

# 2018 FARM BILL PROVISIONS

Senate

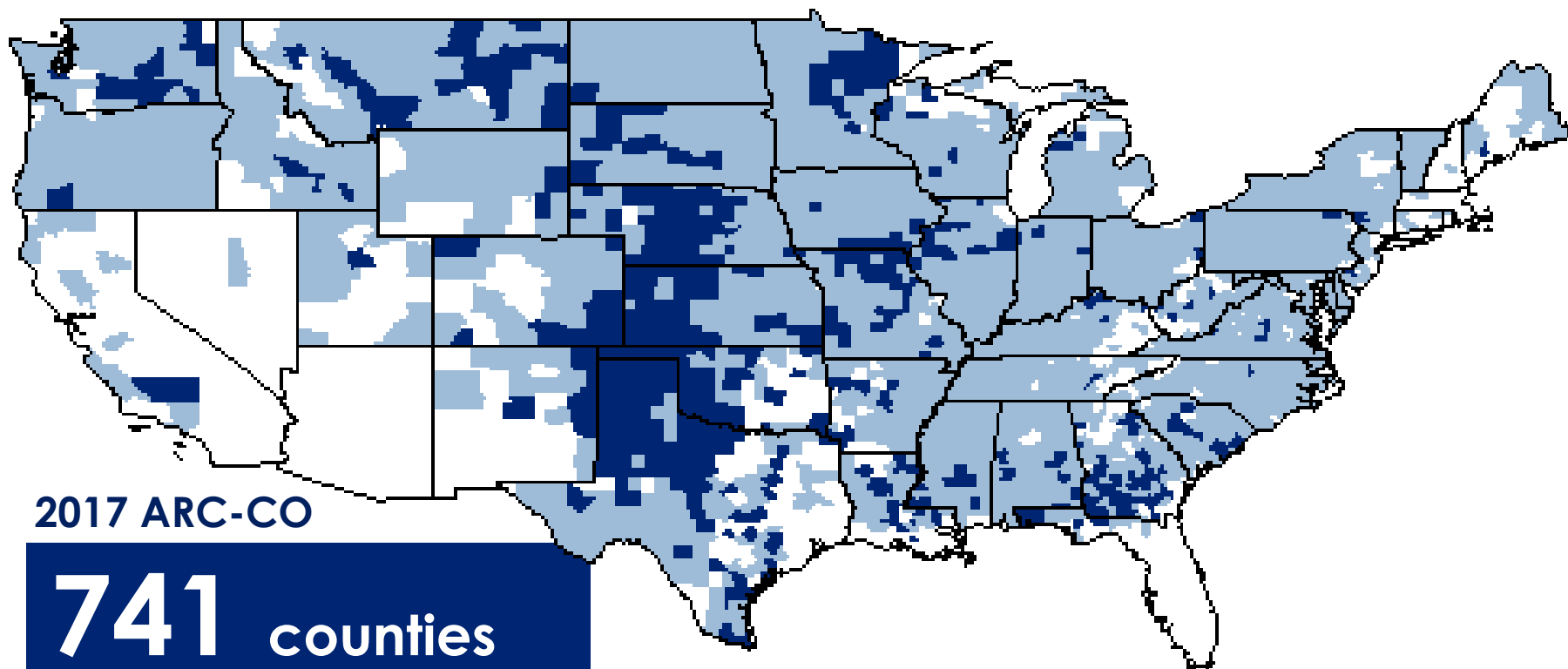


The Unified National Voice of Agriculture



# ARC-CO FORMULA IMPROVEMENT

## Update ARC-CO Yield Floor to 75% of Transition Yields



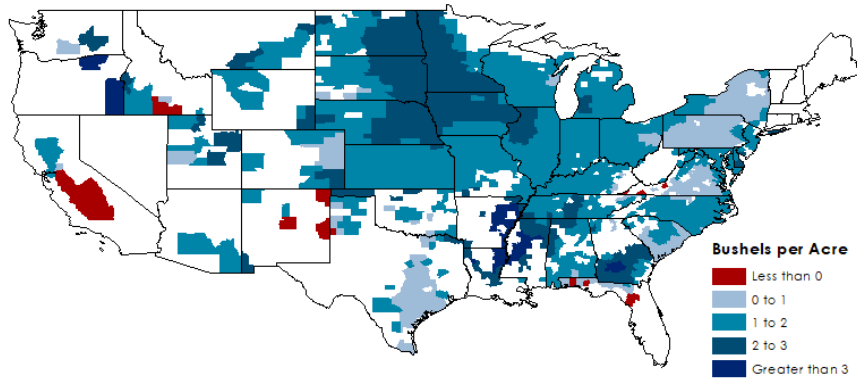
Would Have Higher ARC-CO  
Guarantee in 2017 Due to New  
Formula



