



# Rep. Rick Crawford

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## First District of Arkansas

### 2014 Farm Bill Summary

#### Commodity Programs

- The commodity title institutes a producer's choice framework, where producers have a one-time choice between a revenue program (Agriculture Risk Coverage, or ARC) and a price support program (Price Loss Coverage, or PLC). ARC provides coverage for shallow losses, and sits on top of buy-up crop insurance coverage. PLC is the program Arkansas producers are more likely to use because it protects against multi-year low price scenarios. It works like the old Countercyclical program, but updates the trigger price. It pays on 85% of base acres, and farmers have a one-time option to reallocate their historical bases if they so choose.
  - Trigger prices: \$14/cwt for rice (medium and long grain), \$3.70/bu for corn, \$3.95/bu for grain sorghum, \$535/ton for peanut, \$8.40/bu for soybeans
- Payment limits – Payments for commodity support programs are capped at \$125,000 per person and \$250,000 per spousal couple
- AGI determination – Instead of having an AGI calculation of on-farm and off-farm income, the final bill sets an AGI threshold at \$900,000 to qualify for commodity programs
- Actively engaged – The final bill removes the actively engaged language in the original bill which threatened southern row-crop producers. Instead, it allows USDA to determine who qualifies as being "actively engaged"

#### Crop Insurance

- Supplemental Coverage Option (SCO) – Beginning in 2015, farmers would be able to purchase additional crop insurance that would cover part of a farmer's deductible from his or her underlying crop insurance policy. Coverage would be triggered if losses exceeded 14% of normal levels. The government would subsidize 65% of premiums. This option is expanded to all crops – not just commodity crops.
- Conservation compliance – Eligibility for insurance premium subsidies would be tied to compliance with highly erodible land and wetland conservation requirements. The new requirement won't impact Arkansas producers because they are already in compliance under commodity programs. However, it will significantly benefit Arkansas farmers who lease their land during hunting season by bringing more ducks through the fly-way.

- Cotton STAX program – Due to our trade complication with Brazil, the final bill would move cotton support to a shallow-loss insurance program called the Stacked Income Protection Plan (STAX), from commodity programs. It can be purchased in crop year 2014 in addition to traditional crop insurance to cover deductible or as a stand-alone policy. The government subsidizes 80 % of the premium. For crop year 2014, cotton producers will continue to get direct payments on 70 percent of historical base acres. Some counties will receive direct payments in 2015 if STAX isn't available.
- Rice provisions - The crop insurance title sets a more inclusive vision by moving forward on the development of insurance policies that protect against risks specific to rice producers. USDA may now develop margin insurance policies for rice that take into account input costs, and a farmer's overall profit margin. Further, the Farm Bill allows RMA to finish developing downed rice policies that should be available in the near future.

### **Nutrition**

- Changes to the Food Stamp program would reduce total spending by \$8 billion. States that abuse the "heat and eat" would have to limit recipients of the LIHEAP program to receive at least \$20 in annual payments to qualify for additional food aid. Currently, states are paying just \$1 or \$5 under LIHEAP, which can trigger an additional SNAP benefit of \$1,080 for households. Arkansas is not abusing the "heat and eat" loophole, so no household will be impacted.
- The final bill includes a pilot program that allows 10 states to participate in instituting work requirements for SNAP recipients like the 96 welfare reforms
- The conference report would restrict lottery and gambling winners from receiving food stamps. It also would narrow the definition of students who qualify for food stamps due to employment and training program requirements. It would also prevent USDA from advertising Food Stamps in foreign countries.

### **Conservation**

- EQIP - Availability of EQIP funds increase every year through the life of the Farm Bill. The WHIP program is consolidated within EQIP.
- Agricultural Conservation Easement Program (ACEP) – Consolidates WRP, GRP, and Farmland Protection program within ACEP.
- Regional Conservation Partnership Program (RCPP) – Consolidates regional programs and funds at \$100 million/year. It focuses funding towards regional conservation challenges, and makes funds available to irrigation districts.
- Conservation Reserve Program (CRP)– Pays farmers and other producers to remove sensitive lands from agricultural production to plant species that improve environmental health. Total acreage enrolled in the program would be \$27.5 million in fiscal 2014 and drop to 24 million in fiscal 2018. This drawdown saves taxpayers \$6 billion and responds to market demands for more agricultural production.

