

**National Farmers Union
Summary, Senate Agriculture Committee Farm Bill Draft
Agriculture Reform, Food and Jobs Act of 2013
May 10, 2013**

The initial draft of the Senate Agriculture Committee Farm Bill, the Agriculture Reform, Food and Jobs Act of 2013, was released yesterday morning. Preliminary review of the 1,000-page document shows that the bill is very similar to the legislation that passed the full Senate last year. The farm bill goes from 2014-2018.

In the commodity title, the Agriculture Risk Coverage program is included, which provides protection on a revenue band of 78 to 88 percent of the average. Individuals can make a one-time election to enroll in ARC based on the county or farm average, with 65% payment rates for the farm option and 80% for the county option. In a new program known as Adverse Market Payments (AMP), target prices are established for all commodities and are set at the low levels established by the 2008 Farm Bill - with the exception of rice and peanuts, which are considerably higher. AMP provides relatively weak long-term price protection.

Crop insurance programs remain strong and the largest part of the farm safety net. The Stacked Income Protection Plan (STAX) for cotton is included, as is the Supplemental Coverage Option. The draft also guards against cuts to crop insurance during future renegotiations of the Standard Reinsurance Agreement.

Payment limits are part of the bill, including a \$50,000 cap for ARC and AMP, limiting benefits only to those actively engaged in farming, and excluding anyone with an adjusted gross income greater than \$750,000 from receiving Title I benefits. A provision was included to reduce crop insurance premium subsidy payments by fifteen percent for farmers with an AGI in excess of \$750,000.

Dairy provisions are essentially unchanged from the Senate's 2012 Farm Bill, featuring new stabilization and margin programs that replace the existing Milk Income Loss Contract (MILC) program and Dairy Product Price Support Program (DPPSP). Provisions to help small farmers by providing lower-priced premium subsidies in the margin program for the first 4 million pounds of milk are included. No mention was made of adding California to the Federal Milk Marketing Order. Livestock disaster programs are also part of the draft bill.

Conservation programs are relatively untouched as compared to the Senate's 2012 Farm Bill. The Conservation Reserve Program (CRP) acreage cap will be gradually reduced from 30 million acres to 25 million acres and enrollment in the Conservation Stewardship Program (CSP) will be set at \$18 per acre, with a target acreage of 10.34 million acres annually. Environmental Quality Incentives Program (EQIP) was extended through 2018 and Wildlife Habitat Incentives Program (WHIP) merged into EQIP. Conservation compliance measures will be linked to eligibility for crop insurance premium subsidies and Title I commodity programs.

The Supplemental Nutrition Assistance Program (SNAP) remains pretty much unchanged from last year's bill in both program and funding. Programs that were orphaned in the farm bill extension of January 1, 2013, are authorized.

Energy programs receive \$800 million in mandatory funding. Other renewed programs include the renamed Farmers Market and Local Foods Promotion Program, specialty crop block grants, and value-added producer grants.

Finally, no provisions were included related to country-of-origin labeling, the Packers and Stockyards Act, or egg production standards.

Detailed summary

Title I: Commodities

Crops

- Direct payments and ACRE are repealed.
 - Includes Adverse Market Payments (AMP), a new program that includes target prices for all commodities. The target prices are set at the same, relatively low, levels as in the 2008 Farm Bill, with two exceptions, rice and peanuts, which are at considerably higher levels.
 - In the 2008 farm bill, peanuts had a counter-cyclical payment of \$495/ton. The 2013 farm bill (AMP) raises that to \$523.77/ton. In 2008 rice had a counter-cyclical rate of \$10.50/cwt but it has been raised to \$13.30/cwt (AMP) in the 2013 farm bill.
 - Target prices are set as follows:
 - wheat \$4.17/bu
 - corn \$2.63/bu
 - grain sorghum \$2.63/bu
 - barley \$2.63/bu
 - oats \$1.79/bu
 - upland cotton \$0.7125/lbs
 - long grain rice \$13.30/cwt
 - med grain rice \$13.30/cwt
 - soybeans \$6.00/bu
 - other oilseeds \$12.68/bu
 - dry peas \$8.32/cwt
 - lentils \$12.81/cwt
 - small chickpea \$10.36/cwt
 - large chickpea \$12.81
 - The loan rate program is continued, with rates as follows:
 - wheat \$2.94/bu
 - corn \$1.95/bu
 - grain sorghum \$1.95/bu
 - barley \$1.95/bu
 - oats \$1.39/bu
 - For upland cotton, the loan rate will be the simple average of the adjusted prevailing world price for the 2 immediately preceding marketing years, as determined by the Secretary and announced October 1 preceding the next domestic plantings. The loan rate may not be less than \$0.45 per pound for more than \$0.52 per pound.
 - Extra long staple cotton \$0.7077/lbs
 - Long grain rice \$6.50/cwt

