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# CRS Report for Congress

## Comparison of the House and Senate 2007 Farm Bills

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## Summary

The House Agriculture Committee conducted its markup of its version of the farm bill (H.R. 2419) in mid-July and completed House floor action on July 27, 2007. The Senate Agriculture Committee approved its version of the farm bill (S. 2302) on October 25, 2007. On December 14, the Senate completed floor action on its bill, which was offered as a substitute to H.R. 2419 (Farm, Nutrition, and Bioenergy Act of 2007). Conference negotiations between the House and Senate are anticipated to start in January 2008.

This report compares the major provisions in the House and Senate versions of the farm bill with each other and with current law. This comparison does not provide an exhaustive list of all provisions by individual sections or subsections within each title, nor does it provide a detailed discussion of the budget offsets to cover additional spending on programs in certain titles that were adopted or are expected to be proposed as part of these bills.

The bills include changes to commodity support and risk management policies and programs (such as direct payments, payment limits, revenue and counter-cyclical payments, crop insurance and disaster assistance, planting flexibility, and specialty crops), as well as provisions affecting conservation, bioenergy, rural development, forestry, agricultural research, competition, trade and food aid, agriculture credit, and domestic food programs and nutrition. Both the House and Senate bills also contain provisions that would make certain changes to tax laws, which are intended to offset new spending initiatives in the bill.

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- **Commodity Programs:** Make changes to payment limits, modify loan rates and target prices among commodities, and add a revenue counter-cyclical payment option, among other program changes.
- **Horticulture:** Provide mandatory funding for specialty crop block grants and additional support for organic agriculture, and provide additional funding for inspection, and pest and disease detection programs, among other provisions.
- **Livestock:** Provide for animal welfare and inspections, competition and marketing provisions, and country-of-origin labeling requirements, among other provisions.
- **Conservation:** Reauthorize, expand, and/or modify existing working lands and farmland retirement programs, and create some new programs and initiatives.
- **Agricultural Trade:** Reauthorize and amend USDA's food aid, export market development, and export credit guarantee programs.
- **Nutrition:** Rename the Food Stamp program, increase food stamp benefits and loosen food stamp eligibility rules, review or limit initiatives to "privatize" state food stamp administration, add funding for emergency food assistance, fresh fruit and vegetable programs, farmers' market nutrition programs, and health and nutrition promotion, and allow "geographic preference" when buying food for school meals.
- **Agricultural Credit:** Expand borrowing opportunities under USDA's Farm Service Agency loan programs, among other changes.
- **Rural Development:** Reauthorize, expand, and/or modify existing programs, and create new programs and initiatives, including rural

infrastructure, economic development, and broadband and telecommunications development.

- **Research:** Expand existing research initiatives, as well as reorganize the administration of USDA's research, extension, and economic agencies, and establish a national institution to administer competitive programs.
- **Forestry:** Make changes to existing forestry programs, allowing one to expire.
- **Energy:** Reauthorize, expand, and/or modify existing programs, and create new programs and initiatives to promote biofuels and cellulosic ethanol production.
- **Miscellaneous:** Make changes to crop insurance and other programs.

Both the House and Senate bills also contain provisions that would make certain changes to tax laws, which are intended to offset new spending initiatives in the 2007 farm bill. These revenue and offsetting cost provisions are not covered in this report. For more information on these provisions, see CRS Report RL33768, *Major Tax Issues in the 110th Congress.*

The House and the Senate bills differ in their respective 5-year (FY2008-FY2012) and 10-year (FY2008-FY2017) budget estimates of new spending authority. This difference, in part, reflects new spending in the House bill over the full 10-year period, whereas the Senate bill extends new spending only over the 5-year period for many of the authorized programs, including, among others, provisions in the nutrition, conservation, energy, and other farm bill titles. This difference also reflects spending differences between the House and Senate for farm commodity support in Title I.

Additional information is in CRS Report RL33934, *Farm Bill Proposals and Legislative Action in the 110th Congress*. Other information is available in the CRS Current Legislative Issues Web page on the "Farm Bill and Farm Policy," at [http://apps.crs.gov/cli/cli.aspx?PRDS_CLI_ITEM_ID=641&from=3&fromId=1].

# Summary of Major Provisions: House and Senate 2007 Farm Bills and Current Law

| Current Law/Policy | House version of farm bill (H.R. 2419) | Senate version of farm bill (H.R. 2419) |
|---|---|---|
| **COMMODITIES** | | |
| **Direct payments** | | |
| Fixed, direct payments tied to historic base acres and payment yields. Support is decoupled from current production or prices, except for a restriction on planting fruits and vegetables. | Direct payments authorized for the life of the farm bill, through the 2012 crop year. No change in payment rates. Eliminate advanced portion of direct payment in 2012 crop year, which achieves fiscal year budget savings of about $1.1 billion in FY2012 but does not reduce final total payments to farmers. | Same as House bill, insofar as continuing the direct payment program. Anticipated participation in the new "Average Crop Revenue" (ACR) program, described below, reduces direct payment outlays about an additional $7 billion over 5 years since ACR participants receive a different "fixed" ACR component instead of direct payments. |
| **Counter-cyclical payments** | | |
| Income support for historic production based on the relationship of market prices to a statutory "target price." Payments occur when the market price falls below the target price. Formula is based on historic base acreage and payment yields, thus decoupled from current production. | — Retains 2002 farm bill's system of price-based counter-cyclical payments through 2012 crop year. Modifies target prices: increases target prices for wheat, barley, oats, soybeans, and other oilseeds; decreases target price minimally for cotton. Eliminates advanced payments in 2011 crop year, and delays final payments until a new fiscal year for some commodities in crop years 2008-2010.<br>— Creates a new "revenue-based counter-cyclical payment" in 2008 (based on a *national-level* crop revenue trigger), and gives producers a one-time option to choose either the new revenue-based or traditional price-based payments. Direct payments and non-resource marketing loans are unaffected. | — Retains 2002 farm bill's system of price-based counter-cyclical payments through 2012 crop year. Modifies target prices: increases for wheat, sorghum, barley, oats, soybeans, and other oilseeds; decrease for cotton. Adds dry peas, lentils, and small and large chickpeas. Eliminates advanced payments in 2011 crop year, and delays final payments until a new fiscal year for some commodities in crop years 2008-2010.<br>— Creates a new "Average Crop Revenue" (ACR) program in 2010 (based on a *state-level* crop revenue trigger). Participation in ACR is optional, but cannot be reversed during the farm bill. ACR replaces traditional direct payments and non-recourse marketing loans with a $15/acre direct payment regardless of crop, and a recourse loan. ACR offers expanded planting flexibility for fruits and vegetables for processing (10,000 acres in each of IL, IN, IA, MI, MN, OH, and WI) with temporary reduction in payment acres. |

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| **Marketing loans** | | |
| Income support for the crop actually produced based on the relationship between market prices and a statutory "loan rate." Offers the option of loans with special reduced repayment terms or cash payments (LDP) when the market price is less than loan rate. Nonrecourse, meaning producers can forfeit grain (collateral) to repay the loan if market price is below loan rate. | No change in structure through 2012. Modifies loan rates: increase loan rate for wheat, barley, oats, minor oilseeds, wool, and small chickpeas. Decrease loan rate for dry peas and lentils. Change calculation of cotton repayment rate to use "Far East" market price. Create economic adjustment assistance program (4¢/lb) for domestic users of upland cotton for construction and modernization of facilities and equipment. | No change in structure through 2012, except for ACR participants who would have only recourse loans which would need to be repaid in full. Modifies loan rates: Increase wheat, barley, oats, minor oilseeds, wool, honey. Decrease dry peas and lentils. Add large chickpeas. Create economic adjustment assistance program (4¢/lb) for domestic users of upland cotton for construction and modernization of facilities and equipment. |
| **Payment limits** | | |
| — $360,000 combined cap on direct payments ($80,000), counter-cyclical payments ($130,000), and marketing loans ($150,000, except for unlimited use of commodity certificates or forfeiture). This is the amount after doubling with 3-entity rule and spouse allowances.<br>— $2.5 million Adjusted Gross Income (AGI) means test (no payments if AGI is greater than the payment limit), except if 75% of AGI is from farming. | — Tightens limits by (1) reducing the AGI limit to $1 million with no exceptions, and to $500,000 unless more than 67% of AGI is from farming, (2) eliminating the "3-entity rule," which allows individuals to double their payments by having multiple ownership interests, and (3) requiring "direct attribution" of payments to a natural person.<br>— Relaxes limits by (1) raising the limit on direct payments from $40,000 to $60,000, and (2) eliminating the $75,000 limit on the marketing loan program. This results in a $250,000 limit on direct and counter-cyclical payments after spouse doubling, and no limits on marketing loans. | — Smaller and slower changes than the House bill.<br>— Retains the current AGI limit for the 2008 crop year.<br>— Tightens limits by (1) reducing the AGI limit to $1 million in 2009 unless more than 67% of AGI is from farming, and to $750,000 in 2010-2012 (no firm upper limit like House bill), (2) eliminating the "3-entity rule," which allows individuals to double their payments by having multiple ownership interests, (3) requiring "direct attribution" of payments to a natural person, and (4) lowering the limit on traditional counter-cyclical payments from $65,000 to $60,000.<br>— Relaxes limits by eliminating the $75,000 limit on the marketing loan program. This results in a $200,000 limit on direct and counter-cyclical payments after spouse doubling, and no limits on marketing loans.<br>— Senate floor votes rejected Dorgan/Grassley amendment to tighten limit on payments to $250,000 and keep limits on marketing loans, and Klobuchar amendment to tighten AGI limit to $250,000 with an exception if 67% is farming income, and $750,000 with no exceptions. |
| **Payments to small farms, non-farmers, or deceased farmers** | | |
| No limit or threshold for payments to small farms. Base acres eliminated if land is developed for non-agricultural industrial use. Statute allows payments to estates generally; USDA | Eliminates direct and counter-cyclical payments less than $25. Permanently denies benefits if convicted of defrauding USDA. Instructs USDA to implement regulations requiring that USDA be notified about deaths/estates, withhold payment for failure to comply, cross match taxpayer IDs | Expand restrictions on base acres by eliminating base acres on land that had been subdivided into multiple residential units or other nonfarming uses. Codifies in statute existing USDA regulations that commodity payments to estates be limited to 2 years (but without exception), and requires |

