

2018 Farm Bill: Summary & Provisions



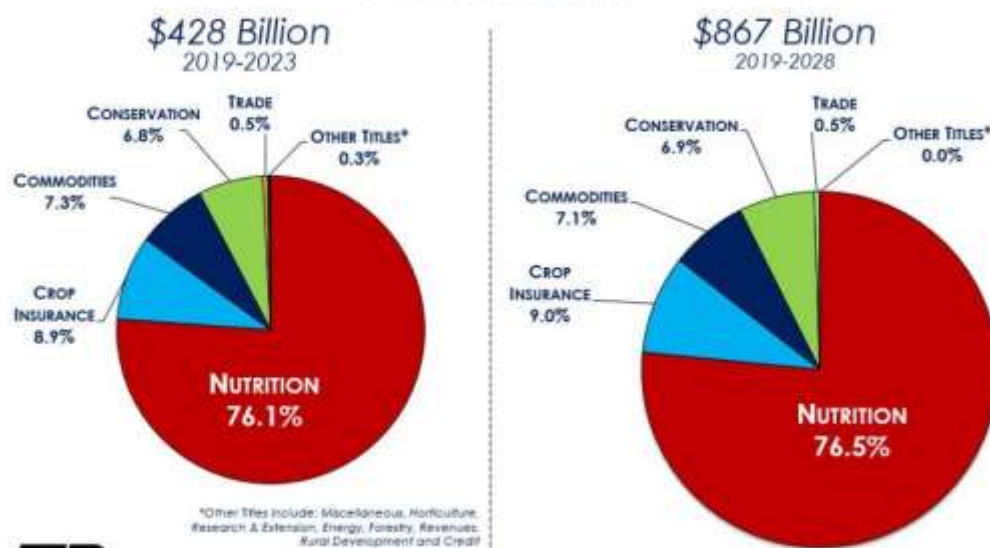
New York Farm Bureau • 159 Wolf Rd., PO Box 5330, Albany, NY 12205 • 1-800-342-4143 • <http://www.nyfb.org>

2018 Farm Bill: Agricultural Improvement Act of 2018

Passage: Passed by Senate on December 11, 2018 with a final vote of 87-13. Passed by the House on December 12, 2018 with a final vote of 369- 47. Across the board support by New York’s Congressional delegation. Signed by President on December 20, 2018.

Spending: Total cost of \$867 billion over ten years and is budget neutral.

Figure 1. 2018 Farm Bill Spending
5- and 10-Year Baseline



Source: Congressional Budget Office April 2018 Baseline, 2018 Farm Bill, Farm Bureau Analysis

Source: American Farm Bureau: <https://www.fb.org/market-intel/reviewing-the-2018-farm-bill-baseline>

Timeline: USDA is now charged with drafting rules, regulations, and guidance for each program in the bill. Expected to start rolling out in March 2019.

Summary of Provisions:

Title 1: Commodities

Price Loss Coverage (PLC)/ Agricultural Risk Coverage

- ARC-CO, ARC-IC & PLC are reauthorized. Producers will have the option to elect between Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs on a crop-by-crop and farm-by-farm basis, applied jointly to the 2019 and 2020 crop years. Beginning in 2021, growers have opportunity to make an annual election of ARC or PLC for 3 remaining crop years.
- PLC: Reference prices are now allowed to “float” higher based on the Olympic moving average price and may increase as much as 115% of the statutory reference price. When 85% of Olympic moving average price is greater than statutory reference price, support under PLC is increased.
- Beginning in crop year 2020, owners of all farms in the country will be able to update the program yield used on the farm to calculate assistance under PLC.

- PLC makes program payments on 85% of a farm’s base acres but utilizes PLC program yields to determine gross payment due to farm.
- Farmers have opportunity to update PLC program yields based on crop yields from 2013 to 2017, with a floor equal to 75% of the county average crop yield. Yield update will be effective for the 2020 crop year.
- ARC-CO: Increases the yield plug from 70% to 80% of the county transitional yield. Incorporates the Effective Reference Price into the calculation of the benchmark revenue.
 - Prioritizes the use of RMA data for calculating county yields, as opposed to the National Agricultural Statistics Survey.
 - RMA trend-adjusted yield factors will be incorporated into benchmark & actual yield calculations.
- ARC makes program payments on 85% of a farm’s base acres.
- ARC & PLC program payments eliminated for growers who have not planted a crop on their historical base acres over the last decade. Farmers have option to enroll these base acres in Conservation Stewardship Program for 5 years at annual program payment of \$18 per acre.

Program Eligibility

- **Payment Limitations:** \$125,000 in assistance from ARC/ PLC per person or entity.
- **Adjusted Gross Income:** Participation continues to be limited to persons or entities with less than \$900,000 in average adjusted gross income.
- **Definition of Family:** Expanded to include first cousins, nieces, and nephews.

