Agricultural Policy Assumptions

Baseline projections assume a continuation of current agricultural legislation. Most policy features assumed reflect provisions of the Federal Agriculture Improvement and Reform Act of 1996 (1996 Farm Act). The baseline also reflects applicable provisions of the Agricultural Adjustment Act of 1938, the Agricultural Act of 1949, the Emergency Farm Financial Relief Act, and the Omnibus Consolidated and Emergency Supplemental Appropriations Act of Fiscal Year 1999, the FY 2000 Agricultural Appropriations Act, the Agricultural Risk Protection Act of 2000, and the Agriculture Appropriations Act of 2001.

Programs for Contract Crops and Oilseeds

Key policy assumptions for "contract crops" (wheat, corn, grain sorghum, barley, oats, rice, and upland cotton) and oilseeds are summarized in this section.

Planting Flexibility

Nearly complete planting flexibility is permitted, with limitations on fruits and vegetables, as long as the producer complies with conservation and wetland provisions.

Production Flexibility Contracts

The 1996 Farm Act provides decoupled income support payments over 7 years that are not related to market prices or most farm-level production decisions. In general, to receive payments and be eligible for loans on contract commodities, a producer had to enter into a production flexibility contract (PFC) for 1996-2002 during the one-time enrollment period held in 1996. Eligible land leaving the Conservation Reserve Program (CRP) may be added to an existing PFC or enrolled in a new PFC at the beginning of a fiscal year. Eligibility for loan deficiency payments was extended to production of contract crops grown on farms with no production flexibility contract for the 2000 crop year, subject to the same terms and conditions as farms with PFCs.

Farmers receive PFC payments for 7 years, 1996-2002. Payments are based on enrolled contract acreage and generally are not related to current plantings. Cumulative outlays for contract payments for fiscal 1996-2002 are capped at slightly over $36 billion. Total PFC payments will be lower, reflecting payment limitations. Production flexibility contracts are assumed to continue beyond 2002 in the baseline, with funding for contract payments remaining at the fiscal 2002 level of $4.008 billion.

Payment levels are allocated among contract commodities according to percentages specified in the 1996 Farm Act (see table 6). Adjustments were made in 1996 and 1997 for payments of previous years' deficiency payments that occur in those years and repayments of unearned deficiency payments that were due in those years. A further adjustment of $8.5 million annually is added to rice payments starting in fiscal 1997. This rice payment adjustment is also assumed in the baseline to continue beyond 2002.

Payment rates for each commodity are derived by dividing the commodity's total annual contract payments (before payment limitation reductions) by the corresponding total payment quantity on all enrolled acreage for the commodity (see table 7). Production flexibility contract payments to individual farmers are then based on the derived payment rate times the payment quantity on the farm. The payment quantity equals 0.85 times the payment yield times the contract acreage.

Annual production flexibility contract payments are made on a fiscal year basis. Through fiscal year 1998, a 50-percent advance payment could be made on either December 15 or January 15 of the fiscal year, at the option of the owner or producer. The Emergency Farm Financial Relief Act, enacted in August 1998, allowed farmers to receive fiscal year 1999 PFC payments earlier--at the producer's option, 1999 PFC payments could be received in one payment or in two equal payments at any time during the fiscal year. This payment timing option was extended through fiscal 2002 in the 2000 Appropriations Act, and is assumed in the baseline to continue in subsequent years.

Annual contract payments under the 1996 Farm Act are limited to $40,000 per person (except for additional payments that result from repayment of prior-year advanced deficiency payments). The payment limit on marketing loan gains and loan deficiency payments was $75,000 per person, per crop year, through the 1998 crops, and the three-entity rule was retained. The 2000 and 2001 Appropriations Acts raised this limit to $150,000 for 1999 and 2000 crops. The baseline assumes that this payment limit returns to $75,000 for subsequent years. However, the availability of commodity certificates starting in early 2000 provides a vehicle for producers to receive marketing loan benefits unconstrained by payment limitations (see commodity certificates discussion below).

