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# Food, Agriculture, Conservation, and Trade Act of 1990

## Summary

November 1990



U.S. Department of Agriculture

## HIGHLIGHTS FROM THE 1990 FARM ACT AND THE 1990 RECONCILIATION ACT

This summary highlights many of the parts of the "Food, Agriculture, Conservation, and Trade Act of 1990," commonly called the 1990 Farm Act.

This summary also incorporates the changes made by "The 1990 Budget Reconciliation Act," that reduces farm program outlays over the life of the 1990 Farm Act. Together, the two Acts establish the framework for farm programs in 1991-95.

Many of the farm programs are "authorized" by the 1990 Farm Act, and implementation will depend on the level of funds that are appropriated by Congress.

There are also many sections of the 1990 Farm Act that are "discretionary," and the final shape of farm programs in 1991-95 will depend on how they are developed and administered.

The 1990 Farm Act was signed by President Bush today, November 28, 1990.

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## COMMODITY PROGRAMS

**TARGET PRICES:** *Minimum target prices are frozen at 1990 levels.*

- \* Target prices are \$4/bu. for wheat; upland cotton, 72.9 cents/lb.; rice, \$10.71/cwt.; corn, \$2.75/bu.; grain sorghum, \$2.61/bu.; barley, \$2.36/bu.; oats, \$1.45/bu. Milk support is set at a minimum of \$10.10/cwt.

**DEFICIENCY PAYMENTS:** *Deficiency payments are calculated as before.*

- \* The payment rate is the difference between the target price and the higher of the loan rate or average market price for the months designated for a crop, times the program yield on your farm, times the acres eligible for payment on your farm. Feed barley prices only will be used for barley calculations. A special assessment, not to exceed 5% of the value of malting barley, will be levied on malt barley producers who participate in the program.
- \* For acreage underplanted under 0/92 and 50/92 provisions, the deficiency payment will be paid at no less than the rate projected in advance, which will be announced before signup.
- \* Program payment yields for your farm will be at the same levels as for 1990. USDA may set them at the average of the preceding 5 years' harvested yield (after dropping the high and low years).
- \* USDA will pay in advance between 40% and 50% of the projected deficiency payment rates for wheat and feed grains and between 30% and 50% for upland cotton and rice.
- \* For the 1994 and 1995 crops--when deficiency payments for wheat, feed grains, or rice are calculated on the basis of a 12-month average price--75% of the final projected deficiency payment rate (less any advance payment) shall be made as soon as possible following the 1st 5 months of the marketing year. Remaining payments will be made after the 12-month marketing year.

**PRICE SUPPORT LOAN RATES:** *Loan rates will be announced prior to signup and will be available on the production of specified crops grown on eligible acres on your farm.*

- \* Wheat and feed grain basic loan rates will be 85% of the 5-year moving average of market prices, excluding the high and low years. These basic loan rates cannot drop more than 5% from the previous year as a result of these calculations.
- \* USDA may reduce the basic wheat and feed grain loan rates up to 10% based on projected stocks-to-use ratios for the marketing year. An additional reduction of up to 10% may also be made to maintain competitiveness.
- \* Other feed grain loan rates will be set in a fair and reasonable relationship to corn, based on feeding value.
- \* USDA may offer marketing loans and loan deficiency payments for wheat and feed grains.
- \* Recourse loans will be offered on high moisture feed grains to producers who normally harvest such crops.
- \* Cotton and rice marketing loan rates will be determined as before under the 1985 Farm Act, except that cotton will have a minimum repayment rate of 70% of the loan.
- \* Marketing loans will be available for soybeans and other oilseeds. Soybean loan rates will be a minimum of \$5.02/bu., with loan rates for minor oilseeds set at a minimum of 8.9 cents/lb.
- \* The loan rate for raw cane sugar is maintained at 18 cents/lb., as under the 1985 Farm Act.
- \* The honey loan rate is frozen at the 1990 level of 53.8 cents/lb. for 1991-95.

**BASE ACRES:** *These are historical plantings; much as in the past for wheat and feed grain crops on your farm.*

- \* Your base acres for wheat and feed grains will be the average of the acreage planted or considered planted for the previous 5 years.
- \* Your base acres for upland cotton and rice will be the average of the acreage planted or considered planted for the previous 3 years, except that nonparticipants in 1989, 1990, and 1991 can use the 1985 Act rules.

**ARP ACRES:** *Annual reduced acres will be a percent of your base acreage of each target-price crop. ARP acres must be protected from wind and water erosion throughout the year.*

- \* The size of wheat and feed grain ARP's will depend on carryover supplies in relation to use (stocks-to-use ratio--S/U) at the end of the preceding marketing year.
- \* ARP reduced acres for feed grains (except for oats) may range from zero to 12.5% for a stocks-to-use ratio of up to 25% and 10% to 20% for a S/U above 25%.
- \* ARP reduced acres for wheat may range from zero to 15% for a stocks-to-use ratio at or below 40% and from 10% to 20% for a S/U above 40%.
- \* Maximum ARP is 20% of your wheat and feed grain bases; 25% for upland cotton; and 35% for rice. Oats will have a zero ARP. Grain sorghum and barley ARP's may be different from the corn ARP.
- \* For 1991, the wheat ARP may not be less than 15%, and the corn ARP may not be less than 7.5%.
- \* USDA may allow oats to be planted on wheat or feed grain ARP's (with paid program benefits) when domestic oats production is less than expected use.
- \* You will be required to plant one-half of your ARP reduced acres--but not greater than 5% of your crop acreage base--to an annual or perennial cover crop, except in designated arid and summer fallow areas. If you plant and agree to maintain an approved perennial cover for 3 years on one-half of your ARP, you are eligible for Government cost-share assistance at 25% of the cost.
- \* USDA may permit plantings of designated crops on 50% of your ARP reduced acres in return for you giving up deficiency payments on a specified number of acres.
- \* USDA may offer a Target Option Program (TOP). TOP would let you voluntarily increase or decrease your ARP reduced acres in return for a specified increase or decrease in target prices.
- \* USDA may permit planting of conserving crops for harvest on ARP reduced acres and 0/92 and 50/92 land.
- \* Summer fallow provisions continue as in the past.
- \* Haying and grazing of ARP and 0/92 and 50/92 conserving use land is permitted, except for a designated 5-month period in the year. Your State ASC Committee determines the 5 months. Unlimited haying and grazing may be permitted during a natural disaster.
- \* USDA may offer a paid land diversion payment whether or not an ARP is in effect.

