

Farm Bill Overview

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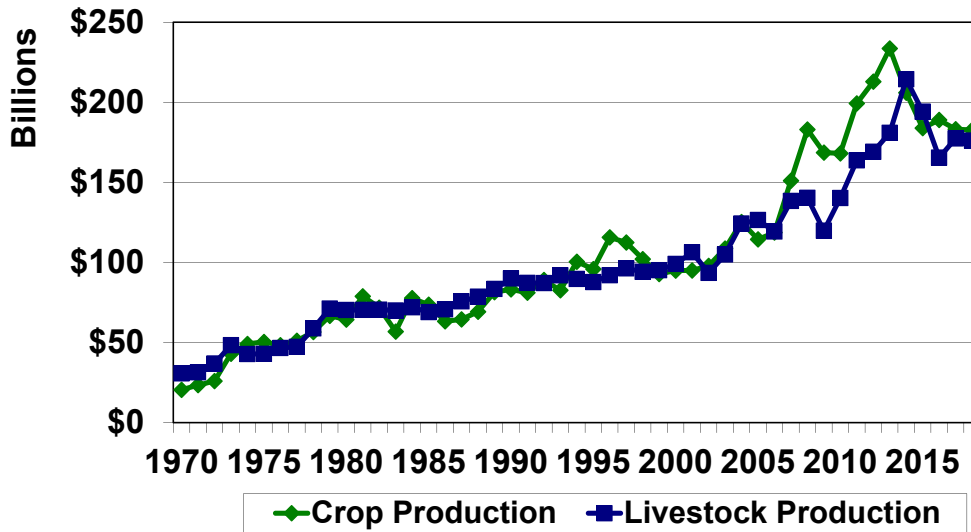
Farm Bill Outlook



