receive at least the loan proceeds from their crop, the loan rate acts as a floor on the market price of domestic sugar.

The remaining programs work to limit the domestic sugar supply to result in higher domestic prices than the support price imposed by the sugar loan program, and hence, minimize or eliminate forfeiture costs. The Department limits domestic supply through 1) the Flexible Marketing Allotments for Sugar Program, which provides limits for the quantity of sugar that domestic sugar beet and sugarcane processors can market; 2) an imported sugar supply control strategy that includes a prohibitively high tariff rate for unrestricted imports and adjustable Tariff Rate Quotas (TRQ) that limit foreign sugar imports at the low tier tariff; and 3) the Feedstock Flexibility Program for Bioenergy Producers, which authorizes USDA to purchase surplus sugar in the marketplace and sell it to producers of bio-energy to prevent loan forfeitures under the Price Support Loan Program. The Feedstock Flexibility Program is authorized under Title IX of the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill). To date, the Feedstock Flexibility Program has not been needed due to high domestic sugar prices. Regulations implementing the Feedstock Flexibility Program are currently under development.

3. Brief History

Domestic sugar production has been supported by tariffs on imported sugar since 1789. The early tariffs were established primarily to provide government revenue. However, since 1894, the tariffs were created primarily to support the domestic sugar industry. Extensive government regulation of the sugar industry began with the Sugar Act of 1934, which established the domestic sugar market supply control strategy still used today. Market shares were assigned for domestic beet sugar, domestic raw cane sugar, and imported sugar. The Sugar Act was allowed to lapse during the 1974 sugar price spike.

Sugar loan provisions were first included in the Food and Agriculture Act of 1977, and modified to the current nonrecourse loan program under the Food and Agriculture Act of 1981. By 1984, overproduction in the U.S. led to forfeitures costing the U.S. Treasury $105 million. In response, Congress inserted the no-cost provision requiring program administrators to strongly avoid forfeitures in the 1985 Farm bill. Tariff-rate quotas (TRQs), which allow a set amount of imports with almost no tariff and an unrestricted high tier tariff on additional imports, replaced strict import quotas in the late 1980s. TRQs are based on each country's share of the U.S. market during 1975-81 when imports were relatively unrestricted. The 1990 Farm bill reinstated domestic supply controls as the marketing allotment program. The 2008 Farm Bill also mandated the Feedstock Flexibility Program.

4. Purpose/Goals

The purpose of the sugar program is to support producer returns from raising sugarcane and sugar beets, to the extent practicable, at no cost to the federal budget.

5. Success of Meeting Programmatic Purpose/Goals

CCC has been fairly successful in achieving the goals of the sugar program. The market value of production of sugar beets and sugarcane increased 14 percent and 40 percent, respectively, between FY 2005 and FY 2010. Beet processors forfeited 40,000 tons of 2004-crop beet sugar with a loan value of 22.7 cents per pound. CCC sold the sugar inventory back to the market for 21.8 cents per pound, for a net realized loss of $742,000. Since 2005, the domestic market has tightened and the primary sugar program issue has been focused on maintaining adequate supplies.

6. Annual Budget Authority (FY 2002 – FY 2011)

FY 2002 Through FY 2011 Budget Authority
(Dollars in Thousands)

	FY02 Actual	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Estimated
Total Outlays	736,807	879,856	871,130	824,168	794,209	1,051,171	1,237,787	1,118,371	875,200	891,402
Total Receipts	866,883	964,016	809,865	910,135	783,815	1,026,436	1,272,821	1,118,369	875,200	891,402
Net Expenditures	-130,076	-84,161	61,265	-85,966	10,394	24,735	-35,034	2	0	0

These programs are funded by Commodity Credit Corporation (CCC). Budget authority for these CCC programs is based on actual outlays.

