



www.agmanager.info
abarnaby@agecon.ksu.edu
(785) 532.1515 (phone)
(785) 532.6925 (fax)

G.A. "Art" Barnaby Jr.

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Agricultural Disaster Assistance: Potential Impact on Kansas and Nebraska

Bradley D. Lubben and G. Art Barnaby¹

University of Nebraska-Lincoln and Kansas State University

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Summary Points

- Agricultural disaster assistance was included in the *U.S. Troop Readiness, Veterans' Health, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007* passed on May 24 in Congress and signed by the President on May 25. The agricultural assistance includes programs for crop and livestock losses during 2005-2007. These programs will provide economic assistance to agricultural producers in Kansas and Nebraska affected by several recent natural disasters including drought, frost, and winter storms.
- The impact of the major proposed programs highlighted in the study is significant. From the two largest programs, the Crop Disaster Program and the Livestock Compensation Program, Kansas producers could receive approximately \$121 million in payments while Nebraska could receive approximately \$73 million in payments.
- The Crop Disaster Program will provide assistance to crop producers for losses suffered on the 2005 crop, the 2006 crop, or the 2007 crop (for those crops planted before February 28). The program would cover quantity and quality losses below a 65-percent loss threshold at 42 percent

¹The authors are Assistant Professor and Extension Public Policy Specialist at the University of Nebraska-Lincoln and Professor and Extension Specialist at Kansas State University respectively. This work is based on analysis and interpretation of legislative language and previous USDA programs. Official interpretation of the legislation and program rules will come from USDA. For further information, contact Lubben at 402.472.2235 or blubben2@unl.edu or Barnaby at 785.532.1515 or barnaby@ksu.edu.

of the established price. The assistance will only be available to producers who purchased insurance on insurable crops or signed up for the non-insured assistance program on non-insurable crops. The analysis suggests Kansas producers could receive over \$83 million in crop disaster payments while Nebraska producers could receive more than \$30 million in payments.

- The Livestock Compensation Program will provide fixed payments per head to qualifying livestock producers in disaster counties for losses in one of the years between January 1, 2005 and February 28, 2007. Since all counties in Kansas and Nebraska have been a disaster county at least once in that time period, all producers in both states will be eligible for the program, subject to other guidelines. Through the program, Kansas producers could receive approximately \$38 million in payments and Nebraska producers could receive approximately \$43 million in payments.
- The Livestock Indemnity Program will provide payments to producers based on a portion of the value of livestock mortality losses during one year in the period of January 1, 2005 to February 28, 2007. While estimated livestock mortality losses are difficult to assess, the program could provide a few million dollars to both Kansas and Nebraska producers.
- Other provisions of the legislation include appropriations for qualifying dairy production losses and also the Emergency Conservation Program. In addition, language to extend the Milk Income Loss Contract program and to remove a spending restriction on the Conservation Security Program could have significant impacts on program benefits for Kansas and Nebraska producers in the current program year and in the next farm bill.

Disaster Assistance Legislation

The supplemental appropriations titled the *U.S. Troop Readiness, Veterans' Health, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007* was passed by Congress on May 24 and signed by the President on May 25. The spending bill (H.R. 2207) contains agricultural assistance originally from a separate bill (H.R. 2207) that was combined with the language of the first and amended slightly before final approval. This package follows an earlier attempt at a supplemental spending bill that was passed in Congress in April 2007, but vetoed by the President on May 1. After a veto override vote failed in the House, the new supplemental appropriations language was developed and eventually led to the final version as passed by Congress and signed by the President. The agricultural assistance in the final version has been estimated at approximately \$3 billion nationwide. The impact of the assistance package on Nebraska and Kansas agriculture is estimated in this paper.

The Crop Disaster Assistance (Section 9001) provides assistance to crop producers for quantity and/or quality losses caused by damaging weather or related conditions. The assistance covers the 2005, 2006, or 2007 crop year, but in the case of 2007, is only for crops planted prior to February 28 or expected to have been planted prior to February 28 except for the damaging conditions. Producers can receive assistance for crop losses for only one of the listed crop years and then for only those crops on which they had purchased crop insurance or had signed up for the non-insured assistance program in the case of non-insurable crops. Losses on these crops are covered below a threshold level of 65 percent at a rate equal to 42 percent of the established price. The established price for insurable crops is the price established by USDA-RMA for crop insurance policies under APH coverage (formerly known as MPC1 coverage). The assistance package includes a cap on the total combined proceeds of crop revenue, crop insurance indemnities (presumably net of premiums paid), and any disaster payments. The cap is equal to 95 percent of what the crop would have been worth in the absence of a crop loss, reflecting the expected yield (APH yield) at the higher of the established or actual price.

