



Overview and Impacts of Proposed Changes in the 2012 Farm Bill

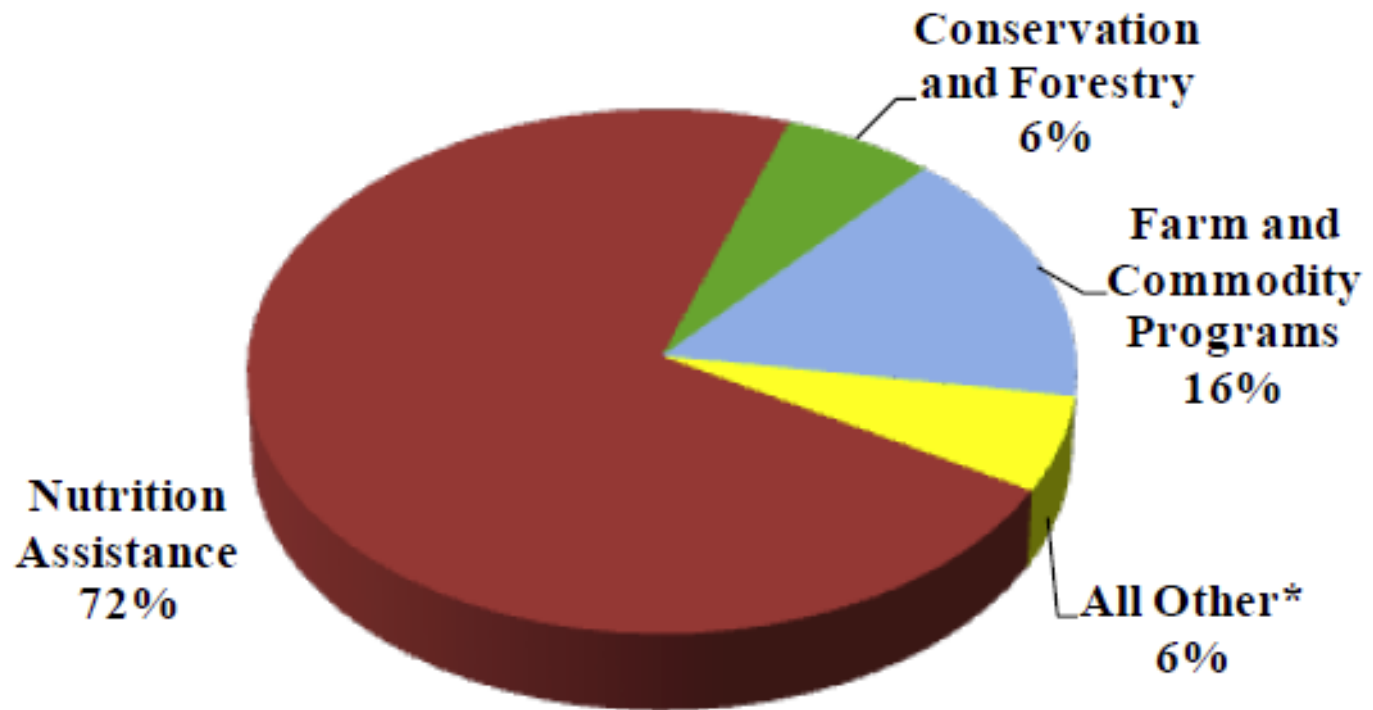
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- **Need for Savings for Deficit Reduction**
 - Farm programs not the biggest piece of the Farm Bill pie, but are the biggest target for cuts
 - Savings targets vary across political lines
- **Senate and Ag House Committee have passed Farm Bills, process has since been stalled**

- **General theme of Current Bills:**
 - **Income Support is Out; Risk Management is In**
 - Existing commodity programs replaced by something new
 - Continued support for crop insurance
 - **Cuts to:**
 - Commodity programs
 - Nutrition programs
 - Conservation programs

2013 Outlays



*Includes Rural Development, Research, Food Safety, and Marketing and Regulatory functions

Figure 1: Projected Changes in Program Spending by Title for the 2012 Farm Bill FY 2013-2022

