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What's New in the 2018 Farm Bill Debate?




FARM BUREAU®



The Unified National Voice of Agriculture

John Newton, Ph.D., Director Market Intelligence
202-406-3729 | jnewton@fb.org

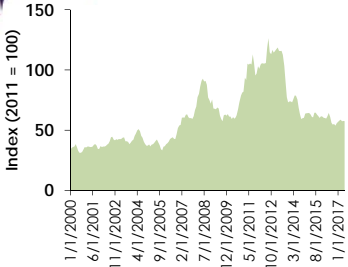




CONDITIONS IN THE FARM ECONOMY

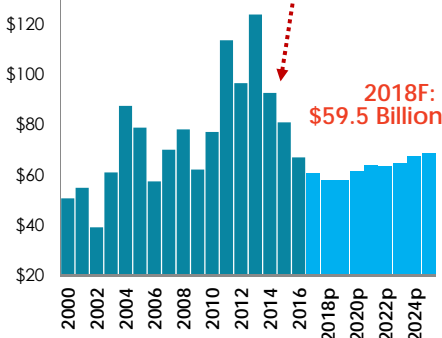
Since 2013, **Net Farm Income** has declined by **52%**
\$64,000,000,000

USDA Grain Price Index




Index (2011 = 100)

Passed 2014 Farm Bill



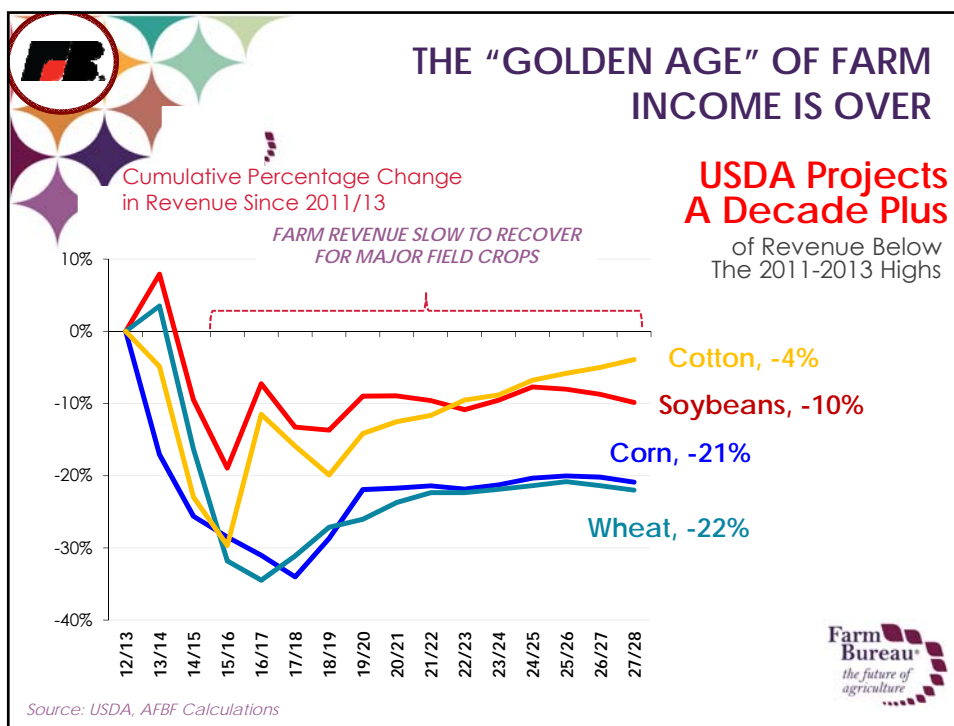
2018F: \$59.5 Billion

Lower Crop Prices



The decline in crop revenues and modest declines in cash expenses pressured farm income lower. **Expected to stabilize at lower levels.**


Source: USDA, AFBF Calculations



POLICY AND MARKET-BASED SOLUTIONS

FARM RISK MANAGEMENT TOOLS

MARKET ACCESS & DEVELOPMENT




THE CONGRESSIONAL TOOLBOX

Two Sides of the Balance Sheet:

CROP INSURANCE, FARM PROGRAM PAYMENTS, CONSERVATION ASSISTANCE

These programs help when crop prices or revenue fall below threshold levels. Conservation programs provide financial benefits, including cost-sharing, for conservation initiatives. Protection for emergencies and prolonged declines in income