Livestock producers will receive assistance through the Livestock Compensation Program and the Livestock Indemnity Payment program (Section 9002). The Livestock Compensation Program will provide fixed per-head payments to producers in qualifying counties in either 2005 or 2006 or 2007 (prior to February 28). The payments essentially provide a partial offset of economic losses based on the costs or forage losses due to the disaster conditions. The payments will be made on qualifying inventories of beef cattle, dairy cattle, sheep, goats, swine, and poultry, as well commercial inventories of buffalo, beefalo, equine, deer, reindeer, and elk. The rate is 61 percent of the applicable rate used in the 2006 Livestock Compensation Program for hurricane-damaged areas announced by the Secretary of Agriculture on February 12, 2007. The Livestock Indemnity Program will partially reimburse producers in qualifying counties for mortality losses on livestock losses due to disaster conditions in either 2005, 2006, or 2007 prior to February 28. The payment rate will be 26 percent of the value of the animal as of the day before the day of death.

Other sections of the assistance package will provide further support to agricultural producers. The spending includes \$16 million for payments to dairy producers for production losses in disaster counties across the country, of which Kansas and Nebraska dairy producers could qualify for a small portion. The spending also includes \$16 million for the Secretary of Agriculture for the Emergency Conservation Program and an additional \$16 million for grant assistance for low-income migrant and seasonal farmworkers.

The legislation also provides authorization and funding for the Milk Income Loss Contract (MILC) program for the month of September 2007. The MILC program had been set to expire at the end of August 2007 and as such, would not have been in effect at the end of the current farm bill on September 30, 2007. Thus, the cost to continue it into the future in a new farm bill would not have been included in the baseline estimate of program costs and would have required the allocation of new funding or other spending offsets to be continued. By extending the program one month, the legislation authorizes the MILC program through the end of the current farm bill and thus, the estimated cost to continue it in the next farm bill should be included as part of the baseline spending allocation for future agricultural spending

and should not require finding spending offsets elsewhere to pay for continuing the program into the future.

One other section of the legislation affects fiscal year 2007 spending the Conservation Security Program (CSP). By striking a provision in earlier legislation that restricted further spending on the CSP, the program should now have the authority to increase spending levels and carry out a sign-up for fiscal year 2007 enrollment that was previously put on hold.

While there are several elements of the agricultural assistance package that may help Kansas and Nebraska producers, the largest economic impact will be from the Crop Disaster Program, the Livestock Compensation Program, and the Livestock Indemnity Program as discussed below.

Crop Disaster Program

The Crop Disaster Program (CDP) will pay producers for losses on the 2005 crop, the 2006 crop, or the 2007 crop if planted or expected to be planted prior to February 28. The crop losses are covered below a 65-percent loss threshold at a rate equal to 42 percent of the established price. Only producers who purchased insurance or signed up for the non-insured assistance program on the relevant crop for the relevant year would be eligible for assistance. In determining which year to select, producers will need to consider losses in 2005 against losses in 2006 or losses in 2007, which for Kansas and Nebraska producers, would be limited to fall-planted crops including wheat.

While it is too early to determine the extent of insured losses on the 2007 wheat crop, we can estimate the potential impact of disaster assistance payments by analyzing indemnity payments on the 2005 and 2006 crop under existing crop insurance programs from USDA's Risk Management Agency (USDA-RMA). Given that only insured acres are eligible for disaster assistance, we can estimate potential Crop Disaster Program payments by adjusting the insurance indemnity payments. Tables 1 and 2 summarize these calculations for Kansas and Nebraska for selected crops for which insurance indemnity information is available.

The adjusted indemnity information in Tables 1 and 2 comes from USDA-RMA data on indemnity payments and is adjusted to reflect only the quantity loss portion of the indemnity payment below the 65-percent threshold. This adjusted indemnity payment per insured acre is then multiplied by the 42 percent payment rate to estimate a disaster payment per insured acre. Multiplying this disaster payment rate by the total insured acres under either CAT or buy-up insured acres provides an estimate of potential disaster payments by crop within the given crop year.

Based on the data shown in Tables 1 and 2, the potential crop disaster assistance for Kansas producers is equal to \$34 million based on 2005 crop losses or \$83 million based on 2006 crop losses. In Nebraska, the potential assistance is equal to approximately \$20 million based on 2005 crop losses or \$30 million based on 2006 crop losses.