**15% NORMAL FLEX ACRES (triple base):** *These are non-payment acres. 15% of your base acres for each program crop become "triple base" nonpayment acres with special planting flexibility.*

- \* You can plant any program crop--feed grains, wheat, cotton, and rice (including the "original crop" for which you have the base)--or oilseeds on your 15% triple base.
- \* You qualify for price support loans, if available on these crops, on your entire production of program crops grown on normal flex "triple base" acres--but you don't receive deficiency payments.
- \* You can also plant nonprogram crops on your triple base, such as industrial or experimental crops--but not fruits and vegetables (including potatoes and dry edible beans).
- \* You do not pick up or lose acreage bases by what you plant on your normal flex acres. As long as you plant an approved crop, this 15% of your base acreage is considered planted to the original crop. However, you do not receive deficiency payments on these normal flex acres.

**10% OPTIONAL FLEX ACRES:** *This optional 10% of your base has the same planting flexibility as on the 15% triple base, and if utilized, you must forgo deficiency payments on this acreage.*

- \* If you plant these optional base acres to their original base crop, you have not opted for the optional flex acres. In this case, you would qualify for both deficiency payments and price support loans on this production.
- \* If you plant other target-price program crops or oilseeds on your 10% optional acres, you get loans on what you produce, but no deficiency payments on the original base crop--the same as for your 15% triple base.
- \* You can plant the same nonprogram crops, and hay and graze, as you can on your normal flex acres. As with normal flex acres, you do not receive deficiency payments if you plant nonprogram crops on these optional flex acres.
- \* You do not pick up or lose acreage bases by what you plant on your optional acres.
- \* If USDA estimates that the price of soybeans will be less than 105% of the loan, you cannot plant the optional acreage to soybeans.

**EXCEED YOUR BASE:** *You can exceed your farm's base for a crop and get price support loans--but not deficiency payments--on the extra acres, by planting the base crop on the normal flex acres and optional flex acres of another program crop.*

- \* Let's say you have a wheat, cotton, and a feed grain base. You can stay within the planting requirements for your farm's cotton base, say, but elect to plant cotton on your normal flex acres and on your optional flex acres for wheat and feed grains.

**MAXIMUM ELIGIBLE PAYMENT ACRES:** *Deduct your ARP reduced acres and your 15% triple base acres (but not your optional acres) from your base acres for a crop. These are your maximum eligible payment acres, the maximum acres for which you may receive deficiency payments.*

- \* You can plant your maximum eligible payment acres to that crop for which you have a base and receive deficiency payments and price support loans.

**0/92 ACRES FOR WHEAT AND FEED GRAINS:** *You may elect to plant less than 92%--even zero--of your maximum eligible payment acres of wheat and feed grain.*

- \* You must devote 8% or none of your maximum eligible payment acres to conserving uses.
- \* If you elect to plant less than 92% of your maximum eligible payment acres and devote the remainder to conserving uses, you qualify for the projected deficiency payment rate on this acreage, not to exceed 92% of your maximum eligible payment acres for that crop.
- \* You may plant this 0/92 land to conserving crops or to minor oilseeds, such as sunflowers, safflower, canola, rapeseed, flaxseed, and mustard seed. If you plant a minor oilseed, you must chose either the 0/92 payment or the oilseed marketing loan. If you chose the 0/92 payment, you lose your marketing loan eligibility for all of that oilseed produced on your farm.
- \* USDA may permit you to plant other alternative crops on 0/92 acres.

**50/92 ACRES FOR COTTON AND RICE:** *You may elect to plant as little as 50% of your maximum eligible payment acres of cotton or rice and receive deficiency payments on 92% of the payment acres (similar to 0/92).*

- \* If you are prevented from planting 50% of your payment acres to cotton or rice, you will receive deficiency payments on this acreage up to the full 92%, and the payment

rate on the acres devoted to conserving uses will be paid at the projected deficiency rate.

- \* USDA may permit you to plant other alternative crops on 50/92 acres.

**CROSS COMPLIANCE:** *There is no cross compliance.*

- \* You can participate in the program for one program crop and qualify for price support loans and payments--and you may at the same time exceed your base plantings for other program crops. You won't build base for the overplanted crop. The only way to build base is to forgo all deficiency payments on the farm.

**SPECIAL FOR UPLAND COTTON:**

- \* ARP acres. If expected cotton supplies are excessive, the ARP reduced acres will be set at zero to 25% to achieve a carryover-to-use ratio of 30%.
- \* USDA may offer a paid land diversion (PLD). A PLD can't exceed 15% of your cotton base acres. If the cotton carryover is expected to be 8 million bales or more, USDA must offer a PLD with a payment rate of 35 cents or more per pound.
- \* Target price. The minimum is 72.9 cents per pound.
- \* Deficiency payments. The difference between the target price and the higher of the loan rate or the average farm price during the entire calendar year that includes the 1st 5 months of the marketing year.
- \* Loan rates. Will be 85% of the average spot price for the previous 5 years, dropping the high and low years when figuring the average, or (if lower) 90% of the current adjusted Northern Europe price. The minimum loan is 50 cents per pound and the loan level cannot decline more than 5% from the previous year.
- \* Marketing loans. You may repay your price support loans at the lower of (1) the loan rate, (2) the adjusted world market price, (3) or a fixed repayment rate. However, the loan repayment rate cannot be less than 70% of the loan rate.
- \* The loan period is 10 months from the 1st day of the month in which you take out the loan. At the end of 10 months, you may request to have the loan extended for 8 months if the previous month's spot price is less than 130% of the preceding 36-month average.

- \* Loan deficiency payments. You will be given the option of taking a payment for the difference between the loan rate and the loan repayment rate in return for not taking out a price support loan or using a purchase agreement.

