



**STATE-LEVEL DIRECT PAYMENTS AND  
MARKETING LOAN BENEFITS UNDER H.R. 2646**

FAPRI-UMC Report #10-01  
September 2001

Prepared by the Food and Agricultural Policy Research Institute

University of Missouri  
101 South Fifth Street  
Columbia, Missouri 65201  
(573) 882-3576  
[www.fapri.missouri.edu](http://www.fapri.missouri.edu)

Iowa State University  
578 Heady Hall  
Ames, Iowa 50011  
(515) 294-1183  
[www.fapri.iastate.edu](http://www.fapri.iastate.edu)

## **State-level Direct Payments and Marketing Loan Benefits Under H.R. 2646**

In August, the Food and Agricultural Policy Research Institute (FAPRI) analyzed the grain, oilseed and cotton provisions of the Agricultural Act of 2001, H.R. 2646 (see FAPRI-UMC Report #09-01). In response to recent questions from Congressional staff, FAPRI has expanded the results to compare payments under H.R. 2646 on a state-by-state basis. A brief summary of methodologies and key results is given below. Detailed results are presented in Tables 1-3.

### **Methodology**

One of the key aspects of H.R. 2646 is the ability of producers to update the base acreage on their farm. As part of the earlier analysis, FAPRI staff developed base acreage decisions using county-level data. Producers in a county were assumed to update bases if they would get larger payments by using 1998-2001 plantings than they would by maintaining their current contract area. Base acreages for each state were then determined by summing the county-level results. Since fixed and counter-cyclical payment rates under H.R. 2646 are determined at the national level, state-level payments are found by simply multiplying state-level payment units by the national payment rate.

In FAPRI's analysis of the House legislation, acreage shifts and price impacts are determined at the national level. Subsequently, loan deficiency payments and marketing loan gains are also calculated at the national level. National results for each crop are allocated to the states based on each state's average share of marketing loan benefits for the 1998-2000 crops.

### **Key Results**

Numbers presented in Table 1 represent annual averages. All data are calculated on a crop-year basis. Estimates for the FAIR Act assume a continuation of fixed payments at 2002 levels. In addition, marketing loan benefits are based on projected production and prices included in FAPRI's 2001 baseline projections. Payments under H.R. 2646 incorporate both fixed and counter-cyclical payments, as well as marketing loan benefits. Historical payments for the 1998-2000 crops reflect direct payments and marketing loan benefits under the FAIR Act, as well as supplemental payments provided in various assistance packages.

At the national level, payments under H.R. 2646 are expected to increase by \$4.97 billion per year (or 67%) above projected FAIR Act levels. In actual dollars, the largest increases occur in Texas, Illinois and Iowa. Pennsylvania shows the largest increase in percentage terms with payments rising by 242%. Pennsylvania currently has significantly fewer base acres than plantings. The ability to update should lead to a dramatic increase in base acreage. While no other state has such a dramatic increase, there are several states where government payments under H.R. 2646 are expected to be more than double what would be received under the FAIR Act.

Relative to recent historical payments, the situation is quite different. Projected average payments for the 2002-10 crops under H.R. 2646 are expected to average \$4.31 billion lower than average payments made on the 1998-00 crops. In percentage terms, most states see declines ranging between 20 and 30% relative to 1998-00.

It is important to remember that payments under H.R. 2646 are dependent on FAPRI's projected crop prices. As a result, expected payments for individual crop years can be dramatically different. Table 2 shows projected payments for the 2002 crop and the 2010 crop with comparisons to recent historical payments. At the national level, projected payments under H.R. 2646 for the 2002 crop are almost identical to the historical level of \$16.7 billion. In fact, except for a few states, deviations from historical payments are less than 10%. By 2010, payments under H.R. 2646 fall to roughly half the level of the 1998-00 crops. Again, the decline in payments is due to higher crop prices. As shown in Table 3, projected 2002 prices for soybeans, cotton and rice are relatively close to average levels for the 1998-00 crops while corn and wheat prices are higher. By 2010, all prices are projected to exceed historical levels, thus leading to the lower outlays.