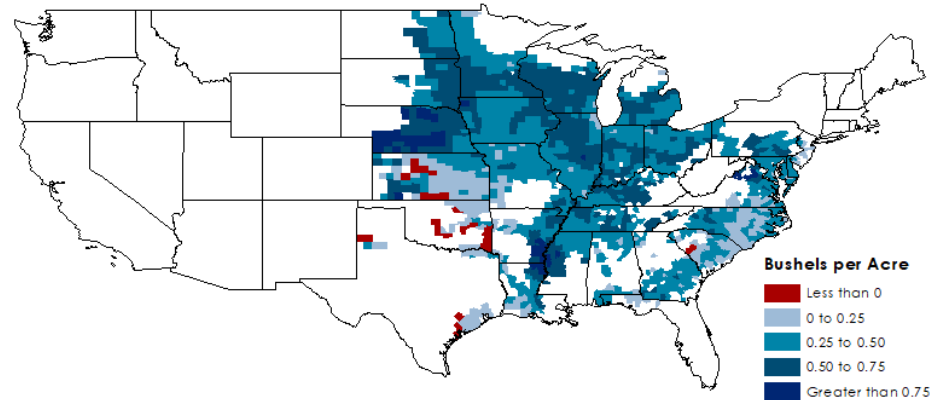
# ARC-CO FORMULA IMPROVEMENT

## Trend Yield Adjustment Factors Brought to ARC

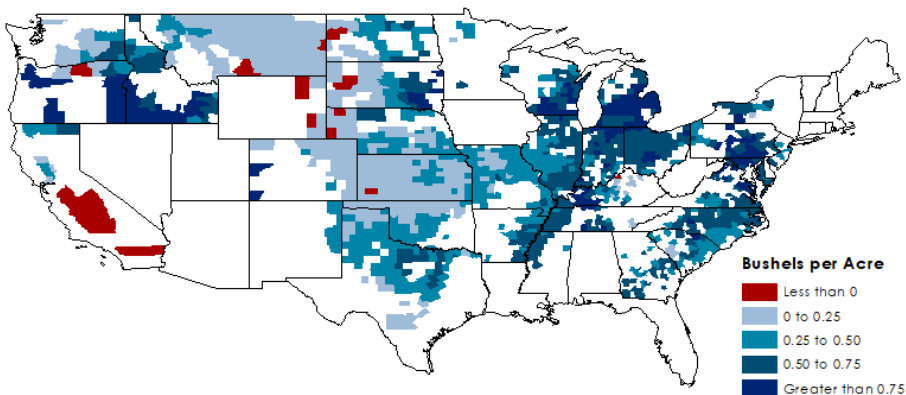
### CORN



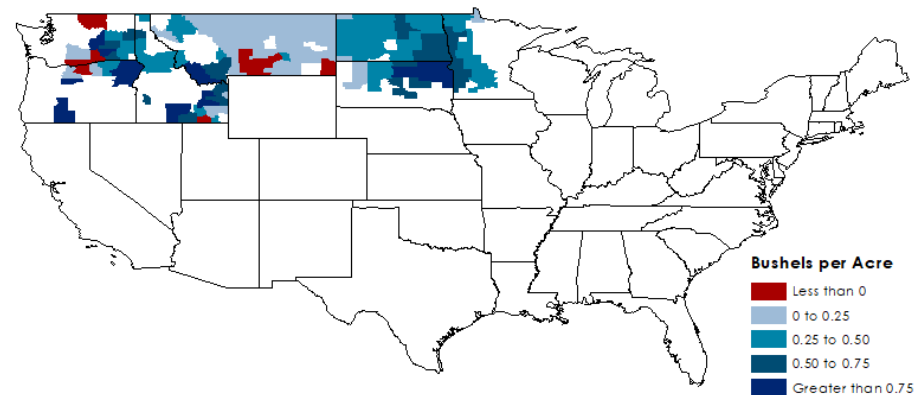
### SOYBEANS



### WINTER WHEAT



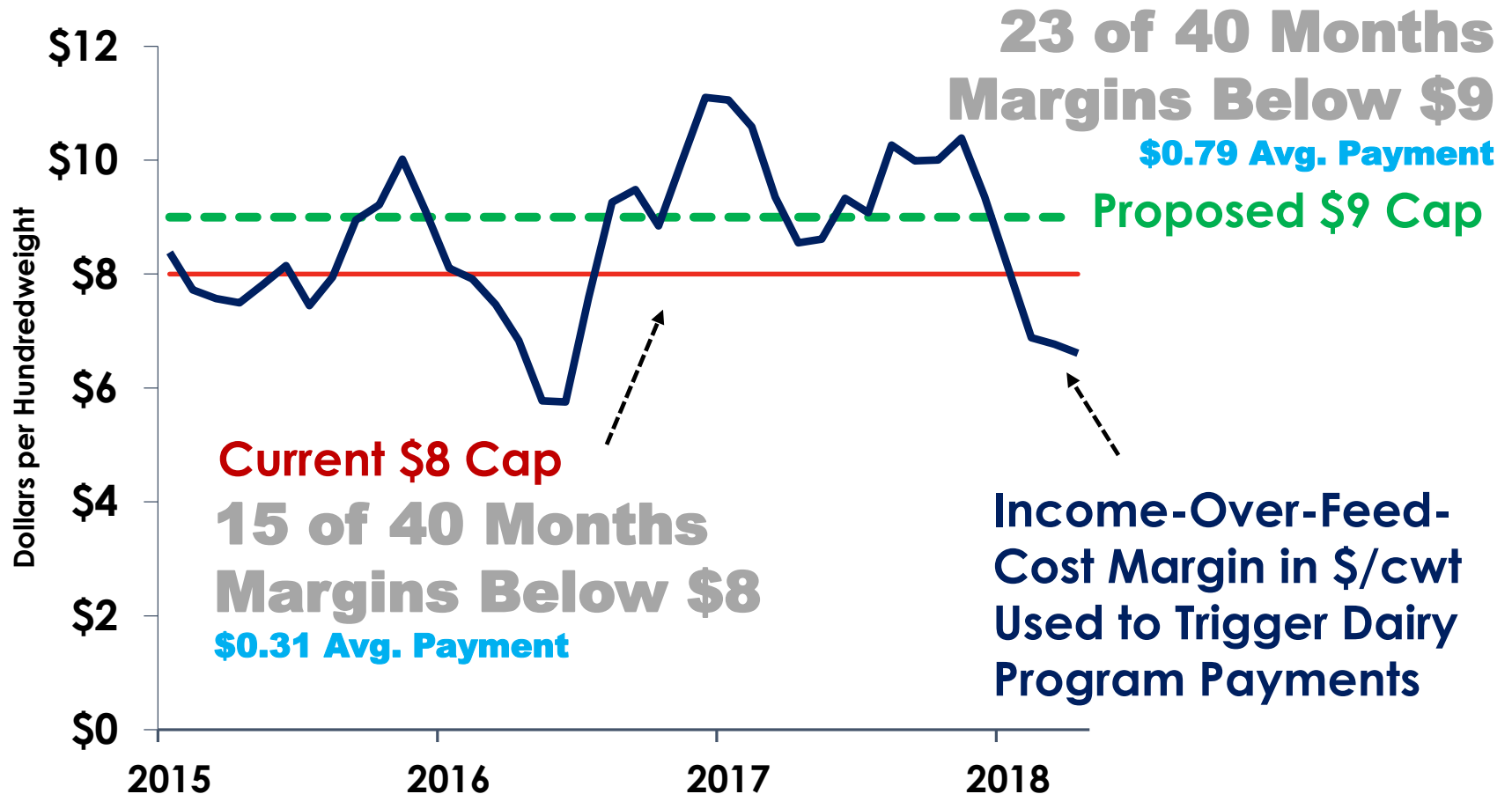
### SPRING WHEAT





# DAIRY COVERAGE EXPANDS TO \$9

## Dairy Margin Insurance Will Trigger More Frequently With Expanded \$9 Coverage





# CHANGES IN DAIRY SAFETY NET

	Current	House	Senate
Name	Margin Protection Program	Dairy Risk Management	Dairy Risk Coverage
Coverage Decision	Annual	<b>Locked in for Life of Bill</b>	<b>Annual</b>
Coverage Level	\$4 to \$8 in 50¢ increments	\$4 to \$9 in 50¢ increments (Tier 1 only)	\$4 to \$9 in 50¢ increments (Tier 1 only)
Coverage Percentage	25% to 90% in 5% increments	0% to 90% in 5% increments	0% to 90% in 5% increments
Production History	Updates Based on U.S. Growth	<b>Fixed, Does Not Update</b>	<b>Updates Based on U.S. Growth</b>
Catastrophic Coverage	\$5 per hundredweight for Tier 1 Only	\$4 per hundredweight	\$4 per hundredweight
Premium Rates	Up to 80% Lower for Tier 1 Only	<b>80% Lower for Tier 1 Only</b>	<b>Lower for Tier 1, and Includes Discount for Small Farms, Higher for Tier 2</b>
Use LGM-Dairy	No	<b>Yes</b>	<b>No</b>
Use Different Feed Prices/Formula	No	<b>Directs USDA to Research</b>	<b>No</b>



