Agricultural Policy Assumptions

Baseline projections assume a continuation of current agricultural legislation and reflect policy decisions as of mid-November 1998. Most of the 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 Omnibus Budget Reconciliation Act of 1990, the Omnibus Budget Reconciliation Act of 1993, the Emergency Farm Financial Relief Act, and the Omnibus Consolidated and Emergency Supplemental Appropriations Act of Fiscal Year 1999 (1999 Appropriations Act).

Programs for Contract Crops and Oilseeds

Key policy features of the 1996 Farm Act for "contract crops" (wheat, corn, grain sorghum, barley, oats, rice, and upland cotton) and oilseeds include:

- planting flexibility;
- production flexibility contracts;
- marketing assistance loans, including provisions for loan deficiency payments; and
- cotton user marketing payments.

The Emergency Farm Financial Relief Act affects the timing of fiscal year 1999 production flexibility payments for contract crops, and the 1999 Appropriations Act provides additional funds in fiscal 1999 for contract crops for market loss and crop loss assistance.

Planting Flexibility

Planting flexibility increased under the 1996 Farm Act. Participating producers are permitted to plant 100 percent of their contract acreage plus any other cropland acreage on the farm to any crop (with limitations on fruits and vegetables) with no loss in payments, as long as the producer does not violate conservation and wetland provisions. Haying and grazing restrictions and minimum planting requirements of previous legislation have been eliminated on contract acres.

Planting for harvest of fruits and vegetables (other than lentils, mung beans, and dry peas) is prohibited on contract acreage, except in the following situations:

- Harvesting double-cropped fruits and vegetables on contract acreage is permitted, without loss of payments, in any region which has a history of double-cropping contract commodities with fruits and vegetables. An individual farm need not have a double-cropping history, only the region.

- Harvesting of any fruits or vegetables on contract acreage is permitted, with an acre-for-acre loss of contract payments for each contract acre planted to fruits and vegetables, if the Secretary determines that there is a history of planting fruits or vegetables on the farm.

- Harvesting a specific fruit or vegetable on contract acreage is permitted, with an acre-for-acre loss of contract payments for each contract acre planted to the specific fruit or vegetable, if the Secretary determines that the producer has an established planting history of the specific fruit or vegetable. In such a case, the quantity harvested cannot exceed the producer's average annual planting history of the specific fruit or vegetable during the 1991-1995 crop years, excluding any crop year with 0 acres planted.

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. 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. With exceptions for land exiting the Conservation Reserve Program (CRP), producers who did not enroll in the production flexibility contract program in 1996 are not eligible for program benefits. Eligible land leaving the CRP may be added to an existing PFC or enrolled in a new PFC at the beginning of a fiscal year.

The production flexibility contract requires the participating producer to comply with conservation, wetland, and planting flexibility provisions, as well as to keep the land in agricultural or related uses. A farm was eligible for a production flexibility contract only if it had at least one crop acreage base established for contract commodities that would have been in effect for the 1996 crop under previous farm law. Land eligible to enter into a contract included land enrolled in acreage reduction programs for any of the crop years 1991 through 1995, land considered planted under program rules (certified acreage), or land that had been enrolled in the CRP that had a crop acreage base associated with it. Farmers receive production flexibility contract 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 contract payments will be lower, reflecting payment limitations. Production flexibility contracts are assumed to continue beyond 2002 in the baseline. The fiscal 2002 funding level for production flexibility contracts of $4.008 billion is assumed for subsequent years, as well.

Payment levels are allocated among contract commodities according to percentages specified in the 1996 Farm Act (see table 4). 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. An additional adjustment is made to add $8.5 million annually 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 5). Production flexibility contract payments to individual farmers are then based on the derived payment rate times the payment quantity on the farm.

Annual production flexibility contract payments are made no later than September 30 of each fiscal year. Generally, in each fiscal year, a 50-percent advance payment is made on either December 15 or January 15 of the fiscal year, at the option of the owner or producer. Owners and producers must give advance notice as to which date they prefer for the advance payment, and the date selected may change from year to year. The Emergency Farm Financial Relief Act, enacted in August 1998, allows farmers to received their fiscal year 1999 PFC payments earlier; at the producer's option, 1999 PFC payments may be received in one payment or in two equal payments at any time during the fiscal year.

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), a $10,000 reduction from the previous $50,000 limit on deficiency payments. Limits on marketing loan gains and loan deficiency payments are unchanged at $75,000 per person, per crop year, and the three-entity rule is retained.