7. Annual Outlays (FY 2002 – FY 2011)

	FY 2002 Through FY 2011 Net Expenditures (Dollars in Thousands)									
	FY02 Actual	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Actual	FY08 Actual	FY09 Actual	FY10 Actual	FY11 Estimated
Total Outlays	736,807	879,856	871,130	824,168	794,209	1,051,171	1,237,787	1,118,371	875,200	891,402
Total Receipts	866,883	964,016	809,865	910,135	783,815	1,026,436	1,272,821	1,118,369	875,200	891,402
Net Expenditures	-130,076	-84,161	61,265	-85,966	10,394	24,735	-35,034	2	0	0

8. Annual Delivery Cost (FY 2007 – FY 2011)

Annual delivery cost is reported consistent with the President's 2012 Budget and USDA's Strategic Plan. The administrative costs included in the table below are the aggregate costs for all the programs in the table. Costs for individual programs are not available.

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	Price Support and Marketing Assistance Loans	11,286,100	9,509,047	8,290,909	6,313,263	6,095,604
	Loan Deficiency Payments	173,751	6,036	148,553	191,647	36,565
	Direct Payments	3,957,175	4,821,206	4,176,795	4,898,085	4,950,410
	Countercyclical Payments	3,158,554	359,064	1,213,300	902,584	131,848
	ACRE Payments	0	0	0	0	446,633
	Milk Income Loss Contract Payments	157,850	2,153	769,900	181,527	173,000
	Tobacco Payments	955,495	954,817	1,130,095	954,091	960,000
	Other Direct Payments	25,695	29,768	84,375	103,432	80,504
	NAP Payments	126,951	73,989	40,700	98,745	116,873
	Crop Disaster Assistance	58,591	1,281	114,828	-109	0
	Livestock Indemnity Program	198	2	1,716	91,825	77,000
	Emergency Livestock Assistance	664	25	1,926	-403	0
	Emergency Conservation Program	149,727	128,456	0	92,459	39,719
	Biomass Crop Assistance		0	0	248,202	199,000
	Emergency Forest Restoration Program		0	0	0	18,000
	Tree Assistance Program	1,973	1,010	68	90	0
	CCC Interest Expenditures	648,627	140,936	2,856	10,426	16,635
	Dairy Indemnity Program	181	144	651	162	200
	Emergency Forestry Conservation Program	6,302	12,717	7,854	8,297	9291
	USDA Supplemental Assistance, appropriated	0	0	83,814	295,600	295,600
	FSA Disaster Assistance, appropriated	0	2,541,733	0	0	0
	Reforestation Pilot Program	0	794	794	800	800
	Agricultural Disaster Relief Trust Fund	0	0	6,000	1,573,278	1,926,134
	Aquaculture Grants (123317)	0	0	48,500	39,942	0
	Farm Storage Facility Loans	548	0	12,500	0	0
	Administrative costs (direct)	776,465	683,795	694,980	744,303	753,934
	Indirect costs	47,548	234,633	226,905	242,967	246,299

PROGRAM	PROGRAM ITEMS		FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance							
		Total Costs	21,532,395	19,501,606	17,058,019	16,991,214	16,574,049
		FTEs	8,905	8,620	9,529	8,355	8,140

9. Eligibility Criteria

To be eligible for loans, a sugar beet or sugarcane processor must: agree to all the terms and conditions in the loan application, and execute a note, security agreement, and storage agreement with CCC. Sugar pledged as collateral during the crop year must be processed and owned by the eligible processor and stored in a CCC-approved warehouse. The loan collateral must have been processed in the United States.

In order to be pledged as loan collateral, sugar and in-process sugar must be dry and free flowing; free of excessive sediment; and free of any objectionable color, flavor, odor, or other characteristic that would impair its merchantability or that would impair or prevent its use for normal commercial purposes.

10. Utilization (Participation) Data

Since FY 2000, loan participation has been steady with, on average, about 21 percent of the sugarcane crop's annual production placed under loan with the CCC. Around 26 percent of the annual sugar beet crop is normally placed under loan. Loans, which are generally placed early in the fiscal year once harvest begins, help the processor make advance payments to growers upon delivery of their beets to the processor. This permits growers to be paid for their beet or cane crop up to 10 months earlier than the processor (usually owned by the growers) receives revenues from the sale of the sugar made from the crop.