- Medium grain rice \$6.50/cwt
 - Soybeans \$5.00/bu
 - Other oilseeds \$10.09/cwt
 - This includes sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, and other oilseeds as designated by the Secretary.
 - Dry peas \$5.40/cwt
 - Lentils \$11.28/cwt
 - Small chickpeas \$7.43/cwt
 - Large chickpeas \$11.28/cwt
 - Graded wool \$1.15/lbs
 - Nongraded wool \$0.40/lbs
 - Mohair \$4.20/lbs
 - Honey \$0.69/lbs
 - Peanuts \$355/ton
- Agriculture Risk Coverage is back, covering the 78 to 88 percent of benchmark revenue band.
 - Includes individual or county option
 - For individual option, ARC covers 65% of planted acres or 45% of prevented plant eligible acres
 - For county option, ARC covers 80% of planted acres or 45% of prevented plant eligible acres
 - ARC and AMP are subject to conservation compliance as part of Title I
 - Payment limits for ARC and AMP: \$50,000 cap, limited only to those actively engaged in farming
 - Farmers with an adjusted gross income (AGI) greater than \$750,000 are excluded from receiving Title I benefits

Dairy

- 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).
- Dairy Production Margin Protection Program & Dairy Production Stabilization Programs both mirror the 2012 Senate Farm Bill. This includes the small farmer provision, which provides more affordable premiums on the margin program for the first 4 million pounds of milk marketed.
 - Dairy operations may buy-up their margin protection for a calendar year.
 - The buy-up margin protection must be greater than 25 percent of the annual production history but not greater than 90 percent.
 - For the first 4 million pounds of milk marketings, coverage level premium per cwt.:
 - \$4.50 \$0.01
 - \$5.00 \$0.02
 - \$5.50 \$0.035
 - \$6.00 \$0.045
 - \$6.50 \$0.09
 - \$7.00 \$0.40
 - \$7.50 \$0.60
 - \$8.00 \$0.95
 - For milk marketings in excess of 4 million pounds, coverage level premium per cwt.:

- \$4.50 \$0.02
 - \$5.00 \$0.04
 - \$5.50 \$0.10
 - \$6.00 \$0.15
 - \$6.50 \$0.29
 - \$7.00 \$0.62
 - \$7.50 \$0.83
 - \$8.00 \$1.06
- Protection purchased during the course of a year will be paid with a pro-rated premium.
 - Payment amounts will be determined by the difference between the coverage level threshold and the greater of the average actual production margin for the previous consecutive two-month period or \$4.00. This amount will be multiplied by the percentage of milk marketings covered (as detailed earlier in this section) and the lesser of either the annual production history of the dairy operation, divided by 6, or the actual amount of milk marketed by the dairy operation during the consecutive two-month period.
 - Failure to pay the administrative fee or premium payments will disqualify the dairy operation from payments, while the dairy operator will remain legally obligated to pay.
 - When a dairy operation signs up for margin protection, the dairy operation shall inform the Secretary of the method by which the stabilization program base for the participating dairy operation will be calculated under.