The 1999 Appropriations Act provides $2.857 billion for market loss assistance (MLA) payments to be paid in fiscal 1999 to farmers who were eligible for PFC payments in fiscal 1998. MLA payments are proportional to 1998 PFC payments and are equivalent to slightly less than 50 percent of those PFC payments. MLA payment rates are shown in the footnote of table 5. Additionally, the 1999 Appropriations Act provides $2.375 billion for crop loss assistance.

Marketing Assistance Loans

The 1996 Farm Act retained nonrecourse commodity loans, in a modified form (see table 5). Loan rates for corn, wheat, and oilseeds continue to be based on 85 percent of the preceding 5-year average of farm prices, excluding the highest-price and lowest-price years. Upland cotton loan rates are based on the lower of 85 percent of the 5-year average price, excluding the highest-price and lowest-price years, of base quality cotton in designated U.S. spot markets, or 90 percent of the average price for the 5 lowest priced growths of Middling 1-3/32" cotton C.I.F. Northern Europe during a 15-week period starting July 1 each year, adjusted to a U.S. spot market equivalent.

Maximum loan rates are specified in the 1996 Farm Act for wheat, corn, upland cotton, soybeans, and minor oilseeds. Corn and wheat loan rates are capped at their 1995 levels, while loan rates for soybeans can vary between $4.92 (the 1995 level) and $5.26 per bushel, loan rates for minor oilseeds can vary between $8.70 and $9.30 per hundredweight, and loan rates for upland cotton can vary between $0.50 and $0.5192 a pound (the 1995 level). Corn and wheat loan rates may be adjusted downward based on estimated stocks-to-use ratios. Loan rates for sorghum, barley, and oats are 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 frozen for the 1996-2002 crop years at its 1995 level of $6.50 per hundredweight.

Marketing Assistance Loans and Loan Deficiency Payments

Under the 1996 Farm Act, crops eligible for the commodity loan program are wheat, corn, grain sorghum, barley, oats, rice, and upland cotton produced on a farm with land covered by a production flexibility contract, and all production of oilseeds and extra-long staple cotton. Farmers may receive nonrecourse marketing assistance loans for these crops or, alternatively, receive loan deficiency payments (not available for extra-long staple cotton) when market prices are lower than commodity loan rates.

Nonrecourse marketing assistance loans provide interim financing to producers of eligible crops. Instead of selling the crop, farmers pledge the crop as collateral and use the loan proceeds to cover short-term cash needs. Loans may be taken out at any time after harvest through the following March or May, depending on the crop. However, most loan placements occur shortly after harvest when prices tend to be seasonally low.

Farmers may repay the loan (plus interest) anytime prior to maturity and then sell the crop, or they can forfeit the collateral to the government as full payment when the loan matures in 9 months (10 months for cotton). The loan repayment rate, however, will be lower than the loan rate (plus interest) when the local, posted county price or PCP (for wheat, feed grains, and oilseeds), or the prevailing world market price (for rice and upland cotton) is below the loan rate. When a farmer repays the loan at a lower PCP or prevailing world market price, the difference between the loan rate and the loan repayment rate is called a marketing loan gain. In addition, any accrued interest on the loan is waived.

The loan program thereby provides an effective per-unit revenue floor at the loan rate for farmers who put their crops under loan, with a countercyclical effect occurring through marketing loan gains when the price is below the loan rate. However, the loan program does not establish a floor for market prices since commodities can enter the market at prices below the loan rate.

Loan deficiency payments. If the PCP or prevailing world market price is below the loan rate, eligible producers may opt for a loan deficiency payment (LDP) instead of securing a commodity loan. If an LDP is paid on a crop, however, that crop cannot subsequently go under loan. The LDP rate is the amount by which the loan rate exceeds the PCP or prevailing world market price, and thus is equivalent to the marketing loan gain that could alternatively be obtained for crops under loan. By taking the LDP and immediately selling the crop, a producer effectively receives a per-unit revenue equal to the loan rate, partly from the market and the rest from the government.

Supply response effects. When expected market prices are below loan rates, loan rates provide the economic incentive for planting decisions, and producers plant more acreage to supported crops than they otherwise would. Additionally, if loan rates do not reflect relative market prices, the mix of crops planted may be affected. In such circumstances, loan rates, while providing revenue protection for producers in the short run, may put downward pressure on prices in subsequent years if they result in larger supplies.

Marketing loan provisions are retained, allowing 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 (see box, page 25).

