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Mission Possible

Of the People...

The Agricultural Department...is rapidly commending itself to the great and vital interest it was created to advance. It is precisely the people’s Department, in which they feel more directly concerned than in any other.

- Abraham Lincoln

FSA’s interaction with producers is through a local network of 2,124 offices. This year brought a new way for these local FSA employees to connect farmers and ranchers with agricultural resources and expert counsel. Through the Bridges to Opportunity (Bridges) service, local FSA employees are providing additional information on a wide variety of programs and services available through FSA, other USDA agencies, local and state organizations and partners that offer technical assistance.

This new enhanced service proved helpful to beginning farmer George McCoy, who went to the Windham County, Connecticut, FSA Office wondering how he could control cabbage worms on his small farm. Through Bridges, an FSA employee was able to quickly present McCoy with contact information for vegetable crop experts and information on a Master Gardener Program. As a direct result, McCoy was able to save his entire cabbage crop and sell it at a local farmers market. Bridges began as a pilot project in twenty counties in five states. Based on the success of the pilot, Bridges will expand to select counties in up to 20 States in FY 2016.

There are many reasons why FSA people work so hard for their customers and provide information, like the Windham County employee, that just a few years ago would not have been within the purview of FSA. They believe in the farmers and ranchers they serve—and the important safety net, conservation, and credit programs provided by FSA.
Increased food security remains a key goal of the Farm Service Agency. To do this, FSA works with its partners to acquire, store, and distribute commodities.

Providing Food Assistance—Millions of hungry people in the world depend on food assistance that is procured by FSA for programs administered by the U.S. Agency for International Development (USAID), the Foreign Agricultural Service (FAS), and the Food and Nutrition Service (FNS). In 2015, FSA purchased approximately $775 million in commodities for international and domestic food aid programs.

For international programs, new and revised commodity specifications are used to purchase products with improved nutritional profiles in accordance with USAID and United Nations’ World Food Programme initiatives. This includes increased use of “Ready to Use Therapeutic” foods, which are designed to treat moderate to severe malnutrition.

When purchasing commodities, FSA strives to provide opportunities for small and disadvantaged businesses, which represent 65-percent of the vendors that do business with FSA. In 2015, FSA’s purchases helped USDA exceed the government-wide goals for contracting with Small and Disadvantaged Businesses, which contributed to the Department receiving an “A” rating from the Small Business Administration for small business purchasing.

Expanding School Lunch Options: The National School Lunch Program feeds over 30 million school children each day. FSA collaborated with FNS and the peanut industry to include raw shelled peanuts in the program. States can now order raw shelled peanuts that are then sent to processors to be made into various peanut-based products that are popular with school children.
Message from the Administrator

2015 marks the 20th anniversary of USDA’s Farm Service Agency, but FSA’s roots date back nearly 80 years, to the days of the Great Depression and the Dust Bowl, when the rural economy was in crisis and America’s farmers and ranchers needed assistance. At that time, Congress empowered USDA to provide a strong safety-net for farm families, helping them navigate the unpredictability of natural disasters and volatile market conditions.

Today, technological advancements in equipment, crop and veterinary sciences, soil and water conservation, and pest and nutrient management, all have resulted in agriculture becoming stronger than we’ve ever known - - certainly far stronger than the days of our grandparents and great-grandparents. But the unpredictability of weather and markets remain. That means the FSA mission is as important as it’s ever been to ensure the domestic agriculture sector continues to deliver an abundant, safe, and affordable food and fiber supply for the American people.

Selected highlights for fiscal year 2015  are illustrated within these pages. Our work at FSA has never been exclusively about providing financial assistance or extending credit - - although we perform those duties quite well, and often far beyond the call of duty. Rather, FSA also is about building local relationships across that well-worn office countertop with the men, women, and families of American agriculture, through our unique network of offices in nearly every rural county across this great nation.

It’s because of these personal relationships, across more than 2,100 local county offices, that FSA is known as the “can do” agency of the USDA. FSA employees simply get the job done, so that, from Maine to California, farmers and ranchers can build their own version of the American dream.

When people of good will come together towards a common purpose, great things can happen. This report highlights these achievements and will ensure that the path forward continues to demonstrate our commitment to rural America.

Val Dolcini
Administrator
Conservation: Preserving Land & Nature

The value to wildlife viewers alone is estimated to exceed $300 million annually.

Fiscal Year 2015 Loans Made
_In 1,000s of Dollars_

- Marketing Assistance: $5,721,271
- Direct: $2,200,000
- Guaranteed: $3,400,000
- Facility: $174,000

Fiscal Year 2015 Payments
_In 1,000s of Dollars_

- Disaster: $1,531,220
- Conservation: $2,783,762
- Commodity: $1,725,379

* Commodity program payments are low in fiscal year 2015 because Price Loss Coverage and Agricultural Risk Coverage payments totaling around $6 billion for crop year 2014 were issued at the beginning of fiscal year 2016.