**Table 1. Comparison of State-Level Payments: Historical, Projected FAIR Act and H.R. 2646**  
(Annual Averages, Thousand Dollars)

	History	FAIR Act	H.R. 2646	Change from History		Change from FAIR Act	
	98-00 Crops	02-10 Crops		02-10 Crops	Actual	Percent	Actual
AL	110,376	39,884	85,950	(24,426)	-22%	46,066	115%
AK	263	83	211	(52)	-20%	128	154%
AZ	117,953	44,025	100,685	(17,268)	-15%	56,660	129%
AR	811,370	448,987	633,855	(177,515)	-22%	184,868	41%
CA	530,775	273,127	480,808	(49,967)	-9%	207,681	76%
CO	248,966	93,085	171,128	(77,838)	-31%	78,044	84%
CT	2,831	1,150	2,112	(719)	-25%	963	84%
DE	19,024	9,288	17,787	(1,237)	-7%	8,498	91%
FL	21,604	8,965	19,334	(2,270)	-11%	10,369	116%
GA	237,443	84,906	200,334	(37,109)	-16%	115,429	136%
ID	181,147	69,620	118,657	(62,490)	-34%	49,037	70%
IL	1,548,884	743,412	1,179,664	(369,220)	-24%	436,252	59%
IN	748,542	361,265	581,921	(166,621)	-22%	220,656	61%
IA	1,718,027	821,434	1,257,383	(460,644)	-27%	435,949	53%
KS	1,052,347	405,868	721,140	(331,207)	-31%	315,273	78%
KY	175,524	76,081	132,211	(43,313)	-25%	56,131	74%
LA	364,270	171,638	289,371	(74,899)	-21%	117,733	69%
ME	3,902	1,674	2,758	(1,144)	-29%	1,084	65%
MD	59,484	27,742	50,395	(9,089)	-15%	22,653	82%
MA	1,758	709	1,313	(445)	-25%	604	85%
MI	296,223	135,553	213,018	(83,205)	-28%	77,465	57%
MN	1,135,303	532,114	811,216	(324,087)	-29%	279,101	52%
MS	397,293	170,227	302,267	(95,026)	-24%	132,041	78%
MO	572,962	275,152	416,355	(156,607)	-27%	141,203	51%
MT	297,660	109,906	209,636	(88,024)	-30%	99,730	91%
NE	1,158,488	500,106	808,185	(350,302)	-30%	308,080	62%
NV	1,994	928	1,921	(73)	-4%	993	107%
NH	1,476	574	1,002	(474)	-32%	427	74%
NJ	8,675	4,042	8,939	264	3%	4,896	121%
NM	51,366	18,961	36,814	(14,552)	-28%	17,853	94%
NY	73,269	29,194	63,715	(9,553)	-13%	34,522	118%
NC	216,734	86,761	171,904	(44,829)	-21%	85,144	98%
ND	731,210	303,632	456,137	(275,072)	-38%	152,505	50%
OH	534,530	257,582	413,461	(121,068)	-23%	155,879	61%
OK	333,039	119,094	224,237	(108,802)	-33%	105,142	88%
OR	84,030	30,487	55,047	(28,983)	-34%	24,560	81%
PA	62,103	27,048	92,563	30,460	49%	65,514	242%
RI	92	37	70	(22)	-24%	32	87%
SC	81,037	31,950	62,577	(18,459)	-23%	30,627	96%
SD	582,180	272,601	392,469	(189,711)	-33%	119,868	44%
TN	182,878	73,089	130,779	(52,099)	-28%	57,691	79%
TX	1,261,042	483,755	980,281	(280,762)	-22%	496,525	103%
UT	18,361	6,874	12,174	(6,187)	-34%	5,300	77%
VT	4,936	1,960	3,441	(1,494)	-30%	1,481	76%
VA	70,673	30,147	54,955	(15,717)	-22%	24,808	82%
WA	222,744	77,305	136,009	(86,735)	-39%	58,704	76%
WV	5,259	2,187	3,998	(1,261)	-24%	1,811	83%
WI	350,957	154,971	274,428	(76,529)	-22%	119,457	77%
WY	20,973	8,594	15,623	(5,350)	-26%	7,029	82%
US	16,711,976	7,427,776	12,400,242	(4,311,734)	-26%	4,972,466	67%

**Table 2. Comparison of H.R. 2646 Payments for Selected Crop Years with Recent History**  
(Annual Averages, Thousand Dollars)

