



# 2023 Farm Bill Primer



# Farm Bill Structure

1. Commodities
2. Conservation
3. Trade
4. Nutrition
5. Credit
6. Rural Development
7. Research & Extension
8. Forestry
9. Energy
10. Horticulture
11. Crop Insurance
12. Miscellaneous

# Title I: Commodities

*Title I covers prices and income support for farmers who raise widely produced and traded non-perishable crops. This title also includes ag disaster assistance.*

## What can change?

- Reference prices can/will be reviewed
- Possible changes to assistance programs, but not likely
- Increased focus on small farms

## Soybean Reference Price: \$8.40

Year	Price – Market Year Average (MYA)
2017	\$9.33
2018	\$8.48
2019	\$8.57
2020	\$10.80
2021	\$13.30

Floating Price Reference:  
Taking 85% of 5-year Olympic moving average of MYA and combining it to 115% of reference price then taking smaller price.

The 2014 Farm Bill dissolved Direct & Counter Cyclical Program (DCP and Average Crop Revenue Election (ARCE) and replaced it with ARC and PLC.

## Total Base Acres (million acres)

Year	ARC	PLC
2015	180	54
2016	179.9	55
2018	183	68
2019	66	177
2020	66.2	175.5
2021	51.9	142.5
2022	67	100.7

# Title II: Conservation

*The purpose of this title is to help producers with practices that improve soil quality, water quality, air quality, as well as other environmentally sound practices.*

## Conservation Reserve Program (CRP)

- Introduced in 1985 for non-farmable land with the intention to enroll whole farms or fields
  - Recent focus has been on partial fields (filter strips or grass waterways)
- 27M acres eligible in 2023
  - Since 2007, CRP acres have steadily gone down to be put back into ag production

## Environmental Quality Incentives Program (EQIP)

- 50% of funds go to livestock projects, cover cropping, nutrient management, and irrigation water management
- 2023 EQIP funding was \$2B, but after IRA dollars that increased to \$8.5B through 2028
- In Illinois...
  - 41,000 EQIP acres
  - \$21M of EQIP funding

## Conservation Stewardship Program (CSP)

- Must meet stewardship thresholds
- Contracts up to 10 years
- 2018 Farm Bill limited CSP funding rather than total acres
- \$1B in 2023 with added \$3.25B from IRA through 2026

# Title III: Trade

*Title III includes international food assistance programs, export market development programs, export credit guarantee programs, and internal science and tech exchange.*

The US is the largest food assistance donor in the world. There are 5 programs that are authorized in the farm bill.

1. Food for Peace: Donates commodities – \$7.5B allocated in the 2018 Farm Bill
2. McGovern Dole International Food for Education & Child Nutrition Program: Send commodities to developing countries for school feeding programs and mothers - \$1.1B in assistance from 2018-2022
3. Food for Progress Program: Monetizes US commodities to fund humanitarian or development projects - \$721M in 2018 Farm Bill
4. Bill Emerson Humanitarian Trust: Mandatory reserve funds by USDA to supplement FFP Title III
5. Local & Regional Food Aid Program: Locally and regionally produced food to recipients

# Title III: Trade Cont.

## Export Market Development Programs – Baseline funding levels

- Market Assistance Program (MAP) - \$200M
  - Foreign Market Development (FMD) - \$34.5M
  - Emerging Markets Program (EMP) - \$80M
  - Technology Assistance for Specialty Crops (TASC) - \$9M
  - Priority Trade Fund (PTF) - \$3.5M
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- From 2002-2019, on an annual basis, ag export revenue increased by an average of \$9.6B due to MAP/FMD
    - Led to an annual increase in farm cash annually of \$12.2B and \$3.1B in net cash farm income
  - EMP: Feasibility studies, market research, sectorial assessments, etc.
  - TASC: Projects that address sanitary, phytosanitary, and technical barriers that prohibit or threaten export of US specialty crops
    - Activities include seminars, workshops, study tours, field surveys
    - Eligible crops include all cultivated crops and products except for wheat, feed grains, oil seeds, cotton, rice, peanuts, sugar, and tobacco
    - Max \$500,000 per year for 5 years

# Title III: Trade Cont.

Export Credit Guarantee Programs: The 2018 Farm Bill reauthorized \$1B annually through 2021 in direct credits of export credit guarantee for exports to emerging markets. These programs include:

- Commodity Credit Corporation (CCC): provides payment guarantees on commercial financing and assumes the risk of default on payments by the foreign purchasers on loans.
- GSM-102 Program: Credit extended by US private lenders to approved foreign financial institutions of us to \$5.5B annually for up to 20 years for purchase of US farm and food products
  - In 2020, 86% went to Latin America
- Facility Guarantee Program (FGP): Provides payment guarantees to improve or establish ag-related facilities in emerging markets. Its purpose to enhance the sale of US commodities and products to emerging markets where the demand may be limited due to inadequate conditions.
- International Science and Technology Programs & Provisions: Borlaug Fellowship, Cochran Fellowship, International Ag Education Fellowship Program, Biotech and Ag Trade program, international Food Security Tech Assistance, and Global Diversity Trust Program.

