
Appendix II

Glossary of Terms

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Acreage reduction program (ARP). An annual voluntary land retirement system in which participating farmers idled a prescribed portion of their crop acreage base of wheat, feed grains, cotton, or rice. Farmers were required to participate in the ARP to be eligible for benefits such as Commodity Credit Corporation (CCC) loans and deficiency payments. The 1996 Act repealed or did not reauthorize ARPs.

Additional peanuts. Peanuts sold from a farm in any marketing year in excess of the amount of quota peanuts sold from that farm. Additional peanuts are eligible only for the lower of two price support levels. The level is determined by the Secretary, taking into consideration the demand for peanut oil and meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets. Under the 1996 Act, loans for additional peanuts remain available.

Agricultural Market Transition Act (AMTA). Title I of the 1996 Act that allows farmers who have participated in the wheat, feed grain, cotton, and rice programs in any one of the previous 5 years to enter into 7-year production flexibility contracts for 1996-2002. Total production flexibility contract payment levels for each fiscal year are fixed. The AMTA allows farmers to plant 100 percent of their total contract acreage to any crop, except with limitations on fruits and vegetables, and receive a full payment. Land must be maintained in agricultural uses. Unlimited haying and grazing and planting and harvesting alfalfa and other forage crops are permitted with no reduction in payments.

Alternative Agricultural Research and Commercialization Corporation (AARCC). Originally established by the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624) as the Applied Agricultural Research Commercialization Center, the purpose of the AARCC is to assist in the research, development, and commercialization of new nonfood products from agricultural commodities through grants, loans, and interest subsidy payments. The 1996 Act created the corporate status and enhanced the center's ability to finance new industrial uses for agricultural products.

Base (or contract) acreage. A farm's average acreage eligible for contract payments of wheat, feed grains, upland cotton, or rice planted for harvest, plus any land not planted to these crops because of an acreage reduction or diversion program in effect during a specified period of time.

Basic Formula Price (BFP). The value of milk used in manufacturing products, based on the per-unit value of the products made from milk and the amount of each product made from a unit of milk (the yield). The BFP is used as the Class III, or "III-A" price in a milk marketing order.

Basing point. A geographical site used to establish fixed rates and/or prices under the Federal milk marketing orders. Generally, rates or prices increase according to the distance from the basing point. The 1996 Act authorizes multiple basing points.

By-pass flow. Water required by a regulating or permitting body to continue instream in order to protect fish habitat and other water-based functions and values. For example, the Forest Service often requires

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some dam operators to allow a certain amount of water to bypass the dam to preserve endangered fish habitat.

Catastrophic (CAT) Crop Insurance Coverage. A Federal insurance program, introduced by the Federal Crop Insurance Reform Act of 1994, that compensates farmers for crop yield losses exceeding 50 percent of their average historical yield at a payment rate of 60 percent of the projected season average market price. CAT coverage requires that a farmer realize a yield loss of more than 50 percent and only makes payments on losses exceeding the 50-percent threshold. Producers must pay a fee of \$50 per crop, up to a maximum of \$200 per county and \$600 in total (across all counties) for CAT protection. Under the 1994 Reform Act, producers were required to obtain coverage at the CAT (or higher) level for crops of economic significance (accounting for 10 percent or more of their farm's crop production value) in order to be eligible for various other USDA program benefits. The 1996 Act relaxed this requirement.

Commission on 21st Century Production Agriculture. A Commission established by the 1996 Act to conduct a comprehensive review of changes to production agriculture in the United States under the Agricultural Market Transition Act (Title I) of the 1996 Act. The Commission will also study the future of production agriculture in the United States and the appropriate role of the Federal Government in it.

Commodity Credit Corporation (CCC). A federally owned and operated corporation within the U.S. Department of Agriculture created to stabilize, support, and protect farm income and prices through loans, purchases, payments, and other operations. The CCC handles all money transactions for agricultural price and income support and related programs. Under past legislation, the CCC also helped maintain balanced, adequate supplies of agricultural commodities and helped in their orderly distribution.

Commodity distribution program. Direct donation of food products by the Federal Government to needy persons, schools, and institutions. Commodities are either entitlement or "bonus." Bonus commodities can be received when they are available from surplus stocks purchased by the Commodity Credit Corporation under its price support program or the Agricultural Marketing Service under its surplus removal (Section 32 of the Agricultural Adjustment Act of 1935 (P.L. 74-320)) program.

Commodity loan rates. Price per unit (pound, bushel, bale, or hundredweight) at which the Commodity Credit Corporation provides commodity loans to farmers to enable them to hold program crops for later sale.

Commodity promotion program. Programs that advertise and promote a commodity without reference to the specific farmer, brand name, or manufacturer. The programs are authorized by law and financed by assessments of industry members, such as producers, importers, and handlers. The 1996 Act authorizes producer-funded research and promotion programs for canola and rapeseed, kiwifruit, and popcorn. The 1996 Act also extends the promotion program for fluid milk and requires periodic independent evaluations of all promotion programs.

Commodity Supplemental Food Program (CSFP). One of several food distribution programs reauthorized by the 1996 Act. The CSFP provides commodities to supplement the diets of low-income infants, children up to age six, women during pregnancy and up to 6 weeks postpartum, breast-feeding women up to 12 months postpartum, and persons 60 years of age and over. Under the CSFP, the U.S. Department of Agriculture donates foods, such as juice, egg mix, and canned fruits and vegetables, and distributes them through State and local agencies. Participants in the CSFP cannot also participate in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

Conservation compliance provision. A provision originally authorized by the Food Security Act of 1985 (P.L. 99-198) that requires farmers who operate highly erodible land to manage this land under an approved conservation system in order to maintain eligibility in various specified Federal farm programs. The 1996 Act retains the conservation compliance provisions.