Other

- The sugar program remains unchanged.
- Includes disaster programs:
 - Livestock Indemnity Payments (LIP) (Such sums as needed)
 - Livestock Forage Disaster Program (LFP) (Such sums as needed)
 - Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (\$5 million/year, mandatory)
 - Tree Assistance Program (TAP) (Such sums as needed)

Title II: Conservation

Current Programs

- Extends Conservation Reserve Program (CRP), Conservation Stewardship Program (CSP), and Environmental Quality Incentives Program (EQIP)
 - CRP acreage cap gradually reduced from 30 million acres to 25 million
 - CSP: \$18/acre enrollment, target acreage modified to 10.34 million acres/FY
 - Requires conservation compliance for crop insurance premium subsidy eligibility.
 - EQIP: extended through 2018. Wildlife Habitat Incentives Program (WHIP) merged into EQIP. \$1.5 billion for 2014, \$1.6 billion for 2015, and \$1.65 billion for each of 2016-2018

New Programs

- Agricultural Conservation Easement Program (ACEP)
 - ACEP repeals and merges the concepts of the Farmland Protection Program (FPP), Grassland Reserve Program (GRP), and Wetlands Reserve Program (WRP)
 - Two components:
 - Agricultural Land Easements
 - Purpose of protecting natural resources and agricultural nature of land
 - Combines aspects of FPP and GRP

- Protects agricultural uses/grazing uses of eligible land
 - Wetlands Easements
 - Brings forward stronger aspects of WRP
 - Compatible use of eligibility
 - 40 percent of funding
 - Permanent and 30-year enrollment
 - Funding
 - \$450 million FY 2014
 - \$475 million FY 2015
 - \$500 million FY 2016
 - \$525 million FY 2016
 - \$250 million FY 2017
- Regional Conservation Partnership Program
 - Agricultural Water Enhancement Program (AWEP), Cooperative Conservation Partnership Initiative (CCPI), Chesapeake Bay Program and Great Lakes Initiative are repealed and merged into one regional partnership program
 - Will result in a stronger, broader program
 - Provides for partnership agreements with eligible partners to implement projects to assist producers with installing and maintaining an eligible activity in areas determined by the Secretary
 - Secretary may designate up to 8 critical conservation areas
 - Funded at \$100 million/year FY 14-18
- Other
 - Conservation compliance*
 - Conservation compliance now tied to crop insurance
 - Highly erodible land (HEL) and wetland compliance will be handled the same way as under current compliance-with a five year period to apply a conservation plan for HEL and immediate ban on draining wetlands (same language as in 2012 Senate bill)
 - **An agreement negotiated between major agriculture and conservation organizations to better implement the linkage between conservation compliance and crop insurance is currently being worked out. We expect this to be inserted in the Manager's amendment on the day of the markup.*
 - Conservation of Private Grazing Land: \$30 million for each year 2014-2018
 - Grassroots Source Water Protection Program: \$15 million for each year 2014-2018
 - Voluntary Public Access and Habitat Incentive Program: \$40 million for each year 2014-2018

Title IV: Nutrition

- Unconfirmed, cuts SNAP \$4.1 billion from a Senate Ag Committee source, largely by changing the LIHEAP "Heat-and-Eat" program eligibility
- Ensures lottery winners are ineligible for SNAP benefits.
- Includes provision included in 2012 Senate Farm Bill draft that requires retailers to purchase EBT machines (previously received them for free). The Secretary is given discretion to exempt direct-to-consumer markets, military commissaries, nonprofit food buying cooperatives, etc., from this requirement.

- Facilitates the use of mobile technology and online transactions in acceptance of benefits and requires the Secretary to establish mobile and online transaction pilot projects no later than July 1, 2015.
- Authorizes the use of SNAP benefits for the purchase of a CSA share.
- Reauthorizes Hunger-Free Communities grants at:
 - \$15 million mandatory in 2014
 - \$20 million mandatory in 2015-2017
 - \$25 million mandatory in 2018
 - \$5 million/year discretionary in 2014-2018
- Reauthorizes Commodity Supplemental Food Program for seniors and the Senior Farmers Market Nutrition Program.
- Reauthorizes Healthy Food Financing Initiative
- Includes new provisions integrating pulse crops into the school lunch and breakfast programs, \$10 million discretionary, available until expended.
- Mandates five farm-to-school demonstration projects, regionally distributed.
- Establishes Food and Agriculture Service Learning Program.

Title V: Credit

- Includes farm ownership and emergency loans, as well as a program for beginning farmer and socially disadvantaged farmer contract land sales, among other credit opportunities.
- Continues state agricultural mediation programs.