# Title IV: Nutrition

*Title IV provides nutritional assistance to low-income households through a multitude of programs.*

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11.6% of adults and children in rural counties are affected by food insecurity. SNAP accounts for approximately 80% of spending and is the largest food assistance program with over 41M participants, roughly 12% of the population.

According to a study by the USDA, it was estimated that every \$1B of Snap during a slowing economy could generate over \$1.5B in GDP and supports as many as 13,000 jobs.

The 2018 Farm Bill instructed USDA to re-evaluate the TFP by 2022, and every 5 years after. USDA found that the cost of a nutritious, practical, cost-effective diet had increased by over 21%. This is the first time in over 45 years the purchasing power of the plan has been adjusted based on its content and not just inflations.





# Title IV: Nutrition Cont.

- Food Distribution Program on Indian Reservations (FDPIR): Offer nutritious food to income-eligible households on American Indian reservations and to Native American households in or near Oklahoma.
- The Emergency Food Assistance Program (TEFAP): Helps supplement diets of low-income American by providing no-cost emergency food assistance. USDA purchases high-quality, US food and makes them available to state distribution agencies. The amount is based on the number of unemployed persons and number of people below the poverty level incomes in states. Food is then passed to local agencies for distribution.
- Gus Schumacher Nutrition Incentive Program: Authorized in the 2018 Farm Bill, it allows the ag sector to provide funding to conduct and evaluate projects that provide incentives to eligible consumers to increase purchases of fruits and veggies. It brings together stakeholders from the food and health care industries to bring info to households and better understand health and nutrition. It is operated through grants and has provided \$270M in funding for 197 projects since 2019.

# Title V: Credit

*The purpose of Title V is to ensure that farmers have a steady stream of affordable credit. It also establishes FSA which offers direct loans and guarantees loans provided by partner banks and farm credit institutions.*

- ✓ Direct Operating Loans: Used to purchase items such as livestock and feed, farm equipment, fuel, chemicals, insurance, and family living expenses. It can also be used to make minor improvement or repairs to buildings/fencing, and for general farm operating expenses.
- ✓ Guaranteed Loans: Enable lenders to extend credit to family farm operators and owners who do not qualify for standard commercial loans and help protect banks from losses if farmers struggle to pay back the loan.
- ✓ Microloans: Smaller operating loans designed to meet the needs of small and beginning farmers, non-traditional and niche operations by easing some requirements and offer less paperwork.
- ✓ Direct Farm Ownership Loans: Used to purchase or enlarge a farm/ranch, construct new or improve existing buildings, and for soil and water conservation and protection purposes.
- ✓ Heirs Property Relending Programs: The 2018 Farm Bill included provisions to help heirs' property landowners resolve ownership issues and succession on farmland with multiple owners.

# Title VI: Rural Development

*Title VI authorized programs that help provide affordable broadband internet access to historically underserved areas.*

## The Rural Broadband Program

Provides loans, loan guarantees, and grants to construct, improve and acquire facilities and equipment needed to provide broadband service to rural areas.

Prior to the 2018 Farm Bill, the program was limited to direct loans and loan guarantees. It also increased the threshold for sufficient broadband access to 25 megabits per second.

## The Community Connect Program

Grant program that provides awards to eligible applicants to provide broadband services to rural, underserved communities where services do not currently exist.

The 2018 Farm Bill codified this program for the first time, as it was previously a pilot program.



# Title VII: Research, Extension, and Related Matter

*Title VII establishes funding for research, extension, and education for land-grant institutions, state ag experiment stations, USDA research agencies, among other agencies.*



## Agriculture Advanced Research & Development Authority (AGARDA)

A new pilot program created in the 2018 Farm Bill targets long-term and high-risk R&D in ag and food that private industry is unlikely to undertake. AGARDA is modeled after other agencies like the Defense Advanced Research Projects Agency. This program gives AGARDA non-competitive hiring authorities and authority to receive funds from other sources. There has been \$50M appropriated through 2023, but can receive funds through non-federal sources.

