National Farmers Union
UNITED TO GROW FAMILY AGRICULTURE

2014 Farm Bill Summary

COMMODITY PROGRAMS

The 2014 Farm Bill restructures support programs for commodity growers. Most notably, direct payments are eliminated and the majority of the farm safety net transitions to a one-time election between a modified target price program and a revenue protection program. Overall, commodity programs are projected to comprise approximately five percent of farm bill spending during the next ten years.

Sometime in 2014, farmers will be required to choose between two commodity programs that function in very different ways. This one-time, irrevocable decision will apply through the 2018 crop year.

Price Loss Coverage (PLC) provides payment to farmers when the price of a crop falls below its reference price. These prices are higher than those set by the 2008 Farm Bill, which were at that time called target prices. PLC continues the previous policy of making payments on 85% of base acres. The 2014 Farm Bill allows base acres to be updated, using an average of plantings for the crop years between 2009 and 2012.

Commodity Reference Prices in the 2014 Farm Bill (PLC)

CROP	NEW
Wheat (bu.)	**$5.50**
Corn (bu.)	**$3.70**
Grain sorghum (bu.)	**$3.95**
Barley (bu.)	**$4.95**
Oats (bu.)	**$2.40**
Upland Cotton (lb.)	**STAX**
Rice, med & lg (cwt.)	**$14.00**
Soybeans (bu.)	**$8.40**
Other oilseeds (cwt.)	**$20.15**
Dry peas (cwt.)	**$11.00**
Lentils (cwt.)	**$19.97**
Peanuts (ton)	**$535**

Agriculture Risk Coverage (ARC) is a shallow loss assistance program that triggers when crop revenues decline. Like the PLC program, ARC payments are made on 85 percent of base acres. Payments are triggered when actual crop revenue drops below 86 percent of benchmark revenue. Farmers can select to be covered at either the county or individual farm level.

Loan Deficiency Payments and Marketing Loans, both from the 2008 Farm Bill, are retained in the 2014 Farm Bill. The crop disaster program from the 2008 Farm Bill – the Supplemental Revenue Assistance Program – was not reauthorized, as elements of this effort was rolled into ARC. The other disaster programs that covered livestock and tree assistance are reauthorized and retroactively funded for losses incurred in 2012 and will continue indefinitely.

Payment limits are set at a $125,000 per person cap on the total of PLC, ARC, marketing loan gains and loan deficiency payments. The 2014 Farm Bill applies this $125,000 limit to the total from all covered commodities (with the exception of peanut farmers, who have a separate $125,000 limit). The 2014 Farm Bill instructs USDA to write regulations that define “significant contribution of active personal management,” which is expected to attract significant comment and debate. Eligibility for these programs will be revoked if the farmer’s adjusted gross income (AGI) is in excess of $900,000.