#### **SPECIAL FOR RICE:**

- \* Rice ARP's will be set between zero and 35% of your base to achieve a carryover equal to 16.5% to 20% of the average disappearance of rice for the 3 preceding years.
- \* A paid land diversion may be offered.
- \* Target price. Minimum is \$10.71/cwt.
- \* Loan rate. Is set the same as previously. It cannot be changed more than 5% annually. Minimum is \$6.50/cwt.
- \* Marketing loan. Continues as before, allowing you to repay loans at the loan level-- or when lower, at the higher of 70% of the loan rate or the world market price.
- \* Loan deficiency payments. You will be given the option of taking a payment for the difference between the loan rate and the loan repayment rate in return for not taking out a price support loan or using a purchase agreement.
- \* 50/92 underplanting applies, as does prevented planting.

#### **SPECIAL FOR OILSEEDS:**

- \* Loan rates. Minimum will be \$5.02/bu. for soybeans and 8.9 cents per pound for sunflowers, canola, rapeseed, safflowerseed, flaxseed, and mustard seed. USDA may offer loans on other oilseeds at a "fair and reasonable" rate in relation to the soybean loan rate. 1992-95 loan rates must be announced by November 15 of the preceding year.
- \* Marketing loan. USDA will decide whether you may repay your price support loan at (1) the lower of the loan rate or the prevailing world market price, or (2) at a level not to exceed the loan rate that will minimize forfeitures to the CCC; minimize oilseed stocks accumulated by the CCC; minimize CCC storage costs for oilseeds; and allow U.S. oilseeds to be marketed freely and competitively.
- \* Loan deficiency payments. You will be given the option of taking a payment for the difference between the loan rate and the loan repayment rate in return for not taking out a price support loan or using a purchase agreement.

- \* Marketing year. Soybean marketing year is the 12 months between September 1 of the normal harvest year and August 31 of the next year. USDA will determine the marketing years for other oilseeds.

#### **SPECIAL FOR PEANUTS:**

- \* Price supports for quota peanuts are set at the previous year's support level, adjusted to reflect annual increases in production costs; however, the level may not be increased more than 5% annually.
- \* Minimal national quota is 1.35 million tons. You may produce additional peanuts beyond the quota under grower-handler contracts completed by September 15.

#### **SPECIAL FOR SUGAR:**

- \* National average loan rate for raw cane sugar is 18 cents/lb.
- \* Loan rate for refined beet sugar is based on the weighted average of producer returns for sugar beets to sugarcane for the most recent 5 years, plus sugar beet processors' fixed marketing expense.
- \* When sugar imports for use in the U.S. are estimated to be less than 1.25 million short tons for a fiscal year, the Secretary shall establish a marketing control program by imposing marketing allotments on processors of domestic sugar at a level that is estimated to result in sugar imports of not less than 1.25 million short tons for the year.
- \* Crystalline fructose. When sugar allotments are in effect, crystalline fructose marketing allotments--not to exceed the equivalent of 200,000 short tons of sugar--will be in effect.
- \* The program must be operated at no cost to CCC.

#### **SPECIAL FOR HONEY:**

- \* Minimum loan rate for honey is 53.8 cents/lb.
- \* Marketing loans may be offered and loan deficiency payments will be offered.

- \* Payment limits for marketing loan gains and loan deficiency payments are set at \$200,000 for crop year 1991; \$175,000 for 1992; \$150,000 for 1993; and \$125,000 for 1994 and later.
- \* Forfeiture limits for honey price support loans (under separate limitations) are set at the same ceilings as for marketing loans and loan deficiency payments.

**SPECIAL FOR WOOL AND MOHAIR:**

- \* Price supports will be determined as under the 1985 Farm Act.
- \* Payment limits for wool or mohair (separate limit) in marketing years 1991-94 will be set at the same levels as for honey.

**SPECIAL FOR PAYMENT LIMITATIONS:**

- \* There is a \$50,000 limit on deficiency and diversion payments to a person for target price crops.
- \* There is a combined \$75,000 limit on (1) marketing loan gains from repaying loans at a level lower than the loan rate, (2) loan deficiency payments for all program commodities except honey, and (3) any wheat and feed grain emergency compensation payments made because loan levels have been reduced below the basic loan rates (Findley payments).
- \* There is a combined \$250,000 limit on (1) total payments under the above two paragraphs, (2) payments for resource adjustment (except diversion payments), (3) payments for public access for recreation, (4) any inventory reduction payments, and (5) any disaster payments.
- \* Total disaster payments may not exceed \$100,000.

**SPECIAL FOR DAIRY:**

- \* Minimum support price is \$10.10/cwt.
- \* The support price in effect will be increased at least 25 cents/cwt. each January 1 that the dairy product surplus is estimated to be less than 3.5 billion pounds for the following year (total milk solids equivalent).

- \* The support price in effect will be decreased by 25 cents to 50 cents each January 1 that the surplus is estimated to be more than 5 billion pounds, but in no case below \$10.10.
- \* The support price in effect will remain unchanged each January 1 if the dairy product surplus is estimated to be between 3.5 billion and 5.0 billion pounds.
- \* USDA will report to the Senate and House Agriculture Committees by August 1, 1991, on a milk inventory management program, including an alternative classification scheme under Federal milk orders and target price/deficiency payment programs.
- \* If the dairy surplus is estimated to exceed 7 billion pounds in any year from 1992 through 1995, USDA is authorized to reduce farm prices received enough to reimburse the CCC for the cost of purchases exceeding 7 billion pounds. An additional reduction in prices, as contained in the 1990 Budget Reconciliation Act, is required. It will be 5 cents/cwt. in calendar year 1991 and 11.25 cents/cwt. in 1992-95.
- \* Authority is provided for a promotion program for fluid milk products to be financed by assessments on all fluid milk products marketed. A national order may be established to collect up to 20 cents/cwt. on milk sold as fluid milk products. Funds collected would be used by a board of fluid product manufacturers to advertise and promote fluid milk products.

**FARMER OWNED RESERVE (FOR):** *Offers farmers quarterly storage payments to store wheat or feed grains under long-term contracts.*

- \* USDA will permit wheat and feed grains to enter into FOR if both these conditions are met:
  - (1) Average market prices are below 120% of the loan rate for 90 days preceding December 15 of the year the crop is harvested for wheat and March 15 in the year following the year the crop is harvested for corn.
  - (2) The projected stocks-to-use ratio is more than 37.5% for wheat and more than 22.5% for corn.
- \* If only one of the two conditions is met, USDA may permit entry into the FOR.
- \* The maximum must be between 300 and 450 million bushels for wheat and 600 to 900 million bushels for feed grains.