Conservation farm option contract. A provision of the 1996 Act that authorizes a pilot program for producers who are eligible to receive production flexibility payments to enter into a contract to consolidate payments at rates that are equivalent to payments that would otherwise be received from the Conservation Reserve Program, the Wetlands Reserve Program, and/or the Environmental Quality Incentive Plan in exchange for implementing practices to protect soil, water, and wildlife.

Conservation easement. Rights to land, using a reserved interest deed, where the grantee acquires all

rights, title, and interest in a property, except those rights that might run with the land expressly reserved by a grantor.

Conservation plan. A combination of land uses and practices to protect and improve soil productivity and to prevent soil erosion. A conservation plan must be approved by local conservation districts for acreage offered in the Conservation Reserve Program. The plan sets forth the conservation measures and maintenance that the farm owner or farm operator will carry out during the term of the contract.

Conservation Reserve Program (CRP). A program created by the Food Security Act of 1985 to reduce erosion and protect water quality on up to 45 million acres of farmland. Under the program, landowners who sign contracts agree to convert environmentally sensitive land to approved permanent conserving uses for 10-15 years. In exchange, the landowner receives an annual rental payment and cash or payments-in-kind to share up to 50 percent of the cost of establishing permanent vegetative cover. The 1996 Act caps maximum CRP acreage at 36.4 million acres. The 1996 Act also permits early termination of CRP contracts that are at least 5 years old and meet specified criteria.

Considered planted. The term considered planted refers to a provision of the 1949 Act that was used to implement the crop acreage base and yield system for the 1991-95 crops, a system that was suspended by the 1996 Act. Under previous law, crop acreage bases were, in general, calculated as a 5-year average of planted and considered planted acreage. Acreage considered planted includes acreage idled under production adjustment programs or for weather-related reasons or natural disasters; acreage devoted to conservation purposes or planted to certain other allowed commodities; and acreage the Secretary determines is necessary for fair and equitable treatment.

Contract crops. Crops eligible for production flexibility payments according to Title I of the Federal Agriculture Improvement and Reform Act of 1996. wheat, corn, sorghum, barley, oats, rice, and upland cotton.

Contract Payments of the AMTA. Payments to be made to farmers for contract crops for fiscal years 1996-2002 under Title I of the Federal Agriculture Improvement and Reform Act of 1996, known as the

Agricultural Market Transition Act (AMTA). The total amount made available for each fiscal year is specified in the act and allocated to commodities each fiscal year using a set of percentages also specified in the act. These percentages were based on the Congressional Budget Office's February 1995 baseline forecast of what deficiency payments would have been if provisions in effect for the 1995 crop had been extended.

For example, for fiscal 1997, the total allocation for wheat is 26.26 percent of total annual payments of \$5.385 billion, or \$1.414 billion. The annual payment rate for wheat equals total spending (\$1.414 billion) divided by the sum of all individual wheat payment contract quantities for the year. As with other program commodities, an individual farm's payment quantity equals the farm's program payment yield multiplied by 85 percent of the farm's wheat contract acreage. Program yields under the 1996 Act are determined in the same manner as under the 1949 Act for 1995 crops. An individual farmer's transition payment is his or her payment quantity times the annual payment rate.

Cooperative State Research, Education, and Extension Service. A U.S. Department of Agriculture agency that administers certain Federal funds appropriated for agricultural and forestry research, extension, and education programs at eligible institutions, including State land grant institutions established under the Acts of 1862, 1890, and 1994, selected veterinary schools, and other institutions with capabilities in the food and agricultural science arena. The agency coordinates program planning on a regional and national basis, conducts competitive and special grant programs, and maintains information on State and Federal research records for publicly supported agricultural and forestry research.

Cottonseed Oil Assistance Program (COAP). Along with the Sunflower Oil Assistance Program (SOAP), COAP is one of two programs under which bonuses were awarded to exporters to assist in exports of U.S. vegetable oil to targeted markets. Funds for the programs were authorized to be made available under Section 32 of the Agricultural Adjustment Act of 1935 (P.L. 74-320). The provision in the Disaster Assistance Act of 1988, which had authorized the COAP to begin in fiscal year 1989, expired at the end of fiscal year 1995 and was not extended by the 1996 Act. However, the Agriculture, Rural Development, Food

and Drug Administration, and Related Agencies Appropriations Act of 1996 provided authority to operate the program in fiscal year 1996.

Crop year. The 12-month period from the beginning of harvest.

Dairy Export Incentive Program. A program that offers subsidies to exporters of U.S. dairy products to help them compete with other nations. Payments are made by the Commodity Credit Corporation on a bid basis in cash. The program was originally authorized by the Food Security Act of 1985 (P.L. 99-198) and extended by the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624) and the Uruguay Round Agreements Act of 1994 (P.L. 103-465). The 1996 Act extends the program through 2002.