CUTTING RED TAPE & REDUCED REGULATORY BURDEN

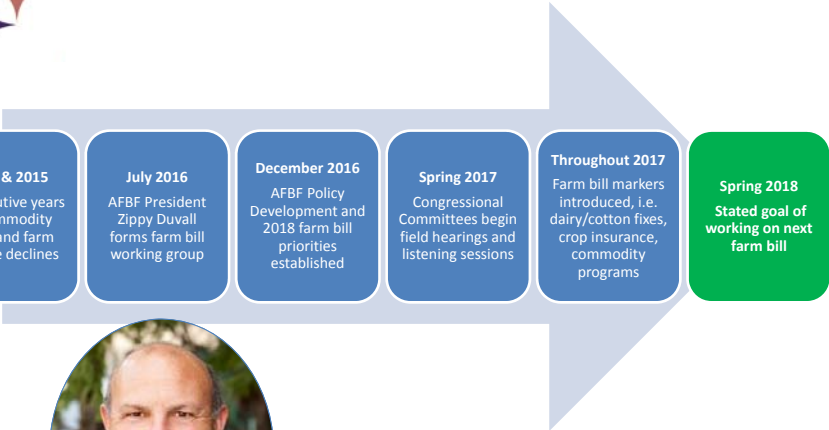
Congress finding ways to reduce the costs of farming. Federal Funding Accountability and Transparency Act DUNS Number

AFBF Lobbying Objectives

Protect Farm Bill Spending



FARM BILL TIMELINE



2014 & 2015
Consecutive years of commodity price and farm income declines


July 2016
AFBF President Zippy Duvall forms farm bill working group

December 2016
AFBF Policy Development and 2018 farm bill priorities established

Spring 2017
Congressional Committees begin field hearings and listening sessions


Throughout 2017
Farm bill markers introduced, i.e. dairy/cotton fixes, crop insurance, commodity programs

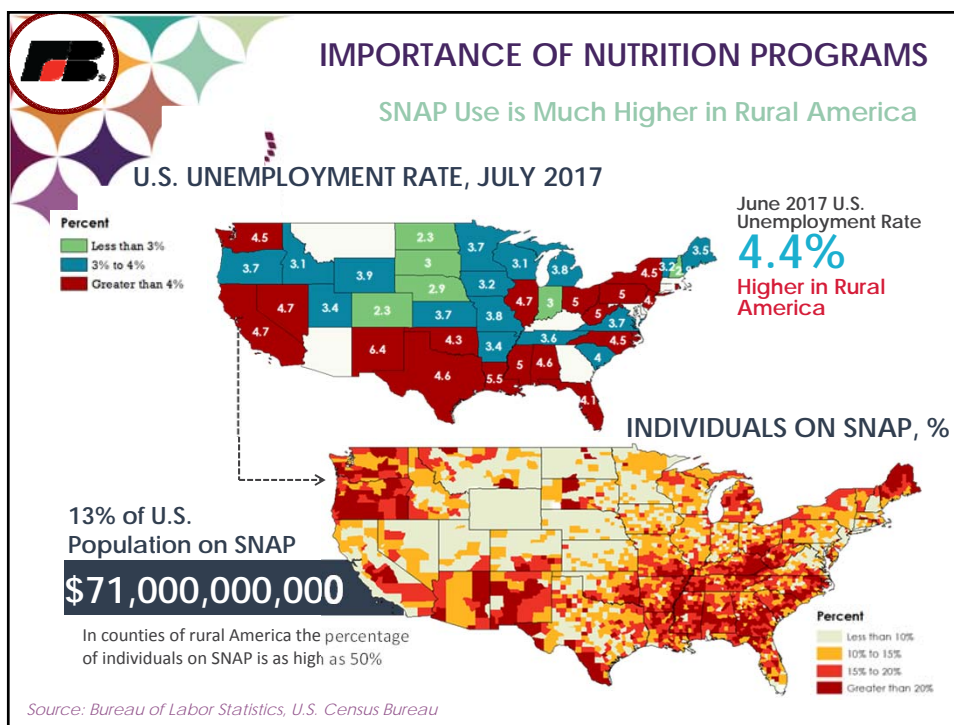
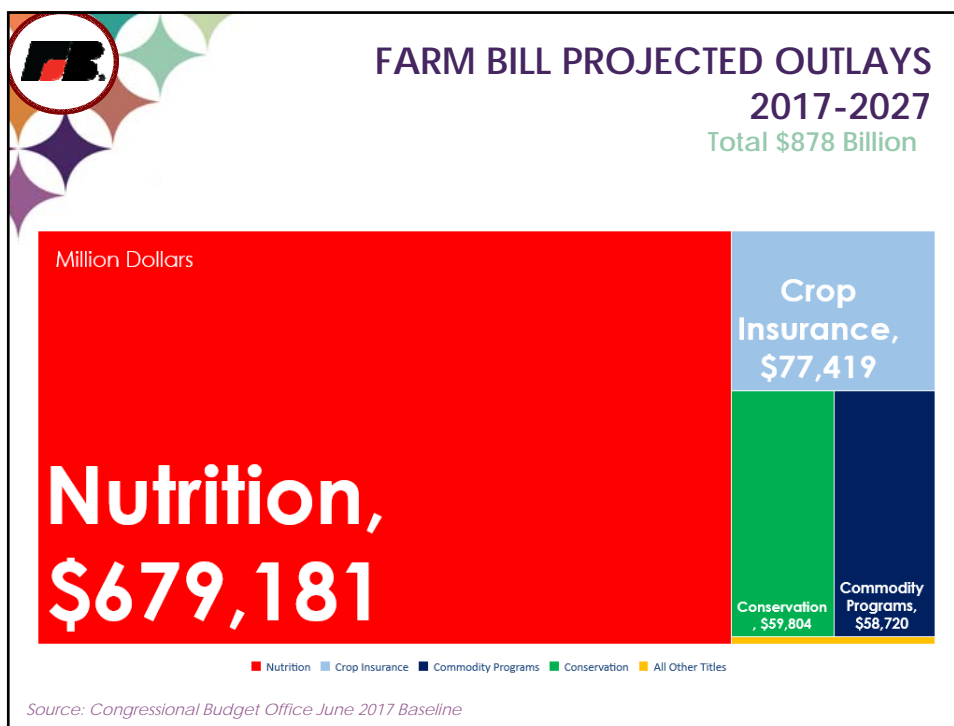
Spring 2018
Stated goal of working on next farm bill

