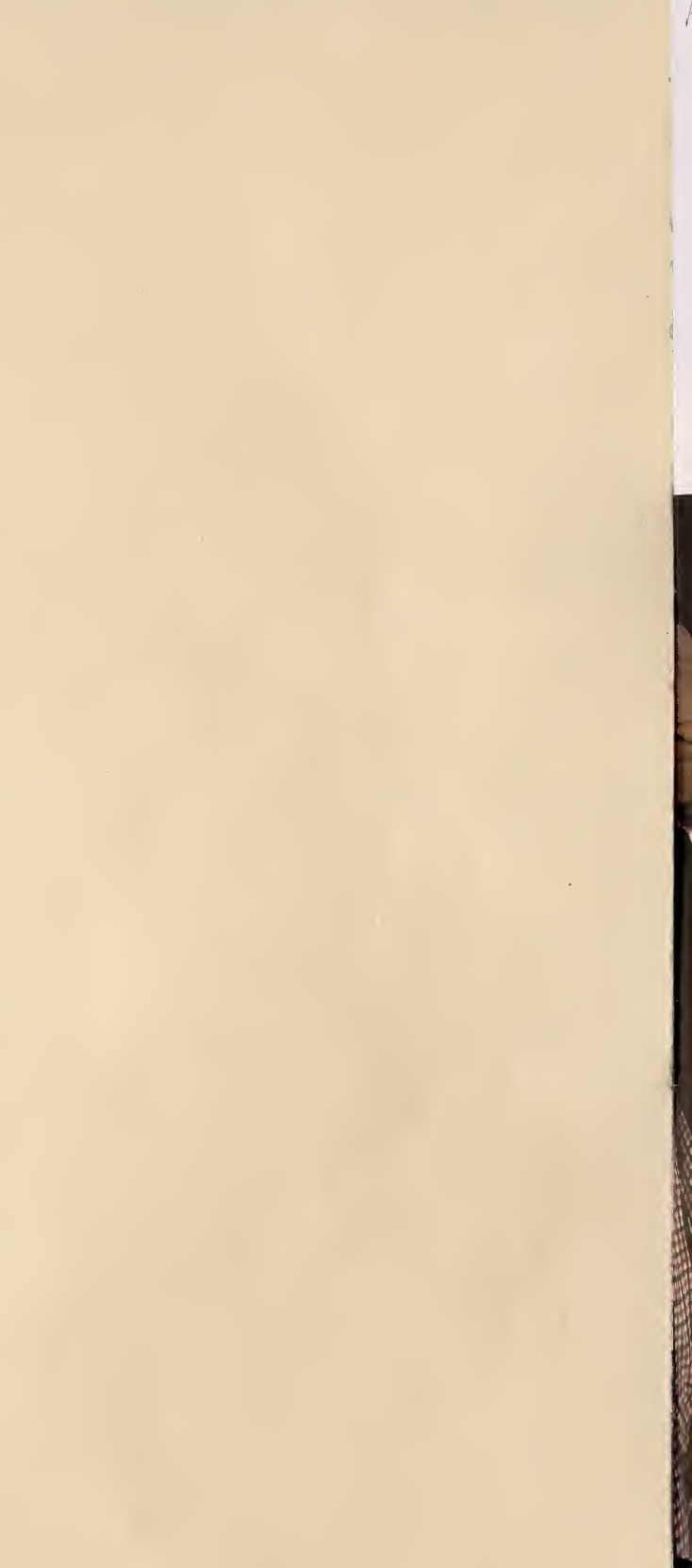


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Department of Agriculture
Stabilization and Conservation Service

Program Aid Number 1424

ASCS Programs

For Farm Commodities and
Resource Conservation





Commodity Programs

Agricultural commodity programs are designed to improve the economic stability of agriculture and to help farmers adjust production to meet demand. The goal is to avoid severe price swings for farmers and consumers.

Assistance is offered through price support loans and purchases, payments, and related acreage reductions and diversions.

ASCS administers commodity stabilization programs for wheat, corn, grain sorghum, barley, oats, rye, soybeans, rice, tobacco, peanuts, milk, cotton, wool, mohair, sugar, and honey.

