Agricultural Policy Assumptions

Baseline projections assume a continuation of agricultural legislation and policy decisions as of November 1997. The baseline reflects provisions of the Federal Agriculture Improvement and Reform Act of 1996 (1996 Farm Act), which was signed into law on April 4, 1996. 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 1997 Agriculture Appropriations Act, the FY 1997 Emergency Supplemental Appropriations Act, and the FY 1998 Agriculture Appropriations Act.

The 1996 Farm Act fundamentally redesigned income support programs and discontinued supply management programs for producers of major field crops. The new law replaced a system of deficiency payments for wheat, corn, grain sorghum, barley, oats, rice, and upland cotton with a system of fixed production flexibility contract payments that are largely decoupled, since there is virtually no link between payments and current plantings. The 1996 Farm Act expanded planting flexibility and let authority expire for Acreage Reduction Programs (ARPs) and 0,50/85-92 provisions.

Dairy policy changes include the phaseout of price supports and the consolidation and reform of milk marketing orders. The 1996 Farm Act altered the sugar and peanut programs, eliminated the rye loan program, and repealed the honey program. It also reauthorized the Conservation Reserve Program and reduced Export Enhancement Program (EEP) funding.

Programs for Contract Crops and Oilseeds

The 1996 Farm Act fundamentally changed U.S. agricultural programs by eliminating supply management, increasing planting flexibility, and changing income supports for "contract crops" (wheat, corn, grain sorghum, barley, oats, rice, and upland cotton).

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 changed income supports by replacing the annual target price/deficiency payment program with 7-year program of decoupled payments that are not related to most farm-level production decisions or market prices. 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 are 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. Starting in fiscal 1997, 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.

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.

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 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, and thus the benefit of the lower marketing loan repayment, in return for an equivalent loan deficiency payment.

Cotton User Marketing Payments

Until October 1, 1998, if the lowest-priced U.S. growth of upland cotton quoted for delivery in northern Europe has exceeded 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 (AWP) has not exceeded 130 percent of the base U.S. loan rate, and if the U.S. Northern Europe price has not exceeded the Northern Europe price by 1.25 cents in any of the prior 10 consecutive weeks, the Secretary shall make cash or certificate payments to domestic users and exporters on documented consumption or shipments during the fifth week at a payment rate equal to the difference between the U.S. Northern Europe price and the Northern Europe price, minus 1.25 cents, during the fourth week of the period. After September 30, 1998, such payments may be made as long as the AWP does not exceed 134 percent of the base loan rate and even though 10 consecutive weeks have passed in which the U.S. Northern Europe price exceeds the Northern Europe price by 1.25 cents. The 1996 Farm Act capped total expenditures for cotton user marketing certificates during fiscal years 1996-2002 at $701 million.

Programs for Price-Supported Commodities

The 1996 Farm Act also made program changes for dairy, sugar, and peanuts. The tobacco program was not included in the 1996 Farm Act. Benefits for producers of these commodities historically have been through price supports rather than through direct payments.

Dairy Program

Under the 1996 Farm Act, dairy price supports are phased down from $10.35 per hundredweight in 1996 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. Also under the 1996 Farm Act, Federal milk marketing orders must be reformed and consolidated from the current 32 orders into 10-14 orders, reserving one order for California.

Sugar Program

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 2007.

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.

Peanut Program

The 1996 Farm Act revised the peanut program. The minimum national poundage quota was eliminated, requiring the quota to be set equal to projected domestic edible and related uses. Producers are allocated an additional yearly quota equal to the number of pounds of seed planted on a farm. Carryover to subsequent years of undermarketings of quota from earlier years was eliminated in the 1996 Farm Act. Starting with the 1998 crop, public entities such as city governments and schools, will be ineligible for peanut quotas. The sale, lease, and transfer of quota is permitted across county lines within a state up specified amounts of quota annually. However, nonproducers may not hold a peanut farm poundage quota in a State if they reside in another State.

Marketing assessments for peanuts are set at 1.2 percent of the loan rate starting for the 1997 crop, shared by producers and purchasers. Marketing assessments must be increased to offset any program losses to the CCC.

The loan rate for quota peanuts is set at $610 per short ton in the 1996 Farm Act, down from $678 in 1995. At the farm level, quota marketings plus a seed peanut allocation are eligible for the quota price support loan rate. Above-quota "additionals" to be used for the crush and export markets receive a lower loan rate, $132 per ton for 1996 and 1997 crops, set by the Secretary to ensure no losses to the CCC.