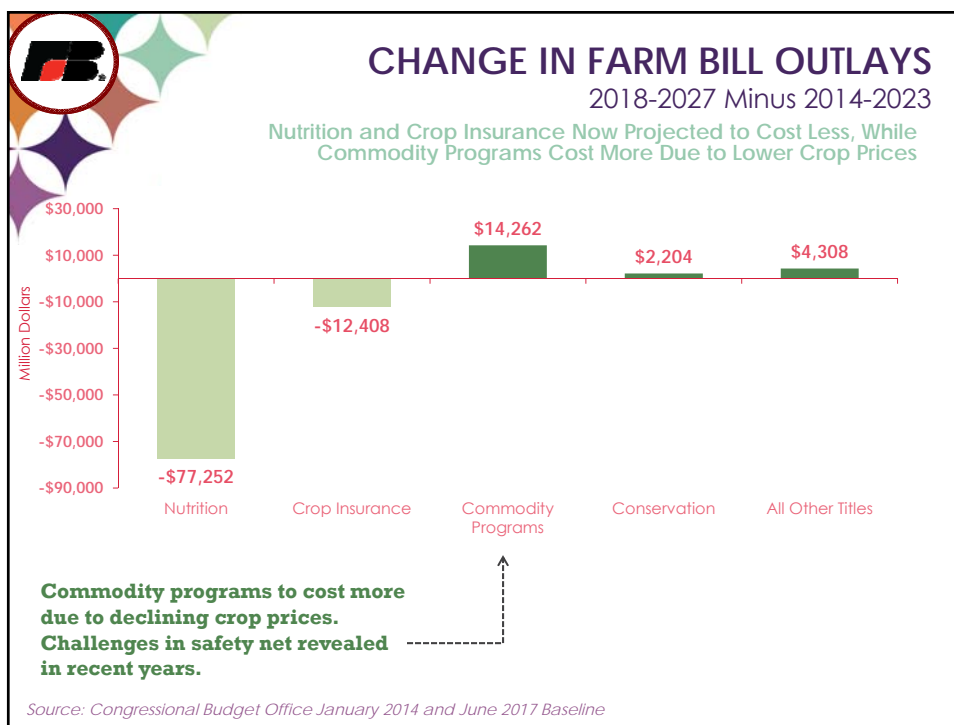
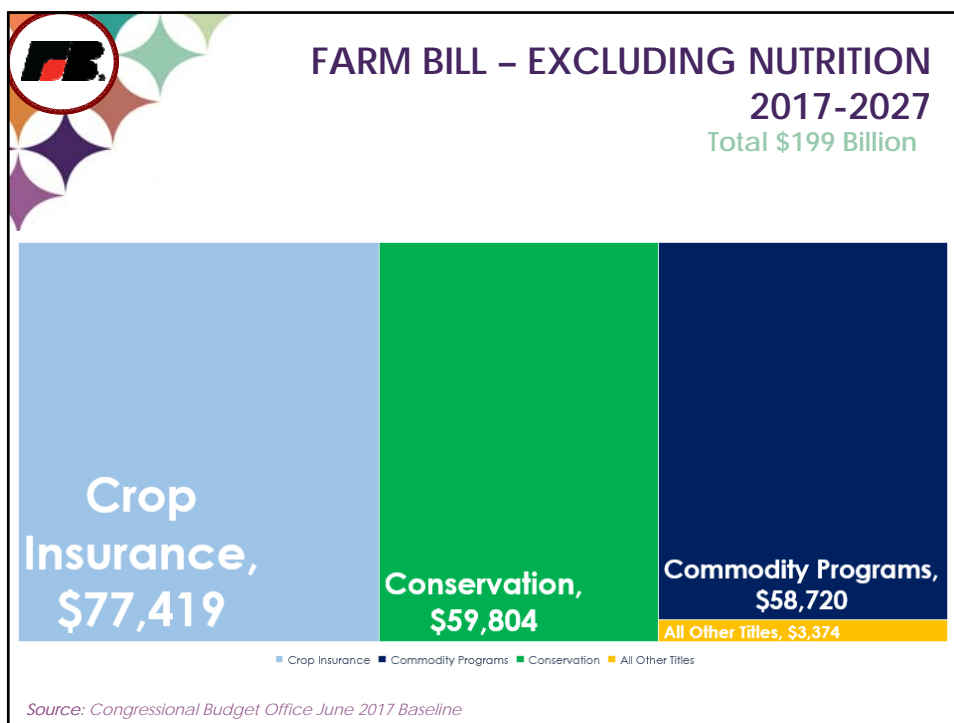



