

Senate Farm Bill Conference Proposal

April 18, 2002

Title I - Commodities

Loan rates, Fixed Payments and Target Prices for Program Crops

	<u>Loan Rate</u>	<u>Fixed Payment</u>	<u>Target Price</u>
Corn (bu)	\$2.02	\$0.33- \$0.22	\$2.56
Sorghum (bu)	\$2.02	\$0.39-\$0.27	\$2.50
Barley (bu)	\$1.94	\$0.25-\$0.17	\$2.35
Oats (bu)	\$1.45	\$0.03-\$0.02	\$1.55
Wheat (bu)	\$2.91	\$0.58-\$0.39	\$3.78
Soybeans (bu)	\$5.04	\$0.60-\$0.40	\$5.90
Minor Oilseeds (lb)	\$.093	\$0.009-\$0.006	\$0.11
Cotton (lb)	\$.52	\$0.072-\$0.049	\$0.72
Rice (cwt)	\$6.50	\$2.56-\$1.74	\$10.25

- Base Acres:** Allow producers to retain their current AMTA base acres and add oilseed acres, or to update base acres based on 1998-2001 planted and prevented planted acres to all crops (including oilseeds).
- Payment Yields:** Allow producers who update base acres to update yields for counter-cyclical payments. The update is 70% of the difference between a full yield update based on 1998-2001 planted yields and current AMTA yields. Provide a "plug" of 75% of a multi-year county average yield for each year that the actual yield is less than that level.
- Advance Payments:** Provide a 75% advance counter-cyclical payment based on price information available at the end of the first six months of the marketing year. Pay the remainder after the end of the marketing year.
- Include authority for **LDPs on grazed wheat, oats, and barley**, provide for LDPs for the 2001 crop on non-AMTA farms, and waives **beneficial interest** requirements for the 2001 crop.

Dairy: Maintain a permanent \$9.90 Milk Price Support Program and establish a 3 1/2 year National Dairy Program that makes payments to all U.S. producers (using the Senate farm bill formula for the Northeast dairy program). Payments are made on up to 3.0 million lbs. of production per farm.

- Cost of Price Support -- \$773 million.
- Cost of National Dairy Program -- \$1.519 billion.

Peanuts: Recede to original House bill with an amendment to provide a loan rate at \$350/ton, fixed payment at \$36/ton and target price to be determined. Quota buyout at \$0.11.

- Cost of House bill -- \$3.483 billion.
- Cost of additions -- \$260 million.

Sugar: Eliminate the penny/lb. loan forfeiture penalty.

- Cost to eliminate penalty -- \$431 million.

Wool and Mohair: Maintain Senate provisions and rates, and add a \$4.20/lb loan for mohair.

- Cost of Senate bill -- \$189 million.
- Cost of addition -- \$16 million.

Honey: Maintain House/Senate loan rate at \$.60/lb.

- Cost -- \$101 million.

Specialty Crop Purchases: Increase carryover spending authority for Section 32 commodity purchases. Additional commodity purchases that would require not less than \$200M of Section 32 funds to be used in each of the fiscal years 2002 through 2012 to purchase fruits and vegetables, and at least \$50M to be used for fresh fruits and vegetables for schools through the DoD Fresh Program.

- Cost -- \$122 million.

Step 2 Adjustment: Recede to the original House bill.

- Cost -- \$0

Farm Savings Accounts: Recede to the original House bill.

- Cost -- \$0

Supplemental Payments to Producers: Corrects USDA error to provide certain producers payments that went undelivered for crop years 1999, 2000, and 2001.

- Cost -- \$4 million

Pulse Crops: Loan rates: dry peas-\$6.51 (cwt); lentils-\$12.28 (cwt); all chickpeas-\$7.78 (cwt)

- Cost-- \$142 million

Disaster Assistance: \$2.45 billion emergency designation

Family Farmer Bankruptcy Protection: Permanently extend Chapter 12 Bankruptcy provisions as in Senate bill.

Payment Limitations:

Accept the Senate payment limitations consistent with the House motion to instruct conferees (265-158).

Direct and Counter-cyclical payments	Combined \$75,000 for all crops including peanuts
Marketing Loan Benefits	\$150,000 includes gains from certificates and forfeitures
Non-recourse loans	Convert to recourse loan when payment limit reached
Direct Attribution	Required
Husband-Wife Payment	Together limited to additional \$50,000 if both qualify
Average Adjusted Gross Income	Payments limited to those with AGI less than \$2,500,000
Management and labor requirement for rented land and owners who operate their own land.	Producers must provide labor and management of at least the lesser of: <ul style="list-style-type: none">□ 1000 hours or□ 50 percent of their commensurate share of total labor and management Management contributions must involve direct supervision of onsite activities.
Saving scored to the Senate Bill	\$695 million

