



United States Department of Agriculture

America's Farm Bill



2008

The Food, Conservation, and Energy Act of 2008

Enacted into law on June 18, 2008

Effective date: May 22, 2008



America's Farm Bill



2008

Item	2002 Farm Act	2008 Farm Act	Percent Change
Pages in total conference report	687	1,100	Up 60%
Pages of bill language	414	672	Up 62%
Titles	10	15	Up 50%
Sections/ Provisions	419	616	Up 47%



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2008

- 167 regulations across the Department...
- And 30 regulations for the Farm Service Agency...
- ...of which 24 come from Farm Programs



Farm Program Regulations

Regulatory Title	Regulatory Title
DCP, ACRE, and Cash-Share Lease Provisions	Farm Storage Facility Loans
Marketing Assistance Loans and Loan Deficiency Payments (including Honey & CMA Loans)	Dairy Indemnity Payment Program (DIPP)
Milk Income Loss Contract (MILC) Program	Commodity Assessments (Loans, Purchases, and other operations)
Cotton Marketing Assistance Loans and Loan Deficiency Payments	Prevention of Deceased Individuals Receiving Payments under Farm Commodity Programs



Farm Program Regulations

Regulatory Title	Regulatory Title
Payment Eligibility and Payment Limitation	Conservation Compliance
Hard White Wheat Development, Durum Wheat Quality, Oilseed Quality Incentive	Grassroots Source Water Protection Program
Assistance to Geographically Disadvantaged Producers	Voluntary Public Access
Conservation Reserve Program	



Farm Program Regulations

Regulatory Title	Regulatory Title
Emergency Forest Restoration	Livestock Forage Disaster Program
Biomass Crop Assistance Program	Livestock Indemnity Program
Asparagus Market Loss Program	Tree Assistance Program
Emergency Assistance – Livestock, Honey Bees, & Farm-raised fish	Supplemental Revenue Assistance Payments Program (SURE)
Noninsured Disaster Assistance Program (NAP)	



Farm Bill Implementation

- Time pressure caused by late passage of the Farm Bill
- Massive workload
- Weekly Implementation Meeting, Weekly Call to update SED's
- Financial, IT, and staff constraints
- Development of new programs, procedures, data, program application software, and staff training
- Multi-dimensional decision and clearance process
- Interim Rule and Comment Period in Some Cases
- Nothing is Final Until Publication of Final Rule



Covered Commodities

- Barley
- Corn
- Grain Sorghum
- Oats
- Other Oilseeds (Canola, Crambe, Flaxseed, Mustard Seed, Rapeseed, Safflower, Sesame Seed, or Sunflower Seed)
- Peanuts (Separate Section, but treated the same)



Covered Commodities

- Pulse Crops (Dry Peas, Flax, Lentils, Large and Small Chickpeas)
- Long Grain Rice
- Medium Grain Rice (Includes Short Grain)
- Soybeans
- Upland Cotton
- Wheat



Payment Yields

- A Farm's Payment Yield(s) remain the same (no updating)
- Establish Payment Yields for Counter-Cyclical Payments:
 - Designated oilseed or eligible pulse crop (Large Chickpea, Small Chickpea, Dry Peas, Lentils)



Crop Base Acres

- A farm's base acres remain the same (no updating)
- Rice bases will be split between Long and Medium/Short Grain
- Establish base acres for 2009 Pulse Crops – Large Chickpeas (Kabuli), Small Chickpeas (Desi), Dry Peas, and Lentils
- Adjustment in base acres allowed for CRP contract expiration or voluntary termination, or early release



Crop Base Acreage

- Land Subdivided and Developed for Multiple Residential Units
 - Proportionately reduce base acres on a farm
 - Land is unlikely to return to previous agricultural use
 - Producers unable to prove land remains devoted to commercial agricultural production, or is likely to be returned to previous agricultural use



Treatment of Farms with Limited Base Acres

- Sum of the base acres of the farm is 10 acres or less (10 acre provision)
 - No Direct Payments
 - No Counter-Cyclical Payments
 - No Average Crop Revenue Election Payments
- Exception – Farm is wholly owned by a socially disadvantaged farmer or rancher; farm is wholly owned by a limited resource farmer or rancher