Cotton User Marketing Payments

Prior to October 1, 1998, the Secretary made payments to domestic users and exporters of upland cotton when the following three conditions were met:

- the lowest-priced U.S. growth of upland cotton quoted for delivery in Northern Europe exceeded the Northern Europe price by more than 1.25 cents per pound for 4 consecutive weeks;

- during the same 4-week period, the adjusted world price (AWP) for upland cotton did not exceed 130 percent of the base loan rate; and

- for each of the preceding 10 consecutive weeks, the lowest-priced U.S. growth, minus 1.25 cents per pound, minus the payment value in the previous week did not exceed the Northern Europe price.

The payment rate in any week which met these conditions was equal to the difference, for the immediately preceding week, between the lowest-priced U.S. growth and the Northern Europe price minus 1.25 cents per pound.

After September 30, 1998, the AWP threshold was raised to 134 percent, and the third condition, which precluded the simultaneous operation of the user marketing program and special import quotas, was eliminated. After October 23, 1998, payments are equal to the difference, for the immediately preceding week, between the lowest-priced U.S. growth and the Northern Europe price minus 3.00 cents per pound; however, USDA determined that payments under pre-existing agreements with domestic users and exporters would continue on the basis of the earlier formula's deduction of 1.25 cents per pound.

The 1996 Farm Act capped total expenditures for cotton user marketing certificates during fiscal years 1996-2002 at $701 million. Funding for this program was used by mid-December 1998. However, the cotton user marketing certificate program is authorized in the 1996 Farm Act through July 31, 2003, beyond the period covered by the program's expenditure cap. Thus, for fiscal years 2003 and later, the baseline assumes that funding for this program is no longer capped, with annual expenditures at near $150 million (see box, page 43).

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. Policy assumptions for tobacco reflect earlier legislation because the tobacco program was not included in the 1996 Farm Act.

Dairy

Dairy price supports are phased down to $9.90 in 1999 and the program ends on December 31, 1999. Starting January 1, 2000, a recourse loan program, in which loans must be repaid with interest, is implemented for butter, nonfat dry milk, and cheddar cheese at loan rates equivalent to $9.90 per hundredweight for milk to assist processors in the management of dairy product inventories.

The 1999 Appropriations Act provides $200 million in fiscal 1999 for dairy farmers for market loss assistance payments.

Sugar

The 1996 Farm Act froze the raw cane sugar loan rate at 18 cents per pound, the level in effect since the 1985 crop. The refined beet sugar loan rate was also fixed, at its 1995 level of 22.9 cents per pound. These levels are assumed in the baseline to continue through 2008.

Nonrecourse loans are available when the tariff-rate quota for sugar imports exceeds 1.5 million short tons. Sugar program loans are recourse in years when the tariff-rate quota is at or below 1.5 million short tons, but such loans convert to nonrecourse loans if the tariff-rate quota is increased above 1.5 million short tons. 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 under a nonrecourse loan.

Sugar marketing assessments, paid on all processed, domestically-grown, sugar, were increased by 25 percent under the 1996 Farm Act. Assessments on raw cane sugar marketings are equal to 1.375 percent of the 18 cent loan rate, 0.2475 cents per pound. Assessments on refined beet sugar marketings are equal to 1.47425 percent of 18 cents, 0.2654 cents per pound.

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 are based on statutory formulas that include a 5-year moving average of market prices and a cost-of-production index.

Imports of flue-cured, burley, and certain other tobaccos are covered by a tariff rate quota as authorized by GATT implementing legislation. A tobacco marketing assessment equal to 0.5 percent of the national price support level is assumed to be collected from both the producers and purchasers for the 1994-1998 crops. Additionally, assessments on tobacco imports are assumed for those crops. However, the baseline assumes there will be no assessments on domestic producers and purchasers or on importers after crop year 1998.

The baseline incorporates the November 1998 long-term tobacco industry agreement (discussed in the tobacco section, page 47), with tobacco projections including an initial assessment of the effects of the pact.

Conservation Reserve Program

The baseline assumes that the Conservation Reserve Program (CRP) will gradually build from its recent level of about 30 million acres to its maximum authorized level of 36.4 million acres by 2002 (see table 6). 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 6 reflects crops grown in 1996 on farms with CRP acreage. This CRP allocation is useful for assessing the general effects of the CRP on land availability for plantings.

New enrollments in the CRP reflect periodic regular signups and continuous signups. A total of 5 million acres of certain highly-valued environmental practices, including acreage in the State Conservation Reserve Enhancement Program (CREP), are estimated to be enrolled under continuous signup provisions.