Title VI: Rural Development

- Expands 911 access
- Access to broadband telecommunications services in rural areas
 - Will give priority to populations less than 20,000
 - Experiencing outmigration
 - With a high percentage of low-income residents
 - That are isolated from other significant population centers
- Distance learning and telemedicine
- Definition of rural area for purpose of the Housing Act of 1949
 - Was increased from 25,000 to 35,000 upon receipt of the 2010 census data
- Rural Business Development Grants: \$65 million/year discretionary
- Value-Added Agriculture Producer Grants
 - The Secretary shall offer a simplified application form and process for projects proposals requesting less than \$50,000.
 - Mandatory funding of \$12.5 million/year from 2014-2018
 - Discretionary funding of \$40 million from 2014 - 2018
 - 10% of funding each year will be reserved for beginning farmers and socially disadvantaged farmers
- Rural Cooperative Development Grant Program: \$50 million/year discretionary
 - Establishes new Interagency Working Group to foster cooperative development and ensure coordination with federal agencies and national and local cooperative organizations that have cooperative programs and interests

- Appropriate Technology Transfer for Rural Areas (ATTRA) program on sustainable agriculture information: \$5 million/year discretionary
- Business and Industry direct and guaranteed loans: \$75 million/year discretionary, plus additional \$50 million/year discretionary for relending
- Rural Microentrepreneur Assistance Program: \$3 million/year mandatory, \$40 million/year discretionary
- Rural Business Investment Program: \$25 million/year discretionary for 2008-2018

Title VII: Research

- Veterinary Services Grant Program
 - A new program with discretionary funding of \$10 million/year, for grants to institutions and organizations carrying out programs that substantially relieve veterinarian shortage situations
- Organic agriculture research and extension initiative is provided with \$16 million/year for 2014 through 2018.
- Specialty Crop Research Initiative is funded at:
 - \$25 million for 2014
 - \$30 million for each of 2015 and 2016
 - \$65 million for 2017
 - \$50 million for 2018
- Beginning farmer and rancher development program
 - Adds “beginning farmers and ranchers who are veterans” to the existing 25 percent set-aside
 - Mandatory funding of \$17 million/year for 2014 through 2018

Title IX: Energy

- \$800 million in mandatory funding for energy programs
 - Biobased Markets program
 - \$15 million in mandatory funding
 - Adds “renewable chemicals” to the definition section
 - Permits Secretary to provide outreach, education and promotion of biobased products
 - Biorefinery Assistance
 - \$100,000,000 in mandatory funding for 2014
 - \$58 million in mandatory funding for 2015 and 2016
 - Renamed “Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance”
 - Renewable chemicals and biobased product manufacturing projects are made eligible for funding
 - Biodiesel Education (\$5 million)
 - Extended with \$5 million in mandatory funding
 - Rural Energy for America (REAP) (\$241 million)
 - Streamlines application process
 - \$100 million discretionary funding
 - \$241 million mandatory funding

- Revamped and streamlines the project application and scoring process
 - Placed limits on grants as the lesser of: \$500,000; and 25 percent of the cost of the activity carried out using funds from the grant
- Biomass Research and Development (BRDI) (\$130 million)
 - \$150 million discretionary
 - \$130 million mandatory
- Biomass Crop Assistance (BCAP) (\$193 million)
 - Excludes any invasive species as determined by the Secretary
 - \$193 million in mandatory
 - Includes both establishment payments as well as Collection, Harvest, Storage and Transportation (CHSP) payments

Title X: Horticulture

- Farmers Market and Local Food Promotion program
 - \$20 million in mandatory funding with authorization to increase funding through appropriations.
 - This program is designed to increase domestic consumption of and access to locally and regionally produced agricultural products by developing, improving, expanding, and providing outreach, training, and technical assistance.
- Specialty crop block grants reauthorized
 - Supported multi-state projects include: food safety, plant pests and disease, crop-specific projects addressing common issues
 - The Secretary may grant up to the following:
 - \$1 million for 2014
 - \$2 million for 2015
 - \$3 million for 2016
 - \$4 million for 2017
 - \$5 million for 2018