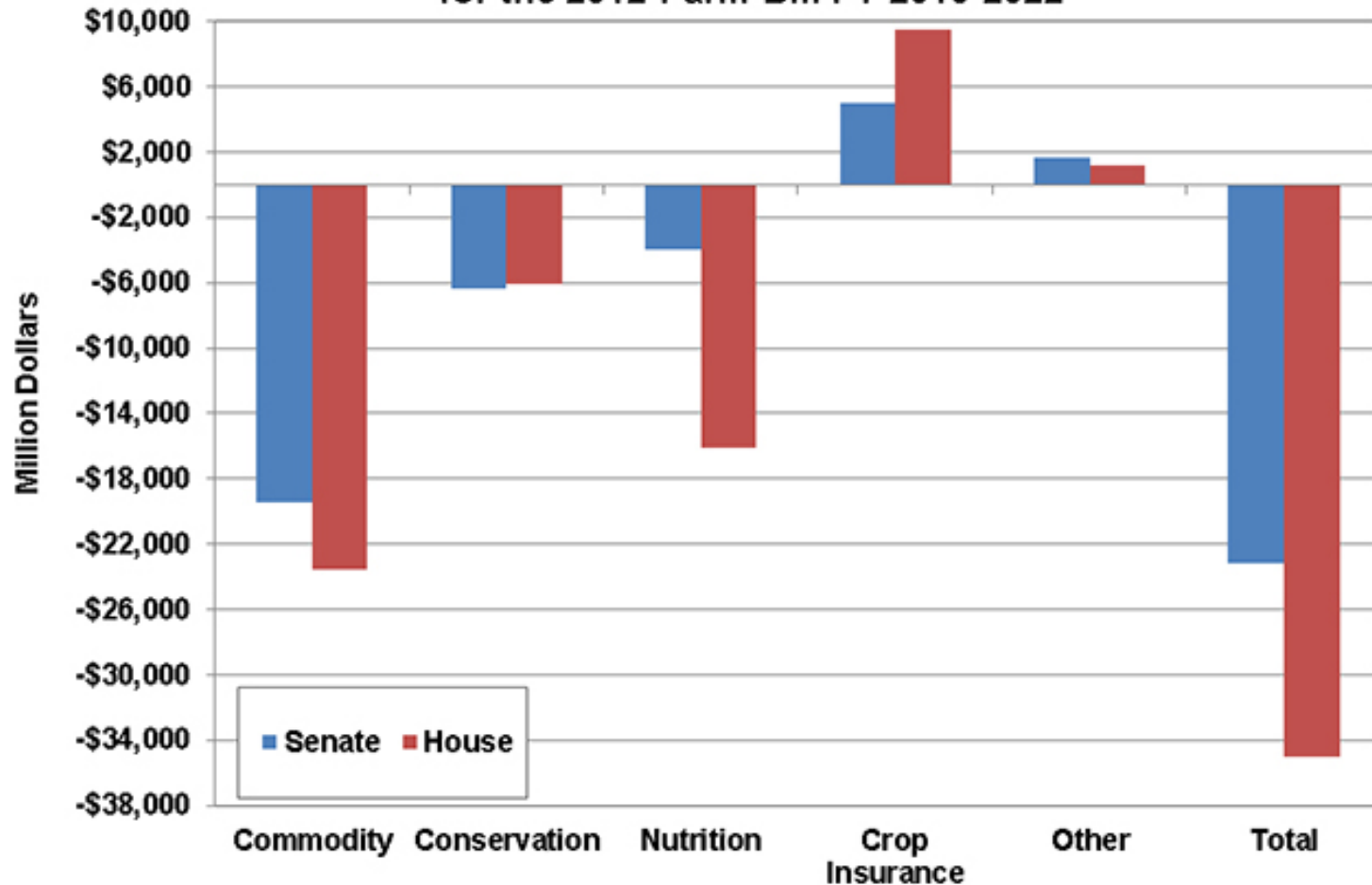


Figure 2: Projected Cuts (Million \$) to Commodity, Conservation, and Nutrition Titles in the Senate's 2012 Farm Bill (2013-2022)

