AMERICAN FARM BUREAU FEDERATION®
600 Maryland Ave. SW | Suite 1000W | Washington, DC 20024

ph. 202.406.3600
f. 202.406.3602
www.fb.org

FARM BILL

Issue:

The farm bill is omnibus, multi-year authorizing legislation that governs an array of agricultural and food programs. It is typically renewed about every five years. The 2014 Farm Bill contains 12 titles encompassing commodity price and income supports, crop insurance, farm credit, trade, conservation, research, rural development, energy, and foreign and domestic food programs, among others.

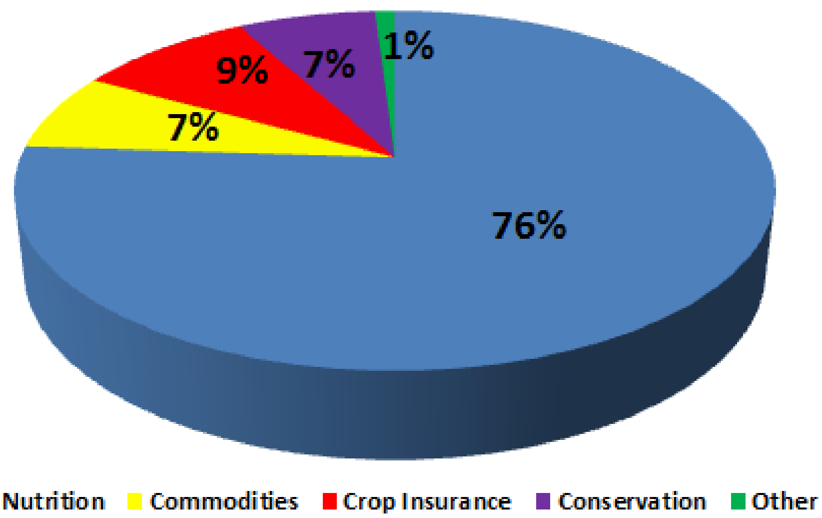
At the time of passage, the 2014 Farm Bill was projected to cost $956 billion over the next 10 years (FY2014-FY2023). The bill also made a $23 billion contribution to reduce the deficit over 10 years. It was the only reauthorization bill in that session of Congress that voluntarily offered savings. These difficult cuts resulted from hard choices made in order to reform and reduce the farm safety net, conservation initiatives, and nutrition assistance.

The Congressional Budget Office's (CBO) June 2017 baseline estimates that the 2014 Farm Bill has cost far less than projected. According to CBO, the bill will spend $78 billion less, while mandatory federal spending outside the Agriculture Committees' jurisdiction has risen over the same time period.

Passing a 2018 Farm Bill with additional funding reductions would be extremely damaging to agriculture and rural America. Therefore, it is imperative that the House and Senate Ag Committees not be hamstrung by further budget or appropriations cuts to any farm bill program. Congress must recognize the substantial savings already achieved, which far exceed expectations, and provide the committees the opportunity to complete their work without arbitrary budget cuts or caps. With the agriculture and rural economy struggling, households across the country struggling to meet their basic needs for nutrition, and farm income down 46 percent from only three years ago, it would be perilous to hinder development and passage of the 2018 Farm Bill with further cuts.

Virtually all of the estimated total net outlays in the 2014 Farm Bill are in four farm bill titles: nutrition, crop insurance, conservation, and farm commodity support. The following chart gives a breakdown of the projected outlays as of June 2017.

2014 Farm Bill Funding



In three years, the 2014 Farm Bill has cost $78 billion LESS than projected.

	At Passage	June 2017	Difference	Percent Change
Commodities	$44.5	$58.7	+$14.3	+32%
Conservation	$57.6	$59.8	+$2.2	+4%
Nutrition	$756.	$679.	-$77.3	-11%
Crop Insurance	$89.8	$77.4	-$12.4	-16%
Other	$8.1	$3.4	-$4.7	-58%
TOTAL	$956.	$875.	-$77.9	-8.5%

For additional information, contact the Washington Office staff person who serves your state.