Enrollment of new and expiring CRP acreage in periodic regular signups is assumed to continue to be guided by the eligibility and selection criteria described in the final rule announced February 12, 1997. During signups, producers submit rental rate bids for land they would like to enroll (or re-enroll) in the CRP. All CRP enrollment bids compete for acceptance into the program, based on an environmental benefits index with government costs taken into account. Environmental considerations for CRP enrollment include soil erosion, water quality, wildlife habitat, enduring environmental benefits beyond the CRP contract period, air quality, and conservation priority areas.

Maximum allowable CRP rental rates that the Government would consider for acceptance (bid caps) are determined based on local average dryland rental rates, adjusted for site-specific, soil-based productivity factors. In regular signups, producers may submit bids below the bid cap to increase their chances of acceptance. Under continuous and CREP signup provisions, producers receive additional incentive payments above the bid caps for participating.

Major Trade Program Assumptions

This section discusses baseline policy assumptions for major U.S. trade programs, including:

- the Export Enhancement Program (EEP),
- the Dairy Export Incentive Program (DEIP),
- export credit guarantee (GSM) programs,
- P.L. 480 programs, and
- the Food Security Commodity Reserve.

There were no EEP expenditures in fiscal year (FY) 1997 and only small EEP expenditures in FY 1998. Since the EEP program is not currently being used, the baseline assumes that no EEP expenditures occur in FY 1999. However, EEP expenditures are assumed to resume in the baseline starting in FY 2000. Annual EEP funding is assumed at levels set in the 1996 Farm Act for FYs 2000 through 2002 of $579 million in 2000 and $478 million in 2001 and 2002. The baseline assumes EEP funding remains at $478 million for subsequent fiscal years as well.

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 annual maximum expenditures for U.S. dairy product export subsidies are $144.2 million in FY 1999, $130.4 million in FY 2000, and $116.6 million in FY 2001. The baseline assumes that DEIP funding then continues at $116.6 million for subsequent years.

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 $4.721 billion in FY 1999, $4.506 billion in FY 2000, and $4.611 billion in FY 2001 and subsequent years

P.L. 480 program levels in the baseline for FY 1999 reflect the 1999 Appropriations Act--$203.475 million for Title I Credit, $16.249 million for Title I Ocean Freight Differential, $837 million for Title II, and $25 million for Title III. These FY 1999 funding levels are then adjusted for unobligated funds from prior years and Farmer-to-Farmer Program transfers. For FY 2000 and subsequent years, Title I Credit and Title I Ocean Freight Differential program levels are assumed at $138.324 million and $12 million, respectively. The Title II program level remains at $837 million for FY 2000, and then is assumed at $787 million for the rest of the baseline. Title III is assumed to have a program level of zero. No special donations beyond the FY 1999 Section 416(b) shipments of wheat to Russia and other needy countries are assumed.

The Food Security Commodity Reserve is assumed to remain at 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, rice, corn, and sorghum) to meet humanitarian food aid needs. The 1996 Farm Act raised the existing 300,000 ton release authority for urgent humanitarian relief in disasters to 500,000 metric tons in the case of unanticipated need and allows for the release of an additional 500,000 metric tons of eligible commodities 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. Also, funds for any commodity purchases for replenishment must be authorized in an appropriations act. The baseline assumes that funds for replenishment of the reserve through commodity purchases will not be appropriated.

Beginning in FY 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 would be 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.

Other Agricultural Policy Assumptions

- *Ethanol tax credit.* The federal tax credit for ethanol use is assumed in the baseline, reflecting its extension through 2007 in the Transportation Equity Act for the Twenty First Century.

- *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 the former Soviet Union, China, or Taiwan.

- *EU Enlargement.* The baseline assumes no enlargement of the EU-15.

- *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 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 4. 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	1,347	1,085	1,053
Corn		1,771	3,434	2,695	2,603	2,371	1,909	1,852
Sorghum		206	347	298	288	262	211	205
Barley		140	117	126	122	111	89	87
Oats		9	8	9	9	8	6	6
Upland cotton		746	639	689	665	597	480	466
Rice 2/		472	461	498	480	443	358	348
Total adjusted payments		5,321	6,433	5,848	5,650	5,139	4,139	4,017
Projected contract payments after payment limitations and other adjustments								
Wheat		1,941	1,397	1,497	1,462	1,328	1,069	1,037
Corn		1,745	3,384	2,633	2,574	2,345	1,888	1,832
Sorghum		201	338	287	282	256	206	200
Barley		137	113	120	118	108	87	84
Oats		9	8	9	8	8	6	6
Upland cotton		699	597	637	634	568	458	444
Rice		455	448	478	466	430	348	338
Total payments		5,186	6,286	5,661	5,544	5,042	4,061	3,941

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 provide $3.057 billion for market loss assistance, with $2.857 billion to be paid to farmers eligible for production flexibility payments in the previous year.