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|---|---|---|
| regulations allow payments to estates for 2 years, with exceptions. | with IRS data on deceased individuals and recoup improper payments. | annual reports to Congress on payments to estates. |
| **Planting flexibility** | | |
| Although other program crops can be planted on base acres without penalty, producers are prohibited from planting fruits and vegetables on base acres. | No change in fruit and vegetable planting restriction generally. Creates a pilot program allowing up to 10,000 acres of tomatoes for processing in Indiana, with a temporary reduction of base acres. | No change in fruit and vegetable planting restriction generally. Like House bill, creates a pilot program allowing up to 10,000 acres of tomatoes for processing in Indiana, with a temporary reduction of base acres. Also, the ACR program has expanded planting flexibility for any fruits and vegetables for processing (10,000 acres in each of IL, IN, IA, MI, MN, OH, and WI) with temporary reduction in base. |
| **SUGAR** | | |
| Guarantees a minimum price to processors of sugar crops (and in turn, producers). Makes nonrecourse loans to processors at specified loan rates. Requires USDA to operate program at "no cost" by limiting amount of sugar that processors can sell under "marketing allotments" and restricting imports under quotas. Accommodates a specified level of sugar imports under U.S. trade commitments; if more sugar enters, allotments must be terminated. | Extends the structure of current sugar program, but:<br>— Increases loan rates by almost 3%.<br>— Replaces accommodation made for sugar import commitments with a provision guaranteeing a minimum 85% market share to domestic production sector.<br>— Prescribes (tightens) USDA administration of sugar import quota authority.<br>— Mandates use of surplus sugar (equal to amount that imports exceed U.S. food demand) for ethanol production. | Has provisions largely identical to House bill, but with three notable differences:<br>— Increases loan rates by 6-7%.<br>— Drops House language prescribing sugar import shipping patterns (other provisions on USDA administration of sugar quota though are largely unchanged).<br>— Prescribes minimum payments to be paid by USDA to processors for forfeited sugar. |
| **DAIRY** | | |
| **Dairy Price and Income Support** | | |
| — Dairy price support program: USDA purchases dairy products to support the farm price of milk at $9.90 per hundredweight (cwt.)<br>— Milk Income Loss Contract (MILC) program makes payments to farmers equal to 34% of the difference between a $16.94 target price and the monthly market price if market price is | — Continues the dairy price support program through 2012, but changes the program to directly support the price of cheese, butter and nonfat dry milk. Allows the Secretary to reduce government purchase prices when purchases reach certain thresholds.<br>— Extends the MILC program through 2012 at the current level of support. | — Same as House bill, except there is no provision that allows the Secretary to reduce purchase prices when purchases reach certain levels.<br>— Extends the MILC program through 2012, but raises the payment rate to 45% of the difference between $16.94 and the monthly market price (when lower). Also increases the per farm payment cap to 4.15 million lbs of annual production (approx. a 225 cow farm). |

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| below the target. Per farm payments limited to the first 2.4 million lbs. production annually (approx. 130 cow farm). | | |
| **Assessment on Dairy Imports** | | |
| — The Dairy Producer Stabilization Act of 1983 (7 U.S.C.4501-4514) authorized a national dairy producer program for generic dairy product promotion, and mandated a permanent 15-cent per cwt. assessment on all milk produced and marketed in the 48 contiguous states to fund the program. Section 1505 of the 2002 farm bill (P.L. 107-171) requires that the 15-cent assessment be collected on all imported dairy products. USDA has not implemented the import assessment, contending that it violates U.S trade obligations. | — Requires Alaska, Hawaii and Puerto Rico to pay the assessment. The Administration contends that this change would make the definition of the United States consistent with the definition used by the U.S. Trade Representative and U.S. trading partners, thus allowing USDA to implement the assessment on importers. | — No provision. |
| **HORTICULTURE AND SPECIALTY CROPS** | | |
| **Block Grants** | | |
| A program of block grants to states to support projects in marketing, research, education, pest/disease management, production, and food safety related to specialty crops was created by the Specialty Crops Competitiveness Act of 2004 (P.L. 108-465). Authorized to receive annual appropriations of $44.5 million through FY2009 (received $7 million each in FY2006 and FY2007). | Provides $365 million in mandatory funding over five years to expand the program of block grants to states for specialty crop projects. | Provides $270 million in mandatory funding over five years to expand the program of block grants to states for specialty crop projects. |

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| **Research** | | |
| No provision. | Establishes a Specialty Crop Research Initiative to support scientific investigation into all areas of interest to the industry, including plant breeding,, pest management, produce safety, environmental effects, etc. Authorizes $100 million in annual appropriations through FY2012 and, subject to availability, provides $215 annually in mandatory funds for the initiative. | Contains substantially the same provision as the House measure. Provides $16 million annually through FY2012 in mandatory funds to support the initiative. |
| **Inspections, and Pest and Disease Management** | | |
| USDA's Animal and Plant Health Inspection Service conducts a number of pest and disease detection and management programs under the authority of the Plant Protection Act of 2000 (P.L. 106-224). Other programs in the 2002 farm bill also address sanitary, phytosanitary, and technical barriers to U.S. agriculture exports. | Amends P.L. 106-224 to establish a cooperative program with the states providing cost-share assistance for early pest detection and surveillance activities, to include development of a list of potential threats and mitigation programs to address them. Provides $200 million in mandatory funds over a five-year period to support the program. | Amends the 2002 farm bill to provide additional technical assistance to specialty crop producers to address export barriers for specialty crops. Provides $19 million over five years, an increase of $24 million from current baseline. Authorizes USDA to carry out a food safety education program about practices and methods that reduce microbial pathogens and cross contamination of fresh produce. |
| **Farmer Marketing Assistance** | | |
| The 2002 farm bill amended the Farmer-to-Consumer Direct Marketing Act of 1976 to create Farmers' Market Promotion program to provide grant to promote farmers markets. | Provides $35 million in mandatory funds to support the program, renamed the Farmer Marketing Assistance Program. Also creates a new grant program to study ways to improve farmer access to competitive processing and distribution systems, called the Healthy Food Urban Development Program. | Provides $30 million in mandatory funds to support the program, renamed the Farmer Marketing Assistance Program. Also creates a new grant program ($7 million in mandatory funding) to improve access of foods to underserved communities and to improve farmer access to competitive processing and distribution systems, called the Healthy Food Enterprise Development Center. |
| **Fruit and Vegetable Nutrition Programs** | | |
| The 2002 farm bill amended Section 32 of the Agricultural Adjustment Act Amendment of 1935 (P.L. 74-320) to require USDA to use not less than $200 million annually in additional Section 32 funds to purchase specialty crops for nutrition programs. | Specifies that in addition to specialty crop purchases required in the 2002 farm bill, the Secretary shall purchase fruits, vegetables, and nuts using Section 32 funds in the amount of $190 million in FY2008; $193 million in FY2009; $199 million in FY2010; $203 million in FY2011; and $206 million in FY2012 an annually thereafter. | Same as House bill (in the nutrition title of the Senate bill). |

