

Farm Bill Details and Decisions

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The 2014 Farm Bill

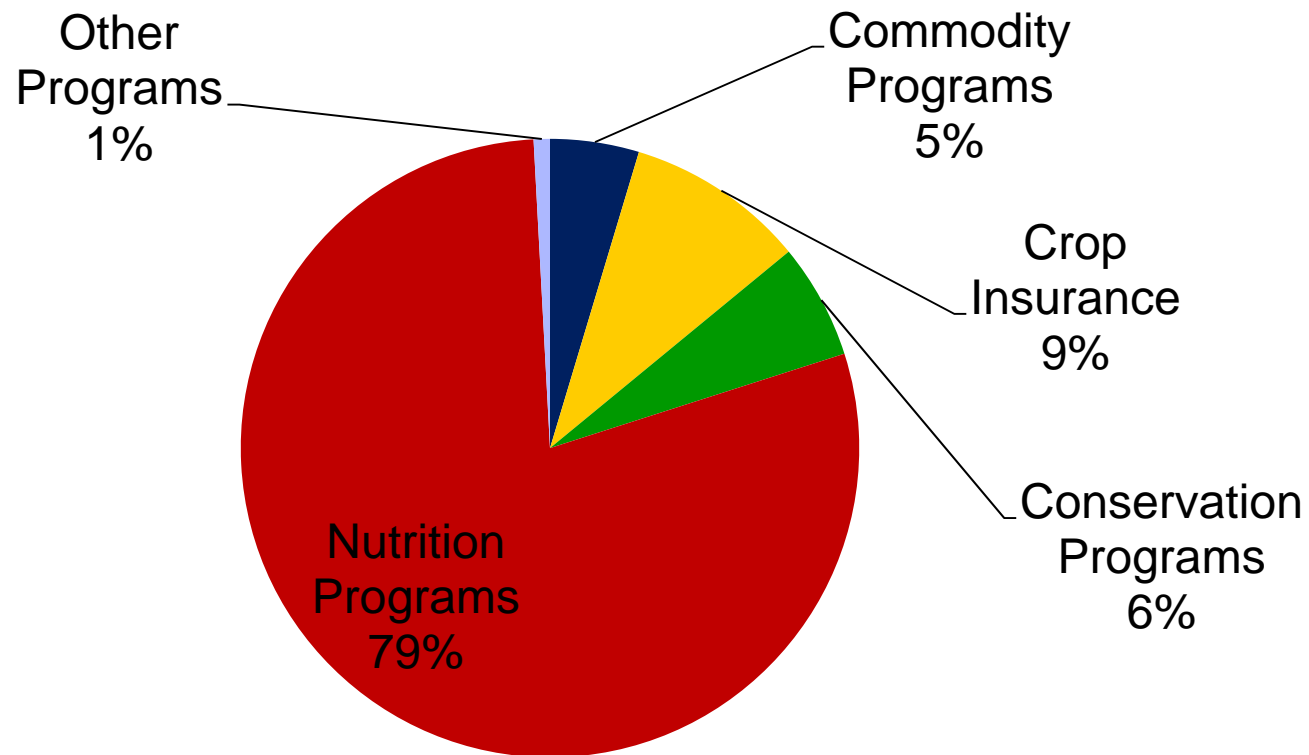
More than Just the Farm

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



Farm Bill Budget

Projected Spending, FY2014-2023



* 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

Area	Updated 2014-2023 Baseline	Senate Proposal (S954)	House Proposal (HR1947/3102)	Agricultural Act of 2014 (HR2642)*
Commodities	\$58.8 billion	-\$17.4 billion	-\$18.7 billion	-\$14.3 billion
Crop Insurance	\$84.1 billion	+\$5.0 billion	+8.9 billion	+5.7 billion
Conservation	\$61.6 billion	-\$3.5 billion	-\$4.8 billion	-\$4.0 billion
Nutrition (SNAP)	\$764 billion	-\$3.9 billion	-\$39.0 billion	-\$8.0 billion
Total	\$973 billion	-\$17.9 billion	-\$51.9 billion	-\$16.5 billion

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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 direct payments

Farm Bill Details and Decisions

- ◆ Commodity programs
 - I-ARC vs. C-ARC vs. PLC
 - Base acreage update
 - Payment yield update
 - Dairy margin protection
- ◆ Crop insurance
 - SCO
 - STAX
- ◆ Disaster assistance
- ◆ Conservation
 - CRP enrollment/expiration
 - Voluntary programs
 - Conservation compliance for crop insurance
 - Sodsaver provisions for the Northern Plains states
- ◆ Other programs
 - Rural development
 - Horticulture/specialty crops
 - Beginning farmer programs

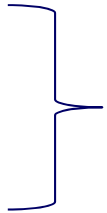
Farm Bill Safety Net Commodity Program Decisions


- ◆ I-ARC vs. C-ARC vs. PLC
 - One-time decision for 2014-2018 for all producers on a farm (FSA farm)
 - I-ARC covers participant share of all farms enrolled in I-ARC
 - C-ARC or PLC elected on a crop-by-crop basis for each farm
- ◆ Base acreage update
 - Option to reallocate base acreage based on 2009-2012 planted/prevented planted acreage
 - not to exceed total existing base acres
 - not to exceed actual cropland acres on the farm
- ◆ Payment yield update
 - Option to update payment yields to 90% of 2008-2012 yield on a crop-by-crop basis for farms enrolled in PLC
 - Affects payments only under PLC


Base Acreage Update (Reallocation)

- ◆ Farm's cotton base is now called "Generic Base."
- ◆ Farm's other program crop bases can be retained or reallocated in a one-time election
 - Retain base acres as of September 30, 2013, or
 - Reallocate base acres excluding generic base acres
- ◆ Reallocation
 - Based on the proportion of 2009-2012 average of acres planted and prevented planted of covered commodities
 - Not to exceed 2013 total base excluding generic base

Base Reallocation: Nebraska Example

- 500 acre farm with 400 base acres in 2013
 - 200 acres corn base
 - 100 acres soybean base
 - 100 acres wheat base

400 acres of total crop base
- 2009-2012 program crop average acres
 - 250 corn acres (50%)
 - 250 soybean acres (50%)

Total of 500 acres > 400 base acres
- Reallocated bases
 - 200 acres corn base (50%)
 - 200 acres soybean base (50%)

400 acres of total crop base
- Landowner can decide to update (reallocate) base or retain existing base

Payment Yield Update

- ◆ Farm's program payment yields can be retained or updated in a one-time election
 - Retain program payment yields under the 2008 Farm Bill (as were in effect for the CCP program) or update payment yields
 - Update program payment yields to 90% of the average yields from 2008-2012
- ◆ Payment yields only apply to the PLC program, but option to update may be available to all program participants, regardless of ARC v PLC decision
 - Potential applicability to any program benefits in 2019 and beyond
- ◆ Landowner can decide to update payment yields or retain current payment yields

Yield Update Issues

- ◆ Ability to prove yields
 - Yields have not been required to be reported to FSA
 - Landowners of rented farms will need production information from tenants
 - All owners must agree

Farm Bill Safety Net

Price Safety Net

- ◆ Price Loss Coverage – PLC
 - Following House PLC proposal
 - Adaptation of current CCP program
 - Protects deep (and shallow?) losses below legislated reference (target) prices
 - Parameters
 - Corn = \$3.70/bushel
 - Soybeans = \$8.40/bushel
 - Sorghum = \$3.95/bushel
 - Wheat = \$5.50/bushel
 - Payment yields equal to existing CCP yields or updated payment yields
 - Payment on 85% of existing or updated base acres
 - Impact
 - Provides income support and risk management when price is near or below reference price
 - Protection level set at fixed reference price, creating potential long-term distortion of production/marketing decisions

Commodity Program Rates

Loan Rates and Reference Prices

Commodity	Loan Rates		Reference Prices	
	2010-2013	2014-2018	2010-2013	2014-2018
Wheat (bu)	\$2.94	\$2.94	\$4.17	\$5.50
Corn (bu)	\$1.95	\$1.95	\$2.63	\$3.70
Sorghum (bu)	\$1.95	\$1.95	\$2.63	\$3.95
Barley (bu)	\$1.95	\$1.95	\$2.63	\$4.95
Oats (bu)	\$1.39	\$1.39	\$1.79	\$2.40
Rice (cwt)	\$6.50	\$6.50	\$10.50	\$14.00
Soybeans (bu)	\$5.00	\$5.00	\$6.00	\$8.40
Other oilseeds (cwt)	\$10.09	\$10.09	\$12.68	\$20.15
Peanuts (ton)	\$355.00	\$355.00	\$495.00	\$535.00
Upland cotton (lb)	\$0.52	\$0.45-0.52	\$0.7125	-
Dry peas (cwt)	\$5.40	\$5.40	\$8.32	\$11.00
Lentils (cwt)	\$11.28	\$11.28	\$12.81	\$19.97
Small chickpeas (cwt)	\$7.43	\$7.43	\$10.36	\$19.04
Large chickpeas (cwt)	\$11.28	\$11.28	\$12.81	\$21.54

Calculating Program Payments

Price Loss Coverage

Price Loss Coverage Payment Rate

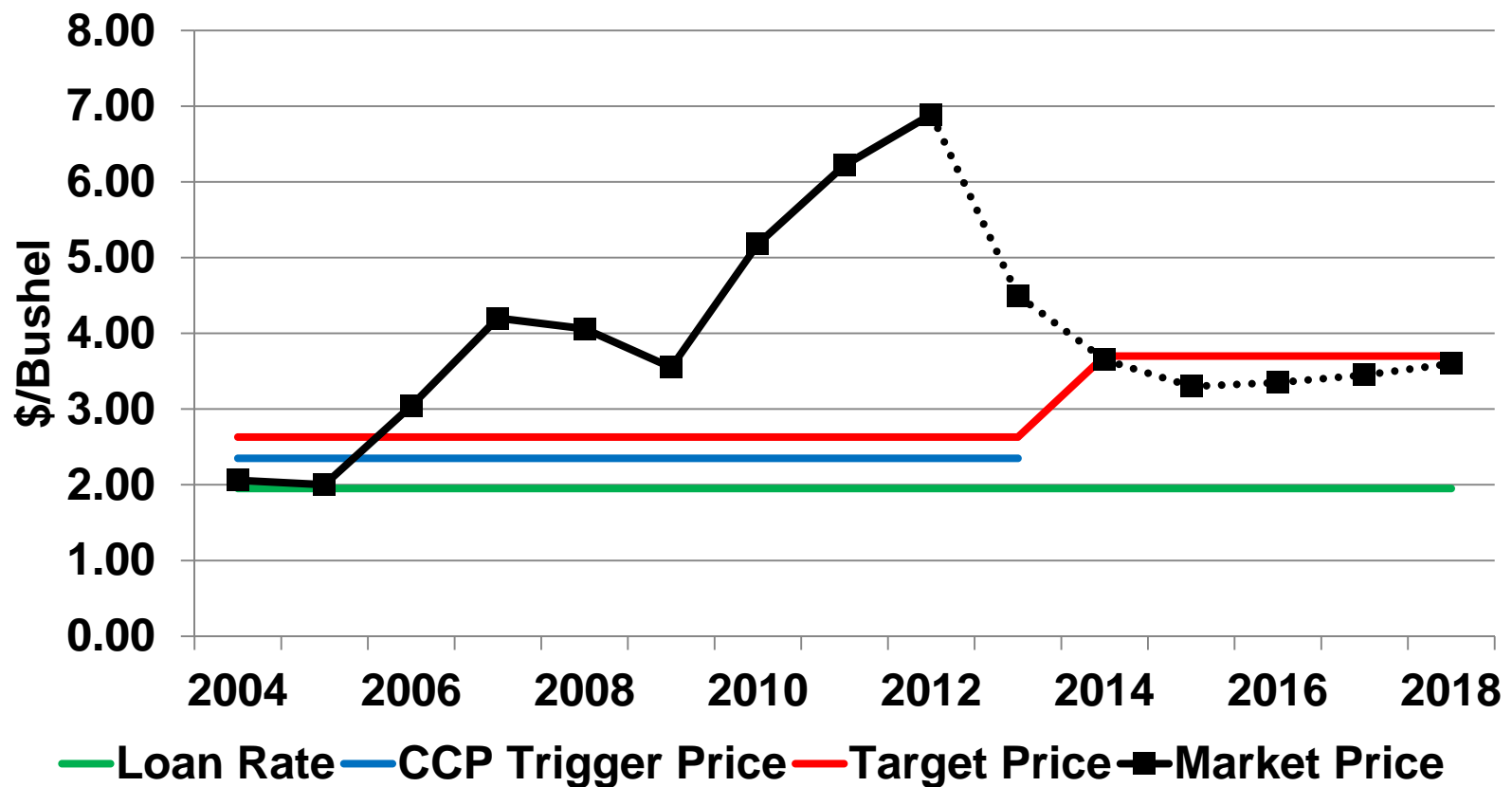
$$\text{MAX} \left(\frac{\text{reference price}}{\text{reference price}} - \text{MAX} \left(\frac{\text{national marketing year}}{\text{average price}}, \frac{\text{loan rate}}{\text{loan rate}} \right), 0 \right) = \frac{\text{PLC rate}}{\text{PLC rate}}$$

