

MINUTES

PROGRAM CROPS & RISK MANAGEMENT FARM BILL WORKING GROUP

KENTUCKY FARM BUREAU FEDERATION

January 31, 2017

The Kentucky Farm Bureau Program Crops & Risk Management Farm Bill Working Group met on January 31, 2017 at the Hardin County Farm Bureau in Elizabethtown, Kentucky.

Attending the meeting were: Larry Thomas, Fred L. Sipes and Tom Miller, Kentucky Soybean Association; Eddie Melton, KFB 1st Vice President; Kim McCoy, Burkesville; Larry B. Jagers II, Glendale; John W. McCauley and Sarah Love, Kentucky Department of Agriculture; Randy Smallwood and Steve Blandford, USDA-NRCS; Mike Hoyf, Debbie Beehn, Felicia Harper and Amanda Robertson, USDA-Farm Service Agency; Dr. Will Snell and Dr. Todd Davis, University of Kentucky College of Agriculture CAFE; and Joe Cain, Ed McQueen, Stacy Sipes and Tim Thornberry, Kentucky Farm Bureau Federation.

The meeting was called to order at 10:00 a.m. EST by Larry Thomas, Chair. Following a welcome by Hardin County Farm Bureau President, Larry B. Jagers II, introductions were made. Mr. McCauley briefed the committee on Ag Commissioner Quarles' interest in the next Farm Bill, especially related to trade. Commissioner Quarles will chair the February 16 meeting of KFB's Farm Bill Trade Working Group at the Kentucky Exposition Center. Mr. Cain reported that the Farm Bureau Presidents Panel will be held for a second year at the National Farm Machinery Show on February 17.

Mr. Melton provided a brief review of the process, timeline and goals of the KFB Farm Bill Working Group and how each of the eight smaller working groups will contribute.

Mr. Thomas reviewed relevant farm program policy approved by the Kentucky Soybean Association at its January annual meeting. He listed their top priority as having accurate county yield estimates for calculation of ARC-CO payments.

The group discussed issues surrounding adjustment of base acres. Some states will resist any change or reallocation of base acres. The lack of base is a problem for areas where lands have been converted to crops and for young and beginning farmers. FSA was asked if they could provide base acres by county; FSA thought they could. Also noted were cotton farmers' demands for a better deal than they have in the current 2014 Farm Bill.

Crop insurance issues were discussed. Mr. Melton said that farmers tell him that maintaining the crop insurance program is more important than base acres and other elements of the farm program. Mr. Cain discussed some challenges crop insurance may face: 1) premium subsidy rate; 2) compensation to crop insurance companies and their agents; 3) possible limits on crop insurance indemnity payments; and 4) members of Congress wanting to cut spending on farm programs including crop insurance. He also compared the number of urban and rural Congressional Districts. Census data from the 114th Congress shows 34 Districts are rural and 195 Districts are 95 percent or more

urban. Mr. McCauley further expanded on the “urban vs rural” nature of Congress. He showed how New York City, Los Angeles County and Chicago combined representation in Congress balances out the non-urban representation of eight Southern States. The group discussed the relationship between the nutrition and farm titles of the Farm Bill. Mr. Melton mentioned that the overall Farm Bill Working Group agreed in November that it would be best to keep nutrition and the farm titles together.

Dr. Todd Davis, UK, made a presentation on Kentucky’s ARC-CO payments for 2014, 2015 and 2016 (his projections). Projections for 2017 indicate corn payments will be below \$10/acre due to declining Olympic price averages. He expects 2018 payments will be zero. He showed similar maps for soybeans. If prices rise, it will take time (up to 3 years) to get the Olympic average price back up to provide significant ARC-CO payments. Thus, producers may prefer the PLC program – unless PLC prices were lowered to reduce its attractiveness. Dr. Davis also pointed out the problem with payment timing – payments are made after the end of marketing year rather than nearer the time of the crop failure.

