

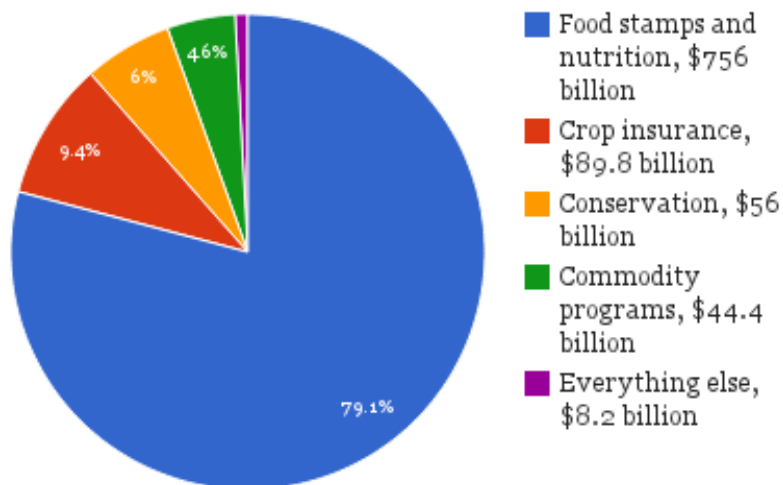
Summary of Key Titles

Agricultural Act of 2014 (Farm Bill)

Overview

- Authorizes policies and programs for the 2014 through 2018 crop years.
- Reduces spending by \$23 billion over 10 years.
 - Nutrition reduced by 8.6 billion (-1.13%).
 - Crop Insurance increased by 5.7 billion (+6.35%).
 - Conservation reduced by 4 billion (-5.10%).
 - Commodity Programs reduced by 14.3 billion (-23.15%).

What's in the farm bill? (Costs from FY2014-2023)



Source: Washington Post

TITLE I – COMMODITIES

Direct Payments

- Repealed.

Commodity Program Choice

- One time choice to enroll in either the Price Loss Coverage (PLC) program or the Agricultural Risk Coverage (ARC) program.
- Choice of PLC and ARC county level made on a farm-by-farm and commodity-by-commodity basis, but if ARC farm level option is chosen all commodities on the farm must be enrolled in this program.

Price Coverage

- Optional Price Loss Coverage (PLC) counter-cyclical policy available for all program crops except cotton.
- Paid on 85% of base acres.
- Option to update payment yields by using 90% of average yield on planted acres for 2008-2012, excluding any year when no crop was planted.

Revenue Coverage

- Optional Agricultural Risk Coverage (ARC) revenue program available for all program crops except cotton. Revenue guarantee of 86% with a maximum payment band of 10%, from 86% to 76%.
- Uses 5-year Olympic average revenue to establish guarantee.
- Choice of county level or farm level option to determine revenue.
 - County level paid on 85% of base acres.
 - Farm level paid on 65% of base acres.

Reference Prices and Loan Rates

- Reference, or minimum prices in PLC and ARC
- These reference prices are used to calculate PLC payments and as a price floor to substitute in the ARC revenue guarantee calculation in any years where the actual price is below the reference price.
- Actual prices used to calculate a PLC payment is the 12-month marketing year average price (August to July for rice).

Covered Commodity	Reference Price	Marketing Loan Rate
Wheat	\$5.50 per bushel	\$2.94 per bushel
Corn	\$3.70 per bushel	\$1.95 per bushel
Grain Sorghum	\$3.95 per bushel	\$1.95 per bushel
Barley	\$4.95 per bushel	\$1.95 per bushel
Oats	\$2.40 per bushel	\$1.39 per bushel
Long Grain Rice	\$14.00 per cwt.	\$6.50 per cwt.
Medium Grain Rice	\$14.00 per cwt.	\$6.50 per cwt.
Soybeans	\$8.40 per bushel	\$5.00 per bushel
Other Oilseeds	\$20.15 per cwt.	\$10.09 per cwt.
Peanuts	\$535.00 per ton	\$355.00 per ton
Dry Peas	\$11.00 per cwt.	\$5.40 per cwt.
Lentils	\$19.97 per cwt.	\$11.28 per cwt.
Small Chickpeas	\$19.04 per cwt.	\$7.43 per cwt.
Large Chickpeas	\$21.54 per cwt.	\$11.28 per cwt.
Upland Cotton		>\$.45 <\$.52 per pound
Extra Long Staple Cotton		\$0.7977 per pound

