

# 2008 Farm Bill Commodity Title:

## Investing in a Strong Safety Net that Ensures a Stable Food Supply

- **Extends the strong safety net for farmers**

- Maintains programs authorized in the 2002 Farm Bill with minor changes
- Preserves the non-recourse marketing loan program, a fundamental piece of the farm safety net
- Continues the price-based counter-cyclical program, which provides assistance when prices decline

- **Offers producers the option of enrolling in a new revenue-based counter-cyclical program**

- Creates the new Average Crop Revenue Election (ACRE) program beginning in crop year 2009
- ACRE is a state-based revenue guarantee for participants based on the 5-year state average yield and the 2-year national average price
- ACRE provides producers with payments for a commodity when the actual state revenue for the commodity is less than the revenue guarantee

- **Reforms program eligibility criteria and strengthens payment limitations**

- Imposes a cap on average adjusted gross income (AGI) for eligibility to receive farm program payments
  - Puts a hard cap on non-farm income at \$500,000
  - Applies a cap on farm income at \$750,000, after which a producer will no longer be eligible for direct payments
- Establishes the total payment cap for direct and counter-cyclical payments for a single farmer to \$40,000 and \$65,000 respectively
- Creates a total payment cap for ACRE participants of \$32,000 for direct payments and \$73,000 for counter-cyclical payments

- **Increases government efficiency and reduces waste**

- Suspends payments for farms with an aggregate base of 10 acres or fewer (except for socially disadvantaged and limited resource producers)
- This provision eliminates payments in situations where the amount paid is less than the cost of printing the check

- **Rebalances farm programs to improve equity among commodities and reflect changes in the marketplace**

- Increases target prices for wheat, sorghum, barley, oats, and soybeans which increases producers' opportunity to receive counter-cyclical payments when prices are low, but makes no payments when prices are high
- Rebalances loan rates on wheat, barley, oats, oilseeds, graded wool and honey, enhancing the basic safety net for these commodities

### Farm Bill Commodity Program Facts:

- 25 different commodities, representing one-third of gross farm sales, qualify for Farm Bill program support.

- Commodities that qualify for Farm Bill support under the Commodity Title include corn, wheat, soybeans, other oilseeds (including sunflower seed, rapeseed, canola, sesame seed and others), rice, cotton, sugar, peanuts, grain sorghum, barley, oats, wool, mohair, honey, dry peas, lentils, small chickpeas, dairy products.

- Spending on Commodity Title programs accounts for only about 13% of the Farm Bill's budget.

- **Modifies and extends the current sugar program, preserving American jobs**
  - Raises the loan rate for sugar a quarter cent a year for three years (to 18.75 cents for cane sugar and 24 cents for beet sugar) and changes overall allotment quota to be a minimum of 85% of domestic consumption
  - Continues to support U.S. sugar producers with the successful marketing allotment program, while ensuring that domestic sugar cane and beet producers provide most of the sugar demanded by U.S. consumers
- **Strengthens the American dairy industry**
  - Extends the Milk Income Loss Contract Program until 2012
  - Supports the price of cheddar cheese, butter, and nonfat dry milk by government purchase of such products
  - Reestablishes the Dairy Forward Pricing Program, which allows dairy farmers to voluntarily enter into forward contracts with milk handlers. Other commodity producers also use forward contracts to manage risk
    - A forward contract is an agreement to sell a stated quantity of milk, for a stated period, at a stated price. This voluntary risk management tool will allow producers and handlers to “lock in” prices, reducing risk associated with changes in price and income and enhancing the ability to obtain financing
  - Amends the Federal Milk Marketing Order System to increase efficiency and be more responsive to the market
  - Extends the Dairy Export Incentive Program (DEIP), which helps U.S. dairy product exporters market their products overseas in countries where U.S. products must compete with subsidized products provided by other governments

### **Direct Payment Rates**

Commodity	\$/Unit	2008-2012
Wheat	Bu.	\$0.52
Corn	Bu.	\$0.28
Sorghum	Bu.	\$0.35
Barley	Bu.	\$0.24
Oats	Bu.	\$0.024
Up. Cotton	Lb.	\$0.0667
Long Grain Rice	Cwt.	\$2.35
Medium Grain Rice	Cwt.	\$2.35
Soybeans	Bu.	\$0.44
Peanuts	Ton	\$36
Minor Oilseeds	Cwt.	\$0.80

**Nonrecouse Marketing Loan rates**

Commodity	\$ per unit	2007	2008	2009	2010-2012
Wheat	Bu.	\$2.75	\$2.75	\$2.75	\$2.94
Corn	Bu.	\$1.95	\$1.95	\$1.95	\$1.95
Sorghum	Bu.	\$1.95	\$1.95	\$1.95	\$1.95
Barley	Bu.	\$1.85	\$1.85	\$1.85	\$1.95
Oats	Bu.	\$1.33	\$1.33	\$1.33	\$1.39
Upland Cotton	Lb.	\$0.52	\$0.52	\$0.52	\$0.52
ELS Cotton	Lb.	\$0.7977	\$0.7977	\$0.7977	\$0.7977
Long Grain Rice	Cwt.	\$6.50	\$6.50	\$6.50	\$6.50
Medium Grain Rice	Cwt.	\$6.50	\$6.50	\$6.50	\$6.50
Soybeans	Bu.	\$5.00	\$5.00	\$5.00	\$5.00
Other Oilseeds	Cwt.	\$9.30	\$9.30	\$9.30	\$10.09
Peanuts	Ton	\$355	\$355	\$355	\$355
Dry Peas	Cwt.	\$6.22	\$6.22	\$5.40	\$5.40
Lentils	Cwt.	\$11.72	\$11.72	\$11.28	\$11.28
Small Chickpeas	Cwt.	\$7.43	\$7.43	\$7.43	\$7.43
Large Chickpeas	Cwt.	n/a	n/a	\$11.28	\$11.28
Graded Wool	Lb.	\$1.00	\$1.00	\$1.00	\$1.15
Non-graded Wool	Lb.	\$0.40	\$0.40	\$0.40	\$0.40
Mohair	Lb.	\$4.20	\$4.20	\$4.20	\$4.20
Honey	Lb.	\$0.60	\$0.60	\$0.60	\$0.69

**Target Prices for counter-cyclical payments**

Commodity	\$ per unit	2007	2008	2009	2010-2012
Wheat	Bu.	\$3.92	\$3.92	\$3.92	\$4.17
Corn	Bu.	\$2.63	\$2.63	\$2.63	\$2.63
Sorghum	Bu.	\$2.57	\$2.57	\$2.57	\$2.63
Barley	Bu.	\$2.24	\$2.24	\$2.24	\$2.63
Oats	Bu.	\$1.44	\$1.44	\$1.44	\$1.79
Upland Cotton	Lb.	\$0.724 0	\$0.712 5	\$0.712 5	\$0.7125
Long Grain Rice	Cwt.	\$10.50	\$10.50	\$10.50	\$10.50
Medium Grain Rice	Cwt.	\$10.50	\$10.50	\$10.50	\$10.50
Soybeans	Bu.	\$5.80	\$5.80	\$5.80	\$6.00
Other Oilseeds	Cwt.	\$10.10	\$10.10	\$10.10	\$12.68
Peanuts	Ton	\$495	\$495	\$495	\$495
Dry Peas	Cwt.	n/a	n/a	\$8.32	\$8.32
Lentils	Cwt.	n/a	n/a	\$12.81	\$12.81
Small Chickpeas	Cwt.	n/a	n/a	\$10.36	\$10.36
Large Chickpeas	Cwt.	n/a	n/a	\$12.81	\$12.81