Zippy Duvall

Farm Bureau President Appoints Farm Bill Working Group










REVIEWING ARC-CO & PLC PROGRAM PAYMENTS 2014 to 2016


Field Crop	PLC Reference Price	ARC-CO & PLC Payments	\$/Base Acre
Corn (ARC)	\$3.70 bushel	\$10.9 Billion	\$37
Wheat (ARC/PLC)	\$5.50 bushel	\$3.4 Billion	\$18
Rice (PLC)	\$14 cwt	\$1.7 Billion	\$122
Soybeans (ARC)	\$8.40 bushel	\$1.6 Billion	\$9
Peanuts (PLC)	\$535 ton	\$1.4 Billion	\$158
Sorghum (PLC)	\$3.95 bushel	\$691 Million	\$23
Seed Cotton	36¢ Lb.	NA	NA

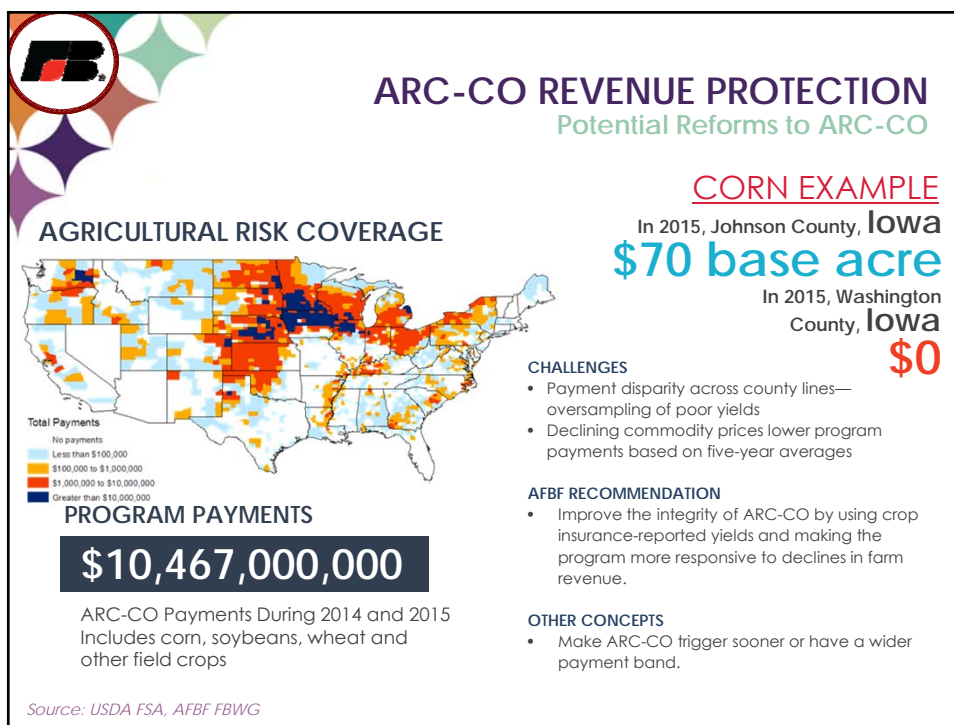
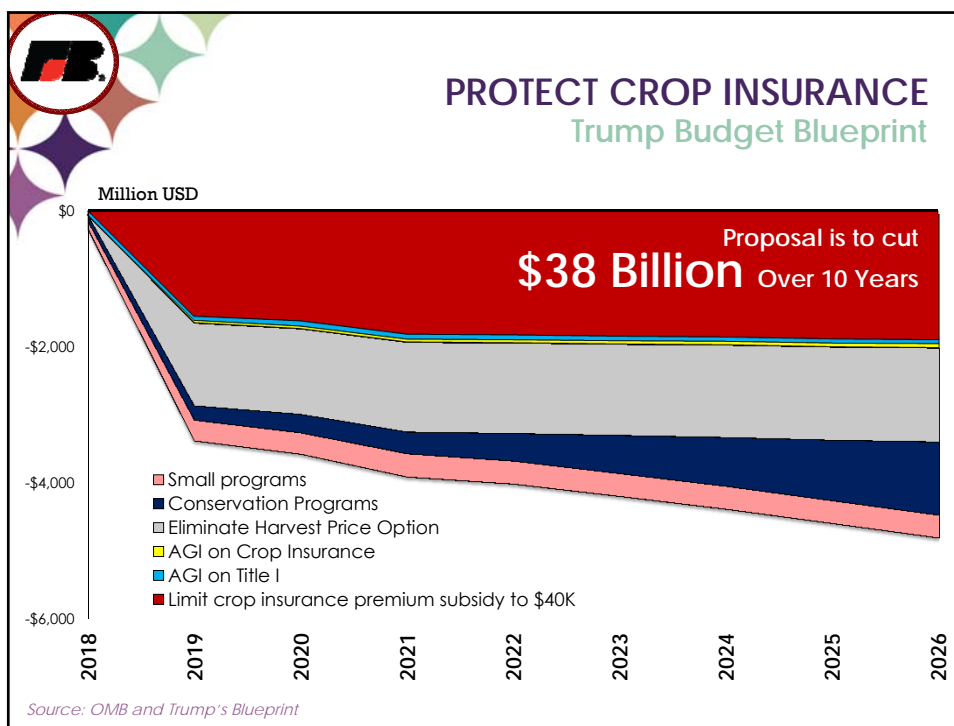
Source: USDA FSA, AFBF Calculations

