

# Draft Farm Bill Concept Paper

## Program Crops

The basic principle used for the program crops is to create similar and equitable provisions for each of the program crops, including oilseeds. The concept **maintains maximum flexibility** for producers, while providing **counter-cyclical assistance**. Beginning with the 2002 crops, the program for each crop would operate under the following provisions and guidelines.

- 1) Acres Update. Producers may update their base acres to reflect recent plantings but are not required to do so. A producer will choose for all crops on a farm whether to use:
  - a. Current AMTA acres OR
  - b. Average acres planted to an AMTA contract crop and/or oilseed for 1998-2001.

Once updated for the 2002 program, bases will be fixed. These base acres will be used for both the fixed decoupled and counter-cyclical payments.

Payment acres for both the fixed decoupled and counter-cyclical program are 85% of the base acres.

- 2) Payment Yields. Use current AMTA payment yields. For oilseeds and farms without current AMTA payment yields, the Secretary would be directed to develop payment yields that are comparable to current AMTA yields in the area. These payment yields will be used for both the fixed decoupled and counter-cyclical payments.
- 3) Fixed Decoupled Payments. Fixed, decoupled payments will continue with certain modifications. The major modifications are that oilseeds will be added to the list of crops receiving payments and producers will be allowed to update payments acres.
  - a. Payment rates. Payment rates for current contract crops will be set at 2002 levels. The soybean payment rate will be \$0.34 cents per bushel with a comparable rate for minor oilseeds.
  - b. Payment limits. The payment limit of \$40,000 for fixed decoupled payments for all crops would be maintained.
- 4) Counter-Cyclical Payments based on Target Prices. Eligible producers of an eligible crop would receive payments when a crop's price, adjusted for the fixed payment, is below a target price.
  - a. Target Prices. Set target prices for current contract crops at their 1995 levels. A new soybean target price would be set at \$5.76 per bushel with a comparable target price for minor oilseeds.
  - b. Payment rate. The payment rate for a crop would be calculated as the positive cash difference between its target price and the sum of the following components:
    - i. The higher of:

1. the national twelve-month season average price received by producers, or
  2. the national average loan rate.
- ii. The fixed decoupled payment rate.
- c. Payment limits. A payment limit of \$75,000 for counter-cyclical payments for all crops would be established.
- 5) Marketing Loan Provisions. Comparable loan rates would be created for all crops, including oilseeds. Current loan rates would continue for all crops except that soybeans would be set at \$4.92 per bushel, minor oilseeds at \$0.087 per pound, and sorghum at \$1.89 per bushel. Other provisions would continue as currently set, including loan eligibility on 100% of current production and a payment limit of \$75,000 for loan deficiency payments and marketing loan gains for all crops. Generic commodity certificates would be retained.

<b>Proposed Loan Rates, Fixed Payment Rates and Target Prices</b>							
<b>Crop</b>	<b>\$ / Unit</b>	<b>Loan Rates</b>		<b>Fixed Rate</b>		<b>Target Prices</b>	
		<b>2001</b>	<b>Proposed</b>	<b>2002 AMTA</b>	<b>Proposed</b>	<b>1995</b>	<b>Proposed</b>
Wheat	Bu.	2.58	2.58	0.46	0.46	4.00	4.00
Corn	“	1.89	1.89	0.26	0.26	2.75	2.75
Sorghum	“	1.71	1.89	0.31	0.31	2.61	2.61
Barley	“	1.65#	1.65#	0.19	0.19	2.36	2.36
Oats	“	1.21#	1.21#	0.02	0.02	1.45	1.45
Upland Cotton	Lb.	0.5192	0.5192	.0554	.0554	.7290	.7290
Rice	Cwt.	6.50	6.50	2.04	2.04	10.71	10.71
Soybeans	Bu.	5.26	<b>4.92</b>	---	<b>0.34</b>	---	<b>5.76</b>
Minor Oilseeds	Lb.	0.093	<b>0.087</b>	---	<b>.006</b>	---	<b>.1018</b>