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| **Separate Farm Bill Title for Horticulture Provisions** | | |
| The 2002 farm bill did not include a separate title for specialty crops. | Creates new farm bill title, Horticulture and Organic Agriculture (Title X). | No new title; includes horticulture provisions as Subtitle F in Title I. |
| **LIVESTOCK COMPETITION, MARKETING, AND REGULATORY PROGRAMS** | | |
| **Livestock and Poultry Contracts** | | |
| The 2002 farm bill gives producers the right to discuss their contracts with family members and advisors; extends some Packers and Stockyards Act (PSA) protections to swine producers with production contracts. | Amends the PSA to require USDA to establish regulatory standards for arbitration provisions in livestock and poultry contracts; permits a producer to seek relief in a small claims court, if within the court's jurisdiction, regardless of a contract's arbitration clause. | Amends the PSA to require integrators to give 90 days' notice before terminating a contract with a producer who has made a capital investment of at least $100,000 to fulfill the contract; requires that any contract arbitration clause be voluntary; gives producers new rights to terminate a contract early; among other changes. Also, a producer could discuss contract provisions with additional parties. |
| **Competition** | | |
| No provision. | No provision | Creates a new Special Counsel for Agricultural Competition at USDA to investigate and prosecute violations of competition laws; prohibits most major packers from owning or controlling livestock more than 14 days prior to slaughter; provides new protections to producer members of agricultural cooperatives and handlers under the Agricultural Fair Practices Act; strengthens enforcement authorities over live poultry dealers under the PSA; alters some provisions for swine and pork in Mandatory Livestock Price Reporting Program; and establishes a new program for mandatory daily product information reporting for dairy products. |
| **Meat and Poultry Inspection** | | |
| Current law under the Federal Meat Inspection Act (21 USC 601 et seq.) And the Poultry Products Inspection Act (21 USC 451 et seq.) permit states to operate their own meat and poultry inspection programs, if they are at least "equal to" (but not necessarily identical to) the federal program. State-inspected meat and poultry cannot be shipped in interstate | Replaces current federal-state cooperative inspection program with a new program whereby USDA would approve the shipment of state-inspected meat and poultry from a State where the program requirements are identical to federal requirements; permits many plants currently under federal inspection to shift to state inspection; among other things. | Supplements the current federal-state cooperative inspection program with a new provision whereby state-inspected plants with 25 or fewer employees could opt into a new program that subjects them to federally-directed inspection using state employees, and thus ship interstate. Other changes include:<br><br>Requiring farm-raised catfish to undergo federal food safety inspection as conducted for meat and poultry species; Requiring USDA to establish "reportable food registries" |

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|---|---|---|
| commerce. | | where establishments must report events involving meat and poultry and products that pose probable health risks; Requiring inspected establishments to include a recall plan in their USDA-approved risk prevention plans and, for beef products, a reassessment of their *E. coli* O157:H7 plans. |
| **Country-of-Origin Labeling (COOL)** | | |
| Retailers (not restaurants) must provide COOL for fresh meats, produce, peanuts and seafood by September 30, 2004 (later changed to 2008 except for seafood). Contains numerous requirements on labeling exclusively USA products, on recordkeeping and certification, and on enforcement/fines for noncompliance. | Continues to require implementation by 2008 but, for red meats only, creates new label categories intended to make it easier to cite country of origin. Adds goat meat as a covered commodity. For all covered commodities, eases some recordkeeping, certification requirements, and reduces fines for noncompliance. | Senate language is similar, but further makes chicken and macadamia nuts covered commodities. Also creates a separate labeling program for ginseng country of origin. |
| **Foods from Cloned Animals** | | |
| FDA has asked companies to voluntarily not introduce meat and milk from cloned animals until it completes a final risk assessment and guidance on their safety. | No provision. | Prohibits FDA from issuing a final risk assessment and from lifting the voluntary moratorium until completion of newly mandated studies on the safety and on the market impacts of introducing products from cloned animals. |
| **Food Safety Commission** | | |
| The 2002 farm bill establishes a 15-member Food Safety Commission appointed by the President to make recommendations to enhance the U.S. food safety system. Provision not implemented. | No provision. | Establishes a Congressional Bipartisan Food Safety Commission required to study and make recommendations for modernizing food safety programs, including organizational and resource requirements which emphasize prevention and which are based on risk assessment and best-available science. President is required to send to Congress proposed legislation based on the Commission's recommended statutory changes. |
| **Separate Farm Bill Title for Animal Agriculture Provisions** | | |
| The 2002 farm bill does not include a separate title for animal agriculture. | No new title; includes most animal agriculture provisions as part of the Miscellaneous Title X. | Creates new farm bill title, Livestock Marketing, Regulatory, and Related Programs (Title X). |

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| **ORGANIC AGRICULTURE** | | |
| Existing provisions in the 2002 farm bill established the National Organic Certification Cost-share Program with a one-time transfer of $5 million in mandatory funds (individual benefit capped at $500 per farm). | Reauthorizes the National Organic Certification Cost-share Program, providing $22 million in mandatory funds in FY2008, to be available until expended. Raises benefit limit to $750 per farm. | Similar to House bill. |
| Current law provides for various organic agriculture initiatives, including the National Organic Program authorized in the Organic Foods Production Act (P.L. 101-624), among other provisions. | Among other provisions: Provides mandatory funding of $3 million for data collection on organically-grown crops. Authorizes appropriations of $50 million over five years to provide technical assistance and cost-sharing grants to farmers seeking to convert from conventional to organic production. | Among other provisions: Provides mandatory funding of $5 million for data collection on organically-grown crops. Increases authorized incremental funding levels for the National Organic Program for use in compliance and oversight. Exempts organic farms from assessments under the commodity promotion programs. |
| The 2002 farm bill provided $3 million annually in mandatory funds through FY2007 to support research and extension programs related to organic agriculture. | Authorizes $25 million annually in appropriated funds and, subject to availability, provides an additional $25 million in mandatory funds annually to support the Organic Agriculture Research and Extension Initiative, through FY2012. | Provides $16 million annually in mandatory funds for the Organic Agriculture Research and Extension Initiative, through FY2012. |
| **CONSERVATION** | | |
| **Working Lands Programs** | | |
| Authorizes working lands programs, such as the Environmental Quality Incentives Program (EQIP), the Conservation Security Program (CSP), Wildlife Habitat Incentives Program (WHIP), and other programs that provide assistance installing/implementing conservation practices on lands in production. | — Expands EQIP funding, increases activities under the Conservation Innovation Grants subprogram, adds forestry provisions, and requires that a portion of funds assist beginning, socially-disadvantaged, and limited resource producers. Creates new Regional Water Enhancement Program. New budget authority of $1.9 billion over five-years above baseline.<br>— Replaces CSP's 3-tiered and 4-payment structure with no tiers and on annual stewardship enhancement payments; other program changes. Prohibits additional CSP signups until 2012 by capping funding; provides slightly more funding after 2009.<br>— Extends WHIP at current authorized funding level.<br>— Extends Conservation of Private Grazing Lands program, providing unspecified funding. | — Reauthorizes EQIP. Adds forest management to the purposes of the program. Makes additional practices, such as invasive species management eligible for incentive payments. Authorizes assistance through EQIP to producers who are converting to organic agriculture.<br>— Reauthorizes the CSP for existing contracts, and replaces it with the Conservation Stewardship Program for new contracts. Specifies terms for participation, based on developing and implementing a plan to address priority resources of concern at a level that meets a stewardship threshold.<br>— Creates a new Comprehensive Stewardship Incentives Program by combining activities under the CSP and EQIP. Applies this program to resources of concern, which are to be identified at the state level. Implementing regulations are to be issued within 180 days of enactment. New budget authority ($2.0 billion |