Deficiency payment. A direct Government payment made to farmers who participated in the wheat, feed grains, rice, or cotton programs prior to 1996. The payment rate was based on the difference between the target price and the higher of the commodity loan rate or the national average market price during a specified time. The total payment was equal to the payment rate, multiplied by a farm's eligible payment acreage, multiplied by the program yield established for the particular farm. Farmers could have received up to one-half of their projected deficiency payment at planting. If actual deficiency payments, which were determined after harvest, were less than the advance deficiency payment, a farmer usually had to reimburse the Government for the difference.

Direct payments. Payments in the form of cash or commodity certificates made directly to producers for such purposes as production flexibility contract payments, deficiency payments, annual land diversion, or conservation reserve payments.

Distance Learning and Telemedicine (DLT)

Program. A program authorized by the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624) to provide grants to rural schools and health care providers to help them invest in telecommunications facilities and equipment to bring educational and medical resources to rural areas where the services otherwise might be unavailable. The 1996 Act reauthorized and streamlined the program. Funding is authorized at \$100 million annually.

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Excellence Award. An award established by the 1996

Act to recognize companies' and other entities' entrepreneurial efforts in the food and agricultural sector for advancing U.S. agricultural exports.

Embargo. A government-ordered prohibition or limitation on trade with another country. Under an embargo, all trade or that of selected goods and services may be restricted.

Emerging Markets Program. A program originally authorized by the Food, Agriculture, Conservation, and Trade Act of 1990 and titled the Emerging Democracies Program. The program was authorized to provide credits or credit guarantees to emerging democracies annually for fiscal years 1991-95. Funds could be used to establish or provide facilities, services, or U.S. products to improve handling, marketing, storage, or distribution of imported agricultural products.

The 1996 Act reauthorized the program through 2002 and renamed it the Emerging Markets Program. The program is retargeted to emerging markets (defined as countries that the Secretary determines are taking steps toward market-oriented economies and have the potential to provide viable markets for U.S. agricultural commodities). The Commodity Credit Corporation must make available not less than \$1 billion of direct credit or credit guarantees to emerging markets for fiscal years 1996-2002 in addition to the amounts authorized for GSM-102 and GSM-103.

Environmental Conservation Acreage Reserve

Program (ECARP). An umbrella program authorized by the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624) that includes the Conservation Reserve Program (CRP) and the Wetlands Reserve Program (WRP). The 1996 Act continues the CRP and WRP and creates the Environmental Quality Incentives Program (EQIP). The goal of the ECARP is to provide long-term protection of environmentally sensitive land. Contracts, easements, and cost-share payments are used to assist owners and operators of farms and ranches to conserve and enhance soil, water, and related natural resources, including grazing land, wetland, and wildlife habitat.

Environmental Quality Incentives Program (EQIP).

A program created by the 1996 Act to provide technical, educational, and cost-share assistance programs aimed at reducing soil, water, and related natural resource problems. The program replaces the Agricultural Conservation Program, the Water Quality

Incentives Program, the Great Plains Conservation Program, the Colorado Salinity Control Program, and the Rural Environmental Conservation Program. EQIP is authorized at \$1.3 billion over 7 years, with at least half of the funding targeted for environmental concerns associated with livestock production. EQIP will be operated to maximize the environmental benefits per dollar expended.

Export Credit Guarantee Program (GSM-102). The largest U.S. agricultural export promotion program, functioning since 1980. It guarantees repayment of private, short-term credit for up to 3 years. The 1996 Act continues the mandate for annual program levels for GSM-102 and GSM-103 and allows flexibility in what level of guarantees may be available under each program.

Export Enhancement Program (EEP). A program initiated in May 1985 under the CCC Charter Act to help U.S. exporters meet competitors' subsidized prices in targeted markets. The program was later authorized by the Food Security Act of 1985 (P.L. 99-198); the Agricultural Trade Act of 1978, as amended by the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624); the Uruguay Round Agreements Act (P.L. 103-465); and the 1996 Act (P.L. 104-127). Under the EEP, exporters are awarded cash payments, which enable an exporter to sell certain commodities to specified countries at competitive prices. The 1996 Act caps EEP program levels annually through 2002 and allows the Secretary, under certain conditions, to target up to \$100 million annually for the sale of intermediate-value products.

Farm Credit System (FCS). A network of cooperatively owned lending institutions and related service organizations serving all 50 States and the Commonwealth of Puerto Rico that specializes in providing farmland loans, operating credit, and related services to farmers, ranchers, and producers or harvesters of aquatic products. Loans may also be made to finance the processing and marketing activities of these borrowers and to rural homeowners, certain farm-related businesses, and agricultural, aquatic, and public utility cooperatives. The System provides about one-third of the total credit used by U.S. farmers, ranchers, and cooperatives. Under the 1996 Act, the Secretary is required to conduct a study for Congress on the demand for and availability of credit in rural areas for agriculture, housing, and rural development.

Farmer-Owned Reserve (FOR) Program. A program designed to provide storage when wheat and feed grains were in abundant supply and to provide a buffer against unusually sharp price movements. The 1996 Act suspended authority for the FOR.

Farmland Protection Program. A program established by the 1996 Act to fund the purchase of conservation easements of 170,000-340,000 acres of land having prime or unique soil or other desirable production qualities that are threatened by urban development. Eligibility depends on having a pending offer from a State or local government to protect qualifying land by limiting nonagricultural use. The Secretary is authorized to use up to \$35 million of funds from the Commodity Credit Corporation.

