

Farm Bill Issues

Cotton, Dairy, Conservation, SNAP, and More

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Farm Bill Outlook

Major Policy Issues

- ◆ Commodity programs
 - ARC mechanics
 - Yield data and history
 - Reference prices
 - ARC v. PLC decision
 - Dairy and cotton
- ◆ Crop insurance programs
 - Program features
 - Eligibility limits
 - Premium subsidy
- ◆ Conservation
 - CRP
 - Acreage enrollment cap
 - CRP rental rates
 - Working lands programs
 - EQIP and CSP funding
- ◆ Nutrition (Supplemental Nutrition Assistance Program)
 - Supports and eligibility levels
 - Not a source of funds for farm program spending

Cotton and Dairy

Background and the Bipartisan Budget Act of 2018

Cotton

- ◆ Concerns over diminished support under 2014 Farm Bill
 - Elimination of commodity program
 - Limited usage of STAX
- ◆ Calls for support under Title I
 - Calls for cottonseed support
 - Calls for seed cotton
- ◆ Legislation
 - Seed cotton as a covered commodity beginning in 2018
 - Reference rate = \$0.367/pound
 - ARC and PLC protection
 - Generic base assignment to seed cotton

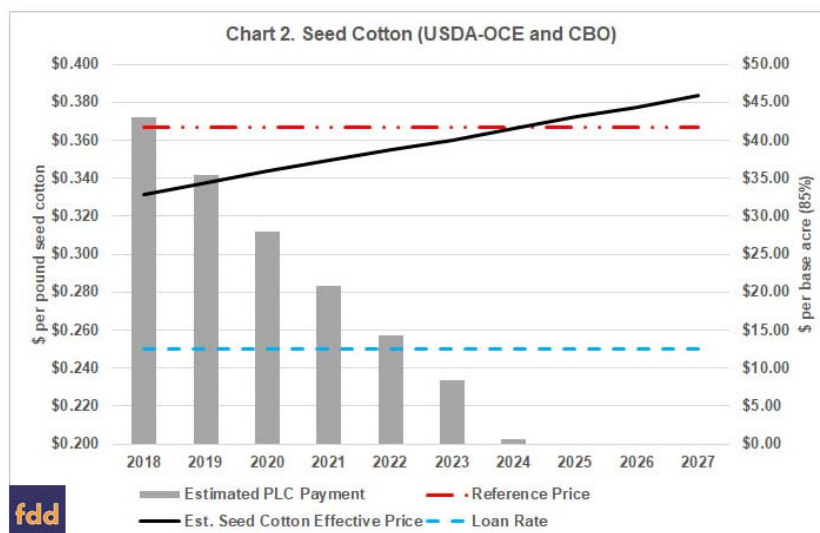


Dairy

- ◆ Concerns over levels of support under MPP-Dairy in the 2014 Farm Bill
- ◆ Calls for increased support
 - Margin protection
 - Premium costs
- ◆ Legislation
 - Monthly margin calculation
 - Premium reductions
 - Funding cap for livestock insurance removed

