

SPECIAL EDITION

**WEEKLY UPDATE
SUSTAINABLE AGRICULTURE COALITION**

July 7, 2007

We are issuing another special edition of the Weekly Update to summarize House Agriculture Committee Chairman Collin Peterson's draft mark for the 2007 Farm Bill. The chairman's bill was issued last night after we went to press with the regular Weekly Update.

Chairman's Markup Documents for the 2007 Farm Bill

Rep. Collin Peterson (D-MN) issued his draft farm bill last night. The bill will be marked up and voted on by the Committee on July 17, 18, and 19. The bill is then expected to be on the floor of the House the week of July 30. This special edition of the Weekly Update summarizes the proposal. As we have explained previously, in addition to the main bill, there is also a secondary "reserve" bill that is a wish list of things that could be funded if additional offsets are found to pay for them. On the Committee website, the reserve bill is referred to as the *en bloc* amendment. Both the underlying bill and the amendment are available at <http://agriculture.house.gov/inside/2007FarmBill.html>. Both the bill and the amendment are subject to change prior to the markup on July 17.

Below we attempt to hit the highlights and lowlights, starting with conservation and proceeding through beginning farmers, rural development, research, marketing, nutrition, crop insurance, energy, and finally commodity programs.

CSP – Cash Cow: The Conservation Security Program is the cash cow that just keeps on giving and giving. Having been cut by Congress to the tune of \$4.3 billion during the period of the current farm bill cycle, Chairman Peterson's bill proposes to slash it by another \$4.3 billion over the next ten years, including \$861 million during the next 5 years and \$3.5 billion over the second 5 years. The proposal would also stop new CSP enrollments for the next four years (2008-2011), essentially closing the program down for most of the life of the new farm bill except for paying off existing contracts.

The bill in essence transfers the savings created by slashing CSP to fund other conservation programs. The bill would provide new 5-year funding for the Wetlands Reserve Program (at a cost of \$2 billion), provide increased funding for the Environmental Quality Incentives Program (EQIP) of \$2.255 billion over the next 5 years and \$5.85 billion over the next 10 years, and provide increased funding for the Farm and Ranch Land Protection Program of \$540 million over the next 5 years and \$1.555 billion over the next 10 years.

Even the reserve bill, or *en bloc* amendment, does not contain contingency funding for the CSP. Instead, the reserve bill would provide an additional \$1.4 billion for EQIP and \$475 million for FRPP if new offsets are found to pay for those additional increases over and above the very sizable increases in the primary bill. So much for balanced treatment!

What emerges clearly from the chairman's mark is an underlying attitude that maximum leverage will be gained for the Chairman and the other House conferees if they keep CSP in tatters and force the Senate Chairman and conferees to spend a huge amount of "chits" to improve and strengthen CSP in the new farm bill. It is discouraging, to say the least, to see that spirit continue to hold over from the last farm bill despite the change in committee leadership. SAC will speak out in opposition to the draconian Peterson cutbacks and work hard to restore adequate funding for the CSP.

CSP Language – Some Good, Some Bad: Following the original introduction of the mark prior to subcommittee proceedings, SAC worked with other conservation groups to try to develop a major overhaul of the Peterson proposal on the substance of CSP. The original Peterson proposal bore little resemblance to either the original intent of CSP from the 2002 Farm Bill or the actual implementation of CSP by USDA. Some of the major points of the SAC and conservation groups proposed compromise language is adopted in the new mark, including a single “stewardship enhancement payment,” a “stewardship threshold” for determining eligibility, and statutory references to resource specific indices to rank proposals and determine payment rates.

However, the new proposal does not include a requirement that CSP eligibility be contingent on meeting the stewardship threshold for more than one priority resource of concern, does not provide any credit in the ranking system for existing/ongoing conservation effort, does not provide ranking points for comprehensive conservation effort, and includes no ranking points for resource-conserving crop rotation, managed rotational grazing, organic farming systems, or wildlife activities consistent with state wildlife plans. There is also no requirement for USDA to coordinate CSP and organic certification plans. The way the language is drafted it would also be impossible for a farmer enrolled in WRP or CCRP to also participate in CSP. No payments are provided for on-farm research and demonstration of innovative conservation systems, for comprehensive conservation planning, or for on-farm monitoring and evaluation of conservation plans and activities. Finally, the same unworkable technical assistance funding restraints that have constrained the program substantially for the past 5 years is repeated in the new language. SAC will try to find a Member of the committee to sponsor an amendment to fix at least the most egregious problems in the new draft proposal.