- \* You may repay the loan anytime, but not later than 27 months from the date the original loan expires (unless USDA decides to extend it another 6 months).
- \* USDA may charge interest for 90 days on the FOR loans after the price of wheat or feed grains exceeds 105% of the target price.
- \* Storage payments will stop for 90 days following the date on which wheat or feed grain prices exceed 95% of the target price. USDA will make storage payments available at the end of each quarter.

**FOOD SECURITY WHEAT RESERVE:** *Establishes a special wheat reserve of up to 4 million metric tons to be used for humanitarian purposes.*

- \* The Food Security Wheat Reserve is extended through 1995, and USDA must replenish stocks within 18 months of release.

**MARKETING ASSESSMENTS:** *Establishes a special marketing assessment for peanuts, sugar, honey, tobacco, and wool and mohair. The assessments will be collected by various methods.*

- \* Peanuts -- 1% of the national quota or additional support rates.
- \* Sugar -- 0.18 cents/lb. for raw cane sugar processed; and 0.193 cents/lb. for raw beet sugar processed.
- \* Honey -- 1% of the national support price.
- \* Wool and Mohair -- 1% of payments made to producers.
- \* Tobacco -- 0.5% of the national price support level for each such crop to be paid by farmers, 0.5% to be paid by buyers of tobacco.

## CONSERVATION

**AGRICULTURAL RESOURCE CONSERVATION PROGRAM:** *A new Agricultural Resource Conservation Program groups together some previous conservation programs with new ones. There are three main parts to it:*

1. Environmental Conservation Acreage Reserve Program (ECARP):

- \* This includes the previous Conservation Reserve Program that permitted farmers to bid their highly erodible cropland into a 10-year rental program. Farmers planted a conserving cover or trees on this land and received annual rental payments.
- \* This new Conservation Reserve Program will put greater emphasis on preserving and upgrading water quality, identifying environmentally sensitive areas for special conservation treatment, and planting trees. The goal is to enroll 40 to 45 million acres, of which 1 million acres will be held for 1994 enrollment and 1 million acres for 1995 enrollment. All new enrollments are subject to appropriations.
- \* Marginal pasture land for planting to trees will be eligible for this reserve in certain circumstances.
- \* The new CRP will include shelterbelts, windbreaks, living snow fences, filterstrips devoted to trees or shrubs, and wildlife habitat. Shelterbelts and windbreaks will require an easement for the useful life of each.
- \* Land eligible for the new CRP will include cropland that is contributing to water quality degradation; newly created sod waterways and sod strips when in an approved conservation plan; and land that poses an environmental threat due to salinity.
- \* Also included under ECARP is a new Wetland Reserve Program (WRP). It has a goal of enrolling 1 million acres, including farmed wetlands and converted wetlands, as part of the 40 to 45 million acres. You would agree to implement an approved wetland restoration and protection plan and provide either a permanent easement, or one of 30 years or more. In return, you would receive payments over a 5- to 20-year period--or in one lump sum if you grant a permanent easement.
- \* You can receive a 50%-75% cost share or a 75%-100% cost-share, depending on the length of the easement.
- \* Any crop base will be permanently retired on land entering the Wetland Reserve program.
- \* Priority will be given to offers that provide permanent wetland protection and which enhance habitat for migratory birds and wildlife.

2. Agricultural Water Quality Protection Program (AWOPP):

- \* This is a voluntary program with a goal of enrolling 10 million acres of farmland under agricultural water protection plans by the end of 1995. Agreements to enter this program, with a focus on source reduction, would be for 3 to 5 years, and are subject to appropriations.
- \* Agreements are meant to promote the efficient use of crop nutrients and pesticides and ensure safe storage, mixing, and handling of agricultural chemicals and animal wastes.
- \* You can get annual incentive payments of as much as \$3,500 per year during the 3 to 5 years to carry out the agreement plans, as well as a maximum cost share of \$1,500 per contract to carry out the wetland and wildlife habitat option.
- \* Priorities will go to contracts in areas where agriculture contributes heavily to water quality degradation, or where other Federal or State laws require improving surface or ground water quality.
- \* USDA will provide technical assistance, as requested by producers, to assist in complying with environmental laws.

3. Environmental Easement Program (EEP):

- \* This program, if funds are appropriated, will focus on easements for long-term protection of environmentally sensitive lands through an approved natural resource management plan that you would implement.
- \* Allows up to 100% cost share to implement the management plan, subject to appropriations.
- \* Eligible land will include critical habitat areas for threatened and endangered species, CRP and Water Bank lands that are likely to return to production, other environmentally sensitive areas, and Riparian corridors.
- \* Maximum you can be paid for an easement is \$250,000--or, if less, the value of the land without an easement, subject to appropriations. Annual payments, not to exceed \$50,000 a year, may be paid for up to 10 years.
- \* Crop base and allotment history will be permanently retired for land entered into this program.

**INTEGRATED FARM MANAGEMENT OPTION:** *This is a voluntary program to encourage participants to plant resource conserving crops on commodity base acres.*

- \* Goal is to enroll 3 to 5 million acres by 1995. To be eligible, you would contract to develop and carry out an approved farm management plan over 3 to 5 years (can be extended another 5 years).
- \* Farm management plans will promote the use of soil conserving crops and rotations, with a focus on sustained productivity and profitability, prevention of soil degradation, improvement of soil conditions, and protecting water quality.
- \* Requires that 20% of your crop base be devoted to resource-conserving crops.
- \* It will allow you to plant a resource-conserving crop on another crop's payment acres without losing payments. Wheat, barley, and oats could not be harvested as grain.