Cotton

Projected Seed Cotton PLC Support



Dairy

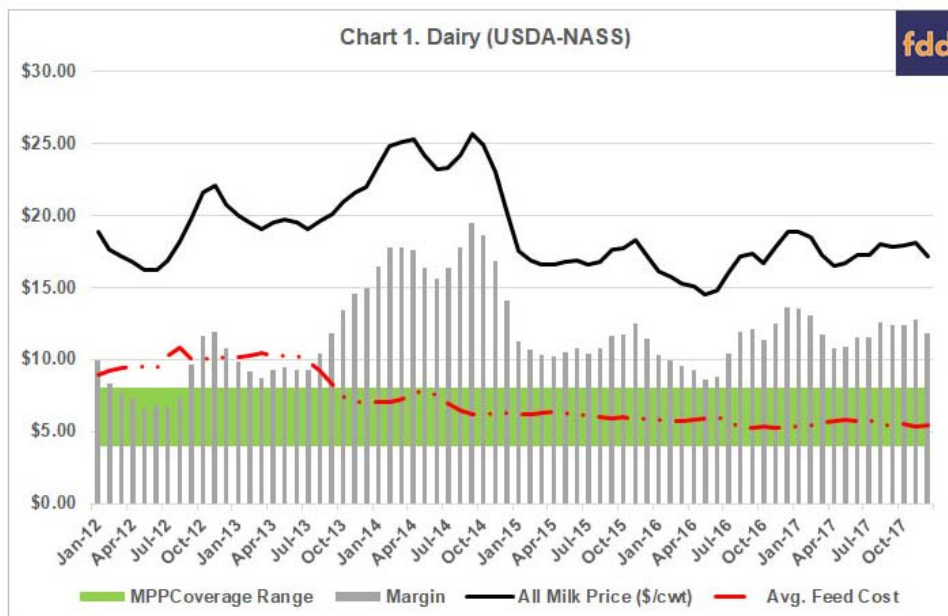
MPP-Dairy Premium Schedule

Table 1. Margin Coverage Level	Agricultural Act of 2014 (per cwt)	Bipartisan Budget Act of 2018 (per cwt)	Agricultural Act of 2014 (per cwt)	Bipartisan Budget Act of 2018 (per cwt)
	Below 4 million pounds	Below 5 million pounds	Above 4 million pounds	Above 5 million pounds
\$4.00	None	None	None	No change
\$4.50	\$0.010	None	\$0.020	No change
\$5.00	\$0.025	None	\$0.040	No change
\$5.50	\$0.040	\$0.009	\$0.100	No change
\$6.00	\$0.055	\$0.016	\$0.155	No change
\$6.50	\$0.090	\$0.040	\$0.290	No change
\$7.00	\$0.217	\$0.063	\$0.830	No change
\$7.50	\$0.300	\$0.087	\$1.060	No change
\$8.00	\$0.475	\$0.142	\$1.360	No change

Source: farmdocdaily.Illinois.edu

Dairy

MPP-Dairy Margin Support



Source: farmdocdaily.Illinois.edu

Cotton and Dairy

Funding Changes

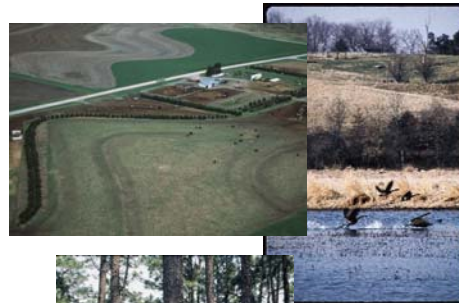
Table 2. CBO Estimate on Direct Spending
Division F-Outlays (Millions of Dollars)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total (2018-2027)
Seed Cotton	\$0	\$0	\$643	\$370	\$257	\$298	\$339	\$340	\$355	\$359	\$2,961
Reallocate Generic Base	\$0	\$0	-\$280	-\$320	-\$308	-\$308	-\$304	-\$282	-\$235	-\$151	-\$2,188
STAX	\$0	-\$7	-\$65	-\$75	-\$76	-\$79	-\$80	-\$80	-\$81	-\$82	-\$625
MPP	\$47	\$114	\$92	\$95	\$92	\$60	\$31	\$97	\$100	\$66	\$794
Crop Insurance	\$0	\$36	\$33	\$33	\$31	\$32	\$35	\$36	\$35	\$37	\$308
Total	\$47	\$143	\$423	\$103	-\$4	\$3	\$21	\$111	\$174	\$229	\$1,250

Source: farmdocdaily.illinois.edu

Conservation

- ◆ Five major policies and program areas
 - Conservation Compliance
 - Retirement programs
 - CRP
 - Working lands programs
 - EQIP
 - CSP
 - Easement programs
 - ACEP
 - Partnership programs
 - RCPP