Price Loss Coverage Payment

$$\frac{\text{PLC rate}}{\text{PLC rate}} \times \frac{\text{payment yield}}{\text{payment yield}} \times \frac{\text{base acres}}{\text{base acres}} \times 85\% = \frac{\text{PLC payment}}{\text{PLC payment}}$$

Farm Income Safety Net

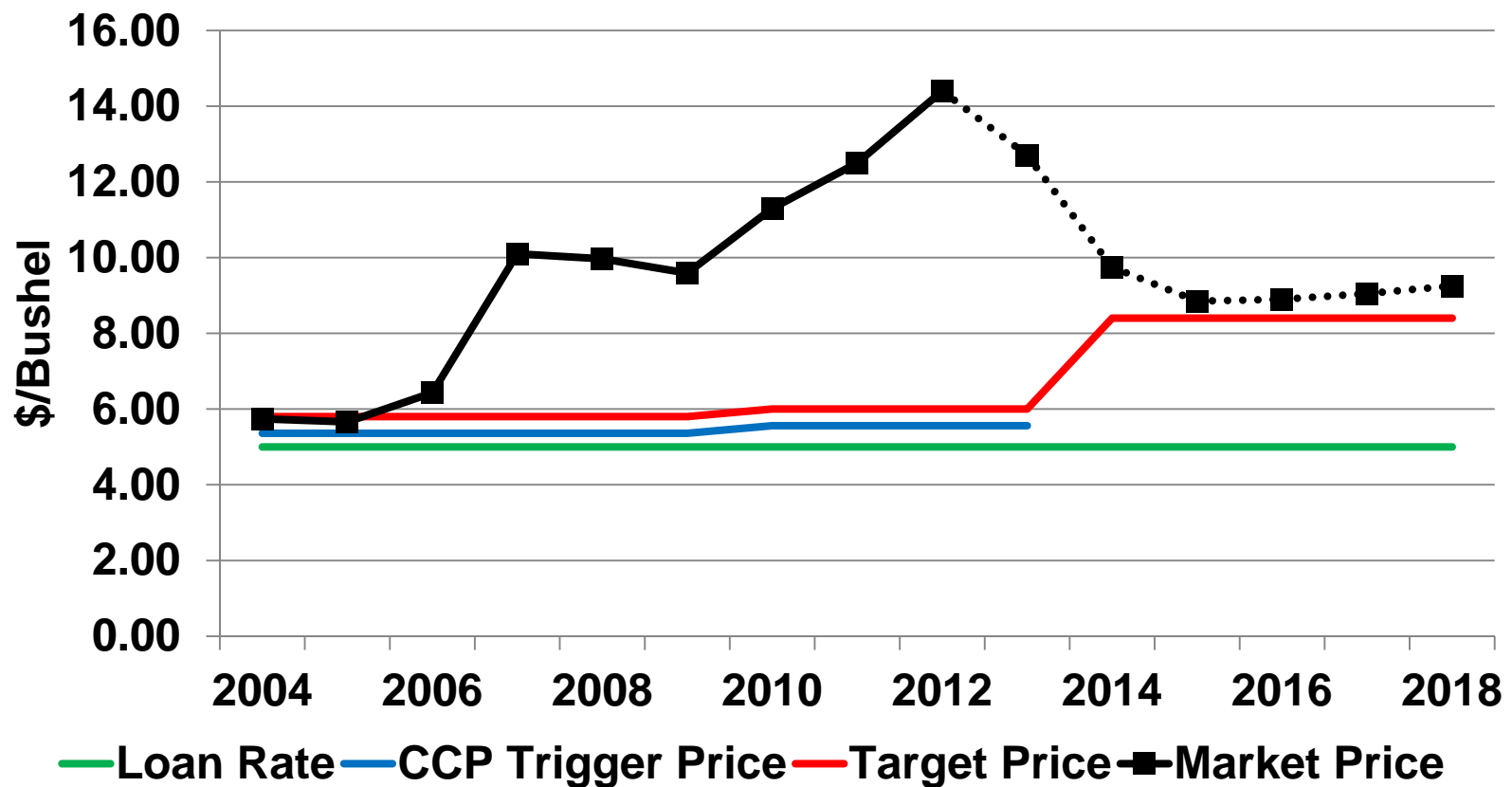
Corn Prices and PLC/CCP/ML*



* Estimated national marketing year average price for 2013 projected from USDA-WAOB as of February 10, 2013. Projected prices for 2014-2018 from USDA-OCE baseline estimates as of February 11, 2014.

Farm Income Safety Net

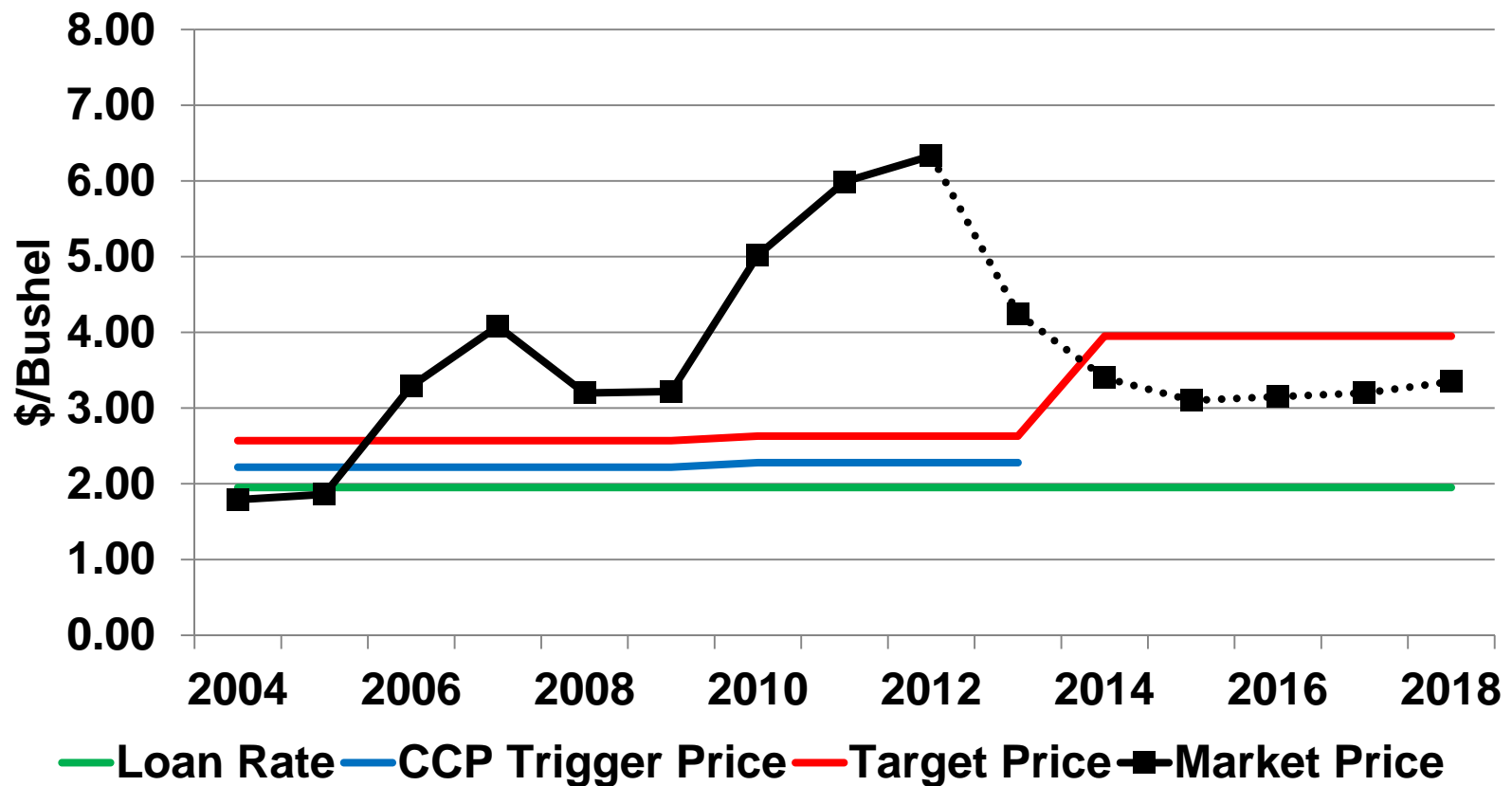
Soybean Prices and PLC/CCP/ML*



* Estimated national marketing year average price for 2013 projected from USDA-WAOB as of February 10, 2013. Projected prices for 2014-2018 from USDA-OCE baseline estimates as of February 11, 2014.

Farm Income Safety Net

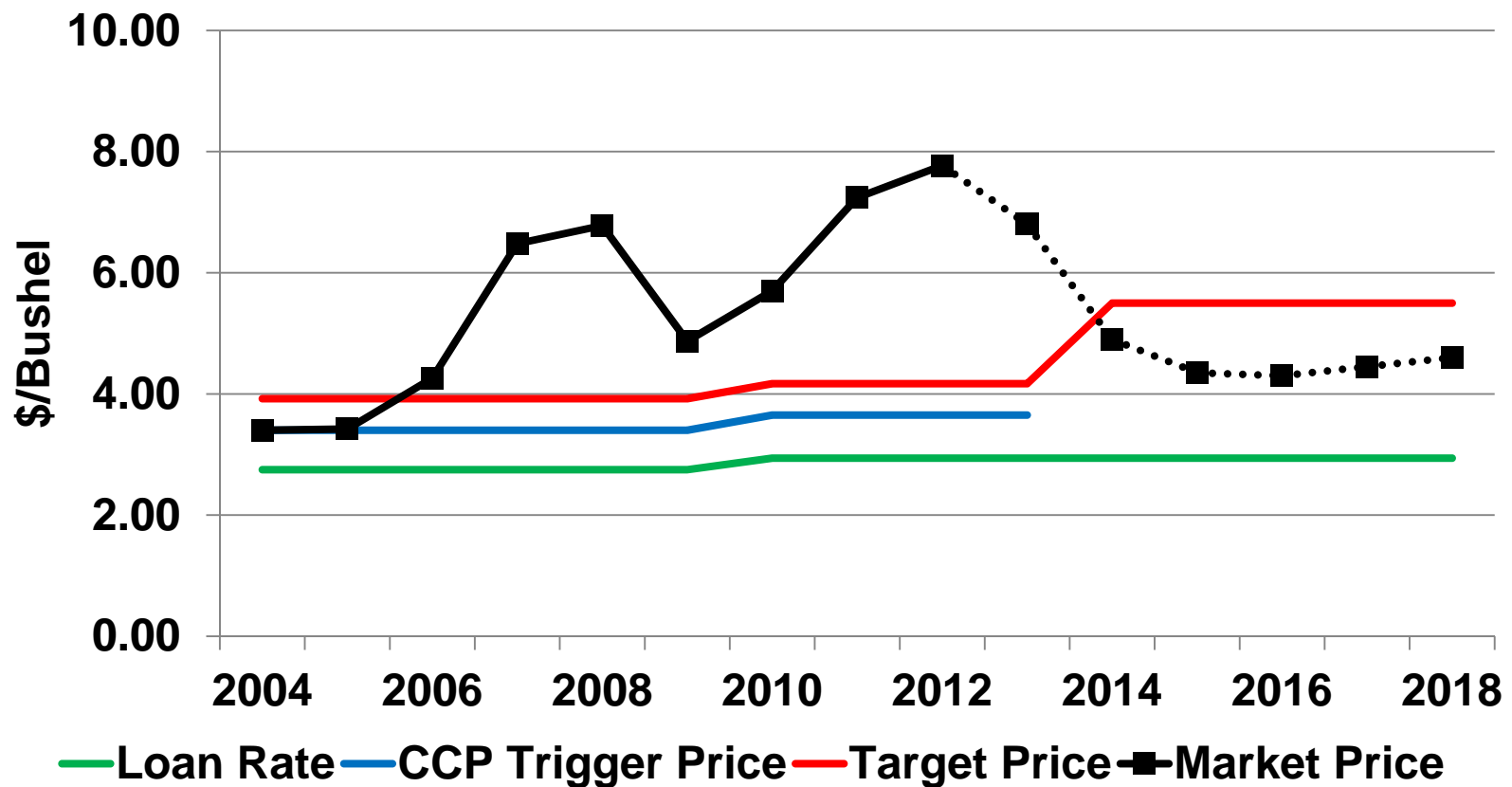
Sorghum Prices and PLC/CCP/ML*



* Estimated national marketing year average price for 2013 projected from USDA-WAOB as of February 10, 2013. Projected prices for 2014-2018 from USDA-OCE baseline estimates as of February 11, 2014.

Farm Income Safety Net

Wheat Prices and PLC/CCP/ML*



* Estimated national marketing year average price for 2013 projected from USDA-WAOB as of February 10, 2013. Projected prices for 2014-2018 from USDA-OCE baseline estimates as of February 11, 2014.

