

Preparing for the Next Farm Bill

Key Takeaways

- Farm Bureau will provide more in-depth information about specific Farm Bill topics later this year. The purpose of this paper is to start discussions for the policy development process.
- Congress is currently having discussions about the next farm bill. Now is the time for Farm Bureau leaders to think and discuss about what changes are needed to the farm bill structure.
- A significant goal of the 2018 farm bill was to diminish the need for *ad-hoc* payments to farmers, however since then several payments have been made to farmers outside of the farm bill programs.
- Tennessee Farm Bureau anticipates much discussion for the next farm bill will revolve around how farmers can be engaged in ongoing climate discussions.

Questions

1. Which programs in the 2018 farm bill have been successful and which have not?
2. In light of the ad-hoc payments during the current farm bill structure, how should farm bill programs be improved?
3. How can crop insurance be improved?
4. Should the next farm bill contain a new disaster relief program?

Background

The farm bill is an omnibus, multi-year authorizing legislation which governs an array of agricultural and food programs. It is typically renewed about every five years. The 2018 farm bill contains 12 titles encompassing commodity price and income supports, crop insurance, farm credit, trade, conservation, research, rural development, energy, and foreign and domestic food programs, among others.

The current farm bill will extend through the 2023 crop year and will cover the 2023/24 marketing year crops. Dairy provisions of the farm bill will expire in calendar year 2023. **Congress is currently having discussions about the next farm bill. Now is the time for Farm Bureau leaders to think and discuss about what changes are needed to the Farm Bill structure.**

Farm Bureau supports the following principles to guide development of programs in the next farm bill:

- Maintain funding commitments to current farm programs;
- Maintain a unified farm bill which includes nutrition programs and farm programs together; and

Access more resources
for the Farm Bill here:



- Prioritize funding for risk management tools which include both federal crop insurance and commodity programs.

Both Tennessee Farm Bureau and American Farm Bureau have established Farm Bill Working Groups to prepare and advocate for the next Farm Bill.

Farm Bureau will provide more in-depth information about specific Farm Bill topics later this year. American Farm Bureau has developed a website with information about the Farm Bill and the site will be updated as more resources are prepared.

Farm Bill passage and implementation has a unique timeline with serious consequences if lawmakers fail to adhere to it. Its five-year lifespan provides lawmakers the opportunity to update the programs, so they are relevant to current market and economic conditions. There have been 18 farm bills since the 1930s. If the farm bill were to expire without a new bill in place or if programs were not granted an extension by Congress, all of the programs would return to the 1949 bill, meaning reverting to support price programs for the limited number of commodities covered by the 73-year-old law. Adjusted for inflation, these support prices would be far above even the current elevated market. This helps drive the urgency farmers-and Congress-feel about passing this legislation in a timely manner.

As for Farm Bill spending virtually all the estimated total net outlays in the 2018 farm bill are in four farm bill titles: nutrition, crop insurance, conservation, and farm commodity support. The following chart gives a breakdown of the projected outlays.

Figure 1. 2018 Farm Bill Spending, April 2018 Congressional Budget Office 10-Year Projections



At the time of passage, the 2018 farm bill was projected to cost \$867 billion over the next 10 years (FY2019-FY2028). In 2018, American Farm Bureau Federation aimed to:

- Protect current farm bill spending;
- Maintain a unified farm bill which includes nutrition programs and farm programs together;

- Ensure any changes to current farm legislation be an amendment to the Agricultural Adjustment Act of 1938 or the Agricultural Act of 1949;
- Prioritize our top funding priorities: risk management tools, which include both federal crop insurance and Title I commodity programs; and
- Ensure programs are compliant with the World Trade Organization agreements.

The 2018 farm bill, also known as the Agricultural Improvement Act, met these requirements and more. The bill:

- Brings another five years of certainty to farm families;
- Upholds fiscal responsibility by being budget neutral;
- Improves risk management programs;
- Protects crop insurance;
- Funds much-needed trade development; and
- Invests in the future with funding for ag research and beginning farmer programs.

