

**ReNational Farmers Union
Summary, House Agriculture Committee Farm Bill Draft
Federal Agriculture Reform and Risk Management (FARRM) Act of 2013
May 10, 2013**

One day after the release of the Senate Agriculture Committee initial draft of the farm bill, the House Agriculture Committee issued its draft. Although only about half as long, the bill contains significant reforms from the 2008 Farm Bill and several differences from the legislation that passed the House Agriculture Committee last summer.

In the commodity title, the two farm safety net programs first proposed in 2012 remain - Price Loss Coverage (PLC) and Revenue Loss Coverage (RLC). PLC protects against long-term price collapses by instituting target prices that will provide meaningful support in tough times. The price levels in PLC are more balanced and generally higher than the Senate bill's Adverse Market Payments (AMP) program. RLC offers assistance when county revenue levels drop below 85 percent down to 75 percent, similar to the Senate's Agriculture Risk Coverage (ARC) program. Farmers must make a one-time decision whether to participate in PLC or RLC. Livestock disaster programs are part of the bill. No payment limits are applied to any of these Title I programs.

Crop insurance programs fare very well in the draft, and remain the largest portion of farm safety net spending. The Stacked Income Protection Plan (STAX) for cotton growers is included, as are two years' worth of additional payments for cotton growers transitioning away from direct payments. Reduced crop insurance premium subsidies for beginning farmers and ranchers are included.

The concepts of the Dairy Security Act are part of the bill, with both the margin and stabilization programs intact. There are slight differences between the House and Senate drafts, most notably small differences in the premiums for supplemental margin coverage. The House draft includes provisions to help small farmers by having lower premiums for coverage on a farmer's first 4 million pounds of milk.

The conservation title remains essentially unchanged and is very similar to the Senate's version. The bill continues major programs such as Conservation Reserve Program, Conservation Stewardship Program, and Environmental Quality Incentives Program. It also consolidates and streamlines 23 programs into 13. The bill does not, however, include conservation compliance requirements for crop insurance premium subsidies.

The legislation cuts more than \$20 billion from the nutrition title, in comparison with the Senate's \$4 billion in cuts, by making a number of eligibility changes.

The Energy Title received zero mandatory funding but reauthorized the most important programs: Rural Energy for America Program, Biomass Crop Assistance Program, Biorefinery Assistance Program, and Biobased Products Program. The bill prohibits funds from going to blender pumps and to feasibility projects for wind systems.

The draft language also includes a study on the economic impact of new Country-of-Origin labeling, which is simply a stalling tactic to potentially end the labeling requirements. No provisions were introduced related to the Packers and Stockyards Act.

The House Agriculture Committee will convene to consider the bill in a markup on May 15. House Majority Leader Eric Cantor has promised floor time for the bill, but no firm dates have been set.

Detailed summary

Title I: Commodities

Crops

- Direct payments and ACRE are repealed
- Price Loss Coverage (PLC) and Revenue Loss Coverage (RLC) are included. Farmers must make a one-time election to participate in either program.
 - **PLC** is a target price program to address multi-year price collapses.
 - Reference (target) prices are:
 - Wheat \$5.50/bu
 - Corn \$3.70/bu
 - Grain sorghum \$3.95/bu
 - Barley \$4.95/bu
 - Oats \$2.40/bu
 - Long grain rice \$14.00/cwt
 - Medium grain rice \$14.00/cwt
 - Soybeans \$8.40/bu
 - Other oilseeds \$20.15/cwt
 - Peanuts \$535/ton
 - Dry Peas \$11.00/cwt
 - Lentils \$19.97/cwt
 - Small chickpeas \$19/04/cwt
 - Large chickpeas \$21.54/cwt
 - **RLC** is a risk management program designed to address revenue losses not covered by crop insurance.
 - RLC payments are based on county yields, and essentially provide protection on a 75 to 85 percent revenue band.
- Marketing loans are continued, with loans rates as follows:
 - Wheat \$2.94/bu1.95
 - Corn \$1.95/bu
 - Grain Sorghum \$1.95/bu
 - Barley \$1.95/bu
 - Oats \$1.39/bu
 - Upland cotton \$0.47 - \$0.52/lb
 - Extra long staple cotton \$0.7977/lb
 - Long grain rice \$6.50/cwt
 - Medium grain rice \$6.50/cwt
 - Soybeans \$5.00/bu
 - Oilseeds \$10.09/cwt
 - Dry peas \$5.40/cwt
 - Lentils \$11.28/cwt
 - Small chickpeas \$7.43/cwt
 - Large chickpeas \$11.28/cwt

- Graded wool \$1.15/lb
- Non-graded wool \$0.40/lb
- Mohair \$4.20/lb
- Honey \$0.69/lb
- Peanuts \$355/ton