In mid-July 2017, the AFBF Board of Directors approved priorities for consideration in writing the next farm bill.

The following overarching goals serve as the basis for our recommendations:

- Protect current farm bill spending.
- Maintain a unified farm bill that includes nutrition programs and farm programs together.
- Ensure any changes to current farm legislation be an amendment to the Agricultural Adjustment Act of 1938 or the Agricultural Act of 1949.
- Prioritize our top funding priorities -- risk management tools, which include both federal crop insurance and Title I commodity programs.
- Ensure programs are compliant with the World Trade Organization agreements.

The Board recommends the following five provisions for consideration by Congress:

1. Allow farmers to select the "higher of" the five-year Olympic Average yield for the Agriculture Risk Coverage County Program (ARC-CO) or a simple 10-year average yield.

2. Increase the reference price used as the floor for the ARC-CO program by 5% for corn, soybeans, wheat, sorghum and other minor crops. Increasing the ARC-CO plug prices for corn, soybeans and wheat by 5% would mean ARC-CO floor prices of $3.90, $8.80 and $5.80 per bushel, respectively.

3. Support a cotton lint program and/or designating cotton seed as an "other oilseed" to make cotton eligible for Title 1 commodity support programs.

4. Improve the Dairy Margin Protection Program by supporting a package that contains the following: a) a two-tiered approach to providing a safety net for dairy by continuing to treat production of 4 million pounds of milk covered annually differently than more than 4 million pounds of production; b) increase the administrative fee from $100 to $300 for catastrophic level of protection; c) reduce premium rates 25% from the current rate for the first 4 million pounds of production history covered and increase premium rates 25% from the current rate for coverage above 4 million pounds; d) lower the maximum coverage level from $8.00 to $7.00; e) raise the catastrophic level from $4.00 to $4.50; and f) increase the feed ration formula for all producers by 10 percent.

5. Increase the $20 million annual cap on livestock insurance products to $75 million annually.

The AFBF Board also approved the following recommendations. Our analysis suggests these provisions, while addressing issues important to our farmers and ranchers, have little or no additional cost above the baseline.

Commodity Programs

We support:

- Continuation of the Price Loss Coverage program and the ARC program. Farmers want a choice of which risk management programs work best for their operation.

- Changes to the ARC-CO program to make it more effective and fair to all farmers.

- The opportunity for all farmers to re-elect and/or re-enroll in Title 1 programs.

- Basing Title 1 payments on historic, rather than planted, acres.

- Altering the cascade used to determine county yields for the ARC program to make Risk Management Agency (RMA) data the primary option followed by contiguous county RMA data, National Agricultural Statistics Service data and discretion of the state Farm Service Agency director.

- Making ARC-CO payments using the ARC-CO payment rate for the county in which the land is physically located rather than the rate for the administrative county used by the farmer.

Conservation Programs

We support:

- Requiring USDA to update rental rate data for the Conservation Reserve Program (CRP) every year rather than every other year.

- Capping the pollinator rental rate at the lower of $300 per acre or 90% of the average county cash rent for the type of land that is entered into the pollinator program.

- Allowing adequate flexibility in establishment practices and mid-contract maintenance for acres enrolled in the CRP to completely control any noxious weeds or problem species that may have been introduced in the pollinator plot.

We do not support:

- Increasing the cap on the CRP above the current 24 million acre cap.

- CRP “knock offs” that offer contracts similar to the current CRP program but only require short-term (3-5 year) contracts rather than 10-15 contracts.

- Allowing the same parcel of land to be re-enrolled in the general CRP after the conclusion of two contracts

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Dairy

We support maintaining the current three-month sign-up gap and ending enrollment in September prior to the Margin Protection Program coverage year and retention of the Secretary of Agriculture's ability to delay the sign-up period on an ad hoc basis.

Whole Farm Revenue Protection Program (WFRP)

We support keeping the WFRP as a pilot program rather than making it a permanent federal crop insurance program.

Contact: Mary Kay Thatcher at mkt@fb.org