

202? Farm Bill

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FINPACK Conference
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The Farm Bill is comprised of 12 titles, each focused on a different policy area

Title I: Commodity



- Authorizes programs such as the Agriculture Risk Coverage and Price Loss Coverage (PLC)
- **In play: Reference prices for the PLC program** which determines the threshold for when farmers receive income subsidies

Title II: Conservation



- Authorizes conservation programs including the Conservation Reserve Program and the Environmental Quality Incentives Program
- **In play: Inflation Reduction Act funding** for several conservation programs

Title III: Trade



- Provides international food and agricultural aid to foreign nations in need and expands US commodities to new markets
- **In play: Potential funding increases for agricultural trade programs**

Title IV: Nutrition



- Authorizes SNAP and other nutrition assistance programs
- **In play: Adjustments to the work requirement rules for SNAP** that were passed in the debt ceiling bill

Title V: Credit



- Authorizes lending from USDA's Farm Service Agency (FSA) and sets rules for the Farm Credit System
- **In play: Potential increases to FSA loan limits** due to inflation of land prices

Title VI: Rural Development



- Authorizes programs like the Rural Utilities Service and the Rural Energy for America Program that foster rural development
- **In play: Potential restructuring of rural broadband programs**



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Title VII: Research



- Authorizes research through the USDA's National Institute of Food and Agriculture
- **In play:** Inclusion of a **mandatory \$8 billion funding** included within the research title – a departure from the typical appropriations process

Title VIII: Forestry



- Authorizes programs for the Forest Service to protect 193 million acres of national forests
- **In play:** Modifications of forestry programs such as the Good Neighbor Authority

Title IX: Energy



- Authorizes programs like the Rural Energy for America Program and Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance program
- **In play:** Funding of Inflation Reduction Act programs

Title X: Horticulture



- Authorizes programs that provide funding for specialty crops like fruits, vegetables, organics, and hemp
- **In play:** Funding increases for organics and expansion of technology use

Title XI: Crop Insurance



- Makes modifications to the permanently authorized federal crop insurance program and can direct USDA to create new programs
- **In play:** Expanded guidance for coverage of crops that lack data, increased focus on climate

Title XII: Miscellaneous



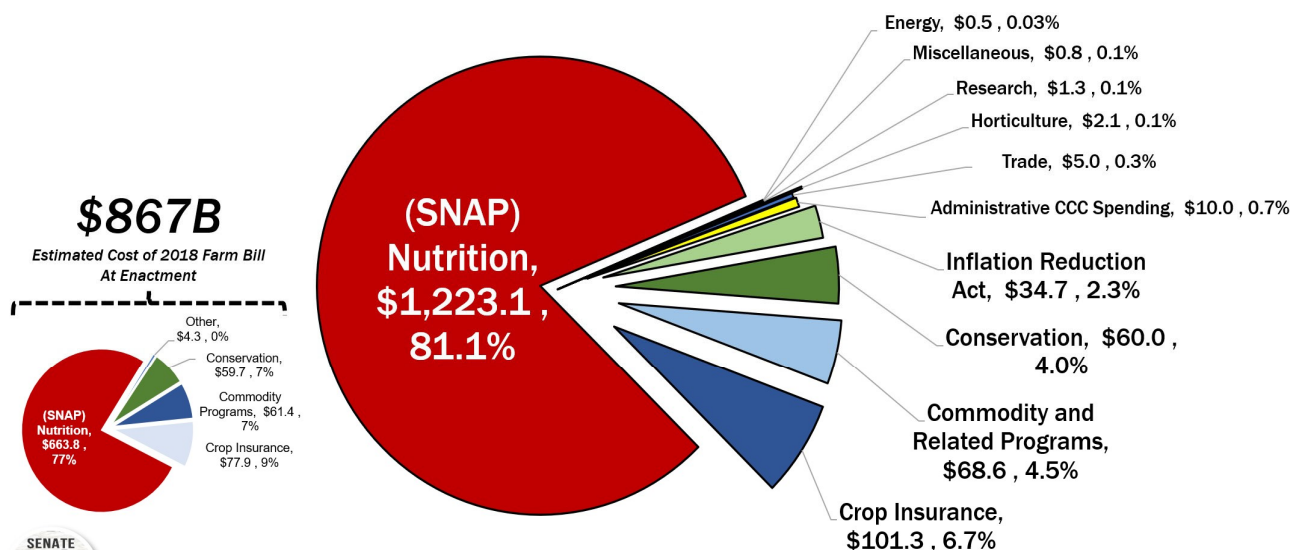
- Includes policy that does not fall into the other titles like animal welfare and USDA operations
- **In play:** Expanded livestock and animal welfare protections

