

GENERAL SESSION I
The 2012 Farm Bill

Max Fisher serves as Ranking Member Pat Roberts' Chief Economist for the Senate Committee on Agriculture, Nutrition & Forestry. Prior to working for Senator Pat Roberts, Max worked for the Farm Service Agency where he conducted economic analysis related to the formulation and administration of farm programs. He holds a Bachelor's degree in Agribusiness from Kansas State University and a Master's degree in Agricultural Economics from Texas A&M University. Max's family farms by St. John, Kansas.

Bart Fischer is the Chief Economist of the House of Representatives Agriculture Committee in Washington, D.C.



U.S. Senate & Agricultural Policy

Max Fisher
Republican Chief Economist
Senate Agriculture Committee

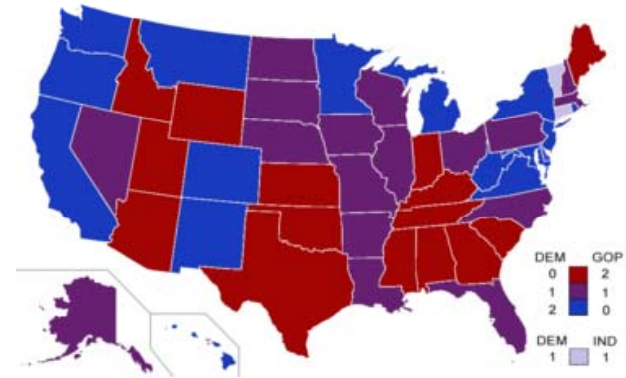


SENATE CHAMBER



Balance of Power

- 51 Democrats plus 2 Independents who Caucus with the Democrats
- 47 Republicans



SENATE LEADERSHIP



Committee on Agriculture



*Debbie Stabenow (D-MI)
Chairman*



*Pat Roberts (R-KS)
Ranking Member*

MEMBERS



Senate Agriculture Committee 112th...

Democrats (11)	Republicans (10)
Debbie Stabenow, Michigan	Pat Roberts, Kansas
Pat Leahy, Vermont	Richard Lugar, Indiana
Tom Harkin, Iowa	Thad Cochran, Mississippi
Kent Conrad, North Dakota	Mitch McConnell, Kentucky
Max Baucus, Montana	Saxby Chambliss, Georgia
Ben Nelson, Nebraska	John Boozman, Arkansas
Sherrod Brown, Ohio	Mike Johanns, Nebraska
Bob Casey, Pennsylvania	Charles Grassley, Iowa
Amy Klobuchar, Minnesota	John Thune, South Dakota
Michael Bennet, Colorado	John Hoeven, North Dakota
Kirsten Gillibrand, New York	

WHERE ARE WE? 2008 FARM BILL



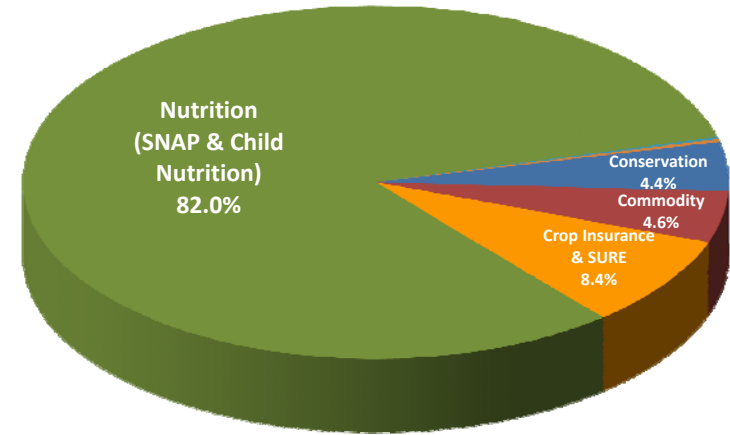
2008 Farm Bill

- ➔ Most recent Farm Bill was enacted in June 2008.
- ➔ Expires on September 30, 2012
 - ➔ At enactment, the 2008 Farm Bill was projected to spend \$284 billion over the five years of authority.
 - ➔ Current projections have the 2008 Farm Bill actually spending \$407 billion over the five years of authority.
 - ➔ Five-year spending on nutrition was projected at \$189 billion at enactment of the 2008 Farm Bill. However, actual spending on nutrition has come in closer to \$322 billion. Spending on nutrition grew because of greater participation, higher food prices, and because the stimulus bill that was passed in 2009 increased funding for food stamps.