Farm Bill Safety Net

Revenue Safety Net

- ◆ Agriculture Risk Coverage - ARC
 - Following Senate ARC proposal
 - Adaptation of current ACRE program for C-ARC
 - I-ARC similar to AGR or Whole Farm Plan insurance
 - Protects shallow losses below average revenue at farm (I-ARC) or county (C-ARC) level
 - Parameters
 - Protect 86-76% of average revenue
 - ARC participants ineligible for SCO
 - C-ARC
 - Crop guarantee
 - Average revenue = 5-year Olympic average price * 5-year Olympic average yield
 - Payments on 85% of base acres
 - I-ARC
 - Whole farm guarantee
 - Average revenue = 5-year Olympic average revenue across all covered crops
 - Payments on 65% of base acres
 - Questions
 - If not signed up for ARC in a given year, is SCO available?
 - I-ARC details and implementation complex
 - Impact
 - Provides risk management when projected revenue is near or below average revenue
 - Protection level changes gradually with changes in revenue, reducing potential long-term distortion of production/marketing decisions

Farm Bill Commodity Program

County Agriculture Risk Coverage

C-ARC Benchmark Revenue

$$\frac{\text{5-year Olympic average county yield}^*}{\text{5-year Olympic average national marketing year average price}^{**}} \times \text{5-year Olympic average national marketing year average price}^{**} = \text{C-ARC benchmark revenue}$$

C-ARC Guarantee

$$\text{C-ARC benchmark revenue} \times 86\% = \text{C-ARC guarantee}$$

C-ARC Actual Revenue

$$\text{county yield}^* \times \text{MAX} \left(\frac{\text{national marketing year average price}}{\text{loan rate}}, \text{loan rate} \right) = \text{C-ARC actual revenue}$$

* County yield per planted acre, minimum at county T-yield x 70% for each year

** National marketing year average price, minimum price for each year at reference price

Farm Bill Commodity Program

County Agriculture Risk Coverage

C-ARC Payment Rate

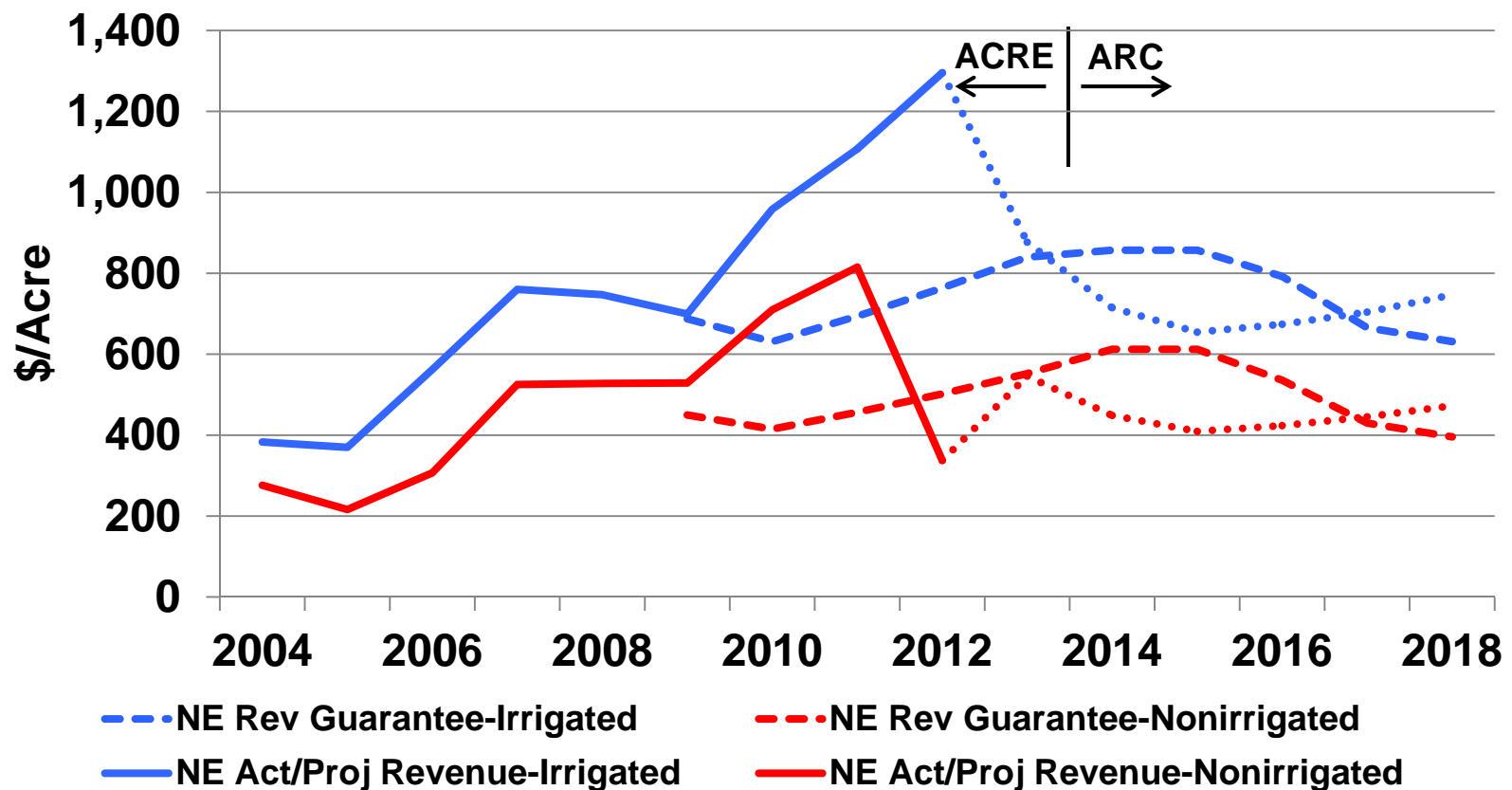
$$\text{MAX} (0 , \text{MIN} (\frac{\text{C-ARC guarantee}}{\text{C-ARC actual revenue}} - \frac{\text{C-ARC benchmark revenue}}{\text{C-ARC benchmark revenue}} \times 10\%)) = \frac{\text{C-ARC payment rate}}{\text{C-ARC payment rate}}$$

C-ARC Payment

$$\frac{\text{C-ARC payment rate}}{\text{C-ARC payment rate}} \times \frac{\text{base acres}}{\text{base acres}} \times 85\% = \frac{\text{C-ARC payment}}{\text{C-ARC payment}}$$

Farm Income Safety Net

Nebraska Corn Revenue and ACRE/ARC*

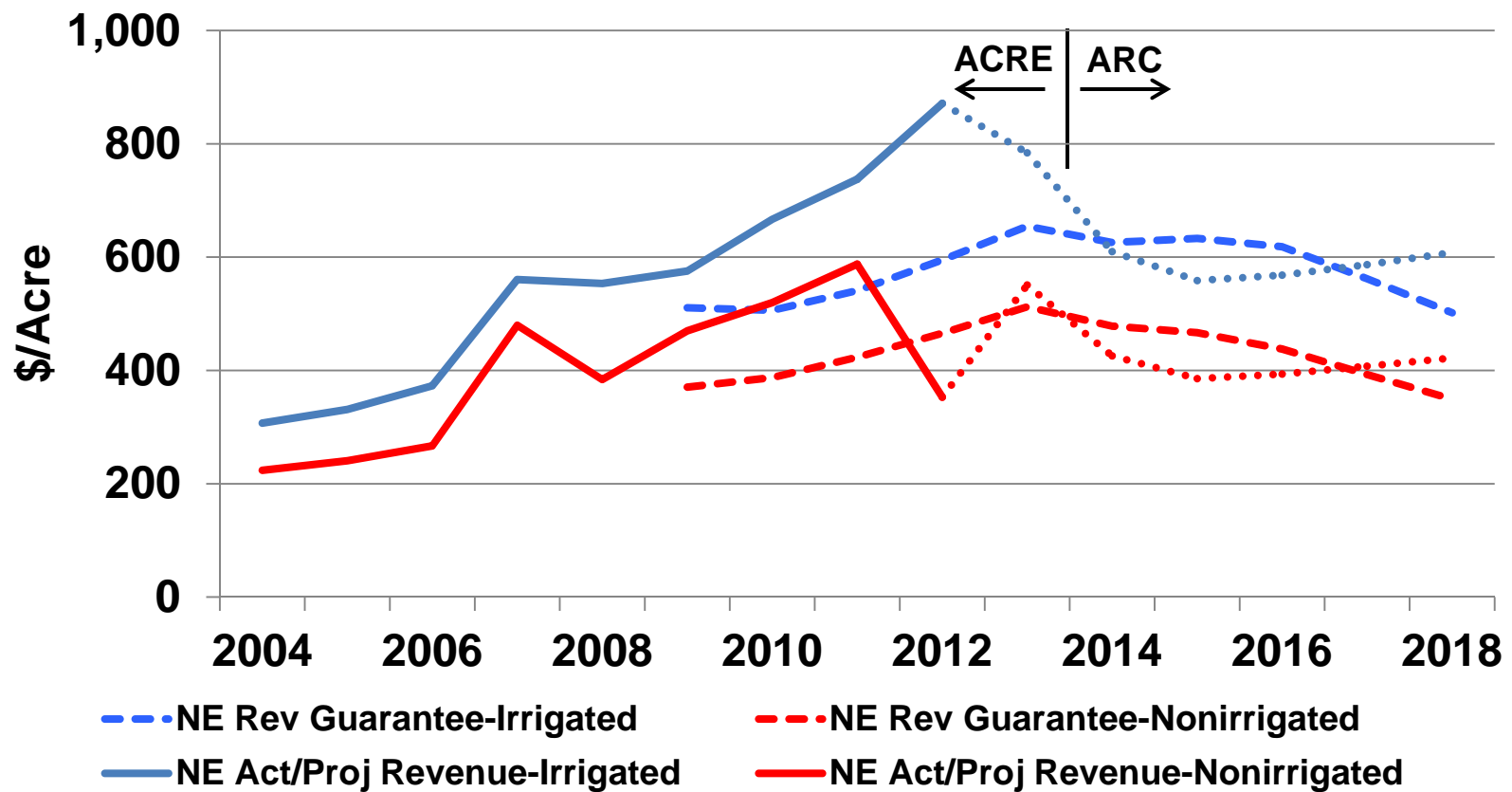


* Estimated crop revenue for 2013 projected from USDA-WAOB prices and USDA-NASS yields as of February 10, 2014. Projected revenue for 2014 based on trend yields and USDA-OCE baseline forecast as of February 11, 2014. Projected ARC guarantee for 2014-2018 shown at state level for illustration purposes only.

Source: USDA-FSA, USDA-NASS, USDA-WAOB, and USDA-OCE

Farm Income Safety Net

Nebraska Soybean Revenue and ACRE/ARC*

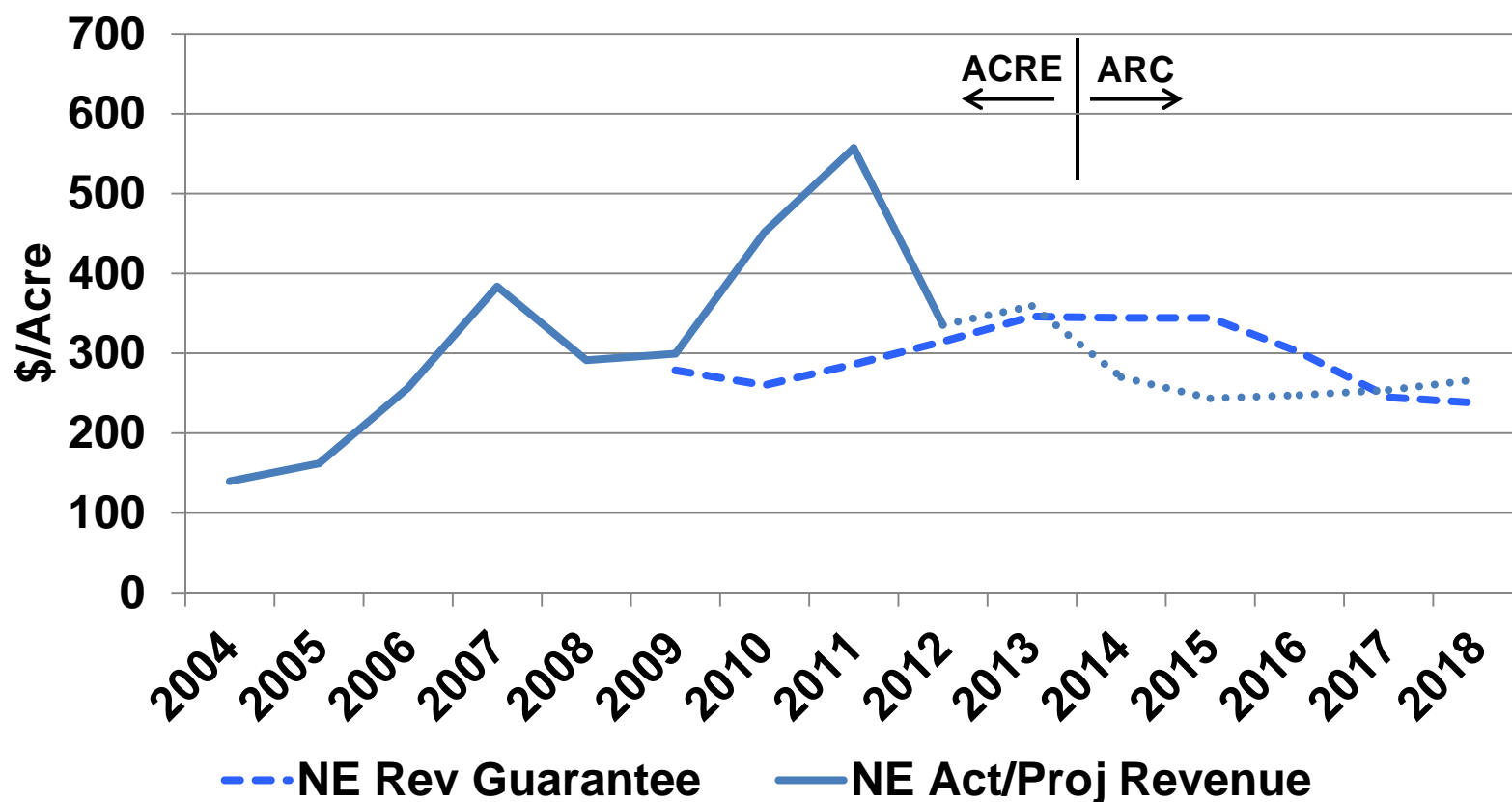


* Estimated crop revenue for 2013 projected from USDA-WAOB prices and USDA-NASS yields as of February 10, 2014. Projected revenue for 2014 based on trend yields and USDA-OCE baseline forecast as of February 11, 2014. Projected ARC guarantee for 2014-2018 shown at state level for illustration purposes only.