SOURCE Agri-Pulse.



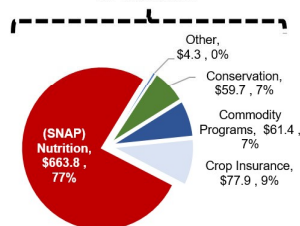
The 2023 Farm Bill Scoring Baseline*

Billion Dollars, Fiscal Year 2024 to 2033, Total Spending \$1.51 Trillion



\$867B

Estimated Cost of 2018 Farm Bill At Enactment



Senate Ag Committee Republicans

Senate Ag GOP Analysis, Congressional Budget Office May 2023 Baseline, Congressional Research Service, *Includes Inflation Reduction Act Outlays



Drivers that Shape a Farm Bill

- Political Environment
- Fiscal Environment
- Farm Economy



Political Environment



Political Environment Prior to Midterms

- Prior to the 2022 Midterms, Democrats held the majority in both the House and Senate
- House and Senate Ag Majority Farm Bill priorities revolved around:
 - Climate smart agriculture
 - Additional support for nutrition and conservation spending



Political Environment Post Midterms

- Post Midterms/Beginning of 2023, Republicans flip the House and Democrats keep the Senate
- House Republicans have drastically different fiscal goals and priorities from their Democrat counterparts
 - Return of fiscal restraint
 - SNAP reform



Political Environment Post Midterms

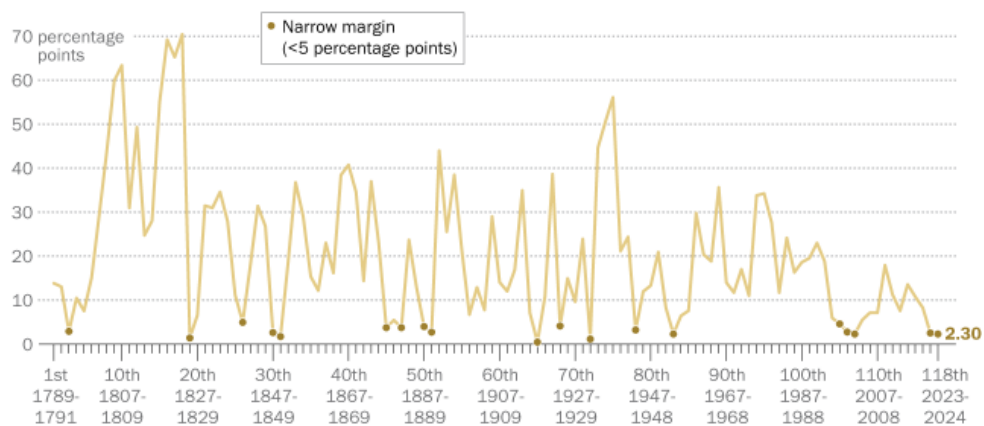
- Tight margins
- Election year
- Retirements



Narrow Margin in House

Narrow majorities in the U.S. House are nothing new

Majority party's margin of control (in percentage points)



Notes: Party divisions and margins of control are as of the date the House first convened to organize and transact legislative business. In the 65th Congress, the majority consisted of 213 Democrats and four minor-party members.
Source: Pew Research Center analysis.