Emergency and Disaster Assistance

The 1999 Appropriations Act provided $2.857 billion for market loss assistance payments to be paid in fiscal 1999 to farmers who were eligible for PFC payments in fiscal 1998. The 2000 Appropriations Act provided $5.544 billion for market loss assistance payments to be paid in fiscal 2000 to farmers who were eligible for PFC payments in fiscal 1999. The Agricultural Risk Protection Act of 2000 provided $5.465 billion for market loss assistance payments to be paid in September 2000 to farmers who were eligible for PFC payments in fiscal 2000.

The 2000 Appropriations Act also provided $475 million to 1999 producers of oilseeds and the Agricultural Risk Protection Act of 2000 provided $500 million to 2000 oilseed producers.

The 1999 Appropriations Act provided $2.375 billion for crop loss assistance and the 2000 Appropriations Act provided $1.2 billion for crop loss assistance. The 2001 Appropriations Act provided for additional crop loss assistance for 2000 crops for quality, quantity, or severe economic losses.

Marketing Assistance Loans

The baseline assumes that marketing assistance loan rates for corn, wheat, upland cotton, and oilseeds will remain at their legislated maximum levels through crop year 2001/02, but will then be determined based on formulas in the 1996 Farm Act, subject to the maximum levels specified in the law for these crops and the minimum levels specified for upland cotton and oilseeds (see table 7). Loan rates for sorghum, barley, and oats for the 2001/02 crops reflect the December 2000 announcements. Loan rates for those feed grains in subsequent years are assumed to set in relation to the corn loan rate, taking into account their feed values relative to corn as measured by ratios of 5-year lagged moving average prices relative to corn prices. The rice loan rate is set at $6.50 per hundredweight.

Marketing loan provisions allow the repayment of commodity loans at less than the loan rate when posted county prices (wheat, feed grains, and oilseeds) or world prices (upland cotton and rice) are below the loan rate. Also, loan deficiency payments may instead be made to eligible producers of wheat, feed grains, upland cotton, rice, and oilseeds who agree to forgo obtaining a loan. The availability of marketing loans has enabled producers to receive per-unit revenues that, on average, exceed commodity loan rates (see marketing loan benefits box, page 36).

Commodity Certificates

Based on authorization in the 2000 Appropriations Act, the CCC announced in February 2000 that commodity certificates would be available to producers of wheat, rice, feed grains, upland cotton, soybeans, and designated oilseeds. Commodity certificates may be purchased by producers with outstanding nonrecourse marketing assistance loans for these crops and then exchanged for the commodities pledged as collateral for those loans. Certificates are primarily designed to limit loan program forfeitures of crops to the government—they facilitate the repayment of loans when producers would not otherwise be able to exercise their full opportunity to repay those loans. In so doing, certificates provide a vehicle for producers to receive marketing loan benefits unconstrained by payment limitations.

Cotton User Marketing Payments

The 1996 Farm Act capped total expenditures for cotton user marketing certificates during fiscal years 1996-2002 at $701 million, which was used by mid-December 1998. The 2000 Appropriations Act removed the program's expenditure cap starting in fiscal 2000, and the program was reinstated in October 1999.

For fiscal year 2000 and subsequent years, cotton user marketing payments are made to domestic users and exporters of upland cotton when the lowest-priced U.S. growth of upland cotton quoted for delivery in Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound for 4 consecutive weeks, and if during the same 4-week period, the adjusted world price does not exceed 134 percent of the base U.S. loan rate. Payments are made in cash or certificates to domestic users on documented raw cotton consumption and to exporters on documented export shipments during the fifth week at a payment rate equal to the difference between the U.S. price and the Northern Europe price, minus 1.25 cents per pound during the fourth week of the period.