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. Additionally, assessments on tobacco imports are assumed.

Major Conservation Provisions

The 1996 Farm Act addressed a wide range of environmental and conservation programs. Many conservation programs were simplified to make them more consistent and workable. The Environmental Conservation Acreage Reserve Program (ECARP) was established to include the Conservation Reserve Program (CRP), the Wetland Reserve Program (WRP), and the Environmental Quality Incentives Program (EQIP).

Conservation Reserve Program

The Conservation Reserve Program (CRP) was reauthorized in the 1996 Farm Act. Maximum CRP enrollment is set at 36.4 million acres. Over 20 million acres of CRP contracts expired in 1997. For 1998, the CRP is assumed to have more than 32 million acres enrolled. About 28 million acres were in the CRP in October 1997 as enrollments from Signup 15 and the CRP continuous signup offset part of the reduction from contract expirations. Additional CRP acreage assumed for 1998 reflects continuous signup and some of the acreage accepted for the program from Signup 16. For Signup 16, held from October 14 through November 14, 1997, new CRP contracts for acreage previously under contracts that expired on September 30, 1997 may become effective the month following the date of contract approval, thus allowing some CRP entry for 1998.

Enrollments in subsequent years are assumed in the baseline to increase the CRP to 36.4 million acres by 2001 (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. Two allocations of the CRP to specific crops are provided in table 6. The cropping history allocation 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. The second crop-specific allocation of the CRP shown in table 6 indicates potential production flexibility contract acreage for crops eligible for those contracts. Land leaving the CRP is eligible to be enrolled in production flexibility contracts if that land previously had an acreage base. This second allocation of CRP acreage is used in adjusting production flexibility contract acreage for year-to-year changes in the CRP and, therefore, affects production flexibility contract payment rates.

New enrollments in the CRP reflect periodic regular signups, continuous signup for certain highly valued environmental practices, and State Conservation Reserve Enhancement Programs, such as recently announced for Maryland. The Conservation Reserve Enhancement Program coordinates the CRP with conservation goals and funding commitments of individual State governments. States accepted for participation in the program provide resources to supplement the financial incentives and/or technical assistance for the establishment of conservation practices or the purchase of permanent easements. Acreage enrolled under the Conservation Reserve Enhancement Program is assumed to be included within the continuous and regular signup acres. CRP acreage also contributes to the USDA Conservation Buffer Initiative, which is estimated to enroll 4 million acres.

Enrollment of new and expiring CRP acreage is assumed in the baseline to continue to be guided by the eligibility and selection criteria process in the final rule announced February 12, 1997. CRP enrollment selection is based on an environmental benefits index that takes government costs into consideration. The environmental benefits index includes soil erosion, water quality, wildlife habitat, enduring environmental benefits beyond the CRP contract period, air quality, conservation priority areas, and costs.

A competitive selection process is used for CRP enrollments. Producers submit rental rate bids for land they would like to enroll (or re-enroll) in the CRP that compete with all other CRP enrollment bids for acceptance into the program. 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. These bid caps are available to producers in advance of their bid submissions. By submitting a bid lower than the land's bid cap, a producer can improve the chance of acceptance of the CRP bid submission.

Other Conservation Programs

The Environmental Quality Incentives Program (EQIP) is authorized at $1.33 billion over 1996-2002 to provide technical, educational, and cost-share assistance and incentive payments to crop and livestock producers in implementing structural and management practices to protect soil and water resources. At least half of the fund must be allocated to livestock practices. EQIP is to be operated to maximize the environmental benefits per dollar spent.

The Wetlands Reserve Program (WRP) will have an enrollment cap of 975,000 acres. Program changes provide more flexibility and help landowners work toward a goal of no net loss of wetlands. One-third of total program acres are to be enrolled in permanent easements, one-third in 30-year easements, and one-third in restoration only, cost-share agreements. Individuals may choose the category for their eligible land. Effective October 1, 1996, no new permanent easements may be enrolled until at least 75,000 acres of temporary easements have entered the program. The FY 1997 Agriculture Appropriations Act revised this requirement for enrollment of temporary easements to 43,333 acres. That Act also limited new enrollment to 130,000 acres in fiscal year 1997, but allowed additional acreage to be enrolled in the program to the extent non-Federal funds available to the Secretary are used to fully compensate for the cost of additional enrollments.

Major Trade Programs

Trade and food aid programs in the 1996 Farm Act are focused more heavily on market development, including an emphasis in some programs on emerging markets with high potential for U.S. export growth.