Source: USDA-FSA, USDA-NASS, USDA-WAOB, and USDA-OCE

Farm Income Safety Net

Nebraska Sorghum Revenue and ACRE/ARC*

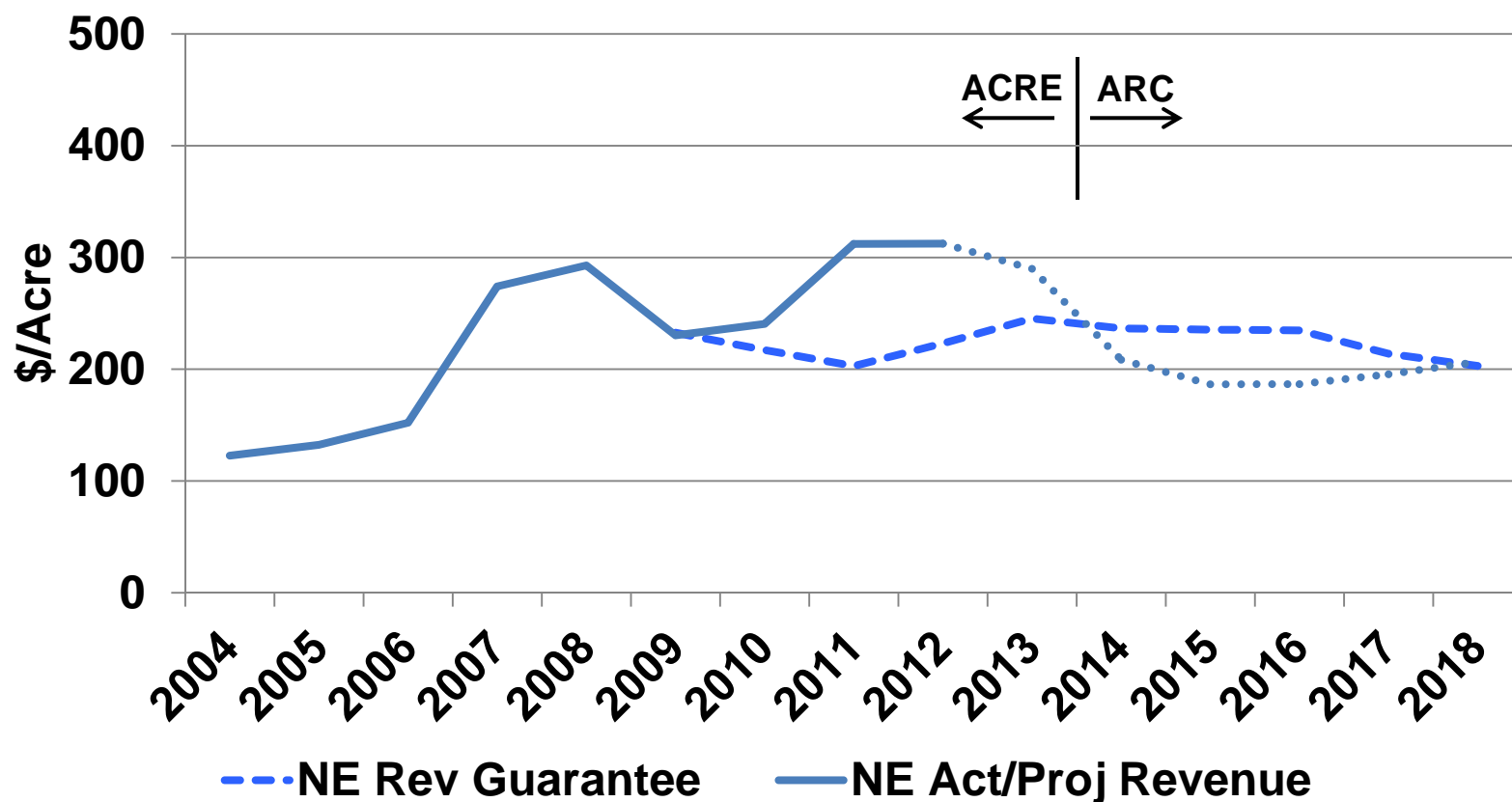


* Estimated crop revenue for 2013 projected from USDA-WAOB prices and USDA-NASS yields as of February 10, 2014. Projected revenue for 2014 based on trend yields and USDA-OCE baseline forecast as of February 11, 2014. Projected ARC guarantee for 2014-2018 shown at state level for illustration purposes only.

Source: USDA-FSA, USDA-NASS, USDA-WAOB, and USDA-OCE

Farm Income Safety Net

Nebraska Wheat Revenue and ACRE/ARC*

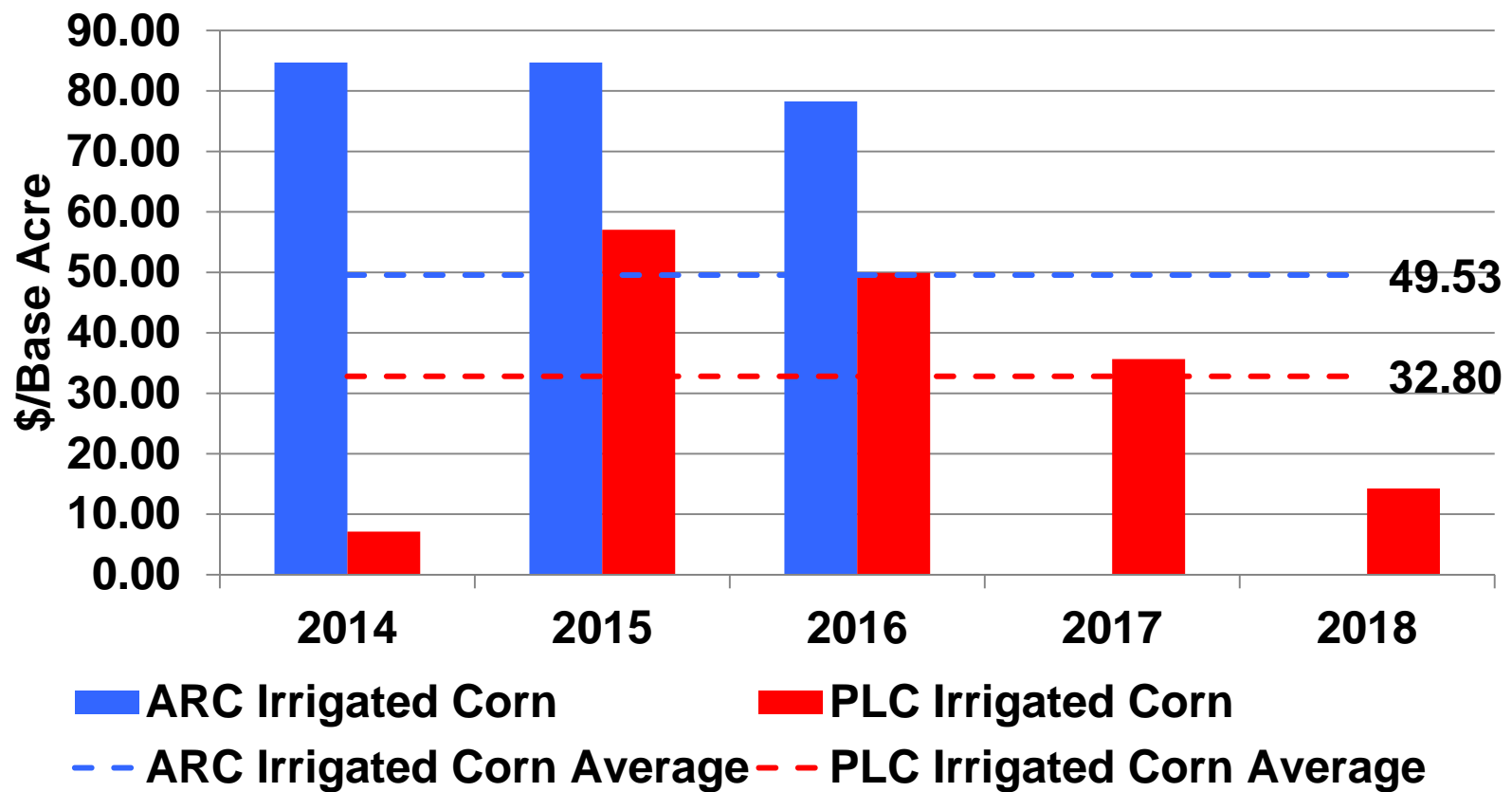


* Estimated crop revenue for 2013 projected from USDA-WAOB prices and USDA-NASS yields as of February 10, 2014. Projected revenue for 2014 based on trend yields and USDA-OCE baseline forecast as of February 11, 2014. Projected ARC guarantee for 2014-2018 shown at state level for illustration purposes only.

Source: USDA-FSA, USDA-NASS, USDA-WAOB, and USDA-OCE

Farm Income Safety Net

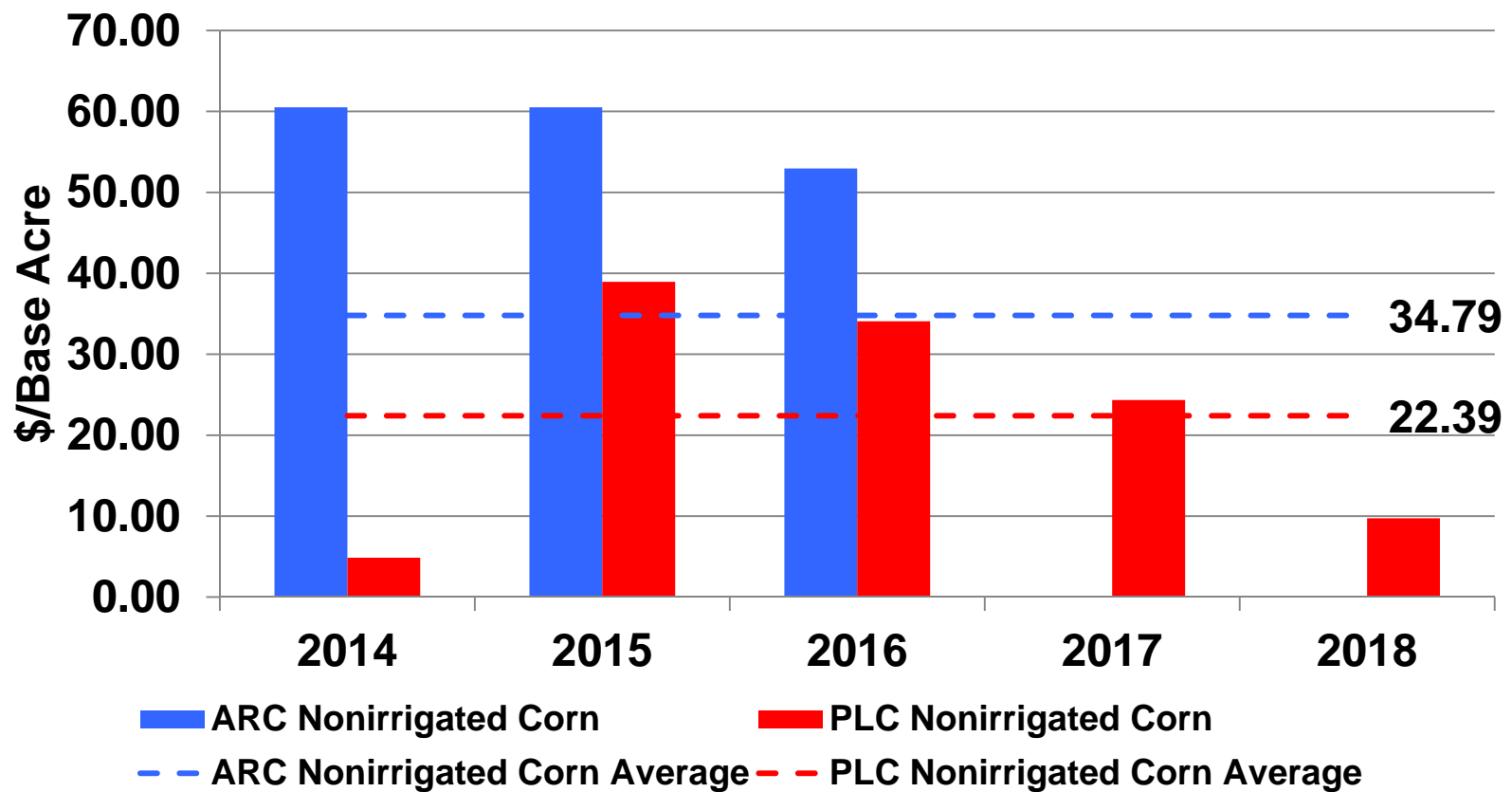
Nebraska Irrigated Corn Program Payments*



* Projected ARC and PLC payments for 2014-2018 based on USDA baseline projections as of February, 2014. Projected ARC payments shown at state level for illustration purposes only.

