

Farm Policy A Washington View

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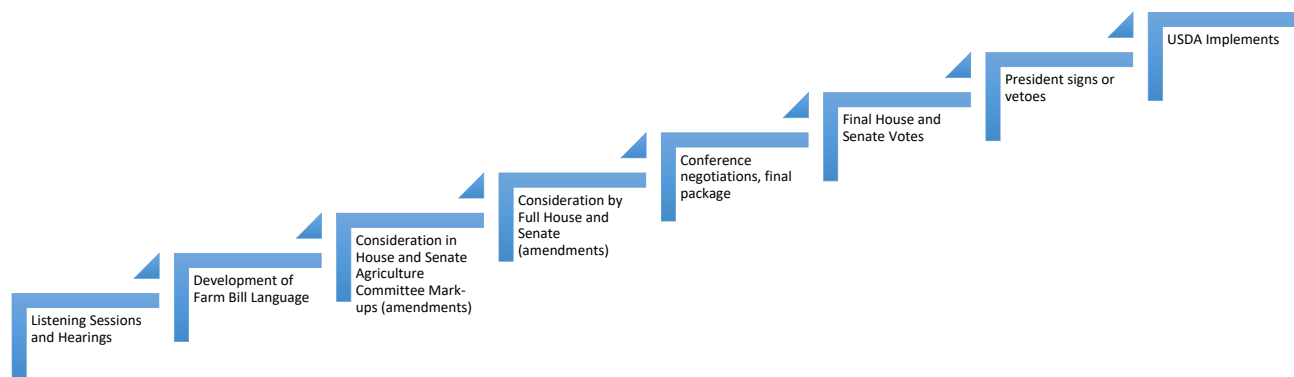
On the Docket

- 2018 Budget
- 2018 Appropriations
- Debt Ceiling
- Tax Reform
- Health Care Reform??
- Farm Bill

2018 Budget/ Appropriations

- President Trump released “Skinny” Budget week of March 13th, cuts discretionary non-defense spending to pay for increase in defense spending. Ag cuts of \$4.7 billion or 21%
- Detailed Trump budget released in May. Includes proposals to eliminate HPO subsidy, means test (AGI) at \$500,000, premium subsidy cap at \$40,000.
- House Budget includes cut to SNAP of \$10 billion over 10 years. Senate Budget includes no cuts to agriculture. House adopts Senate version.
- House and Senate Appropriators have completed FY 2018 Ag spending bill through Full Committee. House passed Ag. spending bill on the floor as part of minibus. No cuts to crop insurance included in House or Senate versions. Currently under Continuing Resolution through December 8th.

The Farm Bill Process



We Are In The First Stage

- Hearings started in February with a House Full Committee hearing in DC and a Senate field hearing in Manhattan, KS on 2/23.
- House Agriculture Committee has held multiple hearings, one field hearing (FL) with five other field hearings schedule to date (TX, MN, CA, IL & NY).
- Chairman Conaway has stated he wants to finish before 2014 Farm Bill expires in September 2018. Chairman Roberts has stated similar completion goal.

Where the Money Went 2008 & 2014 Farm Bill

| \$ in millions | | |
|----------------|----------|-----------|
| | 2008 | 2014 |
| Commodity | -\$1,658 | -\$14,300 |
| Conservation | \$4,000 | -\$4,000 |
| Nutrition | \$9,218 | -\$8,000 |
| Research Title | -\$907 | \$1,100 |
| Energy | \$836 | \$879 |
| Specialty Crop | \$938 | \$694 |
| Crop Insurance | -\$5,591 | \$5,700 |
| TOTAL | -\$107 | -\$16,600 |

CBO Score at Time of Passage

2008 & 2014 Farm Bill Spending At Time of Passage

| \$ in billions | 2008 | 2014 |
|--------------------|---------|---------|
| Total | \$604.1 | \$956.4 |
| Nutrition | \$406.3 | \$756.4 |
| Crop Insurance | \$47.2 | \$89.8 |
| Conservation | \$54.7 | \$57.6 |
| Commodity Programs | \$85.5 | \$44.5 |
| All Other | \$10.4 | \$8.1 |

CBO Score at Time of Passage

CBO Baseline 2017

| \$ in millions Outlays by FY | 2017 | 2018 | 2019 | 2020 | 2021 | 5 YR Total 2018-2022 | 10 YR Total 2018-2027 |
|---------------------------------|---------|---------|---------|---------|---------|-------------------------|-----------------------------|
| ARC | \$5,965 | \$3,829 | \$2,948 | \$1,994 | \$508 | \$9,695 | \$12,171 |
| PLC | \$2,090 | \$3,772 | \$2,894 | \$2,462 | \$4,952 | \$17,874 | \$39,093 |
| Commodity Total | \$8,640 | \$8,478 | \$6,449 | \$4,843 | \$6,701 | \$31,913 | \$61,763 |
| Conservation | \$4,738 | \$5,225 | \$5,685 | \$5,998 | \$5,976 | \$28,864 | \$59,804 |
| Crop Insurance | \$3,471 | \$7,085 | \$7,204 | \$7,501 | \$7,850 | \$37,608 | \$77,418 |

Likely Commodity Title Issues

- ARC/PLC
 - ARC CO equity issues
- Cotton Policy
- Generic Base & Peanuts
- Dairy

Likely Conservation Title Issues

- Conservation Reserve Program
- Conservation Stewardship Program

2008 & 2014 Farm Bill Key Crop Insurance Changes

| 2008 | 2014 |
|--|-------------------------|
| A&O Reimbursement Cut including area plans | SCO |
| Timing Shifts | STAX |
| Renegotiate the SRA | YE |
| Change in Enterprise/ Whole farm unit assistance | SRA Sideboards |
| Definition of organic crop | Sod-saver |
| Sod-saver | Conservation Compliance |
| Controlled business | Crop Margin Coverage |
| | Re-rate CAT |
| | Coverage by practice |
| | Weather Index insurance |

Key Amendments 2014 Floor Debate

- Wins During 2014 Farm Bill Debate
 - 26-70 -- Gillibrand (D-NY) amendment to cap A&O payments at \$924 million and cap rate of return at 12%
 - 188-234 -- McGovern (D-MA) amendment to cap A&O at \$900 million and cap rate of return at 12%
 - 174-252: Carney (D-DE) amendment to strike (SRA) protections
 - 208-217 -- Kind (WI) amendment to require \$250,000 means test, \$50,000 premium discount cap, cap A&O at \$900 million, cap rate of return at 12%
- Losses During 2014 Farm Bill Debate
 - 59-33 -- Durbin (D-IL) amendment to require \$750,000 means test
 - 66-33 -- Durbin (D-IL) amendment to require \$750,000 means test

Expected Crop Insurance Policy Questions Next Farm Bill

- Viability of STAX
- Level of Premium Assistance
 - AGI
 - Premium subsidy caps
 - Revenue insurance
 - Assistance capitalized into land values/ rents hurts small and/ or beginning farmers
- Conservation Compliance
 - Tying conservation practices to crop insurance premium rates or subsidy structure
- New coverages/ plans of insurance

Thank You!