- ◆ Policy Drivers
 - Economics
 - Budget
 - Trade
 - Politics

The Economic Setting

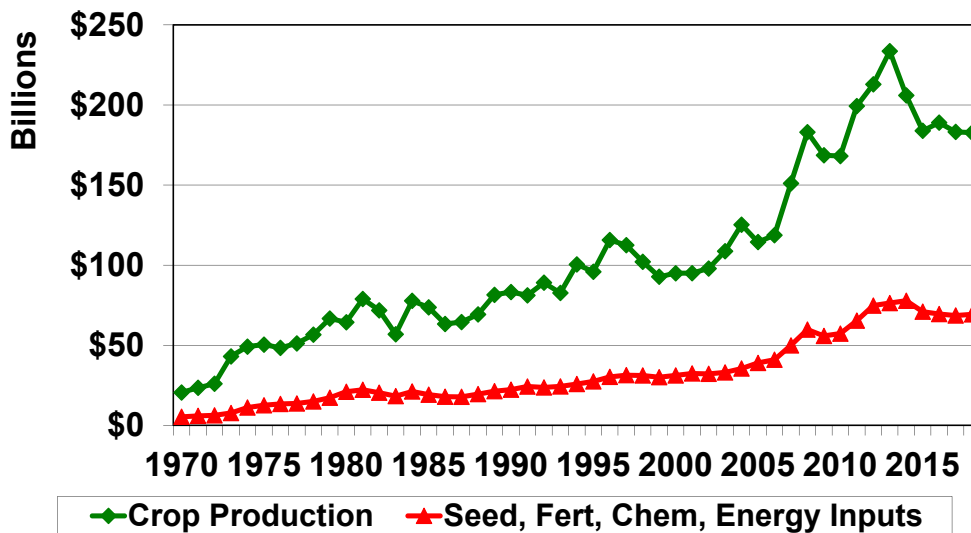
U.S. Value of Production



Source: USDA Economic Research Service

The Economic Setting

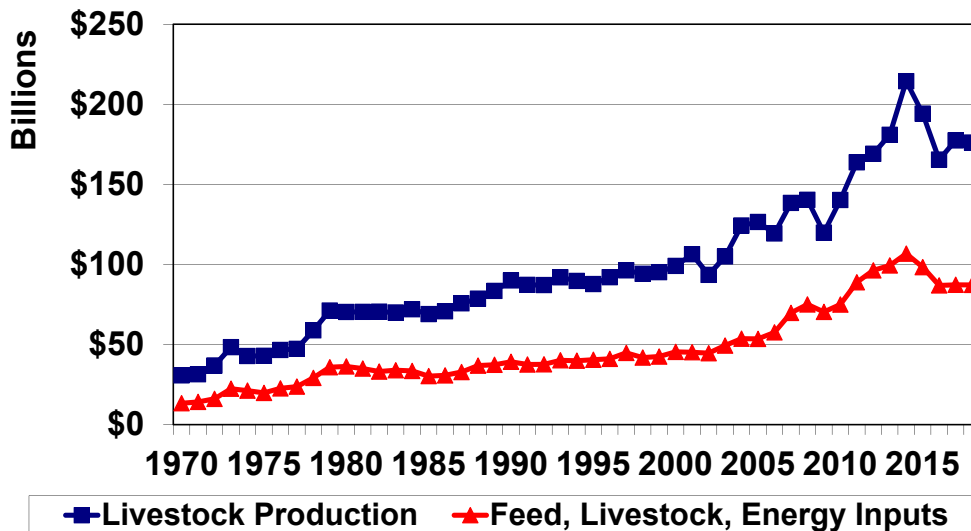
U.S. Crop Production Value and Costs



Source: USDA Economic Research Service and Author Calculations

The Economic Setting

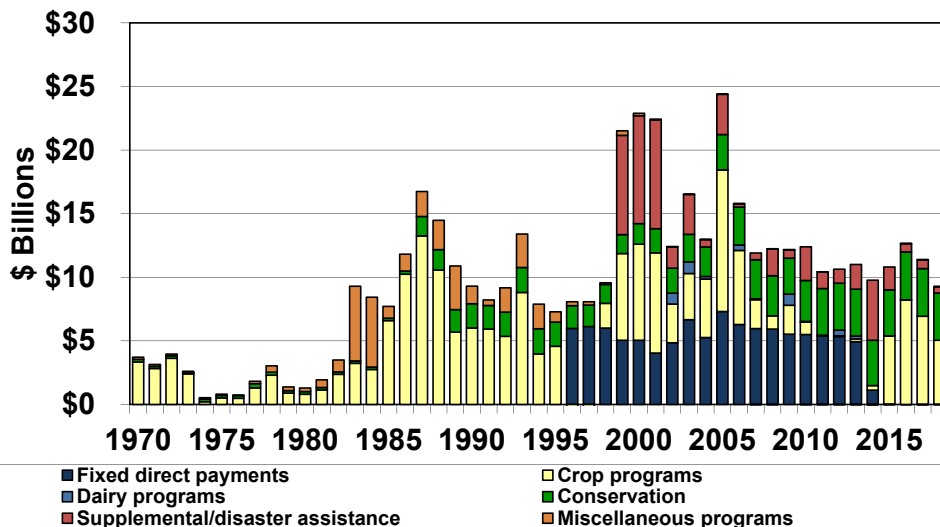
U.S. Livestock Production Value and Costs