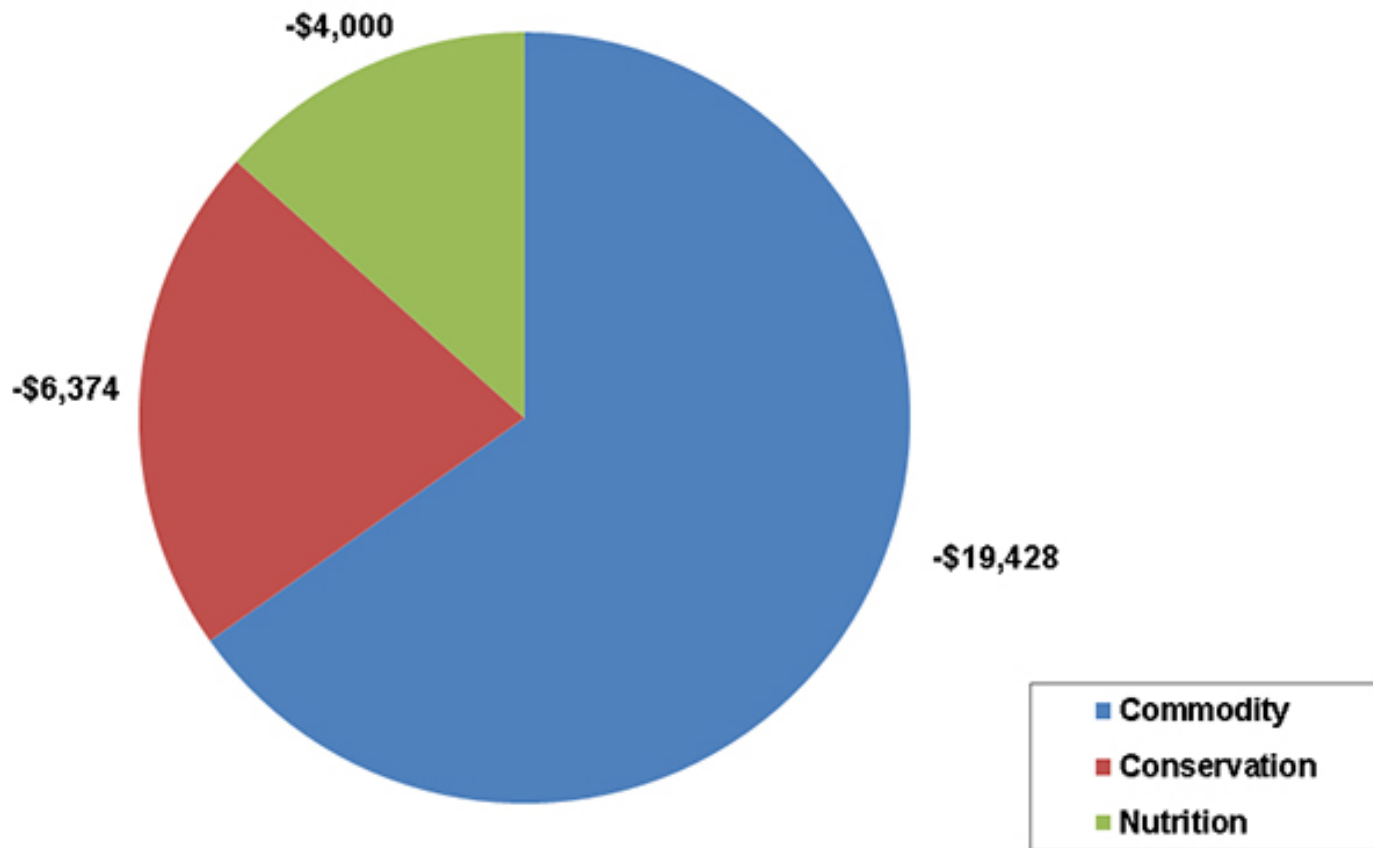
