

February 21, 2002

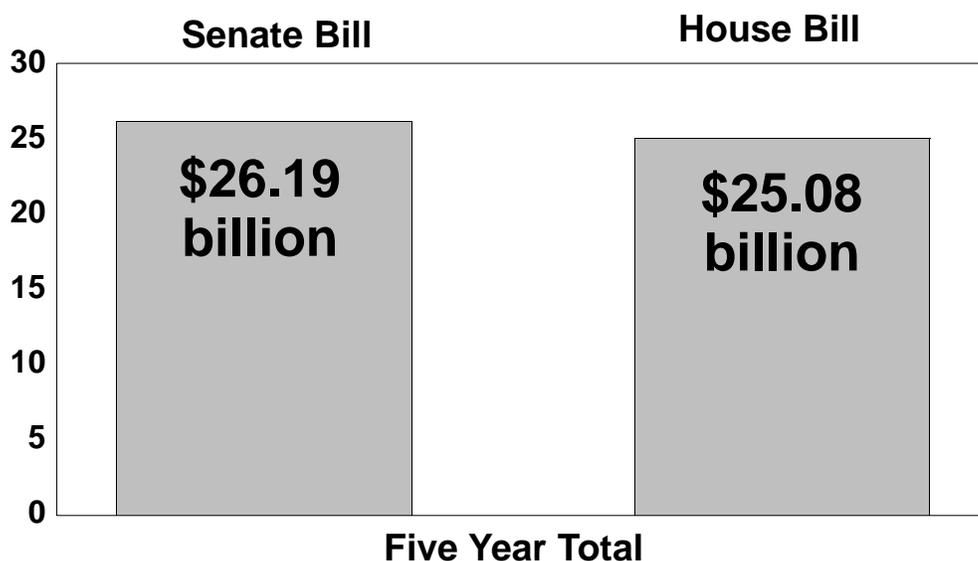
Senate Farm Bill is the Economic Recovery Package for Rural America

On February 13, 2002, the Senate passed **S. 1731**, the *Agriculture, Conservation, and Rural Enhancement Act of 2001* ("the Farm Bill") by a vote of 58–40. The Farm Bill provides income certainty for producers, an increased commitment to conservation, expanded nutrition assistance, provisions making farmers and ranchers more competitive, and needed help for rural development.

Enactment of the Farm Bill is crucial for the livelihoods and well-being of farmers and ranchers -- and would benefit rural communities and Americans in every region of the country. The Farm Bill needs to be signed into law so America's farmers and ranchers can plan for the 2002 crop. Without quick action, farm families will have to rely on a law so flawed that it has required emergency assistance each of the last four years, totaling more than \$30 billion.

Even though the Republican *Budget Resolution* for Fiscal Year 2001 allowed at least \$40.25 billion in additional farm spending over five years, the House Farm Bill would shortchange farmers and ranchers and rural communities by providing only \$35.8 billion in added funds over five years.

The Senate Bill Provides More For Commodity Income Support Than the House Bill



Effective safety net. Farmers have already seen prices drop dramatically since the current farm bill was approved. The Senate bill provides enhanced counter-cyclical income protection which will provide more help in bad years and less help in good years when farmers do not need it. The U.S. Department of Agriculture warns that farm income will drop another 20 percent this year unless Congress acts. This is on top of the fact that net farm income has already dropped by 25 percent since 1996.

The Senate bill provides a higher effective safety net than current law and higher levels than the House bill.

