



# 2013 Farm Policy Update

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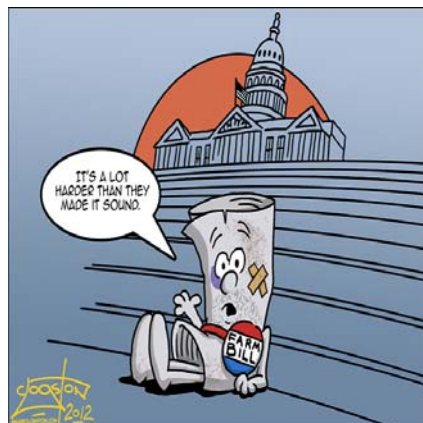


**2013 Illinois Farm Economics Summit**

*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



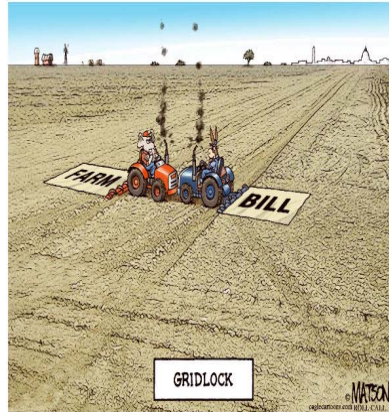
<http://www.gabeclogston.com/?tag=farm-bill>

## 2013 Farm Bill: Hurdles



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- **Politics & Timing**
- **Budget**
- **Policy Disagreements**



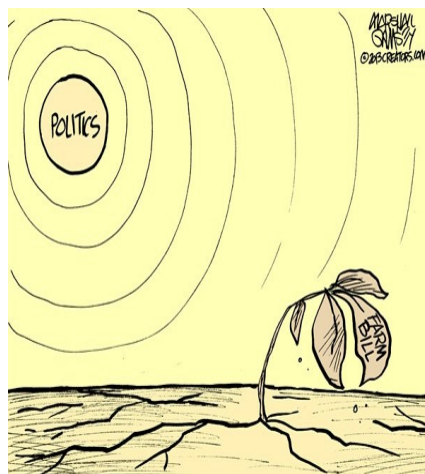
[www.cagle.com](http://www.cagle.com)

## 2013 Farm Bill: Politics



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- **Democratic Senate vs. Republican House**
- **Regional, Rural & Non-rural Interests**
- **Calendar and Backlog of Legislation**



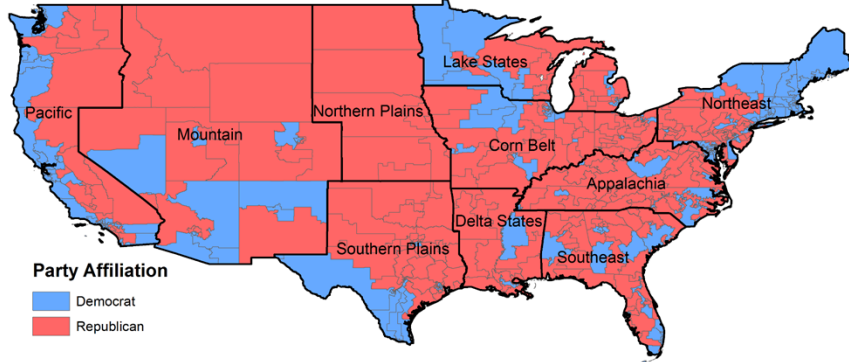
<http://skydancingblog.com/2013/06/25>

# 2013 Farm Bill: Politics



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113<sup>th</sup> Congress: House of Representatives



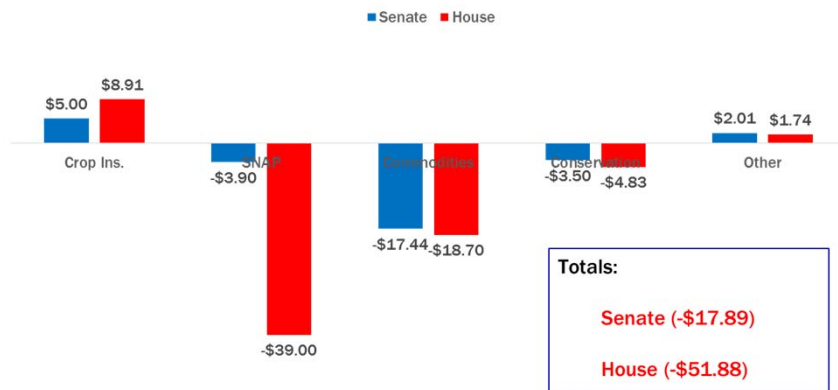
<http://farmdocdaily.illinois.edu/2013/12/mapping-fate-of-farm-bill.html>