For examples and more information, check out this article: <https://www.fb.org/market-intel/whats-in-title-i-of-the-2018-farm-bill-for-field-crops>

Dairy Programs

Dairy Margin Coverage (DMC)

- Dairy Margin Coverage (DMC) programs replaces the Margin Protection Program (MPP) and generally preserves the structure of the MPP program.
- Allows producers to cover between 5% and 95% of production history. Previously under MPP, producers could only cover between 25% and 90%.
- The coverage levels allow operations to cover margins between \$4.00 and \$9.50 in fifty-cent increments for their first 5 million pounds (Tier 1) of participating production and between \$4.00 and \$8.00 for the remainder (Tier 2). The coverage level can differ between the tiers.
- The producer premiums establish rates (see table below) that apply per covered hundredweight per year. For dairy operations that choose to make a 5-year decision to lock in a coverage level and coverage percentage for the life of the 2018 Farm Bill, premium rates reduced by 25 percent.

Margin	Tier 1- First 5 Million Pounds Premium (~240 cows)	Tier 2- Over 5 Million Pounds Premium
\$4.00	\$ -	\$ -
\$4.50	\$ 0.0025	\$ 0.0025
\$5.00	\$ 0.005	\$ 0.005
\$5.50	\$ 0.030	\$ 0.100
\$6.00	\$ 0.050	\$ 0.310
\$6.50	\$ 0.070	\$ 0.650
\$7.00	\$ 0.080	\$ 1.107
\$7.50	\$ 0.090	\$ 1.413
\$8.00	\$ 0.100	\$ 1.813
\$8.50	\$ 0.105	\$ -
\$9.00	\$ 0.110	\$ -
\$9.50	\$ 0.150	\$ -

- Premium repayment for each dairy operation that participated in MPP in 2014- 2017 eligible to receive a repayment of a portion of premiums paid over that period as either 50% direct refund or a 75% credit toward future DMC premiums.
- USDA is required to study how representative the current feed cost formula is of actual average operation feed costs and requires USDA to evaluate the cost of corn silage and begin collecting cost information of high-value alfalfa.
- Restriction on participating in both the DMC and Livestock Gross Margin (LGM) program is eliminated. Producers able to use DMC and LGM without restriction on the same milk. This should provide greater flexibility to use these programs as well Dairy Revenue Protection (Dairy- RP) program that was developed by Farm Bureau.
- Producers who were locked out of the improved 2018 MPP due to LGM participation are allowed to retroactively participate in MPP for the months in 2018 in which they were excluded from participation.

****The ability to utilize multiple dairy support programs is beneficial to New York dairy farmers. In addition, the low cost of premiums & potential credit towards premiums is another benefit to dairy farmers.*

Dairy Indemnity Program reauthorized.

Class I Skim Milk Price formula for skim milk price revised.

- Previously, Class I prices are based on the “higher of” Class III or IV prices.
- Now Class I prices would take the average of Class III and IV and add 74 cents per hundredweight.

Milk Donation Program is created which makes it easier for producers, processors, and co-ops to donate fluid milk to food banks and other organizations.

- Donated milk is currently treated as “other use” milk in the federal orders meaning that it has a lower value going into the pool than fluid milk usually would.
- This program allows dairy organizations and feeding programs to jointly propose a plan for USDA to pay up to the difference between “other use” and Class 1 milk so there isn’t a disincentive to donate.
- Dairy Product Donation Program is repealed since it was not triggered under 2014 Farm Bill.

Healthy Fluid Milk Incentives Program: Creates a new program to create incentives to encourage fluid milk purchases by members of households who receive SNAP benefits.

Dairy Business Innovation Initiatives: Requires USDA to establish at least 3 regionally-located dairy innovation centers to provide outreach and technical assistance with the goals of diversifying dairy product markets to reduce risk, develop higher-value uses for dairy products, promote business development that diversifies farmer income, builds processing and marketing innovation, and encourages the use of regional milk production.

Disaster Assistance: reauthorizes the disaster assistance programs.

- Among these programs are the Livestock Indemnity Program (LIP), Livestock Forage Program (LFP), Emergency Assistance for Livestock, Honey Bees, and Farm-raised Fish (ELAP), and Tree Assistance Program (TAP).

Noninsured Crop Disaster Assistance Program (NAP)

- Directs USDA Secretary to coordinate data collection, eligibility information, and to reduce paperwork for NAP.
- Improves buy-up coverage & recognizes contract and premium prices.