11. Duplication or Overlap with Other Programs

The Sugar Program is not duplicative of other commodity programs, as it offers unique benefits to the sugar market and its participants. However, there is some beneficial overlap with other programs. For instance, growers of sugarcane and sugar beets must be in compliance with highly erodible and wetlands regulations in order to protect processor eligibility. Likewise, these growers must meet all certified acreage reporting requirements.

12. Waste, Fraud and Abuse

There has been no extensive Office of Inspector (OIG) or General Accountability Office (GAO) audit of the program during the past five years. Although on rare occasion accusations of misconduct have arisen, internal FSA review indicated no waste, fraud or abuse. Furthermore, the sugar regulation authorizes CCC to require sugar beet processors, sugarcane processors, sugarcane refiners and importers of sugar, as selected by CCC, to submit a report prepared by an independent Certified Public Accountant that reviews information submitted to CCC during the previous crop year. These reports have yet to indicate waste, fraud or other abuses.

13. Effect of Administration Pay-go

Exhibit 1 shows the costs and savings related to USDA's Administrative Pay-go Scorecard.

House Committee on Agriculture
Farm Bill Audit
Farm Storage Facility Loan (FSFL) Program

1. Program Name

Farm Storage Facility Loan (FSFL) Program

2. Subprograms/Department Initiatives

None

3. Brief History

The FSFL Program was originally authorized by the Commodity Credit Corporation (CCC) Charter Act of 1933. Specifically, the CCC Charter Act provides that the Corporation may make loans to grain producers needing storage facilities and that loans shall be made in areas in which the Secretary determines that there is a deficiency of such storage.

The CCC had made loans for storage facilities intermittently since 1948 and stopped issuing storage facility loans in 1982 based on studies that revealed that producers had sufficient storage for their crops. However, demand for storage has increased dramatically since 1995 and storage shortages currently exist in some areas. The net decrease in storage capacity from 1996 to 1998 has been about 79.5 million bushels, or nearly 1 percent of total capacity. During this same period, grain production increased by nearly 8 percent, from 14 billion bushels in 1996 to 15 billion bushels in 1998. As a result, it was determined there was insufficient capacity to allow farmers to store their grain, forcing farmers to sell at harvest when prices are usually at their lowest. Therefore, on February 2, 2000, the Secretary announced the availability of financing for on-farm storage and handling facilities.

Section 1614 of the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill), authorized the Secretary to establish a storage facility loan program to producers of grains, oilseeds, pulse crops, hay, renewable biomass, and other storable commodities (other than sugar), as determined by the Secretary. Accordingly, regulations implementing the 2008 Farm Bill added fruits and vegetables as eligible commodities for on-farm storage. The maximum loan amount is $500,000 per structure and depending on the loan amount, the FSFL borrower has the option of selecting 7, 10, or 12 year repayment terms for the FSFL.

4. Purpose/Goals

The purpose of the FSFL Program is to assist producers with low-interest financing for adequate capacity to store their harvested production until they sell it on the open market. The FSFL Program adds additional storage capacity in deficit areas and producers also benefit from the potential for higher market returns on their crops.

5. Success in Meeting Programmatic Purpose/Goals

The FSFL Program has been very successful with meeting program goals to provide low-interest financing for on-farm storage. Since FSFL was reestablished in FY 2000, over 27,900 FSFL's have been disbursed providing on-farm storage for over 785 million bushels of eligible commodities. The FSFL Program has seen increased interest in the past several years mainly due to the construction of ethanol plants in the Midwest and South. The vast majority of FSFL borrowers make their annual installment payments on time as the program has a delinquency rate of less than 0.005 percent.

6. Annual Budget Authority (FY2002-FY2011)

	FY 2002 Through FY 2011 Budget Authority (Dollars in thousands)									
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Estimated
Farm Storage Facility Loans-Subsidy	$3,025	$1,897	$2,322	$1,157	$1,238	$475	$1,540	$12,500	$15	$0

7. Annual Outlays (FY2002-FY2011)

	FY 2002 Through FY 2011 Annual Outlays (Dollars in thousands)									
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2010 Actual	FY 2011 Estimated
Farm Storage Facility Loans-Subsidy	$1,654	$820	$1,502	$989	$290	$502	$1,135	$4,796	$7,446	$0

The FSFL Program is a credit reform program. Budget authority and outlays reflect estimated subsidy costs of disbursing the direct loans in each fiscal year.