Treatment of Farms with Limited Base Acres - Continued

- H.R. 6849 (Pub. L. 110-398)
 - Suspends the 10.0 acre provision for the 2008 crop year
 - Extends the 2008 DCP signup for farms with 10.0 base acres or less until November 26, 2008
 - Waive late filed crop acreage report requirements and fees for 2008 DCP farms with 10.0 base acres or less



Cash Lease/Share Lease – Flexible Leases

- For 2008, a lease that provides for the greater of a guaranteed amount or share of the crop or crop proceeds, shall be considered a share lease if the lease provides for a guaranteed amount and a share of the crop.
- For 2009 through 2012, a lease that provides for the greater of the guaranteed amount or share of the crop or crop proceeds, shall be considered a cash lease if the lease provides for a guaranteed amount and a share of the crop.



Producer Agreement Required as Condition of Provision of Payments

- Comply with applicable conservation requirements under the Food Security Act of 1985, Title XII, subtitle B (16 U.S.C. 3811 et seq.)
- Comply with applicable wetland protection requirements under the Food Security Act of 1985, Title XII, subtitle C (16 U.S.C. 3821 et seq.)
- Comply with the planting flexibility requirements



Producer Agreement Required as Condition of Provision of Payments - Continued

- Use the land (quantity equal to the attributable base acres) for an agricultural or conserving use, and not for a nonagricultural commercial, industrial, or residential use
- Effectively control noxious weeds or maintain land according to sound agricultural practices if the land is not cultivated
- Submit annual acreage report with respect to all cropland on the farm
- Submit annual production reports for a farm participating in ACRE



Planting Transferability Pilot Project

- Pilot project permits the planting of cucumbers, green peas, lima beans, pumpkins, snap beans, sweet corn, and tomatoes grown for processing on base acres during each of the 2009-2012 crop years
- Producer must have entered into a contract to produce crop for processing
- Producer agrees to have program of crop rotation to achieve agronomic and pest/disease management
- Provide evidence of disposition of the crop

State	Base Acres Eligible
Illinois	9,000
Indiana	9,000
Iowa	1,000
Michigan	9,000
Minnesota	34,000
Ohio	4,000
Wisconsin	9,000



Average Adjusted Gross Income (AGI) Limitations for 2009 through 2012

Commodity Programs, Disaster Assistance – AGI

– DCP, ACRE, Marketing Loan Gain, LDP, Supplemental Agricultural Disaster Assistance, MILC, NAP

- Average AGI – 3 taxable years preceding the most complete taxable year
- Nonfarm AGI greater than \$500,000, the individual or entity ineligible
- Farm AGI greater than \$750,000, the individual or entity ineligible for DCP direct payments



Average Adjusted Gross Income (AGI) Limitations for 2009 through 2012

Conservation Programs – AGI

- Average AGI – 3 taxable years preceding the most complete taxable year
- Total Nonfarm AGI greater than \$1 million, the individual or entity ineligible unless 66.66% is derived from farming, ranching, and forestry operations
- Secretary may waive ineligibility on a case-by-case basis if determined that environmentally sensitive land of special significance would be protected



Payment Eligibility/Limitation Requirements

Payment Eligibility/Limitation Requirements	2008	2009 through 2012
Actively engaged in farming	X	X
AGI	X	X
Cash rent tenant rule	X	X
Denying program benefits for scheme or device	X	X
Family member rule	X	X
Husband/wife rules	X	X
Minor child rule	X	X
Payment limitation control by direct attribution for Commodity, Conservation Programs, NAP	NA	X
Permitted entity rules	X	NA
"Person" for payment limitation control	X	NA
Preventing payments to deceased individuals	NA	X
Review of estates open more than 2 years	X	X
Substantive change rule	X	X



Payment Eligibility/Limitation Requirements

- For 2008 Commodity, Conservation Programs, and Supplemental Agricultural Disaster Assistance Programs - all current rules, regulations, and procedures are applicable
- For 2009
 - “Person” rules do not apply
 - Permitted entity rules do not apply
 - Payments limited by direct attribution (Crediting individuals and entities with both the amount of payments they receive directly or indirectly by holding an interest in an entity receiving payment)