Title II: Conservation

Conservation Reserve Program (CRP)

- Increases acreage cap from 24 million to 27 million acres by 2023.
- Rental rates are capped at 85% of county average rental rate.
- Authorizes the Conservation Reserve Enhancement Program (CREP).

Environmental Quality Incentives Program (EQIP)

- Increased funding to \$2.025 billion by fiscal year 2023.
- Lowers livestock set-aside from 60% to 50%, increases wildlife allocation to 10%.
- Includes new incentive contracts to address priority resource concerns.

Conservation Stewardship Program (CSP)

- Current CSP contracts will be honored with an option for a one-year extension for contracts expiring in 2019. Otherwise, funding for CSP reduced from approximately \$1.8 billion per year to no more than \$1 billion per year with the savings being used to fund other higher-priority initiatives like EQIP, ACEP, and RCPP.
- Removes the average \$18 per acre funding requirement in the program.

Agricultural Conservation Easement Program (ACEP)

- Restores funding to \$450 million per year.
- Continues the Agriculture Land Easements (ALE) and Wetland Reserve Easements (WRE).

Regional Conservation Partnership Program (RCPP)

- Continues USDA partnership with private organizations to address natural resource concerns.
- Targeted conservation initiatives are developed at local level and selected by USDA through a competitive, merit-based application process.
- Increase in funding to \$300 million per year (tripled from previous years).

Title III: Trade

Agricultural Trade Promotion and Facilitation programs reauthorized to develop export markets for U.S. agricultural commodities. International Food Security Programs also reauthorized.

Title IV: Nutrition

New York has been working on better ways to move food from the farm to consumers who need it and many programs supported by NYFB have been reauthorized in the Farm Bill. The Fresh Fruit and Vegetable Program will continue to provide fresh produce to low-income students at school, the Senior Farmers Market Nutrition Program will provide this at-risk population with access to farm programs and the Farmers Market Nutrition Program will help continue to help provide access to local foods, just to name a few.

Title V: Credit

Reauthorizes the credit programs contained in the Consolidated Farm and Rural Development Act, including all Farm Service Agency (FSA) loans. Also updates credit authorities and provides additional incentives for beginning and veteran farmers.

Title VI: Rural Development

Continues USDA investments in rural broadband, which is critical for parts of New York that do not have access to good internet services. Also reestablishes the Farm and Ranch Stress Assistance Network to direct resources to mental health professional aiding the agricultural community.

Title VII: Research, Extension, and Related Matters

Maintains funding for land grant universities. Establishes a research initiative for urban, indoor, and other emerging agricultural production methods.

Specialty Crop Research Initiative: Maintains funding at \$80 million per year.

Organic Agriculture Research and Extension Initiative: Provides funding for organic research to ensure organic producers have the tools and resources to take advantage of organic market.

Title VIII: Forestry

Encourages healthy and productive management of federal, state, and private forests.

Title IX: Energy:

Provides funding for rural energy initiatives and well as bioenergy research and development.

Title X: Horticulture

Specialty Crop Block Grants

- Provides state departments of agriculture with resources to award promotion and marketing grants to enhance the competitiveness of the specialty crop industry.
- Maintains \$85 million per year in mandatory funding.

Hemp

- Legalizes the production of hemp as an agricultural commodity and removes it from the list of controlled substances.
- Hemp will be eligible for crop insurance and be able to fully participate in USDA programs.
- States will have the ability to set their own rules and regulations on the production of hemp. NYFB will continue to work with the New York State Department of Agriculture and Markets to develop rules for growing hemp in New York.

National Organic Cost-Share program

- Helps offset the costs for producers transitioning to organic.
- Renewed, despite the House attempting to nix the program.

Title XI: Crop Insurance

Crop Insurance

- Current crop insurance programs maintained.
- Expands coverage to new crops including hops and barley.

Whole Farm Revenue Protection insurance program

- Reauthorized.
- Expanded to better serve shellfish operations.

Title XII: Miscellaneous

Animal Disease Prevention and Management

- Establishes a U.S. only vaccine bank to respond to introduction of animal diseases.
- Establishes a national animal disease and preparedness and response program.

Added Sugar

- FDA directed to not require the added sugar declaration on the nutrition facts label of any single-ingredient product, including maple syrup and honey.

Additional information:

House Agriculture Committee: <https://agriculture.house.gov/farmbill/>

2018 Farm Bill Text: <https://docs.house.gov/billsthisweek/20181210/CRPT-115hrpt1072.pdf>

Baseline Funding: <https://www.fb.org/market-intel/reviewing-the-2018-farm-bill-baseline>

*This document is not inclusive of all provisions of the 2018 Farm Bill. For questions about a specific provision, please contact Lauren Williams at NYFB at lwilliams@nyfb.org or (518) 431-5607.