2018 Farm Bill
Net Farm Income in 2018 is 3rd Lowest Over Last 20 Years

Inflation Adjusted Net Farm Income in 2018 is $66.3 Billion, the 3rd Lowest Over Last 20 Years, compared to a 20 Year Average of $86.6 Billion.

Source: USDA ERS, Farm Bureau Analysis
$66.3 Billion

2018 Inflation Adjusted Dollars

Net Farm Income in 2018 is in the bottom quartile over last 90 years.

$66.3 Billion

Source: USDA ERS, Farm Bureau Analysis, *Net Farm Income in 2018 Less Total Government Payments
Average Decline in Net Cash Income, 2017 to 2018
U.S. -12% from 2017 and -32% from 2013

Source: USDA ERS, Farm Bureau Analysis

Includes cash receipts, farm program payments other farm-related income less cash expenses. Does not include depreciation, farm household expenses or inventory adjustment.
Total Spending $867 Billion

Nutrition, $664 Billion Dollars

Crop Insurance, $78 Billion Dollars
Commodities, $61 Billion Dollars
Conservation, $60 Billion Dollars

*Other Titles include: Miscellaneous, Horticulture, Research & Extension, Energy, Forestry, Revenues, Rural Development and Credit

Source: Congressional Budget Office April 2018 Baseline, 2018 Farm Bill, Farm Bureau Analysis
2018 Farm Bill Spending, 5- and 10-Year Baseline

**$428 Billion 2019-2023**
- Nutrition: 76.1%
- Commodities: 7.3%
- Crop Insurance: 8.9%
- Conservation: 6.8%
- Trade: 0.5%
- Other Titles*: 0.3%

**$867 Billion 2019-2028**
- Nutrition: 76.5%
- Commodities: 7.1%
- Crop Insurance: 9.0%
- Conservation: 6.9%
- Trade: 0.5%
- Other Titles*: 0.0%

Source: Congressional Budget Office April 2018 Baseline, 2018 Farm Bill, Farm Bureau Analysis
Who supported the Farm Bill in the Senate?

Senate Moved First, Passed Farm Bill Early Dec. 2018

Source: Final Vote Results Roll Call 259

YEAS - 87
NAYS - 13

Senate Vote
- Yea
- Split
- Nay

Source: Final Vote Results Roll Call 259
WHO SUPPORTED THE FARM BILL IN THE HOUSE?

House Farm Bill Passed Dec. 2018

YEAS 369 = NAYS 47

182 Republicans and 187 Democrats voted for the bill & 44 Republicans joined 3 Democrats in opposition

WE GAINED LOTS AND LOST SOME IN HOUSE

Which Districts Moved into the Support Column?

190 Votes
Flipped from a Nea to a Yea

32 Votes
Flipped from Yea to Nea

Source: Final Vote Results Roll Call 434, Farm Bureau Analysis
No Changes to Adjusted Gross Income Eligibility of $900,000

Actively Engaged Definition Expanded to Include First Cousins, Nieces and Nephews
$30 Billion

Ad-hoc Payment Dropped Significantly as Crop Insurance Expanded

+100,000,000 Additional Acres Enrolled

Source: USDA ERS & RMA
Crop Insurance Was Protected
Livestock Coverage Enhanced in Feb. ‘18

Use of Revenue Protection Policies in 2018, 197 Million Acres & 15 Crops

Source: USDA RMA, Farm Bureau Analysis
Enhanced Risk Management Programs

Reauthorizes and strengthens the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) options through 2023.

- **PLC is target-price support.** Provides assistance to producers when the market price for a covered commodity falls below the statutory reference price, i.e. $3.70 for corn. PLC Gets Higher Price Supports Based on 115% of Olympic Moving Average.

- **ARC is target-revenue support.** Provides assistance to producers when actual crop revenue for a covered commodity falls below 86 percent of the benchmark revenue. ARC Now Will Use RMA Yields, Higher PLC Prices, 80% of T-Yields and Trend-Adjusted Yields.