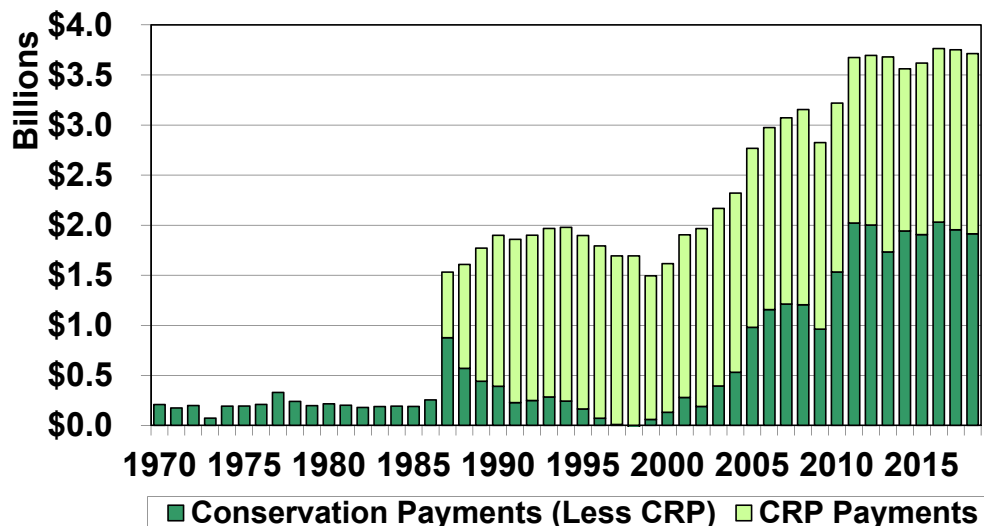


Conservation Compliance

◆ Cross-Compliance

- Must meet conservation compliance provisions to be eligible for federal farm programs and benefits
 - Commodity programs
 - Conservation programs
 - Crop insurance benefits
- Provisions
 - Conservation Compliance – requires soil erosion control on highly erodible land (HEL) cropland
 - Sodbuster – requires similar, but more stringent erosion controls on previously uncropped HEL cropland
 - Swampbuster – prohibits conversion of wetlands for crop production