# LOWER TIER 1 DAIRY PREMIUM RATES

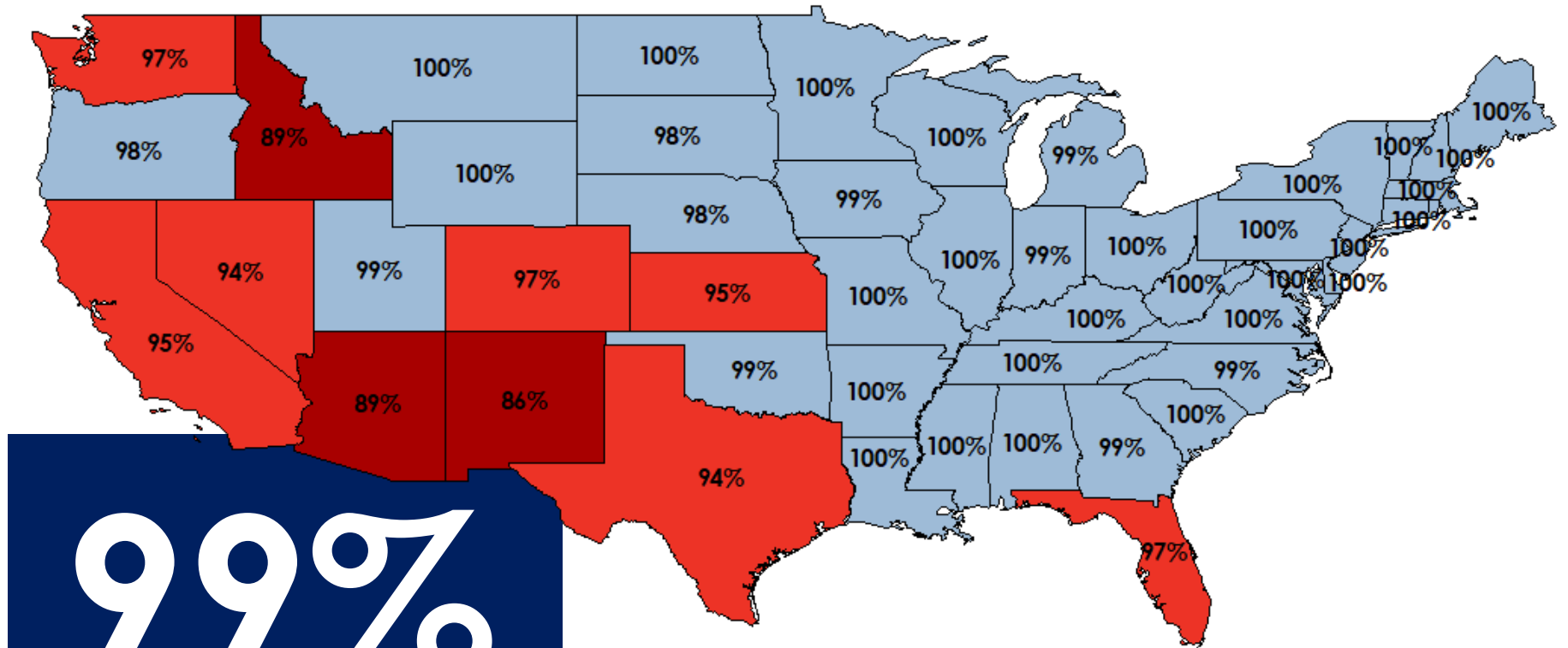
	Current	H.R. 2	Senate
\$9.00	NA	\$0.170	\$0.180
\$8.50	NA	\$0.120	\$0.160
\$8.00	\$0.142	\$0.090	\$0.140
\$7.50	\$0.087	\$0.057	\$0.120
\$7.00	\$0.063	\$0.041	\$0.100
\$6.50	\$0.040	\$0.017	\$0.070
\$6.00	\$0.016	\$0.010	\$0.040
\$5.50	\$0.009	\$0.008	\$0.020
\$5.00	NONE	\$0.005	\$0.010
\$4.50	NONE	\$0.002	\$0.005
\$4.00	NONE	NONE	NONE

**Senate premium rates are higher, but small farms get discount of 25% to 50%**



# DAIRY, TIER 1 COVERAGE FOR MOST

## Percent of Farms Who Can Exclusively Purchase Tier 1



## Percent of Enrolled Operations With the Ability to Cover 5 Million Pounds or Less

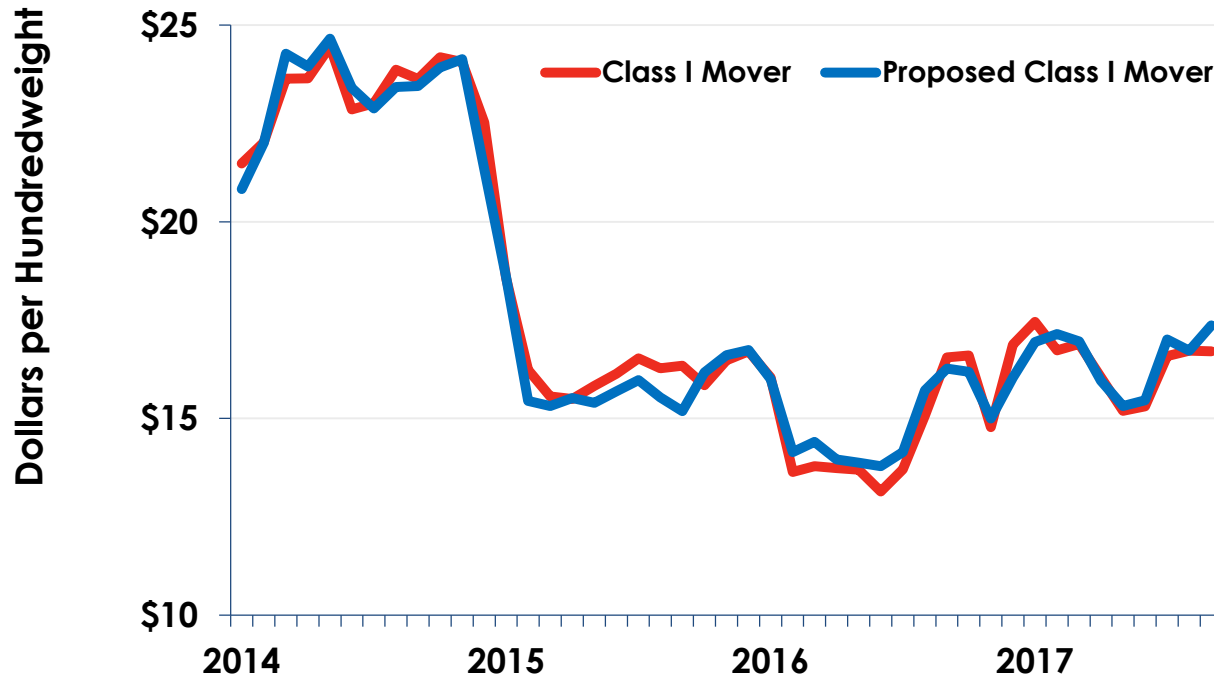
**100,000,000 Lbs.**  
Maximum Production History to Get  
Only Tier 1 Coverage

Source: H.R. 2, Senate Farm Bill, USDA FSA FOIA, Farm Bureau Calculations



# HISTORIC REFORM IN BEVERAGE MILK PRICE

## IDFA/NMPF Change in Beverage Milk Pricing



**Goal is to facilitate fluid milk risk management for processors (using CME Group futures) with minimal impact on farmers**