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| | | five years; enroll 13 million acres/year).<br>— Extends WHIP at current authorized funding level.<br>— Extends Conservation of Private Grazing Lands program. |
| **Land Retirement Programs** | | |
| Authorizes land retirement programs, such as the Conservation Reserve Program (CRP), the Wetland Reserve Program (WRP), and Grasslands Reserve Program (GRP). Encourages restoring environmentally fragile land (cropland, grassland and wetlands) by retiring it from production. | — Extends CRP. Includes new provision allowing retired landowners to modify contracts if land is transferred to beginning or socially disadvantaged producer. Provides that only land enrolled in general CRP sign-ups is eligible for early termination. Allows land to be transferred into GRP under longer retirement contracts<br>— Renews/expands enrollment in WRP. Increases WRP's enrollment ceiling and modifies USDA appraisal process. New budget authority of $1.9 billion over five-years (CBO).<br>— Renews/expands enrollment in GRP by 1.34 million acres; provides for third party ownership, negotiation and enforcement. Allows certain lands to be transferred from CRP. | — Extends CRP. Expands eligible lands. Adds a new flooded farmland program for closed basins in the Northern Great Plains. Expands the definition of the Chesapeake Bay priority area, and adds 3 new priority areas. Adds a new Wildlife Habitat Program for participants who have established stands of softwood pine.<br>— Renews enrollment in WRP at 250,000 acres per year. Adds a Wetland Reserve Enhancement Program. Clarifies how landowner compensation is determined. New budget authority of $1.9 billion over five years.<br>— Reauthorizes GRP. Defines eligible lands and identifies types of landscapes that should be emphasized. Allows certain lands to be transferred from CRP. New budget authority of $240 million over five years. |
| **Farmland Protection Program** | | |
| Authorizes the Farm Protection Program (FPP) to keep productive farmland from conversion to other uses. | — Increases funding for the (renamed) Farm and Ranchland Protection Program (FRPP); makes changes to certification process for states and eligible entities; and USDA program administration. | — Reauthorizes FPP at current funding level. Makes numerous related changes clarifying the roles and responsibilities of eligible entities. |
| **Watershed Protection Programs** | | |
| Authorizes conservation activities at watershed scale, including a new Chesapeake Bay Program for Nutrient Reduction and Sediment Control, and reauthorizes several programs, including the Small Watershed Rehabilitation Program. | — Creates new Regional Water Enhancement Program to replace Ground and Surface Water Conservation Program under EQIP at same funding level.<br>— Renews/funds the Small Watershed Rehabilitation Program (Provides mandatory and discretionary funding; $200 million in baseline for program funding.<br>— Provides additional new resources for the Chesapeake Bay Region (includes $25 million for a pilot program; $150 million for river restoration).<br>— Reauthorizes programs for Great Lakes and grassroots source water protection. | — Reauthorizes Ground and Surface Water Conservation Program under EQIP at current level, and encourages Secretary to carry out activities on a regional scale.<br>— Reauthorizes programs for Great Lakes, grassroots source water protection, and desert terminal lakes at current levels.<br>— Renews the Small Watershed Rehabilitation Program, providing unspecified funding.<br>— Adds a new Chesapeake Bay Watershed Program to EQIP and authorizes $165 million in new budget authority over five years. |

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| **Conservation Innovation Grants Program** | | |
| Authorizes the Conservation Innovation Grants program that provides competitive grants for state and local governments, and non-profits to help identify, test, and implement innovative environmental solutions. | — Extends/expands funding ($20 million annually 2008-2012).<br>— (1) establishes a comprehensive conservation planning pilot for the Chesapeake Bay; (2) funds for outreach to fruit, vegetable and organic producers; (3) $150 million for air quality programs; and (4) provides for air quality funding. | — Reauthorizes program at current level. Seeks to increase specialty crop producer participation. Clarifies that grants are to be used to develop and transfer innovative conservation technology. |
| **Payment limits on conservation programs** | | |
| Sets a payment limit of $450,000 for EQIP cost-share and incentive payments over a six-year period and $50,000 for CRP rental and incentive payments; no general payment limits. | Sets an overall fiscal year payment limit of $60,000 for any single conservation program and $125,000 for all programs (excludes WRP, FRPP, and GRP). | No changes. |
| **Miscellaneous / New Provisions** | | |
| Other programs previously authorized include; Conservation of Private Grazing Lands, Farm Viability Program, Regional Equity Program, and Agricultural Management Assistance Program. | Reauthorizes certain other programs through 2012, including Conservation of Private Grazing Lands, Farm Viability Program, Agricultural Management Assistance Program, and Regional Equity Program and authorities. Creates new programs:<br>— Cooperative Conservation Program Initiative to allows third parties to help identify conservation areas/issues.<br>— Open Fields Program that creates incentives for public access to private land for hunting and fishing.<br>— Pilot conservation program for four-year crop rotation for peanuts.<br>— Development of a simplified conservation application process within one year of enactment. | — Reauthorizes programs through 2012, including Conservation of Private Grazing Lands, Farm Viability Program, and Agricultural Management Assistance Program. Reauthorizes Regional Equity Program and increases the level from $12 million to $15 million/year.<br>— Creates new Discovery Watershed Demonstration Program in the Upper Mississippi River basin to address loss of nutrients to surface waters from farm lands.<br>— Creates new Emergency Landscape Restoration Program to rehabilitate farmland adversely affected by natural disasters; Secretary may purchase floodplain easements.<br>— Creates new Voluntary Public Access and Habitat Incentives Program to encourage landowners to allow access for hunting, fishing, and wildlife-related recreation.<br>— Provides that 10% of conservation program funds be to assist beginning/socially disadvantaged producers.<br>— Provides for second level review of highly erodible land and wetland compliance violations. Prohibits access to crop insurance for lands converted from native sod to commodity production after date of enactment.<br>— Moves Healthy Forest Reserve from the forestry title to |

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| | | the conservation title and replaces it with other multi-year land retirement programs, and provides for permanent easements.<br>— Facilitates expanded ability to provide technical assistance by supplementing current federal staff resources.<br>— Requires the Secretary to develop standardized procedures for State Technical Committees. |
| **Market-based Approach to Farm Conservation** | | |
| No existing provision. | Establishes an Environmental Services Standards Board and provides grants to facilitate the development of private-sector market-based approaches for environmental goods and services involving agriculture and forestry (authorized at $50 million). | Directs the Secretary to develop a framework, including standards and procedures, to help producers and landowners participate in environmental service markets. Requires the initial focus to be on carbon markets. Requires three progress reports to Congress. |
| **TRADE AND FOOD AID** | | |
| **P.L. 480 Food Aid** | | |
| Authorizes donations and concessional financing of U.S. agricultural commodities to developing and transition countries.<br>— Allows 5-10% of funds for commodity donations to support food aid implementing organizations.<br>— Sets minimum assistance volume at 2.5 million metric tons (mmt), of which 1.875 mmt is for non-emergency (development) aid.<br>— Allocates 0.5% of funds to a Farmer-to-Farmer program of voluntary technical assistance.<br>— Makes available not more than $2 million for prepositioning of commodities for emergency relief. | Reauthorizes P.L. 480 food aid programs through FY2012. Authorizes $2.5 billion in Title II donations.<br>— Increases funds to support operations of food aid implementers to not less than 7% and not more than 12% of funds available to the program; allows funds for program monitoring and evaluation.<br>— Maintains current minimum levels of commodities provided; authorizes $450 million non-emergency (development) assistance, which can only be waived by act of Congress.<br>— Extends Farmer-to-Farmer program to 2012, with minimum funding of 0.5% or $10 million; authorizes $15 million in appropriations for programs in developing countries.<br>— Increases funds for prepositioning to not more than $8 million/year. | Reauthorizes through FY2012; renames the program Food for Peace Act.<br>— Provides not less than 7.5% of funds available to support operations and monitor and evaluate programs.<br>— Maintains current minimum volume of assistance; authorizes $600 million for non-emergency assistance.<br>— Reauthorizes the Farmer-to-Farmer program at the current level.<br>— Increases funding for prepositioning to not more than $4 million annually.<br>— New Pilot Program: Creates a new pilot program for local (non-U.S.) purchase of commodities for emergency food aid, with authorized funding at $25 million annually. |

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| **Other Food Aid Programs** | | |
| — Bill Emerson Humanitarian Trust (BEHT): provides commodities and cash to meet unanticipated needs for emergency food aid.<br>— Food for Progress (FFP): provides a minimum of 400,000 mt of U.S. commodities for market-oriented ag development in developing/transition countries.<br>— McGovern-Dole International Food for Education and Child Nutrition Program (FFE) : provides U.S. commodities, funds, and technical assistance to establish school feeding and child nutrition programs overseas. | — BEHT reauthorized through FY2012.<br>— FFP reauthorized through FY2012<br>— FFE reauthorized through FY2012. Changes the funding basis of FFE from discretionary to mandatory and authorizes funding of $140 million for FY2009; $170 million for FY2010; $230 million for FY2011; and $300 million for FY2012. | — BEHT reauthorized through FY2012. Authorizes the Secretary of Agriculture to invest funds in the BEHT in short-term U.S. or other low-risk short-term instruments.<br>— FFP reauthorized through FY2012. Increases cap on transportation costs paid by the CCC from $40 million to $48 million annually.<br>— FFE reauthorized through FY2012. Authorizes annual (discretionary) funding of $300 million. |
| **Export Credit Guarantee Program** | | |
| Authorizes short-term (six months to three years) and intermediate-term (three to ten years) guarantees of private, commercial financing of U.S. agricultural exports. | Extends program through 2012. Repeals intermediate export credit guarantees and removes 1% cap on origination fees for guarantees (to make guarantees comply with WTO cotton case decision). Repeals the Supplier Credit Guarantee Program. | Same as House bill. |
| **Export Market Promotion and Export Subsidies** | | |
| — Market Access Program (MAP): Cost-share federal funding of agricultural export market development for generic and branded commodities.<br>— Foreign Market Development Program (FMDP): Cost-share federal funding of export market development of mainly generic (bulk) commodities.<br>— Emerging Markets Program (EMP): Promotion of US. farm exports in countries taking steps toward market-oriented | — MAP changes: organic agricultural commodities eligible for MAP promotions; increased annual MAP funding from $200 million (FY2007) to $225 million (FY2008-FY2012).<br>— FMDP funding authorized at $34.5 million for FMDP from FY2008 through FY2012.<br>— Reauthorizes EMP through 2012.<br>— Reauthorizes EEP through 2012.<br>— Reauthorizes DEIP through FY2012 (Commodity Title) | — Reauthorizes MAP: $210 million (FY2008), $220 million (FY2009), $230 million (FY2010), $240 million (FY2011), $200 million (FY2012). Organic commodities eligible; and 50% of funds over $200 million allocated to specialty crops.<br>— Reauthorizes FMDP: $39.5 million (FY2008 and FY2009), $44.5 million (FY2010), and $34.5 million (FY2011-FY2012)<br>— Reauthorizes EMP through FY2012.<br>— Repeals authority for EEP.<br>— Reauthorizes DEIP through FY2012 (Commodity Title) |