Marketing Loan Benefits Push Per-Unit Revenues Above Loan rates

Producers can receive marketing loan benefits in two alternative ways—through marketing loan gains or through loan deficiency payments. Farmers can realize a marketing loan gain by repaying outstanding commodity loans at a per-unit rate (posted county price for wheat, feed grains, and soybeans, or adjusted world price for upland cotton and rice) that is below the loan rate. Alternatively, farmers may opt for a direct loan deficiency payment (LDP) from the government at a per-unit rate that equals the difference between the commodity loan rate and the posted county price or adjusted world price.

Marketing loan gains and LDPs augment market revenues and result in national average per-unit revenues that exceed commodity loan rates. Marketing loan benefits for 1999 crops illustrate this policy effect. Through early-October 2000 (information available when the baseline's commodity analysis was completed), 97 percent of the 1999 soybean crop had received a marketing loan benefit. About 87 percent of the crop had received an LDP, with an average payment rate of $0.91 a bushel, and about 10 percent had received a marketing loan gain averaging $0.80 a bushel. The rest of the 1999 soybean crop did not receive a marketing loan benefit, although some 1999 soybean commodity loans were still outstanding.

Accounting for LDPs, marketing loan gains, and the portion of the crop with no marketing loan benefit, the weighted-average marketing loan benefit for the 1999 soybean crop was about $0.87 a bushel. This benefit augmented the season-average price of $4.65 per bushel, raising the average per-unit revenue for soybeans to $5.52 a bushel, $0.26 above the 1999 national soybean loan rate of $5.26 per bushel.

Similar benefits went to other field crops in 1999 with marketing loan provisions--wheat, corn, grain sorghum, barley, oats, rice, upland cotton (table 5), and several minor oilseeds. For all of these crops, marketing loan benefits supplemented market receipts, resulting in average per-unit

Table 5. Realized average per-unit revenues increased by marketing loan benefits, 1999

Commodity	Season average price	Marketing loan benefit	Average per-unit revenue	1999 commodity loan rate	Realized average revenue above loan rate
			Dollars per bushel		
Corn	1.80	0.25	2.05	1.89	0.16
Sorghum	1.55	0.26	1.81	1.74	0.07
Barley	2.13	0.14	2.27	1.59	0.68
Oats	1.12	0.19	1.31	1.13	0.18
Wheat	2.48	0.41	2.89	2.58	0.31
Soybeans	4.65	0.87	5.52	5.26	0.26
			Dollars per hundredweight		
Rice	6.11	1.91	8.02	6.50	1.52
			Dollars per pound		
Upland cotton	0.45	0.198	0.648	0.5192	0.129

October 2000 *WASDE* report and October 4, 2000 marketing loan data (based on cumulative LDP and loan activity data from Farm Service Agency's PSL-82R report).

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Marketing Loan Benefits Push Per-Unit Revenues Above Loan rates --continued

total revenues exceeding the respective national loan rates. As with soybeans, marketing loan benefits for wheat, corn, grain sorghum, oats, upland cotton, and rice raised the average per-unit revenue above the loan rate from a season-average price that was below the loan rate.

The above-loan rate per-unit revenues facilitated by marketing loans reflect the use of a two-step marketing procedure by many farmers in which they receive program benefits when prices are seasonally low (and program benefits high) and then sell their crop later in the marketing year when prices have risen. These realized levels of per-unit revenues also raise producers' expected net returns for these crops, thereby affecting planting decisions and acreage allocation. This policy effect is incorporated into the baseline's acreage projections.

Program Assumptions for Other Commodities

Baseline policy assumptions for selected other commodities--dairy, sugar, and tobacco--are discussed in this section. Dairy and sugar assumptions are largely based on provisions from the 1996 Farm Act and the 2000 Appropriations Act. Policy assumptions for tobacco reflect earlier legislation because the tobacco program was not included in the 1996 Farm Act.