Comparing the numbers in Kansas and Nebraska between 2005 and 2006 shows that losses statewide were much higher in 2006 in both states. Further analysis of the data summarized in Tables 1 and 2 suggests this is the case for almost all crops and almost all regions within each state. Thus, the total potential crop disaster payments based on the 2006 crop could mean \$83 million in payments to Kansas producers and \$30 million in payments to Nebraska producers.

However, each individual producer will need to make a decision as to claiming assistance for either the 2005, 2006, or 2007 crop year. While 2006 may be the largest single year for claims, some producers will prefer to claim losses in 2005 or even 2007, if wheat losses this year outrank the producers' combined crop losses in 2005 or in 2006. Thus, the single-year calculation of \$113 million based on 2006 crop losses is a conservative estimate of the overall impact of the crop disaster assistance package.

Table 1. Crop Insurance Indemnities and Estimated Crop Disaster Program Payments for Selected Crops in 2005.*

Selected Crops	CAT Insured Acres	Net Buy-Up Insured Acres	Insurance Indemnities <i>(adjusted to 65% coverage)</i>	Adjusted Indemnity Per Insured Acre	Estimated Disaster Payment per Insured Acre	Estimated Total Crop Disaster Payments
<u>Kansas</u>						
Barley	418	7,575	\$131,755	\$17.39	\$7.31	\$58,391
Corn	131,852	2,951,506	23,161,288	7.85	3.30	10,162,306
Cotton	11,194	48,614	922,495	18.98	7.97	476,663
Dry Beans	55	10,845	203,051	18.72	7.86	85,714
Grain Sorghum	77,554	1,988,117	8,662,128	4.36	1.83	3,780,011
Millet	0	2,449	9,229	3.77	1.58	3,876
Oats	1,139	11,242	20,643	1.84	0.77	9,548
Onions	0	435	225,797	519.07	218.01	94,835
Popcorn	0	0	0	0.00	0.00	0
Potatoes	0	1,017	0	0.00	0.00	0
Rye	0	383	9,810	25.61	10.76	4,120
Soybeans	131,121	2,127,024	6,794,725	3.19	1.34	3,029,707
Sunflowers	4,848	214,187	1,405,489	6.56	2.76	603,667
Wheat	336,627	8,309,855	36,282,498	4.37	1.83	15,855,957
Total	694,808	15,673,249	\$77,828,908	\$4.97	\$2.09	\$34,164,795
<u>Nebraska</u>						
Barley	91	2,320	\$7,114	\$3.07	\$1.29	\$3,105
Corn	206,256	7,289,022	23,126,216	3.17	1.33	9,987,858
Dry Beans	865	168,419	2,566,964	15.24	6.40	1,083,662
Forage Production	832	70,659	88,225	1.25	0.52	37,491
Grain Sorghum	2,735	198,514	524,873	2.64	1.11	223,484
Millet	782	108,852	307,772	2.83	1.19	130,193
Oats	1,608	21,805	41,983	1.93	0.81	18,933
Popcorn	5,713	59,005	400,290	6.78	2.85	184,400
Potatoes	2,745	10,862	113,262	10.43	4.38	59,592
Rye	0	1,300	0	0.00	0.00	0
Soybeans	91,020	4,034,776	5,157,946	1.28	0.54	2,215,207
Sugar Beets	1,078	45,854	1,602,579	34.95	14.68	688,907
Sunflowers	1,681	78,470	615,513	7.84	3.29	264,053
Wheat	36,221	1,549,526	10,957,762	7.07	2.97	4,709,840
Total	351,627	13,639,384	\$45,510,499	\$3.34	\$1.40	\$19,606,725

* Crop insurance acreage and adjusted indemnity information from USDA-RMA.

There are certain limitations that could affect producer eligibility and total benefits under the CDP. To be eligible for the assistance, individuals are subject to the \$2.5 million adjusted gross income limitation as established in the *Farm Security and Rural Investment Act of 2002*. The limit requires an individual to have an average adjusted gross income of \$2.5 million or less unless at least 75 percent of the adjusted gross income is from agricultural activities. Also, the legislation calls for implementation of the proposed program in the same manner as previous disaster programs. Those programs included a limit of \$80,000 in crop disaster assistance per individual.