Source: USDA Economic Research Service and Author Calculations

The Economic Setting

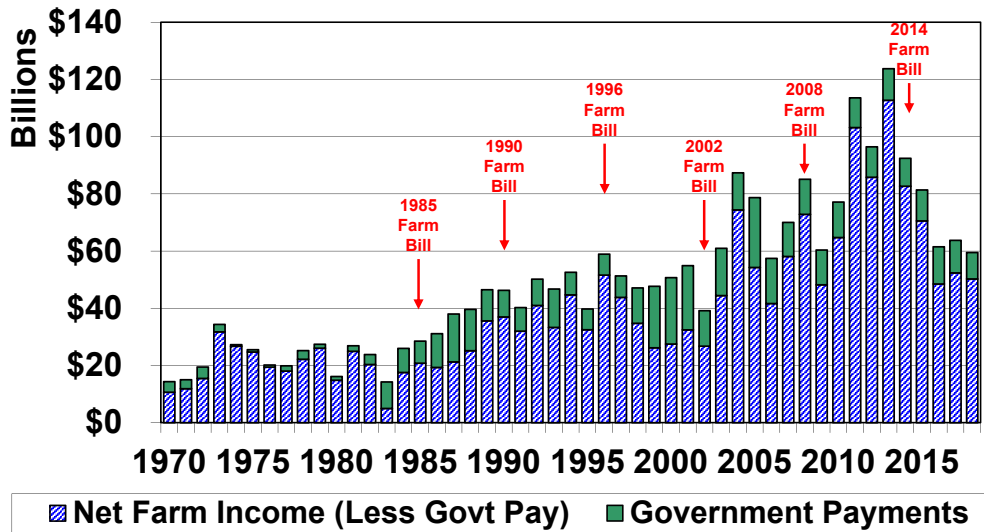
Government Payments



Source: USDA Economic Research Service

The Economic Setting

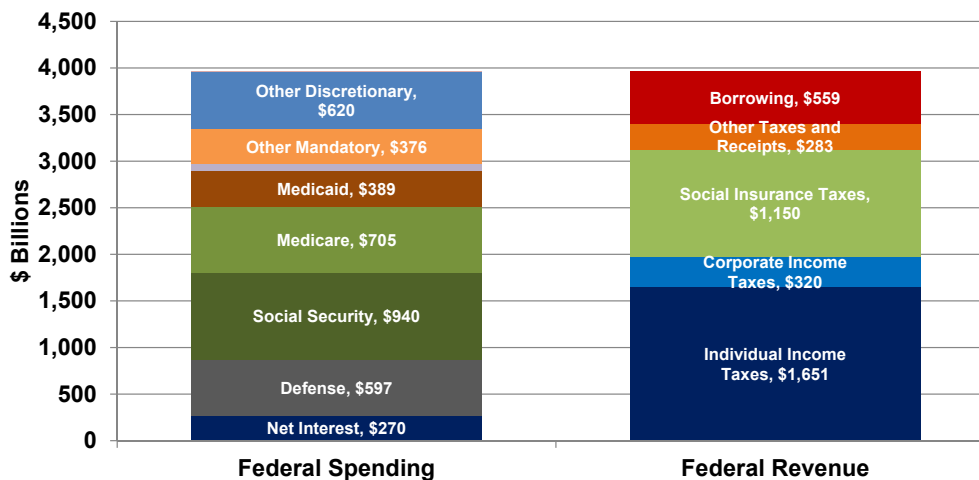
U.S. Net Farm Income and Government Payments