Conservation Program Spending

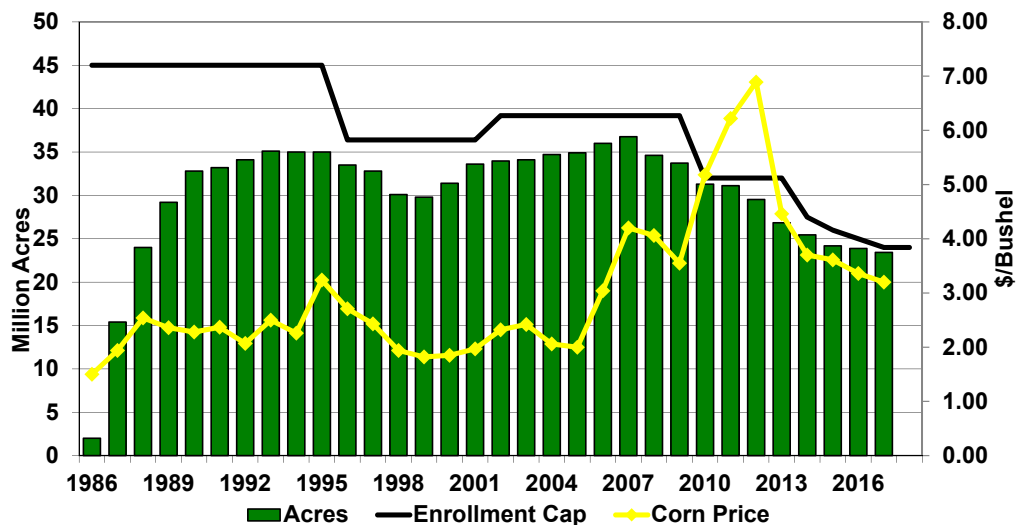


Source: USDA-ERS

Conservation Reserve Program

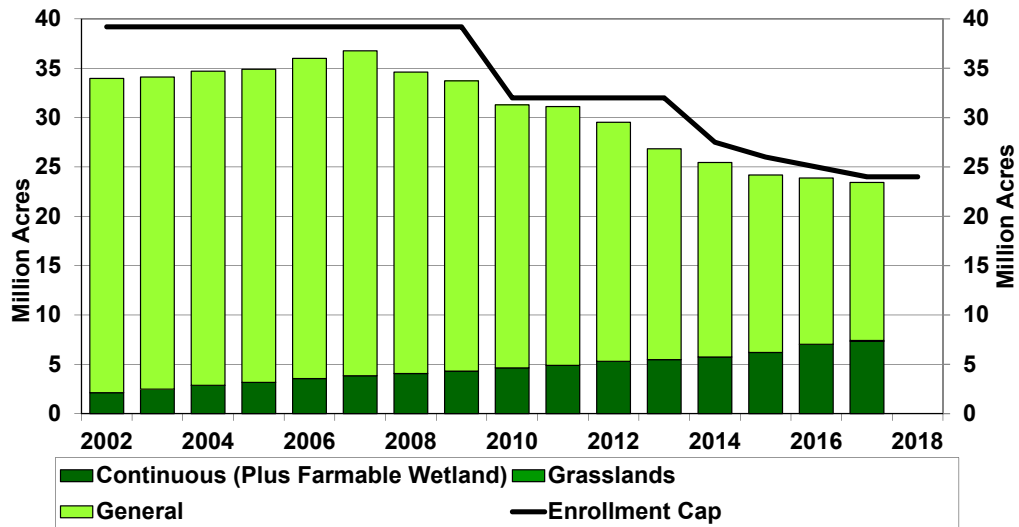
- ◆ First authorized in the 1985 Farm Bill
- ◆ Goals
 - Protect land from water and wind erosion
 - Soil productivity
 - Sedimentation
 - Air quality
 - Protect groundwater and surface water
 - Sedimentation
 - Nutrient runoff
 - Increase wildlife habitat
 - Habitat quality
 - Targeted species
 - Cropland retirement and supply control
- ◆ Sign-up
 - General competitive sign-up
 - Continuous non-competitive sign-up for high priority practices
 - Enhancement programs for specific priorities
- ◆ Scale
 - 24 million acre cap
 - 23.4 million acres enrolled as of September 2017
 - \$1.8 billion in annual rental payments
 - \$76.73/acre