8. Annual Delivery Cost (FY2002-FY2011)

Annual delivery cost is reported consistent with the President's 2012 Budget and USDA's Strategic Plan. The administrative costs included in the table below are the aggregate costs for all the programs in the table. Costs for individual programs are not available.

PROGRAM	PROGRAM ITEMS	FY 2007 Amount ($000)	FY 2008 Amount ($000)	FY 2009 Amount ($000)	FY 2010 Amount ($000)	FY 2011 Amount ($000)
Income Support and Disaster Assistance						
	Price Support and Marketing Assistance Loans	11,286,100	9,509,047	8,290,909	6,313,263	6,095,604
	Loan Deficiency Payments	173,751	6,036	148,553	191,647	36,565
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	Countercyclical Payments	3,158,554	359,064	1,213,300	902,584	131,848
	ACRE Payments	0	0	0	0	446,633

Milk Income Loss Contract Payments	157,850	2,153	769,900	181,527	173,000
Tobacco Payments	955,495	954,817	1,130,095	954,091	960,000
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NAP Payments	126,951	73,989	40,700	98,745	116,873
Crop Disaster Assistance	58,591	1,281	114,828	-109	0
Livestock Indemnity Program	198	2	1,716	91,825	77,000
Emergency Livestock Assistance	664	25	1,926	-403	0
Emergency Conservation Program	149,727	128,456	0	92,459	39,719
Biomass Crop Assistance		0	0	248,202	199,000
Emergency Forest Restoration Program		0	0	0	18,000
Tree Assistance Program	1,973	1,010	68	90	0
CCC Interest Expenditures	648,627	140,936	2,856	10,426	16,635
Dairy Indemnity Program	181	144	651	162	200
Emergency Forestry Conservation Program	6,302	12,717	7,854	8,297	9291
USDA Supplemental Assistance, appropriated	0	0	83,814	295,600	295,600
FSA Disaster Assistance, appropriated	0	2,541,733	0	0	0
Reforestation Pilot Program	0	794	794	800	800
Agricultural Disaster Relief Trust Fund	0	0	6,000	1,573,278	1,926,134
Aquaculture Grants (123317)	0	0	48,500	39,942	0
Farm Storage Facility Loans	548	0	12,500	0	0
Administrative costs (direct)	776,465	683,795	694,980	744,303	753,934
Indirect costs	47,548	234,633	226,905	242,967	246,299
Total Costs	**21,532,395**	**19,501,606**	**17,058,019**	**16,991,214**	**16,574,049**
FTEs	8,905	8,620	9,529	8,355	8,140

9. Eligibility Criteria

Producers requesting a FSFL must provide information to the FSA County Office to support the need for on-farm storage. Specific eligibility requirements for applicants are as follows:

- producer of an eligible commodity
- engaged in farming
- has a satisfactory credit rating as determined by CCC
- demonstrates the ability to pay the down payment and repay the debt resulting from FSFL
- has no delinquent Federal debt as defined by the Debt Collection Improvement Act of 1996
- has not been convicted under Federal or State law of a controlled substance violation
- provide proof of insurance requirements, such as:
    - — multi-peril crop insurance
    - — all-peril structural insurance

— flood insurance, if applicable

- demonstrates compliance with USDA provisions for highly erodible land and wetland provisions
- demonstrates compliance with National Environmental Policy Act
- demonstrates compliance with any applicable local zoning, land use and building codes for the applicable farm storage facility structure.

10. Utilization (Participation) Data

The FSFL Program has provided financing for on-farm storage for over 785 million bushels of eligible commodities since FY 2000. FSFL applications have increased from 1,717 in FY 2005 to 3,961 in FY 2010. In FY 2006, the Commodity Credit Corporation (CCC) made nearly $100 million in FSFLs, while in FY 2010 the loan amount of FSFLs exceeded $296 million. To date, in FY 2010, 3,926 FSFLs have been obligated and disbursed totaling $291 million. Currently, in FY 2011, 2110 FSFLs have been obligated and disbursed totaling $175 million. Also, in FY 2011, applications for 93 hay storage structures were received and 55 have been disbursed, and 8 fruit and vegetable applications were received and 1 has been disbursed.