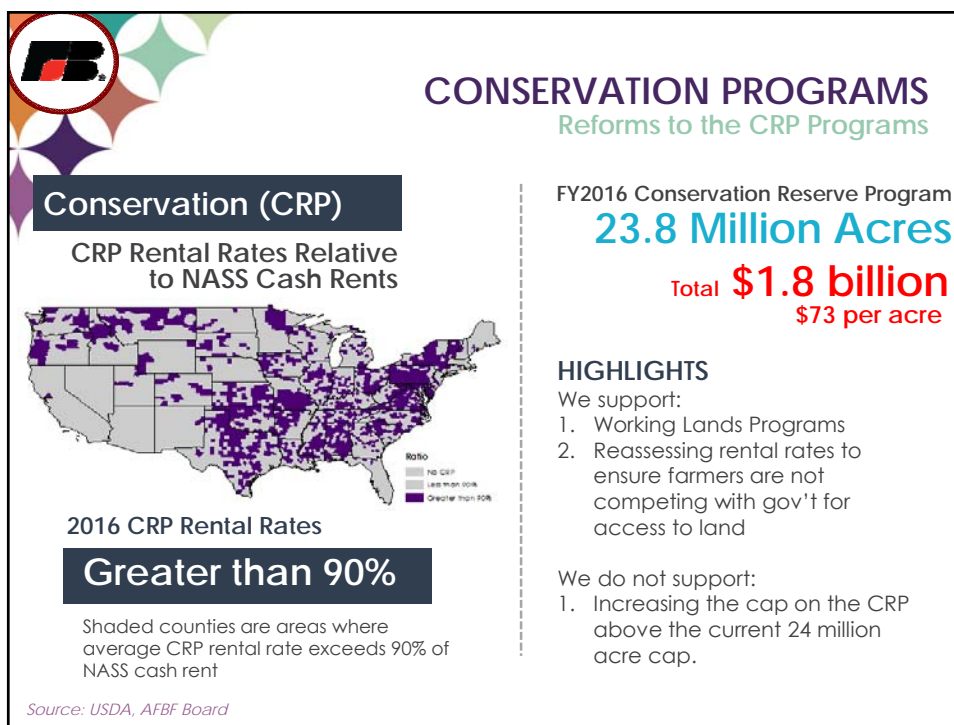
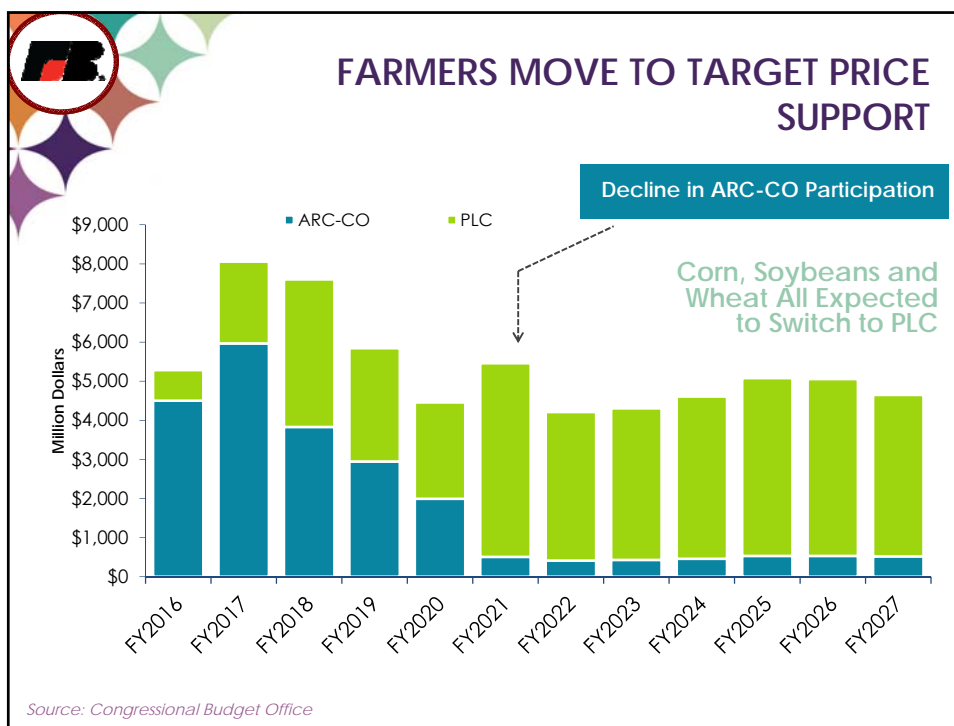