**Protecting Soil**—Producers using CRP also reduced soil erosion by an estimated 300 million tons in 2015. Erosion from water, as well as wind, is reduced when croplands are converted to permanent vegetative covers. The CRP’s Highly Erodible Lands Initiative increased by almost 100,000 acres in 2015. Since 1985, CRP has prevented more than 9 billion tons of soil from eroding, enough to fill 600 million dump trucks.

**Protecting Wildlife**: In addition to the soil conservation and water quality impacts, producers participating in CRP have generated tremendous wildlife benefits. For example, in America’s Corn Belt, CRP is restoring grassland habitat for breeding birds. Henslow’s Sparrow populations, which have declined more than 95% since the mid-1960s, have rebounded in some areas through CRP. In Illinois, the regional Henslow’s Sparrow population has significantly increased; spring bird counts for the species are now about 25 times greater than 30 years ago, prior to CRP. The U.S. Dept. of the Interior indicates that an increase strongly coincides with CRP lands; counties with the highest percentage of CRP acreage also have the highest Henslow’s Sparrow population gains.
In addition, CRP helps address national water quality issues, including:

**The Chesapeake Bay**—The Chesapeake Bay and its tributaries have become impaired with nitrogen, phosphorus, and sediment. Each of the six States in the Chesapeake Bay watershed developed a plan outlining how water quality could be improved. These States highlighted establishment of riparian forest buffers and grass filter strips along rivers and streams as a vital component of their plans, and communicated information to farmers on ways they can protect the environment and meet plan goals. Farmers in the Chesapeake Bay watershed have through 2015 established about 90,000 acres of CRP buffers, protecting 8,000 stream miles.

**Gulf of Mexico Hypoxia**—The large “dead zone” (hypoxic area) in the Gulf of Mexico every summer is reported to be caused by excessive nutrients (particularly nitrogen) in the Mississippi River. Farming may contribute to these excess nutrients when fertilizer and manure runoff occur. The state of Iowa partnered with FSA to establish a Conservation Reserve Enhancement Program (CREP)—a program under the CRP umbrella—to reduce nitrogen delivered through tile drainage. Under this CREP, 89 wetlands have been constructed so far to intercept nitrates, preventing over 1 million pounds of nitrate annually from entering the Mississippi River. Over all, CRP enrollment in the Mississippi River watershed, reduced nitrogen and phosphorus in runoff (relative to cropped land) by 400 million pounds and 80 million pounds, respectively, in 2015.

**Fiscal Year 2015 Payments and Loan Programs**

**Loans**
- **Direct & Guaranteed Farm Loans**: Provide farmers and ranchers access to credit when they are unable to obtain financing from a commercial source at reasonable rates and terms.
- **Farm Storage Facility Loans**: Offer low-interest financing to producers seeking to improve their storage and handling facilities.
- **Marketing Assistance Loans**: Provide producers interim financing to meet cash flow needs and enable more consistent marketing of commodities throughout the year.

**Payments**
- **Disaster Assistance Programs**: Provide financial support to crop and livestock producers affected by drought, flood, hurricanes, and other natural disasters.
- **Commodity Programs**: Assist farmers and ranchers in managing financial risks associated with commodity price and revenue fluctuations.
- **Conservation Programs**: Assist farmers and ranchers in applying conservation measures to enhance and maintain the quality of soil, water, and related natural resources and wildlife.
Special Highlights

FSA provides a financial safety net to America’s farmers and ranchers, while at the same time protecting natural resources, and enhancing food security. Highlighted below are a few examples of broad impacts and accomplishments during 2015.

Supporting the Next Generation of America’s Farmers and Ranchers

American agriculture is at a critical juncture. The average age of the American farmer is now 58 and surveys indicate that in the next five years, 10 percent of all farmland could change hands. USDA is committing significant resources to get more beginning farmers and ranchers established.

One of those beginning farmers is Dakota Williams, a member of the Cherokee tribe. Since the age of 18, she knew exactly what she wanted to do with her life — own a farm and raise cattle. Dakota said her ancestors lived off the land and she wants to honor them in her work. She began to raise cattle on her family’s Arkansas farm at age 12 with an FSA Youth Loan. After graduating from high school, Dakota expanded the business using an FSA microloan to meet demand for a specialty breed of cow. Microloans allow beginning and small farmers, along with non-traditional farm operations, to access up to $50,000 in loans using a simplified application process. For Dakota, that equates to purchasing more Angus cows to breed with Brangus bulls to create an Ultrablack breed.

