

News from Senator

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DROUGHT RELIEF PACKAGE ON ITS WAY TO PRESIDENT BUSH.
DOLE HELPS SECURE BEST DEAL FOR WINTER WHEAT;
HOUSE AGREES TO SENATE'S TARGETED RELIEF FOR PROGRAM CROPS.
0/92 ALSO INCLUDED

MR. DOLE. MR. PRESIDENT, I'M PLEASED THAT THE HOUSE AND SENATE HAVE FINALLY AGREED ON A DROUGHT RELIEF/DISASTER PACKAGE. IT IS BASICALLY THE SENATE PROPOSAL - THAT IS IMPORTANT, BECAUSE ONLY OUR PACKAGE RECOGNIZED THAT THERE WERE PRIORITY NEEDS ON THE DISASTER FRONT, ESPECIALLY FOR WINTER WHEAT PRODUCERS. WE DIDN'T OPEN THE TREASURY GATES FOR EVERY CROP IN AMERICA.

WE SAID LOUD AND CLEAR THAT FARMERS WHO WERE CLOBBERED BY DROUGHT OR FLOOD; WHO PRODUCED PROGRAM CROPS AND PUT UP WITH GOVERNMENT RED TAPE; AND PRODUCERS WHO SIGNED-UP IN THE CROP INSURANCE PROGRAM -- THESE ARE THE PRODUCERS WHO DESERVE PRIORITY ATTENTION -- AND THEY'RE GETTING IT.

NO DOUBT ABOUT IT, WINTER WHEAT FARMERS WILL BE PLEASED TO KNOW THE SPECIFICS OF DISASTER RELIEF BECAUSE THEY WILL BE BACK IN THE FIELD PLANTING NEXT MONTH.

DISTINCTIONS

LET ME REITERATE THE THREE POINTS THAT I SEE ARE THE CLEAR MERITS OF THE DISASTER RELIEF BILL. AS I HAVE STATED, WE HAVE PROVIDED SOME MUCH DESERVED DISTINCTIONS BASED ON BURDEN SHARING AND CROP INSURANCE: WINTER WHEAT FARMERS AND OTHER PROGRAM PARTICIPANTS WITH CROP INSURANCE WILL GET LAST YEAR'S RATE OF 35/65. OTHER PROGRAM CROP PARTICIPANTS WILL GET 40/65. SOYBEANS AND OTHER OILSEEDS WILL GET A 45/65 FORMULA AND FINALLY, NON-PROGRAM CROPS AND NON-PARTICIPANTS WILL BE LIMITED TO A 50/65 RATE.

SECOND, WE HAVE DRAMATICALLY SCALED BACK THE NUMBER OF NON-PROGRAM CROPS ELIGIBLE BY REQUIRING A 50% LOSS THRESHOLD BEFORE THEY QUALIFY AND THIRD, WE HAVE MET THE ADMINISTRATION'S BUDGET TARGET OF \$900 MILLION.

WE HAVE ALSO KEPT IN THE BILL A SENATE PROVISION I BELIEVE IS FAIR AND EXTREMELY SIGNIFICANT FOR KANSAS PRODUCERS - THAT IS THE SO-CALLED "0/92" OPTION.

THE FINAL BILL DOES CONTAIN A HOUSE PROVISION REQUIRING PRODUCERS WITH A 65% LOSS WHO GET DISASTER BENEFITS TO BUY CROP INSURANCE THE FOLLOWING YEAR. THERE IS SOME FLEXIBILITY FOR WAIVERS BASED IN PART ON THE COST OF THE INSURANCE PREMIUM AND A DETERMINATION BY THE COUNTY COMMITTEE AS TO ECONOMIC HARDSHIP. I SIMPLY NOTE FOR THE RECORD THAT SOME MEMBERS HAVE A PROBLEM WITH THIS MANDATED APPROACH BECAUSE THEY FEEL YOU ARE FORCING PEOPLE TO PARTICIPATE IN A PROGRAM THAT HAS SIGNIFICANT PROBLEMS AND THAT IT WOULD BE BETTER TO WAIT UNTIL REFORMS ARE MADE. REFORMING CROP INSURANCE WILL BE A KEY ISSUE NEXT YEAR.