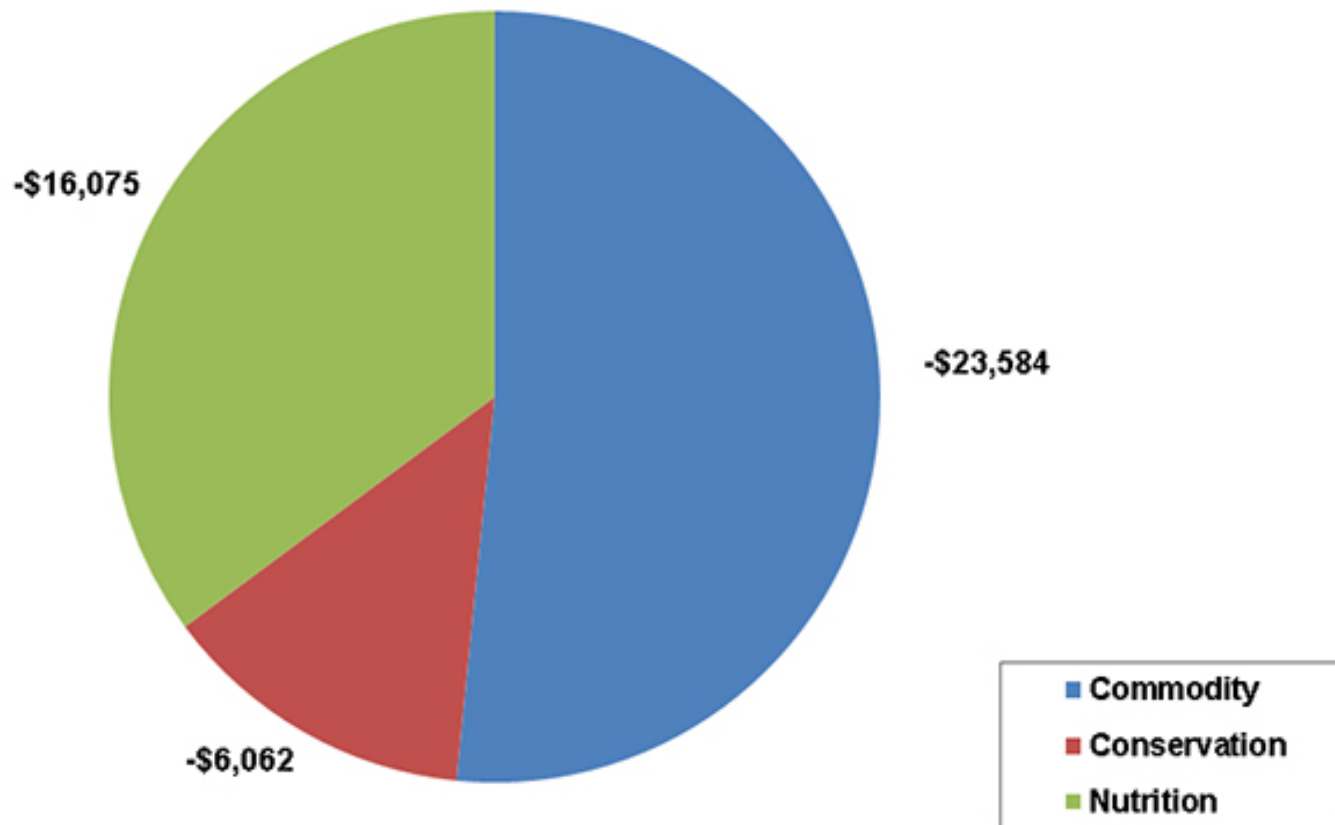