Dairy

Dairy price supports were phased down to $9.90 per hundredweight in 1999. The 2001 Appropriations Act extended the price support program to December 31, 2001, leaving support at $9.90. Starting January 1, 2002, a recourse loan program, in which loans must be repaid with interest, is assumed to be implemented for butter, nonfat dry milk, and cheddar cheese at loan rates equivalent to $9.90 per hundredweight for milk.

Sugar

The 1996 Farm Act set the raw cane sugar loan rate at 18 cents per pound and the refined beet sugar loan rate at 22.9 cents per pound. These levels are assumed in the baseline to continue through the projections.

Nonrecourse loans are available through the sugar loan program. Initially, under the 1996 Farm Act, sugar loans would be recourse in years when the tariff-rate quota was at or below 1.5 million short tons, but such loans would convert to nonrecourse loans if the tariff-rate quota is increased above 1.5 million short tons. However, sugar loans through 2000 under the 1996 Act were always nonrecourse. Further, the 2001 Agriculture Appropriations Act eliminated the TRQ-trigger provisions for sugar loans to become recourse. Thus, sugar loans are assumed to remain nonrecourse throughout the baseline projections. Under the nonrecourse loan program for sugar, processors must pay a 1-cent fee on each pound of raw cane sugar and 1.07 cents on each pound of refined beet sugar forfeited to the CCC.

Sugar marketing assessments were paid on all processed, domestically grown sugar for fiscal 1997 through 1999, but were suspended through fiscal 2001 by the 2000 Appropriations Act. The baseline assumes sugar assessments will resume in fiscal 2002. Assessments on raw cane sugar marketings equal 1.375 percent of the 18-cent loan rate, 0.2475 cents per pound. Assessments on refined beet sugar marketings equal 1.47425 percent of 18 cents, 0.2654 cents per pound.

In August 2000, the Secretary announced a Sugar Payment in Kind (PIK) Program for 2000 to address large sugar supplies and low prices in the domestic sugar market. The program offered sugar beet farmers the choice of reducing 2000 crop year production in exchange for CCC inventory sugar. Producers offered bids for the amount of CCC inventory sugar they would accept in exchange for forgoing harvest of a specific number of acres. Bids were subject to a bid cap based on the producer's average sugar production over the previous 3 years and farmers were limited to $20,000 value of the sugar PIK payments. The PIK program was intended to reduce the amount of sugar in CCC inventory, the amount of sugar forfeitures, and the overall storage cost to the CCC. The sugar PIK program is not assumed in the baseline to be extended to subsequent years.

Tobacco

The major provisions of the tobacco program are included in the Agricultural Adjustment Act of 1938, as amended; the No-Net-Cost Tobacco Program Act of 1982; and the Omnibus Budget Reconciliation Act of 1993. The tobacco program was not included in the 1996 Farm Act.

Tobacco marketing quotas and allotments continue, in accordance with the Agricultural Adjustment Act of 1938. Support for flue-cured and burley tobacco is based on statutory formulas that include a 5-year moving average of market prices and a cost-of-production index. The baseline assumes a continuation of the no-net-cost assessment paid by growers and buyers to cover costs of the tobacco price support programs.

Imports of flue-cured, burley, and certain other tobaccos are covered by a tariff rate quota as authorized by GATT implementing legislation. The baseline assumes that tobacco marketing assessments on domestic producers and purchasers and on importers, which ended after crop year 1998, do not resume.

The 2001 Appropriations Act allows forfeitures of 1999-crop burley tobacco regardless of quality, and specified that any related costs incurred by the CCC shall not be charged to the no net cost tobacco account.

Conservation Reserve Program

The baseline assumes that the Conservation Reserve Program (CRP) will gradually build from an estimated recent level of about 33.8 million acres in fiscal year 2001 to its maximum authorized level of 36.4 million acres by 2003 (see table 8). Authority to sign up and enroll acreage in the CRP is assumed to be extended after 2002 to maintain CRP acreage at 36.4 million acres. The cropping history allocation of the CRP to specific crops provided in table 8 reflects crops grown in 1998 on farms with CRP acreage. New enrollments in the CRP reflect periodic regular signups and continuous signups.