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| development of agriculture with potential to become commercial markets for U.S. agri exports.<br>— Export Enhancement Program (EEP): direct export subsidies for U.S. farm commodities.<br>— Dairy Export Incentive Program (DEIP): direct export subsidies for U.S. dairy products. | | |
| **Sanitary and phytosanitary (SPS) barriers to U.S. agricultural exports and trade disputes** | | |
| **Technical Assistance for Specialty Crops (TASC)** provides $2 million annually to assist in removal of SPS barriers to U.S. agricultural exports | Reauthorizes TASC. Provides increased funding of $2 million (FY2007) to $4 million (FY2008); increases to $10 million annually (FY2011 and FY2012). | Reauthorizes TASC. Provides increased funding of $6.8 million annually (FY2008-FY2011), and $2 million (FY2012) (Commodity Title) |
| **NUTRITION** | | |
| **Extension of Expiring Authorities** | | |
| All nutrition program authorities (e.g., authorizations for appropriations) expire at the end of FY2007. | Extends all expiring authorities through FY2012. All amendments changing program rules (e.g., increasing food stamp benefits) are permanent. | Makes most nutrition program authorities (including authorizations for appropriations) permanent. Terminates the effect of most amendments changing program rules (e.g., increasing food stamp benefits) after FY2012. |
| **Renaming the Food Stamp Program** | | |
| No similar provision. | Renames the Food Stamp program: the Secure Supplemental Nutrition Assistance program. | Renames the Food Stamp program: The Food and Nutrition program. |
| **Increased Food Stamp Benefits** | | |
| When calculating food stamp benefits, a portion of recipients' income is disregarded (deducted) — a "standard deduction" (typically, $134/month) and (2) dependent care expenses (limited to $175-$200/month, depending on dependent's age). A portion of other expenses (e.g., shelter costs) also is disregarded. Disregarding income has the primary | — Increases the standard deduction to $145 and indexes it annually for overall inflation. Removes the limits on dependent care expense deductions. Adds an income disregard for combat-related military pay.<br>— Increases the minimum benefit to 10% of the value of the annually indexed (for food price inflation) maximum food stamp benefit for a 1-person household. | — Increases the standard deduction to $140 and indexes it annually for overall inflation.<br>— Removes the limits on dependent-care expense deductions, adds an income disregard for combat-related military pay, and increases the minimum benefit as in the House bill. |

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| effect of increasing food stamp benefits. The minimum benefit for one- and two-person households is set at $10/month. | | |
| **Liberalized Food Stamp Asset Eligibility Standards** | | |
| Households eligible for food stamp benefits must have liquid assets of less than $2,000 (or $3,000 for those with elderly/disabled members). The dollar limit is not indexed, and some retirement plans/savings and all savings for postsecondary education are counted as assets. A household's home, personal belongings, furnishings, and (in most cases) the value of its vehicle are not counted. | Indexes the dollar limits on liquid assets (annually, for overall inflation). Disregards all tax-recognized retirement plans/savings and postsecondary education savings. | — Increases the dollar limits on liquid assets to $3,500/$4,500 and indexes them (annually, for overall inflation).<br>— Disregards all tax-recognized retirement plans/savings and postsecondary education savings as in the House bill. |
| **"Privatization" of Food Stamp Program Administration** | | |
| State "merit-system" employees must certify eligibility for food stamps. | Places substantial new limits on the ability of states to "privatize" (e.g., contract out) administration of the Food Stamp program. | Requires standards to identify major changes in state agency administrative operations and collection of information needed to identify and correct any adverse effects they might have. Requires testing and updating of any state initiatives relating to computerization of program operations. |
| **The Emergency Food Assistance Program (TEFAP)** | | |
| TEFAP has mandatory funding of $140 million a year to acquire commodities for distribution through emergency feeding organizations. | Increases the mandatory funding level for TEFAP to $250 million a year (indexed annually to food prices). | Increases the mandatory funding level for TEFAP to $250 million a year (unindexed). |
| **Fresh Fruit and Vegetable Program** | | |
| Provides for a program making free fresh fruits and vegetables available to all students in state-selected elementary and secondary schools — operating in 14 states and on 3 Indian reservations (nearly 400 schools) and funded at $15 million (FY2007). | Increases (to $70 million a year) funding for the fresh fruit and vegetable program and makes it available in state-selected elementary and secondary schools in all states. | Replaces the current program with a new free fresh fruit and vegetable program funded at $225 million, indexed annually for inflation. The new program would be available in state-selected elementary schools in all states (and at least 100 schools on Indian reservations). |

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| **Geographic Preference** | | |
| Schools receiving meal assistance and the DoD Fresh program (an initiative using the Defense Department as a purchasing agent for schools) generally are prohibited from specifying a geographic preference when they procure food items. | Generally overrides rules that limit the extent to which schools and the DoD Fresh program can specify a geographic preference (e.g., for locally produced food items) in their procurements. | Same as House bill. |
| **Other Provisions** | | |
| — Able-bodied Adults without Dependents (ABAWDs) ABAWDs who are not working or in a work/training program are eligible for food stamps (3 months out of every 36 months).<br>— Farmers' Markets. Mandatory funding of $15 million a year for a Senior Farmers' Market Nutrition Program (SFMNP).<br>— Health Promotion. No explicit provisions. Federal cost-sharing is allowed for general nutrition education activities directed at food stamp recipients. | — No ABAWD provision.<br>— Authorizes additional appropriations to expand the SFMNP at $20 million for FY2008 and rising, in stages, to $75 million for FY2012.<br>— Authorizes appropriations ($10 million a year) for a competitive grant initiative to address obesity among low-income Americans. | — Lengthens the eligibility period for ABAWDs to six months out of every 36 months.<br>— Provides $10 million a year in additional mandatory funding for the SFMNP. Provides $5 million in mandatory funding for projects to expand the use of food stamp electronic benefit transfer (EBT) cards in farmers' markets.<br>— Provides mandatory funding of $50 million for pilot projects to evaluate methods of promoting health and nutrition through the Food Stamp program. |
| **AGRICULTURAL CREDIT** | | |
| **1. USDA Farm Service Agency (FSA) Loan Programs** | | |
| **a. Maximum lending limit** | | |
| $200,000 per borrower for direct farm ownership loans (dating from 1984) and $200,000 for direct operating loans (dating from 1986). | Increases lending limits per farmer to $300,000 for direct farm ownership loans and $300,000 for direct operating loans | Same as House bill. |
| **b. Beginning and socially disadvantaged farmers** | | |
| Reserves part of the loan volume for beginning farmers: 70% of direct farm | — Further prioritizes lending for beginning and socially disadvantaged farmers by increasing the amounts | Same as House bill (although a couple percentage figures may vary slightly). |