Figure 3: Projected Cuts (Million \$) to Commodity, Conservation, and Nutrition Titles in the House Committee's 2012 Farm Bill (2013-2022)



	Senate	House
Commodity Programs	(30%)	(38%)
Conservation	(9.4%)	(9.4%)
Nutrition	(0.5%)	(2.1%)
Crop Insurance	+5.5%	+9.9%

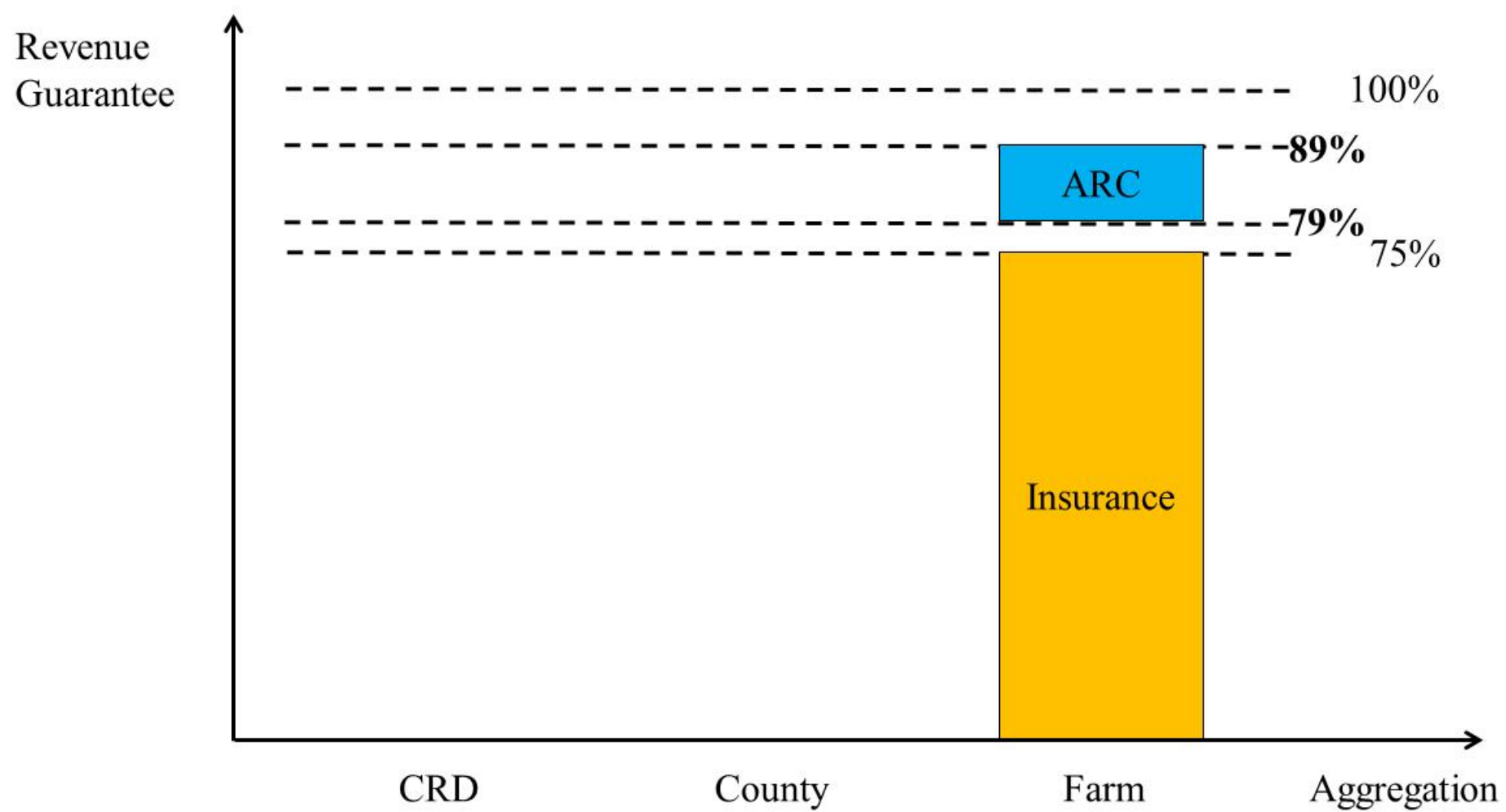
Table 1. Projected Spending (Million \$) by Commodity under the March 2012 Baseline and the Senate and House Ag Committee 2012 Farm Bills, 2013-2022

Commodity	March 2012	Senate Farm	% Change	House	% Change
	Baseline	Bill		Farm Bill	
Corn	\$22,179	\$16,210	-27%	\$11,148	-50%
Soybeans	\$7,618	\$8,890	17%	\$6,109	-20%
Wheat	\$11,131	\$4,458	-60%	\$5,683	-49%
Cotton	\$6,843	\$766	-89%	\$766	-89%
Cotton w/ STA	\$6,843	\$3,990	-42%	\$4,617	-33%
Rice	\$4,336	\$1,494	-66%	\$3,261	-25%
Peanuts	\$1,013	\$699	-31%	\$1,200	18%
Sorghum	\$2,038	\$1,513	-26%	\$1,017	-50%
Barley	\$852	\$227	-73%	\$714	-16%