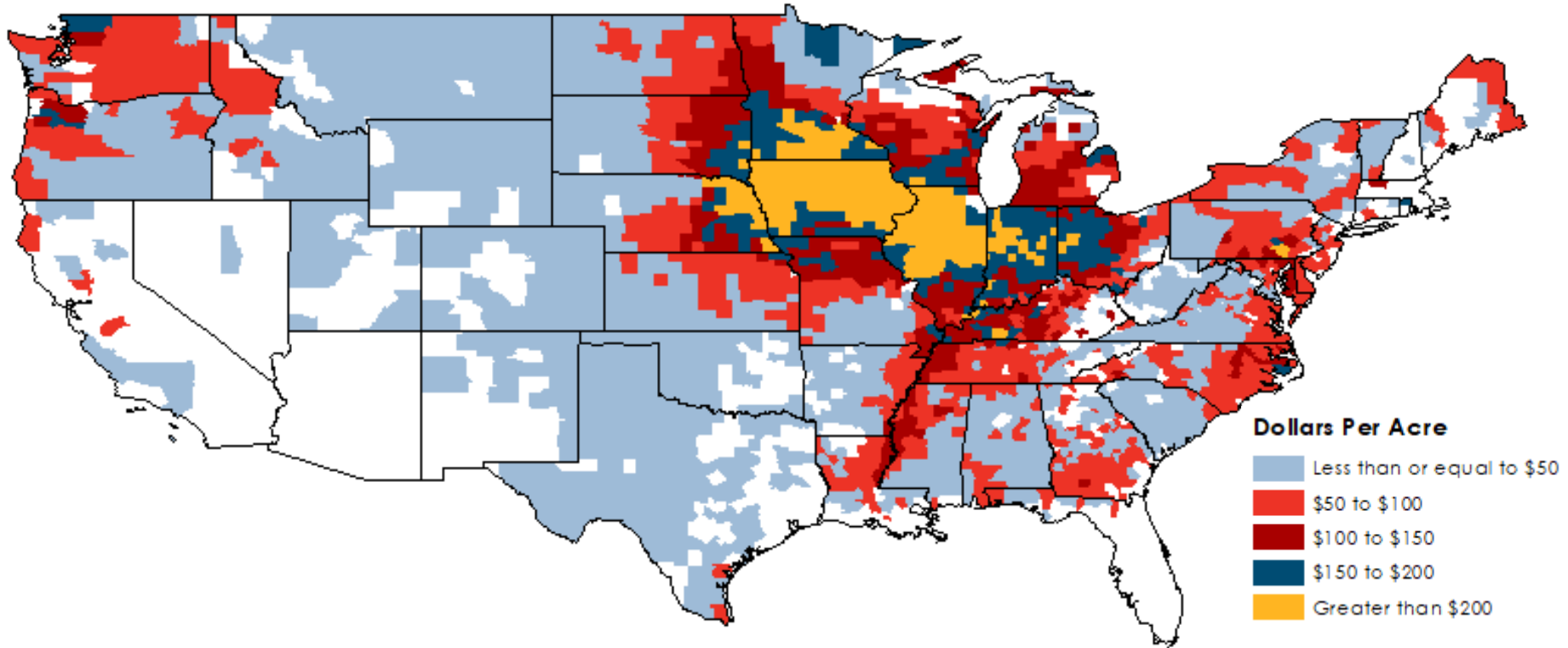






# 2018 CRP RENTAL RATES

## Fiscal Year 2018 CRP Rental Rates



**\$5 Acre**

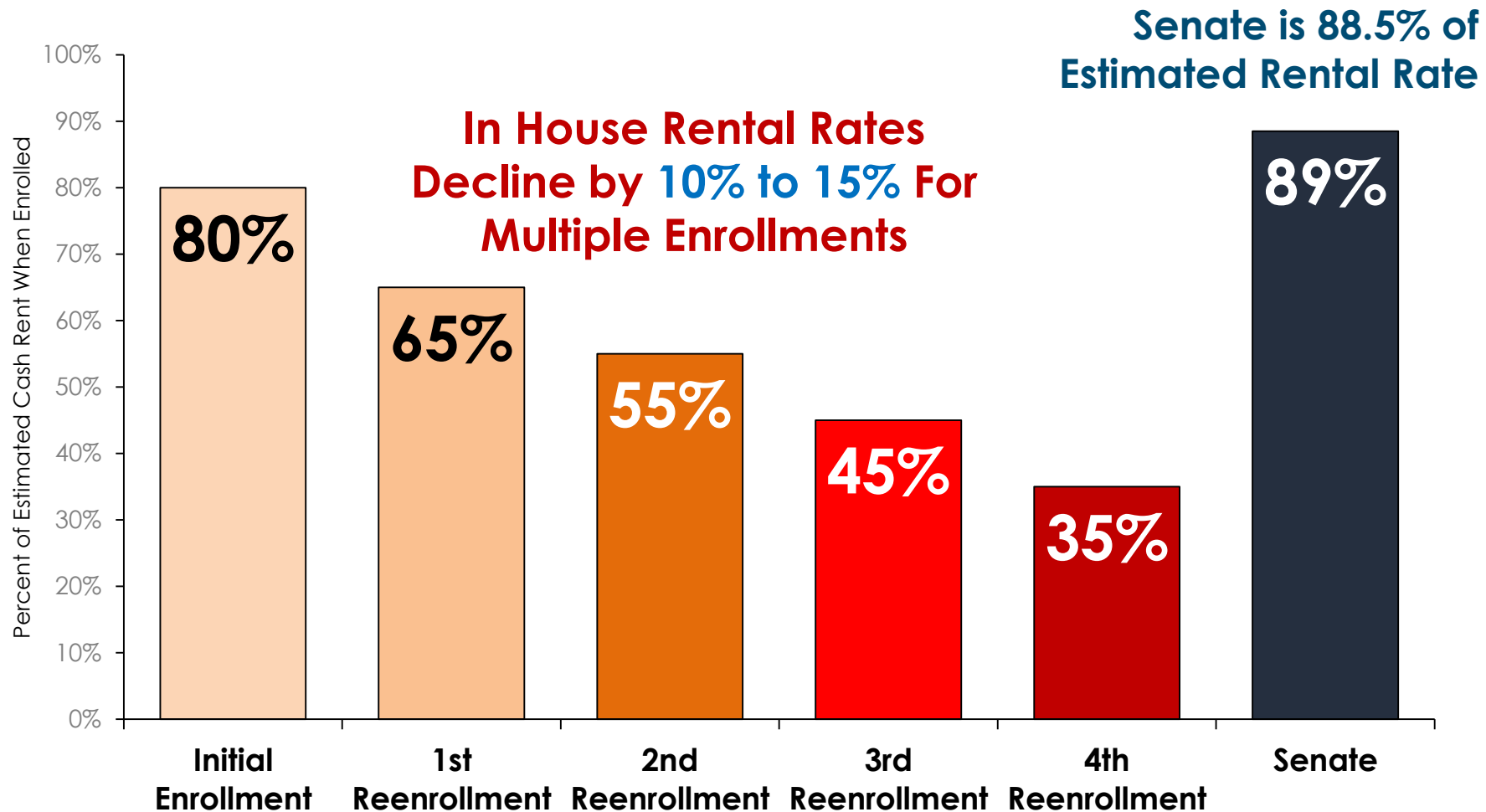
**Pecos County, Texas**

**\$289 Acre**

**Logan County, Illinois**



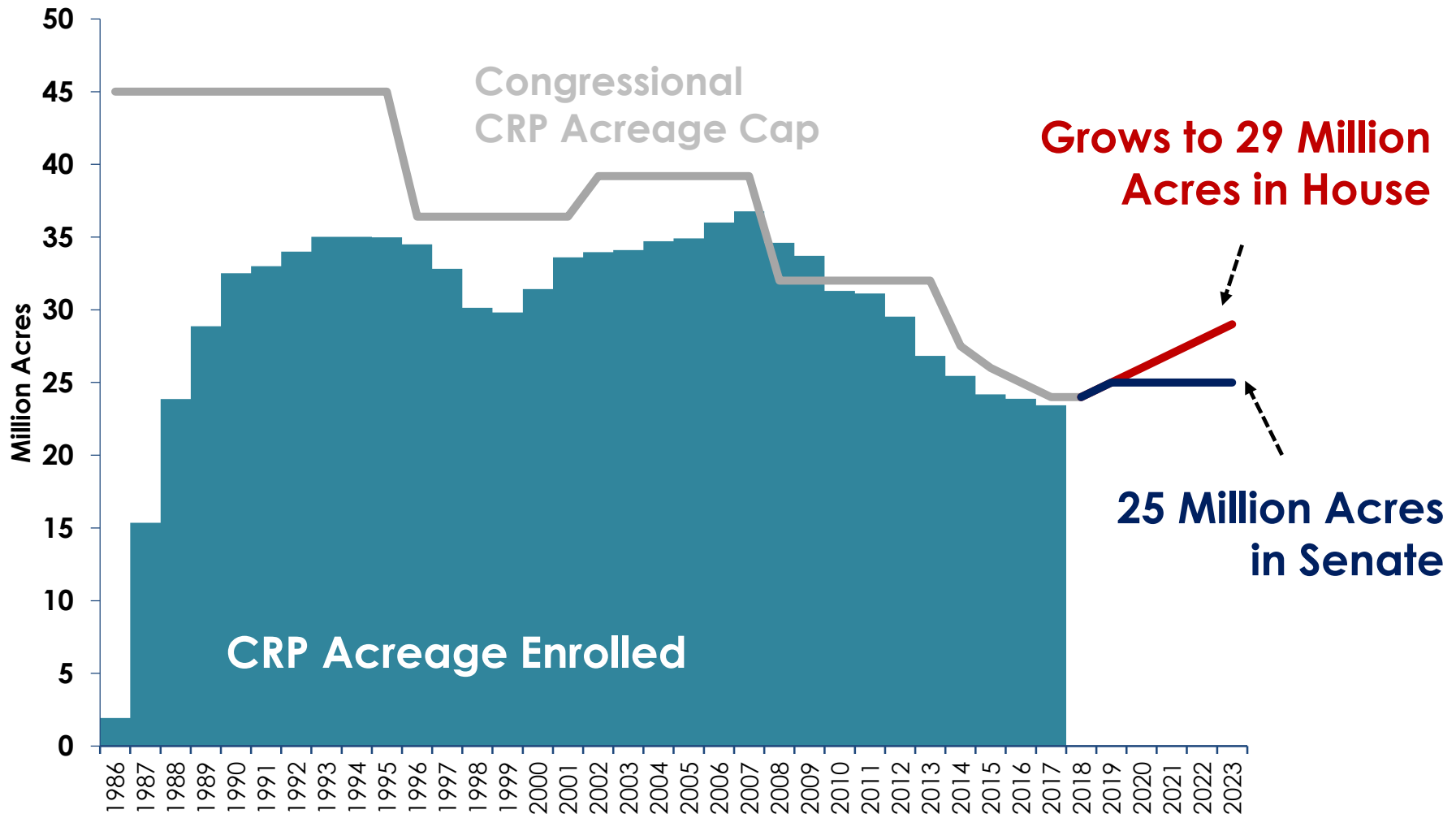
# CHANGES TO CRP RENTAL RATES





# EXPANSION OF CRP PROGRAM

## Proposals Include Raising the CRP Cap





- Elimination of 15% monetization cap in Food for Peace
- **An additional \$15 million** is provided in annual flexibility (cash instead of commodities) in Food for Peace (up to \$365 million from \$350 million)
- **Food for Progress** – new provision allows 30% of assistance to come directly from cash, rather than monetization of commodities
- **McGovern Dole** – new provision allows that not more than 10% of assistance can be used for commodities produced in developing recipient countries or developing countries within the same regions of