Farm lending programs. Federal loan programs, administered by the Department of Agriculture's Farm Service Agency, that provide or guarantee real estate, operating, and emergency loans to individuals whose primary business is farming and ranching. Loans are targeted to family-sized farmers who are unable to obtain sufficient credit elsewhere on reasonable terms. Under the 1996 Act, farm lending programs are reauthorized, with new restrictions on the purposes for which loans can be used and the length of time borrowers are eligible for new credit assistance. Provisions are extended that reserved a portion of loan funding for new and beginning farmers.

Farm Service Agency. A U.S. Department of Agriculture agency that administers commodity price and income support, farm loans, and resource conservation programs through a network of State and county offices.

Federal Crop Insurance Program. A subsidized insurance program providing farmers with a means to manage the risk of crop losses resulting from natural disasters. Federal crop insurance is available for about 50 different crops, although not all crops are insurable in every county. With the amendments to the Federal Crop Insurance Act made by the Federal Crop Insurance Reform Act of 1994, coverage is classified as "catastrophic" (CAT), limited, or "additional." CAT coverage guarantees 50 percent of a farmer's average yield, at 60 percent of the price election, for a nominal processing fee. Farmers who participate in the annual commodity programs or receive certain Farm Service Agency loans must purchase at least CAT coverage for

crops they produce that are of economic significance. Limited coverage is a step up from CAT. Farmers may buy additional coverage at up to 75 percent of their average yield. CAT, limited, and additional coverage are subsidized by the Government. Reform provisions were in effect beginning with 1995 crops.

The 1996 Act continues the Federal Crop Insurance Program, but eliminates (1) the requirement that producers purchase crop insurance to be eligible for farm program benefits, and (2) the dual delivery of Federal and private crop insurance in areas that have adequate access to private crop insurance providers. However, farmers must sign a waiver foregoing any Federal disaster assistance if they decline CAT.

Federal Crop Insurance Reform Act of 1994.

Legislation aimed at streamlining the past dual system of crop insurance and ad hoc disaster assistance. The law provided a major overhaul of the crop insurance program, effective for 1995 crops, by repealing “emergency” designation status for crop losses, eliminating authorities for disaster assistance, providing catastrophic (CAT) yield protection to all producers of insurable crops for a nominal processing fee, and initiating a noninsured assistance program (NAP).

Federal milk marketing orders. A regulation issued by the Secretary specifying minimum prices and conditions under which milk can be bought and sold within a specified area. The orders classify and establish minimum prices according to the products in which milk is used. The 1996 Act consolidates the Federal milk marketing orders into 10-14 orders, down from 33.

Feed grain. Any of several grains most commonly used for livestock or poultry feed, including corn, grain sorghum, oats, rye, and barley.

Flood risk reduction contracts. Contracts authorized for producers on farms that have contract acreage under Title I of the 1996 Act that is frequently flooded. Individuals can receive up to 95 percent of transition payments and projected crop insurance payments in lieu of market transition payments. In return, producers must comply with swampbuster and conservation compliance provisions and forego future conservation program payments and disaster payments.

Fluid Milk Promotion Program. A national producer program authorized by the Fluid Milk Promotion Act of 1990 (Fluid Act) to increase human consumption of milk and dairy products and reduce milk surpluses by

developing generic advertising programs. The program is funded by a mandatory 20-cent per hundredweight assessment on all milk produced in the contiguous 48 States and marketed commercially by dairy farmers. The program is administered by the National Fluid Milk Processor Promotion Board. The Fluid Act provides that dairy farmers can direct up to 10 cents per hundredweight of the assessment for contributions to qualified regional, State, or local dairy product promotion, research, or nutrition education programs. The 1996 Act extends the Fluid Milk Promotion Program through 2002.

Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624). The omnibus food and agriculture legislation signed into law on November 28, 1990, that provided a 5-year framework for the Secretary to administer various agricultural and food programs. The act froze minimum target prices and allowed more planting flexibility. New titles included rural development, forestry, fruit and vegetable, grain quality, organic certification, global climate change, and commodity promotion programs.

Food Aid Consultative Group. A group created by the Food, Agriculture, Conservation, and Trade (FACT) Act of 1990 (P.L. 101-624) to review and address issues concerning the effectiveness of regulations and procedures that govern U.S. food aid programs. The 1996 Act extends the authority for the Food Aid Consultative Group through 2002.

Food Distribution Program on Indian Reservations. A Federal program that provides monthly food packages primarily for eligible Native Americans who live on or near Indian reservations as an alternative to the Food Stamp Program.

Food Donations to Charitable Institutions, Soup Kitchens, and Food Banks. Donations of food by the Department of Agriculture (USDA) to help provide meals to needy people. Foods donated are from agricultural surpluses acquired by USDA as part of its price stabilization and surplus removal activities. Eligible charitable groups range from churches operating community kitchens for the homeless to orphanages and homes for the elderly. Other eligible groups include meals-on-wheels programs, soup kitchens, temporary shelters, correctional institutions offering rehabilitative activities, group homes for the mentally retarded, and hospitals that offer general and long-term health care. The 1996 Act reauthorizes this food donation program.

Food for Progress Program (FPP). A food aid program originally authorized by the Food Security Act of 1985 to provide commodities to developing countries and emerging democracies to assist in the introduction of elements of free enterprise into the countries' agricultural economies. The 1996 Act extends authority for the FPP through 2002.

Food Security Act of 1985 (P.L. 99-198). The omnibus food and agriculture legislation signed into law on December 23, 1985, that provided a 5-year framework for the Secretary to administer various agricultural and food programs.