Conservation Reserve Program Enrolled Acreage and Corn Prices



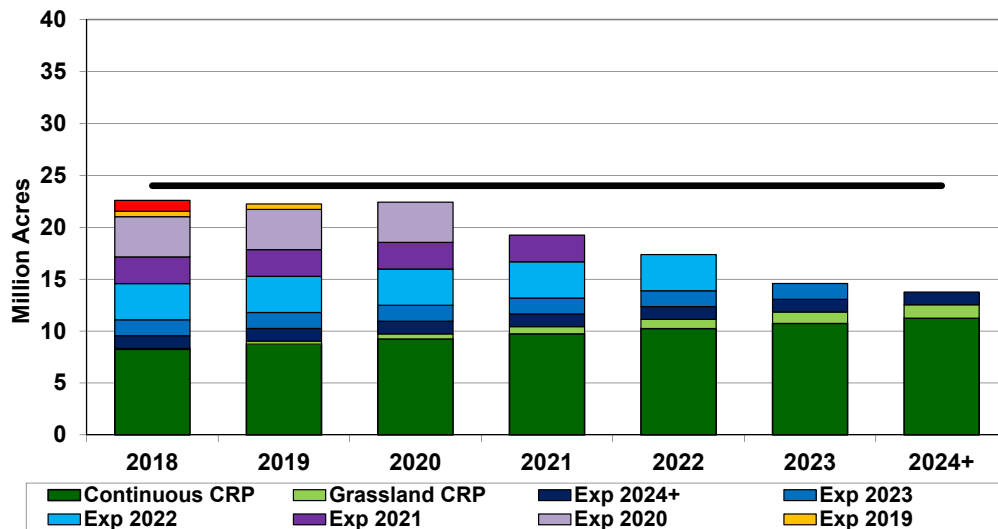
Source: USDA-FSA and USDA-NASS

Conservation Reserve Program Enrolled Acreage by Category



Source: USDA-FSA and USDA-NASS

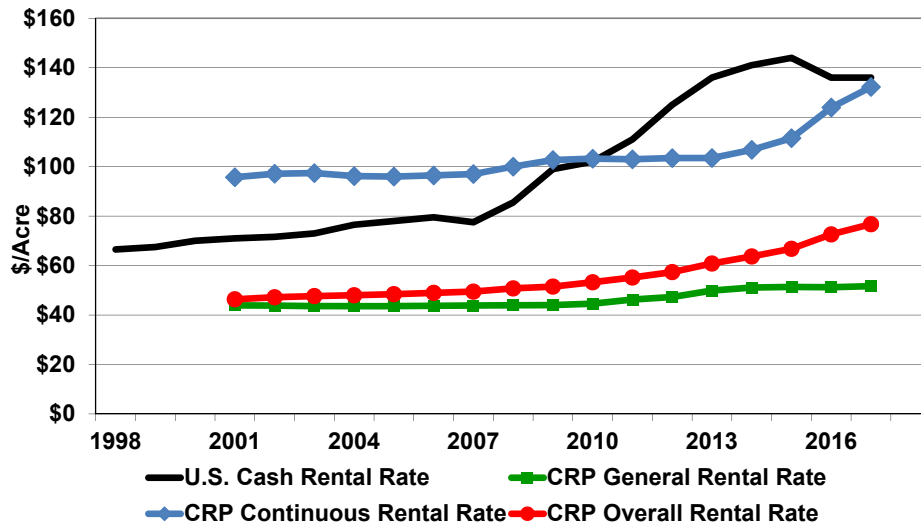
Conservation Reserve Program Enrolled General Signup Acreage by Expiration with Continued Growth in Continuous CRP and Grasslands CRP



Source: USDA-FSA and Author Calculations

Conservation Reserve Program

Comparable Rental Rates



Source: USDA-FSA and USDA-NASS

Working Lands Programs

EQIP

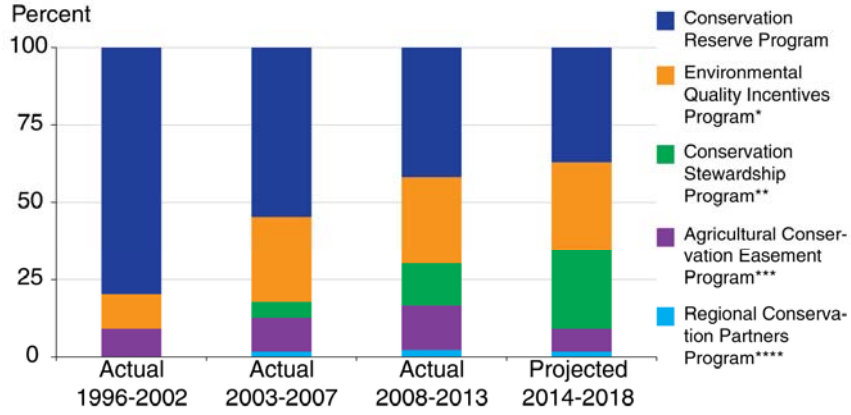
- ◆ First authorized in the 1996 Farm Bill
- ◆ Goals
 - New structural practices
 - New management practices
- ◆ Sign-up
 - Continuous sign-up
 - Periodic cutoff, ranking, and approval process
- ◆ Assistance
 - Cost-share assistance (practice payments)
 - Up to 75%
 - Up to 90% for targeted audiences
 - Technical assistance
 - Incentive payments for some practices
- ◆ Scale
 - \$1.75 B authorized for FY2018

CSP

- ◆ First authorized in the 2002 Farm Bill
 - Originally the Conservation Security Program
 - Revised as Conservation Stewardship Program in 2008 Farm Bill
- ◆ Goals
 - Installing and adopting new conservation activities
 - Improving, maintaining, and managing existing conservation activities
- ◆ Sign-up
 - Continuous sign-up
 - Periodic cutoff, ranking, and approval process
- ◆ Assistance
 - Annual payments for installing new and maintaining existing conservation activities
- ◆ Scale
 - 10 million acres per year
 - \$180 million per year