Dairy

- Dairy Security Act provisions remain
 - Margin program continues
 - Feed price calculations are unchanged from Senate version
 - Margin program administrative fees:
 - less than 1 million lbs of milk marketings \$100
 - 1 to 10 million lbs of milk marketings \$250
 - more than 10 to 40 million lbs of milk marketings \$500
 - more than 40 million lbs of milk marketings \$1000
 - Producers will be covered at a \$4 margin level, free of additional charge, with the option to buy up
 - The buy-up margin protection must be greater than 25 percent of the annual production history but not greater than 90 percent.
 - Premiums for supplemental margin coverage levels for first 4 million lbs of milk
 - \$4.50 \$0.01
 - \$5.00 \$0.025
 - \$5.50 \$0.04
 - \$6.00 \$0.065
 - \$6.50 \$0.09
 - \$7.00 \$0.434
 - \$7.50 \$0.59
 - \$8.00 \$0.922
 - Premiums for supplemental margin coverage levels for milk in excess of 4 million lbs
 - \$4.50 \$0.015
 - \$5.00 \$0.036
 - \$5.50 \$0.081
 - \$6.00 \$0.155
 - \$6.50 \$0.230
 - \$7.00 \$0.434
 - \$7.50 \$0.590
 - \$8.00 \$0.922
- Dairy stabilization program continues
 - Producers enrolled in margin program are required to be in stabilization program
- Reauthorizes dairy produce price reporting and the Federal milk marketing orders.
- Repeals the dairy export incentive program and the dairy product price support program.
- Extends dairy forward pricing, dairy indemnity program, and dairy promotion and research program (dairy checkoff program).

Other

- Sugar program maintained
- Livestock disaster programs are included:
 - Livestock Indemnity Payments (LIP)

- Livestock Forage Disaster Program (LFP)
- Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish
- Tree Assistance Program (TAP)

Title II: Conservation

- Does not include conservation compliance being linked to crop insurance like in Senate bill
- Extends CRP but with acreage cap reduced more than Senate, from 27.5 million to 24 million acres
- Extends CSP: \$18/acre enrollment, target acreage modified to 8.69 million acres/FY
- Extends EQIP: maintains current funding
- Creates Agricultural Conservation Easement Program (ACEP) Regional Conservation Partnership Program (RCPP)

Title IV: Nutrition

- Cuts more than \$20 billion from SNAP
- Ends most LIHEAP “Heat-and-Eat” payments
- Ensures no SNAP payments to lottery winners, college students, and undocumented immigrants
- Increases funding for The Emergency Food Assistance Program (TEFAP)
- Adds frozen, canned and dried fruits and vegetables to the Fresh Fruit and Vegetable Program

Title V: Credit

- Eligibility for farm ownership loans
 - A family farm that has become an LLC can obtain credit but the bill allows any legal entity that meets the ownership rules has outlined later in the section of either 50% ownership or 75% depending on the operation to qualify.

Title VI: Rural Development

- Water, waste disposal, and wastewater facility grants
 - \$15 million per year discretionary
- Rural cooperative development grants
 - \$40 million per year discretionary
- Rural business and industry loan program
 - \$15 million per year discretionary
- Locally or regionally produced agricultural food products
 - Funding set aside for locally and regionally produced agricultural food products is capped at 7% of the program, ensuring that other viable business ventures can compete for scarce funding under the Business and Industry Loan Program, and assistance is provided for main street businesses to allow certain types of collateral for USDA loans.
- Simplified applications
- Rural microentrepreneur assistance program
 - \$20 million per year discretionary
- Northern Great Plains Regional Authority
 - \$2 million per year discretionary

- Expands 911 access
- Access to broadband telecommunications services in rural areas
- Distance learning and telemedicine
 - \$65 million a year
- Value added agricultural market development program grants
 - \$50 million a year mandatory

Title VII: Research

- Extends authority for extramural research grants and other programs under the administration of the National Institute of Food and Agriculture
- Reauthorizes the National Agricultural Research, Extension, Education and Education advisory board.
- Includes the Veterinarian Services Investment Act to ease the shortage of veterinarians.

Title IX: Energy

Reauthorizes without mandatory funding:

- Biobased Markets Program (\$5 million discretionary)
- Biorefinery Assistance Program (\$375 million discretionary)
- Repowering Assistance Program (\$50 million discretionary)
- Bioenergy Program for Advanced Biofuels (\$250 million discretionary)
- Biodiesel Fuel Education Program (\$10 million discretionary)
- Biomass Research and Development (\$100 million discretionary)
- Feedstock Flexibility Program
- Biomass Crop Assistance Program (\$375 million discretionary)
 - Eliminated CHST payments
- Community Wood Energy Program (\$10 million discretionary)
- Rural Energy for America Program (\$225 million discretionary)
 - Excludes feasibility studies, blender pumps
 - Tiered application process

Title X: Horticulture

- Specialty Crop Block Grant Program reauthorized (same funding level as Senate)
- Farmers Market and Local Food Promotion program reauthorized: includes \$30 million in mandatory funding

Title XI: Crop Insurance

- Includes guidelines on publication of violations of prohibitions on crop insurance premium adjustments
- Stacked Income Protection Plan (STAX) is included for cotton.
- Includes strengthening changes to the Supplemental Coverage Option
- Provides supplemental funding (\$41 million from the Commodity Credit Corporation) to aid specialty crop producers who used crop insurance but did not receive Title I assistance, retroactive to 2011 and until 2015.