Farm Income Safety Net

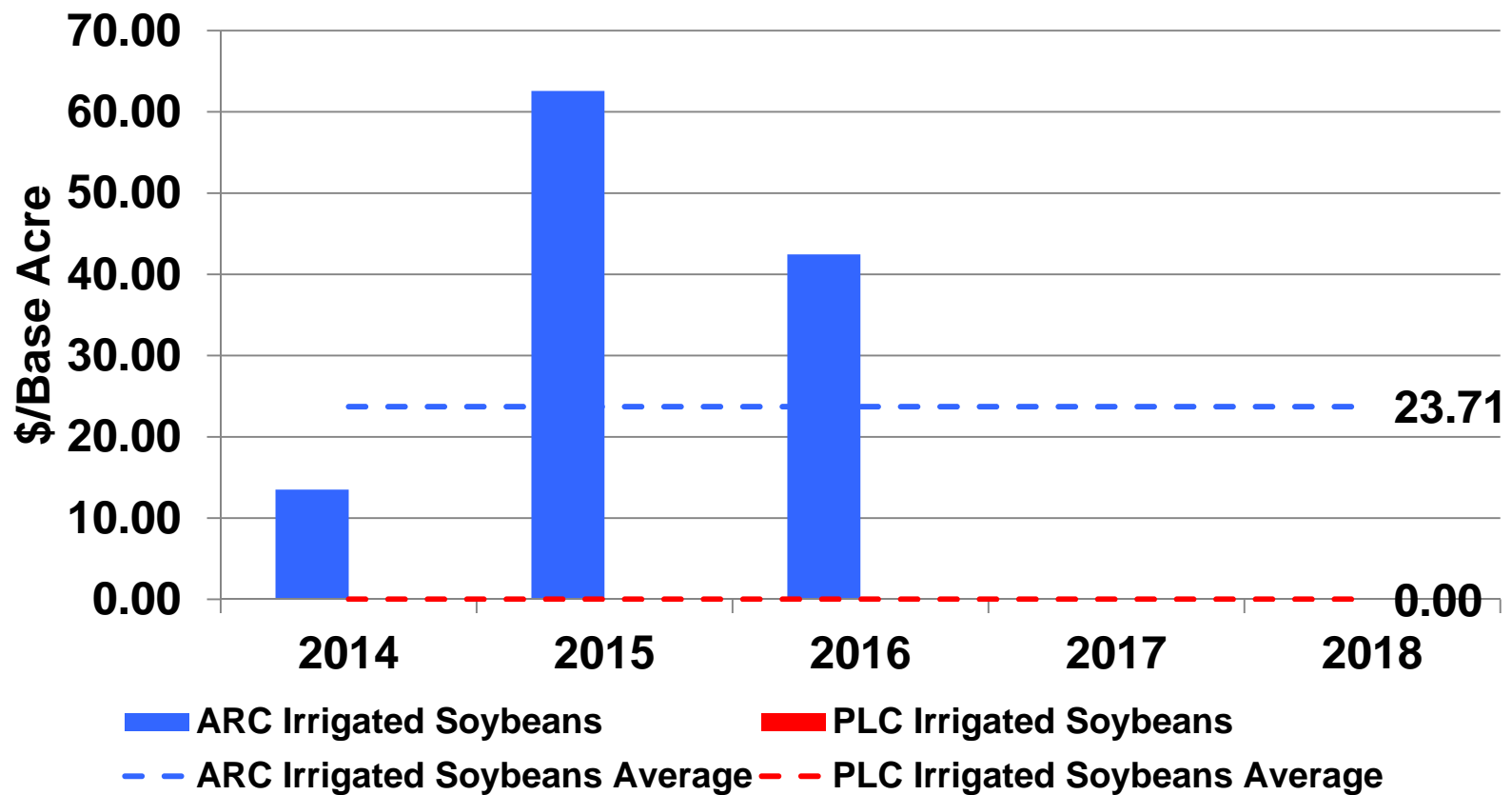
Nebraska Nonirrigated Corn Program Payments*



* Projected ARC and PLC payments for 2014-2018 based on USDA baseline projections as of February, 2014. Projected ARC payments shown at state level for illustration purposes only.

Farm Income Safety Net

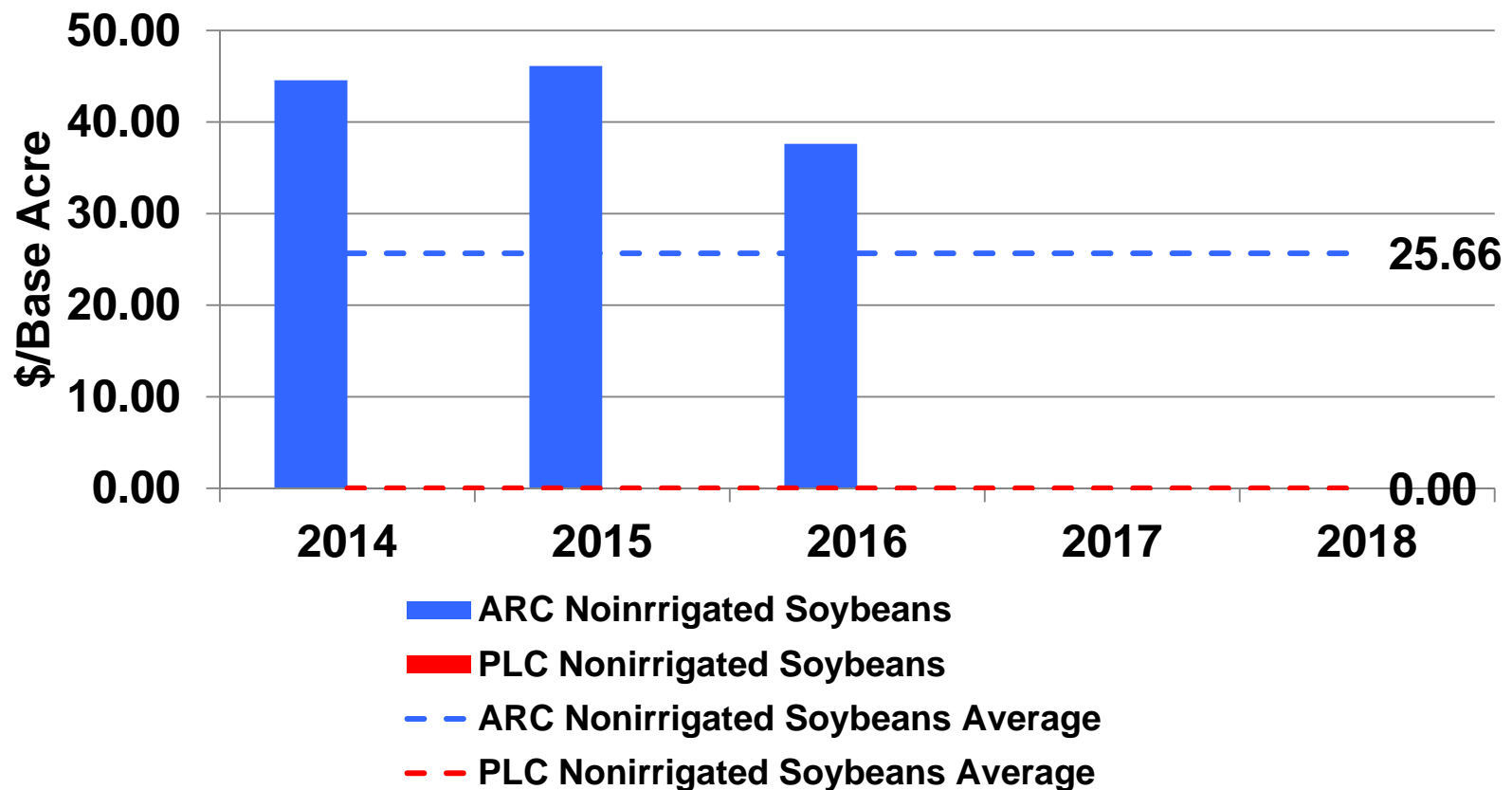
Nebraska Irrigated Soybean Program Payments*



* Projected ARC and PLC payments for 2014-2018 based on USDA baseline projections as of February, 2014. Projected ARC payments shown at state level for illustration purposes only.

Farm Income Safety Net

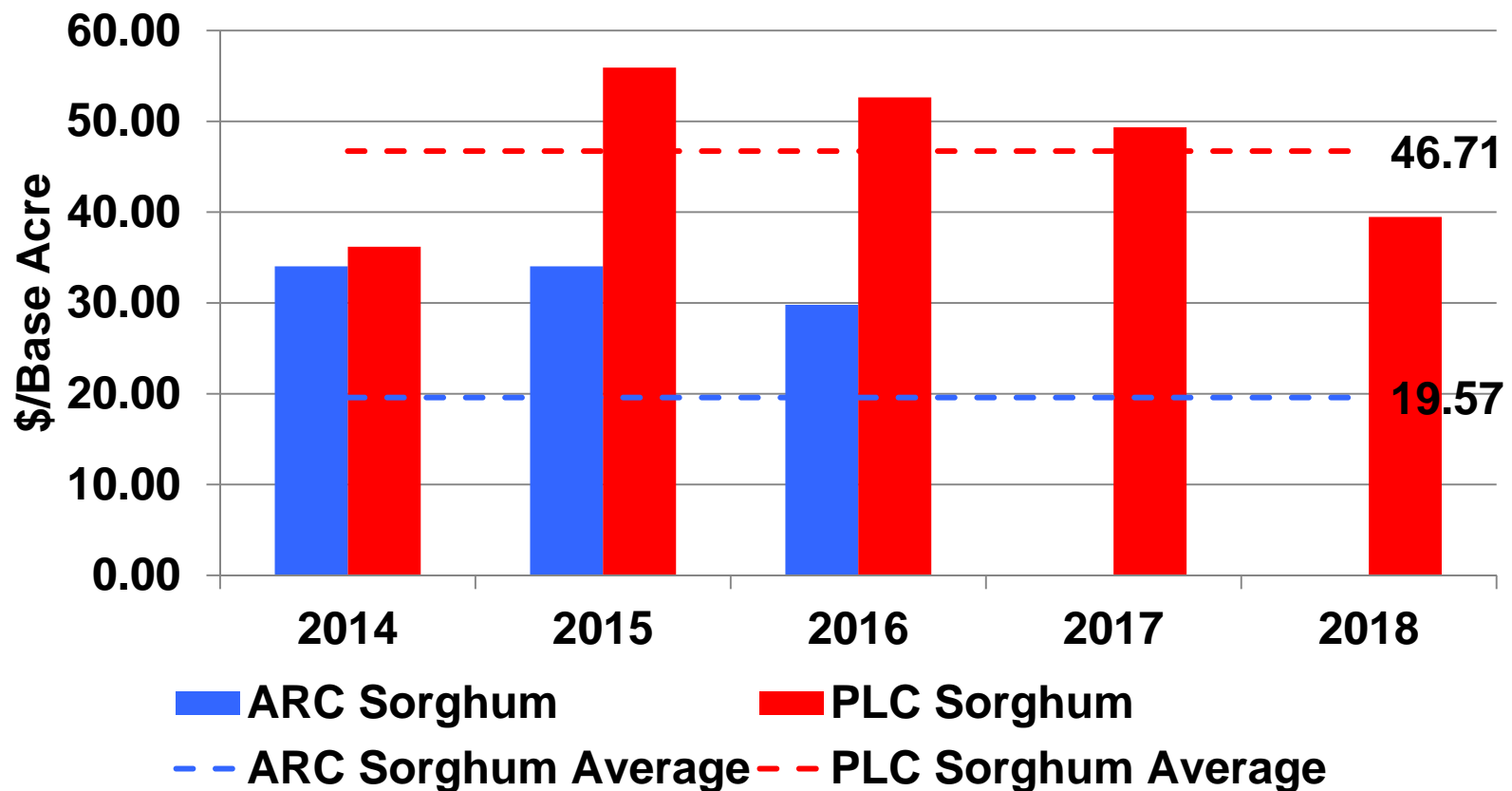
Nebraska Nonirrigated Soybean Program Payments*



* Projected ARC and PLC payments for 2014-2018 based on USDA baseline projections as of February, 2014. Projected ARC payments shown at state level for illustration purposes only.