- **Eliminate Direct Payments, CCP, ACRE, and SURE**
- **Revenue and price programs that pay out on planted acres:**
 - **Senate Bill: Choice between farm and county level ARC program**
 - **House Bill: Choice between county level RLC program and PLC program**
 - **Supplemental insurance coverage (SCO)**
 - **Area insurance (STAX) for Cotton**

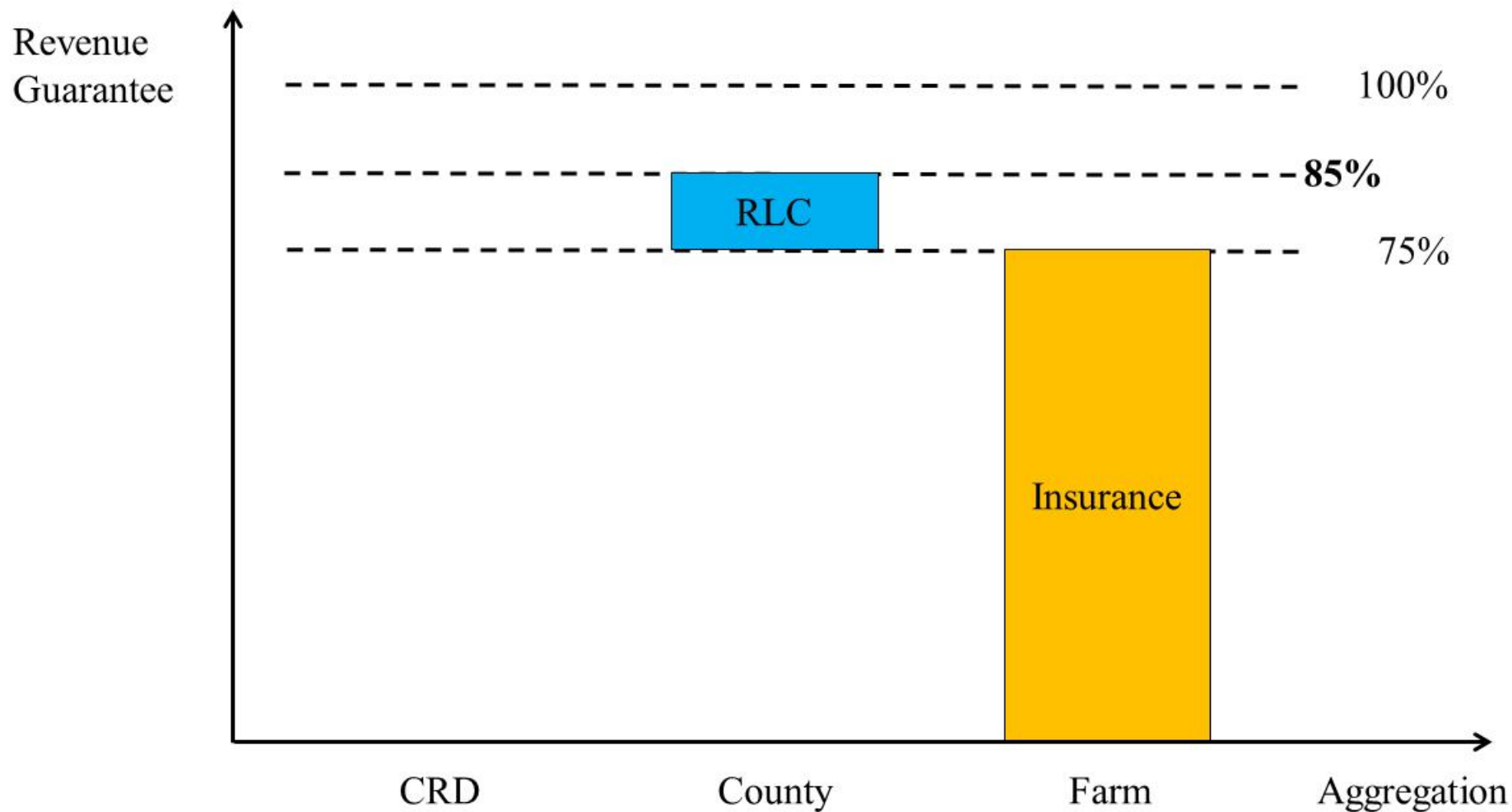
- **ARC is the Senate Bill's revenue program**
 - Choice between farm- and county-level coverage
 - Guarantee based on Olympic average of yields and prices
 - Payments made when actual revenues fall below 89% of the guarantee, capped at 10% of the guarantee