11. Duplication or Overlap with Other Programs

The USDA's Rural Development (RD) Mission Area has grants and loans for certain energy efficiency improvements under the Rural Energy for America Program (REAP). Producers are eligible for certain grants and loans to purchase or replace energy efficient equipment in commodity storage structures.

CCC is currently collaborating with RD to identify any cases where duplication or overlap of FSFL disbursements may have occurred with the grant and loan program offered by RD. If duplication of benefits have occurred, CCC is reducing the outstanding FSFL principal by the amount of the RD grant or loan. To prevent this from continuing, CCC implemented a form that producers sign before their final FSFL disbursement. This form provides producer certification that they have not applied, been approved for, or received government grants or loans on the same structure requested for FSFL. Having this certification before the FSFL disbursement will ensure that there is no duplication or overlap of benefits under FSFL.

12. Waste, Fraud and Abuse

The FSFL Program has been reviewed frequently by County Office Reviewers and it has been determined that the program findings are insignificant. Additionally, because second party reviews are performed by FSA staff and final cost documents are submitted by producers to support the cost of the storage structure before all FSFL closings, waste, fraud, and abuse would be considered minimal.

13. Effect of Administrative Pay-go

None.

House Committee on Agriculture
Farm Bill Audit
Durum Wheat Quality Program (DWQP)

1. **Program Name** Durum Wheat Quality Program (DWQP)

2. **Subprograms/Department Initiatives**

   None

3. **Brief History**

   Section 1613 of the Food, Conservation, and Energy Act of 2008 (the 2008 Farm Bill) authorized up to $10 million to be appropriated for each of the 2009 through 2012 fiscal years (FY) to compensate producers of durum wheat for up to 50 percent of the actual cost of fungicide applied to control Fusarium head blight, a fungal disease commonly known as "wheat scab."

   The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2010 provided $3 million for this program in FY 2010. No funding was appropriated for this program in FY 2009 or 2011. To date, no funding has been appropriated for this program for FY 2012.

   If applications for assistance exceed the funding availability for a particular crop year, payment amounts are reduced by a 'national payment factor' so that each applicant receives a pro-rata share of the available funding. In FY 2010, payments were reduced by a national payment factor of 0.9663.

4. **Purpose/Goals**

   The purpose of this program is to provide cost share assistance to durum wheat producers for the purchase and application of an eligible fungicide used on acres planted to durum wheat to control wheat scab.

5. **Success in Meeting Programmatic Purpose/Goals**

   DWQP successfully provided cost share assistance to durum wheat producers for their share of the purchase price of an eligible fungicide and the cost of applying the eligible fungicide to durum wheat acres. In FY 2011, over $2.8 million was allocated to durum wheat producers in Idaho, Minnesota, Montana, North Dakota and South Dakota.

6. Annual Budget Authority (FY2002-FY2011)

	FY 2002 Through FY 2011 Budget Authority									
	(Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
Durum Wheat Quality Program	$0	$0	$0	$0	$0	$0	$0	$0	$3,000	$0

7. Annual Outlays (FY2002-FY2011)

	FY 2002 Through FY 2011 Annual Outlays									
	(Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
Durum Wheat Quality Program	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,850

Of the $3 million appropriated for this program in FY 2010, $150,000 is being held in reserve for possible future appeal cases.

8. Annual Delivery Cost (FY2002-FY2011)

The program has only been available during FY 2010, the portion of Agency overhead expenditures allocated to the program during the fiscal year have not been captured but are believed to be minimal.

9. Eligibility Criteria

Producer Eligibility
To be considered an eligible producer, the producer must have a share in the treated durum wheat crop planted on eligible acres and in the cost of either or both of the following:
- purchasing an eligible fungicide
- applying an eligible fungicide to eligible acres.