Farm Income Safety Net

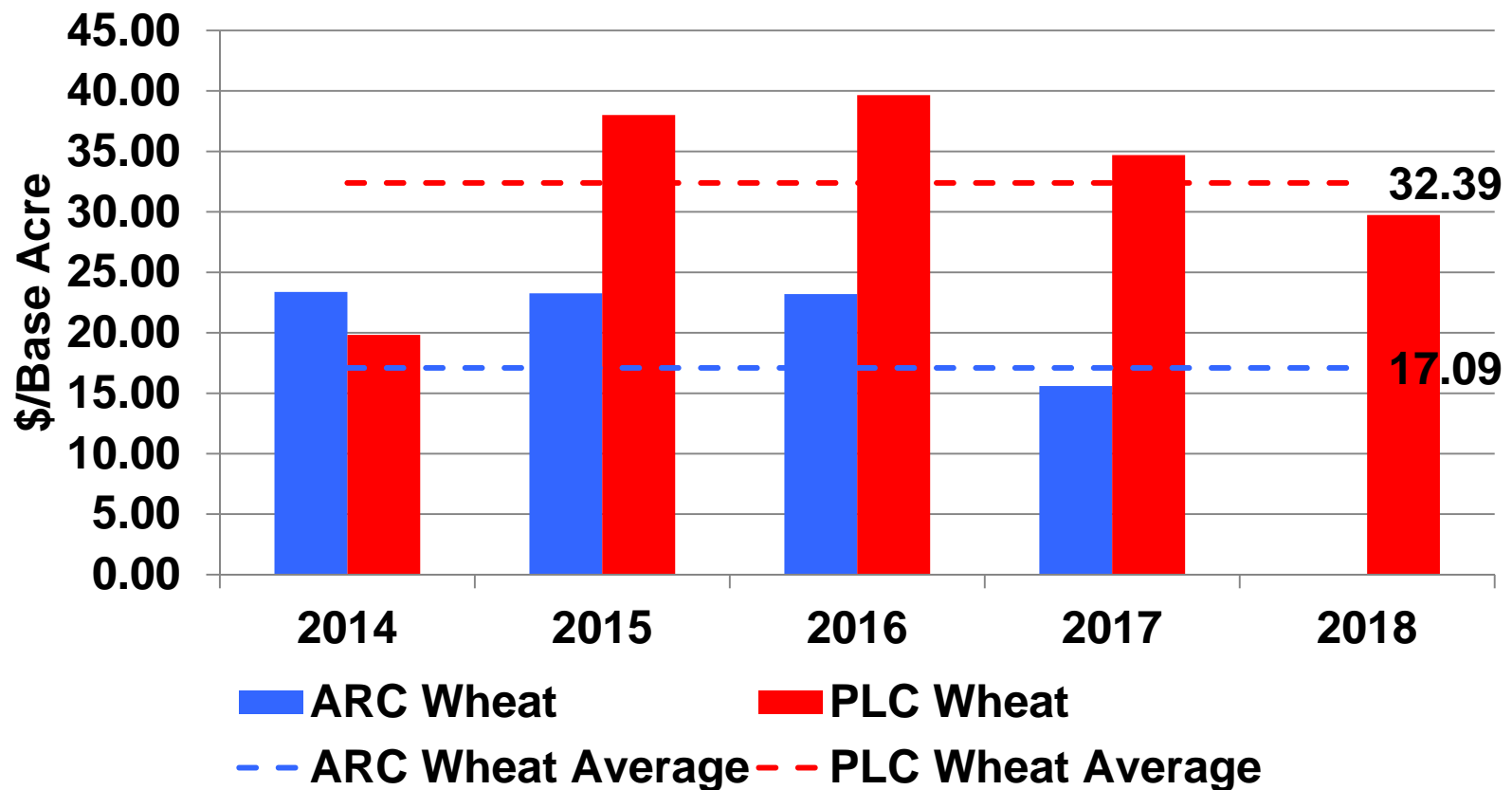
Nebraska Grain Sorghum Program Payments*



* Projected ARC and PLC payments for 2014-2018 based on USDA baseline projections as of February, 2014. Projected ARC payments shown at state level for illustration purposes only.

Farm Income Safety Net

Nebraska Wheat Program Payments*



* Projected ARC and PLC payments for 2014-2018 based on USDA baseline projections as of February, 2014. Projected ARC payments shown at state level for illustration purposes only.

Farm Income Safety Net Comparison

Expected Average ARC and PLC Payments for 2014-2018
Crop Marketing Years for Nebraska

Commodity	ARC**	PLC
	\$ / base acre	
Irrigated Corn	\$49.53	\$32.80
Nonirrigated Corn	34.79	22.39
Irrigated Soybeans	23.71	0.00
Nonirrigated Soybeans	25.66	0.00
Grain Sorghum	19.57	46.71
Wheat	17.09	32.39

* Estimated ARC and PLC payments based on 2014-2018 crop marketing year average prices in USDA baseline projections as of February 2014.

** Estimated ARC payments based on state-level crop yield and revenue calculations for illustration only.

Farm Bill Safety Net

Supplemental Crop Insurance

- ◆ Supplemental Coverage Option - SCO
 - Following Senate and House proposals
 - Adaptation of current area-based revenue insurance – (ARP, previously GRIP)
 - Provides area-based supplement to individual coverage to cover part of the deductible
 - Protects losses below allowed coverage level and above individual insurance coverage level
 - Parameters
 - Upper coverage level
 - 86% if in RLC or no program
 - Lower coverage level
 - Individual coverage level
 - 0% if no individual coverage purchased?
 - 65% premium subsidy rate
 - Questions
 - Compatibility with crop insurance?
 - Impact
 - Protection dependent on relationship of individual and area yield and loss history – better for higher correlated farm and county histories
 - Protection similar to ARC for the 76-86% band, but based on current price instead of 5-year average price – could impact annual decisions on ARC vs. SCO if allowed

Farm Bill Safety Net

Other Crop Insurance Details

- ◆ Policy issues for crop insurance as the foundation of the safety net
 - Payment limits/eligibility tests debated, but not included
 - Conservation compliance included
 - Interaction with commodity programs
- ◆ Other crop insurance language in the farm bill
 - STAX for cotton
 - Permanent approval of enterprise unit subsidy
 - Separate enterprise unit and separate coverage levels available for irrigated and nonirrigated production
 - APH adjustment in years of county yield losses of at least 50%
 - Premium adjustments for CAT
 - Adjustments to crop insurance Sodsaver provisions
 - Beginning farmer premium subsidy increases
 - Organic price provisions
 - Weather index pilot program

Farm Income Safety Net Comparison

Expected Average ARC and PLC/SCO/STAX Payments
for 2014-2018 Crop Marketing Years, FAPRI*

Commodity	ARC**	PLC	SCO**	PLC+SCO/STAX***
\$/participating acre				
Corn	\$20.91	\$22.24	\$8.94	\$29.39
Soybeans	16.21	12.58	5.09	16.65
Grain Sorghum	8.16	19.62	3.14	22.13
Wheat	9.84	16.27	3.84	19.34
Barley	10.76	30.54	4.10	33.82
Rice	8.44	53.54	12.90	63.86
Peanuts	19.76	60.63	****	****
Upland Cotton	-	-	22.60	18.08

* Estimated ARC, PLC, and SCP payments based on FAPRI projections as of March 2014.

** SCO and STAX net indemnity average for 2015-2018

*** PLC+SCO/STAX payment average for 2014-2018.

**** Peanut net indemnities for SCO not explicitly represented in FAPRI model.

Understanding the Safety Net Programs

ARC

	Ind ARC	County ARC	No ARC?
Exp Revenue Avg Revenue	Producer Loss	Producer Loss	Producer Loss
	Ind ARC	County ARC	SCO
Crop Ins Guarantee	Crop Ins Guarantee	Crop Ins Guarantee	Crop Ins Guarantee
Reference Price	Crop Ins Guarantee	Crop Ins Guarantee	Crop Ins Guarantee
Loan Rate	Crop Ins Guarantee	Crop Ins Guarantee	Crop Ins Guarantee

PLC

	PLC	No PLC
Exp Revenue Avg Revenue	Producer Loss	Producer Loss
	SCO	SCO
Crop Ins Guarantee	Crop Ins Guarantee	Crop Ins Guarantee
Reference Price	Crop Ins Guar PLC	Crop Ins Guarantee
Loan Rate	Crop Ins Guarantee	Crop Ins Guarantee

Eligibility and Payment Limits

- ◆ AGI limit for program eligibility per person or legal entity
 - 3-year average AGI less than or equal to \$900,000
- ◆ Payment limit per person or legal entity
 - \$125,000 for PLC, ARC, and MLG/LDP
 - Loan forfeitures do not apply to MLG
 - Spousal rule can double effective individual limit to \$250,000
 - Equal and separate limit for peanuts
- ◆ Definition of “actively engaged”
 - USDA will define significant contribution of active personal management
 - Family members not subject to new definition
 - Sec. of Ag Vilsack commented that it likely will be end of 2015 before new definition is completed

Conclusions

- ◆ Federal farm income safety net has evolved over time
 - Price support and supply control
 - Income support tied to price and revenue
 - Risk management
- ◆ Farm income safety net is complex
 - Farm programs integrate with, complement, and substitute for crop insurance
 - Decisions
 - Existing base vs. base acreage reallocation based on 2009-2012 planted/prevented planted acreage
 - I-ARC vs. C-ARC vs. PLC
 - C-ARC vs. PLC by crop
 - ARC vs. PLC/SCO
- ◆ Risk management decisions are complex
 - Risk management decisions need to be based on portfolio analysis, not program-by-program decisions
 - Producer decision tools and education are a critical need

Other Farm Bill Issues

Dairy

- ◆ Margin Protection Program
 - Protection for the milk price minus feed cost margin
 - Protection available for producer purchase
 - Coverage
 - Available to protect from \$4.00 to \$8.00 of margin
 - Available on 25-90% of production history
 - Premium rates
 - Rates for 4 million pounds or less of production
 - Higher rates for over 4 million pounds of production
- ◆ Existing support programs repealed
 - MILC continues until margin program in operation

Other Farm Bill Issues

Disaster Assistance

- ◆ Disaster Assistance re-authorized and funded retroactively to 2012
- ◆ Programs
 - Livestock Indemnity Program (LIP)
 - Cover abnormal death losses due to agricultural disasters
 - 75% of market value
 - Livestock Forage Disaster Program (LFP)
 - Covers drought and fire losses to forage and feed supplies for livestock herds
 - Payments equal to 60% of monthly feed cost for number of months based on drought severity
 - 1 month if in D2 for 8 weeks
 - 3 months if in D3 at any time
 - 4 months if in D3 for 4 weeks or D4 at any time
 - 5 months if in D4 for 4 weeks
 - Payments equal to 50% of monthly feed cost for duration of the lease up to 180 days for losses due to fire on federal grazing land
 - Emergency Assistance Program for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)
 - Covers other livestock disaster losses such as disease, weather, etc. that are not covered by LIP and LFP
 - Tree Assistance Program (TAP)
 - Covers disaster losses for orchard and nursery tree growers
- ◆ SURE program for crop disaster losses not reauthorized since expiration in 2011
 - Crop losses covered only by insurance, CAT, or NAP programs

The screenshot shows the homepage of the United States Drought Monitor's FSA Livestock Forage Disaster Program Eligibility Tool. The page has a brown header with navigation links: Home, Help, and U.S. Drought Monitor. Below the header is a banner image of a dry, cracked field with the text "United States Drought Monitor". The main content area is white and features a "Home" link with a house icon and a "Login" link with a user icon. The title "FSA Livestock Forage Disaster Program Eligibility Tool" is prominently displayed. A welcome message explains the tool's purpose and provides a link to the "local Farm Service Agency representative". Two columns of interactive buttons are present: "2014 Farm Bill Criteria" and "2008 Farm Bill Criteria", each with buttons for "Is my county eligible?" and "Which counties are eligible?". A yellow box contains a disclaimer about the tool's estimates. Below this, links are provided for the FSA factsheet (2014 version coming soon), the U.S. Drought Monitor website, local FSA offices, and FSA Eligibility Tool Help pages. The footer includes contact information for The National Drought Mitigation Center, the USDA logo, and logos for the National Drought Mitigation Center and the National Drought Program.

Home Help U.S. Drought Monitor

United States Drought Monitor

Home Login

FSA Livestock Forage Disaster Program Eligibility Tool

Welcome! If you grow forage for livestock and have recently gone through drought, this website can help you find out whether you qualify for assistance. Qualifying for assistance is based on the U.S. Drought Monitor and on your county's designated grazing periods. To use this tool, you will need to know your county's grazing period. If you are not sure what it is, please consult your [local Farm Service Agency representative](#).

2014 Farm Bill Criteria

Is my county eligible?

Which counties are eligible?

2008 Farm Bill Criteria

Is my county eligible?

Which counties are eligible?

The FSA Eligibility Tool does not guarantee any financial aid. It simply estimates which U.S. counties meet the criteria, based on the U.S. Drought Monitor. Eligibility will be confirmed by the FSA once the signup period has begun. Please contact your [local FSA agent](#) for more details and to verify eligibility after the start of the signup period.

To read about the Livestock Forage Disaster Program, please refer to the FSA factsheet:
2014 version coming soon | [2008 version](#)

To learn more about the U.S. Drought Monitor, please visit the [web site](#).

To apply for assistance, please contact your [local FSA office](#).

For help with this tool, please visit the [FSA Eligibility Tool Help](#) pages.