ASCS makes Commodity Credit Corporation (CCC) loans to eligible farmers using the stored crop as collateral. Loans to producers are "nonrecourse." With market prices higher than the loan rate, a farmer can simply pay off the loan and market the commodity. However, if market prices fail to rise above loan levels, a producer can forfeit or deliver the commodity to the Government to discharge the loan obligation in full. Thus, commodity loans promote orderly marketing by providing farmers with income while they hold their crops for later sale. Second, farmers get price protection with the option of forfeiting the commodity to CCC as a sufficient-value repayment.

The price support loan is seasonal and can be repaid with interest anytime through maturity. For wheat and feed grains, the Farmer-Owned Grain Reserve offers producers the opportunity to extend the crop loan for longer periods. Storage payments are made for grain placed in the Reserve.



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For most commodities, loans are made directly to producers on the unprocessed commodity through ASCS county offices. Loans and purchases are also made through cooperative marketing associations or through processors. For example, price support loans for eligible tobacco are available through the applicable tobacco growers associations. For burley and flue-cured tobacco, marketings in excess of a quota are subject to penalty and are ineligible for loan.

Price support loans for peanuts are available at two levels: a higher price support level for peanuts grown within the farm poundage quota, and a lower support level for additional peanuts grown on farms with a quota or on farms without a quota.

Price support loans on soybeans and rye are available for producers of those commodities with no acreage limitations.

For wheat, feed grains, rice, and cotton, another price guarantee is provided in the deficiency payment programs. The program participant receives a direct payment, based on the difference between a "target price" set by law and the higher of either the loan rate or the national average market price.

In most cases, to qualify for payments, commodity loans, and purchases, a farmer must participate in the acreage reduction, allotment, or quota programs in effect for the particular crop. For example, deficiency payments are made to those who join in the acreage reduction for the crop year. Reducing their production acreage by an established ratio, participants contribute to keeping commodity production in line with anticipated needs. The land they are holding from production must be protected from erosion.

Through incentive payments to producers, price support is available for shorn wool and mohair and for the sale of unshorn lambs. This program brings the national average price received by all producers up to the support level required by law. Producers who get a higher market price also get a higher incentive payment, thus encouraging producers to improve the marketing and quality of wool and mohair.

Commodity Purchases and Donations

The Government-owned Commodity Credit Corporation (CCC) provides financing for farm programs, and for the purchase, storage and disposal of commodities in Federal stocks. ASCS employees are the administrative agents for CCC. One large-scale responsibility is the inventory management of CCC's bulk and processed products.

Managing the billions of bushels and pounds of farm products under loan or forfeited to CCC requires cooperation with the warehousing and transportation industries and private marketing channels. With over 10,000 commercial warehouses across the country approved for CCC storage contracts, ASCS commodity managers work closely with the commercial trade.

Under the dairy price support program, CCC buys surplus butter, cheese, and nonfat dry milk from processors at announced prices. These purchases help to maintain market prices at the legislated support level.

ASCS employees work with USDA's Food and Nutrition Service to purchase and deliver processed foods for the national school lunch and domestic feeding programs.

CCC inventories are not simply held, but must move into trade channels. ASCS has a major field office in Kansas City, with staff to direct commodity operations. Plugged into telecommunicating trade networks, ASCS merchandisers regularly sell and swap inventories.

Beyond the marketplace, CCC commodities fill the need for hunger relief, for needy families in the United States and for overseas assistance. ASCS coordinates the processing and overseas delivery of over 5 billion pounds of commodities each year. Donated for "Food for Peace" and programs administered by voluntary organizations, these American farm products and foods help in hunger relief around the world.

Rural People Serving Rural People

The Agricultural Stabilization and Conservation Service (ASCS) administers farm commodity and resource conservation programs through a network of State and county offices. With 2,800 local offices, county ASCS employees serve farmers in 3,054 agricultural counties.

Supplying the Nation's food and fiber, the U.S. agricultural industry includes not only farming but also the warehousing, transporting, processing, manufacturing, and retailing of commodities. Altogether this industry employs over 20 percent of America's labor force.