Major Trade Program Assumptions

The following assumptions are made in the baseline for major U.S. trade programs.

Export Enhancement Program (EEP)

Annual quantity and expenditure levels for the Export Enhancement Program (EEP) are assumed to be within the limits set in the Uruguay Round Agreement on Agriculture and enacted in the 1996 Farm Act. The annual EEP expenditure limit is $478 million beginning in fiscal year 2001. Only limited use of the EEP has been made (for poultry) in the past two years, so commodity projections in the baseline assume that no EEP expenditures other than for poultry occur in fiscal year 2001. The program is assumed in the baseline to be fully used starting in fiscal year 2002.

Dairy Export Incentive Program (DEIP)

The Dairy Export Incentive Program operates on a bid bonus system, with cash bonus payments to exporters to facilitate sales of U.S. dairy products in overseas markets. Estimates of the quantity of dairy products exported under the DEIP and associated expenditures are formulated in the baseline within the maximum allowable expenditure and quantity levels of the Uruguay Round Agreement on Agriculture. The maximum annual expenditure for U.S. dairy product export subsidies is $116.6 million in fiscal year 2001 and the baseline assumes that DEIP funding continues at that amount for subsequent years.

Export Credit Guarantee Programs

Annual program levels assumed in the baseline for GSM-102 and GSM-103 credit guarantee programs are based on forecast economic and market conditions and the expected supply/demand conditions of the countries to which GSM credit guarantees will be made available. The baseline assumes program levels of $3.792 billion in fiscal year 2001 and $3.904 billion for fiscal year 2002 and subsequent years.

P.L. 480 Program

P.L. 480 program levels in the baseline for fiscal year 2001 reflect the 2001 Appropriations Act. A credit level of $159.678 million is covered by Title I. Fiscal year 2001 program levels of $20.322 million for Title I Ocean Freight Differential and $837 million for Title II are provided. No funding is provided for Title III. For fiscal year 2002 and later years, Title I Credit and Title I Ocean Freight Differential program levels are assumed at $190 million and $28 million, respectively. Program levels for Title II are assumed to remain at $837 million for fiscal year 2002, grow to $910 million by fiscal year 2006, and then remain at that level for the rest of the baseline. Title III is assumed to remain unfunded in the baseline. Up to 15 percent of funds of any title of P.L. 480 may be transferred to carry out any other title.

Export Donations

The baseline assumes that CCC-owned commodities will be available for the regular Section 416(b) program when inventory stocks are available. CCC purchase of commodities for use in the Food for Progress program is assumed at a commodity level which can be supported within the annual $30 million limitation on Food for Progress ocean transportation and other non-commodity expenses.

Bill Emerson Humanitarian Trust

The Bill Emerson Humanitarian Trust (formerly the Food Security Commodity Reserve) is assumed to remain near its current level of about 2.5 million metric tons (about 93 million bushels) of wheat through the baseline. The reserve is authorized for up to 4 million metric tons of grain (wheat, corn, and sorghum, and rice) to meet humanitarian food aid needs. The existing 300,000 ton release authority for urgent humanitarian relief in disasters is raised to 500,000 metric tons in the case of unanticipated need, with release of an additional 500,000 metric tons of eligible commodities allowed that could have been released but were not released in previous years. The Secretary is authorized to release eligible commodities from the reserve when supplies are so limited that eligible commodities cannot be made available for programming under P.L. 480. The 1996 Farm Act authorizes replenishment of the reserve, but does not set a specific time for replenishment. Beginning in fiscal year 2000, the Africa: Seeds of Hope Act of 1998 allows the retention and use of funds from P.L. 480 reimbursements to purchase grain to replace supplies released from the reserve. The purchases are limited to no more than $20 million per fiscal year. CCC also is authorized to hold money as well as commodities in the reserve. However, the baseline assumes no release of grain from the reserve and no purchases of grain to add to the reserve.