USDA Reorganization -- Take Two: The USDA Reorganization Act of 1994 seemed to settle the issue of who administers conservation programs. The Conservation Reserve Program, the largest conservation program, was given to the Farm Service Agency to run and nearly all other conservation programs were given to the Natural Resources Conservation Service. When the Grasslands Reserve Program was introduced in 2002, it was given to both agencies. Now, in the new Peterson proposal, all conservation programs would be given back over to FSA to administer, with NRCS just providing the technical assistance. Earlier, during subcommittee markup, Peterson had indicated that he planned to do a major USDA reorganization bill next year, including the shift of conservation back to FSA, but apparently he decided not to wait, introducing another wild card into the farm bill debate. SAC will oppose this attempted rollback.

No Payment Limits, No Harmonization: After getting rolled on very minor payment limitation reform in the commodity subcommittee markup, Peterson has not come back with any reform at all in the new bill. Rumor has it that he has asked the Cotton Council to develop payment limitation language for the bill, but that language, if it is forthcoming, has clearly not made it into the bill yet. And if it is forthcoming, we predict it will be even more minor than the original Peterson proposal. SAC intends to support a major payment limitation reform proposal on the House floor.

Interestingly, after making a major point during conservation subcommittee of the need to reform and harmonize conservation program payments, the draft text includes no changes to conservation payment limits other than a \$30,000 a year cap on CSP payments. The current \$450,000 multi-year limitation on EQIP payments remains unchanged. SAC will continue to work to bring the two programs’ limitations in line with each other.

Other Conservation Issues: The draft bill includes the SAC proposal for a *CRP transition option* under which retiring farmers could gain two extra years of CRP rental payments for selling to a beginning or minority farmer, with the new farmer able to do conservation improvements (and if interested start

organic transition) prior to the end of the contract. The provision is expected to cost \$16 million over the next 5 years. The amendment to accomplish this provision was introduced by Rep. Tim Walz (D-MN).

The bill also includes the SAC-endorsed *Cooperative Conservation Partnership Initiative*, including the suite of community development asset amendments introduced by Rep. Walz and approved in subcommittee markup. SAC endorses the bill's allocation of 90% of the CCPI funding stream to be awarded at the state level, but has continuing problems with some of the detailed language, including a priority for projects with higher levels of matching funds.

In addition to re-funding the *Wetlands Reserve Program* at 250,000 restored wetlands acres a year, a long-supported SAC priority, the proposal would add a new option for *floodplain easements* (up to 10,000 acres a year for lands flooded the previous year or twice in the past ten years) and would fix the appraisal problem that has constrained the program for the past year. The bill also provides an actual authorization for the Wetlands Reserve Enhancement Program, which has already been implemented administratively.

The *Environmental Quality Incentives Program* section includes general language making *organic transition* an eligible purpose, but does not include any special section or any funding set-aside for transition/conversion nor does it contain language specific to existing organic systems. SAC will be supporting an amendment in full committee to develop an actual organic conversion program with dedicated funding.

From the SAC-supported Beginning Farmer Opportunity Act, there is a provision for *90 percent cost share for beginning and minority farmers*, but as a discretionary and all-or-nothing proposition. The beginning farmer bill made it mandatory and required a not less than 15 percent differential with the regular cost share rate. SAC supports going back to the language in the beginning farmer bill. The Peterson bill also includes 5 percent *beginning and minority farmer funding set-asides*; the beginning farmer bill had included 10 percent set-asides for both. This provision was advanced in subcommittee by Rep. Stephanie Herseth Sandlin (D-SD).

The House EQIP language also opens up program payments to cash it up to cash rent landlords and just about anyone else involved in agriculture, including custom farmers. New language is added in several places to make energy and forestry stronger EQIP purposes. Carried over from the subcommittee bill, the mark includes \$10 million a year for *Conservation Innovation Grants*, \$5 million a year for *outreach grants to specialty crop and organic producers*, and \$5 million a year for the *conservation planning pilot program*, with part of that to assist farmers in the Chesapeake Bay area. The bill also includes a 10% hold back of funds at headquarters to be given out as performance bonuses to states. Good language is added to ensure that payments for irrigation equipment must include provision for water savings to remain in the source rather than be used for irrigation expansion on other fields.

In addition to the continuation of the super-high \$450,000 payment limit, the bill includes several other pieces of National Pork Producer Council language. It would require USDA to conduct a streamlined enrollment process for producers who have adopted EMS (environmental management systems) and are seeking support for a single practice (i.e., a waste treatment lagoon). Another provision would force USDA to treat water or air quality regulatory permits as the equivalent of an EQIP plan. SAC opposes all this language as yet another layer of weakening of the environmental standards of the program.