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| ownership loans, 35% of direct operating loans, 25% of guaranteed ownership loans, and 40% of guaranteed farm operating loans. Funds also targeted to "socially disadvantaged" farmers based on race, gender, and ethnicity. | reserved for these groups.<br>— Extends the right of first refusal to reacquire a homestead property to the family of a socially disadvantaged borrower-owner.<br>— Restores priority given to socially disadvantaged farmers whenever the USDA sells or leases property. | |
| **c. Conservation loan guarantee program** | | |
| No provision. | Creates a special loan guarantee program for soil and water conservation and protection projects that gives priority to qualified beginning farmers or ranchers, socially disadvantaged farmers or ranchers, and producers who use the loans to build conservation structures or establish conservation practices. | Make more conservation programs eligible for FSA farm loans, including the transition to organic and sustainable farming, and give priority to beginning farmers and ranchers. |
| **d. Term limits** | | |
| Term limits require farmers to graduate from FSA credit to commercial lenders. Farmers are eligible for direct operating loans for seven years, and guaranteed operating loans for 15 years. Current law suspends enforcement of term limits on guaranteed operating loans through Dec. 21, 2007. | Extends, but only until Jan. 1, 2008, the suspension of the enforcement of term limits on guaranteed operating loans. | Permanently eliminates term limits on guaranteed operating loans. |
| **e. Other provisions** | | |
| Current law provides for two programs:<br>— Beginning Farmer and Rancher Down Payment Loan program.<br>— Pilot program to guarantee seller-financed land loans. | — Modifies the Down Payment Loan Program to make adjustments to the interest rate, increases the maximum allowable sales price, reduces the borrower down payment requirement, increases the FSA portion, and changes the loan terms.<br>— Extends and expands the guarantee program for seller-financed loans. | — Modifies the Down Payment Loan Program in ways similar to the House bill.<br>— Extends and expands the guarantee program for seller-financed loans, similar to the House bill.<br>— Creates beginning farmer "Individual Development Account" pilot program with matching up to 3:1 up to $9,000/year for capital expenditures. Authorizes $5 million/year from CCC. |

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| **2. Farm Credit System (FCS)** | | |
| **a. Scope of lending authority** | | |
| FCS is a non-governmental cooperatively-owned confederation of institutions that lend permanently to:<br>— farmers, ranchers, producers of aquatic products;<br>— businesses providing services to farmers/ranchers;<br>— farming-related businesses that process or market farm products, if more than 50% of the business is owned by farmers who provide some of the "throughput;" and<br>— rural homeowners of moderately-priced, single-family houses in towns with less than 2,500 population. | No provisions for expansion of FCS lending authority.<br><br>*Note:* A provision that was in the House-reported bill but was removed through floor amendment would have created a new category for general "agribusiness" loans to limited renewable energy projects, and would have increased the population cutoff for rural housing loans to 6,000 population. No provisions for expansion of FCS lending authority. | |
| **b. Insurance corporation premiums** | | |
| FCS banks and associations pay premiums to the Farm Credit System Insurance Corporation (FCSIC) to ensure the System's capacity to make timely payment of principal and interest to FCS bondholders. | Changes the basis on which the Farm Credit System Insurance Corporation collects premiums by authorizing higher levels of premiums and shifting the base for premiums from outstanding loans to insured debt. | Same as House bill. |
| **c. Chartered territories** | | |
| Farm Credit bank and associations are prohibited from competing with each other and are assigned chartered territories. Very limited exceptions exist due to historical circumstances. | No provisions. | Effective January 2010, allow a Farm Credit association in Jackson, Mississippi, to lend and compete with other Farm Credit associations in adjacent Farm Credit territories that are currently outside its chartered territory but that were part of its territory prior to the Agricultural Credit Act of 1987. |

<table>
<tr><th>Current Law/Policy</th><th>House version of farm bill (H.R. 2419)</th><th>Senate version of farm bill (H.R. 2419)</th></tr>
<tr><td colspan="3">RURAL DEVELOPMENT</td></tr>
<tr><td colspan="3">Rural Infrastructure and Investment Programs</td></tr>
<tr><td>Provides loan and grant programs and funding for investment and economic development in rural areas, training for rural emergency personnel, training for rural employees, rural utilities infrastructure, water and wastewater programs, and coordination activities with other local, state, and federal officials.<br><br>Note: All programs are funded through discretionary spending unless otherwise noted.</td><td>— Reauthorizes most existing rural infrastructure and economic development programs, and programs for health care, emergency, and first responder needs in rural areas.<br>— Creates a new grant program to improve the technical infrastructure of rural health care facilities. Also authorizes the Rural Firefighters and Emergency Medical Service Assistance Program to provide improved emergency medical services in rural areas<br>— Creates new Rural Entrepreneur and Microenterprise Assistance Program to provide technical and financial assistance to small businesses.<br>— Directs the Secretary to assess the varying definitions of “rural” used by USDA Rural Development and to review income, population density, and seasonal population of eligible rural areas for purposes of targeting/prioritizing loan and grant applications.<br>— Authorizes a technology transfer program to provide technical information and resources for farmers practicing or transitioning to sustainable/organic farming.<br>— Requires a GAO study of rural communities along U.S.-Mexico border (colonias).</td><td>— Reauthorizes and or/amends many existing rural infrastructure and economic development programs. Creates a new interest rate structure for water and waste water projects.<br>— Creates a new (mandatory) loan guarantee program to rehabilitate/improve rural hospitals (100 beds or less).<br>— Authorizes child day care facility loans and grants under the Community Facilities program (Mandatory spending).<br>— Creates new Rural Microenterprise Assistance Program to provide technical and financial assistance to small and medium sized businesses (Mandatory spending).<br>— Creates a new definition of rural areas that excludes contiguous census blocks with housing densities greater than 200 units per square mile.<br>— Reauthorizes a program to train farm workers in new technologies and in specialized skills necessary for higher value crops.<br>— Reauthorizes SEARCH grants to small, financially distressed communities to improve their water and waste water facilities.<br>— Authorizes one-time funding for backlogged applications for rural water projects (Mandatory spending).<br>— Authorizes a Center for Healthy Food Access and Enterprise Development to provide support to food wholesalers and retailers for processing and marketing locally-produced agricultural food products.<br>— Authorizes artisanal cheese centers to support local cheesemaking.<br>— Authorizes a grants program to expand employment opportunities for disabled rural residents.</td></tr>
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| **Broadband and Telecommunications Development** | | |
| — Broadband Access Loan program provides loans to fund construction, improvement, and acquisition of facilities to provide broadband service in rural areas.<br>— The Distance Learning and Telemedicine program provides electronic educational resources to schools and for improved health care delivery in rural areas. | — Reauthorizes access to broadband services to rural areas. Amends the existing broadband program to redefine eligibility and prioritize applications.<br>— Authorizes USDA's Community Connect Program to provide grants and financial assistance to eligible applicants to provide broadband service to currently unserved areas.<br>— Directs the Secretary of Agriculture to develop a national rural broadband strategy.<br>— Authorizes a National Center for Rural Telecommunications Assessment.<br>— Reauthorizes the Distance Leaning and Telemedicine Program. | — Reauthorizes access to broadband services to rural areas. Amends the existing broadband program; provides criteria for broadband service providers and eligible rural areas.<br>— Authorizes the Connect the Nation Act; provides grants to state initiatives to improve broadband service in rural areas.<br>— Directs the Secretary of Agriculture to produce a comprehensive report on rural broadband strategy.<br>— Authorizes a National Center for Rural Telecommunications Assessment.<br>— Defines "substantially underserved trust areas" and makes loan and loan guarantees to qualified applicants.<br>— Reauthorizes a rural electronic commerce extension program.<br>— Reauthorizes/amends the Distance Learning and Telemedicine Program to emphasize library and public television connectivity. |
| **Regional Development Programs** | | |
| Value-Added Agricultural Product Market Development Grants (VADG) producer grant program offers competitive grants to help independent agricultural producers, producer groups, cooperatives, and commodity groups enter into value-added activities. | Extends/expands the program by creating (1) a 10% set-aside for beginning and socially disadvantaged farmers and ranchers, and (2) a 10% set-aside for mid-tier value chains, which are strategic alliances between small to mid-sized farms and ranches and other supply chain partners that distribute the benefits of these partnerships across the supply chain ($30 million in mandatory spending annually FY2008-FY2012 for planning and working capital grants to support marketing value-added products). | Extends/expands the program by (1) giving priority to beginning and socially disadvantaged farmers and ranchers and areas that have received relatively fewer grants than other rural areas, (2) creating a simpler application for grants under $50,000, (3) reducing the maximum size of grants, and (4) including farm and ranch-based renewable energy and marketing locally-produced agricultural food products as eligible value-added products. |
| **Regional Development Programs** | | |
| — Delta Regional Authority (DRA) funds 334 projects ($750 million investment in five years).<br>— Northern Great Plains Regional Authority (NGPRA) is a federal-state partnership serving IA, MN, NE, ND, and SD | — Reauthorizes the DRA.<br>— Extends/amends NGPRA to target renewable energy projects, among other changes. | — Extends DRA.<br>— Extends/amends NGPRA. Authorizes the NGPRA to organize and operate if a federal member is not confirmed by the Senate within 180 days of this provision's enactment.<br>— Authorizes a new Northern Border Economic Development Commission. |