- Choose ARC/PLC Election in 2019 than Annually in 2021, 2022 & 2023, Last Farm Bill Was a One-Time Election.

- Marketing Loan Rates Increased, e.g., Corn $1.95 to $2.20 per bushel.

Source: 2018 Farm Bill
Price Support “Elevator”

What’s Higher? The Reference Price or 85% of OMA Price?

If Reference Price, Then Use Reference Price

If 85% OMA, Then…

Use Lowest Value Between:
- 115% of Reference Price
- 85% OMA Price

Source: USDA NASS, Farm Bill, Farm Bureau Calculations
# Range of Price Loss Coverage Protection

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Corn ($/bu)</strong></td>
<td>$3.70</td>
<td>$3.36</td>
<td>$3.60</td>
<td>$4.26</td>
</tr>
<tr>
<td><strong>Soybeans ($/bu)</strong></td>
<td>$8.40</td>
<td>$9.33</td>
<td>$8.60</td>
<td>$9.66</td>
</tr>
<tr>
<td><strong>Wheat ($/bu)</strong></td>
<td>$5.50</td>
<td>$4.72</td>
<td>$5.15</td>
<td>$6.32</td>
</tr>
<tr>
<td><strong>Seed Cotton ($/Lb.)</strong></td>
<td>$0.367</td>
<td>$0.3357</td>
<td>$0.3530</td>
<td>$0.42</td>
</tr>
<tr>
<td><strong>Rice (LG) ($/cwt)</strong></td>
<td>$0.14</td>
<td>$0.115</td>
<td>$0.107</td>
<td>$0.16</td>
</tr>
<tr>
<td><strong>Peanuts ($/Lb.)</strong></td>
<td>$0.268</td>
<td>$0.229</td>
<td>$0.215</td>
<td>$0.31</td>
</tr>
<tr>
<td><strong>Sorghum ($/bu)</strong></td>
<td>$3.95</td>
<td>$3.22</td>
<td>$3.40</td>
<td>$4.54</td>
</tr>
</tbody>
</table>

Source: 2018 Farm Bill, Farm Bureau Calculations, Yellow Represents Payment Triggering MYA Price
Revenue- and Price-Based Safety Net Outlays Projected at $5.8B Annually

Program Payments

$57,730,000,000

Projected Payments During 2019 to 2029

First Farm Bill Payments from 2019/20 Growing Season in 2021FY

Program Payments

Dairy Begins

Price Loss Coverage

Agriculture Risk Coverage

Dairy Margin Coverage Payments

Source: Congressional Budget Office, Farm Bureau Calculations
Top 4 Crops = 74% Program Payments 2019-2029

- Corn, $22,312, 38%
- Wheat, $8,622, 15%
- Rice, $7,590, 13%
- Peanuts, $4,576, 8%

Other, $15,665, 26%

Soybeans, $4,300, 7%
Upland Cotton, $3,362, 6%
Milk, $2,901, 5%
Sorghum, $1,989, 3%
Barley, $1,002, 2%
Other Crops and Oilseeds, $1,711, 3%

Source: Congressional Budget Office, Farm Bureau Calculations
84% of Base Acres Are in Corn, Wheat and Soybeans
Projection is 252,000,000 Base Acres, 2019-29

Corn, 94.6, 37.5%
Wheat, 63.1, 25.0%
Soybeans, 53.6, 21.3%
Sorghum, 8.7, 3.5%
Other Crops and Oilseeds, 6.2, 2.5%
Barley, 5.2, 2.1%
Rice, 4.9, 2.0%
Peanuts, 2.8, 1.1%
Upland Cotton, 12.9, ...