Total EEP funding during fiscal 1996-99 was reduced in the 1996 Farm Act by more than $1.6 billion below the maximum levels permitted under the Uruguay Round agreement. However, there were no EEP expenditures in FY 1997 and, since the EEP program is not currently being used, the baseline assumes that no EEP expenditures occur in fiscal 1998. Starting in FY 1999, EEP expenditures are assumed to resume in the baseline. EEP funding is assumed at a 5-year total of almost $1.2 billion for FY 1999 through FY 2003. Annual funding during those years is assumed to be determined by USDA administrative discretion, subject to a $320 million limitation in FY 1999. Funding not used in one year is assumed to remain available for use in a subsequent year, although annual EEP expenditures would still be limited by the maximum yearly levels permitted under the Uruguay Round agreement.

The Dairy Export Incentive Program (DEIP) was extended in the 1996 Farm Act and its program objective was expanded to emphasize market development. DEIP estimates of the quantity of dairy products exported and associated expenditures are formulated in the baseline within the maximum allowable expenditure and quantity levels of the Uruguay Round agreement.

The 1996 Farm Act mandates annual program levels of $5.5 billion for GSM-102 and GSM-103 credit guarantee programs, but allows flexibility in determining how much is available for each program. Under the 1996 Farm Act, an additional $1 billion for fiscal 1996-2002 is provided for emerging market countries, assumed in the baseline at $200 million a year over 1998-2002, bringing total available annual funding to $5.7 billion. However, fiscal 1997 obligations were $2.9 billion. New obligations for subsequent years are assumed to also be lower than available annual funding, with $5.0 billion assumed for fiscal 1998 and $4.615 billion assumed annually for fiscal 1999 and later years. These assumptions for new obligations 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 Market Promotion Program was renamed the Market Access Program in the 1996 Farm Act. Funding authority was capped at $90 million annually for fiscal 1996-2002, and is assumed to remain at that level in later years.

The 1996 Farm Act authorizes P.L. 480, Title I agreements with private entities in addition to foreign governments. Other changes broaden the range of commodities available for P.L. 480 programs, provide greater program flexibility, and improve the operation and administration of the program. P.L. 480 program levels assumed in the baseline for fiscal 1998 are $226.9 million for Title I Credit, $17.608 million for Title I Ocean Freight Differential, $837 million for Title II, and $30 million for Title III. For fiscal 1999 and subsequent years, P.L. 480 program levels for Title I Credit and Title I Ocean Freight Differential are assumed to be constant in nominal dollars at $102.163 million and $9.395 million, respectively. Title II and Title III program levels are held constant at $837 million and $30 million, respectively, for fiscal 1999, but then are assumed to grow about 2.1 percent annually for the rest of the baseline.

The Food Security Commodity Reserve, formerly the Food Security Wheat Reserve, is authorized for up to 4 million metric tons of grain to meet humanitarian food aid needs and was expanded to include rice, corn, and sorghum in addition to wheat. 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. 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.

Other Agricultural Policy Assumptions

- *Ethanol tax credit.* The federal tax credit for ethanol use is assumed to be extended beyond 2000 in the baseline. However, uncertainty in the passage of this extension is assumed to delay long-term investment into expansion in the industry.

- *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 Agreement.

- *World Trade Organization*. 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*. No implementation of more liberalized trade among the APEC countries is assumed.

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

- *Export Subsidy Carryover Credit*. The baseline assumes no carryover of unused, GATT-permitted export subsidies to later years.

- *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 is assumed to 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	1,523	1,471	1,347	1,085	1,053
Corn		1,771	3,434	2,681	2,590	2,371	1,909	1,852
Sorghum		206	347	296	286	262	211	205
Barley		140	117	125	121	111	89	87
Oats		9	8	9	8	8	6	6
Upland cotton		746	639	675	652	597	480	466
Rice 2/		472	461	500	483	443	358	348
Total adjusted payments		5,321	6,433	5,809	5,612	5,139	4,139	4,017
Projected contract payments after payment limitations and other adjustments								
Wheat		1,941	1,397	1,503	1,452	1,329	1,070	1,038
Corn		1,745	3,385	2,651	2,561	2,345	1,888	1,832
Sorghum		201	338	290	280	257	207	200
Barley		137	113	122	118	108	87	84
Oats		9	8	9	8	8	6	6
Upland cotton		699	598	646	624	571	460	446
Rice		455	448	485	469	430	348	338
Total payments		5,187	6,288	5,705	5,512	5,047	4,065	3,945

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.