The majority of ASCS employees work with producing farmers, who maintain a crop history by making an annual report of planted acres to the ASCS county office. Typically, these offices record planting reports on about 360 million acres, 7 out of every 8 acres of cropland in the Nation.



Our relationship with farmers goes back over 50 years, to the 1930's and the first agricultural acts establishing farm programs. Under the unique method of local administration that Congress set up at that time, farmers who are eligible to participate in Federal programs elect a three-person county ASC committee. This committee reviews the county office operations and makes decisions on how the programs apply locally, giving area farmers a say in how the Federal programs are applied in their county. The county ASC committee provides that voice. The committee makes sure that farmers receive good service and complete information. This grassroots method of administration continues today.





Conservation Programs

ASCS conservation programs help preserve and improve the wealth and promise of America's farmlands.

Conservation Reserve Program (CRP). USDA's most ambitious conservation effort, CRP was authorized by the Food Security Act of 1985. It targets the most fragile farmland by encouraging farmers to stop growing crops on cropland designated by soil conservationists as "highly erodible" and plant it in grass or trees. In return, the farmer receives an annual rental payment for the term of the 10-year contract. Cost-shares are also available to help establish the permanent planting of grass, legumes, trees, windbreaks, or wildlife plantings.

Agricultural Conservation Program (ACP). ACP is the primary means for ASCS to help farmers and ranchers nationwide carry out conservation and environmental practices. The program is designed to solve soil, water, and related resource problems through cost-sharing. ACP assistance is available to install a variety of soil-saving practices, including terraces, grass cover, sod waterways, and other measures to control erosion. These practices also help farmers reduce sediment, chemicals, and livestock waste that contaminate streams and lakes.

Other Conservation Programs. Other programs provide assistance to plant trees and improve timberstands, to prevent the loss of wetlands for migratory waterfowl, and to control nonpoint source water pollution in rural America.

All ASCS conservation programs are conducted in cooperation with other Federal and State agencies and conservation organizations.

Conservation Compliance, Sodbuster and Swampbuster Rules. Since the 1985 Farm Bill a farmer's conservation activity is linked to his or her eligibility to receive farm program benefits. Farmers who have highly erodible fields must be carrying out an approved conservation plan. Otherwise, they may be ineligible for certain USDA benefits in any year a crop is produced on such fields. Plowing highly erodible land that has not been in crop production (sodbusting) and converting natural wetland to cropland (swampbusting) also jeopardize eligibility for USDA program benefits.

Disaster and Emergency Assistance

In the aftermath of a natural disaster, ASCS can provide a variety of emergency assistance programs to farmers in a disaster-designated area. For example, the agency can furnish CCC-owned feed grains and wheat to eligible livestock producers at reduced prices, and, in some instances, by cost-sharing or donation of grain and hay. To help rehabilitate the farmland damaged by a natural disaster, ASCS can assist farmers with cost-sharing to carry out emergency conservation practices.

ASCS also administers programs prescribed by the Federal Emergency Management Agency as a result of a Presidential declaration of disaster or emergency. In the event of a military emergency, ASCS is responsible for defense preparedness plans and programs to assure food production and distribution as well as the continued availability of farm machinery and feed, seed, and fertilizer.



Information Contacts

- County ASCS offices are listed in telephone directories under "U.S. Department of Agriculture."
- State ASCS offices are usually located in the State capital, or near the State land-grant university.
- Commodity sales and purchases:
Kansas City Commodity Office
P.O. Box 205
Kansas City, MO 64141
- Aerial photography, used by ASCS as the basic tool to determine crop acreage, is also purchased extensively by other organizations and the public. Order forms and an index are available from your county ASCS office. For more information on services, including high-altitude photography, contact:
Aerial Photography Field Office
P.O. Box 30010
Salt Lake City, UT 84130
- Information Division, USDA-ASCS
P.O. Box 2415
Washington, D.C. 20013

Participation in ASCS programs is open to all eligible applicants without regard to race, color, religion, national origin, age, sex, marital status, or handicap.