Farm Bill History & Background

The House Agriculture Committee reported out of committee, HR 2, the ***Agriculture & Nutrition Act of 2018*** (Farm Bill) by a vote of 26-20. The bill now goes to the full House of Representatives for consideration as early as later this week, with hopes for floor action in early May. The current farm bill expires September 30, 2018, and Congress hopes to complete work on a new farm bill before that date.

The farm bill is the primary law that governs an array of agricultural and food programs. Farm programs basically are written to provide a basic agricultural safety net to help offset bad economic times and severe weather. No one buys insurance for the good times, and similarly, farm bill programs provide critical tools to help farmers manage risk. Farm Bureau is deeply engaged with Congress to develop the most effective farm bill programs to help American farmers face future challenges.

The Agricultural Act of 2014, the current farm bill, was enacted in February 2014. The Agricultural Adjustment Act of 1933 is commonly referred to as the first farm bill and coupled with provisions in the Agricultural Act of 1949, are referred to as permanent law. Each farm bill since 1949 is considered a suspension of permanent law and reauthorization of programs rather than repeal and complete replacement of existing farm programs. With that in mind, Kentucky Farm Bureau coordinated a series of Farm Bill Discussion Groups to review the current farm bill and submit recommendations to Congress on program priorities. HR 2, maintains the basic structure of the current farm bill, and includes a majority of Farm Bureau's program recommendations.

DISCUSSION POINTS:

- HR 2 will provide much needed certainty for farmers
  - The bill improves Title 1 Commodity Programs including utilizing more reliable data for the ARC program and improving dairy programs under the new Dairy Risk Management Program
  - This bill protects key features of the federal crop insurance program that is fair and fiscally responsible
  - The EQIP program that helps landowners implement environmentally sound best management practices is reauthorized and strengthened
  - Trade is critical to expand markets and increase profitability for farmers and important trade programs such as the Market Access and Foreign Market Development Programs are fully reauthorized.
  - America's investment in agriculture through the farm bill helps secure our domestic food supply and keep our country strong while consumers get the benefits of quality, affordable food.
- Individuals and families own more than 98 percent of US farms and produce about 86 percent of US food and fiber. Farmers can do more good for the environment than anybody else and the farm bill helps empower them to do just that.

- The 2018 farm bill presents an opportunity for Congress to respond to sharp declines in farm prices and farm income. Net farm income has dropped 50 percent in the last four years representing the largest four-year percentage since the Great Depression.
- This farm bill is fiscally responsible
  - The Congressional Budget Office (CBO) projects the House bill would cost $867 billion over the next 10 years. That is $90 billion less than the 2014 farm bill over a 10-year period.
  - This savings follows the $23 billion in cuts made in the 2014 farm bill.
  - The food and agriculture sector supports more than 21 million US jobs and contributed $992 billion to US gross domestic product in 2015.
  - Agriculture and its related industries is the single largest US manufacturing sector, representing 11 percent of all US jobs.

Agriculture & Nutrition Act of 2018: Highlights

- **Crop Insurance is maintained**
  - Cuts to crop insurance program are administrative only, no cuts to subsidies or elimination of harvest price option.
  - Changes the definition of beginning farmer and rancher from 5 years to 10 years, but only for Whole Farm Revenue policies.
  - Limits the single year drop in APH to 10 percent.
- **Commodity programs are modified**
  - Producers are allowed to make a new election between ARC and PLC
  - ARC is strengthened by using actual yields collected by RMA; by separately calculating revenues for dryland and irrigated lands; and by using the physical county of the farm when determining ARC benefits.
  - PLC is strengthened by allowing reference prices to adjust when markets improve and by allowing farmers affected by long-term drought to update yields.
  - The Dairy Margin Protection Program (DMPP) is transitioned to the Dairy Risk Management (DRM) program with feed costs studied to ensure accuracy within DRM. Producers can participate in both the DRM and Livestock Gross Margin (LGM-Dairy) program but not on the same milk production. Premiums for Tier 1 premium coverage are reduced. The coverage level and coverage percentage election is binding for the life of the farm bill. Coverage percentages can range from 0% to 90% in 5% increments.
- **Conservation program changes**
  - EQIP is maintained and strengthened with increased funding to more than $3 billion per year over the life of the farm bill. Merges the traditional EQIP program with CSP.

  - CRP acreage will be increased from 25 to 29 million acres over the life of the farm bill while capping rental rates and targeting acreage toward the most fragile lands.
  - Does include some language on expanding the list of practices available for water conservation and irrigation efficiency and creates the authority for new stewardship contracts of 5 to 10-year terms within EQIP for the purposes of payments for practices that target locally identified priority resource concerns.
  - Continues $450,000 payment limit for all contracts during 5-year term of farm bill.
- **Trade is maintained**
  - Maintains the program purposes of the Market Access Program (MAP), the Foreign Market Development Program (FMD), the Technical Assistance for Specialty Crops (TASC) and the Emerging Markets Program (EMP) merging them under the single umbrella of an International Market Development Program. Funding of no less than $200 million for MAP, no less than $34.5 million for FMD, $10 million for EMP and $9 million for TASC is provided.
- **Research and Extension**
  - HR 2 streamlines the plan of work, application time and reporting process for land grant formula funds. Provides full funding for the Specialty Crop Research Initiative and increases funding for the Organic Agriculture Research and Extension Initiative.
  - Foundation for Food and Agriculture Research are not reauthorized.
  - The USDA Office of Pest Management Policy will continue funding of $3 million annually.
- **Energy**
  - The Energy Title is eliminated in HR 2 with most provisions rolled into the Rural Infrastructure and Economic Development Title
  - The Rural Energy for America Program (REAP) is reauthorized at $45 million per fiscal year.
- **Rural Infrastructure and Economic Development**
  - Substantial appropriations for rural broadband that would establish forward-looking broadband standards for quality long-term service.
- **Credit**
  - Lending programs are authorized that address the challenges faced by beginning farmers and ranchers to add flexibility to the loan eligibility requirement for the farm ownership loans.
- **Miscellaneous**
  - A new National Animal Disease Preparedness and Response Program is established with the bill creating a new US-only vaccine bank with priority for stockpiling Foot-and-Mouth Disease vaccine and provides for the enhancement of the National Animal Health Laboratory Network.