2018 Farm Bill- House Proposal

The text of the legislation, summary materials and supporting documents shared by the House Agriculture Committee can be found here: https://agriculture.house.gov/farmbill/.

Title I – Commodities
Estimated Change in Outlays: $193 Million

Allows producers to make a new election between ARC and PLC

PLC – Price Loss Coverage

- Creates a new effective reference price that can float as high as 115% of the historical reference price and increases based on 85% of the Olympic moving average.
- Price is the maximum of the existing reference price or 85 percent of the Olympic moving average marketing year average price.
- Currently, only the soybean reference price would change for the major field crops. Analysis does not include other minor field crops or other oilseeds.

	Reference Price	OMA Price (12-16)	Floating Reference
Corn	$3.700	$3.923	$3.700
Seed Cotton	$0.367	$0.348	$0.367
Peanuts	$0.268	$0.222	$0.268
Rice LG	$0.140	$0.125	$0.140
Soybeans*	**$8.400**	**$10.857**	**$9.228**
Wheat	$5.500	$5.917	$5.500
Sorghum	$3.950	$3.873	$3.950

Unplanted Base Acres as Unassigned Base

- If a farm did not plant, or was not prevented from planting a covered commodity from January 2009 to December 2017, the base acres of the farm shall be unassigned crop base and is not eligible for program payments under ARC or PLC.
- If at least one covered commodity was planted the farm shall not see a reduction in base acres.

Yield Updating for Counties Effected by Drought

- In counties impacted by a D4 drought for 20 consecutive weeks from January 2008 to December 2012, the owner of the farm can 1-time update, on a commodity-by-commodity basis, the payment yield used for PLC.
- Updated yields for that year are based on 90% of the crop yields for 2013 through 2017, excluding years when the crop was not planted.
- The minimum crop yield is 75% of the 2013 to 2017 average.
- Seed cotton payment yields are equal to 2.4 times the average yield.

Agriculture Risk Coverage

- ARC Individual Coverage is eliminated
- Uses RMA data are the source of yield data, if sufficient county-wide data is available
- ARC revenue guarantees are calculated separately for irrigated and non-irrigated covered commodities in a county

Payment Limits and Program Eligibility

- Continues current $125,000 per person payment limit for ARC/PLC payments; no longer applies to marketing loan benefits; separate $125,000 limit for peanuts
- Continues availability of commodity marketing certificates
- Continues current adjusted gross income (AGI) test of $900,000 per person
- Broadens definition of family member for actively engaged determination for program eligibility to include nieces, nephews and first cousins.
- Applies the payment limit and AGI to each individual in a pass through entity (S corp, LLC) rather than the entity itself (i.e. treats pass through entities like general partnerships and joint ventures)

Dairy Risk Management Program, aka Margin Protection Program

- Changes the name of the Margin Protection Program to the Dairy Risk Management Program
- Can Participate in Both DRM and LGM-Dairy, but not on the same milk production
- Feed Costs
    - Within 60-days requires a USDA study on the feed costs used in the DRM program relative to actual dairy feed costs
    - Within 1-year USDA shall report on the use of corn silage as a dairy feed ingredient and the difference in feed costs relative to corn
    - Within 120 days NASS shall report high-quality alfalfa hay prices based on a weighting of the top-5 milk producing states
- Coverage Levels
    - The coverage level and coverage percentage election is binding for the life of the farm bill.
    - Coverage is expanded to $9 per hundredweight, adding both an $8.50 and $9 coverage option
    - Coverage percentages can range from 0% to 90%, in 5% increments. Previously the minimum coverage percentage was 25% of a farm's production history.
    - Premiums for Tier 1 premium coverage are reduced.
- Production history is revised to be based on 2001 to 2013 calendar years, it is no longer revised annually based on growth in US milk production. This makes the dairy production history similar to base acres.

Pricing Proposal

- Changes the Federal Milk Marketing Order Class I milk price to the simple average of the advanced Class III and Class IV skim pricing factors plus $0.74 per hundredweight.
- Does not require a FMMO hearing or economic analysis of the impacts.

- Effective for 2-years unless modified by the FMMO.

Dairy Product Donation Program is Repealed

- Program required USDA to purchase dairy products if MPP margin fell below $4 per hundredweight.