Secretary Johanns' proposal for a *Rural Water Enhancement Program* (RWEP) is included at \$60 million in mandatory funding a year. This funding stream is a direct transfer from the last farm bill's Ground and Surface Water Conservation Program, which would be ended. The RWEP is to prioritize

proposals from the Chesapeake Bay, Upper Mississippi River Basin, the Everglades, and the Klamath Basin.

The ***Grasslands Reserve Program*** is amended to provide that not less than 60% of the program funding be used for easement agreements and to allow transfers from CRP to GRP, not to exceed 10% of GRP enrollment in any year. However, the GRP is not provided with any new funding and it does not have any funding baseline. It is in the reserve bill at 5 million new acres, to be funded if offsets can be found. SAC has previously stated its tentative support (dependant on the details) for combining the GRP and the FRPP (below) into a single, coordinated easement program.

The ***Farm and Ranch Land Protection Program*** is turned into a straight block grant program. Eligible entities are free to set their own ***impervious cover limitations***, with no guidance or limitations in the statute or presumably the new regulations. SAC is strongly opposed to this change and perversion of the program and will try to help in the effort to secure some type of reasonable limitation on development.

The ***Agricultural Management Assistance*** program is continued at its \$10 million a year in baseline funding (with an additional \$20 million a year in the reserve bill), with Hawaii and Virginia added to the 15 currently eligible states (Northeast plus UT, NV, and WY). Ten percent of the total is reserved for ***organic certification cost share*** in the 17 states.

The ***State Technical Committee*** (STC) provision in the Chairman's mark appears designed to limit the role of conservation agencies and non-profits with conservation and environmental expertise, while increasing the role of agribusiness. The U.S. Fish and Wildlife Service is omitted from the list of professional resource managers who are currently eligible to serve on STCs. The current STC legislation provides for the inclusion of "agricultural producers with demonstrable conservation expertise." The mark would change this to "at least 12 agricultural producers representing the variety of crops and livestock or poultry grown within the State" and also adds agribusiness representatives as a new membership category. In addition, in what we hope is a typo but fear might be intentional, non-profit organizations are limited to IRS Section 501(c)(2) organizations, which are asset holding subsidiaries of IRS Section 501(c)(3) organizations. These subsidiaries are often established for non-profits to protect real estate holdings from liability. SAC wants to retain current STC membership language but improve USDA accountability to the committees, and will seek opportunities to add that language.

Beginning Farmers and Ranchers: In addition to the beginning farmer conservation provisions referenced above, the Peterson bill includes many other significant pieces from the Beginning Farmer and Rancher Opportunity Act. Most importantly, the bill includes \$15 million a year in mandatory funds for the ***Beginning Farmer and Rancher Development Program***. This is the same level of funding as carried by the Senate farm bill in 2002, but that was lost in conference at a time when the House bill included no funding. By including it in his bill, Rep. Peterson significantly increases the chances that this program will actually get off the ground next year with significant farm bill funding to use to support farm transition projects across the country. The bill also includes the identical \$15 million a year in mandatory funding for the ***Section 2501*** Outreach and Technical Assistance for Socially Disadvantaged Farmers program. Together, this represents a commitment of \$150 million in farm bill resources for beginning and minority farmer projects over the next 5 years. SAC wholeheartedly endorses these provisions.

In the ***credit title***, all of the provisions from the beginning farmer bill that were included in subcommittee or were offered as amendments in subcommittee but withdrawn are included in the mark. This includes the improvements to the ***Beginning Farmer Down Payment Loan*** program, extension and improvement of the ***Land Contract Pilot Program*** to a nationwide, permanent program, increases in funding targeted to beginning farmers and ranchers, ***revised loan limits*** (increased from \$200,000 to \$300,000 for both operating and real estate loans), and improved loan graduation language. Two improvements to the

subcommittee mark were included – an increase in the USDA portion of the Down Payment Loan from a 15 year loan to 20 years, and an increase in the beginning farmer target for direct operating loan funds from 40 percent to 50 percent. SAC supports all of these programs and improvements.