The program also includes a cap on CDP payments to a producer equal to 95 percent of the value of the crop the producer would have realized had there been no loss in crop production. The cap is calculated based on the producer's expected yield times either the established insurance price set by USDA-RMA or the average market price as determined from USDA-NASS data. The sum of the producer's actual crop revenue (actual production times the appropriate price), the producer's insurance indemnity payment (presumably net of premium paid) if any, and the producer's crop disaster payment cannot exceed the 95-percent cap. To the extent that the producer's disaster payment leads to the total revenue being greater than the 95-percent cap, the disaster payment will be reduced. This limit could reduce the total payments received under the program by some producers. In particular, if a producer realized a large crop loss, but

had purchased insurance coverage with higher levels of protection, the combination of crop value and insurance indemnities will substantially reduce the remaining margin underneath the 95-percent cap and thus could substantially reduce the potential crop disaster payment.

Table 2. Crop Insurance Indemnities and Estimated Crop Disaster Program Payments for Selected Crops in 2006.*

Selected Crops	CAT Insured Acres	Net Buy-Up Insured Acres	Insurance Indemnities <i>(adjusted to 65% coverage)</i>	Adjusted Indemnity Per Insured Acre	Estimated Disaster Payment per Insured Acre	Estimated Total Crop Disaster Payments
<u>Kansas</u>						
Barley	620	9,474	\$134,339	\$14.18	\$5.96	\$60,115
Corn	116,799	2,764,552	42,943,716	15.53	6.52	18,798,375
Cotton	12,199	83,930	1,143,106	13.62	5.72	549,886
Dry Beans	30	9,152	313,068	34.21	14.37	131,920
Grain Sorghum	49,281	1,886,287	28,146,964	14.92	6.27	12,130,578
Millet	0	5,504	77,843	14.14	5.94	32,694
Oats	1,996	11,919	116,255	9.75	4.10	57,004
Onions	270	405	65,364	161.39	67.78	45,755
Popcorn	0	30	374	12.47	5.24	157
Potatoes	0	4,234	305,313	72.11	30.29	128,231
Rye	0	788	641	0.81	0.34	269
Soybeans	121,741	2,326,891	13,127,340	5.64	2.37	5,801,944
Sunflowers	1,707	102,857	1,747,096	16.99	7.13	745,958
Wheat	320,148	7,811,458	101,853,222	13.04	5.48	44,531,599
Total	624,791	15,017,481	\$189,974,641	\$12.65	\$5.31	\$83,014,485
<u>Nebraska</u>						
Barley	175	1,654	\$21,635	\$13.08	\$5.49	\$10,048
Corn	189,215	6,891,039	41,989,891	6.09	2.56	18,119,999
Dry Beans	182	134,372	4,175,821	31.08	13.05	1,756,220
Forage Production	991	29,331	407,045	13.88	5.83	176,735
Grain Sorghum	2,908	192,289	1,069,085	5.56	2.34	455,806
Millet	2,078	112,717	1,565,687	13.89	5.83	669,712
Oats	1,142	27,342	455,026	16.64	6.99	199,093
Popcorn	5,105	33,451	103,146	3.08	1.30	49,933
Potatoes	4,191	10,695	20,809	1.95	0.82	12,165
Rye	0	1,123	7,691	6.85	2.88	3,230
Soybeans	92,735	4,341,931	4,642,733	1.07	0.45	1,991,595
Sugar Beets	946	57,240	1,080,716	18.88	7.93	461,402
Sunflowers	691	43,304	717,996	16.58	6.96	306,370
Wheat	31,271	1,509,830	13,614,027	9.02	3.79	5,836,318
Total	331,630	13,386,318	\$69,871,308	\$5.22	\$2.19	\$30,048,626

* Crop insurance acreage and adjusted indemnity information from USDA-RMA.

As noted above, the CDP provisions also require the producer to have purchased crop insurance on insurable crops or have signed up for the non-insured assistance program on non-insurable crops. And, the provisions require the producer to have been in compliance with the conservation provisions of the farm program, including highly erodible land conservation and wetland conservation.

Livestock Compensation Program

The Livestock Compensation Program (LCP) will provide producers assistance through a direct, fixed payment per head of qualifying livestock, including beef cattle, dairy cattle, sheep, goats, swine, and poultry, buffalo, beefalo, equine, deer, reindeer, and elk. The fixed payment is set in the legislation at 61 percent of the applicable rate used in the 2006 LCP targeted at certain hurricane-affected counties in the Southeast. That rate was calculated based on the estimated cost of corn needed to feed one head of each kind of livestock for 30 days.