PEW RESEARCH CENTER



Political Environment Post Midterms

- Tight margins
- Election year
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Fiscal Environment



Appropriations bills and the short-term CR have delayed Farm Bill negotiations

OVERVIEW

- The “clean” continuing resolution, passed on September 30, extended the deadline for appropriations to November 18; with the new deadline approaching, **lawmakers have placed their efforts into appropriations and government funding – therefore deprioritizing Farm Bill discussions**
- **The likelihood of an extension to the 2018 Farm Bill rises as the end of the calendar year approaches**; the length of a potential extension is significant given a one-year extension would place discussions at the peak of the 2024 elections, while a two-year extension would pass discussions to a new Congress

Notable components of the CR



- > **Funds the USDA to maintain WIC** at heightened levels of participation; notably excludes \$1.4B in additional WIC funds requested by the White House
- > **Enacts the base salary increase for federal wildland firefighters** that was created in the bipartisan infrastructure law
- > **Does not provide direct commercial farm aid**, but the \$16B in supplemental disaster aid for FEMA may be used to help farm communities impacted by hurricanes and flooding
- > **Funds direct and guaranteed farm loans**
- > **Extends the Livestock Mandatory Reporting program**

SOURCE Politico, Successful Farming, NSAC.

2023 FARM BILL NEGOTIATIONS

House

House Agriculture Committee Chair G.T. Thompson (R-PA-15) is waiting for House leadership to assign floor time for the House Farm Bill before he brings the package of legislation out of committee

Senate

Senate Farm Bill discussions have stalled despite the positive relationship between chief negotiators Senate Agriculture Committee Chair Debbie Stabenow (D-MI) and Ranking Member John Boozman (R-AR); the disagreement revolves around Democratic opposition to carveouts of approximately \$20B in conservation funds created by the IRA while Republicans continue to push for additional funding for farm programs



Other Budget Factors



IRA CLIMATE SPENDING

- The Inflation Reduction Act (IRA) provided nearly \$20 billion for climate-smart agriculture in existing Farm Bill programs
 - Sen. Stabenow, Chair of the Senate Agriculture Committee, addressed her climate priorities through those provisions
 - This dynamic could decrease the pressure on Stabenow to include her climate policy agenda in the Farm Bill before she retires
- **Republicans can alter the IRA climate funding by passing a new Farm Bill**, however, Stabenow has vowed to protect the programs authorized in the IRA



NEW BUDGET RULES

- House Republicans replaced the PAYGO (pay-as-you-go) rule with CUTGO (cut-as-you-go), which mandates that any new spending increases be offset with equal spending cuts; **no new taxes** are allowed to pay for spending increases
- With CRS projections expecting the Farm Bill to cost over \$1 trillion, there will need to be **cuts to other spending programs** to comply with House rules
- That dynamic will likely set up a **battle with Democrats**, who would likely oppose external spending cuts



SPENDING CUT DEBATES

- Both Democratic and Republican Senators voiced support for expanding crop insurance in the Farm Bill
- The ranking member, Sen. John Boozman (R-AR) expressed the need to address rising crop prices that could impact the Price Loss Coverage Program
- While Senators seem unified on the issue of crop insurance, **partisan differences on SNAP and climate funding** are most likely to lead to an impasse between the two parties in the House and the Senate

SOURCE Politico, Farm Progress, National Journal, E&E News, Agri-pulse.

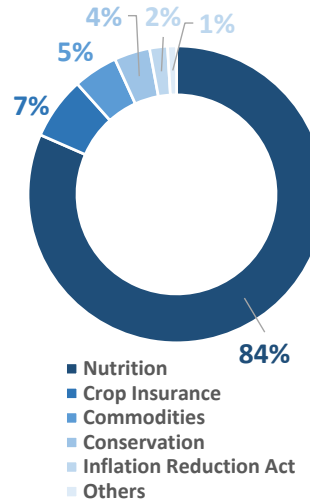


Nutrition is expected to make up over 80% of the 2023 Farm Bill

Baseline cost estimates for the 2023 Farm Bill by spending type based on ten-year projections

Program type	CRS cost projection
Nutrition	\$1.22T
Crop insurance	\$101B
Commodities	\$69B
Conservation	\$60B
Trade	\$5B
Horticulture	\$2.1B
Inflation Reduction Act	\$34.7 B
Research	\$1.3B
Miscellaneous	\$0.8B
Energy	\$0.5B
Total	1.51T

Percentage of spending type in the baseline spending projection in the 2023 Farm bill based on ten-year projections



S O U R C E Senate Agriculture, Farm Bureau.



