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December 4, 2002

The Honorable Tom Harkin
Chairman

The Honorable Richard G. Lugar
Ranking Minority Member
Committee on Agriculture, Nutrition, and Forestry
United States Senate

The Honorable Larry Combest
Chairman

The Honorable Charles W. Stenholm
Ranking Minority Member
Committee on Agriculture
House of Representatives

Subject: *Department of Agriculture, Commodity Credit Corporation: 2002 Farm Bill Regulations--Cooperative Marketing Associations; Cotton; Dairy; Honey*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Agriculture, Commodity Credit Corporation (CCC), entitled "2002 Farm Bill Regulations--Cooperative Marketing Associations; Cotton; Dairy; Honey" (RIN: 0560-AG72). We received the rule on November 29, 2002. It was published in the Federal Register as a final rule on October 18, 2002. 67 Fed. Reg. 64454.

The final rule implements requirements of Title I of the Farm Security and Rural Investment Act of 2002 (the 2002 Act)(Pub. L. 107-171) relating to the commodity programs of the CCC. The rule (1) expands the loans that may be available to producers through agricultural marketing cooperatives, (2) makes a number of changes to the cotton regulations, (3) provides for marketing assistance loans or loan deficiency payments to honey producers, and (4) adds new marketing assistance loan and loan deficiency payment programs for mohair and wool. The rule also continues the dairy price support program and authorizes a new Milk Income Loss Program to provide income support for dairy farmers.

Enclosed is our assessment of the CCC's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review indicates that the CCC complied with the applicable requirements

If you have any questions about this report, please contact James W. Vickers, Assistant General Counsel, at (202) 512-8210. The official responsible for GAO evaluation work relating to the subject matter of the rule is Robert Robinson, Managing Director, Natural Resources and Environment. Mr. Robinson can be reached at (202) 512-3841.

signed

Kathleen E. Wannisky
Managing Associate General Counsel

Enclosure

cc: Thomas J. Witzig
Chief, Regulatory Review Group
Department of Agriculture

ENCLOSURE

ANALYSIS UNDER 5 U.S.C. § 801(a)(1)(B)(i)-(iv) OF A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF AGRICULTURE,
COMMODITY CREDIT CORPORATION
ENTITLED
"2002 FARM BILL REGULATIONS--COOPERATIVE MARKETING
ASSOCIATIONS; COTTON; DAIRY; HONEY"
(RIN: 0560-AG72)

(i) Cost-benefit analysis

CCC estimates that outlays for marketing loans are projected at \$1.2 billion for upland cotton in fiscal year (FY) 2003 but will decline to \$0.4 million in FY 2007. Outlays for the Upland Cotton User Marketing Certificate Program are expected to increase by \$95 million per year through FY 2006. Annual outlays for the extra long staple cotton payments are estimated to be in the range of \$1.3 million to \$3.9 million per year.

CCC expenditures with the extended Milk Price Support Program will be approximately \$2.0 billion for FY 2002 through 2007, of which \$1.6 billion is for product purchases. Over the period December 1, 2001, through September 30, 2005, the Milk Income Loss Contract Program is expected to result in payments to dairy operations in the range of \$3.5 billion to \$4.5 billion annually.

The Honey Marketing Assistance Loans and Loan Deficiency Payments are estimated at \$26.1 million.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

Since the final rule was not issued following a notice of proposed rulemaking, the requirements of the Regulatory Flexibility Act do not apply.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

The final rule does not contain either an intergovernmental or a private sector mandate, as defined in title II, of more than \$100 million in any one year.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

Section 1601(c) of the Farm Security and Rural Investment Act of 2002 states that the final rule shall be issued without regard to the requirements of 5 U.S.C. 553.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

Section 1601(c) of the Farm Security and Rural Investment Act of 2002 states that the final rule shall be issued without regard to the requirements of the Paperwork Reduction Act.

Statutory authorization for the rule

The final rule is promulgated under the authority of Title I of the Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171).

Executive Order No. 12866

The final rule was reviewed by the Office of Management and Budget and found to be an “economically significant” regulatory action under the order.