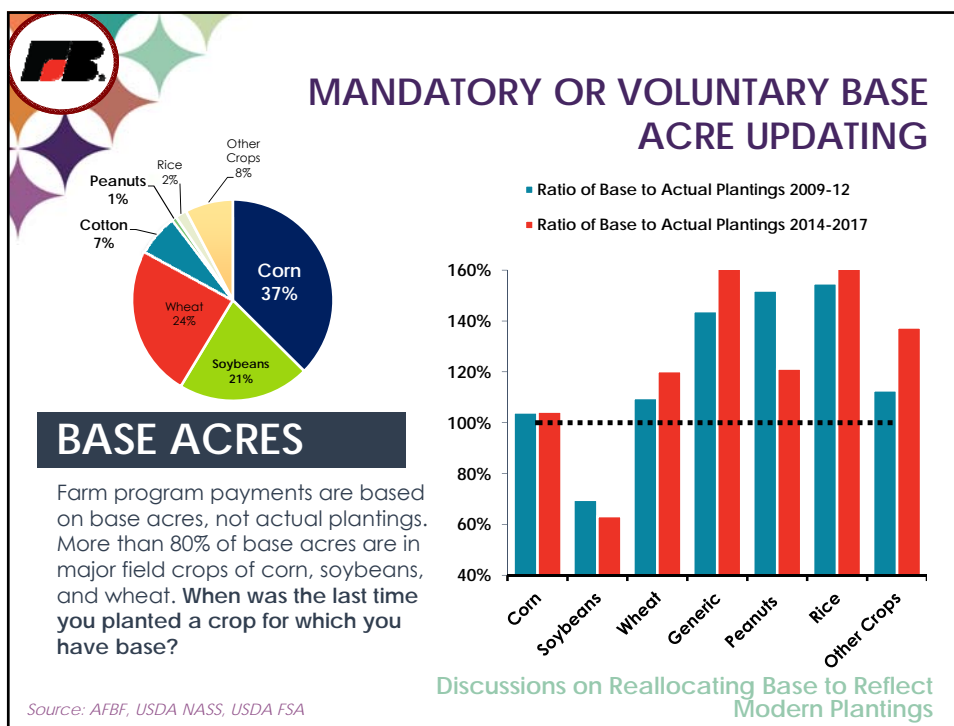
PRIMARY ISSUES IN FARM BILL


- **CBO BASELINE**
ZERO SUM GAME, NEW SPENDING REQUIRES OFFSETS
- **PROTECT CROP INSURANCE**
POTENTIAL "REFORMS" WOULD HURT FARMERS, I.E. HARVEST PRICE OPTION
- **COTTON AND DAIRY SAFETY NET**
COTTON RETURN AS COVERED COMMODITY
DAIRY PROGRAM ENHANCEMENT
- **REFRESHING COMMODITY PROGRAMS**
COUNTY YIELDS IN ARC, WHEN DOES IT TRIGGER?
SUPPORT LEVELS FOR PRICE LOSS COVERAGE PROGRAM
- **CONSERVATION PROGRAMS**
RENEWED INTERESTED IN LIFTING CRP CAP, REVIEW CRP RENTAL RATES
- **SUPPLEMENTAL NUTRITION PROGRAM**
80% OF FARM BILL SPENDING, CONCERNS OVER FRAUD AND ERROR RATES
- **LIVESTOCK**
FOOT AND MOUTH DISEASE VACCINE BANK












DISASTER FIX – COTTON SAFETY NET

Seed Cotton Proposal

- Cotton eligible beginning in the 2018 crop year to participate in Title I commodity programs for seed cotton.
- The seed cotton marketing year average price is a weighted average of the upland cotton lint price and the cottonseed price.
- The seed cotton payment rate will be based on a reference price of **\$0.36 per pound**, with a price floor equal to \$0.25 per pounds.
- Program payments per base acre would be equal to the seed cotton payment rate, multiplied by 2.4, multiplied by the upland cotton payment yield.
- There will be a one-time opportunity to update the payment yield for upland cotton based on 90 percent of the 2008-2012 actual yield, excluding years in which cotton was not grown.
- Total program payments will be made on 85 percent of a farm's seed cotton base acres. These payments will be decoupled from actual planting decisions.
- Generic base, formerly cotton base, will be reassigned using the following options:
 - Default Option 1: Seed cotton base equal will be the higher of 80 percent of generic base or 2009 to 12 average seed cotton plantings, not to exceed total generic base. Unconverted generic base becomes unassigned crop base and ineligible for ARC/PLC; or
 - Option 2: All generic base converted proportionally based on 2009 to 12 average plantings of seed cotton and other covered commodities.