AGRICULTURE SPENDING



FY2013 Mandatory Outlays



Source: CBO, Senate Agriculture Committee

AGRICULTURE SPENDING IN PERSPECTIVE



FY2013 Agriculture Committee Mandatory Spending as a Share of Federal Mandatory Spending

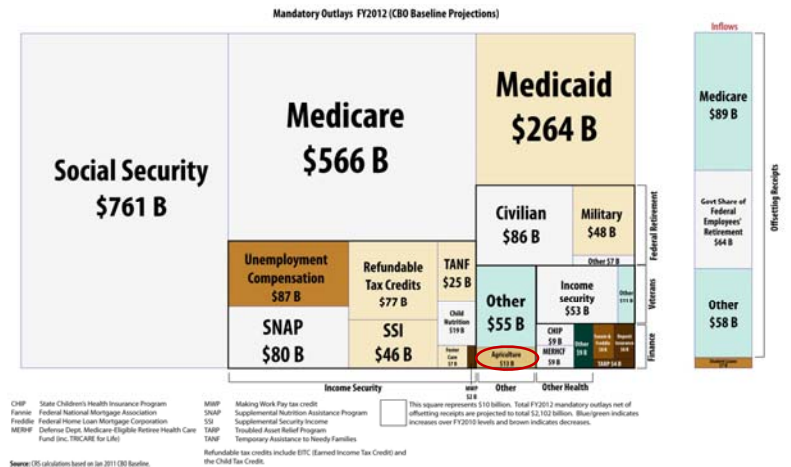
- ➔ Commodity Programs 0.27%
- ➔ Conservation Programs 0.26%
- ➔ Crop Insurance & SURE 0.49%
- ➔ SNAP & Child Nutrition 4.77%

Total Federal FY2011 Outlays

MANDATORY OUTLAYS FY2012

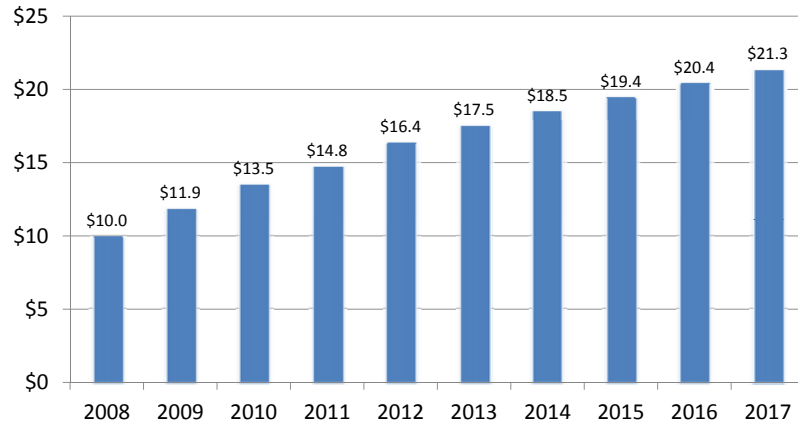


Try to Find Agriculture

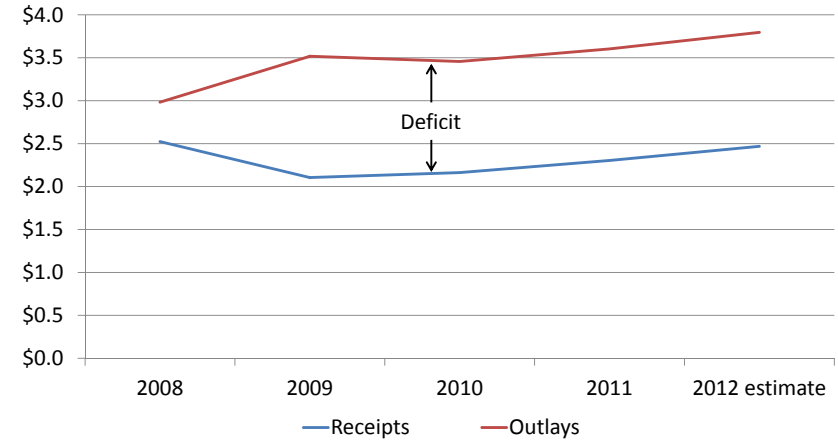




Federal Debt at the End of Year (In Trillions)



Federal Deficits (In Trillions)



Changes in Projected 2013-2022 Spending (In Billions)

Category	Current Law	Senate Passed Farm Bill	Change	% Change
Farm Safety Net	\$153.8	\$139.1	-\$14.7	-9.6%
Conservation	\$64.1	\$57.7	-\$6.4	-9.9%
Food Stamps	\$772.1	\$768.1	-\$4.0	-0.5%
Other	\$2.8	\$4.8	+\$1.9	+68.9%
Total	\$992.8	\$969.7	-\$23.1	-2.3%



Farm Program Changes

- Major Programs Eliminated: Direct Payments, Counter-cyclical Payments, and the ACRE Program
- Program Added: Agriculture Risk Coverage (ARC)
 - ARC makes payments when actual individual or countywide crop revenue is below 89% of historical revenue. Payments occur for losses between 89% and 79% of historical revenue.