Legend: Crop, Base Acres, Percent of Base Acres

Source: 2018 Farm Bill, Congressional Budget Office, Farm Bureau Calculations
BASE ACRES COMPARED TO AVERAGE ACTUAL PLANTINGS

Ratio of Base Acres to Average Plantings from 2009 to 2017

There Are 12 Million More Base Acres Than Plantings of Covered Commodities*

*261M Actual & 273M Base

Source: USDA NASS, FSA and Farm Bureau Calculations
A Farm’s Base Acres Would Be Recalibrated to Plantings, Suspended Base Eligible for $18 acre

Comparison of Base Acres to Program Crop Acres

2009 to 2017

13,683 counties

Had More Base Acres Than Average Plantings

Source: 2018 Farm Bill
Change in Marketing Loan Rates and Marketing Loan Rates as a Percent of 10-Year Average Price

<table>
<thead>
<tr>
<th>Crop</th>
<th>Change in Loan Rate</th>
<th>Loan Rate as a Percent of MYA Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oats</td>
<td>44%</td>
<td>69%</td>
</tr>
<tr>
<td>Grain/Sorghum</td>
<td>13%</td>
<td>53%</td>
</tr>
<tr>
<td>Corn</td>
<td>13%</td>
<td>50%</td>
</tr>
<tr>
<td>Barley</td>
<td>28%</td>
<td>48%</td>
</tr>
<tr>
<td>Wheat</td>
<td>15%</td>
<td>58%</td>
</tr>
<tr>
<td>Soybeans</td>
<td>24%</td>
<td>57%</td>
</tr>
<tr>
<td>Dry Peas</td>
<td>14%</td>
<td>49%</td>
</tr>
<tr>
<td>Rice</td>
<td>8%</td>
<td>51%</td>
</tr>
<tr>
<td>Lentils</td>
<td>15%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Source: USDA NASS, Farm Bill, Farm Bureau Calculations
Dairy Safety Net Significantly Enhanced

Dairy Payments Would Have Triggers 80% of Months, Average Return $1.00/cwt

$9.50 Maximum Coverage Under Dairy Risk Coverage

+$1.50/cwt

$8 Maximum Coverage Under Previous Margin Protection Program

Payments When Margin Falls Below Support

Source: USDA FSA, 2018 Farm Bill, Farm Bureau Analysis
Dairy Safety Net More Affordable

**Tier 1 Coverage at $9.50 Very Affordable, Rates for Catastrophic Coverage in Tier 2 Reduced by 88%**

<table>
<thead>
<tr>
<th>Coverage Level</th>
<th>Tier 1 Premium (First 5 Mil Pounds)</th>
<th>Tier 2 Premium (Over 5 Mil Pounds)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MPP Premium</td>
<td>DMC Premium</td>
</tr>
<tr>
<td>$4.00</td>
<td>FREE</td>
<td>FREE</td>
</tr>
<tr>
<td>$4.50</td>
<td>FREE</td>
<td>$0.0025</td>
</tr>
<tr>
<td>$5.00</td>
<td>$0.005</td>
<td>$0.040</td>
</tr>
<tr>
<td>$5.50</td>
<td>$0.009</td>
<td>$0.030 (+233%)</td>
</tr>
<tr>
<td>$6.00</td>
<td>$0.016</td>
<td>$0.050 (+213%)</td>
</tr>
<tr>
<td>$6.50</td>
<td>$0.040</td>
<td>$0.070 (+75%)</td>
</tr>
<tr>
<td>$7.00</td>
<td>$0.063</td>
<td>$0.080 (+27%)</td>
</tr>
<tr>
<td>$7.50</td>
<td>$0.087</td>
<td>$0.090 (+3%)</td>
</tr>
<tr>
<td>$8.00</td>
<td>$0.142</td>
<td>$0.100 (-30%)</td>
</tr>
<tr>
<td>$8.50</td>
<td>NOT OFFERED</td>
<td>$0.105</td>
</tr>
<tr>
<td>$9.00</td>
<td>NOT OFFERED</td>
<td>$0.110</td>
</tr>
<tr>
<td>$9.50</td>
<td>NOT OFFERED</td>
<td>$0.150</td>
</tr>
</tbody>
</table>

Source: USDA FSA, 2018 Farm Bill, Farm Bureau Analysis
DMC WILL PROVIDE MUCH-NEEDED CASH FLOW ON FARM

2018 WOULD HAVE PAID OUT $80K TO DAIRY FARMERS COVERING 5 MILLION POUNDS

Source: USDA FSA, 2018 Farm Bill, Farm Bureau Analysis
Substantial Increases in Acreage Under 2014 Farm Bill Pilot Programs

2018 Farm Bill Took Hemp Off the Schedule I Controlled Substance List

Source: VoteHemp, Farm Bureau Analysis
Hemp Market Could Have Tremendous Potential

CBD has been identified as market with substantial growth potential.