Support for the 2018 farm bill was bipartisan and was agreed to by both the House and Senate by a wide margin. Following agreement by Congress the bill was signed by President Trump on December 20, 2018. Notably, the 2018 farm bill was completed in 8 months from introduction to passage and was the first time in nearly 30 years (i.e. the 1990 farm bill) that a farm bill was enacted within the year for which programs were authorized and prior to the new-crop planting season.

A significant goal of the 2018 farm bill was to diminish the need for *ad-hoc* payments to farmers, however since then several payments have been made to farmers outside of the farm bill programs. *Ad-hoc* emergency payments are unanticipated financial outlays delivered to farmers following a natural disaster such as a disease outbreak or adverse weather. Examples of *ad-hoc* payments since 2018 include:

Market Facilitation Payments (MFP) compensated farms for the estimated loss of exports due to retaliatory tariffs placed on US farm exports by other countries in response to tariffs the US imposed on their exports to the US for 2018.

Wildfire and Hurricane Indemnity Program Plus (WHIP+) provided payments to producers to offset losses from hurricanes, wildfires, and other qualifying natural disasters which occurred in 2018 and 2019.

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Coronavirus Food Assistance Program (CFAP) provided direct payments to farmers and to partially offset COVID-19 related losses.

In light of the continued need for *ad-hoc* payments, members of Congress are discussing how the next farm bill should be written. Discussions have thus far revolved around either improving the crop insurance program or to create a new disaster program which would have the flexibility to address unforeseen disasters.

Another item expected to be heavily discussed is the Conservation Title. Much focus of the Biden Administration and leadership in Congress is to address climate concerns.

Tennessee Farm Bureau anticipates much discussion for the next farm bill will revolve around how farmers can be engaged in ongoing climate, environmental, and sustainability discussions.

Policy

Farm Policy (Partial)

A national farm policy should contain the following concepts:

- A market oriented policy allowing farmers the freedom to make production decisions based on markets.
- Strong and effective safety net and risk management programs that protect producers from catastrophic occurrences.
- Compliance with World Trade Organization (WTO) agreements.
- Affordable, practical and effective insurance products to further protect individual risks.
- A marketing assistance loan program with loan rates that better reflect market values.
- Considers the needs of livestock, poultry and specialty crop producers.
- Maintains funding for conservation programs to assist landowners with federal environmental regulations and conservation goals.
- Maintains funding for agricultural research and extension.
- Provides for rural economic development including, but not limited to, access to quality and affordable broadband internet.

Priorities for reauthorizing future Farm Bills should include the following concepts:

- We oppose any further reductions in overall funding for the Farm Bill. We support increased funding for farm programs to reflect the current farm economy however, we recognize there are budget constraints. Congress should at a minimum work within baseline funding without making further cuts.
- Top priorities for funding should be crop insurance, commodity programs, conservation, and trade.

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- If reductions are made to the conservation title, we oppose shifting commodity program funding to conservation programs. Priority should be given to working lands programs over retirement land programs. We support a more efficient use of funding and spreading practices across more acres. The Conservation Reserve Program (CRP) should be reviewed to consider whether highly erodible land is the primary focus given the current farm economy. We believe the Conservation Stewardship Program (CSP) is a lower priority than other conservation programs.
- We support the seed cotton program.
- Farmers should be able to update yields and base without adding base acres.
- We support payments based on historic acres rather than planted acres to remain compliant with WTO.
- We oppose decreasing payment limits. We oppose adjusting means testing in a way that captures more participants. We oppose applying payment limits and means testing to crop insurance premium discounts.
- We support a cost-effective risk management tool for livestock producers with less complexity and more flexibility.
- We support modifying the “actively engaged” rules to define the term “family” to include non-linear familial relationships.
- We support the concept of a tax deferred farm savings account available for producers of all commodities to use as a risk management tool.
- We oppose separating nutrition programs from other titles of the Farm Bill. The Farm Bill is the United States’ food security policy. We believe it serves the nation well for Congress to enact legislation ensuring a safe and abundant food supply along with access to food for those in need.

See also full Farm Policy resolution, Risk Management, Conservation Compliance, Wetlands, and commodity specific policies.