- The PLC includes an adjustment factor of 1.15 to adjust the reference price for California medium grain rice. This adjusted reference price is compared to the actual market price for California medium grain to determine if a payment is triggered

Payment Acres

- 85% of base acres
- One time option to reallocate base acres to adjust crop bases to better reflect current crop production.
- Uses the 4-year average of 2009-2012 planted acres. No “new” crop bases can be added to a farm, only a reallocation from one crop to another based on this 4-year planting/prevented planting history.

Payments Limits

- \$125,000 pay limit per person for PLC, ARC, loan deficiency payments, and marketing loan gains combined.
- No limit on marketing loan forfeitures.

- \$900,000 3 year average adjusted gross income (AGI) on commodity and conservation programs.

Actively Engaged Provisions

- Directs the USDA Secretary to conduct a rulemaking to define the term “significant contribution of active personal management” and determine if a limit on the number of individuals in an entity qualifying using “management” is necessary.
- Potential changes will not apply to entities that are made up solely of family members.

Title II – Conservation

Conservation Reserve Program

- Maximum acreage capped at: 27,500,000 acres in fiscal year 2014; 26,000,000 acres in fiscal year 2015; 25,000,000 acres in fiscal year 2016; 24,000,000 acres in fiscal year 2017; and 24,000,000 acres in fiscal year 2018.
- Farmable Wetland Program cap at 750,000 acres.

Conservation Stewardship Program

- Annual enrollment cap of 10,000,000 acres at a national average payment rate of \$18 per acre for FY 2014 through FY 2022.

Environmental Quality Incentives Program

- Payment limit of \$450,000 to a person or legal entity for all EQIP contracts entered during FY 2014 through FY 2018.
- 60 percent of funding available for livestock and poultry producers.
- At least 5 percent of funds available for payments will be targeted at wildlife benefitting practices for each FY 2014 through 2018.
- **Wildlife Habitat Incentive Program** – merged with EQIP
 - Eligible lands include: upland wildlife habitat, wetland wildlife habitat, habitat for threatened or endangered species, fish habitat, habit on pivot corners and other irregular areas of a field, and as determined by the Secretary.

Regional Conservation Partnership Program

- Covered Programs
 - Agricultural Conservation Easement Program (ACEP)
 - Environmental Quality Incentives Program (EQIP)
 - Conservation Stewardship Program (CSP)
 - Healthy Forest Reserve Program (HFRP)
- Eligible Activities
 - Nutrient management and sediment reduction.
 - Conversion of irrigated cropland to the production of less water-intensive agricultural commodities or dry land farming or irrigation system improvement and irrigation efficiency enhancement.
 - Drought mitigation, flood prevention, water retention, air quality improvement, habitat conservation, erosion control, forest restoration, and as determined by the Secretary.
- Eligible Lands
 - Where agricultural commodities, livestock, or forest-related products are produced and associated lands.
 - Cropland, grassland, rangeland, pastureland, nonindustrial private forest land, and other incidental land on which natural resource issues could be addressed.
- Eligible Partners
 - Agricultural or silvicultural producer association.
 - Unit of government, Indian tribe, farmer cooperative, water district, irrigation district.
 - An organization with a history of working with agricultural producers to address conservation priorities and natural resource issues.
- Not to exceed 5 years, unless the Secretary extend the agreement one time for up to 12 months if necessary to complete the program.
- Mandatory funding of \$100 million per year.
- An additional 7 percent of acres and funds from ACEP, EQIP, CSP, and HFRP are reserved to ensure additional resources are available to carry out this program.
- Allocation of Funding
 - 25 percent of funds and acres based on a State competitive process administered by the State Conservationist.
 - 40 percent of funds and acres based on a national competitive process to be established by the Secretary.
 - 35 percent of funds and acres to projects for critical conservation areas.
 - Multiple States with significant agricultural production

- Existing agreement or plan that has established objectives, goals, and work plans and is adopted by a Federal, State, or regional authority.
- Large swaths of area that would benefit from water quality improvement.
- No more than 8 geographical areas.