the recipient countries that meet nutritional, quality and labeling standards of the recipient countries, and provides for associated costs of transporting those commodities.



# TRADE PROGRAMS UNDER ONE ROOF

## Market Access Program

*Cost-Share Assistance to Eligible Trade Organizations for Export Promotion Activities. Up to 50% Assistance*

## Foreign Market Development

*Cost-Share Assistance to Maintain and Develop Foreign Markets, Including Emerging Markets*

## Technical Assistance for Specialty Crops

*Technical assistance to remove, resolve, or mitigate existing or potential sanitary and phytosanitary and technical barriers to trade*

## (Kika) De La Garza Emerging Markets Program

*In 3 Emerging Markets Each Year, Provide U.S. Technical Expertise in Business Systems and Reducing Barriers to Trade*

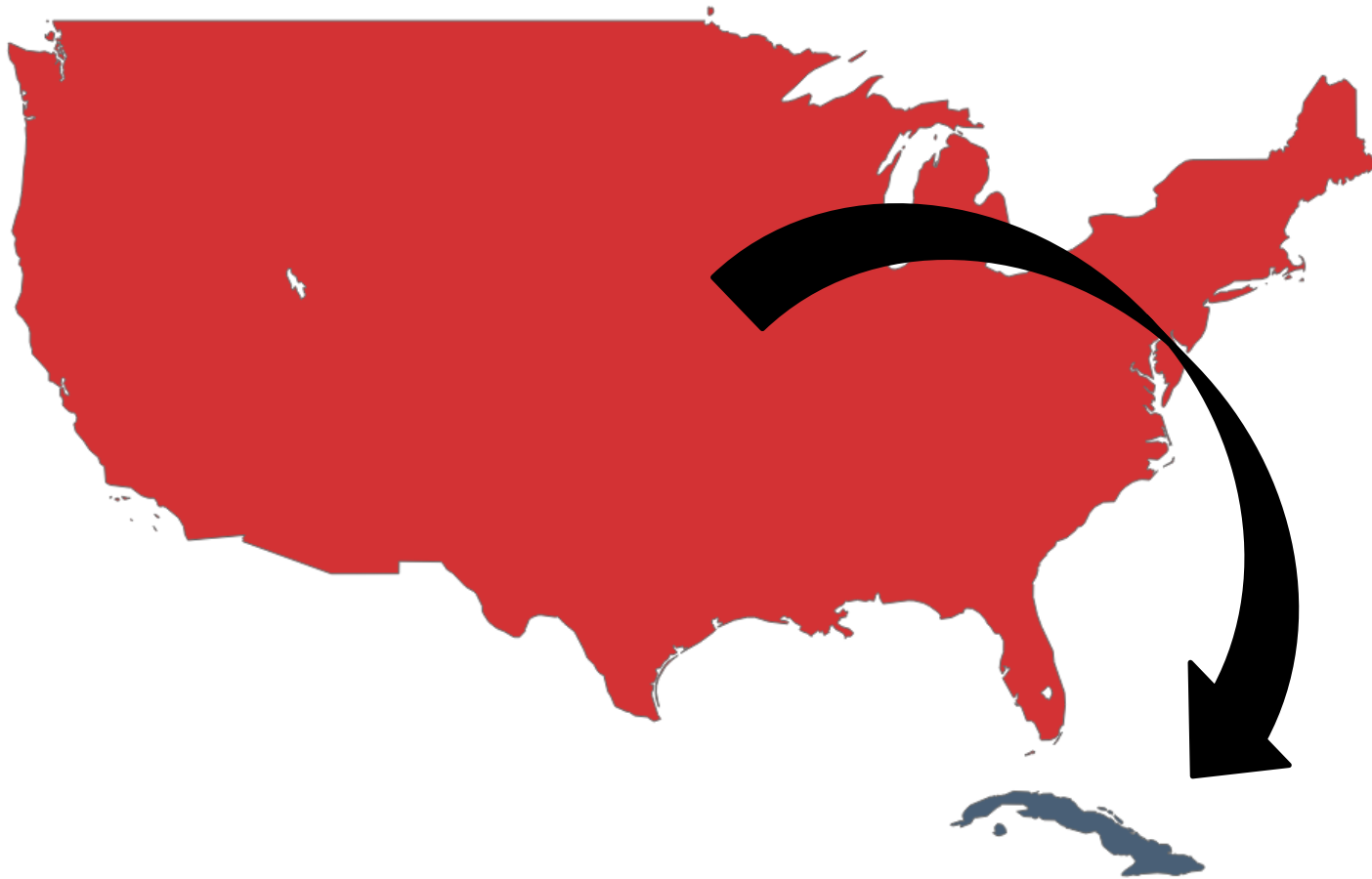
## Priority Trade Promotion, Development, and Assistance program