Basic Provisions

Payment Limitation Amounts - 2008 through 2012

Program	Payment Limitation Per Crop Year
DCP (any covered commodity except peanuts)	Direct - \$40,000 Counter-Cyclical - \$65,000
DCP - Peanuts	Direct - \$40,000 Counter-Cyclical - \$65,000
ACRE	ACRE Payment – Sum of \$65,000 and the amount by which the Direct Payment limitation is reduced for the 20 percent reduction. Example – Producer participates in ACRE on all farms – ACRE Payment Limit is \$73,000 Direct Payment Limit is \$32,000



Basic Provisions

Payment Limitation Amounts - 2008 through 2012

Program	Payment Limitation
Supplemental Agricultural Disaster Assistance Programs (SURE, LFP, LIP, and ELAP)	Total amount of disaster assistance payments received directly or indirectly may not exceed \$100,000 for any crop year
CRP	\$50,000 per fiscal year
NAP	\$100,000 per crop year



Payment Acres

Year	Percentage of Base Acres Used to Calculate <u>Direct</u> Payments	Percentage of Base Acres Used to Calculate <u>Counter-Cyclical</u> Payments
2008	85%	85%
2009	83.3%	85%
2010	83.3%	85%
2011	83.3%	85%
2012	85%	85%



Direct Payment Rates

Crop	2008 through 2012 Payment Rate
Barley	\$0.24/bu
Corn	\$0.28/bu
Grain Sorghum	\$0.35/bu
Oats	\$0.024/bu
Other Oilseeds	\$0.80/cwt
Peanuts	\$36/ton
Rice, Long Grain	\$2.35/cwt
Rice, Medium Grain	\$2.35/cwt
Soybeans	\$0.44/bu
Upland Cotton	\$0.0667/lb
Wheat	\$0.52/bu



Direct Payments

- Advance Payments available for 2008 through 2011 crop years
- Advance payment percentage is 22 %
- 2008 DCP signup began on June 25, 2008, and ended September 30, 2008, for farms with greater than 10.0 base acres
 - Approved DCP Contracts for 1,747,730 farms as of October 20, 2008
 - 2008 DCP signup ends November 26, 2008, for farms with less than 10.0 base acres



Direct Payments - Continued

- \$750 million in advance 2008 DCP payments
- During the week of October 5, 2008, the balance of \$4.3 billion in 2008 DCP payments were issued
- For 2009, we anticipate beginning the issuance of over \$1.1 billion in advance DCP payments in December 2008. However, the bulk of that funding will go out in calendar year 2009 as most producers do not sign up until after the first of the year



Counter-Cyclical Payments – Target Price
(Red indicates increase from 2002 Farm Bill)

Crop	2008 Crop Year Target Price	2009 Crop Year Target Price	2010 through 2012 Crop Years Target Price
Wheat	\$3.92/bu	\$3.92/bu	\$4.17/bu
Corn	\$2.63/bu	\$2.63/bu	\$2.63/bu
Grain Sorghum	\$2.57/bu	\$2.57/bu	\$2.63/bu
Barley	\$2.24/bu	\$2.24/bu	\$2.63/bu
Oats	\$1.44/bu	\$1.44/bu	\$1.79/bu
Upland Cotton	\$0.7125/lb	\$0.7125/lb	\$0.7125/lb
Long Grain Rice	\$10.50/cwt	\$10.50/cwt	\$10.50/cwt
Medium Grain Rice	\$10.50/cwt	\$10.50/cwt	\$10.50/cwt
Soybeans	\$5.80/bu	\$5.80/bu	\$6.00/bu
Peanuts	\$495/ton	\$495/ton	\$495/ton



Counter-Cyclical Payments – Target Price (Red indicates increase from 2002 Farm Bill)

Crop	2008 Crop Year Target Price	2009 Crop Year Target Price	2010 through 2012 Crop Years Target Price
Other Oilseeds	\$10.10/cwt	\$10.10/cwt	\$12.68/cwt
Dry Peas	NA	\$8.32/cwt	\$8.32/cwt
Lentils	NA	\$12.81/cwt	\$12.81/cwt
Small Chickpeas	NA	\$10.36/cwt	\$10.36/cwt
Large Chickpeas	NA	\$12.81/cwt	\$12.81