Effective Safety Net Comparison*

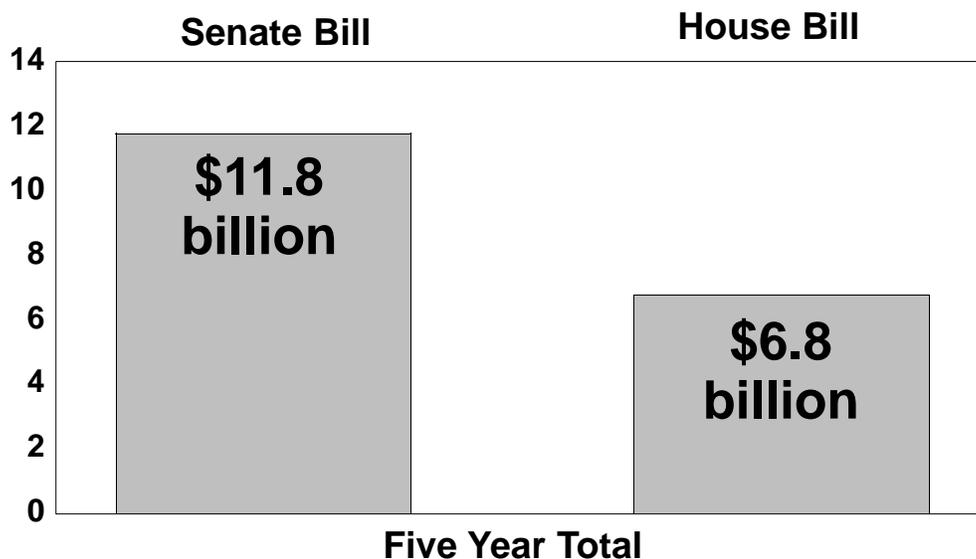
Current	Unit	Current safety net**	Senate safety net	House safety net***
Wheat	bu	\$2.69	\$3.46	\$3.42
Corn	bu	\$1.76	\$2.35	\$2.29
Sorghum	bu	\$1.66	\$2.37	\$2.26
Barley	bu	\$1.51	\$2.19	\$1.96
Oats	bu	\$1.00	\$1.55	\$1.31
Soybeans	bu	\$4.92	\$5.73	\$5.11
Upland cotton	lb	\$0.5648	\$0.6855	\$0.6827
Rice	cwt	\$7.87	\$9.31	\$9.27

* 2002 effective safety net equals loan rate plus the fixed and counter cyclical payment for each commodity. 2002 yield estimates are as published in the USDA Commodity Estimates Book, August 22, 2001.

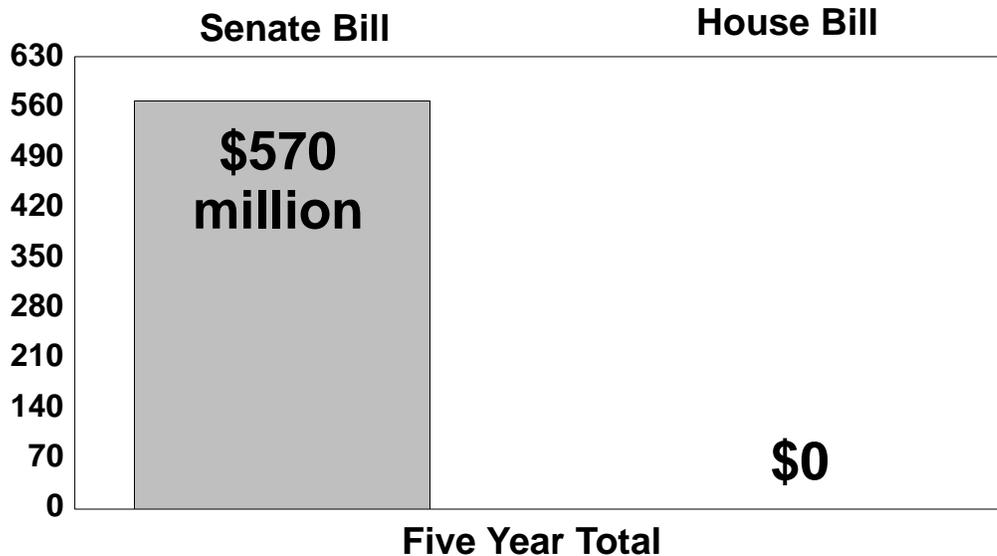
** Current law effective safety net assumes the Secretary would establish loan rates as published in the USDA Commodity Estimates Book, August 22, 2001.