Source: USDA Economic Research Service

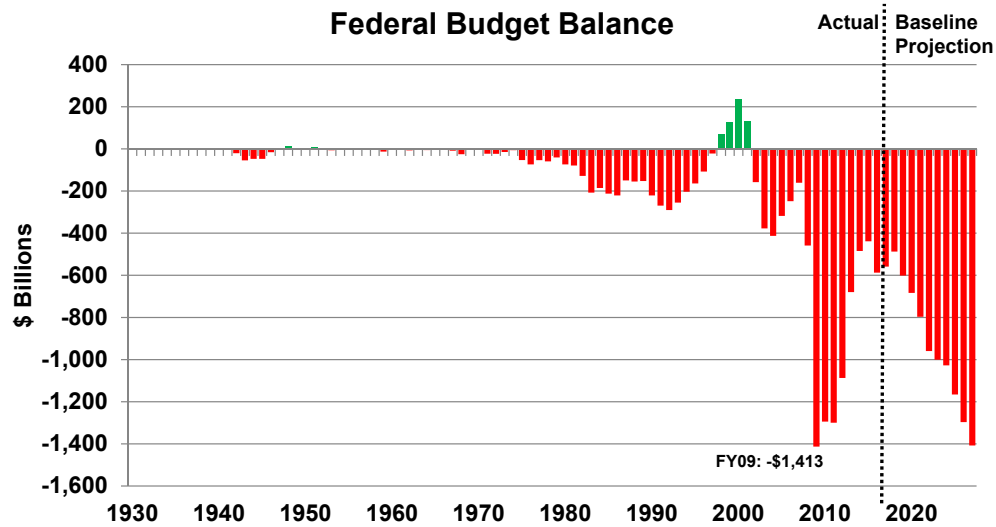
The Budget Challenge

Total Federal Spending and Revenue, FY 2017



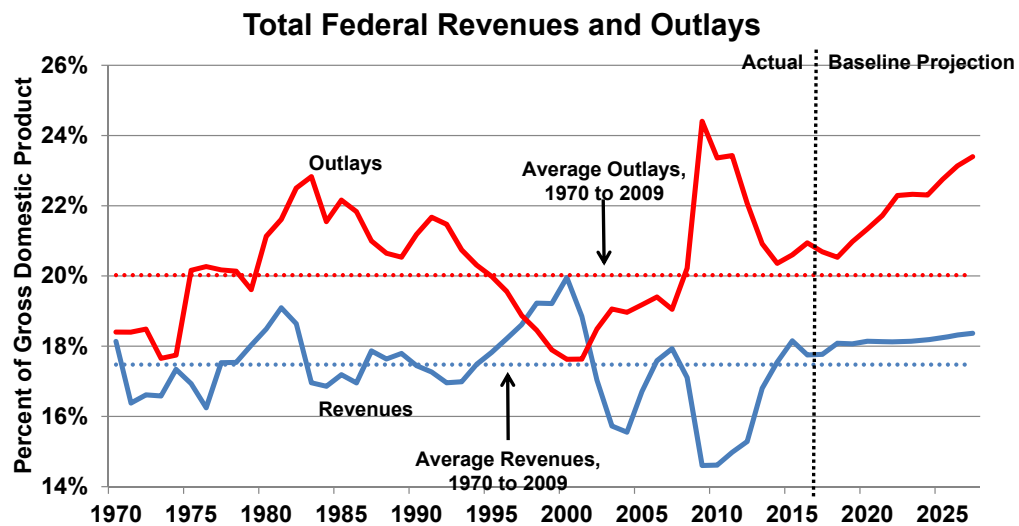
Source: CBO and Author Calculations

The Budget Challenge



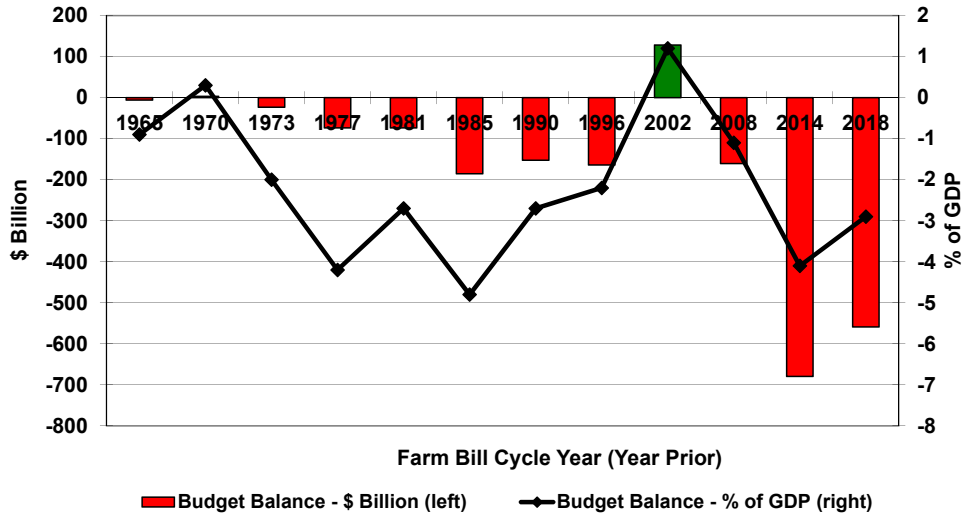
Source: CBO and Author Calculations

The Budget Challenge



Source: CBO and Author Calculations

The Budget Setting



Source: CBO and Author Calculations

2014 Farm Bill Budget

Area	Original 2014-2023 Baseline	Senate Proposal (S954)	House Proposal (HR1947/3102)	Agricultural Act of 2014 (HR2642)*	
	(\$ billions)	(change in \$ billions)	(change in \$ billions)	(change in \$ billions)	(\$ billions)
Commodities	\$58.8	-\$17.4	-\$18.7	-\$14.3	\$44.5
Crop Insurance	\$84.1	+\$5.0	+\$8.9	+\$5.7	\$89.8