Counter-Cyclical Payments

- Available for 2008 through 2012 crop years
- Issued if effective price is less than the target price of the covered commodity
- Made after October 1, or as soon as practical after end of marketing year for the covered commodity
- Partial advance payment for 2008 through 2010 crop years may not exceed 40% (Partial advance authorized if an estimated counter-cyclical payment will be required for the covered commodity)
- No partial advance payments authorized for the 2011-2012 crop years



Average Crop Revenue Election Program (ACRE)

- 2009 through 2012 crop years
- All producers on the farm must agree to participate in ACRE
- The election to participate in ACRE is irrevocable except for the year of the election
 - **ACRE election may be revoked in the year of election by June 1**
 - **Enrollment into ACRE will begin in Spring 2009**
 - **Enrollment into ACRE will be very similar to DCP enrollment by producers initiating a ACRE Contract for the farm**
- 20 percent **reduction** in direct payments
- 30 percent **reduction** in marketing assistance loan rates



Average Crop Revenue Election Program (ACRE)

- **ACRE provides “counter-cyclical” protection on crops a producer plants, not on the farm’s historical plantings**
- **A farm must have base acres**
- **A farm may participate in ACRE in 2009-12, 2010-12, 2011-12, or 2012**
- **A producer may participate in ACRE on one farm and participate in DCP on another farm**
- **Data Collection Requirements:**
 - **Five years of production data (If not available, then considering County Committees assigning production based on 3 similar farms for the applicable crop year, or utilizing the county average yield)**
 - **Annually submission of production records**



Average Crop Revenue Election Program (ACRE)

- Proving production levels under ACRE
 - Acceptable/verifiable production evidence for commodities sold, stored, or disposed of commercially off the farm
 - **Warehouse receipts**
 - **Warehouse ledgers**
 - **Load Summaries**
 - **Settlement Sheets**
 - **Gin Records**
 - **RMA Records**
 - **Marketing Assistance Loan/LDP**



Average Crop Revenue Election Program (ACRE)

- ACRE participants **may** receive two types of payments
 - Direct payments (80% of the direct payment paid under DCP)
 - ACRE payments (similar to counter-cyclical payments in DCP)
 - Paid after October 1 after the end of the marketing year.
 - No option for advance ACRE payments



Average Crop Revenue Election Program (ACRE)

- **ACRE's impact on Direct Payment Limitation**

- Example: Producer A (100% share) has enrolled a farm in ACRE, and the Direct Payments compute to \$10,000 on the farm. Farms participating in ACRE have a 20% reduction in Direct Payments.

- **20% reduction calculates to \$2,000**
- **Producer's Direct Payment Limitation is now \$38,000, instead of \$40,000**
- **The Counter-Cyclical/ACRE Limitation is now \$67,000, instead of \$65,000**

Average Crop Revenue Election (ACRE) Program Beginning in 2009

TWO TRIGGERS MUST BE MET BEFORE PAYMENTS CAN BE ISSUED

1. STATE TRIGGER



AND

2. FARM TRIGGER



CALCULATION OF A FARM'S PAYMENT

FARM PAYMENT = 83.3% of a farm's planted/considered planted acres for 2009-11; 85% in 2012 ^{1/} times (farm's expected yield divided by State benchmark yield) times



- In exchange for participating in ACRE, a producer's direct payment is reduced by 20% and loan rate is reduced by 30 percent.
- Separate payments are established for irrigated and nonirrig. yields in States that have more than 25% irrigated and more than 25% nonirrig.
- If all producers on farm to do not elect to participate in ACRE, then farm can not participate.
- ACRE payments are issued October 1 after the crop is harvested (no advance payments).