UNDOUBTEDLY, THERE ARE OTHER IDEAS THAT MANY OF US WOULD HAVE LIKED INCLUDED. BUT WE HAD LIMITED MONEY THIS YEAR AND DIFFICULT CHOICES. AND I BELIEVE OUR PLAN WILL PROVIDE ENOUGH ASSISTANCE TO HELP MOST FARMERS HANG ON ANOTHER YEAR.

CONCLUSION

I COMMEND MY COLLEAGUES, SENATORS LEAHY, LUGAR, COCHRAN, BOREN AND OTHERS WHO SPENT A LOT OF TIME ON THIS ISSUE AND I URGE ADOPTION OF THE MEASURE.

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ADVANTAGES OF SENATE BILL COMPARED TO HOUSE BILL

- 1) MEETS ADMINISTRATION'S BUDGET FIGURE OF \$900 MILLION: COSTS \$895 MILLION, NOT \$1.348 BILLION.
- 2) WILL NOT DELAY DISASTER PAYMENTS DEPENDENT UPON PRORATING BENEFITS. THE HOUSE PRORATING SCHEME WOULD HAVE PAID PRODUCERS ABOUT 40 CENTS ON THE DOLLAR. PRODUCERS WOULD HAVE HAD TO WAIT SEVERAL MONTHS UNTIL ALL APPLICATIONS HAD BEEN FILED BEFORE A PRORATE COULD BE CALCULATED.
- 3) SCOPE OF THE BILL IS MUCH NARROWER. MANY NONPROGRAM CROPS WILL BE ELIMINATED WITH A 50% LOSS THRESHOLD. USDA ESTIMATES ONLY 50 NONPROGRAM CROPS WILL BE ELIGIBLE, WHICH ENSURES THE BULK OF PROGRAM CROP SAVINGS WILL GO TO PROGRAM CROPS.
- 4) INCLUDES A "0-92" PROVISION WHICH WAS NOT IN THE ORIGINAL HOUSE BILL THAT WILL HELP MANY KANSAS FARMERS. ESTIMATED THAT MORE THAN 200,000 ACRES ARE ENROLLED IN "0-92" DUE TO "FAILED ACRES" LIMITING PRODUCERS INCOME TO ONLY 50 CENTS PER BUSHEL. NOW THEY WILL HAVE A 30-DAY WINDOW TO OPT FOR DISASTER PAYMENTS, AT \$2.67 PER BUSHEL FOR WHEAT. COULD BRING \$20 MILLION TO \$40 MILLION TO KANSAS.
- 5) REWARDS PRODUCERS WHO TOOK OUT CROP INSURANCE BY GIVING THEM A LOWER LOSS THRESHOLD -- 35% VERSUS 40% -- SO THEY GET PAID FOR MORE LOST PRODUCTION. TRYING TO GET A CARROT, NOT A STICK, APPROACH. 45% OF KANSAS WHEAT ACREAGE IS COVERED.
- 6) HOUSE BILL PENALIZED FARMERS BY MANDATING CROP INSURANCE TO WINTER WHEAT PRODUCERS WITH LOSSES OVER 65% AND MANDATED PRODUCERS BUY INSURANCE ON ALL OTHER FCIC COVERED CROPS IF THEY RECEIVED ANY PAYMENTS, EVEN DEFICIENCY PAYMENT FORGIVENESS BELOW THE 35 PERCENT THRESHOLD. FINAL BILL LIMITS FCIC PURCHASE REQUIREMENT TO CROPS ONLY IF A 65% LOSS IS EXPERIENCED AND ALLOWS WAIVER DUE TO FINANCIAL HARDSHIP (SAME AS 1988).

United States Senate

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