# BUILDING AN EXPORT MARKET IN CUBA

*Heitkamp amendment allows USDA trade promotion programs to be used in Cuba*





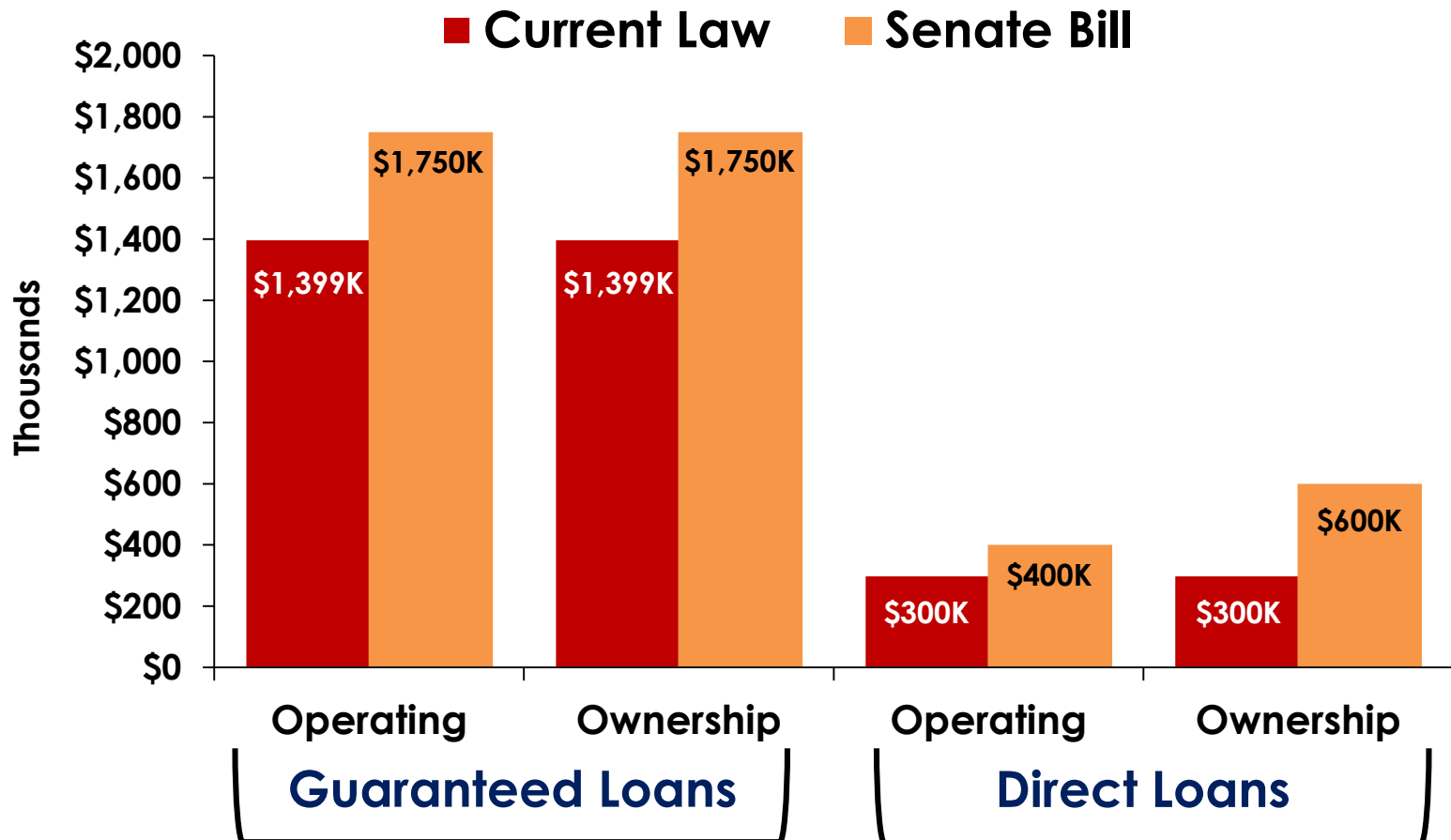
## Percent of Military Veterans in Rural Areas





# INCREASES IN CREDIT LIMITS

*Hoeven/Klobuchar Amendment raises limits on USDA guaranteed and direct operating and ownership loans*







# ANIMAL DISEASE PREPAREDNESS



## **Establishes a National Animal Disease Preparedness, Response, and Recovery Program**

Carried out by USDA through cooperative agreements with partners from states, universities, industries and other entities to address animal health challenges.

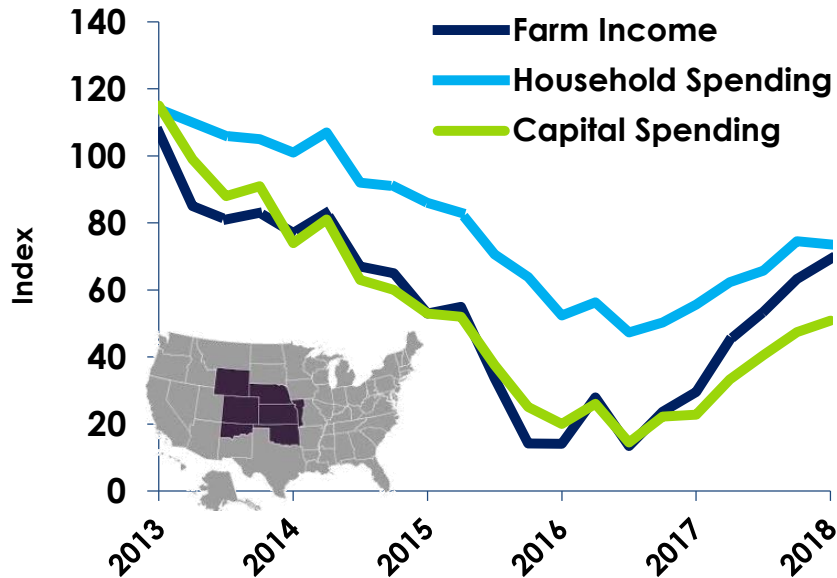
Establishes a **National Animal Vaccine and Veterinary Countermeasures Bank** for acquiring vaccine and veterinary countermeasures needed to respond to devastating animal disease outbreaks.

Authorizes such sums as necessary to be appropriated for the National Animal Disease Preparedness, Response, and Recovery Program and the National Animal Vaccine and Veterinary Countermeasures Bank.

# FARM FINANCIAL INFORMATION



# CONDITIONS IN THE FARM ECONOMY



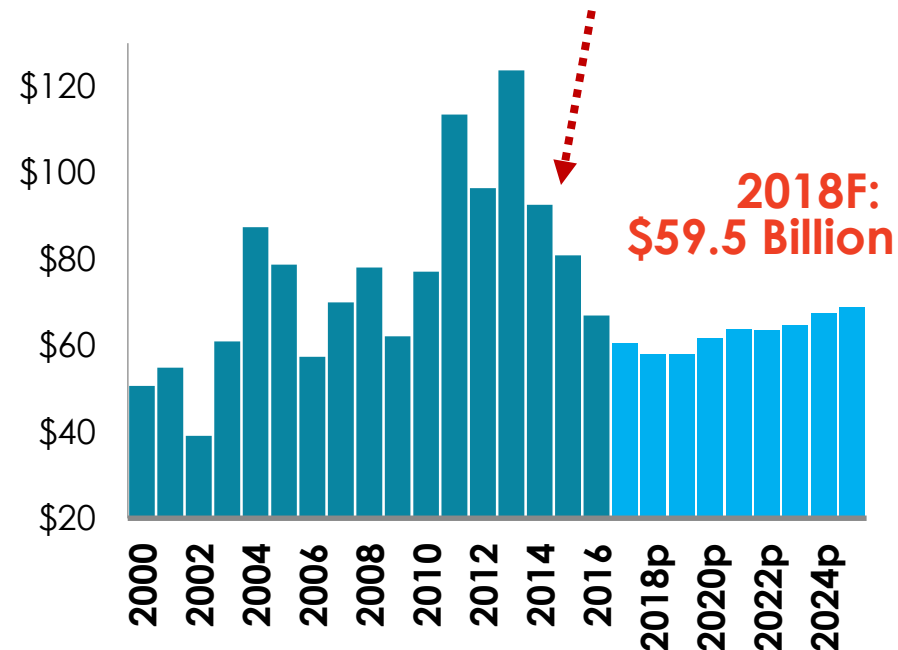
## Tenth District Farm Income

Farm income in tenth district is improving on higher returns from cattle and cow calf businesses. Household and capital spending also improving. Overall net farm income remains well below 2013/14 highs.