Thousands of beginning farmers and ranchers, like Dakota, are assisted through a range of programs. For example, the

Conservation: Preserving Land & Nature

change. Over the past 5 years, CRP has sequestered an average of 46 million metric tons of CO2 equivalent per year. This is equal to removing 9 million cars from the road annually and the CO2 equivalent reduction is worth $2 billion per year.

Protecting Water — Producers utilizing CRP practices reduce nitrogen and phosphorus leaving fields in runoff and percolate, improving water quality. Grass filter strips and riparian forest buffers intercept sediment and nutrients before they enter waterways. In 2015, the amount of nitrogen and phosphorus leaving fields was reduced by over 500 million pounds, and about 100 million pounds, respectively, and sediment leaving fields was reduced by about 200 million tons. On average over the past five years, CRP has protected more than 175,000 stream miles with riparian forest and grass buffers, enough to go around the world 7 times, and since 1996, has created about 2.7 million acres of restored wetlands.

“Deer Creek flows through the English farm in York, Pennsylvania, and then on into the Chesapeake Bay. Until we planted a buffer by enrolling in the Conservation Reserve Enhancement Program (CREP), this creek ran brown with sediment after every rain. Within a year, the water cleared up and now we’re seeing aquatic life return.”

- Don English, son of a farm owner
Transition Incentives Program (TIP) is an option for beginning farmers who are interested in buying or renting land. TIP encourages retired or retiring holders of expiring Conservation Reserve Program contracts to transition the land to beginning and underserved farmers and ranchers. It does this by providing two additional rental payments to the former contract-holder, who sold or leased their land long-term to a qualifying individual. The Agricultural Act of 2014 (2014 Farm Bill) provided $33 million for this program, and in 2014 and 2015, 120,000 acres were transitioned to beginning and previously underserved farmers and ranchers.

The needs of beginning farmers are also addressed through the Noninsured Crop Disaster Assistance Program (NAP), which provides financial assistance when Federal crop insurance is not available and low yields, loss of inventory, or prevented planting are caused by natural disasters. FSA also helps meet credit needs with Farm Storage Facility Loans and Direct and Guaranteed Farm Operating and Ownership Loans. More than 20,500 farm operating and ownership loans, valued at $2.6 billion, were provided to beginning farmers and ranchers in 2015.

FSA also packages programs together for beginning farmers and ranchers. For example, when a beginning farmer works with FSA on a loan application for a specialty crop operation, basic NAP coverage is offered as part of the package at no cost to the farmer.

Bringing Programs & Services to Customers

Many producers—particularly in the Great Plains—were facing dire financial conditions due to severe drought in 2011 and 2012, and the absence of a safety net. The 2014 Farm Bill reinstated livestock disaster programs that had been expired for over two years, and FSA’s rapid deployment, in 60 days, began to assist thousands of ranchers as quickly as the end of April 2014. By the end of 2015, many livestock producers already had received financial assistance that helped support the
continuation of their business operations in the wake of a natural disaster.

Rapidly following the implementation of the livestock disaster programs, FSA implemented new Farm Bill safety net programs for eligible crop growers, including the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. With the elimination of the direct payment program, Congress provided farmers with a choice: enroll in ARC to protect against revenue losses, or enroll in PLC to mitigate the risk of price declines. About 1.7 million farmers elected to participate in either ARC or PLC in 2015.

In addition to the Agency’s stewardship of the 2014 Farm Bill, FSA also provided stewardship of the American tax dollar. The Agency began implementing challenging new programs with 20-percent fewer employees than when the 2008 Farm Bill was implemented—a successful transition made possible by the hard work of dedicated FSA employees.

Seed, fertilizer, utilities, marketing, and distribution expenses have greatly improved FSA’s ability to provide credit to beginning farmers and ranchers. Since its inception in January 2013, FSA has issued over 14,000 Microloans—and more than 70 percent have gone to beginning farmers and ranchers. In 2015, FSA made nearly 6,600 Microloans and more than 4,700 were to beginning farmers and ranchers.

By supporting America’s farmers and ranchers, FSA’s loan programs directly contribute to the economic vitality and quality of life in rural America. For every single dollar loaned by FSA, we estimate that an additional 67 cents is generated in sales revenues due to the indirect circulation effects throughout the economy. As a result, the nearly $5.7 billion lent by FSA in 2015 contributed over $9.5 billion to the U.S. economy. In addition, every million dollars loaned supports approximately 13 existing jobs. Without the $5.7 billion in FSA loans in 2015, there would be about 76,000 fewer jobs.
Meeting Credit Needs of Family Farmers and Ranchers

FSA assists small family farmers and ranchers in starting or continuing a farm or ranch business by providing credit and management assistance through its farm loan programs. In 2015, FSA provided 37,617 loans, valued at a record $5.7 billion, to 27,527 farmers and ranchers who were temporarily unable to obtain commercial financing.