Only producers in counties declared a natural disaster county between January 1, 2005 and February 28, 2007 are eligible for assistance under this program. However, the definition of a disaster county includes both primary disaster counties and all contiguous counties covered by a natural disaster declaration of the Secretary of Agriculture or the President or a determination of physical losses by the Farm Service Agency Administrator. Within those disaster counties, the program rules indicate producers must own or cash-leased livestock as of the beginning date of the disaster period and have suffered a loss of feed from forage or feed production or purchases due to the disaster conditions.

Similar to the Crop Disaster Program, the LCP covers producers affected by a disaster declaration over the 2005-2007 period. However, producers can claim assistance for only one of the three years and then only if the county was a disaster county during that year. With numerous disaster declarations in Kansas and Nebraska over the past three years, every county in both states meets the definition of a disaster county at least once over the 2005-2007 period. Thus, all producers in both states should be eligible to claim assistance under the program for at least one of the years involved.

Estimating potential benefits under the proposed LCP is a difficult task. Livestock inventory numbers in both Kansas and Nebraska fluctuated over the 2005-2007 period, suggesting different numbers of qualifying livestock could be eligible in a given year. In addition, not all animals and producers in disaster counties are eligible for the assistance, either due to the qualifying details described above, or due to other eligibility rules and limits, including the \$2.5 million adjusted gross income cap and a limit of \$80,000 on total LCP payments

To estimate potential LCP payments, state-level inventory numbers in Kansas and Nebraska for January 1 of 2005, 2006, and 2007 were considered. While not all counties in each state were eligible each of the three years, the general level of inventory numbers over each of the years was consistent enough to use just the single year inventory number from 2006 for cattle, sheep, and goats as a proxy for livestock inventories potentially eligible for the program. Statistics on payments under the original 2002 Livestock Compensation Program help to provide an estimate of the percentage of livestock inventories eligible for assistance. While swine were eligible for assistance in the 2006 Livestock Compensation Program in the hurricane-affected areas and are presumably eligible under the current program, they were not eligible for assistance in earlier versions of the Livestock Compensation Program in 2002 and 2003 and thus, no historical data is available to provide guidance on percentages of producers and animals eligible

Finally, the payment rates change to 62 percent of the applicable rate used in the last Livestock Compensation Program. While that rate was defined as the cost of corn to feed the animal for 30 days, and the cost of corn has changed over the past several months, the following estimates are based on the assumption that the applicable payment rate under the current program will be 62 percent of the rate used the last time, as opposed to 62 percent of a recalculated rate based on changing corn prices. As a result, the rate for adult beef cattle would change from \$17.48 per head to \$10.66 per head. For beef and dairy stockers, the rate would change from \$13.11 per head to \$8.00 per head. For adult dairy cattle, the rate would change from \$45.45 per head to \$27.72 per head. For sheep and goats, the rate would change from \$4.37 per head to \$2.67 per head. For swine, the rate in the 2006 Livestock Compensation Program varied by weight group from \$0.52 per head for feeder pigs to \$7.17 per head for breeding sows. With the change, the rates would vary from \$0.32 per head for feeder pigs to \$4.37 for breeding sows.

Table 3. Livestock Inventories and Livestock Compensation Program Payment Estimates for 2005-2007.*

Category	2005	2006	2007
<u>Kansas</u>			
All Cattle (head)	6,650,000	6,650,000	6,400,000
Beef Cattle (head)	1,550,000	1,550,000	1,500,000
Dairy Cattle (head)	110,000	110,000	110,000
All Sheep (head)	106,000	100,000	107,000
All Goats (head)	25,500	26,410	26,000**
All Swine (head)	1,680,000	1,730,000	1,840,000
Potential LCP Payments if all counties eligible (dollars)***	\$37,683,472	\$37,711,266	\$36,571,305
<u>Nebraska</u>			
All Cattle (head)	6,350,000	6,550,000	6,650,000
Beef Cattle (head)	1,909,000	1,930,000	1,940,000
Dairy Cattle (head)	61,000	60,000	60,000
All Sheep (head)	97,000	106,000	95,000
All Goats (head)	17,050	17,750	17,000**
All Swine (head)	2,750,000	2,900,000	3,000,000
Potential LCP Payments if all counties eligible (dollars)***	\$41,555,102	\$42,563,560	\$43,054,596
* Livestock inventory numbers from USDA-NASS, Livestock Compensation Program payment information from USDA-FSA.			
** Estimated numbers, livestock inventory numbers not available from USDA-NASS.			
*** Potential LCP Payments (dollars) if all counties were eligible each year.			