Food Security Commodity Reserve. A special reserve of up to 4 million metric tons of wheat, corn, sorghum, and rice to be used for humanitarian purposes. The reserve created by the 1996 Act is an expansion of the wheat reserve established by the Agriculture Act of 1980 (P.L. 96-494). The reserve is to be used to provide famine relief and other emergency relief when commodities are not available for programming under Public Law 480.

Food Stamp Program (FSP). A program that supplements the food buying power of eligible low-income households by providing them with monthly benefits through coupons or Electronic Benefits Transfer (EBT) cards, which are redeemable at authorized retail food stores. The program began as a pilot operation in 1961 and was made part of permanent legislation in the Food Stamp Act of 1964 (P.L. 88-525).

Forage crops. Plant materials grazed or harvested for livestock feed. Harvested materials can be fresh, dried, or ensiled. Forage includes hay, oats, corn, wheat, and barley.

Fund for Rural America. A fund established by the 1996 Act to augment existing resources for agricultural research and rural development. Funding will be provided from the U.S. Treasury in three separate payments between January 1, 1997 and October 1, 1999. One-third of the funds is to be for research, one-third for rural development, and one-third could be used for research or rural development purposes at the discretion of the Secretary.

Futures contracts. A standardized agreement calling for deferred delivery of a commodity, or its equivalent, entered through an organized exchange. Most agricultural futures contracts call for physical delivery, but feeder cattle futures contracts call for cash settlement

at contract maturity. The 1996 Act requires the Secretary to conduct research through pilot programs to determine if futures and options contracts can provide producers with reasonable protection from the financial risks of fluctuations in price, yield, and income inherent in the production and marketing of agricultural commodities.

General Agreement on Tariffs and Trade (GATT). An agreement originally negotiated in Geneva, Switzerland in 1947 to increase international trade by reducing tariffs and other trade barriers. The agreement provides a code of conduct for international commerce and a framework for periodic multilateral negotiations on trade liberalization and expansion. The Uruguay Round Agreement established the World Trade Organization (WTO) to replace the institutions created by the GATT. The WTO officially replaced the GATT institutions on January 1, 1995.

Grazing Lands. Conservation Initiative (GLCI). A program authorized by the 1996 Act to provide increased technical and educational assistance to conserve and enhance private grazing lands. Annual funding is authorized at \$20-60 million.

Highly erodible cropland. Cropland that meets specific conditions primarily relating to its land or soil classification and current or potential rate of erosion.

Indemnity payment. The payment that eligible producers receive if they realize a qualifying crop loss under the Federal crop insurance program.

Industrial crops. Crops, such as industrial rapeseed, kenaf, crambe, meadowfoam, jojoba, lesquerella, guayule, and canola, that have industrial applications. Meadowfoam, jojoba, and lesquerella yield oils that can be used by industry.

Integrated Farm Management Program (IFMP). A program authorized by the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624) to assist producers in adopting resource-conserving crop rotations by protecting participants' base acreage, payment yields, and program payments. The program's goal was to enroll 3 to 5 million acres over 5 years. The 1996 Act replaced the IFMP with production flexibility contracts and a pilot conservation farm option program.

Intermediate Export Credit Guarantee Program (GSM-103). A program established by the Food

Security Act of 1985 (P.L. 99-198) that complements the Export Credit Guarantee Program (GSM-102), but guarantees repayment of private credit for 3 to 10 years. The 1996 Act continues the mandate for annual program funding levels for GSM-103 and GSM-102, and allows flexibility in what level of guarantees may be made available for each program.

Loan deficiency payments. A provision began by the Food Security Act of 1985 giving the Secretary the discretion to provide direct payments to wheat, feed grain, upland cotton, rice, or oilseed producers who agree not to obtain price support loans, even though they are eligible. The payment is determined by multiplying the loan payment rate by the amount of commodity eligible for loan. The payment rate per unit is the announced loan level minus the repayment level used in the marketing loan. Loan deficiency payments continue to be available under the 1996 Act for all loan commodities except ELS cotton.

Loan rate. The price per unit (pound, bushel, bail, or hundredweight) at which the Government will provide loans to farmers to enable them to hold their crops for later sale.

Make allowance or milk manufacturing marketing adjustment. The margin between the Government support price for milk and the Commodity Credit Corporation's purchase price for butter, nonfat dry milk, and cheese. This margin is administratively set to cover the costs of processing milk into butter, nonfat dry milk, or cheese to reach the desired level of prices for milk in manufacturing uses.

Market Access Program (MAP). An export promotion program authorized by the 1996 Act, but formerly known as the Market Promotion Program. The MAP is designed to encourage development, maintenance, and expansion of commercial farm export markets. The program promotes exports of specific U.S. commodities or products in specific markets. Under the MAP, eligible participants are reimbursed for their expenses in carrying out approved promotional activities. Participating organizations include nonprofit trade associations, State regional trade groups, and private companies. Fund authority is limited to \$90 million annually for fiscal years 1996-2002.

Marketing allotments. A provision that provides each processor or producer of a particular commodity a specific limit on sales for the year, above which penalties would apply. The authority for the mandatory market-

ing allotments for domestically produced sugar and crystalline fructose mandated by the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624) is eliminated under the 1996 Act.

Marketing assessments. A provision that requires producers, processors, or first purchasers to pay a fee per unit of domestic production sold in order to share program costs with the Government.