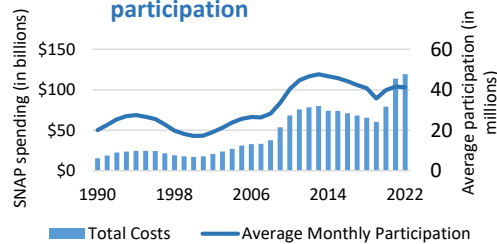
Contentious divides over SNAP may affect the 2023 Farm Bill

Nutrition spending

- Farm bills since 1973 have included reauthorization of SNAP (Supplemental Nutrition Assistance Program)
- Public nutrition programs like SNAP, previously known as the Food Stamp Program, accounted for **76% of the 2018 farm bill**

Program	2018 Spending
The Emergency Food Assistance Program (TEFAP)	\$623 million
Commodity Supplemental Food Program (CSFP)	\$228 million
Food Distribution Program on Indian Reservations (FDPIR)	\$125 million
Senior Farmers' Market Nutrition Program (SFMNP)	\$20.4 million
Community Food Projects	\$9 million
Gus Schumacher Food Insecurity Nutrition Incentive (FINI) program	\$23 million

Historical SNAP spending & participation



The new proposal raises questions about work requirements

- In November 2023, House Agriculture Committee Chairman Glenn Thompson (R-PA-15) announced a plan to cut SNAP payments to support commodity farming.
- Thompson's announcement raised concerns that lower-income people would lack money for healthy food amid rising produce prices
- Work requirements for SNAP are still a contentious sticking point, with Sen. Debbie Stabenow saying the issue of work requirements was "off the table" for the Farm Bill; Rep. Thompson would not make the same commitment

S O U R C E Congressional Research Service, The Washington Post, USDA, Agri-Pulse, Politico, The Hill.



New Reality of the “2023” Farm Bill

- 2018 Farm Bill extended for one-year in second CR
- Extension punts the farm bill further into 2024
- Differing individual priorities from the 4 corners
- Baseline still affirms there will be no new money available for this upcoming Farm Bill



Farm Bills of the Past

Farm Bill	Environment	Time to Pass	Fiscal Environment
1985	Farm stress & commodity surpluses	8 months	\$\$\$*
1990	Reducing spending significantly	9 months	\$\$\$
1996	Republican "Revolution" drives major policy changes & spending reductions	7 months	\$\$\$*
2002	Begun "early" in 2001 to cover 2002 crop	10 months	\$\$\$
2008	Controversial & protracted - "2007" bill enacted well into 2008 crop year. Enacted over President Bush's veto (twice).	12 months	\$\$\$
2014	Controversial & protracted - began with attempted short circuit in 2012 and finally enacted in 2014.	24 months	\$\$\$