Access to credit is one of the most significant barriers for beginning farmers and ranchers, and FSA places an emphasis on meeting their credit needs. FSA issued a total of 20,582 beginning farmer loans in 2015—40 percent more than in 2009. This included more than 4,000 farm ownership loans, which enabled beginning farmers to purchase farmland, construct or repair buildings, and make farm infrastructure improvements. FSA also increased its assistance to minority and women farmers and ranchers, providing 9,264 loans—65 percent higher than in 2009.

FSA’s Microloan Program, which provides operating loans of up to $50,000 to pay for startup expenses such as land rent, essential tools, livestock and farm equipment, and annual expenses such as

Delivering Results through Partnerships

Ensuring that farmers and ranchers would have ample opportunities to learn about new 2014 Farm Bill programs, FSA partnered with Texas A&M University/University of Missouri and the University of Illinois to build online decision tools for the new ARC/PLC and dairy safety net programs. These tools allow producers to input data and examine how different program choices affect their individual farming operations. FSA also partnered with 70 land grant institutions for in-person, local training that provided guidance on use of the new decision tools and information on 2014 Farm Bill programs. With our Extension Service partners, FSA demonstrated these online tools at over 3,500 events in 2015.

FSA is expanding cooperative efforts in other areas. For example, the Agency and the Farmer Veteran Coalition are conducting agricultural credit training sessions in the Midwest for military veterans and beginning farmers and ranchers. In addition, FSA is conducting research with collaborators on how best to increase participation in County Committee elections, and encouraging participation in the Microloan Program. The Agency is also working with universities to evaluate how well the decision tools and education efforts helped producers, which will improve online tools for the next farm bill.
Supporting Farm Sustainability

The economic stability and sustainability of rural America remains one of the Agency’s central goals. To do this, FSA provides farmers and ranchers with financial capital, risk management assistance, and recovery support in times of economic distress or disaster.

Responding to Natural Disasters

Following multiple years of severe drought and adverse weather, particularly in the Great Plains, the 2014 Farm Bill authorized several disaster assistance programs:

- Over 600,000 producers received more than $5.5 billion in assistance through the Livestock Forage Disaster Program (LFP) due to 2011-15 losses. LFP provides feed assistance to farmers and ranchers suffering from long-term drought.

- More than 15,000 producers received Livestock Indemnity Program (LIP) payments for 2011-15 losses. LIP provides financial assistance to producers who incur livestock deaths caused by blizzards or other natural disasters.

- Hundreds of beekeepers lost hives in 2015, many due to colony collapse disorder, and represent more than half of Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP) recipients. ELAP provides assistance to producers not covered by other livestock disaster assistance programs. One example is Steve Reiger of Michigan, who has been fascinated by bees since he was a boy and serves as a mentor to other beekeepers. Reiger recently lost 38 percent of his colonies due to an unusually cold winter and Colony Collapse Disorder. He used his ELAP payment to replace the bee colonies he lost. “The replacement costs are huge,” he said. “I love it, so that’s what I do.”

“Beekeeping will give you some of the best gardens, the most beautiful flowers, and what you do for the environment is extreme.”
- Beekeeper Steve Reiger

Building Biofuels Infrastructure

FSA is partnering with 21 States through the Biofuel Infrastructure Partnership (BIP) to nearly double the number of fuel pumps nationwide that supply renewable fuels to American motorists. A typical gas pump delivers fuel with 10 percent ethanol, which limits the amount and type of renewable energy that consumers can purchase. In May 2015, USDA announced the availability of $100 million in grants through the BIP. To apply, States and private partners agreed to match the federal funding at a 1:1 ratio. The new BIP partnership will increase the number of pumps, storage, and related infrastructure that offer higher blends of ethanol, such as E15, E85, and intermediate combination blends. Including matching commitments, BIP is investing $210 million in the rural economy.
Farm Sustainability

Converting Forest and Agricultural Residues to Bioenergy

From 2011 through 2015, over 500 biomass material owners delivered 830,000 dry tons of forest and agricultural biomass to 52 qualified conversion facilities under the Biomass Crop Assistance Program (BCAP). These facilities use the biomass to produce heat, power, and advanced biofuels. Forest residues included small-diameter trees removed for wildfire prevention or diseased and insect-infested trees. Agricultural residues consisted of corn stalks and orchard waste affected by extreme drought. In many cases, these biomass materials would go uncollected, if not for BCAP.