Conservation	\$61.6	-\$3.5	-\$4.8	-\$4.0	\$57.6
Nutrition (SNAP)	\$764	-\$3.9	-\$39.0	-\$8.0	\$756
Other Titles	\$4.0	+\$1.9	+1.7	+\$4.1	\$8.1
Total	\$973	-\$17.9	-\$51.9	-\$16.5	\$956

* HR 2642, the "Agricultural Act of 2014" as reported out of Conference on January 27, 2014 passed the House on January 29, 2014 by a 251-166 vote, passed the Senate on February 4, 2014 by a 68-32 vote, and was signed by the President on February 7, 2014.

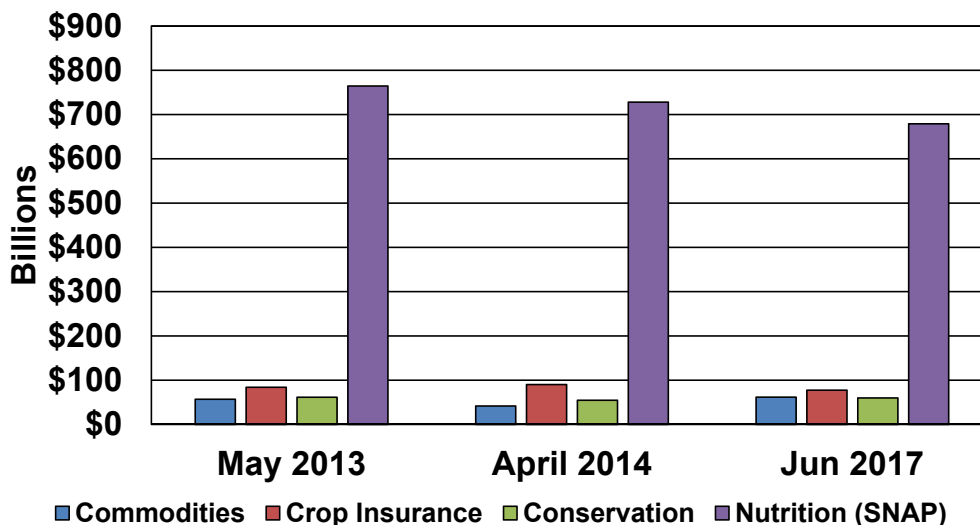
Farm Bill Budget

- ◆ Big 4 account for 99% of spending
 - Commodities
 - Crop Insurance
 - Conservation
 - Nutrition (Supplemental Nutrition Assistance Program)
- ◆ Everything else fits in the 1%
 - Trade
 - Credit
 - Rural Development
 - Research, Extension, and Related Matters
 - Forestry
 - Energy
 - Horticulture
 - Miscellaneous