Marketing loan provisions. Provisions first authorized by the Food Security Act of 1985 (P.L. 99-198) that allow producers to repay nonrecourse loans at less than the announced loan rates whenever the world price or loan repayment rate for the commodity is less than the loan rate. Marketing loan provisions became mandatory for soybeans and other oilseeds, upland cotton, and rice and were permitted for wheat, feed grains, and honey under amendments made by the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624) to the Agricultural Act of 1949 (P.L. 89-439). The 1996 Act retains the marketing loan provisions for feed grains, wheat, rice, upland cotton, and oilseeds.

Marketing orders. Federal marketing orders authorize agricultural producers to promote orderly marketing by influencing such factors as supply and quality, and to pool funds for promotion and research. Marketing orders can be initiated by the industry, and are approved by the Secretary and a required number of the commodity's eligible producers (usually two-thirds) in specified areas in a referendum. Once approved, a marketing order is mandatory. An order can be terminated when a majority of all producers favor its termination or when the Secretary determines that the order no longer serves the intended purpose.

Market Promotion Program (MPP). An export promotion program authorized by the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624) that replaced the Targeted Export Assistance (TEA) Program authorized by the Food Security Act of 1985 (P.L. 99-198). The MPP was renamed the Market Access Program under the 1996 Act.

Market transition payments. (See contract payments of the AMTA).

Multiple basing points. A method of regional pricing in milk marketing orders that would allow more than one "basing point" or "surplus area" to be used. Surplus areas are administratively defined as areas

with low Class I utilization, meaning that a relatively small percentage of the milk produced in an area is used in that area as Class I (fluid) milk. In a multiple basing point system, the order used as the basing point has the smallest Class I price differential (the difference between the Class I price and the Class III price). The Class I differential for other orders is then based on transportation costs to the nearest basing point plus the minimum differential.

Multiple component pricing. The practice of valuing Class III milk according to the value of protein, fat, and mineral contained in raw milk.

National Agricultural Research, Extension, Education, and Economics Advisory Board. A 30-member board established by the 1996 Act to replace three separate advisory committees. The Secretary will select the members of the Board. The Board will advise the Department of Agriculture on national priorities and policies related to the general purposes established for agricultural research, extension, and education.

National Natural Resources Conservation Foundation (NNRCF). A nonprofit, private organization established by the 1996 Act to promote and fund innovative solutions to conservation problems through effective partnerships. The NNRCF will conduct research, undertake educational activities, support demonstration projects, and make grants to State and local governments and nonprofit organizations. Appropriations are authorized at \$1 million per year for 1997-99.

National Rural Development Partnership. A collaborative effort comprised of representatives of the Federal, State, local, and tribal governments, the private sector, and the nonprofit sector to promote rural development across the Nation. The principle component of the Partnership is the State Rural Development Councils.

Natural Resources Conservation Service (NRCS). A U.S. Department of Agriculture agency created in 1994 by merging the Soil Conservation Service and the Agricultural Stabilization and Conservation Service's conservation cost-sharing programs. The NRCS is responsible for developing and carrying out national soil and water conservation programs in cooperation with landowners, farm operators, and others.

No net cost. A provision requiring that a price support program be operated at no cost to the Federal

Government. The No-Net-Cost Act of 1982 required the participants in the 1982 and subsequent tobacco programs to pay an assessment to cover potential losses in operating the tobacco price support program. A no-net-cost provision for sugar, not in effect under the 1996 Act, was initiated under the Food Security Act of 1985.

Noninsured Assistance Program (NAP). A USDA program that provides yield risk protection to producers of crops that are not currently insurable under the Federal crop insurance program. Producers do not pay a premium for NAP, although loss triggers must be met at both the area and individual-farm level in order for producers to receive a payment. The area trigger requires an area-wide loss of at least 35 percent; the individual trigger requires a farm-level loss of at least 50 percent. Producers must file acreage reports for each crop prior to the acreage reporting date.

Nonrecourse loans. Loans made by the Commodity Credit Corporation (CCC) to provide operating capital to producers, and in some instances, processors, of wheat, feed grains, cotton, peanuts, tobacco, sugar, rice, and oilseeds.

Farmers or processors who agree to comply with each commodity program provision may pledge a quantity of a commodity as collateral and obtain a loan from the CCC. The borrower may repay the loan with interest within a specified period to settle the loan and regain control of the commodity, or forfeit the commodity to the CCC in full satisfaction of the loan. Those producers of certain commodities eligible for marketing loan benefits, may repay the loan at a level less than the loan rate, as determined by the Secretary.

Normal flex acreage. A provision of the Omnibus Budget Reconciliation Act of 1990 (P.L. 101- 508) requiring a mandatory 15-percent reduction in payment acreage. Under this provision, producers were ineligible to receive deficiency payments on 15 percent of their crop acreage base (not including any acreage removed from production under any production adjustment program). Producers, however, were allowed to plant any crop on this acreage, except fruits, vegetables, and other prohibited crops. Normal flex acres no longer exist under the 1996 Act.

Nutrition Assistance Programs. Federal programs in Puerto Rico and American Samoa that provide food assistance through block grant funds in lieu of food stamps.

Oilseeds. Soybeans, sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed.

Omnibus Budget Reconciliation Act of 1990 (PL. 101-508). Among its many provisions, the 1996 Act amended the Food, Agriculture, Conservation, and Trade Act of 1990 to reduce agricultural payments for 1991-95. The law's provisions included a mandatory reduction of 15 percent of payment acreage and assessments on certain other crop loans and incentive payments.