Growing Renewable Energy Crops

BCAP also supports new bioenergy crop development. For example, FSA partnered with Aloterra Energy to support a seven-county project area in northeastern Ohio and northwestern Pennsylvania where giant miscanthus is grown with BCAP assistance. That support resulted in initial enrollment of 3,616 acres, which grew to over 4,500 acres by 2015. The Aloterra Energy facility in Ashtabula is transforming miscanthus into an absorbent material used to absorb spills. Down the road, miscanthus pulp will be shaped into compostable food packaging containers, such as plates and to-go boxes. This effort helps create jobs and stimulates diverse crop production.

- Approximately 200 Florida producers affected by citrus greening in 2015 received assistance from the Tree Assistance Program (TAP), helping them replant about 570,000 trees. Citrus greening drops the average productive lifespan from 50 or more years to 15 or less. TAP provides assistance to orchardists and nursery tree growers to help them replant or rehabilitate eligible trees, bushes, and vines lost by natural disaster.

Other programs also assist producers suffering from natural disasters.

- More than 25,000 producers benefited from the Noninsured Crop Disaster Assistance Program (NAP) in 2015. NAP provides financial assistance to producers of crops who do not have access to crop insurance. NAP payments occur when producers experience low yields, loss of inventory, or prevented plantings due to natural disasters.

- In 2015, FSA allocated over $42 million in Emergency Conservation Program (ECP) funds in 31 states, helping producers rehabilitate farmland damaged by natural disasters and implement emergency water conservation measures. ECP helps producers affected by drought, floods, tornados, and other disasters restore livestock fences, remove flood debris, and rehabilitate farmland.

- Restoring forests and forest health in 2015, landowners received 560 payments totaling more than $4 million through the Emergency Forest Restoration Program. The program works to protect natural resources and wildlife habitats, by authorizing payments to owners of private forests to restore disaster damaged forests, providing shelter for wildlife, helping provide nutrients for soil, and helping protect water supplies.
Facing Storage Challenges

Farmers and ranchers often face short and long-term storage concerns after harvest. FSA's expanded Farm Storage Facility Loan (FSFL) Program helps address this issue. This program provides low-interest financing for producers to build or upgrade farm storage and handling facilities. In 2015, FSA implemented eased security requirements and 12 new commodity categories were added, improving program availability and usefulness.

The Derr family provides an example of how the FSFL program meets farmers’ needs. Chris and Julie Derr began farming in 2012, operating over 180 acres of Maryland farmland owned by Chris’s grandfather. Despite having two large silos to store feed, the structures were worn out and unfit to use. Julie and Chris began using agricultural bags to store feed for their 150 cows, but the bags only lasted one season.

Since the Derr’s had worked with FSA to obtain operating loans to start their dairy, they decided to see if programs were available to help with their storage problem. Working with an FSA program technician in Frederick County, the couple obtained an FSFL loan which allowed them to construct two concrete trenches to store feed. Along with the Derrs, FSA was able to assist 822 producers in 2015 with FSFL loans valued at $54 million.

Confronting Market Volatility and the Weather

America’s farmers and ranchers face a wide range of challenges. Farm profits can be tough to earn. Producers often face adverse weather and volatile market forces. They wrestle with unexpected drops in prices and revenue. The 2014 Farm Bill authorized new safety-net programs—the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs—to address these challenges.

During 2015, FSA successfully rolled out these new programs and enrolled approximately 1.7 million producers. Half of these producers received ARC/PLC payments totaling over $4.5 billion for 2014-crop losses, payments that went directly into rural America’s economy. These payments were important in places like LaSalle County, Illinois. About 2,500 farmers in that county received a $59 per acre ARC corn payment, bringing their revenues up to the targeted level for that county. With 2014 corn prices at 30 percent below historic levels, and national farm revenues down by about $20 billion from the benchmark years, these payments provided much-needed assistance.

Reducing Risk for Dairy Producers

Following unprecedented market volatility, the 2014 Farm Bill introduced the new Margin Protection Program for Dairy (MPP) to help U.S. dairy farmers during periods of financial stress. MPP protects dairy margins, which are the difference between the U.S. dairy price paid to farmers and the national average feed cost used to produce the milk. It protects against severe downturns in milk prices, rising feed prices, or a combination of both. Nearly 25,000 dairy operations enrolled for protection in 2015, more than half of the nation’s dairy producers, covering 166.3 billion pounds of milk production.

Investing in Rural Energy

FSA energy programs support creative new ways to produce heat, power, and biofuels. They also support the infrastructure needed to make more renewable fuel options available to American consumers. In doing so, job creation is stimulated and new approaches to energy use are diversified.
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FSA’s Microloan Program, which provides operating loans of up to $50,000 to pay for startup expenses such as land rent, essential tools, livestock and farm equipment, and annual expenses such as...
continuation of their business operations in the wake of a natural disaster.

Rapidly following the implementation of the livestock disaster programs, FSA implemented new Farm Bill safety net programs for eligible crop growers, including the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. With the elimination of the direct payment program, Congress provided farmers with a choice: enroll in ARC to protect against revenue losses, or enroll in PLC to mitigate the risk of price declines. About 1.7 million farmers elected to participate in either ARC or PLC in 2015.