# Set by formula taking into account the feed value relative to corn.

**\$48.886 billion over 10 years.**

### **Other Crops**

- **Sugar.** Eliminate marketing assessment on sugar. **\$440 million over 10 years.**
- **Dairy.** Extend the milk price support program at \$9.90 per cwt. **\$773 million over 10 years.**
- **Wool and Mohair.** Nonrecourse loan program. **\$164 million over 10 years.**
- **Peanuts.** This amount is retained to allow for development of a peanut program reform before reporting of a farm bill. **\$3.4 billion over 10 years.**
- **Fruits and Vegetables.** Give the Secretary sole decision authority to combat outbreaks of plant and animal diseases with emergency funds. Retain planting restriction of fruits and vegetables on base acres. **No cost.**

## Conservation

The conservation section devotes **\$15.05 billion over 10 years** to soil, water and wildlife programs. This represents a **75% increase** over baseline spending. Program changes include:

- Reauthorize the Conservation Reserve Program (CRP) through 2011 with a 40-million-acre enrollment cap. Includes an increase in biomass pilot acreage. **\$1.4 billion over 10 years.**
- Reauthorize the Environmental Quality Incentives Program (EQIP) through 2011 at \$1.2 billion annual program level, with livestock producers receiving 50% of annual funding. In addition, a \$300 million fund is created in EQIP to address ground water conservation issues, including cost share for more efficient irrigation systems. **\$10.3 billion over 10 years.**
- Reauthorize the Wetlands Reserve Program (WRP) through 2011 and provide for more than an additional 100,000 acres to be enrolled per year. **\$1.5 billion over ten years.**
- Reauthorize the Wildlife Habitat Incentives Program (WHIP) to provide cost share for landowners to enhance wildlife habitat at a program level of \$25 million annually. **\$250 million over ten years.**
- Reauthorize the Farmland Protection Program (FPP) at a program level of \$50 million annually. **\$500 million over ten years.**
- Provide up to \$100 million per year to provide conservation technical assistance to producers using any governmental, or private contractors. **\$850 million over ten years.**
- \$150 million to fund the Small Watershed Dam Restoration. **\$150 million over ten years.**
- Combine the Forestry Incentive Program (FIP) and the Stewardship Incentive Program (SIP) and fund at \$10 million per year. **\$100 million over ten years.**

## Trade

- Reauthorize the Market Access Program (MAP) through 2011. Increase funding by \$90 million per year (from \$90 million to \$180 million). **\$900 million over ten years.**
- Reauthorize Food for Progress (FFP) through 2011. Increase transportation funds to allow additional food aid. **\$100 million over ten years.**

- Reauthorize Export Enhancement Program (EEP) through 2011.
- Reauthorize Dairy Export Incentive Program (DEIP) through 2011.
- Reauthorize Foreign Market Development Program (Cooperator Program) through 2011.

## **Research**

- Continue the Research Initiative for Future Agricultural Systems. **\$700 million over ten years.**

## **Nutrition**

- Provide \$30 million annually in additional funds for the Emergency Food Assistance Program (EFAP). **\$300 million over ten years.**
- Simplify application process for Food Stamp program; improve quality control and simplify State level program operations. **\$2 billion over ten years.**

## **Rural Development**

- Emergency Drinking Water Grants. **\$165 million over 10 years.**
- Strategic Planning Initiative. Provide for regionally planned rural development pilot programs. **\$150 million over 10 years.**
- Broadband Direct Loans to facilitate the expansion of high-speed internet access to rural communities. \$500 million lending level costing **\$100 million over ten years.**
- Increase funding for the Value Added Grants Program to provide grants for start-up farmer-owned value added processing facilities. **\$370 million over 10 years.**
- **Total Rural Development: \$785 million over 10 years.**

**Total Spending for the Draft Concept --- \$73.498 billion over ten years**