***The House effective safety net assumes that the Secretary would establish loan rates at the lowest level provided in the House Farm Bill. The commodity prices used to calculate average prices are taken from the February 8, 2002 USDA World Agricultural Supply and Demand Estimates. The House numbers reflect the House bill provision that limits benefits to 85 percent of a farmers' acreage base and payment yields compared to actual yields.

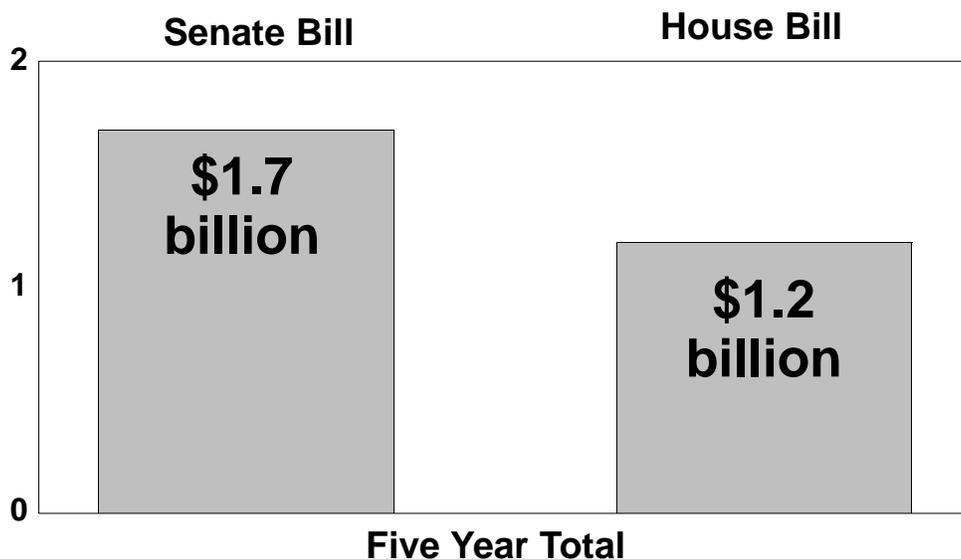
Conservation. The Senate bill will double the commitment to conservation. The Senate bill would provide \$11.8 billion in new funding in five years versus the House bill which would provide only \$6.8 billion. The Senate bill would make conservation a centerpiece of farm policy. This is the most money for conservation in Farm Bill history. The Senate bill would provide support for removing sensitive land from agricultural production and incentives for continuing and adopting new conservation practices on working lands.



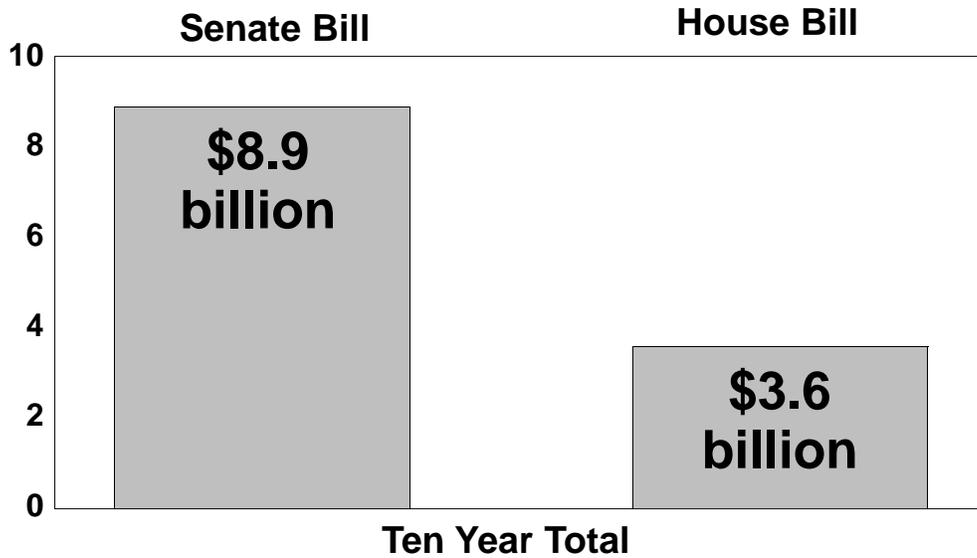
Energy. Over five years, the Senate bill provides \$570 million compared to the House bill which provides no funds. The Senate bill promotes renewable energy on the farm, expands markets for farm-based renewable energy, and enhances rural economic development.