An analysis of 2005-2007 livestock inventories and estimated program payments is summarized in Table 3. Based on the simplifying assumption of all counties eligible in every year, we can calculate potential LCP payments for each year from the statewide livestock inventory numbers. Potential payments in Kansas are relatively stable across years around \$37-\$38 million. In Nebraska, potential LCP payments range from \$42 to \$43 million over the three-year time frame. While not all counties will be eligible for each year, the relative stability of the potential LCP payments over years suggests that we can approximate the potential economic impact of the LCP program at approximately \$38 million in Kansas and \$43 million in Nebraska.

Livestock Indemnity Program

The second part of the livestock assistance package is the Livestock Indemnity Program (LIP). This program will provide payments to producers for qualifying mortality losses of livestock due to natural disasters. Like the LCP, the LIP is available to producers in qualifying disaster counties, those named either as primary or contiguous counties in a natural disaster declaration from the Secretary of Agriculture or the President or those covered by a physical loss notice as determined by the Farm Service Agency Administrator.

The LIP will cover qualifying livestock mortality losses during the period of January 1, 2005 through February 28, 2007. However, as with the other programs, producers must elect to claim benefits for losses in either the 2005 calendar year, the 2006 calendar year, or the 2007 calendar year up to February 28. There have been several major storms in the region resulting during the 2005-2007 period that resulted in significant livestock mortality losses, particularly the late 2006-early 2007 winter storm that covered much of Kansas and Nebraska. However, estimating the total number of mortality losses is extremely difficult. Various news reports would estimate the number in the thousands of head, but an exact number is impossible to determine.

The LIP will make payments to producers based on a rate of 26 percent of the market value of the animal as of the day before the day of death. Incorporating this payment rate with estimated market values and

with estimated livestock mortality losses in each state could lead to total payments of as much as a few million dollars in each state. Producers qualifying for benefits under this program are subject to a separate \$80,000 per person limit on benefits and are also subject to the \$2.5 million adjusted gross income cap.

Additional Assistance

The agricultural disaster assistance package also includes some smaller programs providing targeted assistance to specific commodities or needs. The legislation allocates \$16 million to dairy producers for dairy production in disaster counties across the country. While the overall scale of this program is much smaller than the other programs highlighted above, it could result in tens of thousands of dollars to dairy producers in Kansas and Nebraska.

An additional \$16 million is allocated nationwide for the to the Emergency Conservation Program, which assists with the cleanup and restoration of farm and agricultural production lands following a natural disaster. And, \$16 million is allocated to an emergency grant program to assist low-income migrant and seasonal farmworkers.

Additional Provisions

Two other provisions in the agricultural assistance package are not related to disaster assistance, but are potentially very significant for existing and future federal agricultural programs.

The first provision is a one month extension of the Milk Income Loss Contract (MILC) program. The MILC program had been set to expire at the end of August 2007 and as such, would not have been in effect at the end of the current farm bill on September 30, 2007. Thus, the cost to continue it into the future in a new farm bill would not have been included in the baseline estimate of program costs and would have required the allocation of new funding or other spending offsets to be continued. The one-month extension of the MILC program from August 31, 2007 to September 30, 2007 authorizes the MILC program through the end of the current farm bill. As a result, the estimated cost to continue it in the next farm bill should be included as part of the baseline spending allocation for future agricultural spending and should not require spending offsets elsewhere to pay for continuing the program into the future. The cost of continuing the MILC program over the next ten years has been estimated to be several billion dollars, thus the MILC provision in the legislation can have a significant impact on potential dairy policy in the current farm bill debate.

One other section of the legislation affects fiscal year 2007 spending the Conservation Security Program (CSP). By striking a provision in earlier legislation that restricted further spending on the CSP, the program should now have the authority to increase spending levels and carry out a sign-up for fiscal year 2007 enrollment that was previously put on hold. The CSP was first authorized in the *Farm Security and Rural Investment Act of 2002* and was first implemented in a small number of watersheds in 2004. Additional enrollments in more watersheds occurred in 2005 and 2006, but enrollment in 2007 had been stalled by a lack of additional funding. This provision could pave the way for a 2007 enrollment process to still occur and may also resolve a concern with payments under existing CSP contracts that were due to increase in 2007 except for the lack of additional funding.