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| focused on business, jobs, infrastructure development and transportation.<br>— Rural Business Investment Program was authorized in 2002 farm bill to establish rural business investment companies. Only partially implemented. | | — Reauthorizes and amends the Rural Business Investment Program to create regional investment companies.<br>— Authorizes a new rural and regional collaborative investment program to create equity capital and regional economic planning opportunities in rural areas. Establishes a National Rural Investment Board in USDA.<br>— Authorizes a new regional development authority, Northern Borders Economic Development Commission, targeted to certain counties in NY, NH, ME, VT. |
| **AGRICULTURAL RESEARCH** | | |
| **Budget and Planning** | | |
| Four agencies (ARS, CSREES, ERS, NASS) within its Research, Extension, and Economics (REE) mission area (organized in 1994 by P.L. 103-354) have separate entries in the President's annual budget request. | Requires the President's annual budget submission to present a unified request for all REE mission area agencies and programs, divided into two categories: capacity programs (funds to be distributed through noncompetitive processes) and competitive programs (funds distributed through a peer-reviewed, competitive process). | Requires the Under Secretary to collaborate with USDA research officials to develop a coordinated research agenda across all components of the mission area, and implement it to the maximum extent possible. The collaborative effort is also to recommend funding for all competitive and infrastructure (capacity) programs. |
| Each REE agency's budget is administered by its respective officers. ARS and CSREES intramural and extramural programs are coordinated by their respective National Program Leaders, with stakeholder input as required by the 1996 farm bill (P.L. 104-127). | Establishes a National Agricultural Research Program Office to administer the unified REE budget. A 6-member Board of Directors coordinates all intramural and extramural programs of the REE agencies. | All budgetary authorities currently residing in CSREES are transferred to a newly created the National Institute for Food and Agriculture. The Under Secretary for REE is directed to coordinate activities and programs of ARS and NIFA. |
| Numerous research, extension, and education centers, programs, and grant activities are authorized to receive such appropriated funds as necessary, or at specified amounts. The funding authorities expire at the end of FY2007. | Appropriations authorities, and where necessary the ongoing programs not permanently authorized, are extended through FY2012. | Same as the House bill. |
| **Competitive Grants** | | |
| The National Research Initiative (NRI) Competitive Research Grants | Establishes a National Institute for Food and Agriculture (NIFA) that consolidates all competitive research, education, | Establishes a National Institute for Food and Agriculture (NIFA), which replaces CSREES, with four offices that |

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| program is authorized under 7 U.S.C. 450i; the Initiative for Future Agriculture and Food Systems (IFAFS) was established in 1998 by P.L. 105-185 and currently is administered as part of NRI as authorized in annual USDA appropriations acts. | and extension programs, including the NRI and IFAFS, which are reauthorized and merged. | house (1) infrastructure programs (capacity programs), (2) competitive fundamental food and agricultural research, (3) competitive applied food and agriculture research, (4) competitive education and other fellowship programs. Reduces membership in National Agricultural Research, Extension, Education, and Economics (NAREEE) Advisory Board from 31 to 24. Formalizes coordination between ARS and NIFA. |
| **Hispanic-serving Colleges and Universities** | | |
| The 1996 farm bill (P.L. 104-127) established a program of education grants to Hispanic-serving institutions that teach agriculture; currently reauthorized through FY2007 by P.L. 107-171. | Authorizes appropriations to establish an endowment fund, using the annual interest to strengthen the academic programs in agriculture at Hispanic-serving institution. Also authorizes appropriations for capacity-building grants, competitive research grants and extension. | Authorizes appropriations to establish an endowment fund, using the annual interest to strengthen the academic programs in agriculture at Hispanic-serving institutions. Also authorizes appropriations for capacity-building grants, competitive research grants and extension. Reauthorizes annual appropriations, but increases from $20 million to $40 million, for competitive grants to Hispanic-serving institutions. Extends international activity eligibility to Hispanic-serving schools. |
| **Biobased Energy Research** | | |
| Title IX authorized through FY2007 a number of research, extension, and education programs, primarily funded through appropriations. This included extension of the Biobased Products Research Program, established originally in 1998 by P.L. 105-185. | Authorizes $50 million in annual appropriations through FY2012 to support an Agricultural Bioenergy and Biobased Products Research Initiative.<br><br>(Also, see entries under the Energy heading, which includes several major agriculture-related research, extension, and education programs.) | (See entries under the Energy heading, which includes several major agriculture-related research, extension, and education programs. Included is a Biobased Products Research Initiative with total mandatory funding of $75 million for FY08-10, and annual appropriations authority of $85 million for FY2008-FY2010.) |
| **FORESTRY** | | |
| **Forest Landowner Assistance** | | |
| Forest Land Enhancement Program (FLEP) provides financial assistance to private landowners for forestry activities ($100 million mandatory spending). Some funds were borrowed for fire-fighting; others cancelled. Less than half of funds were actually spent on FLEP activities. | No provision; allows program to expire. | No provision; allows program to expire. |

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| **Cooperative Forestry Assistance** | | |
| No provision. | Includes several provisions providing national priorities and competitive grants, requiring statewide assessments, and establishing a new advisory committee. | Includes several provisions providing national priorities and a new grant program for local forest protection, requiring statewide assessments, and expanding cooperation with and assistance to Indian tribes. |
| **Wildfire Emergencies** | | |
| No provision. | Establishes a new Emergency Forest Restoration Program to help private landowners restore forests damaged by natural factors, such as wildfires. | No comparable provision. |
| **Timber Contract Options** | | |
| No provision. | No provision. | Provides for qualifying contract options for the sale of timber on National Forest System land that was awarded between July 1, 2004, and December 31, 2006, among other requirements. |
| ENERGY | | |
| **Federal Procurement of Biobased Products** | | |
| Requires federal agencies to purchase biobased products under certain conditions and authorizes a voluntary biobased labeling program. Mandatory funding of $1 million is authorized annually (FY2002-FY2007) for testing. | Continues federal commitment to biobased product preference in its purchases through FY2012. Adds new reporting requirements and clarifies that products with at least 5% of intermediate ingredients and feedstocks that are biobased should be considered. Requires USDA to complete rulemaking on labeling regulation. Increases funding to $2 million/year (FY2008-FY2012) for bio-product testing, labeling, and procurement research, promotion, etc. | Continues federal commitment to biobased product preference in its purchases through FY2012. Clarifies that biobased intermediate ingredients and feedstocks qualify under the program. Requires USDA to establish a voluntary labeling program for biobased products — "USDA Certified Biobased Product." Additionally, provides grants for education and awareness of bioenergy and biobased products. Provides $3 million per year in mandatory funding. |
| **Biorefinery Development Program** | | |
| Creates grant program to finance the cost of developing and constructing biorefineries and biofuel production plants. Discretionary funding of such sums as necessary. | Extends through FY2012 and provides new loan guarantee authority for biorefineries, with one-half for loans less than $100 million, and the other half for loans up to $250 million. Specifies mandatory funding levels that total $800 million over FY2008-FY2012. | Renamed the Biorefinery and Repowering Assistance Program, it refocuses emphasis on cellulosic ethanol production via competitive grants for up to 50% of project costs for pilot- and demonstration-scale biorefineries; matching funds for feasibility studies; competitive grants for up to 20% of total project costs for the repowering of fossil-fueled biomass conversion facilities with renewable resources; and provides loan guarantees for up to 80% of |

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| | | total eligible project costs for the development and construction of commercial-scale biorefineries and the repowering of biomass conversion facilities with renewable energy. $300 million in mandatory funding (FY2008-FY2012). |
| **Biodiesel Fuel Education Program** | | |
| Competitive grants to nonprofits to educate governmental and private entities operating vehicle fleets, and educate public about the benefits of biodiesel fuel use. Mandatory funding of $1 million for each of FY2002-FY2007. | Extends through FY2012 with mandatory funding of $2 million/year (FY2008-FY2012). | Same as House bill. |
| **Energy Audit and Renewable Energy Development Program** | | |
| Competitive grants to assist farmers, ranchers, and rural small businesses in becoming more energy efficient and in using renewable energy technology and resources. Discretionary funding of such sums as necessary for each year (FY2002-FY2007). | Extends through 2012. | Extends through 2012 and folds this program into the new Rural Energy for America Program where mandatory funding is available (see next section). |
| **Renewable Energy Systems** | | |
| Authorizes loans, loan guarantees, and grants to farmers, ranchers, and rural small businesses to purchase and install renewable energy systems and improve energy efficiency. Mandatory funding of $23 million for each of FY2003-FY2006, and $3 million for FY2007. | Renamed as the "Rural Energy for America Program." Raises the loan guarantee level from $10 million to $25 million and caps federal cost-share at 75%. Increases mandatory funding levels to total $500 million over FY2008-FY2012. | Renamed as the "Rural Energy for America Program." Cost-share grants for energy audits, feasibility studies, and project development for renewable energy systems. Adds option to receive a production incentive payment in lieu of a grant. It creates a separate allocation of funding for grants and loan guarantees to build and evaluate on-farm and community animal manure-to-energy facilities, and extends the "Energy Star Program." Establishes streamlined processes for grant and loan applications under $20,000, and requires that 20% of funds be used for such projects. $230 million in mandatory funding is provided over FY2008-FY2012 with 15% of funding dedicated to the animal manure-to-energy provision. |