^{1/} The total number of planted acres for which a producer may receive ACRE payments may not exceed the total base acres for the farm. If the total number of planted acres exceeds the total base acres on the farm the producers may elect which planted acres to enroll in ACRE



Average Crop Revenue Election Program (ACRE)

- A farm must pass two triggers before an ACRE payment is paid
 - **Trigger 1**

The state ACRE Guarantee must exceed the actual state revenue
 - **Trigger 2**

The Farm ACRE Benchmark Revenue must exceed the actual farm revenue



Average Crop Revenue Election Program (ACRE)

- **Benchmark State Yield** – the average yield per planted acre for the covered commodity or peanuts in the state for the most recent 5 crop year yields, excluding each of the crop years with the highest and lowest yields, using NASS data.
- **ACRE Program Guarantee Price** - the simple average of the national average market price received by producers of the covered commodity or peanuts for the most recent 2 crop years. (Most recent 2 crop years not decided yet)
- **National Average Market Price** – Price received by producers during the marketing year.



Average Crop Revenue Election Program (ACRE)

- **Actual state planted yield** – the quotient of
 - the quantity of the covered commodity or peanuts that is produced in the state during the crop year, divided by
 - the number of acres that are planted to the covered commodity or peanuts in the state during the crop year
- **Farm's Expected Yield** – the average yield per planted acre for the covered commodity or peanuts on the farm for the most recent 5 crop year yields, excluding each of the crop years with the highest and lowest yields



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Average Crop Revenue Election Program (ACRE)

- **Actual Farm Revenue** – the amount determined by multiplying the actual yield for the covered commodity or peanuts of the producers on the farm times the national average market price for the crop year for the covered commodity or peanuts



Average Crop Revenue Election Program (ACRE)

- **ACRE Payment Calculation**

- **83.3% of a farm's planted/considered planted acres (in 2012 percentage changes to 85%) not to exceed total of all base acres, times**
- **(farm's expected yield divided by state benchmark yield), times**
- **Lesser of:**
 - **state ACRE guarantee minus actual state revenue**
 - **state ACRE guarantee times 25%**



Marketing Assistance Loan (MAL) and Loan Deficiency Payment (LDP)

- Authorized for crop years 2008 through 2012
- \$75,000 payment limitation for MAL gains and LDP's for the 2008 crop year; Separate combined \$75,000 payment limitation for MAL gains and LDP's for wool, honey, mohair, peanuts, and unshorn pelts
- Beneficial interest policy for the 2008 crop year same as 2002 Act
- MAL have a term of 9 months beginning on first day of the first month after the month in which the loan is made
- LDP rate in effect when a producer makes request



Marketing Assistance Loan Rates (Red indicates change from 2002 Farm Bill)

Crop	2008 Crop Year Loan Rate	2009 Crop Year Loan Rate	2010 through 2012 Crop Years Loan Rate
Wheat	\$2.75/bu	\$2.75/bu	\$2.94/bu
Corn	\$1.95/bu	\$1.95/bu	\$1.95/bu
Grain Sorghum	\$1.95/bu	\$1.95/bu	\$1.95/bu
Barley	\$1.85/bu	\$1.85/bu	\$1.95/bu
Oats	\$1.33/bu	\$1.33/bu	\$1.39/bu
Upland Cotton	\$0.52/lb	\$0.52/lb	\$0.52/lb
ELS Cotton	\$0.7977/lb	\$0.7977/lb	\$0.7977/lb
Long Grain Rice	\$6.50/cwt	\$6.50/cwt	\$6.50/cwt
Medium Grain Rice	\$6.50/cwt	\$6.50/cwt	\$6.50/cwt
Soybeans	\$5.00/bu	\$5.00/bu	\$5.00/bu



Marketing Assistance Loan Rates (Red indicates change from 2002 Farm Bill) - Continued

Crop	2008 Crop Year Loan Rate	2009 Crop Year Loan Rate	2010 through 2012 Crop Years Loan Rate
Other Oilseeds	\$9.30/cwt	\$9.30/cwt	\$10.09/cwt
Dry Peas	\$6.22/cwt	\$5.40/cwt	\$5.40/cwt
Lentils	\$11.72/cwt	\$11.28/cwt	\$11.28/cwt
Small Chickpeas	\$7.43/cwt	\$7.43/cwt	\$7.43/cwt
Large Chickpeas	NA	\$11.28/lb	\$11.28/lb
Graded Wool	\$1.00/lb	\$1.00/lb	\$1.15/lb
Nongraded Wool	\$0.40/lb	\$0.40/lb	\$0.40/lb
Mohair	\$4.20/lb	\$4.20/lb	\$4.20/lb
Honey	\$0.60/lb	\$0.60/lb	\$0.69/lb



2008 Crop Peanut Loan Rates

- On June 26, 2008, CCC announced the 2008 crop peanut loan rates by type.
- Peanut premiums and discounts remain unchanged from 2007 crop year.