Title XI: Crop Insurance

- Reduces crop insurance premium subsidies by 15% for farmers with an AGI of more than \$750,000, so long as the policy doesn't increase crop insurance costs for smaller farmers.
- Stacked Income Protection Plan (STAX) is included for cotton.
- Requires offering crop insurance for organic crops.
 - Price elections for all organic crops produced in compliance with the national organic program will be offered no later than 2015
- Beginning farmer and rancher provisions
 - Beginning farmers and ranchers shall receive premium assistance that is 10 percentage points greater than for others.
- Calls for a study on swine production insurance
- Includes a study on Food Safety Insurance
- Orders funding to be made available (\$23 million per year for five years from the Commodity Credit Corporation) for risk management education and agricultural management assistance grants
- Requires a Government Accountability Office study of crop insurance fraud.

Title XII: Miscellaneous

- Establishes a military veterans ag liaison with mandatory funding of \$10 million each fiscal year, for 2014 through 2018, with additional authorization to appropriate more money up to \$20 million per year.
- NAP - noninsured crop assistance program received increases in funding and is to be administered through the FSA office

Other Key Points

- No livestock competition, GIPSA, or COOL language
- No mention of bringing California into the FMMO
- No egg language

The 37 Expired Baseline Programs

- Beginning Farmer and Rancher Development: \$17 million/year mandatory, \$30 million/year discretionary
- Healthy Forests Reserve Program: \$9.75 million/year for 5 years, discretionary, plus additional discretionary funds to USDA for technical assistance/management/enforcement
- Biobased Market Program: \$15 million, mandatory
- Biorefinery Assistance: \$100,000,000 in mandatory funding for 2014, \$58 million in mandatory funding for 2015 and 2016
- Repowering Assistance: Repealed
- Bioenergy Program for Advanced Biofuels: \$20 million/year for 5 years, discretionary
- Biodiesel Fuel Education Program: \$5 million mandatory
- Rural Energy for America (REAP): \$100 million discretionary funding, \$241 million mandatory funding
- Market Loss Assistance for Asparagus Producers: TERMINATED
- National Sheep Industry Improvement Center: TERMINATED
- Survey of Foods Purchased by School Food Authorities: TERMINATED
- Assistance for Community Food Projects: reauthorized, but not sure about funding
- Healthy Urban Food Enterprise Development Center: TERMINATED
- Rural Microentrepreneur Assistance Program: \$3 million/year mandatory, \$40 million/year discretionary
- Funding of Pending Rural Development Loan and Grant Applications: \$50 million mandatory available until expended
- Organic Agriculture Research and Extension Initiatives: \$16 million/year mandatory
- Disaster programs:
 - such sums as necessary for livestock indemnity payments
 - such sums as necessary for the livestock forage disaster program
 - \$5 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: \$12.5 million/year mandatory, \$40 million/year discretionary
- Wetlands Reserve Program: merged into ACEP (see above)
- Grassland Reserve Program: merged into ACEP (see above)
- Voluntary Public Access and Habitat Incentive Program: \$40 million/year mandatory
- Small Watershed Rehabilitation Program: extended at previous funding levels
- Desert Terminal Lakes Program: \$25 million discretionary, available until expended, \$150 million of CCC funds for water assistance
- McGovern-Dole International Food for Education and Child Nutrition Program: extended at previous funding levels
- Local and Regional Food Aid Procurement Projects: \$40 million/year discretionary
- 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: \$150 million discretionary, \$130 million mandatory
- Biomass Crop Assistance Program: \$193 million mandatory
- Farmers' Market and Local Food Promotion Program: \$20 million/year mandatory, \$20 million/year discretionary
- National Clean Plant Network: \$60 million/year for 2014-2017, \$65 million for 2018 and each year thereafter in mandatory spending
- National Organic Certification Cost-Sharing: \$11.5 million/year of CCC funds
- Organic Production and Market Data Initiatives: \$5 million mandatory funding annually available until expended,
- Determination on Merits of Pigford Claims: TERMINATED
- Specialty Crop Research Initiative: CCC funds:
 - \$25 million in 2014
 - \$30 million in 2015 and 2016
 - \$65 million in 2017
 - \$50 million in 2018 and each year thereafter