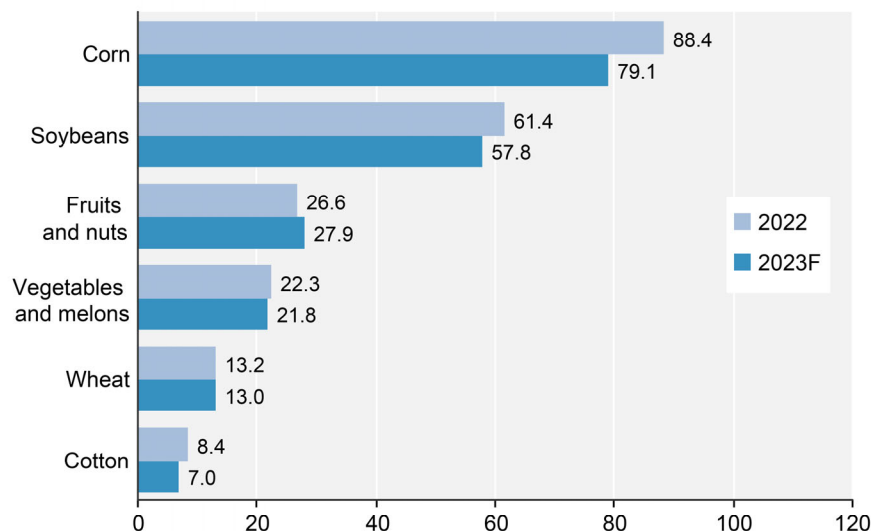
Farm Economy



Farm Income declining in 2023

U.S. cash receipts for selected crops, 2022–2023F

Billion dollars (nominal)



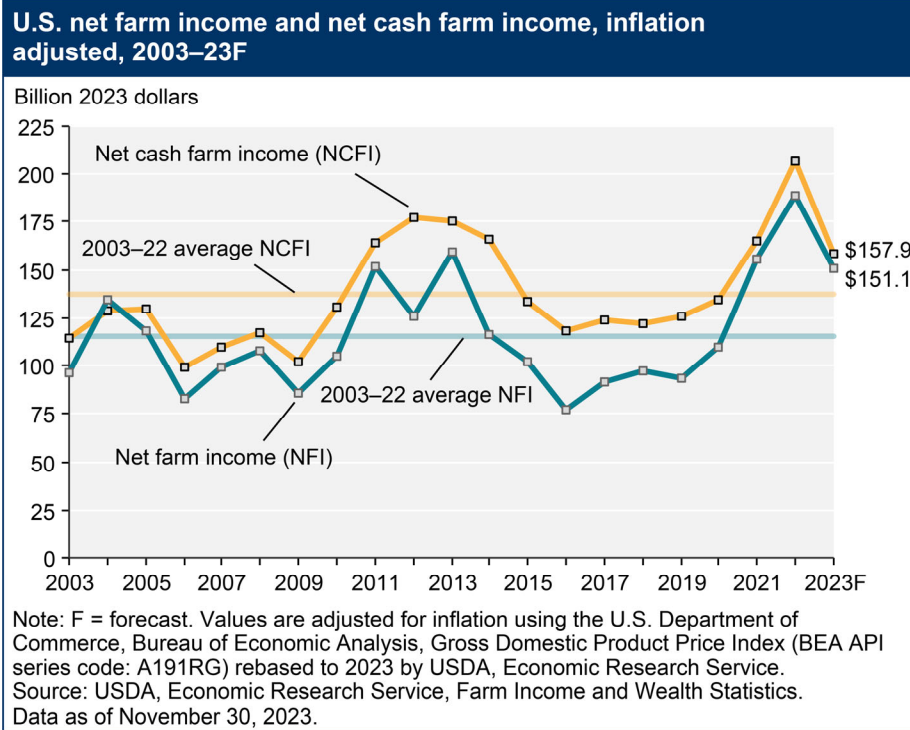
Note: F = forecast.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.