The group discussed how county crop yields are determined by NASS, depending on producer surveys which have seen a declining response rate. The group discussed how RMA data should be more accurate and it would be desirable for USDA to coordinate the two data sources to improve accuracy of county yield determination as it affects ARC-CO payments. Payments are affected by not only the accuracy of the current year’s “county yield”, but also the accuracy of the past five years’ yields as they impact the “Olympic average yield.”

The group discussed the “farm savings account” concept. It provides a tool that’s based on an individual farmer’s situation. Getting it approved is challenged by its effect on federal revenue.

Groups seeking major changes for the next Farm Bill include dairy and cotton.

Mr. McCauley spoke on the Kentucky Department of Agriculture’s Farm Bill priorities: county yield data accuracy, Title III – Trade, the hemp research pilot program, and new and beginning farmers. He stressed how Kentucky has the potential to influence the Farm Bill through Senator McConnell, Congressman Comer being on the Ag Committee, and Commissioner Quarles being the Communications Chair at NASDA.

USDA-FSA staff reviewed various programs they offer. Ms. Amanda Robertson discussed the New & Beginning Farmer Program, saying that emphasis on the program has increased with a larger share of various USDA programs serving those new farmers. Mr. Mike Hoyf discussed USDA Loan Programs which includes 90% guarantees through private lenders and 100% direct loans. He responded to a question about additional challenges that Beginning Farmer Loans applicants face due to environmental, archaeological and other studies, which often cost thousands of dollars. For 2016, USDA provided 1700 loans worth \$177 million, including 985 Beginning Farmer loans valued at \$95 million. The caps on direct loans are \$300,000 for operating funds and \$300,000 for farm ownership (combined \$600,000). Participation and direct loans are capped at approximately \$1.6 million. Delinquency rates are a low 1.4 to 3.0 percent. Getting adequate USDA funding for these loan programs is important.

In response to a question by Mr. Melton regarding FSA changing acreage reporting dates, Ms. Debbie Beehn, explained the reasoning is to align their dates with RMA dates.

Ms. Felicia Harper, FSA, stressed the importance of getting information correct on Form 578. She also said they would work on providing the county base acre data discussed earlier.

Mr. Randy Smallwood, NRCS, discussed conservation compliance in Kentucky. During the past year, 770 tracts were checked with around 50 of them receiving some type of variance and given a year to correct the problem. Less than ten percent of these landowners were uncooperative. Overall, compliance has improved in recent years. Mr. Steve Blanford said there were 110-115 farms seeking wetland determinations covering about 5000 acres. There were not many violations.

Mr. Melton thanked the agency representatives for participating and providing valuable information. He said at some point the various working groups will come together to present their ideas or recommendations and develop overall Farm Bill goals for Kentucky agriculture to pursue in Congress. He asked attendees to provide any new topics or ideas that need researched or presentations made. The meetings are open and more producer feedback/input is welcomed. Another meeting will be scheduled – possibly in early March.

The group agreed on these topics for further discussion:

- 1) Protect the current crop insurance program as the main safety net – this is a priority!
- 2) Ensure accurate ARC/PLC payment rates by improving county yield estimates by getting USDA to coordinate NASS and RMA data.
- 3) Ensure producers, including new and beginning farmers, have the opportunity to re-enroll in the programs included in the new Farm Bill.
- 4) Should program participants have the option to change their program choice during the life of the Farm Bill?
- 5) Agricultural Credit: adequate funding for loans, including for new and beginning producers.
- 6) Keep nutrition title and farm program titles together in the Farm Bill legislation.
- 7) Payment methodology (including Olympic averages) and timing.
- 8) Update base acres and/or reallocation of current base acres.
- 9) Research and education funding.
- 10) Statement supporting conservation compliance for program participation.

There being no further business, the meeting was adjourned.

Recorded by: Ed McQueen
Kentucky Farm Bureau