# 2013 Farm Bill: Budget



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Changes in Spending (FY2014-2023)  
Billions



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

## 2013 Farm Bill: Policy Disagreements



Senate	House
<ul style="list-style-type: none"><li>▪ <b>SNAP:</b><ul style="list-style-type: none"><li>➢ \$4b reduction; reduces benefits only</li></ul></li><li>▪ <b>Reforms:</b><ul style="list-style-type: none"><li>➢ Compliance &amp; Eligibility</li></ul></li><li>▪ <b>Farm Program Design:</b><ul style="list-style-type: none"><li>➢ Price + Revenue + SCO; Base vs. Planted</li></ul></li><li>▪ <b>Others:</b><ul style="list-style-type: none"><li>➢ Dairy, etc.</li></ul></li></ul>	<ul style="list-style-type: none"><li>▪ <b>SNAP:</b><ul style="list-style-type: none"><li>➢ \$40b reduction; reduces benefits &amp; beneficiaries</li></ul></li><li>▪ <b>Reforms:</b><ul style="list-style-type: none"><li>➢ Opposition</li></ul></li><li>▪ <b>Farm Program Design:</b><ul style="list-style-type: none"><li>➢ Price + SCO or Revenue; Planted Only</li></ul></li><li>▪ <b>Others:</b><ul style="list-style-type: none"><li>➢ King Amendment; COOL</li></ul></li></ul>

## 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



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### 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

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## Revenue Supports



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### 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

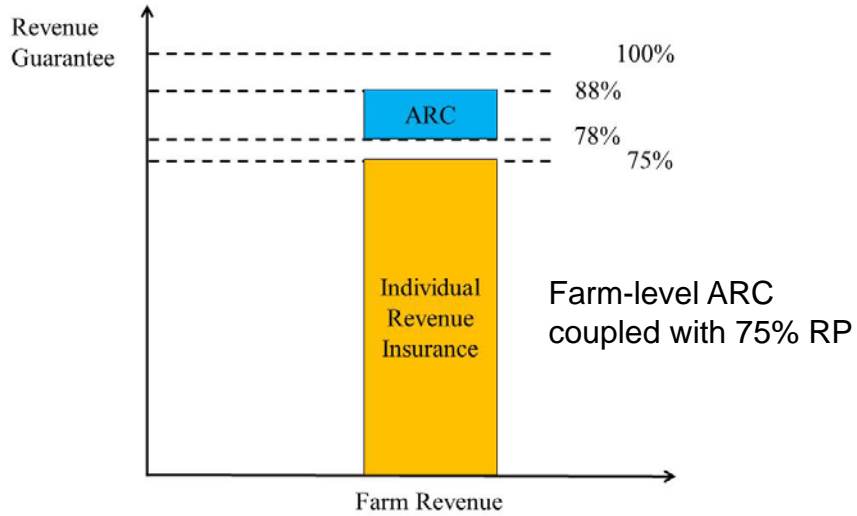
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# Senate ARC Program