Title II – Conservation

CONSERVATION		
Program	Notes	Cost
Conservation Reserve Program (CRP)	Increase acreage cap from 36.4 million to 39.2 million acres. Retain priority areas.	\$1.6 billion
Wetlands Reserve Program (WRP)	Increase Senate level of 1.35 million additional acres. Enrolled acreage currently stands at 1.075 million acres	\$1.5 billion
Grasslands Reserve Program (GRP)	Provide authority to enroll up to 2 million acres.	\$250 million
Farmland Protection Program (FPP)	Since this program's beginning in 1996, it has spent \$53.4 million to protect 108,000 acres.	\$1 billion
Wildlife Habitat Incentives Program (WHIP)	Since '96, approximately \$62.5 million has been spent through this program to provide cost-share payments on 1.6 million acres	\$780 million
Environmental Quality Incentives Program (EQIP)	Increase baseline funding nearly five-fold. Remove priority areas.	\$7.9 billion
Water conservation programs	National water conservation program and national desert terminus lakes program.	\$555 million (\$300 million for desert terminus)
Conservation Security Program (CSP)	National stewardship incentive program.	\$3.4 billion
Small Watershed Rehabilitation Program	Funding for Watershed Rehabilitation Program at \$10 million per year.	\$50 million
Underserved States	Funding for successful initiative originally authorized by the Agriculture Risk Protection Act.	\$50 million
Organic Research		\$15 million
Total		\$17.1 billion

Title III – Trade

Program	Notes	Cost
Market Access Program (MAP)	Program spending ramped up to \$170 million by 2006.	\$517 million
International Food for Education	Continue pilot program.	\$100 million
Foreign Market Development Cooperator Program (FMD)	Program spending increased from \$27.5 to \$35 million per year.	\$70 million
Food for Progress	Increase funding caps for transportation and administrative costs and set a minimum level of commodities to be purchased for use in this food aid program. Program to be conducted by PVO's, cooperatives and other non-governmental organization.	\$308 million
Cuba Trade	House recedes.	
Total		\$995 million

Title IV – Nutrition

Provide for additional funding and simplification of the food stamp program. The food stamp quality control system is reformed and streamlined. Commodity distribution programs for needy families are expanded, with emphasis on the distribution of fruits and vegetables. Provide food stamp eligibility for legal qualified aliens who have been in the United States for 5 years. Children, the disabled, and refugees who are not U.S. citizens but are legal qualified aliens are eligible for food stamps.

- Cost – \$6.4 billion

Title VI – Rural Development

Program	Notes	Cost
Rural Local Television Broadcast Signal Loan Guarantees	Provides funds to place two satellites into service so that rural residents in unserved or underserved areas may receive their nearby television stations.	\$80 million
Broadband in Rural Areas	Provides funds to upgrade telephone services in rural areas so that rural consumers may receive high-speed, high-quality telecommunications services.	\$100 million
Value-Added Agricultural Market Development Grants	Expands the value-added processing program authorized by ARPA to additional producer groups and new and emerging technologies.	\$240 million
Community Water Assistance Grant Program	Sets aside appropriated funds for communities facing emergency drinking water shortages.	
Rural Strategic Investment Program	Creates regional investment boards and provides funding for regional investment plans.	\$100 million
Rural Business Investment Program	Rural business investment companies will leverage private equity to invest in rural businesses.	\$100 million
Funding for Rural Development Backlogs	Funds water and waste water program backlogs.	\$360 million
Rural Firefighters and Emergency Personnel Grant Program	Provides funding to train firefighters and emergency personnel.	\$50 million
Total		\$1.030 billion

Title VII - Research

Provide for the Research Initiative for Agriculture and Food Systems.

- Cost -- \$1.080 billion.

Title VIII - Forestry

Mandatory money committed to new cost-share program to assist private non-industrial forest landowners in adopting sustainable forest management practices.

- Cost -- \$175 million.

Title IX - Energy

In addition to adopting provisions from both the House Bill and Senate Energy Title to promote energy efficiency, renewable energy and the use of renewable fuels, the proposal provides mandatory funding for the Bioenergy Program, which will enable the Secretary to continue making payments to bioenergy producers who purchase agricultural commodities for the purpose of expanding production of biodiesel and fuel grade ethanol.

- Cost -- \$504 million (\$204 million bioenergy)

Title X - Miscellaneous

Packer Ownership: Extend divestment period to four years for all livestock.

Country of Origin Labeling: For all commodities addressed in the Senate bill require the Secretary to promulgate rules for voluntary labeling by September 30, 2002. The program would become mandatory on September 30, 2004. Secretary may decide not to implement mandatory labeling based on determination of benefit to consumers and/or producers. For a product to be labeled USA Product, it must be born, raised and processed in the United States.

Production Contracts: Include production contracts for swine under the jurisdiction of the Packers and Stockyards Act.

Right to Discuss: Clarify that people can discuss contracts with state & federal agencies and other individuals having a fiduciary or familial relationship.