Optional flex acreage. Under the planting flexibility provision of the Agricultural Act of 1949, as amended by the Food, Agriculture, Conservation, and Trade Act of 1990, producers could choose to plant up to 25 percent of the crop acreage base to other CCC-specified crops (except fruits and vegetables) without a reduction in crop acreage bases on the farm, but receive no deficiency payments on this acreage. The Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) further amended the 1949 Act to make a 15-percent reduction in payment acreage mandatory. The remaining 10 percent was optional flex acreage. Optional flex acreage was eligible for deficiency payments when planted to the program crop. Optional flex acres no longer exist under the 1996 Act.

Options contracts. A contract traded on a commodity futures exchange that gives the buyer the right without obligation to buy or sell a futures contract over a specified time period. The 1996 Act requires the Secretary to conduct research through pilot programs to determine if futures and options contracts can provide producers with reasonable protection from the financial risks of fluctuations in price, yield, and income inherent in the production and marketing of agricultural commodities.

Parity-based support prices. A measurement of the purchasing power that a unit (for example, bushel, cwt.) of a farm product would have had in the 1910-14 base period. The base prices used in the calculation are the most recent 10-year average prices for commodities. Under "permanent provisions," prices of some commodities would be supported at 50 to 90 percent of parity through direct government purchases or non-recourse loans.

Payment limitation. The maximum amount of commodity program benefits a person can receive by law. "Persons" are defined under payment limitation regulations, established by the Secretary, to be individuals,

members of joint operations, or entities such as limited partnerships, corporations, associations, trusts, and estates that are actively engaged in farming. The 1996 Act sets payment limits at \$40,000 per person per fiscal year for payments on production flexibility contracts. The Food Security Act of 1985, as amended, maintains limits at \$75,000 per person per fiscal year with respect to marketing loan gains and loan deficiency payments for crops of contract commodities or oilseeds.

Payment rate. The amount paid per unit of production to each participating farmer for eligible payment production under the 1996 Act.

Payment quantity. The quantity of production eligible for production flexibility contract payments under the 1996 Act. Payment quantity is calculated as the farm's program yield (per acre) multiplied by 85 percent of the farm's contract acreage, subject to payment limitations.

Peanut poundage quota. A supply control mechanism authorized by the Agricultural Adjustment Act of 1938 (P.L. 75-430) to regulate the marketing of domestically consumed peanuts when supplies are or could become excessive. Under the 1938 Act, each year's national peanut poundage quota was set equal to estimated domestic use of peanuts for food products and seed, subject to a minimum 1.35 million tons. The 1996 Act redefines the basic quota to exclude seed. A separate temporary (annual) allocation of quota pounds shall be made to all peanut producers, based on amount of seed peanuts planted on the farm. The 1996 Act also permits the sale, lease, and transfer of a quota across county lines within a State up to specified limited percentages of the county's total quota. Certain counties, depending on the size of the State's or county's quota, have unlimited transfer ability within the State. Government entities and out-of-state farmers cannot hold quotas.

Permanent legislation. Legislation that would be in force in the absence of all temporary amendments (farm acts). The Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949 serve as the basic laws authorizing the major commodity programs. Technically, each new farm act amends the permanent legislation for a specified period. The 1996 Act also repeals some provisions of these Acts and suspends other provisions.

Program crops. Crops defined in Federal statutes under which specified benefits are made available to

producers. Program crops for 1996-2002 are wheat, corn, barley, grain sorghum, oats, extra long staple and upland cotton, rice, oilseeds, tobacco, peanuts, and sugar.

Program or payment yield. The farm commodity yield of record (per acre) determined by statute, for use in calculating deficiency payments under prior laws, for example, and for calculating contract payments for production flexibility contracts under the 1996 Act.

Promotion. Any action taken by a board under an order, including paid advertising, to present a favorable image of an agricultural commodity to the public to stimulate sales and improve the competitive position of the commodity in the marketplace.

Public Law 480 (P.L. 480). The common name for the Agricultural Trade Development and Assistance Act of 1954 (P.L. 83-480), which seeks to expand foreign markets for U.S. agricultural products, combat hunger, and encourage economic development in developing countries. Also called the Food for Peace Program. Title I of P.L. 480 makes U.S. agricultural commodities available by financing export sales on concessional terms, for example, at low interest rates for up to 30 years. Donations for emergency food relief and non-emergency humanitarian assistance are provided under title II. Title III authorizes a Food for Development program that provides government-to-government grant food assistance to least developed countries. The 1996 Act extends the authority to enter into new P.L. 480 agreements through 2002.

Recourse loan program. Loans made by the Commodity Credit Corporation where the borrower must repay the loan with interest within a specified period. Under the 1996 Act, recourse loan programs will be implemented for butter, nonfat dry milk, and cheese beginning in 2000. Loans for sugar are to be recourse when the level of the tariff rate quota is at or below 1.5 million short tons (raw value); if the quota is raised above that level, loans are converted to nonrecourse.

Revenue insurance. A program that provides coverage to producers against low revenues (or incomes) caused by low prices, low yields, or a combination of low prices and low yields. An indemnity is paid to a producer when any combination of yield and price results in revenue that is less than a pre-specified revenue guarantee. Producers pay a premium for coverage. The 1996 Act mandates a revenue insurance pilot program

for crop years 1997-2000 under which producers of selected crops in specified areas may elect to receive insurance against loss of revenue.