The National Drought Mitigation Center | 3310 Holdrege Street | P.O. Box 830988 | Lincoln, NE 68583-0988
phone: (402) 472-6707 | fax: (402) 472-2946 | [Contact Us](#)

USDA

National Drought Mitigation Center

National Drought Program

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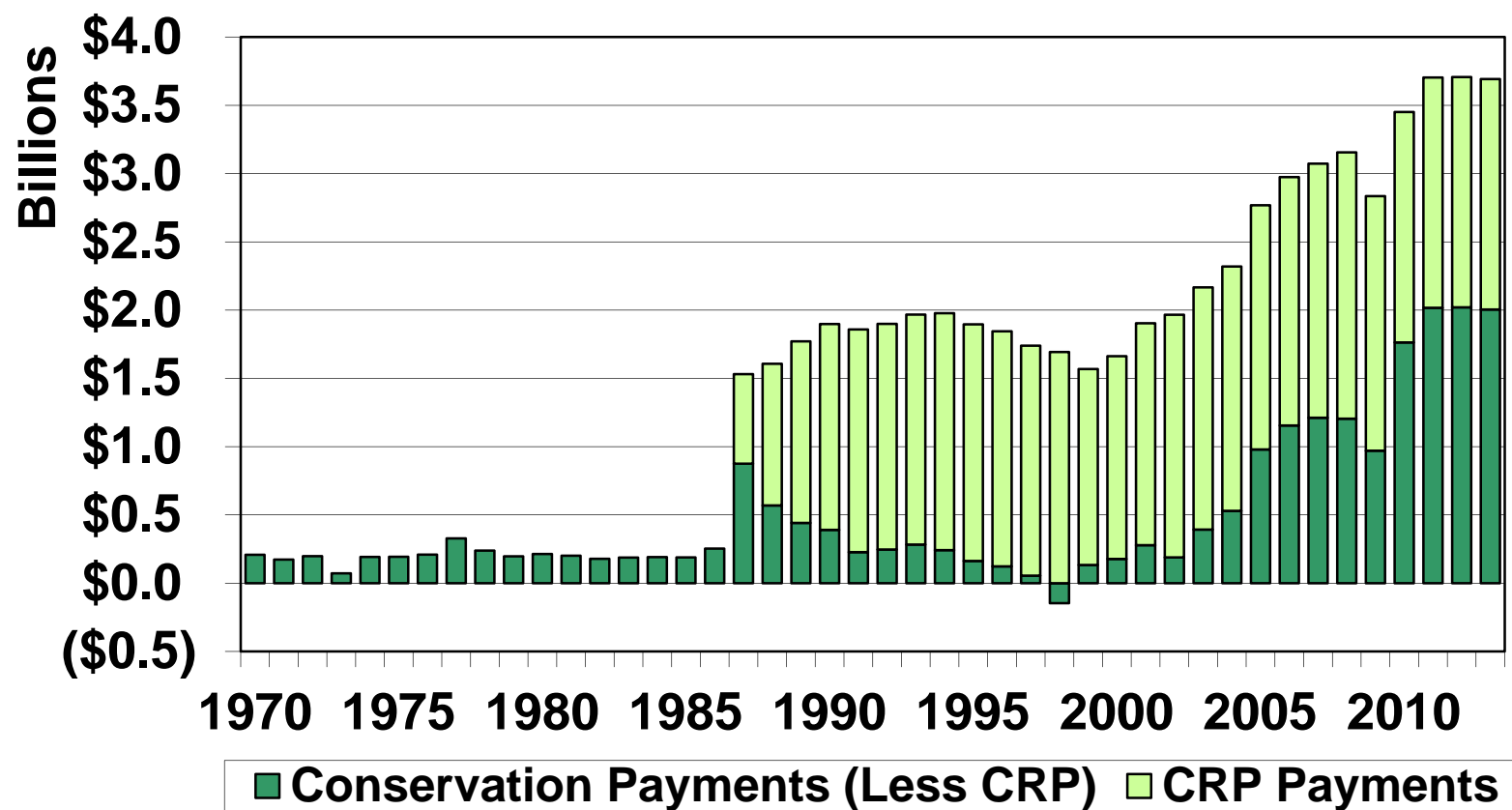
<http://droughtmonitor.unl.edu/fsa/Home.aspx>

Other Farm Bill Issues

Conservation

- ◆ CRP
 - Enrollment cap reduced to 24 million acres by 2017
 - Current CRP contracts will be more difficult to re-bid into CRP at expiration
 - TIP reauthorized to help transition expiring CRP land to beginning farmers and ranchers
- ◆ Working lands programs
 - EQIP
 - Budget authority reduced in early years, but projected outlays continue to grow from current funding levels
 - WHIP now included in EQIP - 5% of the funding
 - CSP
 - Annual acreage enrollment reduced from 12.8 to 10 million acres
 - Projected outlays continue to grow through 2018 as new acres are enrolled
- ◆ ACEP
 - WRP, FPP, and GRP combined in new easement program
 - Substantial growth in projected outlays
- ◆ Other programs
 - Several targeted programs and partnerships combined and streamlined with general increases in funding
- ◆ Conservation compliance
 - Conservation compliance or cross-compliance now required for eligibility for crop insurance premium supports (subsidies)
 - Conservation plans on highly erodible land/Sodbuster
 - Swampbuster
 - Sodsaver