**ADMINISTRATION OF ENVIRONMENTAL PROGRAMS:** *Sets up an Agricultural Environmental Quality Council to coordinate and direct all environmental policies and programs of USDA and creates an Office under the Council to coordinate USDA activities. New offices and organizations are, however, subject to appropriations.*

- \* The Council of top USDA officials will develop policy, and the Office will provide liaison with EPA and the Department of Interior.
- \* The Office will recommend programs and policies, provide advice, and will coordinate with Federal, State, regional, and local entities, and carry out other activities.
- \* Under a State Water Quality Coordination Program, the Secretary will establish a water quality coordination program in each State and designate a program leader from among the Federal agencies represented. The group will coordinate water programs with State and Federal agencies and prioritize research needs within the State. State ad hoc advisory panels of farmers and private groups are authorized.
- \* A State Technical Committee will be formed from Federal and State officials who have expertise in soil and water conservation, wetlands protection, and wildlife management. This advisory committee will provide information, analysis, and recommendations to USDA covering a wide area of conservation.

#### **OTHER CONSERVATION ACTIVITIES:**

- \* SCS and Extension are charged with protecting and improving the quality of water.
- \* USDA will be the principal Federal agency responsible for the development and delivery of educational programs, technical assistance, and research programs for the users and dealers of agrichemicals.
- \* USDA programs will focus on source reduction research, better nutrition management, and evaluation of nonpoint pollution. USDA will promote research on integrated crop management, sustainable agriculture, alternative methods for pest control, improved methods of storage and handling potential contaminants, development of input efficient production systems, composting agricultural waste, and improved understanding of the fate and transport of chemicals, nutrients, and animal wastes.
- \* Commercial applicators and private users of restricted pesticides must maintain records of pesticide use. This will include the product name, amount applied, and approximate date and location of application. These records are to be available to Federal or State agencies that deal with pesticide use.
- \* The Great Plains Conservation Program is extended to 2001. The funding limit is raised to \$1 billion.
- \* The Resource Conservation and Development Program is reauthorized for 5 more years, with the number of authorized areas raised from 225 to 450.
- \* The Swampbuster trigger is moved up. If you drain, dredge, fill, level, or carry out other activities to make possible the production of an agricultural commodity on wetlands, you come under swampbuster provisions. There is a graduated penalty for first-time, unintentional swampbuster violations, and you are allowed one violation in 10 years. Fines of \$750 to \$10,000 may be assessed, depending on the severity of the violation. Many details will be spelled out in regulations.
- \* Graduated penalties are provided for inadvertent violations under Conservation Compliance. You are allowed one violation in 5 years. Fines of \$500 to \$5,000 may be assessed. Minor, technical violations may be exempted, as well as for circumstances beyond your control and for specific problems. Producers who put land into new CRP contracts will be prohibited from bringing any newly purchased highly erodible land into production. More details will be spelled out in regulations.

## FARM CREDIT

**DEBT RESTRUCTURING:** *Sets new limits on what may be done to restructure Farmers Home Administration loans with new terms, enabling delinquent borrowers to satisfy their FmHA debt obligations.*

- \* Borrowers will have a lifetime cap of \$300,000 on debt forgiveness under restructuring and buy-outs. A borrower may take only one write-down on loans made after Jan. 6, 1988, when restructuring was started with the signing of the 1987 Farm Credit Act.
- \* When deciding whether to restructure loans, FmHA may consider using a borrower's unsecured non-essential assets (not required for living and operating expenses) to determine whether the borrower can meet his or her FmHA loan obligations.
- \* Only borrowers who have acted in good faith to meet their FmHA debt obligations will be able to lease back a farm they have lost or buy out their loan at a reduced figure.
- \* Gives FmHA 10 years (2 years now) to recover gains made when a delinquent borrower sells the property he or she has purchased on a buy-out. The amount recaptured can't exceed the amount FmHA lost from the buy-out (difference between the amount FmHA recovered and the outstanding debt). Does not apply to heirs.

**INVENTORY PROPERTY:** *Applies new rules to property taken over by the Farmers Home Administration as a result of borrowers defaulting on loans.*

- \* When FmHA takes over a farm whose owner doesn't meet his or her debt obligations, FmHA must hold farm property in inventory for only 1 year before offering it for general public sale, instead of the previous 3 years.
- \* If a delinquent farm borrower waives his or her right to buy back the farm, beginning farmers or ranchers will have a first priority to buy the farm from FmHA.
- \* Provides for sales of inventory property at fair market value rather than capitalization value based on the average annual income the farm will produce.
- \* Eliminates lease-back/buy-back privileges for non-farm property acquired by FmHA.
- \* Requires perpetual easements to protect and restore wetlands and converted wetlands on inventory property. However, wetland easements that FmHA may assign to inventory property are limited to ensure the continued viability of the operating unit. Easements on cropped wetlands converted before Dec. 23, 1985, may not exceed 10% of the productive acreage of the farm. Easements on frequently cropped wetlands may not exceed 20% of the productive acreage of the farm. Easements on wetlands used for haying and grazing cannot exceed 50% of the forage lands of the property.

**POOLING LOANS:** *Broadens the ability to pool FmHA loans into a package of loans for marketing to the financial community.*

- \* Allows the Federal Agricultural Mortgage Corporation (Farmer Mac) to pool and market FmHA-guaranteed farm ownership and operating loans.

**SOCIALLY DISADVANTAGED FARMERS:** *Provides for outreach efforts to ensure that socially disadvantaged farmers receive a fair share of USDA programs.*

- \* Present requirements for allocating FmHA farm ownership loans to socially disadvantaged farmers will also be extended to farm operating loans.

**OTHER PROVISIONS:**

- \* Authorizes limited resource loans at lower interest rates to be used for water conservation and protection.
- \* Limited resource farm ownership loans and farm operating loans will be made at the same interest rates (minimum is 5%), rather than different rates as before.
- \* Allows loan eligibility certified for a county committee to remain valid for 2 years, rather than 1 year. Thus an eligible farmer who couldn't get a loan because of lack of FmHA funds would not have to go through recertification the next year.
- \* Provides for training FmHA county committees and requires training of FmHA employees in credit analysis and financial and farm management.
- \* Requires FmHA to provide management training to its farm borrowers and allows borrowers to use farm operating loan funds to cover those training costs.
- \* Provides for assisting borrowers to find a commercial lender who will lend money on loans carrying an FmHA guarantee.
- \* Accelerates the shift from direct loans from FmHA funds to commercial loans guaranteed by FmHA.
- \* A portion of FmHA loan funds for housing are targeted for the 100 most underserved rural areas in FY-91 and FY-92.
- \* Funds are also targeted for Colonias in Texas, Arizona, New Mexico, and California within 150 miles of the Mexican border.