Eligible Fungicide
To be considered an eligible fungicide for DWQP, the fungicide must be:

- registered with the Environmental Protection Agency (EPA), as required under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), unless exempt from FIFRA requirements
- compliant with pesticide regulations in the State in which benefits are being requested
- used specifically for 1 fungicide treatment in the applicable crop year, to control Fusarium head blight on eligible acres.

Eligible Acres
To be considered eligible acres for DWQP, the acres must be planted to durum wheat and treated with an eligible fungicide to specifically control Fusarium head blight and applied during the flowering stage.

10. Utilization (Participation) Data

In FY 2011, over $2.8 million was allocated to 1,020 durum wheat producers in Idaho, Minnesota, Montana, North Dakota and South Dakota. DWQP provided cost share assistance to durum wheat producers for 551,984 acres in the following 5 States.

State	Acres
Idaho	150
Minnesota	4713
Montana	17,362
North Dakota	528,257
South Dakota	1501
Total	551,984

11. Duplication or Overlap with Other Programs

DWQP does not duplicate or overlap any other USDA program.

12. Waste, Fraud and Abuse

There has been no Office of Inspector (OIG) or General Accountability Office (GAO) audit of DWQP. FSA conducts its own internal investigation through its county office review process and through its internal review audit process. The potential for fraud and abuse is minimal since producers are required to show proof of purchase and treatment with an EPA approved fungicide.

13. Effect of Administrative Pay-go

DWQP is funded through the discretionary appropriations process; accordingly, it is not subject to Administrative Pay-go procedures.

House Committee on Agriculture
Farm Bill Audit
Reimbursement Transportation Cost Payment (RTCP) Program for Geographically Disadvantaged Farmers and Ranchers

1. Program Name

Reimbursement Transportation Cost Payment (RTCP) Program for Geographically Disadvantaged Farmers and Ranchers

2. Subprograms/Department Initiatives

Subprograms – None.

Department Initiatives – None.

3. Brief History

The 2008 Farm Bill authorized the RTCP program to provide assistance to geographically disadvantaged farmers and ranchers in Hawaii, Alaska, and insular areas (Guam, American Samoa, Commonwealth of Puerto Rico, Commonwealth of the Northern Mariana Islands, Federated States of Micronesia, Republic of the Marshall Islands, Republic of Palau, and the Virgin Islands of the United States). The program reimburses producers for a portion of the transportation cost of their agricultural commodity, or inputs used to produce an agricultural commodity during a fiscal year. Under RTCP transportation costs of inputs used to produce an agricultural commodity include, but are not limited to, air freight, ocean freight, and land freight of chemicals, feed, fertilizer, fuel, seeds, plants, supplies, equipment parts, and other inputs as determined. RTCP is subject to appropriated funding. The 2010 Agriculture Appropriations Bill authorized $2.6 million and the 2011 Defense and Full-Year Continuing Appropriations Act of 2011 authorized $1.996 million to assist geographically disadvantaged farmers and ranchers in accordance with Section 1621 of the 2008 Farm Bill.

4. Purpose/Goals

The purpose of the RTCP is to assist geographically isolated farmers and ranchers to access inputs needed for production (seed, fertilizer, pesticides, etc.) and get their product to market. The goal of the program is to provide payments to these targeted producers to offset a portion of their transportation costs.

5. Success in Meeting Programmatic Purpose/Goals

This program benefits farms and ranches in geographically disadvantaged areas of the U.S. Signup for 2010 RTCP program began Aug. 2, 2010 and ended on Sept. 10, 2010. Distribution of payments for 2010 RTCP began on July 20, 2011. In FY 2010, 1,545 geographically disadvantaged farmers and ranchers applied to participate in the program, and more are expected with the FY 2011 RTCP signup beginning July 25, 2011.

6. Annual Budget Authority (FY2002-FY2011)

	FY 2002 Through FY 2011 Budget Authority (Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
Reimbursement Transportation Costs	$0	$0	$0	$0	$0	$0	$0	$0	$2,600	$1,996

7. Annual Outlays (FY2002-FY2011)

	FY 2002 Through FY 2011 Budget Outlays (Dollars in thousands)									
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated
Reimbursement Transportation Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,600

8. Annual Delivery Cost (FY2002-FY2011)

The program first received funding in FY 2010, the portion of Agency overhead expenditures allocated to the program during the fiscal year have not been captured but are believed to be minimal.