Other Agricultural Policy Assumptions

- *Bioenergy Program*. A new Bioenergy Program was announced by USDA in October 2000 for fiscal years 2001 and 2002, with an annual program level of $150 million assumed in the baseline for each of those two years. The program will provide incentive payments to ethanol and biodiesel producers who expand bioenergy production from eligible commodities.

- *Ethanol*. The federal tax credit for ethanol use was extended through 2007 in the Building Efficiency Surface Transportation Equity Act, and is assumed in the baseline to continue through the end of the projections.

- *Bilateral and Multilateral Agreements*. The baseline assumes full compliance with all bilateral and multilateral agreements affecting agriculture and agricultural trade. Examples include full compliance with internal support, market access, and export subsidy provisions of the Uruguay Round (UR) Agreement on Agriculture.

- *World Trade Organization (WTO)*. The baseline assumes no accession to the WTO by China, Taiwan, or any other country not formally admitted as of October 2000.

- *EU Enlargement*. The baseline assumes no enlargement of the EU-15 to add countries of Central and Eastern Europe.

- *Asia-Pacific Economic Cooperation (APEC).* No implementation of more liberalized trade among the APEC countries is assumed.

- *North American Free Trade Agreement (NAFTA)*. No expansion of NAFTA to include additional countries is assumed.

- *Export Subsidy Carryover Credit.* The baseline assumes no additional carryover to later years of unused UR agreement export subsidies.

- *Other Agricultural Policy Trends*. Agricultural and trade policies in individual foreign countries are assumed to continue to evolve along their current paths. In particular, the process of liberalizing economic and trade policies underway in many developing countries will continue.

Table 6. Production flexibility contract payments under the 1996 Farm Act

Commodity	Commodity share	1996	1997	1998	1999	2000	2001	2002
	Percent				*Million dollars*			
1996 Farm Act gross contract payments								
Wheat	26.26	1,463	1,414	1,523	1,471	1,347	1,085	1,053
Corn	46.22	2,574	2,489	2,681	2,590	2,371	1,909	1,852
Sorghum	5.11	285	275	296	286	262	211	205
Barley	2.16	120	116	125	121	111	89	87
Oats	0.15	8	8	9	8	8	6	6
Upland cotton	11.63	648	626	675	652	597	480	466
Rice	8.47	472	456	491	475	435	350	339
Total payments, unadjusted		5,570	5,385	5,800	5,603	5,130	4,130	4,008
Adjusted contract payments, before payment limitations 1/								
Wheat		1,976	1,426	1,534	1,483	1,362	1,096	1,064
Corn		1,771	3,434	2,694	2,603	2,389	1,925	1,868
Sorghum		206	347	298	288	265	214	208
Barley		141	117	126	122	112	91	89
Oats		9	8	9	8	8	6	6
Upland cotton		746	639	689	665	616	501	486
Rice 2/		472	461	498	480	442	357	347
Total adjusted payments		5,321	6,433	5,847	5,650	5,195	4,190	4,068
Projected contract payments after payment limitations and other adjustments								
Wheat		1,941	1,397	1,496	1,445	1,337	1,073	1,041
Corn		1,745	3,384	2,633	2,545	2,350	1,888	1,832
Sorghum		201	338	287	277	257	206	200
Barley		137	113	120	115	107	86	84
Oats		9	8	9	8	8	6	6
Upland cotton		699	597	637	614	575	462	448
Rice		455	448	478	466	433	350	340
Total payments		5,186	6,285	5,659	5,470	5,065	4,072	3,952

1/ Adjusted for prior-year earned deficiency payments paid in these years, repayments of unearned 1995 deficiency payments, and repayments of prior-year PFC payments. These adjusted contract payments are used for payment rate calculations.

2/ 1996 Farm Act includes additional rice payments of $8.5 million annually, FY 1997 through FY 2002.