Conservation Program Spending

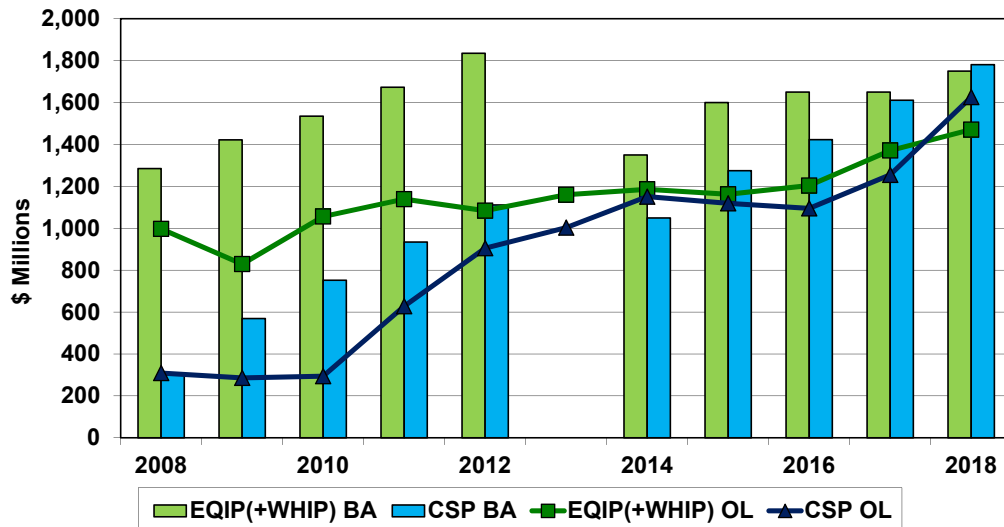
Share of conservation spending by major programs and predecessors in the 2014 and previous farm acts



*Includes EQIP and the Wildlife Habitat Incentives Program for 1996-2013.
 **Includes the Conservation Security Program for 2002-2007.
 ***Includes the Wetland Reserve Program, Farmland Protection Program, and Grassland Reserve Program (easement portion) for 1996-2013.
 ****Includes the Agricultural Water Enhancement Program, Chesapeake Bay Watershed Program, Cooperative Conservation Partnership Initiative, and Great Lakes Basin Program for 1996-2013.
 Sources: ERS analysis of Office of Budget and Policy Analysis data on actual expenditures for 1996-2013; spending levels provided in the 2014 Farm Act and Congressional Budget Office estimates for 2014-2018.

Source: USDA-ERS

Working Lands Programs Budget Authority and Outlays



Source: Selected legislation, CBO, and author calculations

Conservation

Major Policy Issues and Options

◆ CRP

1. Status quo
2. Increased acreage cap
3. Decreased acreage cap
4. Decreased rental rates
5. 2 & 4
6. 3 & 4

◆ Working lands (EQIP and CSP)

- Status quo
- Increased funding
- Decreased funding
- Consolidation of EQIP and CSP

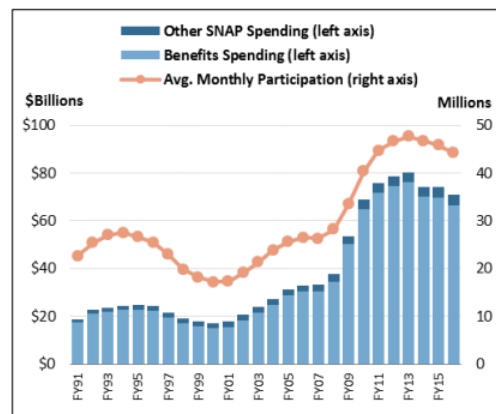
Nutrition – Food Assistance

◆ Farm Bill programs

- Supplemental Nutrition Assistance Program (SNAP)
 - Included in Farm Bills since 1973
- Other programs
 - Commodity distribution to emergency feeding organizations (e.g. food banks), households, and Indian reservations
 - Senior Farmers' Market Nutrition Program and Community Food Projects

◆ Other USDA programs

- National Scholl Lunch Program
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