- For any farms with generic base and no covered commodities from 2009 to 2016, those generic base acres will become unassigned crop base and ineligible for Title I commodity programs.

Source: Disaster Bill 2018



DISASTER FIX – COTTON SAFETY NET

Cotton Was Removed from Title I in 2014 Farm Bill

Proposed “Seed Cotton” Price, Reference Price and Payment Rate

Y-axis: Dollars Per Pound (\$0.00 to \$0.50)

X-axis: 1980, 1983, 1986, 1989, 1992, 1995, 1998, 2001, 2004, 2007, 2010, 2013, 2016, 2019, 2022, 2025

Legend:
■ Seed Cotton Price
 Seed Cotton Reference Price

2018 Crop Year
Could See Nearly
\$700,000,000
in Cotton Payments


Y-axis: Dollars Per Pound (\$0.00 to \$0.15)

X-axis: 1980, 1983, 1986, 1989, 1992, 1995, 1998, 2001, 2004, 2007, 2010, 2013, 2016, 2019, 2022, 2025

Legend: ■ Seed Cotton Program Payment

“Seed Cotton” Unginned upland cotton that includes both lint and cottonseed


Source: USDA NASS and Author's Calculations




DISASTER FIX – DAIRY SAFETY NET

Dairy Fixes to MPP

- Beginning with the 2018 coverage year the Margin Protection Program will be modified to provide enhanced coverage at more affordable rates. Changes to the program include:
 - Tier 1 coverage, i.e. milk eligible for the lower-tiered MPP premium rates, was raised to 5 million pounds of covered milk. This was increased from the previous level of 4 million pounds of covered milk.
 - The premium rates for Tier 1 coverage were reduced significantly. Premiums for \$4.50 and \$5.00 coverage were eliminated, and other premiums were reduced by an average of 70%. The downloadable Excel MPP calculator includes a chart demonstrating the new Tier 1 premium rates.
 - MPP margins and program payments will be calculated monthly. Previous the MPP margins were calculated on a bi-monthly basis 6 times per calendar year.
 - Waives the \$100 administrative fee for underserved producers such as limited resource, beginning and minority farmers.
- Dairy farmers will be given an opportunity to re-enroll in MPP or change coverage levels for the 2018 coverage year. The sign-up deadline was extended 90 days into May 2018.
- Farmers participating in Livestock Gross Margin Insurance for Dairy Cattle are not eligible for MPP coverage.