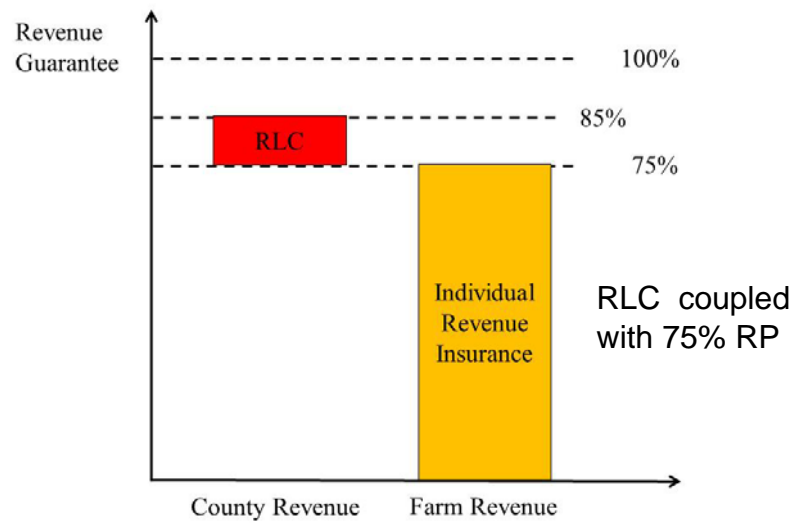
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# House RLC Program



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## Payment Limits & Eligibility



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### 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

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## Other Commodity Programs



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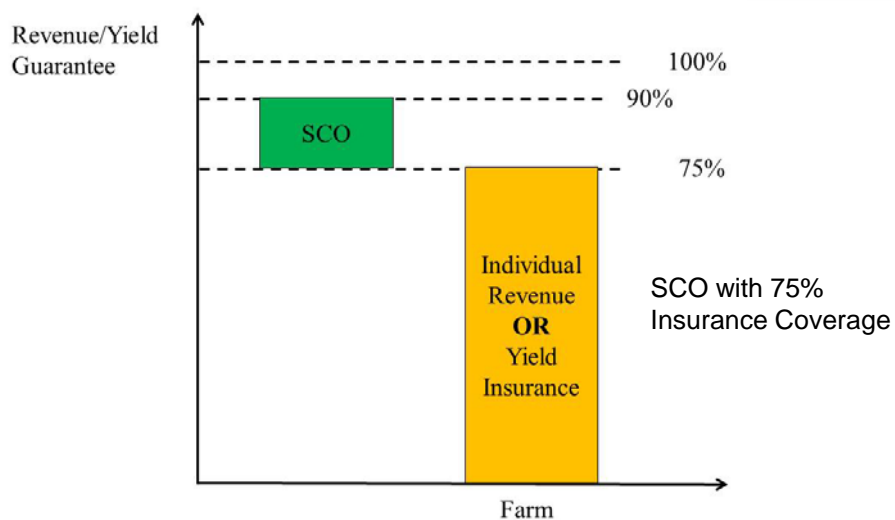
- **Disaster Assistance – reauthorizes livestock and tree programs, but not SURE**
- **Sugar programs reauthorized**
- **Dairy**
  - Eliminates price supports, MILC, export subsidies
  - Margin-over-feed-cost program

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- **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

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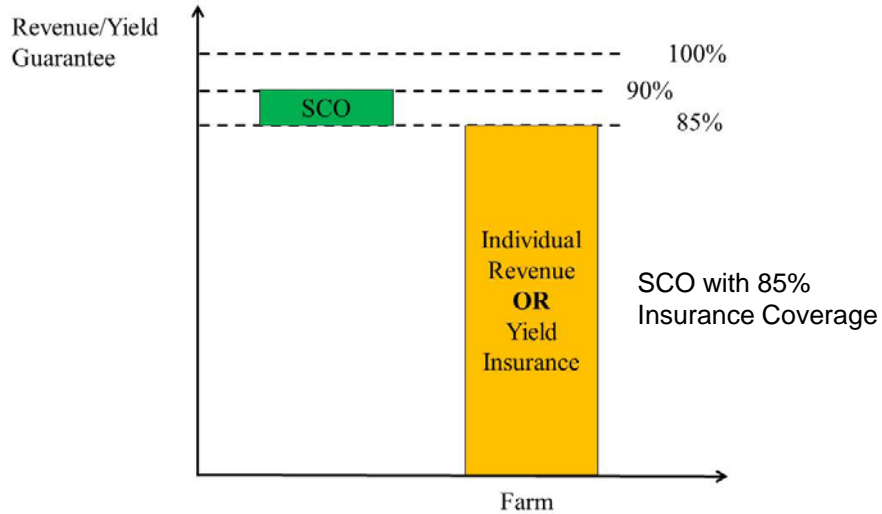




## Supplemental Coverage



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## Farm Bill Summary Points



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- **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?**

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