Disaster Program Changes

- Major Program Eliminated: SURE
- Livestock Indemnity Program is extended, but the payment rate is reduced from 75% to 65%.
- Emergency Assistance for Livestock, Honeybees and Farm-raised catfish (ELAP) is extended, but with annual funding lowered from \$50 million to \$5 million.
- Livestock Forage Program is expanded to include the grazing functions of ELAP and NAP.
- Tree Assistance Program is extended, but the payment rate is lowered from 70% to 65%.



Dairy Program Changes

- Major Programs Eliminated: Dairy Product Price Support Program and the Dairy Export Incentive Program
- Milk Income Loss Contract Program is repealed as of July 1, 2013
- Programs Added: Dairy Production Margin Protection Program (DPMPP) and the Dairy Market Stabilization Program (DMSP)
 - DPMPP makes payments when the 2-month average actual dairy production margin is less than \$4.00/cwt. Coverage to protect additional margin beyond the basic \$4.00/cwt. may be purchased up to \$8.00/cwt.
 - While participation in DPMPP is voluntary, all producers participating in DPMPP must also participate in DMSP. To send a signal to producers to reduce milk supply, DMSP requires handlers to reduce payments on producers' milk marketings when dairy production margins are low.



Major Conservation Program Changes

- Conservation Reserve Program adds 1.5 million acres of grasslands to list of eligible lands and stair-steps total enrollment from 32 million acres in FY2012 to 25 million in FY2017 .
- Conservation Stewardship Program increases the entry requirement from one resource concern to two resource concerns and lowers the annual enrollment from 12.769 million acres to 10.348 million.
- Environmental Quality Incentives Program adds a minimum of 5% of funds to go to payments benefitting wildlife habitat and lowers funding from \$1.75 billion annually to \$1.455 billion for FY2013, \$1.645 billion for FY2014, and \$1.65 billion annually for FY2015-FY2017.
- Consolidates Wetlands Reserve Program, Grassland Reserve Program, and Farmland Protection Program into Agricultural Conservation Easement Program.
- Consolidates the Agricultural Water Enhancement Program, Chesapeake Bay Watershed Program, Cooperative Conservation Partnership Initiative, and the Great Lakes basin program into the Regional Conservation Partnership Program.



Change to the Supplemental Nutrition Assistance Program (SNAP)

- The Senate Farm Bill would require a payment of at least \$10 per year from the Low Income Home Energy Assistance Program (LIHEAP) to qualify SNAP households for a "standard utility allowance," which allows SNAP households to receive extra SNAP food benefits unless the households already receives the maximum amount. Currently, at least 17 States have purposely designed their LIHEAP programs to allow LIHEAP payments of any amount to qualify for extra SNAP food benefits.
 - The Congressional Budget Office (CBO) assumes some states would continue to send LIHEAP benefits that meet the \$10 minimum per year qualification to some SNAP households, but others would discontinue the practice. Due to the \$10 provision, CBO estimates nearly 500,000 households would see a reduction of their SNAP benefits by an average of \$1,080 per year.
 - This provision would save taxpayers \$4.490 billion over 10 years, which represents a 0.5 percent cut to the SNAP budgetary baseline.



Major Changes to Energy Programs

- **Programs extended with mandatory money**
 - Biobased Markets Program
 - Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program
 - Biodiesel Fuel Education Program
 - Rural Energy for America Program (REAP)
 - Biomass Research and Development Initiative
 - Feedstock Flexibility Program
 - Biomass Crop Assistance Program (BCAP)



Major Changes to Crop Insurance

- Makes available to producers an additional policy called Supplemental Coverage Option (SCO), which is a policy based on area-wide (e.g. county) yield or revenue loss that stacks on top of a producer's individual policy. If sufficient area data is available, SCO would allow producers to purchase area coverage up to 90% for crops not enrolled in ARC and up to 79% for crops enrolled in ARC. The premium subsidy for SCO is 70%.
- Makes the subsidy for enterprise and whole farm units permanent.
- Creates separate enterprise units for irrigated and non-irrigated land.
- Raises the "plug yield" for low yielding years in the producer's APH from 60% to 70% of the t-yield.
- For beginning farmers, the premium subsidy is increased 10 percentage points, the CAT fee is waived, and assistance is provided for establishing yield history.



Max Fisher
max_fisher@ag.senate.gov
202-224-9315