Since 2013, **Net Farm Income** has declined by **52%**

**\$64,000,000,000**

Passed 2014 Farm Bill

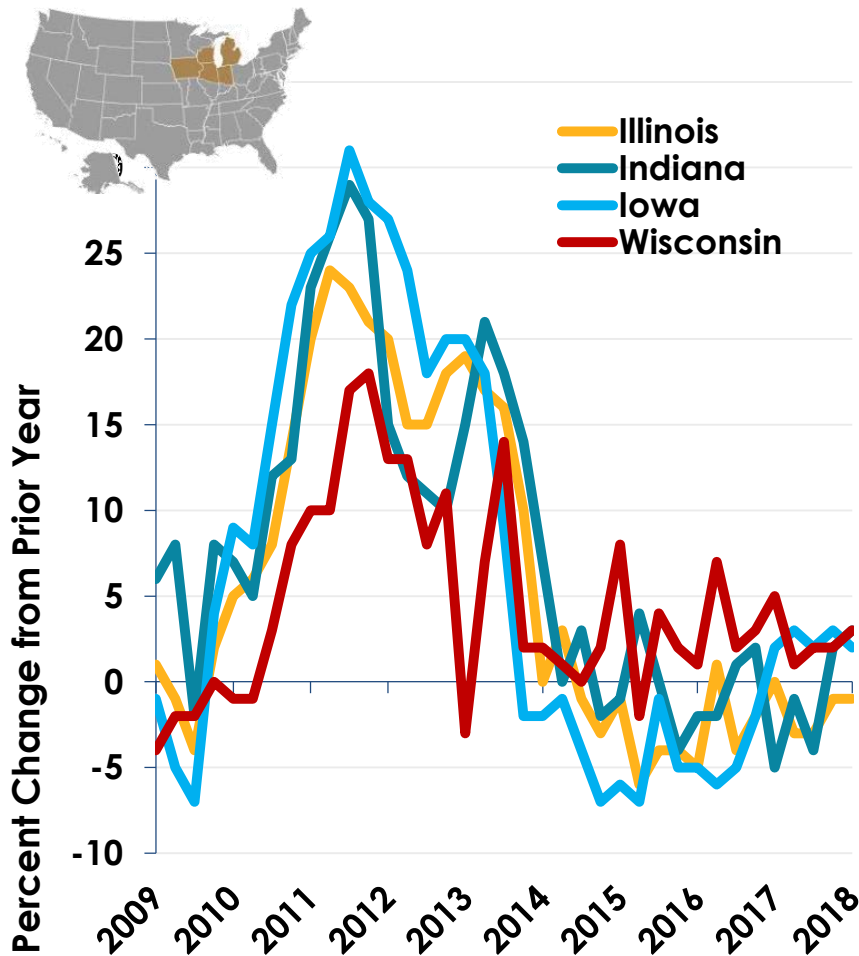




# FARMLAND VALUES FLAT TO LOWER

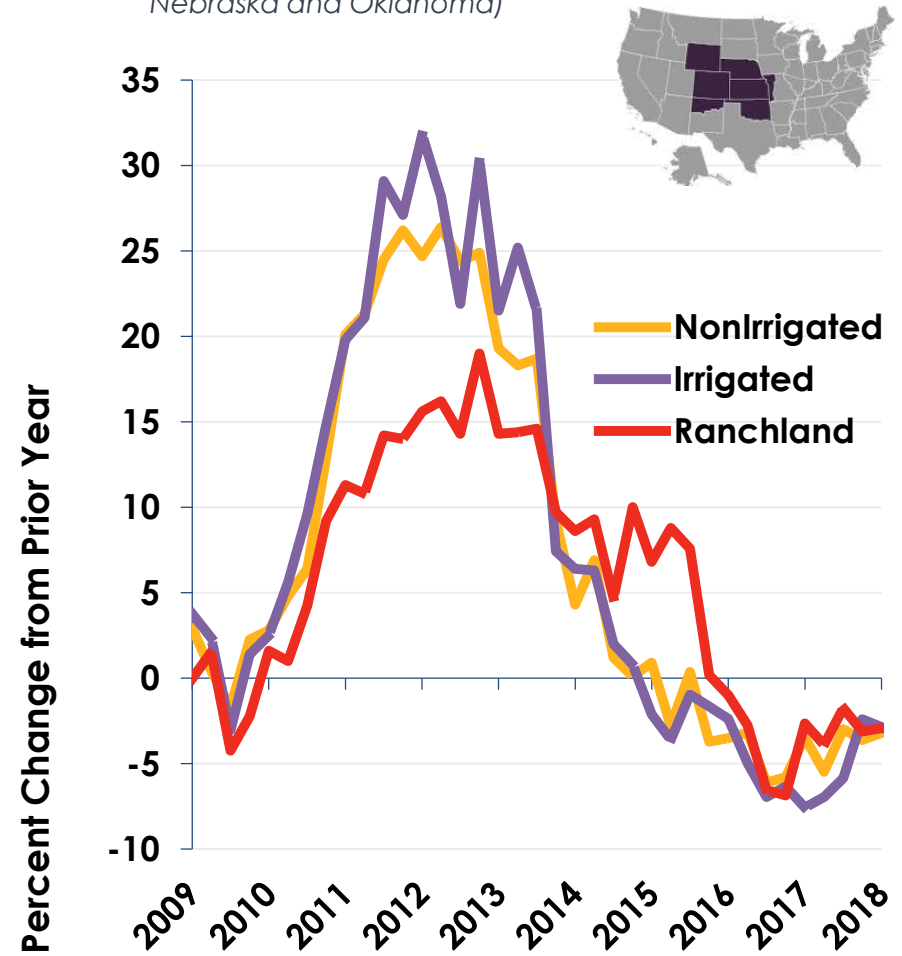
## Corn Belt Farmland Values

(Illinois, Indiana, Iowa and Wisconsin)



## Tenth District Farmland Values

(Kansas, W. Missouri, Colorado, New Mexico, Wyoming, Nebraska and Oklahoma)