Title II – Conservation
Estimated Change in Outlays: -$795 Million

Conservation Reserve Program

- CRP Acreage Cap
  - The cap on CRP acreage enrollment increase by 1 million acres each crop year beginning in FY2019 to 25 million acres and climbs to 29 million acres by FY2023.
  - The acreage cap does not increase immediately.
- CRP Rental rates
  - CRP rental rates upon initial enrollment shall not exceed 80 percent of the estimated county average rental rate for the year in which the contract is entered into.
  - Upon reenrollment the rental rate shall not exceed 65 percent of the county rental rate
  - Upon a second reenrollment CRP rental rates shall not exceed 55 percent of the county average rental rate
  - For the third reenrollment CRP rental rates shall not exceed 45 percent of the county average rental rate.
  - For the fourth reenrollment CRP rental rates shall not exceed 35 percent of the county average rental rate.
  - Acreage increases by state will be based on the state's historical enrollment
- CRP grassland contracts step up to no less than 3 million acres by 2023

Environmental Quality Incentives Program (EQIP)

- Increases funding to more than $3 billion by 2023
- Merges the traditional EQIP program with CSP
- Retains most, if not all, current enhancements in CSP along with the benefits of bundling complimentary practices including a new water conservation or irrigation efficiency practice
- Allows producers to address one specific resource concern
- Provides producers the flexibility to prioritize work on a part of their operation, cutting down on complications with different landowners or different landscapes
- Targets program delivery to locally-identified resource concerns
- Removes the 60% livestock carve out but retains that no less than 5% must go to wildlife practices
- Allows irrigation districts, irrigation associations, and acequias to be eligible for EQIP
- Authorizes precision conservation management planning as a cost-share practice under Conservation Activity Plans developed by third-party technical service providers
- Continues $450,000 payment limit for all contracts during 5 year term of farm bill

Conservation Stewardship Program (CSP)

- Eliminates CSP while consolidating major aspects of the program into EQIP
- Current contracts are honored, but no reenrollments will occur

Regional Conservation Partnership Program (RCPP)

- Funded at $250 million per year in mandatory funds instead of using donor programs
- Simplifies the application process

Agriculture Conservation Easement Program (ACEP)

- Funded at $500 million per year
- Removes Adjusted Gross Income test for program eligibility

Title III – Trade
Estimated Change in Outlays: $450 Million

International Market Development Program

- International Market Development Program combined the Market Access Program, Foreign Market Development programs, Technical Assistance for Specialty Crops Program, and the E. De La Garza Emerging Markets Program

Title IV – Nutrition
Estimated Change in Outlays: $463 Million

Retailer Incentives Program

- Creates a pilot project through which authorized retail food stores may provide bonuses to participating SNAP households based on household purchases of fruits, vegetables, and **milk**.
- Retail food stores participating in the pilot project may be reimbursed in an amount not to exceed 25 percent of the dollar value of bonuses earned by households and used to purchase SNAP-eligible foods.
- $120,000,000 annually for such reimbursements

Title VII – Research and Extension
Estimated Change in Outlays: $250 Million

- USDA's Office of Pest Management Policy will continue funding of $3 million annually
- Foundation for Food and Agriculture Research not reauthorized

Title IX – Horticulture
Estimated Change in Outlays: $10 Million

Specialty Crop Block Grants Program

- Maintains $85 million per year to Specialty Crop Block Grants

Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA)

- Clarifies the role of State Lead Agencies that are charged with implementing EPA regulations and gives them an opportunity to consult with EPA when they propose new regulations

- Reconciles FIFRA and Endangered Species Act (ESA) to give EPA express authority to ensure the protection of endangered species in connection with pesticide use. Fish and Wildlife Service and National Marine Fisheries Services (The Services) would no longer have main authority.
- Includes the Pesticide Registration Enhancement Act (PRIA-4) – reauthorize program for pesticide manufacturers/registrants to pay registration fees for pesticide registration review applications to help fund EPA's pesticide reviews and registrations in a timely manner

Clean Water Act (CWA)

- Eliminates the requirement of a National Pollutant Discharge Elimination System (NPDES) permit under the Clean Water Act for pesticides that are already approved under FIFRA

Title X – Crop Insurance
Estimated Change in Outlays: -$161

- Cuts to crop insurance program are administrative only, no cuts to subsidies or elimination of harvest price option.
- Allows for land that is grazed and harvested in the same season to have both PRF and crop policies to cover those different uses.
- Increases the CAT administrative fee from $300 to $500.
- Any producer who participates in the Ag Risk Coverage Program (ARC) in Title 1 from purchasing any area yield plan, any margin plan, or SCO.
- Limits the single-year drop in APH to 10 percent.
- Reduces the annual budget from $9 million to $7 million for the reimbursement of expenses for reviews of policies and assistance to FCIC in maintaining program actuarial soundness and financial integrity.
- Requires research and development on losses due to tropical storms and hurricanes, subsurface irrigation, grain sorghum policies, and alternative methods for adjusting quality losses.
- Changes the definition of beginning farmer and rancher from 5 years to 10 years, but only for Whole Farm Revenue policies.

Title XI – Miscellaneous
Estimated Change in Outlays: $566

Animal Health

- Establishes a new National Animal Disease Preparedness and Response Program, designed to protect the health of the nation's livestock sector. The program is modeled on the highly successful Plant Pest and Disease Management and Disaster Prevention Program that has strengthened USDA's ability to protect U.S. agriculture and natural resources from foreign plant pest threats.
- The bill also establishes a new U.S.-only vaccine bank with priority for stockpiling Foot-and-Mouth Disease (FMD) vaccine and provides for the enhancement of the National Animal Health Laboratory Network.