Table 5. Summary baseline policy variables

	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Marketing assistance loan rates (Dollars per unit)												
Corn	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89	1.89
Sorghum	1.81	1.76	1.74	1.73	1.71	1.67	1.68	1.68	1.70	1.72	1.74	1.76
Barley	1.55	1.57	1.56	1.59	1.59	1.59	1.55	1.56	1.56	1.55	1.56	1.56
Oats	1.03	1.11	1.10	1.13	1.16	1.21	1.17	1.17	1.16	1.15	1.15	1.14
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	4.97	5.26	5.26	5.26	5.26	5.13	5.10	5.10	5.26	5.26	5.26	5.26
Production flexibility contract payment rates (Dollars per unit)												
Corn	0.25	0.49	0.37	0.36	0.33	0.27	0.26	0.26	0.26	0.26	0.26	0.26
Sorghum	0.32	0.54	0.45	0.43	0.40	0.32	0.31	0.31	0.31	0.31	0.31	0.31
Barley	0.33	0.28	0.28	0.27	0.25	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Oats	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Wheat	0.87	0.63	0.66	0.64	0.58	0.47	0.46	0.46	0.46	0.46	0.46	0.46
Rice	2.77	2.71	2.94	2.84	2.60	2.10	2.04	2.04	2.04	2.04	2.04	2.04
Upland cotton	0.089	0.076	0.079	0.077	0.070	0.057	0.055	0.055	0.055	0.055	0.055	0.055
Production flexibility contract payments (Dollars per PFC acre, average)												
Corn	21.94	42.44	32.63	31.45	28.74	23.12	22.40	22.35	22.35	22.35	22.33	22.32
Sorghum	15.76	26.48	21.43	20.87	19.18	15.47	15.02	15.03	15.03	15.03	15.03	15.04
Barley	13.34	11.09	11.25	10.88	9.91	8.00	7.77	7.79	7.79	7.79	7.79	7.79
Oats	1.42	1.33	1.35	1.30	1.18	0.95	0.92	0.92	0.92	0.92	0.91	0.91
Wheat	25.77	18.61	19.42	18.84	17.24	13.90	13.49	13.50	13.50	13.50	13.50	13.50
Rice	113.46	110.97	120.19	116.18	106.52	86.15	83.67	83.67	83.67	83.67	83.67	83.67
Upland cotton	46.06	39.42	40.81	39.60	36.41	29.32	28.44	28.39	28.39	28.39	28.37	28.37

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 6. Conservation Reserve Program acreage assumptions

	1996/97	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
						Million acres						
Cropping History 1/												
Corn	4.8	4.6	4.1	4.4	4.6	4.6	4.5	4.4	4.4	4.4	4.4	4.4
Sorghum	1.1	1.0	1.2	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Barley	0.8	0.7	0.8	0.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Oats	0.3	0.3	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Wheat	9.5	9.1	9.7	10.9	11.3	11.5	11.6	11.8	11.8	11.8	11.8	11.8
Upland cotton	1.1	1.0	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Soybeans	4.0	3.8	3.4	3.4	3.5	3.4	3.3	3.2	3.2	3.2	3.2	3.2
Subtotal	21.4	20.7	20.7	22.8	23.7	24.0	23.9	23.8	23.8	23.8	23.8	23.8
Fallow	3.0	2.8	3.5	3.7	4.2	4.3	4.4	4.4	4.4	4.4	4.4	4.4
Other	9.9	9.3	8.0	7.5	8.0	8.2	8.2	8.2	8.2	8.2	8.2	8.2
Total	34.3	32.8	32.2	34.0	35.9	36.4	36.4	36.4	36.4	36.4	36.4	36.4
Production Flexibility Contract Eligible Acreage 2/												
Corn	3.9	3.5	2.2	2.0	1.9	1.8	1.7	1.5	1.5	1.5	1.4	1.4
Sorghum	2.2	2.3	1.6	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
Barley	2.6	2.6	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Oats	1.3	1.3	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Wheat	10.1	10.2	8.4	8.7	8.7	8.8	8.8	8.9	8.9	8.9	8.9	8.9
Upland cotton	1.4	1.4	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Total, PFC crops	21.5	21.2	16.3	16.6	16.4	16.6	16.4	16.2	16.2	16.2	16.2	16.2

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.

2/ Acreage in the CRP eligible for production flexibility contracts when leaving the CRP. Yearly changes in this allocation affect acreage in production flexibility contracts and, therefore, are used in the determination of PFC payment rates.