In addition to the Agency’s stewardship of the 2014 Farm Bill, FSA also provided stewardship of the American tax dollar. The Agency began implementing challenging new programs with 20-percent fewer employees than when the 2008 Farm Bill was implemented—a successful transition made possible by the hard work of dedicated FSA employees.

By supporting America’s farmers and ranchers, FSA’s loan programs directly contribute to the economic vitality and quality of life in rural America. For every single dollar loaned by FSA, we estimate that an additional 67 cents is generated in sales revenues due to the indirect circulation effects throughout the economy. As a result, the nearly $5.7 billion lent by FSA in 2015 contributed over $9.5 billion to the U.S. economy. In addition, every million dollars loaned supports approximately 13 existing jobs. Without the $5.7 billion in FSA loans in 2015, there would be about 76,000 fewer jobs.
Transition Incentives Program (TIP) is an option for beginning farmers who are interested in buying or renting land. TIP encourages retired or retiring holders of expiring Conservation Reserve Program contracts to transition the land to beginning and underserved farmers and ranchers. It does this by providing two additional rental payments to the former contract-holder, who sold or leased their land long-term to a qualifying individual. The Agricultural Act of 2014 (2014 Farm Bill) provided $33 million for this program, and in 2014 and 2015, 120,000 acres were transitioned to beginning and previously underserved farmers and ranchers.

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The needs of beginning farmers are also addressed through the Noninsured Crop Disaster Assistance Program (NAP), which provides financial assistance when Federal crop insurance is not available and low yields, loss of inventory, or prevented planting are caused by natural disasters. FSA also helps meet credit needs with Farm Storage Facility Loans and Direct and Guaranteed Farm Operating and Ownership Loans. More than 20,500 farm operating and ownership loans, valued at $2.6 billion, were provided to beginning farmers and ranchers in 2015.

FSA also packages programs together for beginning farmers and ranchers. For example, when a beginning farmer works with FSA on a loan application for a specialty crop operation, basic NAP coverage is offered as part of the package at no cost to the farmer.

Bringing Programs & Services to Customers

Many producers--particularly in the Great Plains--were facing dire financial conditions due to severe drought in 2011 and 2012, and the absence of a safety net. The 2014 Farm Bill reinstated livestock disaster programs that had been expired for over two years, and FSA's rapid deployment, in 60 days, began to assist thousands of ranchers as quickly as the end of April 2014. By the end of 2015, many livestock producers already had received financial assistance that helped support the

Highlights

Conservation: Preserving Land & Nature

Preserving Water, Soil, and Wildlife

Helping protect and restore America's farms, ranches, and grasslands while making them more resilient to threats and enhancing natural resources is a key FSA goal. To do this, FSA works with private landowners and managers to enhance and maintain the quality of soil, water, and related natural resources and wildlife.

Restoring the Land: Conservation Reserve Program

For 30 years, the Conservation Reserve Program (CRP)—one of USDA’s most successful conservation programs—has helped producers protect environmentally sensitive land. Producers contract with USDA so that the land is not farmed for 10 to 15 years, but instead used for conservation benefits. In return, FSA provides participants with annual rental payments, incentive payments, and cost-share assistance. By enrolling in CRP, producers are improving water quality, reducing soil erosion, and restoring habitat for ducks, pheasants, turkey, quail, deer and other wildlife. In doing so, CRP spurs hunting, fishing, recreation, tourism, and other economic development across rural America. In North Dakota and South Dakota alone, hunters are estimated to receive an economic benefit of $447 million annually from the hunting opportunities that CRP provides.

In addition, when land is enrolled in CRP, several activities—including tillage, nitrogen fertilization, and energy use—are substantially reduced or eliminated, thereby sequestering carbon. These carbon sequestration benefits help reduce the rate of climate change.
Special Highlights

FSA provides a financial safety net to America’s farmers and ranchers, while at the same time protecting natural resources, and enhancing food security. Highlighted below are a few examples of broad impacts and accomplishments during 2015.

Supporting the Next Generation of America’s Farmers and Ranchers

American agriculture is at a critical juncture. The average age of the American farmer is now 58 and surveys indicate that in the next five years, 10 percent of all farmland could change hands. USDA is committing significant resources to get more beginning farmers and ranchers established.

One of those beginning farmers is Dakota Williams, a member of the Cherokee tribe. Since the age of 18, she knew exactly what she wanted to do with her life — own a farm and raise cattle. Dakota said her ancestors lived off the land and she wants to honor them in her work. She began to raise cattle on her family’s Arkansas farm at age 12 with an FSA Youth Loan. After graduating from high school, Dakota expanded the business using an FSA microloan to meet demand for a specialty breed of cow. Microloans allow beginning and small farmers, along with non-traditional farm operations, to access up to $50,000 in loans using a simplified application process. For Dakota, that equates to purchasing more Angus cows to breed with Brangus bulls to create an Ultrablack breed.