The Budget Challenge

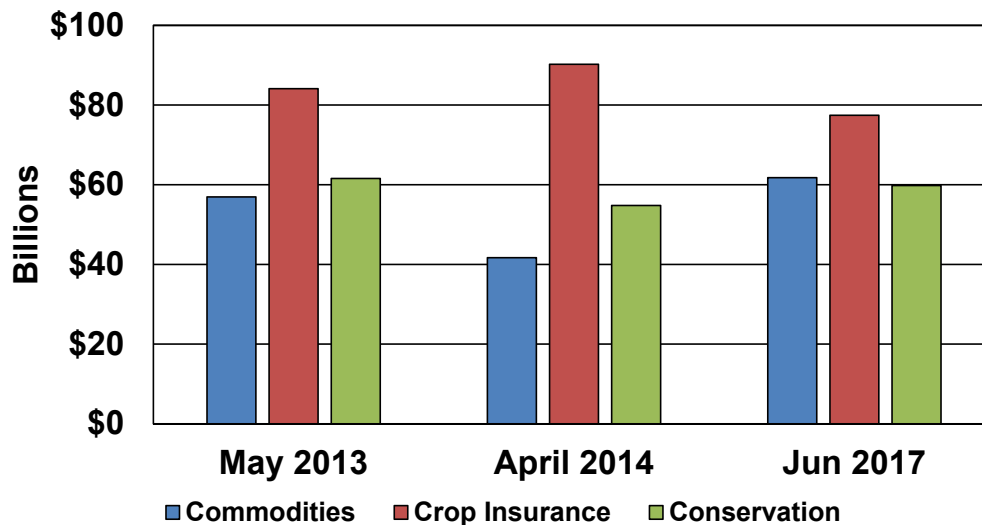
Government Spending – 10-Year Baseline Projections



Source: CBO

The Budget Challenge

Government Spending – 10-Year Baseline Projections



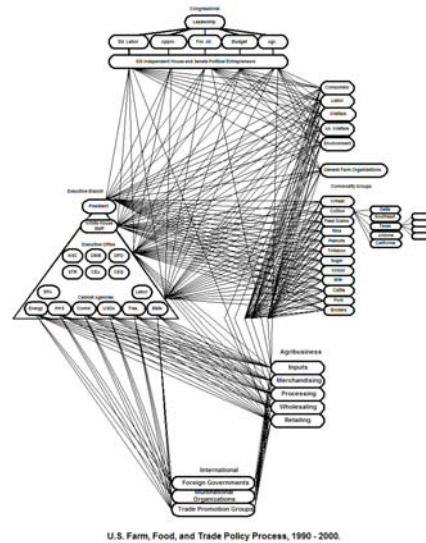
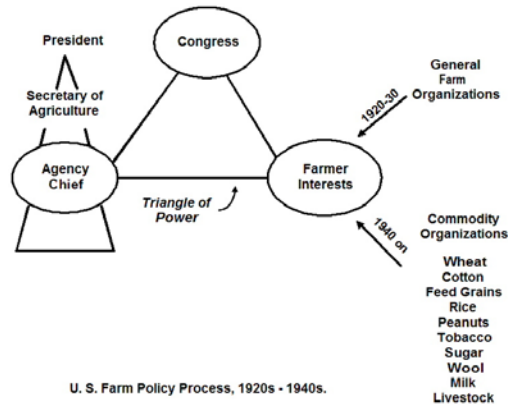
Source: CBO

The Trade Setting

- ◆ WTO negotiations
 - Uruguay Round commitments
 - Doha Round/Post-Doha negotiations
 - 2001 – present
 - Limited progress
 - Focus
 - Domestic supports
 - Export competition
 - Market access
- ◆ WTO dispute settlement
 - Brazil-U.S. cotton case
- ◆ Regional and bilateral trade agreements
 - TPP – withdrawn
 - TTIP
 - Continued negotiations
 - Brexit issues
 - NAFTA – renegotiation
 - KORUS – renegotiation
 - Bilateral negotiations
 - General uncertainty for the trade policy outlook