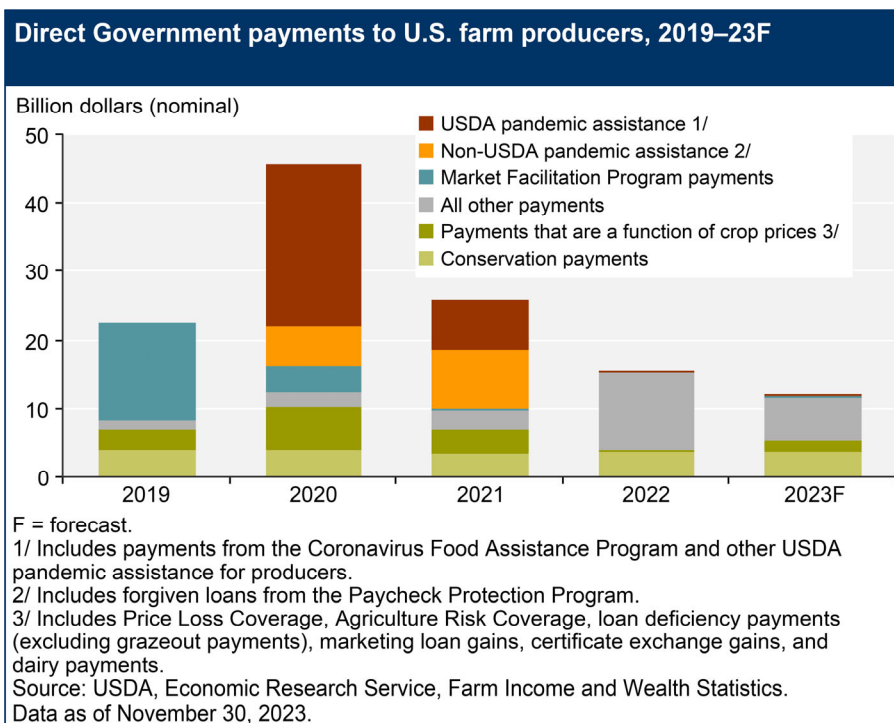
Data as of November 30, 2023.



Farm Income declining in 2023



Government Payments Declining



Outlook



Other Issues to Watch in 2024

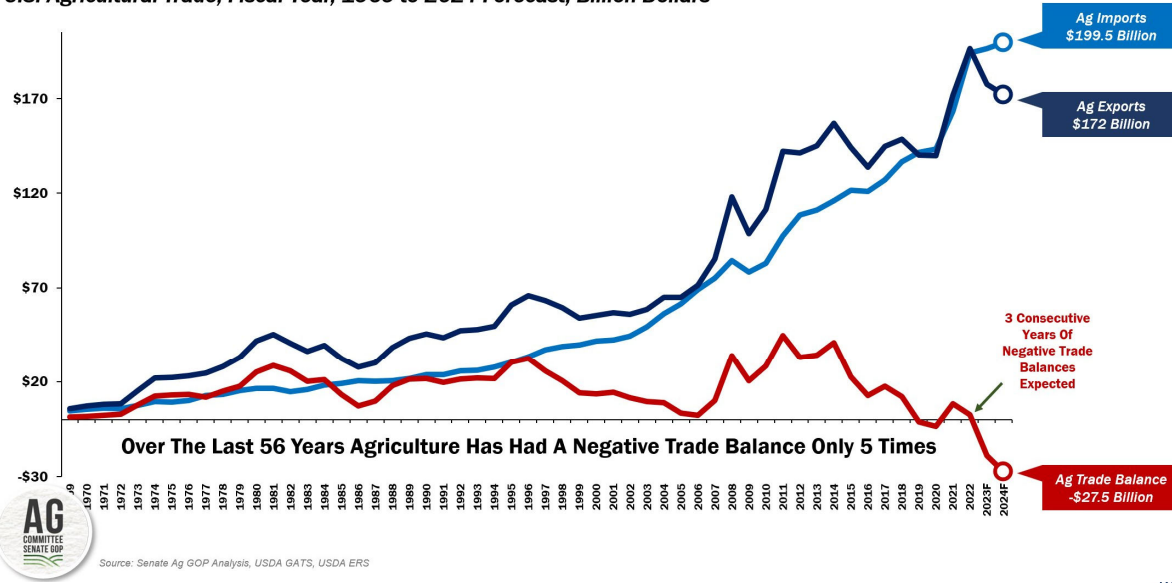
- Trade Deficit
- Regulatory reform
- Immigration reform
- Budget Reconciliation?



Ag Trade Balance

NEW MARKETS ARE NEEDED For U.S. Agriculture

U.S. Agricultural Trade, Fiscal Year, 1969 to 2024 Forecast, Billion Dollars



Contributing Factors Affecting Farm Bill

Working For

- Chairwoman Stabenow set to retire
- Push for increase in net reference prices
- Desire to constrain the Secretary

Working Against

- Fiscal environment
- Tight partisan margins/unrest
- Fight in the nutrition space
- USDA using CCC
- Election year

Questions?

