2013 Farm Policy Update

Nicholas Paulson
npaulson@illinois.edu
Jonathan Coppess
jwcoppes@illinois.edu
University of Illinois

2013 Illinois Farm Economics Summit
The Profitability of Illinois Agriculture: Managing in a Turbulent World

2013 Farm Bill: History

- 2011 Super Committee
- 2012 Senate but not House; Extension
- 2013 Senate...House
  - Defeat
  - Split & Passed
  - Recombined & Conference

http://www.gabedogston.com/?tag=farm-bill
2013 Farm Bill: Hurdles

- Politics & Timing
- Budget
- Policy Disagreements

2013 Farm Bill: Politics

- Democratic Senate vs. Republican House
- Regional, Rural & Non-rural Interests
- Calendar and Backlog of Legislation
2013 Farm Bill: Politics

113th Congress: House of Representatives

Party Affiliation
- Democrat
- Republican

http://farmdocdaily.illinois.edu/2013/12/mapping-fate-of-farm-bill.html

2013 Illinois Farm Economics Summit 5

2013 Farm Bill: Budget

Changes in Spending (FY2014-2023)
Billions

- Crop Ins.
- $5.00
- $8.94
- $17.74
- $18.70
- $29.00
- $3.50
- $4.83
- $2.01
- $1.74
- Other

Totals:
- Senate (-$17.89)
- House (-$51.88)

Source: CRS-R42484, Jim Monke, Budget Issues Shaping a Farm Bill (Oct. 2013)

2013 Illinois Farm Economics Summit 6
## 2013 Farm Bill: Policy Disagreements

### Senate

- **SNAP:**
  - $4b reduction; reduces benefits only
- **Reforms:**
  - Compliance & Eligibility
- **Farm Program Design:**
  - Price + Revenue + SCO; Base vs. Planted
- **Others:**
  - Dairy, etc.

### House

- **SNAP:**
  - $40b reduction; reduces benefits & beneficiaries
- **Reforms:**
  - Opposition
- **Farm Program Design:**
  - Price + SCO or Revenue; Planted Only
- **Others:**
  - King Amendment; COOL

## Commodity Title

- **Eliminate Direct Payments, CCP, ACRE, and SURE**
- **Modified target price programs**
  - Coupled (planted acres) vs. decoupled (base acres)
  - Fixed vs. market-based price supports
- **Modified revenue-based programs**
  - Shallow losses tied to market
  - Planted acres
Price Supports

Senate – AMP
- 55% of rolling 5-year average
  - Rice and peanuts have fixed reference prices
- Payments on 85% of base acreage
- ~$2.80 corn, ~$6.20 beans, ~$3.70 wheat

House - PLC
- Fixed reference prices (higher than current)
- Payments on 85% of planted acreage
- $3.70 corn, $8.40 beans, $5.50 wheat

Revenue Supports

Senate – ARC
- 88% coverage level, payments capped at 10%
- Guarantee a rolling average of yields and national prices
- County or farm
- Planted acres
- In addition to AMP

House - RLC
- 85% coverage level, payments capped at 10%
- Guarantee a rolling average of yields and national prices
- County
- Planted acres
- Option to PLC
**Senate ARC Program**

Farm-level ARC coupled with 75% RP

**House RLC Program**

RLC coupled with 75% RP
Payment Limits & Eligibility

**Senate**
- Total payment limit of $125,000
  - $50,000 AMP/ARC
  - $75,000 LDP
- Eligibility
  - $750,000 combined AGI

**House**
- Total payment limit of $125,000
  - $50,000 PLC/RLC
  - $75,000 LDP
- Eligibility
  - $950,000 combined AGI

Tied to SSNs; recipients need to be “actively engaged”

Current Law: $105,000 limit but no limit on LDPs; $500,000 nonfarm/$750,000 farm AGI for eligibility

Other Commodity Programs

- Disaster Assistance – reauthorizes livestock and tree programs, but not SURE
- Sugar programs reauthorized
- Dairy
  - Eliminates price supports, MILC, export subsidies
  - Margin-over-feed-cost program
Crop Insurance

- **STAX county-revenue program for cotton producers**
  - 90% coverage level
  - Covers remaining deductible or up to 30%
  - 80% subsidy rate

- **Supplemental Coverage Option (SCO) for other crops**
  - 90% coverage level
  - Covers remaining deductible, mimics individual insurance program choice with county-level coverage
  - 65% subsidy rate

Supplemental Coverage

- SCO with 75% Insurance Coverage
### Farm Bill Summary Points

- **Farm Bill process budget driven**
  - Modified farm and nonfarm programs to achieve savings; crop insurance expanded
  - Bigger hurdles have gotten in the way
- **Big gap between Senate and House versions**
- **(another) Extension into 2014, hopefully short-term?**
- **Conference bill ready for vote by January?**