- Prohibits cuts to crop insurance during future renegotiations of the Standard Reinsurance Agreement.
- Beginning farmers and ranchers shall receive crop insurance premium subsidies 10 percentage points greater than for others.
- Bolsters research and development of new risk management products, particularly for crops underserved by current policies

Title XII: Miscellaneous

- National Sheep Industry Improvement Center
- National Aquatic Health Plan
- COOL study on the rule published March 12, 2013 by the USDA
 - The study is to report on the impact on consumers, producers and packers in the USA
- National animal health laboratory network - \$15 million discretionary
- Grants to improve supply, stability, safety and training of agricultural labor force
- Military Veteran Agriculture Liaison
- Noninsured crop assistance program
- Ensuring high standards for agency use of scientific information
 - Government wide mandate to develop and certify a process at every Federal agency that sounds science is being used, includes peer review where appropriate, and will not allow any regulation from the USDA to be implemented after January 1, 2014 unless this process has been completed. There is an exemption for food safety and health emergencies.

Other Key Points

- Does not include conservation compliance for Crop Insurance
- Does not include limits or reductions on crop insurance premium subsidies
- Includes H.R. 935, which is the 113th Congress' version of H.R. 872 from the 112th on NPDES permits. NFU has long supported this legislation.

The 37 Expired Baseline Programs

- Beginning Farmer and Rancher Development: **\$20 million/year discretionary**
- Healthy Forests Reserve Program: **\$9,750,000/year discretionary**
- Biobased Market Program: **\$5 million discretionary**
- Biorefinery Assistance: **\$375 million discretionary**
- Repowering Assistance: **\$50 million discretionary**
- Bioenergy Program for Advanced Biofuels: **\$250 million discretionary**
- Biodiesel Fuel Education Program: **\$10 million discretionary**
- Rural Energy for America (REAP): **\$225 million discretionary**
- Market Loss Assistance for Asparagus Producers: **TERMINATED**
- National Sheep Industry Improvement Center: **Reauthorized**
- Survey of Foods Purchased by School Food Authorities: **TERMINATED**
- Assistance for Community Food Projects: Reauthorized, not sure about funding
- Healthy Urban Food Enterprise Development Center: **TERMINATED**
- Rural Microentrepreneur Assistance Program: **\$20 million/year discretionary**

- Funding of Pending Rural Development Loan and Grant Applications: **TERMINATED**
- Organic Agriculture Research and Extension Initiatives: **\$20 million/year discretionary**
- Disaster programs:
 - **Such sums as necessary for livestock indemnity payments**
 - Such sums as necessary **for the livestock forage disaster program**
 - **\$20 million a year, mandatory, for emergency assistance for livestock, honeybees and farm-raised fish, for 2012-2018**
 - **Such sums as necessary for the tree assistance program**
 - Supplemental Revenue Assistance Payments (SURE): **TERMINATED**
- Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers: **\$10 million mandatory, \$20 million discretionary**
- Value-Added Agricultural Producer Grants: **\$50 million mandatory**
- Wetlands Reserve Program: **merged into ACEP (see above)**
- Grassland Reserve Program: **merged into ACEP (see above)**
- Voluntary Public Access and Habitat Incentive Program: **\$30 mandatory**
- Small Watershed Rehabilitation Program: **\$250 million for 2014, to remain available until expended**
- Desert Terminal Lakes Program: **TERMINATED**
- McGovern-Dole International Food for Education and Child Nutrition Program: **extended at previous funding levels**
- Local and Regional Food Aid Procurement Projects: **TERMINATED**
- Pilot projects to evaluate health and nutrition promotion in the supplemental nutrition assistance program: **TERMINATED**
- Study on Comparable Access to Supplemental Nutrition Assistance for Puerto Rico: **terminated**
- Whole Grain Products for school lunches and breakfasts: **TERMINATED**
- Biomass Research and Development: **\$100 million discretionary**
- Biomass Crop Assistance Program: **\$375 million discretionary**
- Farmers' Market and Local Food Promotion Program: **\$30 Million mandatory/year, \$10 million discretionary**
- National Clean Plant Network: **\$5 million discretionary for 2013, \$62.5 million for 2014-2017, \$75 million for 2018**
- National Organic Certification Cost-Sharing: **TERMINATED**
- Organic Production and Market Data Initiatives: **\$11 Million/year discretionary**
- Determination on Merits of Pigford Claims: **TERMINATED**
- Specialty Crop Research Initiative: **CCC funds**:
 - **\$50 million in 2014 and 2015**
 - **\$55 million in 2016 and 2017**
 - **\$65 million in 2018 and each year thereafter**