



2008 Farm Bill: Wisconsin Focus General Highlights¹



This fact sheet presents some major features of the 2008 Farm Bill that affect Wisconsin farmers, agribusinesses leaders, and other citizens. For more detailed information on specific programs, interested readers are encouraged to review the applicable fact sheets accessible on this web site.

Crop Programs

- Direct payments to crop producers stay at 2007 levels for the life of the Bill. Loan rates and target prices are unchanged from previous law for 2008-9, but increase for most crops (corn being the only exception applicable to Wisconsin) for 2010-12. Several pulse crops grown in Wisconsin are added to the list of commodities eligible for countercyclical (but not direct) payments starting in 2009.
- Payment limitations are tightened, but only marginally and only for some types of payments. Few Wisconsin farmers are affected by these changes.
- Starting in 2009, Wisconsin crop producers will be eligible to participate in a gross revenue protection system, called the Average Crop Revenue Election (ACRE) program. In exchange for a 20 percent reduction in direct payments and a 30 percent reduction in loan rates, producers can be guaranteed revenue on 83.3 percent of acres planted equal to 90 percent of the Wisconsin Olympic average 5-year yield for the commodity multiplied by the lagged 2-year national average commodity price.

Dairy Programs

- The former *milk* price support program is renamed the *dairy product* price support program. The purchase prices for butter, nonfat dry milk, and cheese are unchanged, but they are no longer linked to a specific milk price.
- Product support prices can be lowered if government purchases exceed specified levels, but the levels are so high that price reductions are very unlikely.
- The Milk Income Loss Contract (MILC) program is changed to (1) link the target price to feed costs, (2) raise the pay-out percentage, and (3) increase the production cap for producer payment eligibility. These changes are beneficial to Wisconsin dairy producers in providing a more realistic income safety net and making more herds eligible for MILC payments.

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- Dairy plants — whether or not organized as cooperatives — will be permitted to offer forward price contracts to their patrons. Contracting was previously restricted primarily to cooperatives due to federal milk order rules prohibiting proprietary plants from underpaying announced minimum prices to producers.

Conservation Programs

- The Conservation Reserve Program (CRP) is extended, authorizing a total of 32 million acres enrolled in 2010-12. This is down from the current authorized acreage of 39.2 million. CRP enrollment will be difficult to maintain if, as predicted, commodity prices remain strong over the life of the new Act.
- Funding for the Environmental Quality Incentive Program (EQIP) is increased by \$3.4 billion in the new Farm Bill. Individual farm limits remain the same.
- The Conservation Security Program (CSP), which was authorized in the 2002 Farm Bill but not funded, is extended and funded at \$1.1 billion and renamed the Conservation Stewardship Program. This program makes cost-sharing payments to encourage farmers to adopt and continue conservation practices on working lands. CSP will complement Wisconsin's working land initiative.

Renewable Energy

- The new Farm Bill provides a number of grant and loan guarantee programs to farmers, bio-refineries, ethanol plants, small businesses, and other entities to promote the use of bio-fuels and the efficiency of bio-fuel production. Many Wisconsin companies will be eligible for these grants and loan guarantees.
- The Biomass Crop Assistance Program could be of particular interest to Wisconsin farmers. Under this program, farmers can contract with USDA to receive up to 75 percent of costs incurred to establish production of biomass crops. USDA will also reimburse farmers for revenues foregone by not growing other, more profitable crops (opportunity cost) and provide cost-share payments for the harvest, storage, and transport of biomass crops to bio-fuel processors.

Livestock Title

- A new livestock title was added to the 2008 Farm Bill, principally to increase protection to livestock producers involved in production contracts.
- This title also reauthorizes mandatory country of origin labeling (COOL) from the 2002 Farm Bill, which was never fully implemented except for fish. The COOL commodity list in the new Act is: beef, lamb, pork, chicken, goat meat, fish, peanuts, fruits, vegetables, macadamia nuts, ginseng, and pecans.

- Of special interest to Wisconsin, the Livestock Title permits state-inspected facilities that have 25 or fewer employees to ship meat or poultry in interstate commerce. To be eligible, plants must meet all federal requirements and policies under the Federal Meat Inspection Act and the Poultry Products Inspection Act. State inspectors will be allowed to use the Federal stamp of inspection on products.

Organic Farming Support

- Conservation practices associated with organic production are specifically authorized for payments under the CSP and EQIP programs. Funding to assist producers transitioning to organic production is increased from \$5 million to \$22 million under USDA's National Organic Certification Cost Share program, and an additional \$5 million is allocated to USDA to support collecting and publishing organic market data. Organic commodities are also made eligible for funding under the Market Access Program (MAP) in the Trade Title of the new Act

Disaster Assistance

- Disaster assistance to farmers due to floods, drought, or other acts of God, was previously provided on an ad-hoc basis through special legislation. The new farm bill writes disaster assistance into permanent law as part of the Crop Insurance Title. The program will complement existing crop insurance programs, providing an additional level of reimbursement.

Where can I get more information?

Jesse, Ed, 2008. [*The Food, Conservation, and Energy Act of 2008*](#), a PowerPoint Presentation, Department of Agricultural and Applied Economics, University of Wisconsin-Madison, June