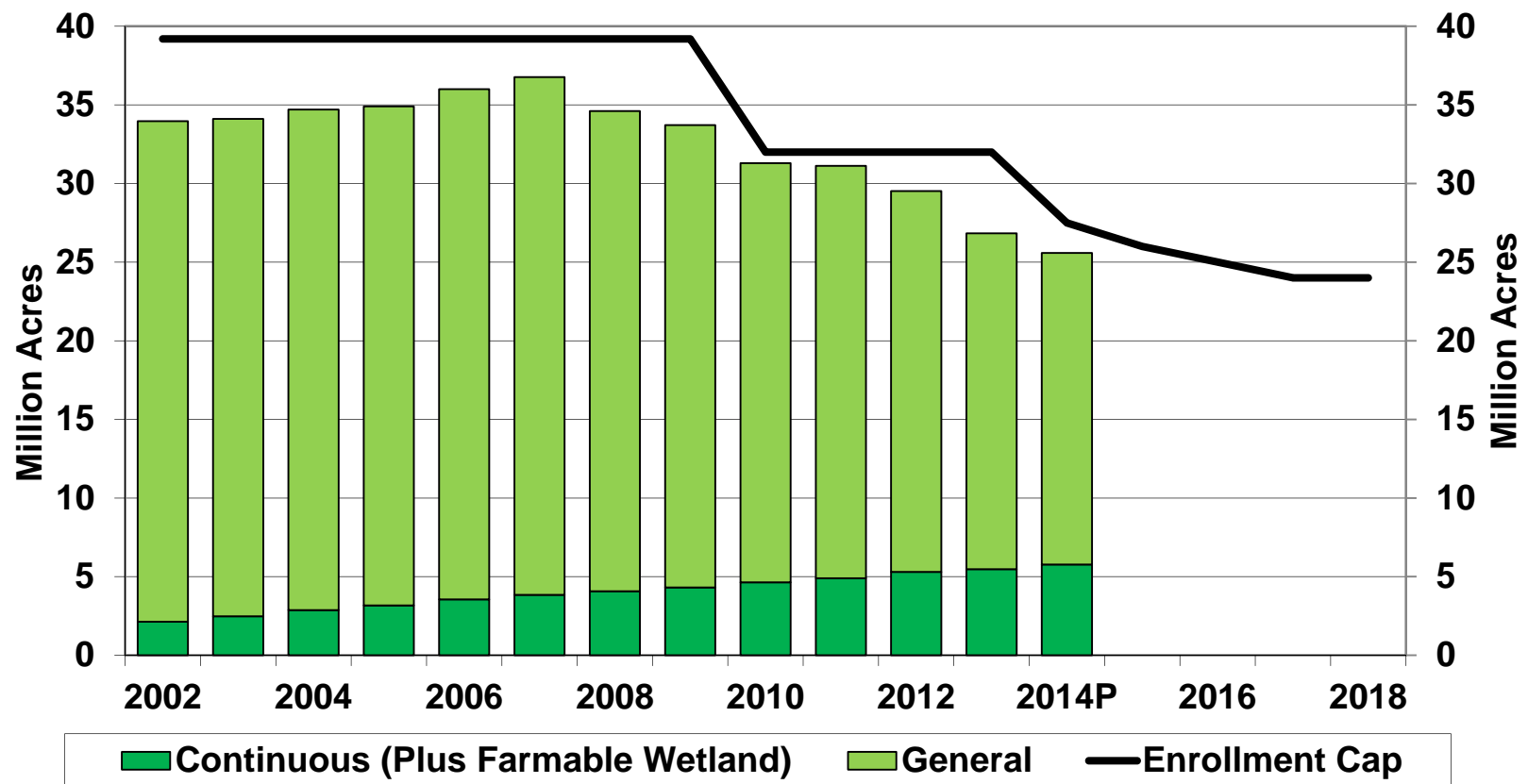
Conservation Program Payments



Source: USDA-ERS

Conservation Reserve Program

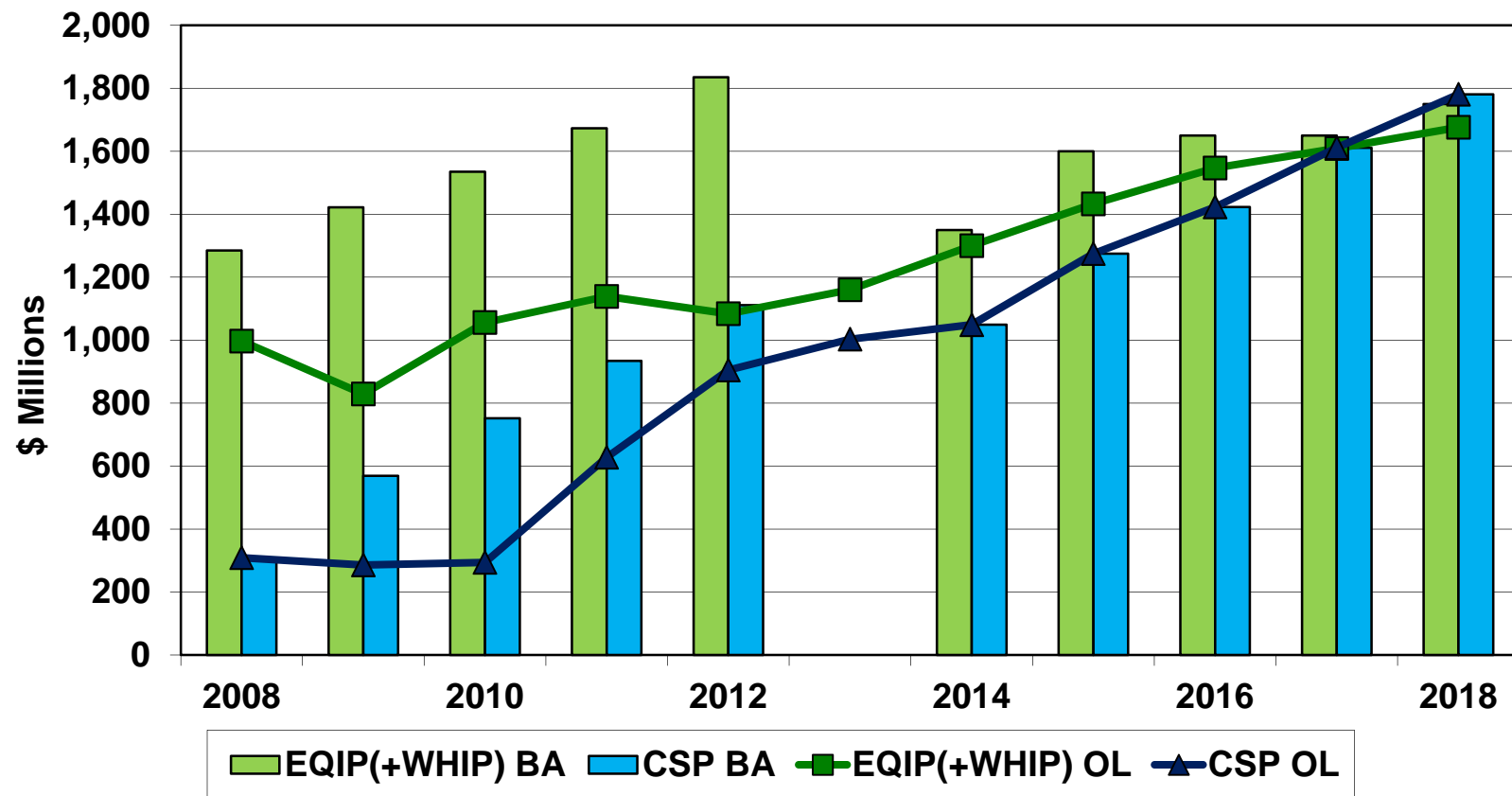
Enrolled Acreage and Caps



Source: USDA-FSA

Working Lands Programs

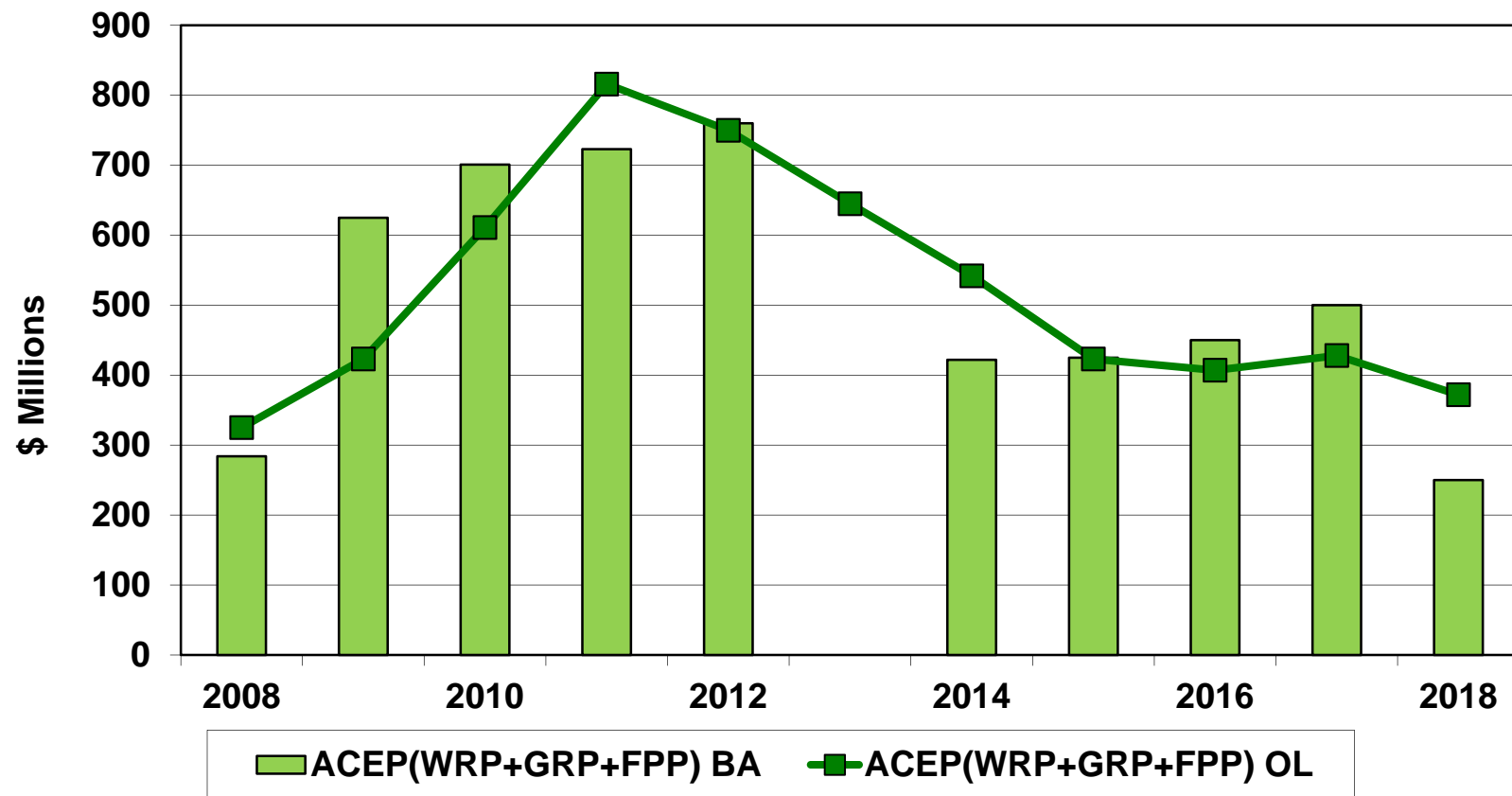
Budget Authority (BA) and Outlays (OL)



Source: USDA-NRCS and Congressional Budget Office

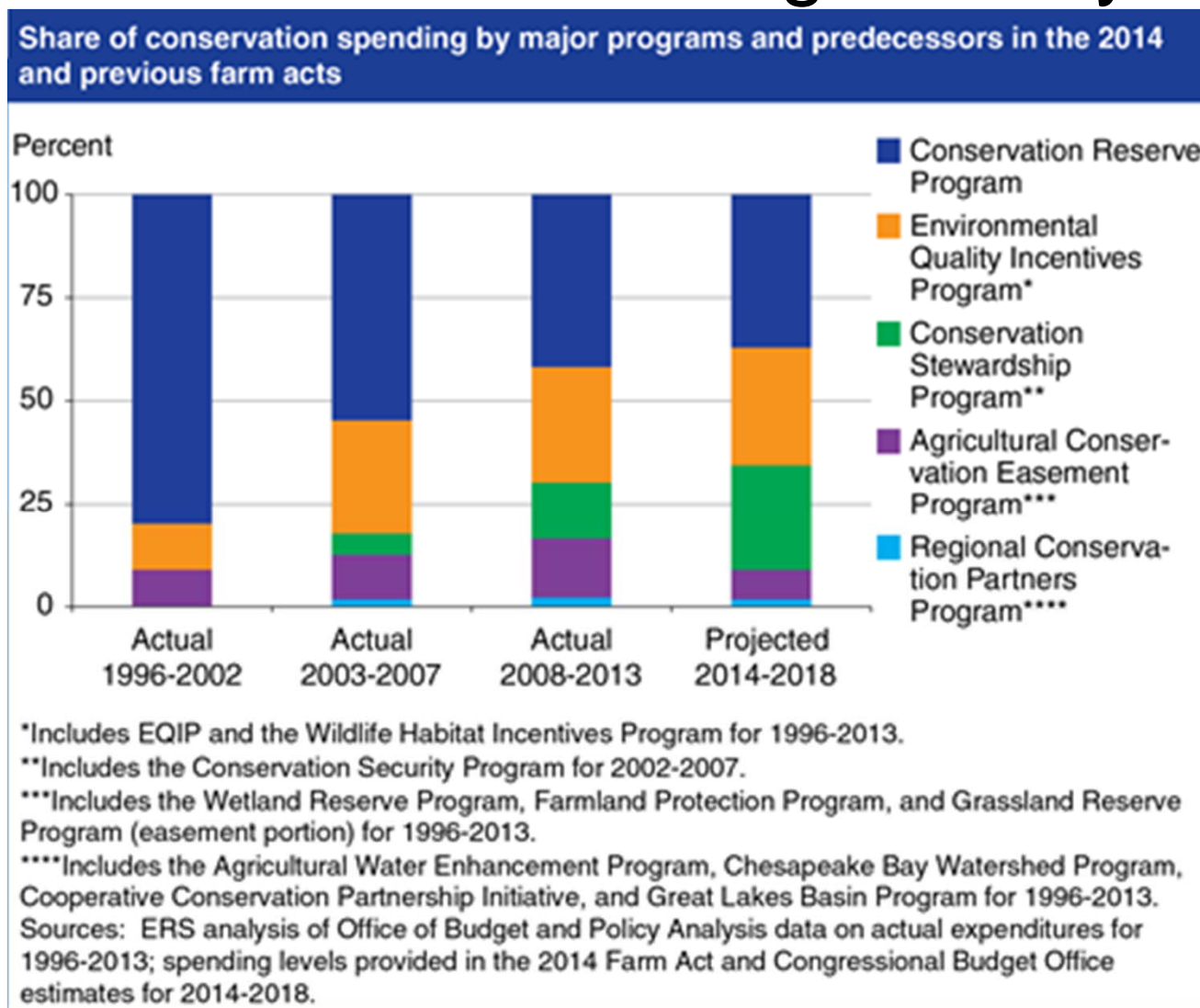
Agricultural Conservation Easement Program

Budget Authority (BA) and Outlays (OL)



Source: USDA-NRCS and Congressional Budget Office

Conservation Program Payments



Source: USDA-ERS

Other Farm Bill Issues

Other Program Highlights

- ◆ Trade
 - Promotion and development
- ◆ Rural development
 - Broadband development
 - Grant programs
- ◆ Credit
 - Direct and guaranteed loans
 - Ownership and operating loans
- ◆ Energy
 - Biobased products
 - Bioenergy/biomass programs
- ◆ Horticulture/specialty crops
 - Research and block grants
 - Promotion, marketing, and management
 - Organic production
 - Conversion cost-share assistance
 - Crop insurance price coverage
 - Promotion
- ◆ Beginning farmer programs
 - Loan programs
 - Research and education
 - Conservation crop-share assistance
 - Transition Incentive Program for CRP
 - Crop insurance premium subsidy increase
 - Increased emphasis on veterans

Farm Bill Outlook

◆ Timeline

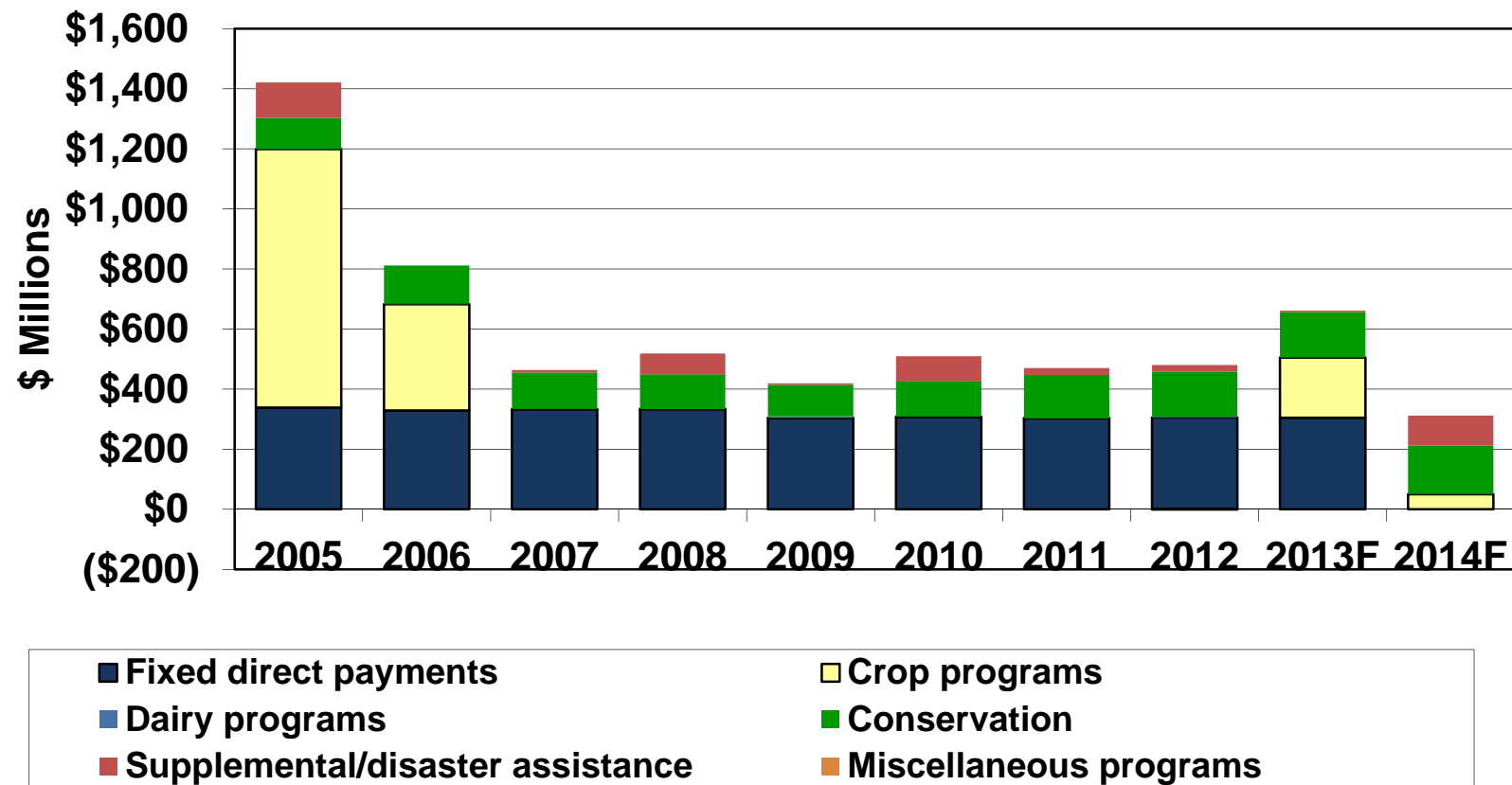
- Commodity program changes will begin for the 2014 crop year
 - Base and yield decisions over Summer?
 - Program enrollment decisions late-Fall into Winter?
- Crop insurance provisions would begin for 2015 crop year
 - Fall seeded crop insurance deadlines beginning in September

◆ Implications

- Government payments in 2014 will be down, except for disaster assistance and conservation
 - No Direct Payments in 2014
 - 2013 ACRE and CCP payments expected to be small
 - 2014 ARC and PLC payments not due until 2015
 - Disaster assistance on 2012, 2013, and 2014 losses could be paid in 2014
 - Conservation payments could continue to grow, with emphasis on working lands programs

Farm Bill Outlook

Government Program Payments



Other Ag Policy Issues

- ◆ Conservation and the Environment
 - EPA proposed definition of “Waters of the U.S.”
- ◆ Trade
 - TPP and TTIP negotiations
 - Conflict resolution – cotton, COOL
- ◆ Energy
 - EPA decision on RFS2 mandate for 2014
 - Tax credits for biodiesel and advanced biofuels

Policy and Management Outlook

- ◆ Farm bill decisions
 - Complex program participation decisions
 - Increased focus on risk management
- ◆ Related policy issues
 - Marketing, trade, regulations, etc.
- ◆ Management
 - More effective integration of safety net tools
 - Farm programs
 - Crop insurance
 - Marketing
 - Better risk management decision-making
 - Production, price, financial, legal, human
 - North Central Risk Management Education Center – ncrme.org



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