Rural Community Advancement Program (RCAP). A program established by the 1996 Act under which the Secretary is authorized to provide grants, direct and guaranteed loans, and other assistance to meet rural development needs across the country. Program funding will be allocated to three areas: (1) Rural Community Facilities, (2) Rural Utilities, and (3) Rural Business and Cooperative Development.

Rural Economic and Community Development (RECD) State Director. USDA's lead rural development agent in each State responsible for overseeing USDA rural development programs in the State. Formerly known as the State FmHA Director.

Safe Meat and Poultry Inspection Panel. A permanent advisory panel that could be created under a provision of the 1996 Act. The panel would review and evaluate inspection policies and procedures and any proposed changes to them.

Soup Kitchen and Food Bank Program. A Federal program that provides commodities from USDA surplus stocks and purchases food for distribution to eligible cooperators including orphanages, homes for the elderly, temporary shelters, and hospitals.

State Rural Development Councils. A collaborative partnership comprised of representatives of the Federal, State, local, and tribal governments, the private sector, and the nonprofit sector. Councils are created by a memorandum of understanding between USDA and the State governor. The councils' purpose is to promote rural development within the State.

Subsidy. A direct or indirect benefit granted by a government for the production or distribution (including export) of a good or to supplement other services.

Sunflower Oil Assistance Program (SOAP). Along with the Cottonseed Oil Assistance Program (COAP), SOAP is one of two programs under which bonuses were awarded to exporters of U.S. vegetable oil to assist in exports to targeted markets. The SOAP was authorized beginning in fiscal year 1988 with funds made available under Section 32 of the Agricultural Adjustment Act of 1935 (P.L. 74-320). The provision in the Disaster Assistance Act of 1988, which had authorized the SOAP, expired at the end of fiscal year

1995 and was not extended in the 1996 Act. However, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 1996, provided authority to operate the program in fiscal year 1996.

Support price. A legislated minimum price for a particular commodity, maintained through a variety of mechanisms, such as nonrecourse loans and purchase programs.

Swampbuster. A provision of the Food Security Act of 1985 (P.L. 99-198) that discourages the conversion of natural wetlands to cropland use. Producers converting a wetland area to cropland lose eligibility for several Federal farm program benefits. The exceptions include conversions that began before December 23, 1985, conversions of wetlands that had been created artificially, crop production on wetlands that became dry through drought, and conversions that the Department of Agriculture has determined have minimal effect on wetland values. The 1996 Act revised the swampbuster provisions.

Target prices. Price levels established by past law for wheat, corn, grain sorghum, barley, oats, rice, and extra long staple and upland cotton. Prior to 1996, farmers participating in Commodity Credit Corporation programs received deficiency payments based on the difference between the target price and the higher of the national market price during a specified time period, or the price support (nonrecourse) loan rate. The 1996 Act eliminated target prices.

Tariff-rate quota (TRQ). System by which a certain quantity of imports, called a quota amount, is subject to a low tariff, and imported quantities above that quota level are assessed a higher tariff. A TRQ limits imports and helps maintain domestic prices at levels to prevent forfeiture of Commodity Credit Corporation loans. The 1996 Act retains the tariff-rate quotas for dairy, beef, cotton, peanut, and sugar imports.

The Emergency Food Assistance Program (TEFAP). A program established in 1990 that replaced the Temporary Emergency Food Assistance Program (TEFAP), established in 1983. The Emergency Food Assistance Program allows donation of commodities owned by the Commodity Credit Corporation to States in amounts relative to the number of unemployed and

needy persons. The food is distributed by charitable organizations to eligible recipients. The 1996 Act reauthorizes TEFAP.

Uruguay Round. The Uruguay Round of Multilateral Trade Negotiations (UR) under the auspices of the GATT; a trade agreement designed to open world agricultural markets. The UR agriculture agreement covers four areas: export subsidies, market access, internal supports, and sanitary and phytosanitary rules. The agriculture agreement is being implemented over a 6-year period, 1995-2000.

Utilization rates. The percentage of milk used in Class I, Class II, Class III, and Class III-A milk.

Watershed. The total land area, regardless of size, above a given point on a waterway that contributes runoff water to the flow at that point. It is a major subdivision of a drainage basin. The United States is generally divided into 18 major drainage areas and 160 principle river drainage basins containing about 12,700 smaller watersheds.

Wetlands. Land that is characterized by an abundance of moisture and that is inundated by surface or groundwater, often enough to support a prevalence of vegetation typically adapted for life in saturated soil conditions.

Wetlands Reserve Program (WRP). A program authorized by the Food, Agriculture, Conservation, and Trade Act of 1990 (P.L. 101-624) to provide long-term protection of wetlands. Producers enrolling in the program must agree to implement an approved wetlands restoration and protection plan and provide either a permanent easement or one of 30 years or more. In return, participating producers receive payments over a 5- to-20-year period. The 1996 Act maintains the maximum WRP area at 975,000 acres. Beginning in fiscal 1997, the Secretary is required to attempt to divide new enrollments among permanent easements, 30-year easements, and restoration cost-share agreements.

Wildlife Habitat Incentives Program. A program established by the 1996 Act to promote voluntary implementation of various on-farm management practices to improve wildlife habitat. Cost-sharing will be available with funding authorized at \$50 million for fiscal years 1996-2002 from Conservation Reserve Program funds.