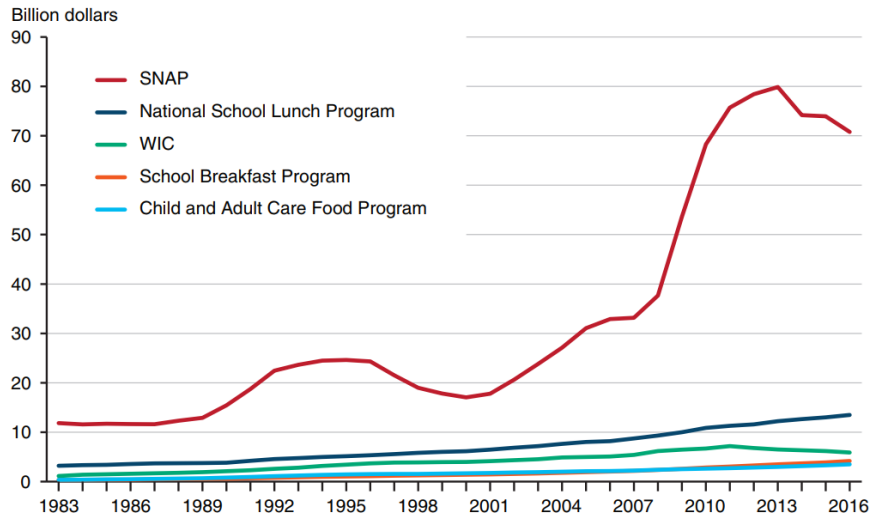


Source: CRS

Nutrition – Food Assistance

Spending by Major USDA Program

USDA expenditures for major food and nutrition assistance programs, fiscal years 1983-2016



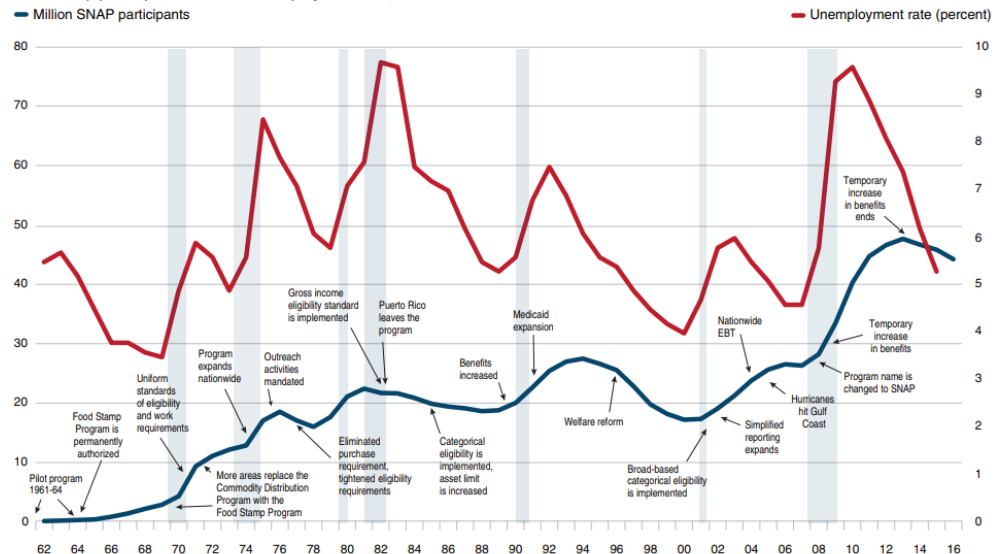
Notes: SNAP = Supplemental Nutrition Assistance Program. WIC = Special Supplemental Nutrition Program for Women, infants, and Children. These five programs accounted for 96 percent of total USDA expenditures for domestic food and nutrition assistance in fiscal year 2016.

Source: USDA, Economic Research Service using data from USDA, Food and Nutrition Service.