The Political Setting

The Policy Development Process



The Political Setting

The Ag Committees

Senate Ag Committee

CHAIRMAN

Pat Roberts, KS

Thad Cochran, MS
 Mitch McConnell, KY
 John Boozman, AR
 John Hoeven, ND
 Joni Ernst, IA
 Charles Grassley, IA
 John Thune, SD
 Steve Daines, MT
 David Perdue, GA

Deb Fischer, NE

RANKING MEMBER

Debbie Stabenow, MI
 Patrick Leahy, VT
 Sherrod Brown, OH
 Amy Klobuchar, MN
 Michael Bennet, CO
 Kirsten Gillibrand, NY
 Joe Donnelly, IN
 Heidi Heitkamp, ND
 Robert P. Casey, Jr., PA
 Tina Smith, MN

House Ag Committee

CHAIRMAN

K. Michael Conaway, TX-11
 Glenn Thompson, PA
 Bob Goodlatte, VA-06
 Frank Lucas, OK-03
 Steve King, IA-04
 Mike Rogers, AL-03
 Bob Gibbs, OH-07
 Austin Scott, GA-08
 Rick Crawford, AR-01
 Scott DesJarlais, TN-04
 Vicky Hartzler, MO-04
 Jeff Denham, CA-10
 Dough LaMalfa, CA-01
 Rodney Davis, IL-13
 Ted Yoho, FL-03
 Rick Allen, GA-12
 Mike Bost, IL-12
 David Rouzer, NC-07
 Ralph Abraham, LA-05
 Trent Kelly, MS-01
 James Comer, KY-01

Roger Marshall, KS-01

Don Bacon, NE-02

John Faso, NY-19
 Neal Dunn, FL-02
 Jodey Arrington, TX-19

RANKING MEMBER

Collin Peterson, MN-07
 David Scott, GA-13
 Jim Costa, CA-16
 Timothy Walz, MN-01
 Marcia Fudge, OH-11
 Jim McGovern, MA-02
 Filemon Vela, TX-34
 Michelle Lujan Grisham, NM-01
 Ann Kuster, NH-02
 Rick Nolan, MN-08
 Cheri Bustos, IL-17
 Sean Maloney, NY-18
 Stacy Plaskett, VI-At Large
 Alma Adams, NC-12
 Dwight Evans, PA-02
 Al Lawson, Jr., FL-05
 Jimmy Panetta, CA-20
 Tom O'Halleran, AZ-01
 Darren Soto, FL-09
 Lisa Blunt Rochester, DE-At Large

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

Farm Bill Directions

- ◆ **Farm income safety net has evolved over time**
 - Price support and supply control
 - Income support tied to price and revenue
 - Risk management
- ◆ **Future program components**
 - Crop insurance as the foundation
 - Revenue safety net or price safety net
 - Underlying marketing loan
 - Supplemental crop insurance
 - Disaster assistance
 - No fixed, direct payments

2014 Farm Bill Overview

- ◆ Commodities
- ◆ Conservation
- ◆ Trade
- ◆ Nutrition
- ◆ Credit
- ◆ Rural Development
- ◆ Research, Extension, and Related Matters
- ◆ Forestry
- ◆ Energy
- ◆ Horticulture
- ◆ Crop Insurance
- ◆ Miscellaneous



Farm Bill Overview

- ◆ Title I: Commodities
 - Baseline spending reduced from \$58.8 to \$44.5 billion (24% reduction) over FY2014-2023
 - ARC and PLC replace ACRE and DCP
 - Cotton transitions to crop insurance
 - Sugar remains status quo
 - DMPP replaces MILC
 - Disaster assistance receives permanent authorization and funding
 - Payment limits and eligibility limits adjusted with more debate to come

Farm Bill Overview

- ◆ Title II: Conservation
 - Baseline spending reduced from \$61.6 to \$57.6 billion (6.5% reduction) over FY2014-2023
 - Portfolio of programs streamlined
 - Major programs/categories
 - CRP
 - Working lands programs
 - Easement programs
 - Partnership programs
 - Conservation compliance extended to crop insurance