Peanut Type	Loan Values Per Ton
Virginia	\$357.32
Runner	\$354.75
Spanish	\$348.95
Valencia	\$357.32



Conservation Reserve Program (CRP)

- Enrollment authority extended through FY 2012
- Cropping history updated
 - **1996 to 2001 (6 years)**
- Maximum Enrollment
 - **39.2 million acres for FY 2008 and 2009**
 - **32.0 million for FY 2010 through 2012**
- Transition Incentive for Beginning Farmers or Ranchers and Socially Disadvantaged Farmer or Ranchers
 - **Facilitate transition of land from a retired or retiring owner or operator; One year before the date contract expiration**
 - **Returning some or all of the land into production**



CRP - Farmable Wetlands Program (FWP)

- Significant changes
 - Eligible land to include constructed wetlands to provide nitrogen removal in tile-drained areas
 - Eligible land devoted to commercial pond-raised aquaculture with 1 year of cropping history between CY 2002 through 2007
 - Eligible land to include intermittently-flooded land, provided the land was actually cropped 3 of 10 crop years between 1/1/1990 and 12/31/2002, and subject to natural overflow of a prairie wetland



Biomass Crop Assistance Program (BCAP)

- Supports the establishment and production of crops within project areas for conversion to bio-energy
- Project areas are selected through an application process
- Producers enter into BCAP contracts
 - **5 year for annual and perennial crops**
 - **15 year for woody biomass**
- Producers within project areas may receive
 - **Cost share payments for establishment**
 - **Annual rental payments**
 - **Payments for harvest, transportation and storage**



Disaster Trust Fund

Supplemental Revenue Assistance

SURE payments equal to an amount equal to 60 percent of the difference between the disaster assistance program guarantee and total farm revenue.

Livestock Forage Program

Provides assistance to ranchers who suffer grazing losses due to drought.

Assistance

Provides assistance to orchardists and eligible nursery tree growers that lost trees because of a natural disaster. Reimbursement for 70% of cost of replanting, 50% of cost of pruning, removal, and other costs.

Indemnity

Livestock indemnity-provides assistance to ranchers whose livestock are killed in a natural disaster.

Honey Bees, Aquaculture

Livestock, honeybees, farm-raised fish-provides funds for losses that are not covered by any other program.



Supplemental Revenue Assistance Program (SURE)

- Covers crop losses due to natural disasters
- Producers must have purchased or be enrolled in:
 - CAT for insurable crops
 - NAP for uninsurable crops
- **Waiver provision** of CAT or NAP purchase for socially disadvantaged, limited resource, or beginning farmer or rancher



Supplemental Revenue Assistance Program (SURE)

- **Eligible producers on farms in disaster counties declared by the Secretary, including contiguous counties, that have incurred crop production losses and/or crop quality losses or; the total loss of production of the farm because of weather is greater than 50 percent of the normal production of the farm**
- **For quality losses, the quantity of production for the crop will be adjusted to reflect the diminished quality for the crop in most cases**
- **For the 2008 crop year, producers may pay a fee equal to the administrative fees for CAT and NAP on crops for which no coverage has been purchased by no later than September 16, 2008**
- **H.R. 6849 provided for technical corrections and defining crops of economic significance**



Supplemental Revenue Assistance Program (SURE)

- **Total Farm Revenue for a farm shall be the sum of all crop acreage in all counties that is planted or intended to be planted by the eligible producer:**
 - **Actual value of each crop produced on a farm (actual production or appraised production) times the national average market price for the 12 month marketing year for each 15 percent of any direct payments issued**
 - **Crop insurance indemnities and/or NAP payments**
 - **Amount of payments for preventive planting**
 - **Value of any other natural disaster payments provided by the federal government on a farm for the same loss**
 - **15% of Direct Payments accruing to the farm**
 - **Total amount of any LDP, Marketing Loan Gain, and Marketing Certificate Gains**
 - **All counter-cyclical and ACRE payments**