Thousands of beginning farmers and ranchers, like Dakota, are assisted through a range of programs. For example, the

“Deer Creek flows through the English farm in York, Pennsylvania, and then on into the Chesapeake Bay. Until we planted a buffer by enrolling in the Conservation Reserve Enhancement Program (CREP), this creek ran brown with sediment after every rain. Within a year, the water cleared up and now we’re seeing aquatic life return.”
- Don English, son of a farm owner

change. Over the past 5 years, CRP has sequestered an average of 46 million metric tons of CO2 equivalent per year. This is equal to removing 9 million cars from the road annually and the CO2 equivalent reduction is worth $2 billion per year.

Protecting Water—Producers utilizing CRP practices reduce nitrogen and phosphorus leaving fields in runoff and percolate, improving water quality. Grass filter strips and riparian forest buffers intercept sediment and nutrients before they enter waterways. In 2015, the amount of nitrogen and phosphorus leaving fields was reduced by over 500 million pounds, and about 100 million pounds, respectively, and sediment leaving fields was reduced by about 200 million tons. On average over the past five years, CRP has protected more than 175,000 stream miles with riparian forest and grass buffers, enough to go around the world 7 times, and since 1996, has created about 2.7 million acres of restored wetlands.

Photo by Lynda Richardson

Conservation: Preserving Land & Nature
In addition, CRP helps address national water quality issues, including:

**The Chesapeake Bay**—The Chesapeake Bay and its tributaries have become impaired with nitrogen, phosphorus, and sediment. Each of the six States in the Chesapeake Bay watershed developed a plan outlining how water quality could be improved. These States highlighted establishment of riparian forest buffers and grass filter strips along rivers and streams as vital components of their plans, and communicated information to farmers on ways they can protect the environment and meet plan goals. Farmers in the Chesapeake Bay watershed have through 2015 established about 90,000 acres of CRP buffers, protecting 8,000 stream miles.

**Gulf of Mexico Hypoxia**—The large “dead zone” (hypoxic area) in the Gulf of Mexico every summer is reported to be caused by excessive nutrients (particularly nitrogen) in the Mississippi River. Farming may contribute to these excess nutrients when fertilizer and manure runoff occur. The state of Iowa partnered with FSA to establish a Conservation Reserve Enhancement Program (CREP)—a program under the CRP umbrella—to reduce nitrogen delivered through tile drainage. Under this CREP, 89 wetlands have been constructed so far to intercept nitrates, preventing over 1 million pounds of nitrate annually from entering the Mississippi River. Over all, CRP enrollment in the Mississippi River watershed reduced nitrogen and phosphorus in runoff (relative to cropped land) by 400 million pounds and 80 million pounds, respectively, in 2015.

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**Fiscal Year 2015 Payments and Loan Programs**

**Loans**
- **Direct & Guaranteed Farm Loans**: Provide farmers and ranchers access to credit when they are unable to obtain financing from a commercial source at reasonable rates and terms.
- **Farm Storage Facility Loans**: Offer low-interest financing to producers seeking to improve their storage and handling facilities.
- **Marketing Assistance Loans**: Provide producers interim financing to meet cash flow needs and enable more consistent marketing of commodities throughout the year.

**Payments**
- **Disaster Assistance Programs**: Provide financial support to crop and livestock producers affected by drought, flood, hurricanes, and other natural disasters.
- **Commodity Programs**: Assist farmers and ranchers in managing financial risks associated with commodity price and revenue fluctuations.
- **Conservation Programs**: Assist farmers and ranchers in applying conservation measures to enhance and maintain the quality of soil, water, and related natural resources and wildlife.
Commodity program payments are low in fiscal year 2015 because Price Loss Coverage and Agricultural Risk Coverage payments totaling around $6 billion for crop year 2014 were issued at the beginning of fiscal year 2016.

Protecting Soil—Producers using CRP also reduced soil erosion by an estimated 300 million tons in 2015. Erosion from water, as well as wind, is reduced when croplands are converted to permanent vegetative covers. The CRP’s Highly Erodible Lands Initiative increased by almost 100,000 acres in 2015. Since 1985, CRP has prevented more than 9 billion tons of soil from eroding, enough to fill 600 million dump trucks.

