



Information Sheet 1
May 2002

2002 FARM BILL General Commodity and Conservation Provisions

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Commodity Provisions Under the 2002 Farm Bill

(1) Loan Rates, Direct Payments and Target Prices for Covered Commodities

	<u>Loan Rate</u>		<u>Direct Payment</u>	<u>Target Price (Max. CC Pmt)</u>	
	<u>2002-2003</u>	<u>2004-2007</u>	<u>2002-2007</u>	<u>2002-2003</u>	<u>2004-2007</u>
Corn (bu)	\$1.98	\$1.95	\$0.28	\$2.60 (0.34)	\$2.63 (0.40)
Sorghum (bu)	\$1.98	\$1.95	\$0.35	\$2.54 (0.21)	\$2.57 (0.27)
Barley (bu)	\$1.88	\$1.85	\$0.24	\$2.21 (0.09)	\$2.24 (0.15)
Oats (bu)	\$1.35	\$1.33	\$0.024	\$1.40 (0.03)	\$1.44 (0.09)
Wheat (bu)	\$2.80	\$2.75	\$0.52	\$3.86 (0.54)	\$3.92 (0.65)
Soybeans (bu)	\$5.00	\$5.00	\$0.44	\$5.80 (0.36)	\$5.80 (0.36)
Cotton (lb)	\$0.5200	\$0.5200	\$0.0667	\$0.724 (0.14)	\$0.724 (0.14)
Rice (cwt)	\$6.50	\$6.50	\$2.35	\$10.50 (1.65)	\$10.50 (1.65)

(2) Base Acres

Allows producers to retain their current AMTA (contract) base acres and add oilseed acres, or to update base acres using the 1998-2001 acres planted and prevented planted to all covered commodities.

(3) Payment Yields

Allows producers who update base acreage to the average of the 1998-2001 plantings to also elect to update program yields for counter-cyclical payments. The update is the higher of 70% of the difference between current AMTA yields and a full yield update based on 1998-2001 yields on planted acreage OR 93.5% of 1998-2001 yields on planted acreage. Provides a "plug" of 75% of the county average yield for years in which the actual farm yield is less than the county average yield.

(4) Timing of Payments

A producer could elect to receive up to 50% of the direct (fixed) payment beginning December 1 of the year prior to the year the crop is harvested, and the balance of the direct payments in October of the year the crop is harvested. For counter-cyclical payments, a producer can receive up to 35% of the projected payment in October of the year the crop is harvested, an additional 35% beginning in February of the following year, and the balance after the end of the 12-month marketing year for the specific crop.

(5) Marketing Assistance Loans and Loan Deficiency Payments

Nonrecourse marketing assistance loans and loan deficiency payments will be made available to producers of covered commodities (wheat, corn, sorghum, barley, oats, cotton, rice and soybeans).

(6) Payment Limitations

Per person limitations on program payments include a \$40,000 limitation on direct (fixed) payments, a \$65,000 limitation on counter-cyclical payment, and a \$75,000 limitation on marketing loan gain and loan deficiency payments. Total dollar limitation equals \$360,000 per person. Bill retains current rules on spouses, 3-entities, and actively engaged requirement. Adopts a \$2.5 million adjusted gross income cap on eligibility for participation in farm programs and retains the use of generic certificates in the loan program.

Major Conservation Programs Under the 2002 Farm Bill

(1) Conservation Reserve Program (CRP)

Increases acreage cap from 36.4 million to 39.2 million acres. Retains priority areas. Expands wetlands pilot to 1 million acres with all states eligible. (\$1.517 billion)

(2) Wetlands Reserve Program (WRP)

Increases acreage cap to 2.275 million acres. Approximately 250,000 acres will be enrolled in each calendar year from 2002-2007. (\$1.5 billion)

(3) Environmental Quality Incentives Program (EQIP)

Phased up to achieve a \$1.3 billion annual funding level. Priority areas are eliminated. Funds are split 60/40 between livestock and crop producers. (\$9 billion)

(4) Farmland Protection Program (FPP)

Program to protect farmland by purchasing conservation easements or other interests in eligible land to protect topsoil by limiting nonagricultural uses of the land. Since 1996, the program has provided \$53.4 million to protect 108,000 acres. The new funding is a nearly 20-fold increase over the amount committed to this program since the last farm bill. (\$985 million)

(5) Wildlife Habitat Incentives Program (WHIP)

Since 1996, approximately \$62.5 million has been spent through this program to provide cost-share payments on 1.6 million acres. The new funding is greater than a 10-fold increase over the amount committed to this program since the last farm bill. (\$700 million)

(6) Water Conservation Program (WCP)

Water Conservation Program provides cost-share incentives and assistance for efforts to conserve ground and surface water. (\$600 million)

(7) Small Watershed Rehabilitation Program

Provides essential funding for the rehabilitation of aging small watershed impoundments that have been constructed over the past 50 years (\$275 million)

(8) Grasslands Reserve Program (GRP)

A new program to enroll up to 2 million acres of virgin and improved pastureland. Program would be divided 40/60 between agreements of 10,15, or 20-years and agreements and easements for 30-years and permanent easements. (\$254 million)