## RURAL DEVELOPMENT

**RURAL DEVELOPMENT ADMINISTRATION:** *Establishes a new agency, called the Rural Development Administration (RDA), to administer some existing Farmers Home Administration programs. The Secretary could also transfer other USDA programs to RDA, which is to be funded by transferring resources from FmHA. RDA, headed by an administrator, would include, among others:*

- \* Water and Waste Disposal Loans and Grants. Available to communities to develop or upgrade small town water systems and waste disposal systems.
- \* Community Facility Loans. Loans to small towns for public facilities, such as libraries, hospitals, clinics, town halls, fire and police stations and equipment, and other.
- \* Business and Industry Loan Guarantees. Guarantees of loans made by commercial establishments to rural businesses to create jobs and strengthen the economy.
- \* Industrial Development Grants. Grants to public bodies to develop roads and other facilities to encourage business development in rural areas.
- \* Intermediary Relending Program. Grants to public bodies or non-profit organizations to relend to businesses in rural areas.
- \* Resource Conservation and Development Loans. Loans to local organizations to develop, conserve, and use resources--such as water impoundment, flood control, and for recreational uses.

**RURAL PARTNERSHIPS INVESTMENT BOARD:** *Authorizes a pilot program in 5 States to establish revolving funds to make or guarantee loans or make joint investments with private lenders for new and expanding rural businesses.*

- \* Board would be made up of the administrators of REA, RDA, Extension Service, and two Presidential appointees.
- \* Would operate a Rural Business Investment Fund to issue lines of credit.
- \* Authorization of \$10 million in the first year, FY-92, would need to be funded through appropriations.

**RURAL ECONOMIC DEVELOPMENT REVIEW PANELS:** *Authorizes a pilot program in 5 States to review loan and grant applications and recommend priorities on priority ranking.*

- \* Panels would review these loans and grants that would be transferred from the Farmers Home Administration: farm ownership loans to small business enterprises, community facility and water and waste loans, rural industrialization loans, pollution abatement grants, grants for small and emerging businesses, joint loans or grants for private business enterprises, subterminal facilities loans, and grants for centers of rural technology development.

**OTHER PROVISIONS:** *A large number of other activities include the following:*

- \* Authorizes, subject to appropriations, up to \$200 million over 5 years for water and waste loans made through rural electric cooperatives, and up to \$300 million over 5 years for water and waste loans and grants to economically distressed areas with significant health risks.
- \* Banks for Cooperatives may make loans to cooperatives and municipalities for waste and water purposes.
- \* Grants are authorized for local governments and related agencies to improve, plan, and manage solid waste disposal facilities.
- \* REA Distance Learning and Medical Links Program authorizes funds for grants for telecommunications systems for rural schools, medical providers, or partnerships for rural businesses. Money can be used for telecommunications equipment, computer hardware and software, interactive video equipment, and instructional programming.
- \* Local Technical Assistance Grants. Authorizes grants to identify business and export opportunities, to establish business support centers, to train and provide technical assistance to entrepreneurs and managers, and to conduct regional, community, and local economic development planning. FmHA and Extension would coordinate.
- \* REA Rural Business Incubator Fund. Fund can make grants and reduced interest loans to electric and telephone borrowers or other nonprofits to promote business incubator programs.
- \* Extension Service Rural Economic and Business Development. Authorizes funds to enable States and counties to employ rural economic and business development specialists. Extension is to establish a national program to provide training and technical assistance regarding rural business development.
- \* USDA is authorized to establish a competitive grant program for demonstration and models of rural economic development. Also authorized is a competitive grant program to higher learning institutions for research on rural economic development.

- \* Extension Service and Forest Service will implement educational programs and provide technical assistance to help forestry-dependent communities to diversify economic development. Action teams from USDA will assist these communities and Forest Service can make loans for implementing action plans, with appropriations authorized from up to 5% of the receipts of timber sales and user fees.
- \* Debt restructuring available to FmHA farm borrowers will apply to community facility loans made for hospital or health care programs.
- \* Office of Technology Assessment will study the possibility of ensuring that rural residents can access, in their homes and schools, information from a national library.
- \* Authorizes funding for the Extension Service to establish health and safety education programs.
- \* Encourages private contracting with rural enterprise businesses located in rural areas to provide commercial activities or products to carry out Rural Development activities.

### CROP INSURANCE AND DISASTER ASSISTANCE

**CROP INSURANCE:** *The Federal Crop Insurance Program is retained with changes to improve the actuarial soundness.*

- \* Premium rate increases of as much as 20% per year are permitted.
- \* Provides for innovative changes in policy coverage, such as insurance that is based on area losses.

**DISASTER ASSISTANCE:** *1990 crop loss coverage is broadened along the line of recent disaster assistance, subject to appropriations.*

- \* Mandatory payment provisions of the Disaster Assistance Act of 1989 are revised and extended for losses in sugarcane and valencia oranges.
- \* Additional assistance, if funds are authorized, is provided for losses in timber, sugarcane, and double-cropped commodities due to 1989 weather.
- \* The bill authorizes comprehensive disaster assistance for 1990 crop losses, subject to appropriations. Eligible producers with crop insurance would be reimbursed for yields less than 65% of normal. Those without insurance could be reimbursed for yields less than 60% of normal.