Farm-level Ag Risk Coverage (ARC)



- **RLC is the House Bill's revenue program option**
 - Choice between RLC and PLC
 - Guarantee based on Olympic average of yields and prices
 - Payments made when actual revenues fall below 85% of the guarantee, capped at 10% of the guarantee

Revenue Loss Coverage (RLC)

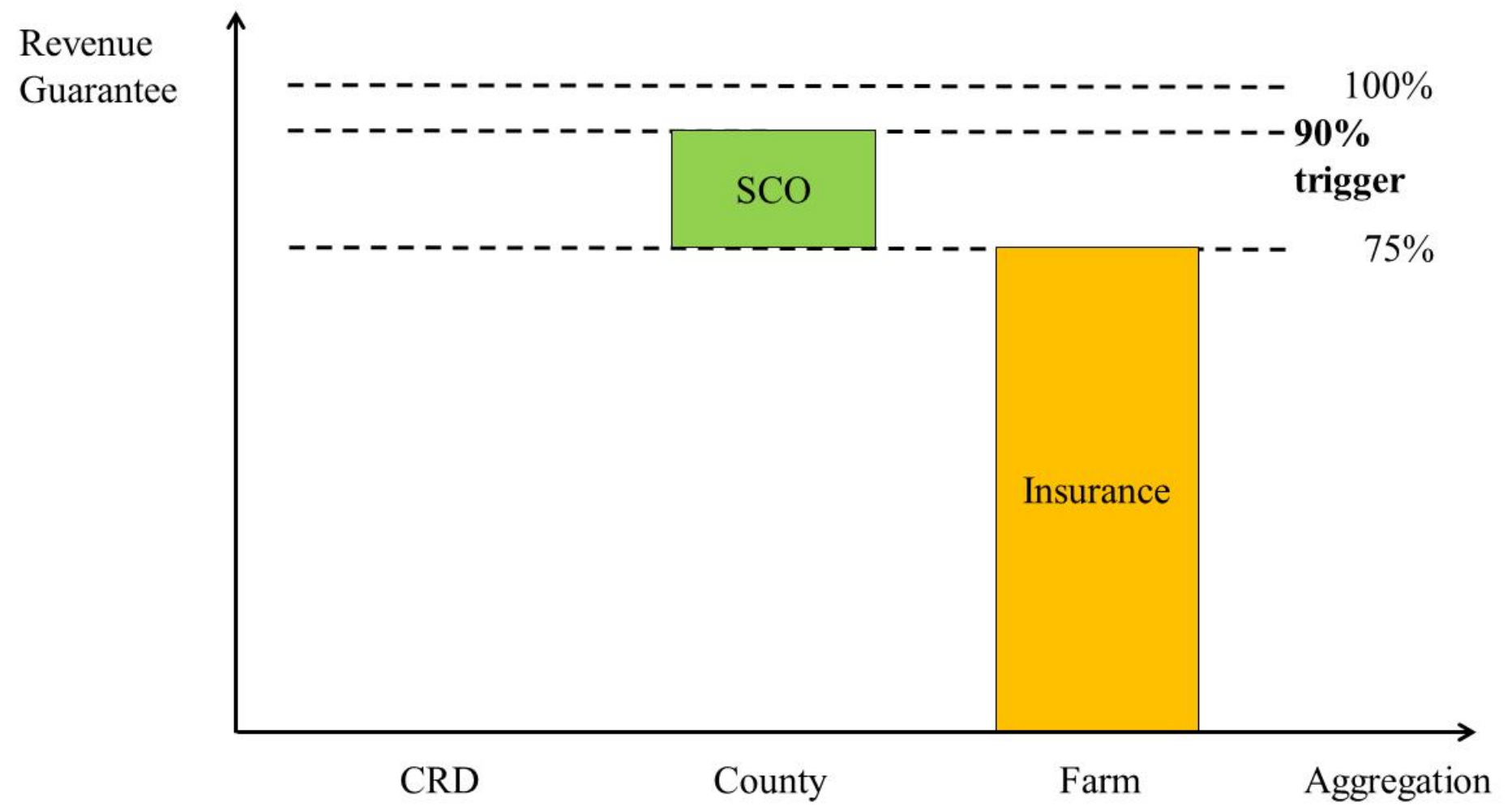


- **SCO is an optional, supplemental insurance program**
 - **County-level coverage**
 - **Defined by individual insurance program choice**
 - **Covers losses between 90% of the guarantee and individual insurance coverage**
 - **Premium subsidy rate of 70%**

Supplemental Coverage Option (SCO)



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- **PLC is similar in concept to current CCP program; also default program in House Bill**
- **Paid on planted acres (rather than base); cannot receive payments on more than total base acres**
- **May update payment yields to 90% of 2008 to 2012 average by crop**

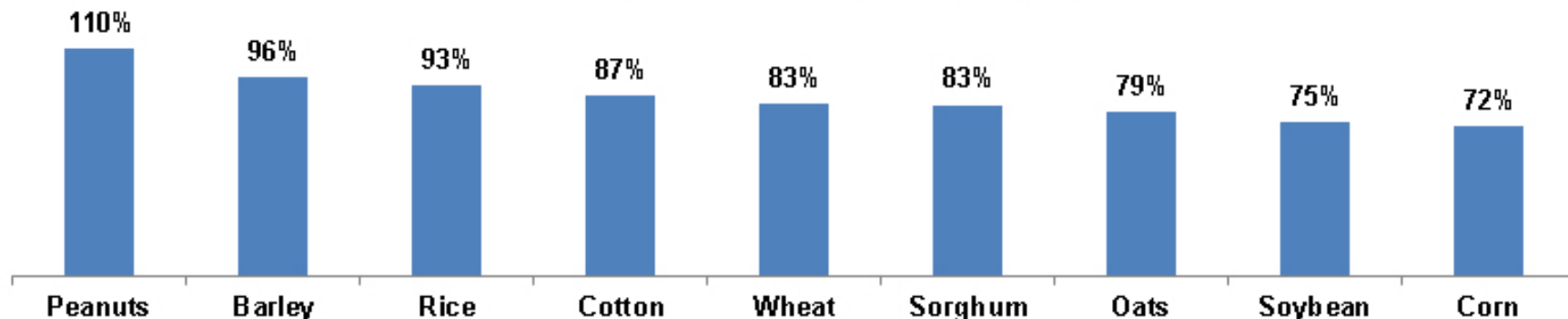
Price Loss Coverage (PLC)



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Crop	Loan Rate	Reference Price