Source: Disaster Bill 2018



DISASTER FIX – DAIRY SAFETY NET

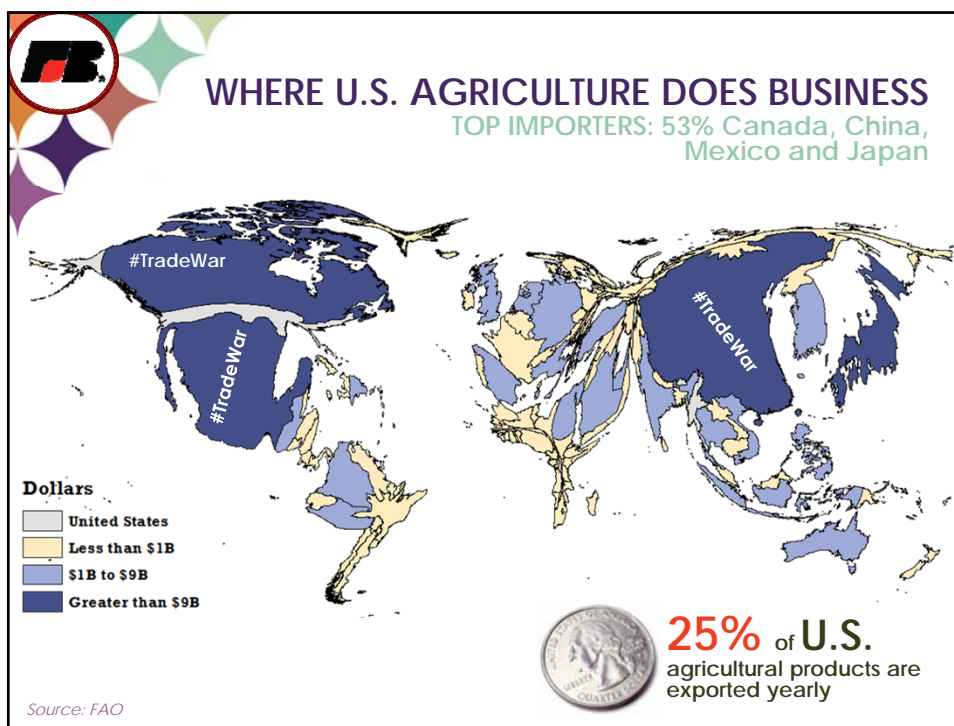
Expected Benefits Range from **-\$100 to \$21,000** for a farm with 5 million pounds of covered milk

MPP Premiums Were Made Much Cheaper

Coverage Level	Prior Tier 1 Premium Rates (\$/hundredweight)	New Tier 1 Premium Rates (\$/hundredweight)
\$4.00	0.00	0.00
\$4.50	0.00	0.00
\$5.00	0.02	0.02
\$5.50	0.04	0.04
\$6.00	0.06	0.06
\$6.50	0.09	0.04
\$7.00	0.21	0.06
\$7.50	0.30	0.08
\$8.00	0.45	0.14

Coverage Level	Expected Benefit (\$/Hundredweight)
\$4.00	0.00
\$4.50	0.00
\$5.00	0.00
\$5.50	0.00
\$6.00	0.00
\$6.50	\$0.01
\$7.00	\$0.08
\$7.50	\$0.22
\$8.00	\$0.42

Source: The Disaster Package, AFBF Calculations



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Market Intel




FSMA: Right Around the Corner for Large Growers

December 28, 2017




Year-end Livestock Reports Summary

December 27, 2017




What Do the Tax Cuts Mean for Farmers and Ranchers?

December 20, 2017




Trends in Beverage Milk Consumption

December 9, 2017




Enrollment Duration in the Conservation Reserve Program

December 13, 2017




Marketing Feeder Cattle: Changes in Sales Data

December 11, 2017




The House and Senate Tax Plans, Side-by-Side

December 7, 2017



China Continues to Drive Sorghum Acreage and Consumption

December 4, 2017



China Lowers Tariffs, but Catching Up is Hard to Do

November 29, 2017

igh on House and Senate Tax Bills



JANET ADKISON
NASHVILLE

MARKET DAY REPORT
THE HOUSE MEASURE TAXES MANY OF THE PASS-THROUGH BUSINESSES AT 25%
COTTON #2 OCT 72.43
BESEL FROM ARGENTINA, INDONESIA



MARKET DAY REPORT

AFBF Market Intel Report: Katelyn McCullock on Current Hog Market



WASHINGTON

MARKET DAY REPORT
THE HIGHEST HOG PRICE SEEN THIS YEAR WAS IN LATE JUNE AND EARLY JULY
SOYBEANS AUG 1.0055
WHEAT
NINE MONTHS: CALIFEX'S REVENUES DOWN 1%, NET INCOME DOWN 153%

CRP Enrollment Duration



CORN MAR 3.675
Soybeans
WINDUPORT NAMES BADER RUTTER AS ITS AGENCY FOR ITS CROP PROTECTION PRODUCTS