Source: Hemp Business Journal, Farm Bureau Analysis
Hemp: Farm Bill legalizes the production of hemp and removes it from the list of controlled substances. The conference report also makes hemp eligible for crop insurance and directs the FCIC Board to streamline the process for developing hemp policies.
CRP Acreage Enrolled

Maximum
36.7 Million
in 2007

Congressional CRP Acreage Cap

CRP Acreage Cap Increases by
500,000 Acres
in Each Fiscal Year Beginning in 2020

2023
27 Million Acres

Source: USDA FSA, Farm Bureau Calculations, 2018 Farm Bill
Fiscal Year 2018 CRP Rental Rates

- **$5 Acre**: Pecos County, Texas
- **$76.73 Average**
- **$289 Acre**: Logan County, Illinois

Source: USDA Farm Service Agency
Based on 2016 Data, Rental Rates Would Need to Decline on Average by 13% to Get to 85% of NASS.

798 Counties in General Sign-Up Have Rental Rate Greater than 85% of 2016 NASS Cash Rent.
IMPACT OF 90% RENTAL RATE CAP ON CONTINUOUS CRP SIGN UP

Based on 2016 Data, Rental Rates Would Need to Decline on Average by 25% to Get to 90% of NASS

78% 1,492 Counties in Continuous Sign-Up Have Rental Rate Greater than 90% of 2016 NASS Cash Rent

Source: 2018 Farm Bill, USDA FSA FOIA, Decision Innovations, Farm Bureau Calculations
CRP Programs: $23.7 Billion, 2019-29

Source: USDA FSA, Congressional Budget Office, Farm Bureau Calculations
CONSERVATION FUNDING AT $6.6B ANNUALLY

CCC Programs: $23.7 Billion
$82 Per Acre Average
2019-29

CONSERVATION PAYMENTS

$66,012,000,000
Projected Payments During 2019 to 2029

Allocation of Conservation Spending 2019-29

CRP 36%
EQIP 31%
CSP 21%
ACEP 7%
RCPP 5%

Source: Congressional Budget Office, Farm Bureau Calculations
FARM BILL INCREASED IN CREDIT LIMITS

Raises limits on USDA guaranteed and direct operating and ownership loans

Source: 2018 Farm Bill
MORE CREDIT IMPROVES FARM CREDIT SYSTEM LENDING CAPACITY & MAY ENHANCE SECONDARY MARKETS

**Percent of Farm Debt by Creditor**

![Chart showing percent of farm debt by creditor over time]

Source: USDA ERS, Farm Bureau Analysis
Agricultural Trade and the Farm Bill
Market Access Program
Cost-Share Assistance to Eligible Trade Organizations for Export Promotion Activities. Up to 50% Assistance

Foreign Market Development
Cost-Share Assistance to Maintain and Develop Foreign Markets, Including Emerging Markets

Technical Assistance for Specialty Crops
Technical assistance to remove, resolve, or mitigate existing or potential sanitary and phytosanitary and technical barriers to trade

Emerging Markets Program
In 3 Emerging Markets Each Year, Provide U.S. Technical Expertise in Business Systems and Reducing Barriers to Trade

Priority Trade Promotion, Development, and Assistance program

Source: Senate Farm Bill
Food for Peace, Trade & Market Development Programs Funded at $426M Annually

Source: Congressional Budget Office, Farm Bureau Analysis
MarketIntel

For the Latest
Agricultural Market Intelligence

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