Note: FY-1999 appropriations for agriculture provided $3.057 billion for market loss assistance, with $2.857 billion paid to farmers eligible for production flexibility payments in the previous year. FY-2000 appropriations for agriculture provided $5.544 billion for market loss assistance paid to farmers eligible for production flexibility payments in the previous year. The Agricultural Risk Protection Act of 2000 provided $5.465 billion for market loss assistance payments to be paid in September 2000 to farmers who were eligible for PFC payments in fiscal 2000.

Table 7. Summary baseline policy variables

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Marketing assistance loan rates (Dollars per unit)												
Corn	1.89	1.89	1.89	1.64	1.64	1.70	1.80	1.85	1.89	1.89	1.89	1.89
Sorghum	1.74	1.71	1.71	1.44	1.42	1.48	1.57	1.60	1.64	1.64	1.65	1.66
Barley	1.59	1.62	1.65	1.40	1.40	1.47	1.53	1.56	1.58	1.58	1.58	1.57
Oats	1.13	1.16	1.21	0.99	0.94	0.97	1.01	1.03	1.06	1.08	1.09	1.09
Wheat	2.58	2.58	2.58	2.24	2.24	2.32	2.48	2.58	2.58	2.58	2.58	2.58
Rice	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Upland cotton	0.5192	0.5192	0.5192	0.5192	0.5192	0.5192	0.5192	0.5192	0.5192	0.5192	0.5192	0.5192
Soybeans	5.26	5.26	5.26	4.92	4.92	4.92	4.92	4.92	4.92	4.92	4.92	5.07
Production flexibility contract payment rates (Dollars per unit)												
Corn	0.36	0.33	0.27	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26
Sorghum	0.44	0.40	0.32	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Barley	0.27	0.25	0.21	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Oats	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Wheat	0.64	0.59	0.47	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46	0.46
Rice	2.82	2.60	2.10	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04	2.04
Upland cotton	0.079	0.073	0.060	0.058	0.058	0.058	0.058	0.058	0.058	0.058	0.058	0.058
Production flexibility contract payments (Dollars per PFC acre, average)												
Corn	31.78	29.17	23.49	22.81	22.81	22.81	22.81	22.81	22.81	22.81	22.81	22.81
Sorghum	21.09	19.43	15.68	15.22	15.22	15.22	15.22	15.22	15.22	15.22	15.22	15.22
Barley	10.83	10.06	8.18	7.94	7.94	7.94	7.94	7.94	7.94	7.94	7.94	7.94
Oats	1.30	1.20	0.95	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93	0.93
Wheat	18.76	17.26	13.89	13.48	13.48	13.48	13.48	13.48	13.48	13.48	13.48	13.48
Rice	115.70	106.48	86.12	83.63	83.63	83.63	83.63	83.63	83.63	83.63	83.63	83.63
Upland cotton	40.61	37.89	30.77	29.90	29.90	29.90	29.90	29.90	29.90	29.90	29.90	29.90

Note: Units for marketing assistance loan rates and production flexibility payment rates are dollars per bushel except for upland cotton (per pound) and rice (per hundredweight).

Table 8. Conservation Reserve Program acreage assumptions

	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
						Million acres						
Cropping History 1/												
Corn	5.2	5.5	6.0	6.1	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4
Sorghum	1.2	1.3	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Barley	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Oats	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Wheat	7.4	7.7	8.3	8.5	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9
Upland cotton	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Soybeans	4.3	4.6	5.0	5.1	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Subtotal	20.1	21.3	22.9	23.6	24.7	24.7	24.7	24.7	24.7	24.7	24.7	24.7
Fallow	2.4	2.6	2.8	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other	7.3	7.6	8.1	8.3	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7
Total	29.8	31.5	33.8	34.8	36.4	36.4	36.4	36.4	36.4	36.4	36.4	36.4

1/ The cropping history allocation is based on 1998 plantings on farms with CRP acreage, and is used as a general indicator influencing land available for plantings.