There are four major disappointments with the credit title. First, the *Individual Development Account* pilot program for beginning farmers is not included. Second, there is no increase in the loan authorization level to go along with the individual loan limit increase. Third, *term limits* on loans are only suspended for guaranteed loans, not for direct loans. Last but not least, the *conservation loan provision* from the beginning farmer bill has been distorted. The subcommittee bill included two conservation loan programs, an improvement to the existing loan program to prioritize beginning and minority farmers as well as transition to organic farming, and a brand new conservation loan guarantee program pushed by American Farmland Trust. Unfortunately, in the new draft bill these proposals are melded together, with the result that direct loans are eliminated in favor of guarantees only, the guarantees have a higher loan limit than any other FSA loan program (\$1 million), and animal waste treatment systems are made eligible for loans. In general, direct loans support smaller farms than the guaranteed program. SAC will work to advance amendments on all of these issues as the farm bill process moves forward.

In the crop insurance section of the miscellaneous title, the beginning farmer priority language from the beginning farmer bill for the *Risk Management Education* program has been included in the mark, another amendment that was advanced by Rep. Walz.

Rural Development: As expected, the rural development title includes the full blown *Rural Entrepreneurs and Micro-Enterprise Loan* program authorization, but without any mandatory funding. The title also includes the new permanent authorization for the *ATTRA program* that was introduced by Rep. Barrows (D-GA) and approved in the subcommittee markup. These are both significant advances. We have every reason to expect the ATTRA language to be included verbatim in the Senate bill, and also to expect the Senate bill to include mandatory funding for the Micro-Enterprise program.

Some late-breaking advances were made on the SAC-supported *Value-Added Producer Grants* program. First, it receives \$20 million a year in mandatory funding in the Peterson bill, the only program in the whole rural development title to receive any mandatory funding at all. Also included is a modified version of an amendment advanced in subcommittee by Rep. Jeff Fortenberry (R-NE) to provide a preference for projects that focus on small and medium-sized family farms. In just the final days before introduction, language was also added by the Chairman, drawn from the original SAC proposal, to set-aside 10 percent of the funding to support local and regional mid-tier value chain networks that support small and mid-sized family farms. This is in addition to the 10 percent funding set-aside that was already in the subcommittee bill for projects that include beginning and minority farmers. While not the entire SAC package, these are very important advances. We would hope that the funding level can be increased as the House considers the bill, and again expect the level to be greater in the Senate bill.

Our friends at the National Cooperative Business Association were successful in including in the bill a new provision allowing *Rural Coop Development Grants* to be up to three years, rather than one year at a time as is currently the case.

Research Title: The research title is, as expected, something of a monstrosity. With the major and conflicting lobbying efforts launched for the land grants' "Create 21" proposal and agribusiness' National Institute for Food and Agriculture (NIFA) proposal this was to be expected. The new proposal includes a quasi-Create 21 initiative – a new layer of bureaucracy between the Under Secretary and the two research agencies in the form of 6 new National Program Offices, each with its own czar and small staff. These are to be the primary movers and shakers who will then work with the existing national program leaders (probably with some new name) at CSREES and ARS. The research title also includes a NIFA-esque

provision in that it pools every single competitive grants program at USDA (including SARE and OREI) under the new heading of NIFA.

Most importantly from SAC's vantage point, the draft bill would combine the *National Research Initiative* and the *Initiative for Future Agriculture and Food Systems* into a single melded program. All of the existing NRI and IFAFS purposes carry over, though the underlying statutory authorities are eliminated. In an important advance for the SAC platform, classical plant and animal breeding is added as a new IFAFS purpose.

Unlike the current NRI, the new NRI is to be dedicated solely to basic and fundamental research. The IFAFS part of the new program will be just for integrated, applied research, consistent with current law. Curiously, the new melded program evidently would not allow for basic research with an education or extension component or for applied research without an education or extension component.

The \$600 million in IFAFS baseline mandatory farm bill money is transferred into the new melded program (which by the way is not given a name) and that money plus whatever amount is allocated to the program in the regular annual appropriations process is to be divided 60 percent for NRI and 40 percent for IFAFS. SAC advocacy for a 50/50 split helped increase the earlier 70/30 split to 60/40. We will continue to push for a more even split.

Unfortunately, the chairman's mark leaves the *Organic Farming Research and Extension Initiative* (OREI) right where it was after subcommittee markup, with an authorization for appropriations of \$25 million a year, but no dedicated mandatory farm bill funding. SAC will continue to work with other advocates to advance an amendment in committee with real funding for this program.

The two big new authorizations in the research title do not receive any funding in the primary bill, but would be taken care of in the reserve bill if offsets are found. Those are the Bio-energy and Bio-based Products program and the Specialty Crop Research program.