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| **Biomass Research and Development Act** | | |
| Competitive funding for research, development, and demonstration projects on biofuels and bio-based chemicals and products. Mandatory funding totaling $75 million (available until expended) for FY2002-FY2007. | Extends through FY2012 with increased mandatory funding that totals $420 million over FY2008-FY2012. | Extends the program through FY2012. Adds new emphasis on utilization of byproducts such as dried distillers grains and solubles and development of technologies for harvest, storage, preprocessing and transportation of renewable biomass feedstocks. Provides mandatory funding, available until expended, of $15 million in FY2008, $25 million in FY2009, and $35 million in FY2010. Includes additional discretionary funding of $85 million in each of FY2008-FY2012. |
| **Bioenergy Program** | | |
| Provides incentive payments to biofuels producers based on year-to-year increases in quantity of biofuel produced. Mandatory funding of not more than $150 million for each of FY2003-FY2006. No funding available for FY2007. | Extends through FY2012 with mandatory funding of $1.4 billion for FY2008-FY2012. Excludes ethanol produced from corn starch. Expands eligibility for combined heat and power production using biomass at biofuels plants and biomass gasification as types of bioenergy eligible for the production incentive. | Extends through FY2012 and provides assistance to biofuel producers for the purchase of feedstocks, for cellulosic biofuels and biodiesel. The program is not available to plants with biofuel production capacity greater than 150 million gallons per year, or plants using corn or cornstarch feedstocks. $245 million in mandatory funding provided for FY2008-FY2012. |
| **FEDERAL CROP INSURANCE** | | |
| **Selected Cost-Saving Measures** | | |
| The federal government provides three levels of subsidies to the crop insurance program: 1) subsidizing a portion of the premium paid by farmers, 2) reimbursing the private crop insurance companies for most of their administrative and operating expenses, and 3) absorbing most of the program losses. | Three provisions would change the timing of crop insurance receipts (premium collections) and the timing of payments to the private insurance companies. These changes are timed so that in the final year of the five-year farm bill (FY2012) revenues will be received twice in the year and reimbursements will be delayed until the next fiscal year. Total budget authority will not be affected, but because of the one-year adjustment in FY2012, CBO scores outlay savings of **$2.7 billion** in FY2012. | Similar, but not identical, language as the House bill, which effectively requires premiums to be collected from producers slightly earlier, and payments to the insurance companies to be made slightly later, beginning in the 2012 crop year, so that savings can be scored in the last year of the farm bill (FY2012). |

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| Participating private crop insurance companies are reimbursed by the federal government for their administrative and operating expenses at rates determined in a Standard Reinsurance Agreement (SRA). Current law prohibits companies from receiving a reimbursement greater than 24.5% of total premiums. The current SRA establishes the reimbursement rate below the statutory maximum for all insurance plans, ranging from 18.1% to 24.2 % (maximum). | Beginning in the 2009 reinsurance year (July 1, 2008), the reimbursement rate to the private crop insurance companies for their administrative and operating expenses for all policies would decline by 2.9 percentage points from the rate in effect at the time of enactment of the 2007 farm bill. Hence, the range of reimbursement rates would decline to between 15.2% to a maximum of 21.3%. CBO estimates this provision will reduce outlays by **$612 million** over five years. (Separately, a provision in Title XII (Additional Offsets) would require the maximum statutory reimbursement rate to be adjusted downward in 2012 through 2017, if offsetting oil and gas receipts collected by the Secretary of Interior fall short of estimates.) | Beginning in the 2009 reinsurance year, the reimbursement rate to the private insurance companies for their administrative and operating expenses for additional coverage policies (i.e., policies other than for catastrophic coverage) would decline by 2 percentage points. An exception would be provided in any reinsurance year in any state that has a loss ratio greater than 1.2 (i.e., when indemnity payments exceed total premiums by more than 20%.) |
| Producers opting for the most basic level of crop insurance (catastrophic (CAT) coverage) pay no premium for the coverage, but are required to pay an administrative fee of $100 per crop per county. Producers who grow an uninsurable crop can also receive the equivalent of CAT coverage under a separate Noninsured Assistance Program (NAP) and must also pay a $100 administrative fee. | Increases the producer-paid fee for catastrophic coverage under the crop insurance program and for the Noninsured Assistance Program to $200 per crop per county, saving a combined CBO-estimated **$228 million** over five years. | Same as House bill. |
| The current Standard Reinsurance Agreement between the federal government and the private crop insurance companies determines levels of risk sharing between the government and the companies. The current agreement requires companies to reinsure 5% of their retained premium with the government. | Requires the private insurance companies to reinsure at least 22% of their retained premiums with the government, and in return the government will provide a ceding commission of 2% to the companies. (The net effect is to raise the requirement to 20%.) This will allow the government to receive some underwriting gains that would otherwise accrue to the companies, which CBO estimates would save **$121 million** over five years. | No comparable provision. |

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| **Permanent Disaster Assistance** | | |
| Since 1988, Congress has provided ad-hoc emergency payments to crop and livestock growers to compensate producers for disaster losses not covered by crop insurance and other ongoing programs. Most recently, Congress provided crop and livestock assistance for 2005, 2006 or 2007 production losses in the FY2007 emergency supplemental appropriations act (P.L. 110-28), as amended by the FY2008 Consolidated Appropriations Act. | No provision. | Authorizes a permanent trust fund to make agricultural disaster payments available on an ongoing basis over the life of the next farm bill. The proposed new program would supplement the current crop insurance program, and would require a farmer to carry at least the catastrophic level of coverage as a prerequisite for a payment. According to CBO, the program would cost $5.1 billion over five years (FY2008-FY2012). CBO estimates that $2.9 billion of that amount would go directly to crop and livestock producers in the form of direct disaster payments and the other $2.2 billion would cover increased crop insurance costs associated with the crop insurance purchase requirement. Most of the cost would be funded through a mandated transfer of 3.34% of annual customs receipts from the U.S. Treasury to the new trust fund |
| **OTHER MISCELLANEOUS** | | |
| **Possession of foot and mouth disease (FMD) virus** | | |
| To lessen the likelihood that an accidental laboratory release of FMD might reach domestic animals, importation of FMD virus is prohibited, and research on FMD is limited to locations outside of the mainland of the United States. By statute, the Secretary of Agriculture must explicitly permit research on FMD virus to be performed on the mainland of the United States, and has not yet done so (21 USC 113a). | Allows USDA to conduct research on foot and mouth disease on the U.S. mainland. Prohibits anyone else from possessing certain viruses on a USDA-prescribed list, unless the Secretary issues a permit. However, the provision would not apply to select agents, which appears to negate the preceding prohibition with respect to FMD virus, since FMD virus is an agricultural select agent. The net effect may be removal of any permitting restrictions for FMD virus, thus allowing research to be performed by those compliant with the agricultural select agent regulations. (H.R. 2419, Sec. 7108). | Compels USDA to issue a permit to the Department of Homeland Security (DHS) to possess and work with live foot and mouth disease (FMD) virus at the proposed National Bio- and Agro-Defense Facility, subject to compliance with USDA rules for handling “select agents.” Otherwise leaves unchanged the current restrictions on possession of FMD and other dangerous viruses. |
| **Discrimination Suit Against USDA (Pigford Decision)** | | |
| Pigford v. Glickman, No. 97-1978 and No. 98-1693 (D.D.C. July 14, 2000). | Permits any claimant in the Pigford decision who has not previously obtained a determination on the merits of a Pigford claim, to petition in civil court to obtain such a determination. The total amount of payment and debt relief pursuant to this authorized court action would be limited to $100 million. The Secretary of Agriculture would also be | Similar to House bill. |

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| | restricted from beginning a foreclosure of a loan if the borrower is a Pigford claimant who can show that a pending foreclosure is related to a Pigford claim. | |
| **Animal Welfare Act** | | |
| The Animal Welfare Act (AWA) as amended (7 U.S.C. 2131 et seq.) is intended to ensure the humane treatment of animals that are intended for research, bred for commercial sale, exhibited to the public, or commercially transported, and to prevent their use in animal fighting. | Amends the AWA to prohibit use of live animals for marketing medical devices, and to limit the sources research facilities may use to obtain dogs or cats. | Amends the AWA to regulate the commercial importation of puppies; to tighten prohibitions on dog and other animal fighting activities; and to limit the sources research facilities may use to obtain dogs or cats. |