Nutrition – Food Assistance

SNAP and the Economy

Food stamp participation and the unemployment rate, 1962-2016



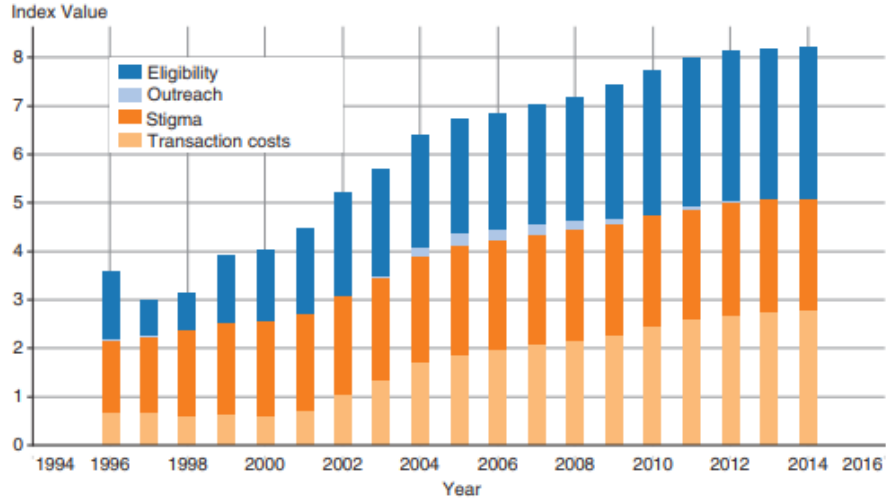
Notes: The number of Supplemental Nutrition Assistance (SNAP) participants is reported in fiscal years, and the unemployment rate is reported in calendar years. There is often a lag between the time a legislative act is passed and its implementation. There can be an additional lag between implementation of an Act and measurable effects on participation. Gray vertical bars indicate recessions. EBT = electronic benefit transfer.

Source: USDA, Food and Nutrition Service data and U.S. Department of Labor, Bureau of Labor Statistics data.

Nutrition – Food Assistance

SNAP Participation Factors

Contributions of eligibility, outreach, stigma, and transaction costs policies to the SNAP Policy Index for the United States as a whole, 1996-2014



Note: SNAP = Supplemental Nutrition Assistance Program. Eligibility policies = vehicle exemptions, broad-based categorical eligibility (BBCE), and eligibility for noncitizens. Outreach policies = whether a State has federally funded outreach. Stigma policies = proportion electronic benefit transfer (EBT) and fingerprinting. Transaction-costs policies = short recertification period, simplified reporting, and online applications.
Source: USDA, Economic Research Service, SNAP Policy Database.

Nutrition – Food Assistance

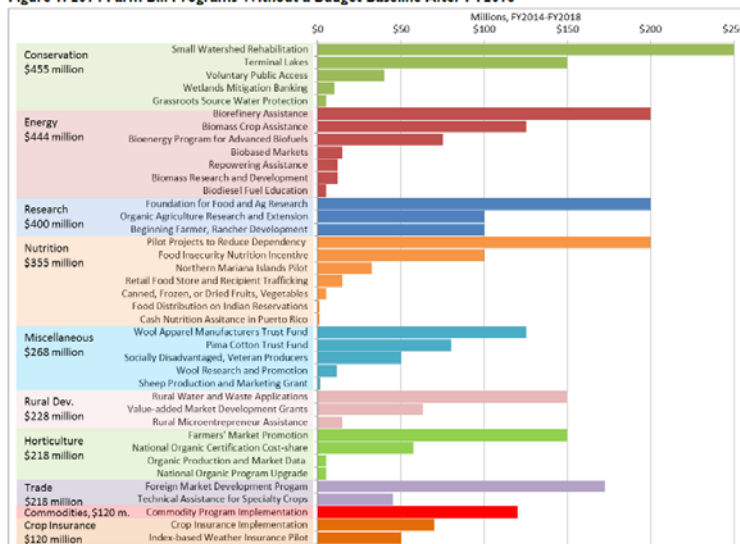
Major Policy Issues and Options

- ◆ SNAP
 1. Status quo
 2. Eligibility rules
 3. Assistance levels
 4. Benefit distribution
 1. Funds
 2. Food box

Other Issues

- ◆ Unfunded programs
 - Minor programs (by size) without baseline funding past FY2018
 - 39 programs
 - \$2.8 B in funding over FY2014-2018
- ◆ Other priorities
 - Livestock vaccine bank
 - Rural broadband

Figure 1. 2014 Farm Bill Programs Without a Budget Baseline After FY2018



Source: Compiled by CRS using the text of P.L. 113-79; the CBO score of the Agricultural Act of 2014, Table 4, "Detailed Effects on Direct Spending," January 28, 2014; and the CBO Baseline Projection for USDA Mandatory Farm Programs, June 29, 2017.

Funding Priorities

Major Policy Issues and Options

- ◆ Program areas
 1. Commodities
 2. Conservation
 3. Crop insurance
 4. Nutrition-food assistance
 5. Other priorities