Marketing Provisions: We have already described the bill with respect to the Value-Added Producer Grants program under the Rural Development section above. The Peterson bill also carries over the *Farmers Market Promotion Program* provision from subcommittee, providing the program with \$5 million a year rising to \$10 million a year in mandatory farm bill resources, for a 5-year total of \$35 million. Language is also included that not less than 10 percent of the funds should be used for Electronics Benefits Transfer. SAC will continue to work for amendments to include SAC's substantive language improvements to the program and to increase its funding to at least \$15 million a year. The current program has no mandatory funding and very limited discretionary funding, so any farm bill funding is significant. The demand for the program certainly justifies a bigger increase though.

The bill also carries over from subcommittee the \$22 million in 5-year spending for the *National Organic Certification Cost Share Program*. This amount would be in addition to the \$1 million a year funding set aside for the same purpose under the AMA program for the 17 states with access to that program (see conservation section above). The bill also provides \$3 million for the *Organic Data Initiative* to help USDA develop organic price, production and marketing data series. SAC will continue to look for opportunities to bring the cost share program total back up to \$25 million.

The *specialty crop block grant program*, currently a discretionary program, is slated to receive \$265 million over the next 5 years in mandatory funds under the terms of the bill. In addition, the bill provides for nearly \$1 billion in mandatory spending for the purchase of fruits and vegetables for domestic nutrition programs. A new Early Pest Detection and Surveillance program which would provide grants to state departments of agriculture is slated to receive \$200 million in mandatory funding,

Nutrition Title: Chairman Peterson’s proposal carries the amendment passed in Subcommittee to rename the ***Food Stamp Program*** the “Secure Supplemental Nutrition Assistance Program.” Despite the *SSNAPy* moniker, however, actual benefits hang in the balance with all of the increases in mandatory funding included in the reserve bill. That’s right – all \$6 billion in approved expansions of the food stamp program to modernize benefit levels are relegated to the reserve bill, waiting for offsets. SAC hopes that the relegation to the back seat bill will embolden the anti-hunger and anti-poverty non-profit groups to join with their farm bill reform colleagues working on farm, rural and conservation issues in advancing positive, cross-cutting amendments.

Community Food Projects are reauthorized in the primary bill, but with \$30 million in annual appropriations (as opposed to the current \$5 million a year in mandatory spending) and the grant period extended from 3 to 5 years. Peterson extends the authority of the ***Senior Farmers’ Market Nutrition Program*** at its current \$15 million in annual mandatory funding with an authorization for additional money appropriated over and above the mandatory, from \$20M in 2008 increasing annually to \$75 million in 2012. Those additional funds would require new appropriations however. The reserve bill/*en bloc* amendment would provide \$100 million a year in mandatory funding for expansion of the ***fruit and vegetable school snack program***, but of course would only become real if offsets are found to pay for it.

Crop Insurance: The ***organic crop insurance*** provisions are as we reported coming out of subcommittee. While they might eventually provide a fix for the current discriminatory practices, those fixes would not come for a period of years while agency studies called for by the bill took place. This language was promoted by the Organic Trade Association, in contrast to the SAC proposal which called for an immediate fix and put the burden of the proof on the agency rather than on the farmer. We hope to secure our preferred language in the Senate version of the farm bill.

SAC is also exploring to see if there might still be an opportunity to strengthen the ***Adjusted Gross Revenue Insurance*** programs in this farm bill. No provision has been included to date for this program that provides insurance for diversified farms, including sustainable and organic operations that have difficulty working with standard insurance products.

The crop insurance section of the bill also carries the partial ***sodsaver*** provision that Chairman Peterson has promised. It would deny crop insurance coverage to producers on grassland that has not been planted to a crop for any 5 years since 1986 or for 3 consecutive years since 1986 for the first 4 years the land is in production. After the producer has a 4-year production history, the sodbusted land would be eligible for crop insurance subsidies. The full-scale sodsaver provision supported by SAC would deny all benefits on newly broken out land, including commodity and conservation payments.

Competition Title: There is of course no competition title in the Peterson bill. The only provision included as part of the miscellaneous title is the prohibition on mandatory arbitration that was secured by Rep. Leonard Boswell (D-IA) in subcommittee markup. We expect there will be an amendment in full committee to strike this provision from the bill, an amendment we will vigorously oppose. SAC will coordinate with other organizations to decide whether a major competition provision might be brought to the House floor.