From 1990-2013 the US share of agriculture research and development spending fell from 22.5% to just over 13.4%, a result from spending cuts and increased spending from other major nations.

# Title VIII: Forest

*Title VIII supports forestry management programs run by the USDA's Forest Service.*

*Although most forestry programs are permanently authorized, forestry is often addressed periodically in farm bills. Five of the last six farm bills included separate titles for forestry.*



1/3 of the land area in the US is forestland, or 765M acres. Of that, 444M acres is privately owned by nonindustrial, private landowners. The federal government owns 238M acres of forestland and states/other public entities own 84M acres.

The federal government engages in four types of forestry: managing federal forests, providing support to promote forest ownership/stewardship, sponsoring/conducting research, and international forestry. The Forest Service has a baseline of \$10M under the 2018 Farm Bill.



# Title IX: Energy

*Title IX supports increased in energy efficiency and encourages the development of biobased energy solutions.*

Rural Energy  
Savings Program  
(RESP)

RESP is important to rural communities, as it provides loans to rural utilities and other companies to implement durable cost-effective energy measures.

Rural  
Energy for  
America  
Program  
(REAP)

REAP is intended to promote American energy independence by increasing private sector renewable energy supply and decreasing demand by improving energy efficiency. It provides guaranteed loans and grant money for ag producers and small businesses that can reduce energy costs.

The 2018 Farm Bill extended eight programs and one initiative while removing one program and one initiative to help accomplish these goals. It also repealed both the Repowering Assistance Program and the Rural Energy Self-Sufficiency Initiative. Additionally, it established one new program, the Carbon Utilization and Biogas Education Program.

There are other programs including the *Biobased Markets Program, The Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program, the Bioenergy Program for Advanced Biofuels* among others that promote the use of biofuels.



## Title X: Horticulture

*Title X supports the production of specialty crops, USDA-certified organic foods, and locally produced foods and authorizes a regulatory framework for industrial hemp.*

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Since the 2008 Farm Bill, the horticulture title has been included, covering specialty crops and certified organic products. The title promotes cultivations, marketing, and consumption of specialty crops, including nursery and floriculture crops. Over time, included provisions supporting locally sourced products and hemp cultivation.

Projected outlays from the 2018 Farm Bill are a little over \$1b from 2019-2023, less than .5% of farm bill spending. In the 2018 farm bill, expanding funding was authorized to support USDA programs for fruits, vegetables, and other specialty crops including the *Specialty Crop Block Grants* (to states) and the *Specialty Crop Market News*

# Title XI: Crop Insurance

*Enhances risk management through the permanently authorized Federal Crop Insurance Program.*

- In 1938, Congress first authorized that federal crop insurance program, today it assists thousands of producers (over 445m acres) with financial loss that results from natural disasters. Over the decades, Congress has experimented with subsidized AND mandatory crop insurance. Since 1996, farmers who accept other federal benefits (Title I subsidies), are required to purchase crop insurance.
- Little changes were made in the Federal Crop Insurance Program (FCIP) in 2018. There were changes to CAT coverage for grazing crops and grasses; allowing separate coverage for crops that are grazed and mechanically harvested in the same season. It redefined the term “beginning farmer,” and waiving certain requirements for hemp coverage. Hemp was also added to the list of crops that is eligible for FCIP premium subsidies.
- USDA has used administrative powers to make additional changes to FCIP by introducing the *Enhanced Coverage Option* (ECO), an area-based insurance policy that covers a portion of a farmer’s deductible not otherwise insurable with FCIP. Additionally, the Post-Application Coverage Endorsement (PACE) for farmers who apply certain fertilizers in both the fall and spring. In 2021, USDA used funds, appropriated by Congress, to create the Pandemic Cover Crop Program (PCCP).
- Today, the government pays for approximately two-thirds of the cost of insurance. This title accounts for over 8% of the farm bill and is the most expensive title, outside of nutrition.



# Title XII: Miscellaneous

*Includes programs and assistance for livestock and poultry production, support for beginning farmers and ranchers, and other miscellaneous and general provisions.*

- ❖ This title is used to catch up on all other issues and programs that do not fit in the other titles from maple syrup promotion to outreach for socially disadvantaged and limited resource farmers. This title in the 2018 Farm Bill primarily focused on livestock programs, ag and food defense, limited-resource producers, and other miscellaneous provisions.
- ❖ A commission that was authorized in the 2018 farm bill to study issues surrounding the transition of ag operations from established farmers to the next generation including; access to/availability of land and infrastructure, credit, risk management tools, and apprenticeship and mentorship programs.

# Questions?