Table 5. Summary baseline policy variables

	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Marketing assistance loan rates (Dollars per unit)												
Corn	1.89	1.89	1.89	1.89	1.85	1.81	1.81	1.89	1.89	1.89	1.89	1.89
Sorghum	1.76	1.74	1.75	1.75	1.68	1.67	1.68	1.76	1.75	1.75	1.75	1.75
Barley	1.57	1.56	1.58	1.58	1.54	1.46	1.45	1.54	1.55	1.55	1.55	1.55
Oats	1.11	1.11	1.14	1.15	1.17	1.08	1.06	1.11	1.11	1.10	1.10	1.10
Wheat	2.58	2.58	2.58	2.58	2.58	2.58	2.58	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	5.26	4.92	4.92	4.92	4.92	4.92	4.92	4.92	5.00
Production flexibility contract payment rates (Dollars per unit)												
Corn	0.49	0.38	0.36	0.33	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26
Sorghum	0.54	0.45	0.44	0.39	0.32	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Barley	0.28	0.28	0.27	0.24	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
Oats	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Wheat	0.63	0.66	0.64	0.57	0.46	0.44	0.44	0.44	0.44	0.44	0.44	0.44
Rice	2.71	2.92	2.82	2.60	2.10	2.04	2.04	2.04	2.04	2.04	2.04	2.04
Upland cotton	0.076	0.082	0.079	0.070	0.057	0.055	0.055	0.055	0.055	0.055	0.055	0.055
Production flexibility contract payments (Dollars per PFC acre, average)												
Corn	42.44	32.85	31.66	28.68	23.08	22.38	22.38	22.38	22.38	22.38	22.38	22.38
Sorghum	26.48	21.87	21.04	18.92	15.22	14.74	14.74	14.74	14.74	14.74	14.74	14.74
Barley	11.09	11.28	10.75	9.54	7.67	7.41	7.41	7.41	7.41	7.41	7.41	7.41
Oats	1.33	1.36	1.30	1.15	0.92	0.89	0.89	0.89	0.89	0.89	0.89	0.89
Wheat	18.61	19.44	18.67	16.73	13.46	13.03	13.03	13.03	13.03	13.03	13.03	13.03
Rice	110.97	119.62	115.42	106.38	86.04	83.54	83.54	83.54	83.54	83.54	83.54	83.54
Upland cotton	39.42	41.99	40.45	36.10	29.05	28.17	28.17	28.17	28.17	28.17	28.17	28.17

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).

Market loss assistance payment rates, to be paid in FY-1999 to farmers eligible for production flexibility payments in the previous year, are: wheat, $0.33; corn, $0.187; sorghum, $0.225; barley, $0.141; oats, $0.016; rice, $1.45; and upland cotton, $0.041.

Table 6. Conservation Reserve Program acreage assumptions

	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
						Million acres						
Cropping History 1/												
Corn	4.7	3.9	4.0	4.4	4.5	4.5	4.4	4.4	4.4	4.4	4.4	4.4
Sorghum	1.1	1.2	1.3	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Barley	0.7	0.8	0.8	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Oats	0.3	0.4	0.5	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Wheat	9.1	9.5	9.8	10.9	11.2	11.4	11.6	11.6	11.6	11.6	11.6	11.6
Upland cotton	1.0	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Soybeans	3.8	3.3	3.2	3.4	3.4	3.3	3.2	3.2	3.2	3.2	3.2	3.2
Subtotal	20.7	20.2	20.7	23.0	23.4	23.7	23.6	23.6	23.6	23.6	23.6	23.6
Fallow	2.8	3.1	3.4	4.0	4.1	4.3	4.4	4.4	4.4	4.4	4.4	4.4
Other	9.3	7.0	7.0	7.4	8.2	8.4	8.4	8.4	8.4	8.4	8.4	8.4
Total	32.8	30.3	31.1	34.4	35.8	36.4	36.4	36.4	36.4	36.4	36.4	36.4

1/ The cropping history allocation is based on 1996 plantings on farms with CRP acreage, and is used as a general indicator influencing land available for plantings.