Energy Title: Chairman Peterson’s mark for the Energy Title includes well over \$4 billion in funding, with the entire funding contingent on the availability of reserve fund offsets from H.R. 6 (a tax bill that includes the recapture of tax subsidies to the oil and gas industry). Peterson has stated in public that the committee will need to pare back its energy title to about \$2 billion to fit within the confines of what he has been promised by leadership from H.R. 6.

The **Section 9006** Renewable Energy Systems and Energy Efficiency Improvements would be ramped up from \$23 million per year authorized in the 2002 Farm Bill to \$50 million in 2008 on up to \$150 million in 2012, with a total funding of \$500 million, or \$385 million above the level of the 2002 Farm Bill. The funding is subject to appropriation unless the reserve funds are available, in which case the funding would be mandatory. During markup, the Subcommittee accepted an amendment offered by Rep. Herseth Sandlin (D-SD) which would rename the program to Rural Energy for America Program (REAP), allow funding for projects that produce and sell electricity generated by new renewable energy systems, increase the maximum amount of a loan eligible for a guarantee to \$25,000,000, and provide funding for feasibility studies. Her amendment would also require a carve-out of 15 percent of the funding for grants of \$50,000 or less, a provision which SAC especially supports, though we do not support a funding level as high as \$500 million in light of all the other funding needs in the farm bill and the cuts to CSP and other priority programs.

The mark extends other 2002 Farm Bill energy provisions and, if the offsets go far enough, would fund many of them with mandatory funding. These include the energy audit program for farms and rural businesses, the biorefinery loan guarantee program (\$2 billion in loan guarantee authority), the bioenergy feedstock program (\$1.5 billion), and the biomass research and development program (\$500 million). It would also create a new Forest Bioenergy Research Program (\$75 million).

The two big new programs which Peterson has kept under wraps until now are the proposed **Biomass Energy Reserve** program to provide incentives for the production of biomass feedstock production and the Feedstock Flexibility Program for Bioenergy Producers. The reserve program is structured much in the same manner as the bill introduced in the Senate by Sen. John Thune (R-SD). Interestingly, the Peterson bill calls for mandatory funding for both of these programs, but at “such sums as may be required.” We are guessing that this means either that they have not received a budget score for the proposal yet or that the score they did receive was too large to fit within the confines of even the contingency reserve bill.

Commodity Title: Last but not least we come to Title I, the commodity title. As we stated above, there is no payment limitation reform in the proposal. All of the current loopholes that result in no effective cap on subsidies per farm are continued. Also, as noted under the crop insurance section above, the Peterson proposal includes a weaker, modified version of the sodsaver proposal supported by SAC.

The bill purports to save over \$1 billion used as offsets for other parts of the bill by denying farmers advanced payments in 2012. This well-used budget gimmick does not actually save money, but merely puts the payments outside of the budget scoring window. Chairman Peterson has also discussed saving money by eliminating payments to farms with less than 20 acres of program base. The proposed bill does not cut direct payments at all, despite considerable talk about that possibility from Chairman Peterson earlier in the process. At \$26 billion over the next 5 years, direct payments represent by far the largest slice of commodity payments expected to be made during the coming farm bill cycle.

The chairman’s mark includes commodity rebalancing that had been part of the proposed title for subcommittee markup but that had disappeared when the subcommittee voted to replace the subcommittee mark with current law. Target prices (used to determine counter-cyclical safety net payments) would be increased for wheat, barley, oats, soybeans and minor oilseeds and even a tiny bit for corn, while holding steady for sorghum, rice, and peanuts and declining slightly for cotton. Marketing loan rates would increase wheat, barley, and oats, while staying the same for cotton, rice, soybeans and peanuts and declining slightly for corn and sorghum.

The mark also includes the cotton subsidy approved at subcommittee on an amendment by Rep. Marshall (D-GA) that restores under a new name a program that shares much in common with the Step 2 program repealed after Brazil was successful in a trade case against the program at the WTO.

The bill extends the current sugar program without significant reform. It extends the MILC dairy payment program, supports the price of cheddar cheese, butter, and dry milk via government purchases, and extends the Dairy Forward Pricing Program.

The bottom line on the commodity title is it is a status quo proposal with some rebalancing, almost no reform, and some backsliding. The question for the farm bill going forward is whether such a proposal, should it remain intact during full committee markup, be acceptable on the floor of the House as part of a bill that slashes the Conservation Security Program, provides no funding for food stamp and nutrition improvements, provides almost no funding for rural development programs, and only provides modest funding for local food initiatives. Expect an intense focus on that question over the course of the next four weeks.