

Farm Bill Summary

National Association of Wheat Growers

415 Second St. NE, Suite 300

Washington, DC 20002

(202)547-7800 - fax (202)546-2638

www.wheatworld.org



Path to the Farm Bill

Jan 2000 - NAWG begins drafting Farm Bill proposal

Spring 2000 - House Ag Committee holds field hearings

Late 2000 - NAWG begins to build coalition of like-minded groups

Mar 15, 2001 - NAWG presents testimony to House Ag Committee

July 27, 2001 - House Ag Committee passes HR2646

September 11, 2001

Oct 5, 2001 - HR 2646 passes House

May 2, 2002 - Conference Report passes House

← NAWG officers and state visits to Congress →

July 17, 2001 - NAWG presents testimony to Senate Ag Committee

Nov 2, 2001 - Senate introduces Farm Bill (S1628)

Nov 15, 2001 - Senate Ag Committee reports out substitute bill (S1731)

Dec 11, 2001 - Daschle substitute replaces substitute language of S1731

Dec 19, 2001 - Senate recesses without passing a bill

Feb 13, 2002 - Senate passes S 1731

Conference Committee meets

May 8, 2002 - Conference Report passes Senate

May 13, 2002 - President Bush signs Farm Bill



Presidential quotes

“This bill is generous, and will provide a safety net for farmers. And it will do so without encouraging overproduction and depressing prices. It will allow farmers and ranchers to plan and operate based on market realities, not government dictates.”

“It reduces government interference in the market, and in farmers' and ranchers' planting decisions. The farm bill supports our commitment to open trade, and complies with our obligations to the World Trade Organization.”



President George W. Bush, Farm Bill signing ceremony, May 13, 2002. NAWG photo.



NAWG

House bill

Senate bill

Final

Support level / target price

\$4.25

\$4.04

\$3.45

\$3.86 (02-03)
\$3.92 (04-07)

Fixed payment

\$0.64

\$0.53

\$0.45 (02-03)
\$0.225 (04-05)
\$0.11 (06)

\$0.52

Base payment %

85%

85%

100%

85%

Loan rate

\$2.85-3.05

\$2.58

\$3.00

\$2.80 (02-03)
\$2.75 (04-07)

Conservation

Fully fund existing programs; new programs from new money only

Fully fund existing programs

Create CSP, increase funding to existing programs

CSP entitlement created; EQIP phase-up to \$1.3B/yr.



	NAWG	House bill	Senate bill	Final
Length	10 years	10 years	5 years	6 years
Bases & Yields	Retain bases and yields	Optional base update; Retain yields	Option to update both bases and yields	Option to update base; Two yield update options (70% of difference (actual-program) or 93.5% of actual)
Payment limits	Eliminate*	Fixed+CC: \$115,000 LDP/ML: \$75,000	Fixed+CC: \$100,000 LDP: \$75,000 \$2.5M AGR cap	Fixed \$40,000 CC: \$65,000 LDP: \$75,000 \$2.5M AGR cap
CRP acreage	36.4 million (no change)	39.2 million acres	41.1 million acres	39.2 million acres
Trade funding	Increase	Increase	Increase	FMD: \$34.5M MAP: \$200M

*NAWG policy to eliminate payment limitations was subsequently revised to support payment limitations no more restrictive than those in the House bill.



Base and Yield options

Base option	Yield option 1	Yield option 2
Update base to 1998-2001 actual acres	Add 70% of the difference between program and actual 1998-2001 yields to your program yield	Use 93.5% of your actual yield in 1998-2001
Retain present base acres	Retain current program yield	



Calculating a CCP

	2002-03	2004-07
Target Price	\$3.86	\$3.92
- Direct Payment	(0.52)	(0.52)
- Higher of 12-month season average price or the loan rate	(2.80) loan rate	(2.75) loan rate
= Counter-cyclical payment*	\$0.54	\$0.65

**This represents the maximum CCP; if the 12-month average price is higher than the loan rate, the CCP will reduce as the market price increases.*



Payment Timing Options

- **December** (year before harvest)
 - may receive 50% of direct payment (26¢) for next year's crop
- **October** (after harvest)
 - may receive remaining share of direct payment, plus up to 35% of the estimated countercyclical payment
- **February** (after harvest)
 - may receive an additional 35% of the estimated countercyclical payment
- **June** (after harvest)
 - may receive the remaining 30% of the countercyclical payment



Conservation Security

- Three tiers of conservation payments
 - Tier I: 5-year contract, address at least 1 resource of concern, and cover active management. Limit \$20,000/year.
 - Tier II: 5-10 year contract, address at least 1 resource of concern and meet a nondegradation standard set by USDA. Limit \$35,000/year.
 - Tier III: 5-10 year contract, apply a resource management system that meets a “nondegradation standard for all resources of concern for the entire agricultural operation”. Limit \$45,000/year.
- Payments comprised of:
 - Base payment (based on national average land rental rates)
 - Portion based on 2001 costs of practices in the county
 - Bonus payment for implementing multiple practices; addressing local conservation needs; doing on-farm research, demonstrations or pilots; or carrying out assessments/evaluations of your plan.