Farm Bill Overview

- ◆ Title III: Trade
 - Baseline spending increased from \$3.4 to \$3.6 billion over FY2014-2023
 - Reauthorization for standing programs
 - Food for Peace and other food aid
 - Export Credit Guarantee program
 - Market Access Program
 - Foreign Market Development Program
 - Reorganization of trade functions at USDA

Farm Bill Overview

◆ Title IV: Nutrition

- Baseline spending reduced from \$764 to \$756 billion (1% reduction) over FY2014-2023
- SNAP provision adjustments
 - LIHEAP
 - Other eligibility and benefit impacts
- Other major programs
 - TEFAP
 - CSFP
 - USDA food distribution to schools

Farm Bill Overview

◆ Title V: Credit

- Reauthorization of standing programs with relatively minor changes
- Major programs
 - Farm ownership loans
 - Farm operating loans
 - Emergency loans
 - Beginning farmer programs

Farm Bill Overview

- ◆ Title VI: Rural Development
 - Partially restores disappearing baseline, increasing projected spending from \$13 million to \$241 million over FY2014-2023
 - Reauthorization of standing programs at generally reduced funding levels
 - Major programs
 - Rural infrastructure and community development loans and grants
 - Value-added agriculture and business development grants

Farm Bill Overview

- ◆ Title VII: Research, Extension, and Related Matters
 - Largely restores disappearing baseline and expands funding with increase in projected spending from \$111 million to \$1.26 billion over FY2014-2023
 - Reauthorization of standing programs with increased emphasis on competitive grants
 - Major new investments
 - Organic agriculture
 - Specialty crops
 - Beginning farmers and ranchers
 - Foundation for Food and Agriculture Research

Farm Bill Overview

- ◆ Title VIII: Forestry
 - Minor spending title with total of \$13 million projected spending over FY2014-2023
 - Repeal of some expired, unfunded programs
 - Reauthorization of forest reserve as a discretionary program
 - Creation of a new forest stewardship program similar to previous program
 - Other forest management provisions

Farm Bill Overview

- ◆ Title IX: Energy
 - Largely restores disappearing baseline and expands some areas of funding with projected spending increasing from \$243 million to \$1.1 billion
 - Reauthorization and expansion of portfolio of programs
 - Biobased product marketing and manufacturing assistance programs (including advanced biofuels)
 - Renewable energy loan and grant program
 - Biomass crop assistance program

Farm Bill Overview

◆ Title X: Horticulture

- Increased baseline funding from \$1.1 billion to \$1.8 billion over FY2014-2023
- Reauthorizes and expands programs
 - Specialty crop block grants, research, and promotion
 - Organic agriculture
 - Pest and disease management
- Programs in other titles also benefit horticulture and specialty crop producers

Farm Bill Overview

◆ Title XI: Crop Insurance

- Increased funding from \$84.1 to \$89.8 billion (6.8% increase) over FY2014-2023
- Basic crop insurance provisions permanently authorized in separate legislation
- New programs
 - SCO
 - STAX for cotton
- Selected new provisions and policies
 - Irrigated/nonirrigated enterprise units
 - APH adjustments
 - CAT revisions
 - Beginning farmer premium support
 - Organic price
 - Conservation compliance (in Title II) and Sod Saver (in Title XI)

Farm Bill Overview

◆ Title XII: Miscellaneous

- Authorized provisions
 - Livestock
 - Animal health
 - National Sheep Industry Improvement Center
 - Catfish inspection
 - Socially disadvantaged and limited-resource producers
 - Includes military veteran farmers and ranchers
 - Outreach and technical assistance
 - Other programs
 - NAP improvements
 - Veterans liaison within USDA
 - Office of Tribal Relations within USDA
 - Oilheat
 - Extends separate National Oilheat Research and Alliance Act of 200 until 2019
 - Includes renewable fuel research