Rural community economic revitalization. Over five years, the Senate bill provides \$1.7 billion to increase incomes, boost economic growth and create jobs. The House bill provides \$1.2 billion. Rural America needs help now. Agriculture and the farm economy provide more than \$1.3 trillion to our economy, and account for 24 million jobs. Rural America comprises 80 percent of our nation's land mass and 20 percent of our population. Our nation literally cannot afford to leave rural America behind, and yet rural America is hurting like never before — in large part due to the failure of our current farm policy. Economic revitalization is a key component to a vibrant rural America. The Senate bill would provide rural communities with the equity capital, rural water and wastewater infrastructure, and technological tools, such as broadband access, to promote genuine rural revitalization.



Nutrition. The Senate bill (over ten years) would provide \$8.9 billion versus the House bill which would provide \$3.6 billion. The Senate and House bills provide funding to extend transitional food stamps for families moving from welfare to work but only the Senate bill makes up for the loss of TANF cash income in that transitional benefit. Both bills modestly increase benefits for families of increasing size but only the Senate bill adjusts this amount for inflation. The Senate bill also eases time-limits for able-bodied adults without dependents and restores Food Stamp Program benefits for all legal immigrants who have lived in the U.S. for at least five years.



Senate Bill Better For America

Senate	House
Commodities	
Allow producers to update bases and yields	Producers forced to rely on an outdated yield history that dates back to 1981–1985
Raises loan rates: \$3.00 for wheat, \$2.08 for corn, \$2.08 for sorghum, \$2.00 for barley, \$1.50 for oats, \$0.55 for cotton, \$6.49 for rice, and \$5.19 for soybeans	Allows loan rates to fall to \$2.17 for wheat, \$1.56 for corn, \$1.56 for sorghum, \$1.33 for barley, \$1.00 for oats, \$0.50 for cotton, \$6.50 for rice, and \$4.00 for soybeans
Establishes program to help move dairy policy to a more national, uniform and simplified pricing system by providing dairy producers with counter–cyclical income support and a dairy support level of \$9.90/cwt	Fails to provide dairy producers with counter–cyclical income support
Establishes a marketing assistance loan program for pea, lentil and chickpea producers	Continues neglect of pea, lentil and chickpea producers
Conservation	
\$11.8 billion increase for overall conservation programs	\$6.8 billion increase in overall conservation programs
Conservation Reserve Program covers 40 million acres	CRP covers 39.2 million acres
\$1 billion for water conservation programs	no provision
\$6.2 billion for Environmental Quality Incentives Program	\$5.9 billion for EQIP
\$1.75 billion for Farmland Protection Program	\$250 million for FPP
1.25 million acres for Wetlands Reserve Program	750,000 acres for WRP

Senate	House
\$1.23 billion for Wildlife Habitat Incentives Program	\$155 million for WHIP
Creates the Conservation Security Program with incentives for all farmers	no provision
Creates Grasslands Reserve Program covering 2 million acres of long-term easements and rental contracts	Creates Grasslands Reserve Program covering 2 million acres of short-term contracts and easements
Nutrition	
\$8.9 billion added for nutrition programs	\$3.6 billion added for nutrition programs
Covers loss of TANF cash benefit	no provision
Eases time limits for adults without dependants	no provision
Restores benefit to legal immigrants in the U.S. for five years or more	no provision
Funds WIC farmers' market nutrition program	no provision
Energy	
\$570 for renewable energy, promotes the production of farmed-based renewable energy	no provision
Rural Economic Revitalization	
\$1.7 billion for rural economic development	\$1.2 billion for rural economic development
Provides \$75 million annually in new value added agriculture market development grants, with priority given to small grant proposals	\$60 million in new value added agriculture market development grants, with no target to small grant proposals

Senate	House
Broadband access	no provision
Funds for wastewater and community facilities	no provision