	History 98-00 Crops	H.R. 2646 2002 Crop	Change from History		H.R. 2646 2010 Crop	Change from History	
			Actual	Percent		Actual	Percent
AL	110,376	103,458	(6,918)	-6%	67,778	(42,598)	-39%
AK	263	248	(15)	-6%	165	(98)	-37%
AZ	117,953	118,787	834	1%	80,829	(37,124)	-31%
AR	811,370	815,888	4,518	1%	488,743	(322,627)	-40%
CA	530,775	588,051	57,277	11%	381,199	(149,576)	-28%
CO	248,966	232,774	(16,193)	-7%	117,898	(131,068)	-53%
CT	2,831	2,861	30	1%	1,372	(1,459)	-52%
DE	19,024	24,580	5,556	29%	12,162	(6,862)	-36%
FL	21,604	23,008	1,405	7%	15,446	(6,158)	-29%
GA	237,443	239,549	2,106	1%	158,794	(78,649)	-33%
ID	181,147	163,094	(18,052)	-10%	83,074	(98,073)	-54%
IL	1,548,884	1,629,708	80,824	5%	797,770	(751,114)	-48%
IN	748,542	800,045	51,503	7%	397,800	(350,742)	-47%
IA	1,718,027	1,734,236	16,209	1%	848,005	(870,022)	-51%
KS	1,052,347	997,856	(54,492)	-5%	494,612	(557,735)	-53%
KY	175,524	180,979	5,455	3%	90,567	(84,957)	-48%
LA	364,270	357,031	(7,240)	-2%	228,749	(135,522)	-37%
ME	3,902	3,960	58	1%	1,672	(2,230)	-57%
MD	59,484	70,015	10,530	18%	34,198	(25,286)	-43%
MA	1,758	1,768	10	1%	862	(897)	-51%
MI	296,223	292,970	(3,253)	-1%	146,301	(149,923)	-51%
MN	1,135,303	1,141,532	6,229	1%	537,386	(597,917)	-53%
MS	397,293	373,919	(23,374)	-6%	236,435	(160,857)	-40%
MO	572,962	569,661	(3,301)	-1%	291,860	(281,102)	-49%
MT	297,660	283,248	(14,412)	-5%	152,178	(145,482)	-49%
NE	1,158,488	1,105,511	(52,976)	-5%	543,172	(615,315)	-53%
NV	1,994	2,493	499	25%	1,439	(555)	-28%
NH	1,476	1,399	(78)	-5%	619	(858)	-58%
NJ	8,675	11,966	3,291	38%	6,410	(2,266)	-26%
NM	51,366	47,539	(3,827)	-7%	26,952	(24,414)	-48%
NY	73,269	82,416	9,147	12%	45,513	(27,756)	-38%
NC	216,734	220,925	4,192	2%	128,179	(88,555)	-41%
ND	731,210	641,823	(89,387)	-12%	316,000	(415,210)	-57%
OH	534,530	574,071	39,541	7%	283,876	(250,654)	-47%
OK	333,039	298,510	(34,529)	-10%	166,482	(166,557)	-50%
OR	84,030	74,886	(9,144)	-11%	40,060	(43,971)	-52%
PA	62,103	117,654	55,551	89%	68,053	5,950	10%
RI	92	94	2	2%	46	(46)	-50%
SC	81,037	78,156	(2,880)	-4%	47,917	(33,119)	-41%
SD	582,180	558,428	(23,752)	-4%	260,840	(321,340)	-55%
TN	182,878	170,722	(12,156)	-7%	95,698	(87,180)	-48%
TX	1,261,042	1,222,210	(38,832)	-3%	750,385	(510,658)	-40%
UT	18,361	16,349	(2,012)	-11%	8,575	(9,786)	-53%
VT	4,936	4,770	(165)	-3%	2,154	(2,781)	-56%
VA	70,673	73,555	2,882	4%	38,950	(31,723)	-45%
WA	222,744	187,506	(35,238)	-16%	97,827	(124,917)	-56%
WV	5,259	5,223	(36)	-1%	2,836	(2,423)	-46%
WI	350,957	367,406	16,449	5%	189,150	(161,807)	-46%
WY	20,973	20,875	(98)	0%	10,923	(10,051)	-48%
US	16,711,976	16,633,715	(78,261)	0%	8,797,909	(7,914,067)	-47%

*Table 3. U.S. Crop Prices:  
Recent History vs. FAPRI Projections*

<i>Crop</i>	<i>1998-00 Avg</i>	<i>2002 Crop</i>	<i>2010 Crop</i>
Wheat	\$2.58	\$2.89	\$3.55
Corn	\$1.87	\$2.04	\$2.55
Soybeans	\$4.70	\$4.68	\$5.74
Cotton	\$0.521	\$0.544	\$0.603
Rice	\$6.79	\$6.49	\$8.16