AGRICULTURAL TRADE

**FOREIGN FOOD ASSISTANCE:** *Makes major revisions to U.S. foreign food assistance programs authorized by P.L. 480. Responsibility for implementing these programs is assigned to the Secretary of Agriculture and the Administrator of the Agency for International Development.*

- \* Reauthorizes Title I government-to-government concessional sales, with maximum repayment terms of 30 years. Provides for discretionary repayment in local currencies. These local funds can be used to support market development, agricultural development, research activities, and for paying U.S. Government obligations.
- \* Reauthorizes the Title II emergency and private assistance donations program. Increases minimum tonnage by 25,000 metric tons per year. A new provision requires that \$10-13.5 million of Title II funds be provided each year to private voluntary organizations and cooperatives to support their overseas food aid activities.
- \* Authorizes a new Title III Food for Development program that provides government-to-government grant food assistance to least developed countries. Local sales proceeds can be used to support a variety of economic development and related activities in recipient countries.
- \* Continues the authority of the Secretary of Agriculture to determine the types and quantities of U.S. agricultural commodities to be included in U.S. foreign food assistance programs. Provides the President with discretionary authority to waive the principal and interest payments due under past P.L. 480 sales to least developed countries that are undertaking economic reform.
- \* Reauthorizes the Farmer-to-Farmer program, which can include middle-income countries and emerging democracies. Reauthorizes the Food for Progress program, and adds private voluntary organizations, nonprofit agricultural organizations, and cooperatives as potential recipients.

**ENTERPRISE FOR THE AMERICAS INITIATIVE:** *Authorizes a number of components of the President's Enterprise for Americas Initiative for Latin American and Caribbean countries.*

- \* Authorizes an Enterprise for the Americas Facility in the Department of Treasury. It has the authority to reduce P.L. 480 Title I debt obligations of qualifying countries.

- \* Authorizes Enterprise for the Americas Environmental Funds. Can be established in participating countries to support environmental and agriculture-related activities.

**SHIPPING PROVISIONS:** *Establishes a special category for American Great Lakes vessels.*

- \* These vessels are exempt from certain restrictions for carrying preference cargo, provided they operate only from the Great Lakes during the Great Lakes shipping season.

**LONG TERM AGRICULTURAL TRADE STRATEGY:** *The Secretary of Agriculture will develop a long-term trade strategy every 3 years to guide export promotion programs for agricultural commodities.*

- \* Strategy will include goals for annual levels of farm exports, multi-year plans for implementing export promotion and foreign food assistance, recommended methods for growth in farm trade and exports, designating 15 or more countries as priority growth markets, and forming market development plans for the priority growth markets.

**COMMERCIAL EXPORT AND MARKET DEVELOPMENT PROGRAMS:** *Authorizes CCC to carry out direct export credit and export credit guarantee programs for farm commodities.*

- \* Requires that export credit guarantees be offered only to countries that can adequately service the debt connected with an export sale.
- \* States that U.S. cargo preference requirements do not apply to these programs.
- \* Authorizes a Market Promotion Program (formerly TEA) to encourage the development, maintenance, and expansion of commercial farm export markets. CCC may provide \$200 million or more cost-share assistance annually to eligible trade organizations on a multi-year basis. Assistance will be provided on a priority basis in the case of unfair trade practices, and is subject to appropriations.
- \* CCC will provide \$500 million or more (in CCC funds or commodities) annually to carry out an Export Enhancement Program to discourage unfair trade practices by making U.S. agricultural commodities competitive in world markets.

**EXPORTS TO EMERGING DEMOCRACIES:** *Establishes a number of activities to promote U.S. agricultural exports to emerging democracies.*

- \* CCC will make available an additional \$1 billion or more of credit guarantees above current levels in fiscal years 1991-95 to facilitate (1) the sale of U.S. farm commodities to emerging democracies, or (2) or to establish or improve marketing, storage, or distribution facilities for imported farm products in those countries.
- \* Establishes a program to offer U.S. expertise to assess and make recommendations to improve the effectiveness of the food and rural business systems of emerging democracies. Assessments will be made in 3 or more countries each year, with CCC providing up to \$5 million annually for this purpose.
- \* Establishes a fellowship program to provide agriculturally related training in the U.S. for persons from emerging democracies or middle-income countries.

**GLOBAL CLIMATE CHANGE**

**GLOBAL CLIMATE CHANGE PROGRAM:** *Will be under the leadership of a director to be designated by the Secretary.*

- \* Studies will be done on the potential risks to crops from higher temperatures.
- \* Studies will be done on whether forest management can mitigate forest emissions and the effects of global climate change.
- \* Authorizes a new Institute of Pacific Islands Forestry.
- \* A new Forest Service Deputy Chief position is established for the head of a new Office of International Forestry.

## RESEARCH

**CHANGES IN EXISTING PROGRAMS:** *Most existing research programs are authorized to continue at or above present funding levels.*

- \* Establishes an Agricultural Science and Technology Review Board that will provide technical assessment of agriculture science issues and consider the impact of technologies on agriculture, including socie-economic impacts.
- \* Authorizes a National Competitive Research Initiative, with funding authorization of \$500 million by 1995.
- \* Authorizes new research outlays which, if appropriated, could reach \$966 million through 1995.

**SUSTAINABLE AGRICULTURE:** *Work would be expanded with authorization for a total of \$400 million to carry out the program over 5 years.*

- \* Authorizes research, extension, and training programs to expand the scope of sustainable agriculture contained in the Food Security Act of 1985.
- \* Provides for training extension agents, preparing technical guides, and establishing a Federal-State matching grant program for State sustainable agriculture research, extension, and education programs.

**GENETIC RESEARCH:** *Establishes a research program to aid collecting, preserving, and disseminating genetic materials.*

- \* Existing programs will be expanded beyond plants and animals to include aquatic, insect, microbiological, and other types of genetic material.
- \* The Secretary will appoint a director who will work with an advisory committee.

**AGRICULTURAL WEATHER INFORMATION SYSTEM:** *Establishes a new program to support research and a State agricultural weather system to meet the weather and climate information needs of agricultural producers.*

- \* A USDA weather office and an advisory board are authorized. This office would develop and conduct grant programs for research and establishing State agricultural weather systems.
- \* Annual appropriations of \$5 million are authorized.

**FOOD SAFETY AND QUALITY:** *Establishes a new competitive grants program for expanded research on food safety.*

- \* An advisory committee will participate in setting priorities and reviewing research proposals.
- \* Provides for a research and grant program that will measure the potential risk from microbiological and chemical agents that seriously undermine agricultural product wholesomeness and fitness.

**INTEGRATED PEST MANAGEMENT:** *Authorizes integrated pest management research, data collection, and extension activities.*

- \* Requires a data base on available pest control materials and methods. Information will be disseminated through the National Agricultural Library. This data will also be used to identify research needs.

**ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION:** *Establishes a center to support research and commercialization of new nonfood, nonfeed products made from agricultural commodities.*

- \* The center can make grants, loans, and interest subsidy payments, and use other mechanisms to support research and commercialization of agricultural products.
- \* A board appointed by the Secretary will provide oversight for the center's activities. The board will set up two to six regional centers when a total of \$5 million or more has been appropriated.

## FOOD STAMP AND RELATED PROGRAMS

### **FOOD STAMP PROGRAM:** *Reauthorizes necessary funding through 1995.*

- \* "Such sums as may be necessary" for the Food Stamp Program--as requested by the Administration--are authorized through 1995.
- \* Standards for an electronic benefit transfer (EBT) system for food stamp recipients are to be completed by April 1992. EBT will be encouraged since States will be able to implement systems without running demonstration projects. All checkout lanes in stores with 15% or more of their food sales volume in food stamps sales are to be equipped for EBT.
- \* Program integrity will be strengthened by adding computer fraud penalties and increasing penalties against retailers who traffic in food stamps and sell ineligible items.
- \* Provisions are added to simplify program administration and the application process.
- \* An advisory committee will review all welfare programs and recommend changes to simplify and coordinate programs.
- \* Forgives Quality Control claims against States for payment errors in fiscal years 1983 through 1985 at a cost of approximately \$190 million.
- \* Provisions are added to improve food stamp program participation by the homeless.

### **COMMODITY DISTRIBUTION PROGRAMS:** *Reauthorizes several Commodity Distribution Programs for the needy.*

- \* Programs continued include the food Distribution Program on Indian Reservations, the Commodity Supplemental Food Program, and emergency disaster assistance.
- \* Commodity Supplemental Food Programs must make referrals to other health care and welfare programs, and "elderly only" sites are permitted.
- \* When dairy product inventories permit, the CCC must make priority donations of not less than 9 million pounds of cheese and 4 million pounds of non fat dry milk to the Commodity Supplemental Food Programs.

- \* The TEFAP program will no longer be "Temporary," but will be the Emergency Food Assistance Program, with purchase authorizations growing from a \$120 million base to \$220 million for 1992 and later.
- \* The National Commodity Processing Program will be continued.
- \* CCC or Section 32 funds can be used to pay for commodities or commodity processing on behalf of State distributing agencies if States repay those costs within 150 days.
- \* A two-year pilot program will be added to allow States participating in the Nutrition Program for the Elderly who receive commodities rather than cash assistance to secure processed commodities through the National Commodity Processing Program.
- \* Soup kitchen and food bank purchases are reauthorized at \$40 million for fiscal years 1992 through 1995.

**PUERTO RICO:** *Reauthorizes the Nutrition Assistance Program for Puerto Rico through 1995.*

- \* Provides for annual increases.

### MARKETING AND INSPECTION

**AGRICULTURAL PROMOTION:** *New or amended authority is provided for research and promotion of farm products.*

- \* Changes or authorizes promotion programs for pecans, mushrooms, potatoes, limes, soybeans, honey, wool, cotton, and fluid milk.
- \* Research and promotion funds will be raised by assessing both domestic production and imports, except for soybeans where only domestic production is assessed.
- \* Authorizes a processor-funded fluid milk promotion program. Assessments would be on commercial consumer-type dairy products.
- \* Each commodity research and promotion program will reimburse USDA for administration, oversight, and the expense of conducting the referenda.

**GRAIN QUALITY.** *Broadens the framework for grain quality standards.*

- \* Corn exports will be tested for aflatoxin unless testing is waived in the foreign buyer contract.

**ORGANIC CERTIFICATION.** *The Secretary of Agriculture must establish national standards for the production and certification of organically produced foods by Oct. 1, 1993.*

- \* A National Organic Standards Board will be appointed to recommend how the Act is to be administered and to develop a national list of allowable and prohibited substances.
- \* The Secretary is responsible for ensuring that imported organic foods meet standards that are equivalent to our Federal standards.
- \* With the Secretary's approval, a State may use the Federal standards as a basis for a State certification program.
- \* States may use different, more restrictive standards if they don't discriminate against production from another State that meets the National standards.
- \* USDA is authorized to develop organic standards for meat, poultry, and non-plant products, using public hearings and comment procedures.

**ANIMAL AND PLANT HEALTH:** *Provides for new user fees and cooperation with foreign countries on plant and animal pest and disease control and eradication.*

- \* Authorizes new user fees for international passengers, vessels, and aircraft; export certification of plants, plant products, animals, and animal products; veterinary laboratory services; and for animal quarantines. Saves about \$90 million in Government costs annually.
- \* Authorizes the Animal and Plant Health Inspection Service to cooperate with all foreign countries and international organizations in plant and animal pest and disease control and eradication programs. This provides additional protection to American agriculture, while assisting other countries to become more pest and disease free.

FORESTRY

**COOPERATIVE FORESTRY ASSISTANCE:** *New programs are added to the Cooperative Forestry Assistance Act. Existing programs are changed.*

- \* New Stewardship and Incentives Programs are authorized to provide technical and cost-share assistance to private forest owners.
- \* New Forest Legacy Program authorizes the Government to seek easements on forest lands that otherwise might be converted to other uses.

**FOREST RESEARCH AND EDUCATION:** *Steps up research and education expenditures by \$188 million through 1995 if funds are appropriated.*

- \* Puts additional emphasis on southern forest regeneration, agroforestry, forest land protection, inventory methods, recycling of wood products, and timber bridges.
- \* Authorizes a new student grant program to provide fellowships for minorities and women forestry students.
- \* Broadens existing forestry competitive grants.
- \* Authorizes a research institute to deal with forestry resource problems in Eastern Washington and Oregon. Another institute is authorized to deal with international forestry issues.
- \* A Presidential commission is authorized to study State and private forestry.

**AMERICA THE BEAUTIFUL:** *Carries out the President's tree planting initiative.*

- \* Authorizes a one-time \$25 million grant to a private tree planting foundation. In addition it authorizes \$500 million for rural tree planting and \$150 million for urban and community tree planting through 1995.

**MISCELLANEOUS:**

- \* A new disaster assistance program is authorized to help private forest landowners re-establish tree stands after national disasters. This cost-share will be handled through the Stewardship Incentives Program.