9. Eligibility Criteria

To be eligible for RTCP program benefits, producers must:

- Be a geographically disadvantaged farmer or rancher producing and marketing, including the transportation of an agricultural commodity in an approved area;
- Submit an application during the specified period applicable for each fiscal year;
- Provide proof of the amount of costs incurred for the transportation of the agricultural commodity or input used to produce an agricultural commodity;
- Comply with conservation and wetland protection requirements on all their land;
- Have an average non-farm income that does not exceed $500,000; and
- Be a citizen or a legal resident alien of the United States in accordance with 7 CFR Part 1400 for foreign persons.

10. Utilization (Participation) Data

- A total of 1,545 applicants applied to receive benefits under RTCP for FY 2010.
- Signup for FY 2011 RTCP began on July 25, 2011, and will end on September 9, 2011.

11. Duplication or Overlap with Other Programs

No duplication or overlap with other programs.

12. Waste, Fraud and Abuse

Minimal to no waste, fraud, or abuse in the RTCP program because verifiable evidence of costs incurred are required to qualify for program benefits.

13. Effect of Administrative Pay-go

RTCP is funded through the discretionary appropriations process; accordingly, it is not subject to Administrative Pay-go procedures.

ADMINISTRATIVE PAYGO SCORECARD
(In Millions of Dollars)

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
SAVINGS	GSM-102 implementation of risk based approach (FAS/GSM)	(139.0)	(139.0)	(139.0)	(139.0)	(139.0)					
	RMA Terminations not previously counted (RMA/Crop Ins.)				(4.6)	(23.0)	(23.4)	(23.7)	(24.1)		
	Forest Service Increase Timber and Payment to State Receipts (FS/KV)	(51.0)									
	2008 $2 CRP Maintenance Reduction -- present & future (FSA/CRP)				(0.1)	(0.6)	(24.6)	(28.7)	(31.6)		
	2009 Reduction in CRP maintenance payments (FSA/CRP)				(43.6)	(1.5)					
	2010 CRP Modification (Duck, Quail, SAFE/Reduction in bottomland hardwdood) (FSA/CRP)					0.0	0.0	0.0	0.0	0.0	(2.9)
	Crop Insurance Standard Risk Agreement (RMA/Crop Ins.)					(2000.0)					
COSTS	Title XIX Treatment Facilities (FNS/SNAP)	3.0	4.0	6.0	6.0	6.0					
	Forest Service Change in K-V Trust Fund Spending (FS/KV)	51	18								
	Factor Removal (RMA/Crop Ins.)			0.4	2.7	8.3					
	RMA Crop Expansions (RMA/Crop Ins.)				0.6	12.8					
	CCC Section 4 Limit (FSA/CCC)	7.5	10.8	6.9	5.3						
	Food Aid Commodity Swaps (FSA/CCC)		77.0	60.0	111.0	67.0					
	Federal Base Acre reinstatement (FSA/Direct and Counter-cyclical)				5.0						
	Wetland Incentives (FSA/CRP)				7.8	14.6	17.3	19.2	20.8		
	CREP Incentives (FSA/CRP)				0.7	2.3	7.3	9.5	10.8		
	ACRE sign-up extension (FSA/ACRE)					30.0					
	2009 CRP extensions (FSA/CRP)				19.0						
	July 2009 Increase in minimum dairy prices (CCC/Dairy Product Price Support)				7.0						
	RMA --PRF-RI in MT (Board Approved) (RMA/Crop Ins.)				4.6	23.0	23.4	23.7	24.1		
	CRP Initiatives (FSA/CRP)					500.0					
	Crop Insurance Initiatives (RMA/Crop Ins.)					1500.0					
	AVAILABLE SAVINGS	(128.5)	(29.2)	(65.7)	(17.6)	(0.0)	0.0	0.0	(0.0)	0.0	(2.9)