Funding and Administration

- Agricultural Conservation Easement Program
 - Mandatory funding at the following levels:

Funding	Fiscal Year
\$400 million	2014
\$425 million	2015
\$450 million	2016
\$500 million	2017
\$250 million	2018

- Environmental Quality Incentives Program
 - Mandatory funding at the following levels:

Funding	Fiscal Year
\$1.35 billion	2014
\$1.60 billion	2015
\$1.65 billion	2016
\$1.65 billion	2017
\$1.75 billion	2018

Title III - Trade

Market Access Program

- Fully authorized at \$200 million annually through 2018.

Foreign Market Development Program

- Fully authorized at \$34.5 million annually through 2018.

Food Aid

- The P.L. 480 Title II food aid funding and authority is maintained at USDA for the use of only U.S. commodities in food aid, instead of being shifted to US Agency for International Development (USAID) to use as cash donations and foreign-sourced commodities.
- No changes to monetization provisions of food aid.
- Authorizes up to \$80 million for a USDA Local and Regional Purchase (LRP) program, but the funding has to be appropriated each year by the Appropriations Committee.
- Food for Progress and McGovern-Dole Food for Education programs are not changed.

Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs

- The Secretary of Agriculture will establish a new Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs.
- Position will be appointed by the President and approved by the Senate.

Title XI – Crop Insurance

Crop Insurance

- Beginning in 2015, provides option to purchase a Supplemental Coverage Option (SCO) crop insurance program if enrolled in PLC program. This is an area-based (county level) policy, but an underlying buy-up crop insurance policy is required. Up to 86% revenue guarantee. 65% premium subsidy.
- Makes enterprise unit discount permanent. Allows enterprise units to be split out for irrigated and non-irrigated crops.
- Adjustment in actual production history to determine insurable yields.
 - A producer may choose to exclude any year from their APH if their yield in that year is less than 50% of the ten year county average. This also applies to contiguous counties and allows for the separation of irrigated and non-irrigated acres.
- Authorizes RMA to offer margin protection policy and requires its approval for rice.
- Re-establishes a requirement to be in compliance with Highly Erodible Land and Wetland provisions in order to receive premium assistance for crop insurance. The requirements are expected to be the same as those currently in place to participate in commodity programs.
- **Submission of policies and board review and approval.**

Requires RMA to consider pilot programs under the 508(h) program in order to make them permanently available to producers. Provides a “marketability standard” for products in the 508(h) process to ensure that products that are approved actually have a market for them and will overall improve the program. This provision will also allow FCIC to prioritize products through the 508(h) process for unserved or underserved commodities. It specifically names the development of a peanut revenue insurance program, rice margin insurance and a product that separates enterprise units by risk rating as priorities. Finally, this provision allow RMA to provide up to 75% of development costs to be paid in advance.

- Producers may separate individual crop insurance policies by irrigated and non-irrigated acres.
- Allows RMA to conduct research and development.
 - Prioritizes research into policies that will increase participation by underserved commodities, including sweet sorghum, biomass sorghum, rice, peanuts, sugarcane, alfalfa, pennycress and specialty crops.

Title XII – Miscellaneous

Spill Prevention, Control, and Countermeasure

- The House Farm Bill originally contained language to relieve producers of onerous Spill Prevention Control & Countermeasure Rule requirements. That language competed with watered-down language in the Water Resources Development Act. In the end, a compromise between the two bills produced hybrid language that would have been worse for producers and was dropped from the final Farm Bill.

National Pollutant Discharge Elimination System

- The House Farm Bill originally included language to relieve producers from duplicative and costly permitting requirements and potential litigation under the National Pollutant Discharge Elimination System program. Some Senators opposed its inclusion in the Farm Bill and it was ultimately not included in the final Farm Bill.

Sulfuryl Fluoride

- The Farm Bill includes EPA’s Sulfuryl Fluoride (SF) Technical Assistance Legislative Language. The EPA language will help protect and maintain SF fumigant uses and it will lead to the termination of EPA’s proposed rule to eliminate SF.