Corn (\$/bu)	\$1.95	\$3.70
Soybeans (\$/bu)	\$5.00	\$8.40
Wheat (\$/bu)	\$2.94	\$5.50
Cotton (\$/lb)	\$0.47-\$0.52	\$0.6861*
Rice (\$/hwt)	\$6.50	\$14.00
Peanuts (\$/lb)	\$0.18	\$0.27

Figure 1. Ratio Of Price Loss Program's Fixed Minimum Price Support to Olympic Average of Marketing Year Prices for 2008-2012, U.S.



Proposed Program Comparisons

	SENATE	HOUSE		BOTH
	ARC	RLC	PLC	SCO
Payment Rate	Farm: 65% (45%) County: 80% (45%)	85% (30%)	85% (30%)	100%
Payment Limit	\$50,000 per entity	\$125,000 per entity	\$125,000 per entity	None
Eligible for SCO?	Yes	No	Yes	-
Subsidy	Full	Full	Full	70%

- 1. House vote on House Ag Committee bill**
 - Conference committee resolves Senate/House versions
 - House and Senate vote on conference agreement
- 2. Current proposals direct to conference committee**
 - House and Senate vote on conference agreement
- 3. Extension of current Farm Bill**
 - Short-term (3 months) or long-term (1 year)
- 4. Add Farm Bill to another bill**



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Thank You
Questions?

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