Protecting Wildlife: In addition to the soil conservation and water quality impacts, producers participating in CRP have generated tremendous wildlife benefits. For example, in America’s Corn Belt, CRP is restoring grassland habitat for breeding birds. Henslow’s Sparrow populations, which have declined more than 95% since the mid-1960s, have rebounded in some areas through CRP. In Illinois, the regional Henslow’s Sparrow population has significantly increased; spring bird counts for the species are now about 25 times greater than 30 years ago, prior to CRP. The U.S. Dept. of the Interior indicates that an increase strongly coincides with CRP lands; counties with the highest percentage of CRP acreage also have the highest Henslow’s Sparrow population gains.

The value to wildlife viewers alone is estimated to exceed $300 million annually.
Message from the Administrator

2015 marks the 20th anniversary of USDA’s Farm Service Agency, but FSA’s roots date back nearly 80 years, to the days of the Great Depression and the Dust Bowl, when the rural economy was in crisis and America’s farmers and ranchers needed assistance. At that time, Congress empowered USDA to provide a strong safety-net for farm families, helping them navigate the unpredictability of natural disasters and volatile market conditions.

Today, technological advancements in equipment, crop and veterinary sciences, soil and water conservation, and pest and nutrient management, all have resulted in agriculture becoming stronger than we’ve ever known - - certainly far stronger than the days of our grandparents and great-grandparents. But the unpredictability of weather and markets remain. That means the FSA mission is as important as it’s ever been to ensure the domestic agriculture sector continues to deliver an abundant, safe, and affordable food and fiber supply for the American people.

Selected highlights for fiscal year 2015 are illustrated within these pages. Our work at FSA has never been exclusively about providing financial assistance or extending credit - - although we perform those duties quite well, and often far beyond the call of duty. Rather, FSA also is about building local relationships across that well-worn office countertop with the men, women, and families of American agriculture, through our unique network of offices in nearly every rural county across this great nation.

It’s because of these personal relationships, across more than 2,100 local county offices, that FSA is known as the “can do” agency of the USDA. FSA employees simply get the job done, so that, from Maine to California, farmers and ranchers can build their own version of the American dream.

When people of good will come together towards a common purpose, great things can happen. This report highlights these achievements and will ensure that the path forward continues to demonstrate our commitment to rural America.

Val Dolcini
Administrator
Increased food security remains a key goal of the Farm Service Agency. To do this, FSA works with its partners to acquire, store, and distribute commodities.

**Providing Food Assistance**—Millions of hungry people in the world depend on food assistance that is procured by FSA for programs administered by the U.S. Agency for International Development (USAID), the Foreign Agricultural Service (FAS), and the Food and Nutrition Service (FNS). In 2015, FSA purchased approximately $775 million in commodities for international and domestic food aid programs.

For international programs, new and revised commodity specifications are used to purchase products with improved nutritional profiles in accordance with USAID and United Nations’ World Food Programme initiatives. This includes increased use of “Ready to Use Therapeutic” foods, which are designed to treat moderate to severe malnutrition.

When purchasing commodities, FSA strives to provide opportunities for small and disadvantaged businesses, which represent 65-percent of the vendors that do business with FSA. In 2015, FSA’s purchases helped USDA exceed the government-wide goals for contracting with Small and Disadvantaged Businesses, which contributed to the Department receiving an “A” rating from the Small Business Administration for small business purchasing.

**Expanding School Lunch Options:** The National School Lunch Program feeds over 30 million school children each day. FSA collaborated with FNS and the peanut industry to include raw shelled peanuts in the program. States can now order raw shelled peanuts that are then sent to processors to be made into various peanut-based products that are popular with school children.
Mission Possible

Of the People...

The Agricultural Department…is rapidly commending itself to the great and vital interest it was created to advance. It is precisely the people’s Department, in which they feel more directly concerned than in any other.

- Abraham Lincoln

FSAs interaction with producers is through a local network of 2,124 offices. This year brought a new way for these local FSA employees to connect farmers and ranchers with agricultural resources and expert counsel. Through the Bridges to Opportunity (Bridges) service, local FSA employees are providing additional information on a wide variety of programs and services available through FSA, other USDA agencies, local and state organizations and partners that offer technical assistance.

This new enhanced service proved helpful to beginning farmer George McCoy, who went to the Windham County, Connecticut, FSA Office wondering how he could control cabbage worms on his small farm. Through Bridges, an FSA employee was able to quickly present McCoy with contact information for vegetable crop experts and information on a Master Gardener Program. As a direct result, McCoy was able to save his entire cabbage crop and sell it at a local farmers market. Bridges began as a pilot project in twenty counties in five states. Based on the success of the pilot, Bridges will expand to select counties in up to 20 States in FY 2016.

There are many reasons why FSA people work so hard for their customers and provide information, like the Windham County employee, that just a few years ago would not have been within the purview of FSA. They believe in the farmers and ranchers they serve—and the important safety net, conservation, and credit programs provided by FSA.

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