## **Livestock**

- Disaster Assistance – Expired disaster programs would be permanently reauthorized in the final Farm Bill. Payments will be made retroactively to when they expired in 2011.
  - Livestock Indemnity Program – pays 75 percent of the market value for livestock when there are excessive livestock deaths due to disaster
  - Livestock disaster forage program – Compensates for losses of land use for grazing
  - Emergency assistance for livestock, honey bees, and farm-raised fish - \$20 million in mandatory spending provided every year
  - NAP – crops and grasses for grazing may receive NAP coverage equivalent to CAT coverage, but no additional coverage.
- The agreement requires the Secretary to make local and state stakeholders an integral part of constructing national drought preparedness and response policy
- EQIP – Availability of EQIP funds increase every year through the life of the Farm Bill. 60% of EQIP funds are allocated for livestock production, and 5% of funds used for funds benefiting wildlife habitat.
- Conservation Stewardship Program (CSP) – Expanded to include pasture land capable of supporting livestock production

## **Energy**

- Eliminates funding for the construction of ethanol blender pumps
- Rural Energy for America Program (REAP) – Program is reauthorized and provides funding to help rural businesses and farmers conduct energy audits, install renewable energy technology or make energy efficiency improvements to their property. Receives \$68 million/ year
- Biomass Crop Assistance Program (BCAP) – Reauthorized and includes \$25 million/year in mandatory funding, and prioritizes existing projects.

## **Catfish**

- Disaster Assistance - Emergency assistance for livestock, honey bees, and farm-raised fish - \$20 million in mandatory spending provided every year
- The USDA Catfish inspection program remains untouched. The bill mandates USDA to begin catfish inspection within 60 of becoming law.
- We included a study to determine the viability of margin crop insurance coverage for catfish
- The House agreement clarifies the definition of catfish to exclude other species

## **Regulatory provisions**

- The agreement authorizes a standing agriculture-related committee to provide scientific and technical advice related to EPA regulations so that agriculture has a say before burdensome regulations are promulgated
- The Farm Bill prohibits the EPA from banning sulfur dioxide, which is the only viable fumigant used in rice milling.

## **Forestry**

- The EPA is prohibited from requiring Clean Water Act permits for storm water runoff associated with timber harvesting, nursery operations, pest control, reforestation and logging road use, construction and maintenance
- The final bill authorizes \$200 million for insect and disease treatment program in national forests.
- Good Neighbor Authority –Allows USDA to enter into cooperative agreements with state foresters nationwide to engage in management activity known as Good Neighbor Authority. The practice allows for better coordination between federal and state officials in promoting healthy state forests.
- Biobased markets program – Modifies the definition of “biobased product” to explicitly include forestry materials and forest products that meet biobased content requirements. It also defines forest product to ensure that mature forest products are treated in the same manner as other biobased products
- Tree Assistance Program – Reauthorizes and makes retroactive this program that reimburses losses for orchardists and tree growers covering 65 percent of the cost to replant trees.

## **Rural Development**

- Requires USDA to prioritize broadband access loan applications from communities that do not have service that meets the minimum requirement of four-megabits-per-second download speeds and one-megabit-per-second
- Reauthorizes and funds rural development grant programs
- Rural housing – Reauthorizes rural housing programs, and grandfathers in cities who don't qualify for rural housing after the 2010 census. (Paragould)

## **Miscellaneous**

- PILT – Payment in Lieu of Taxes are extended for one year, through fiscal 2014. This aids counties with large amounts of federal lands to compensate for the lack of tax revenue (Baxter County).