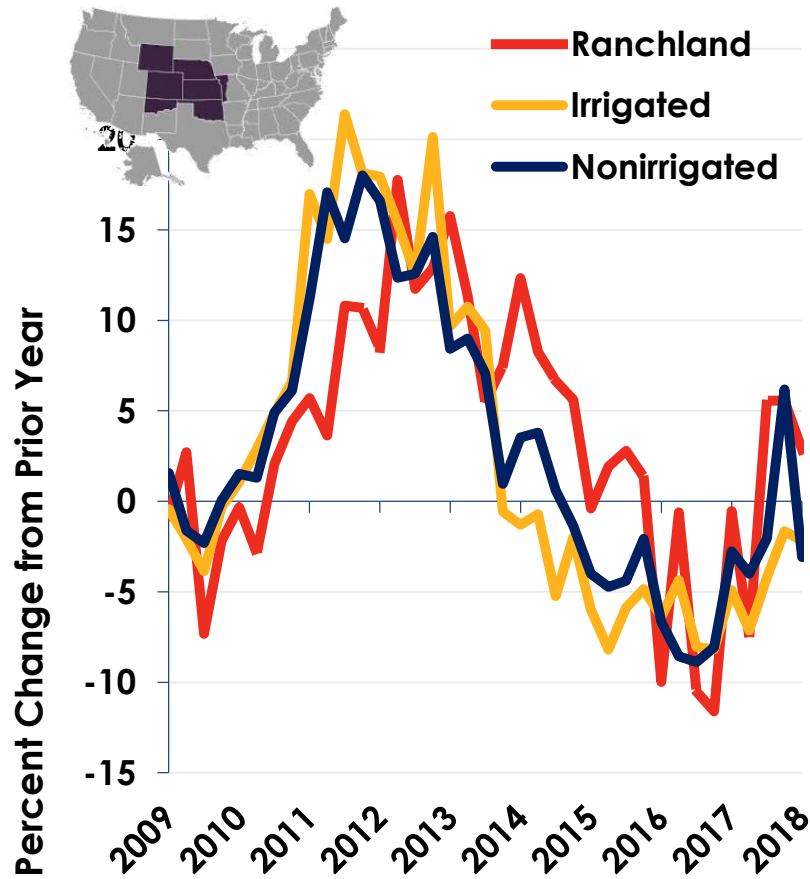




# CASH RENTS LOWER FOR CROPLAND

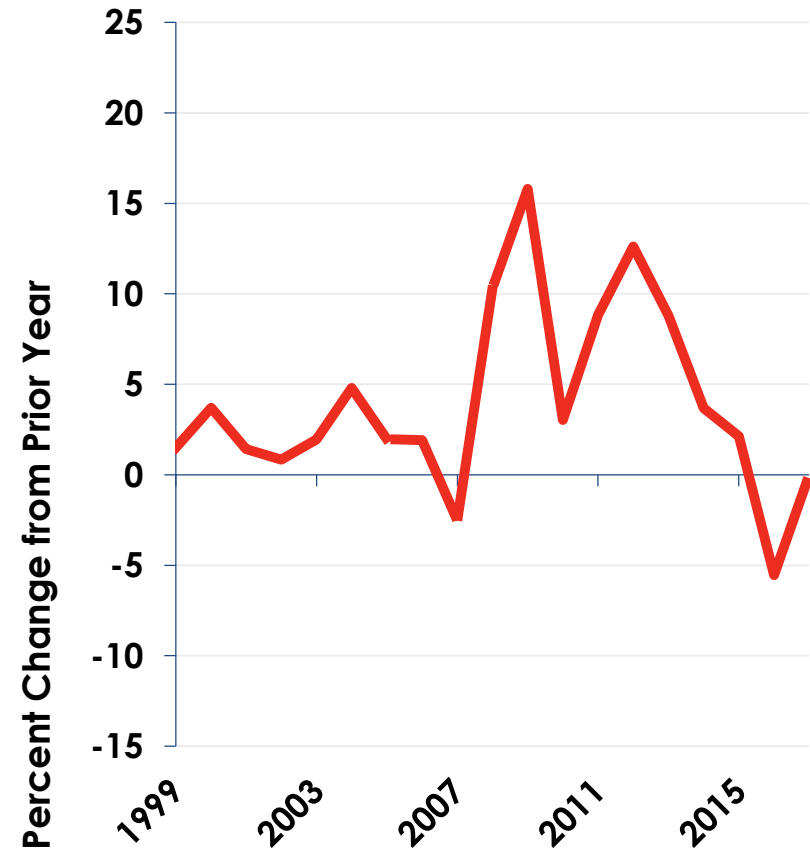
## Tenth District Cash Rent Values

(Kansas, W. Missouri, Colorado, New Mexico, Wyoming, Nebraska and Oklahoma)



## U.S. Average Cash Rent Values

**\$136/acre**

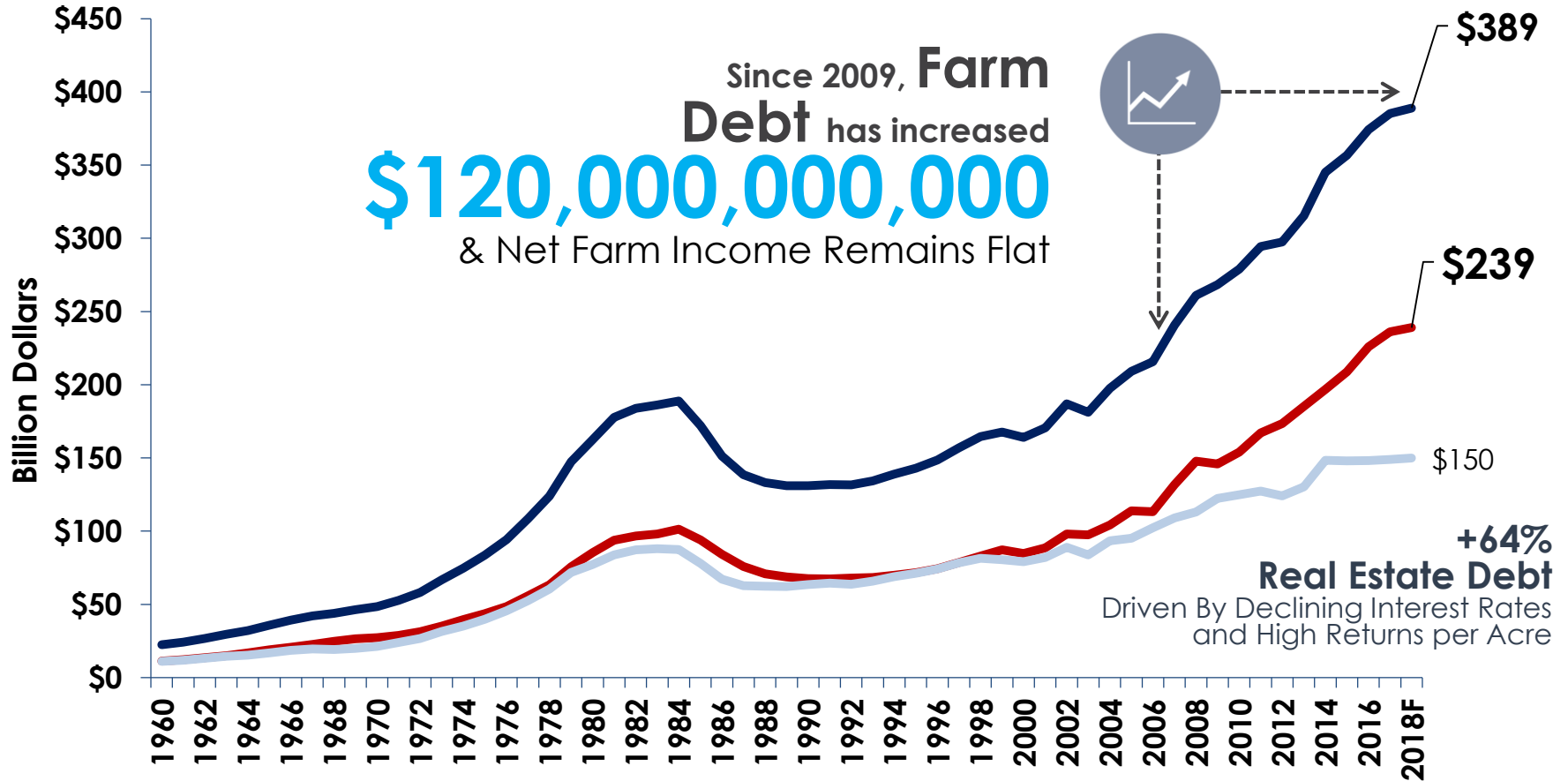




# ACCELERATION IN FARM DEBT

— Farm Debt — Real Estate Debt — Non Real Estate Debt

Since 2009, **Farm Debt** has increased  
**\$120,000,000,000**  
& Net Farm Income Remains Flat

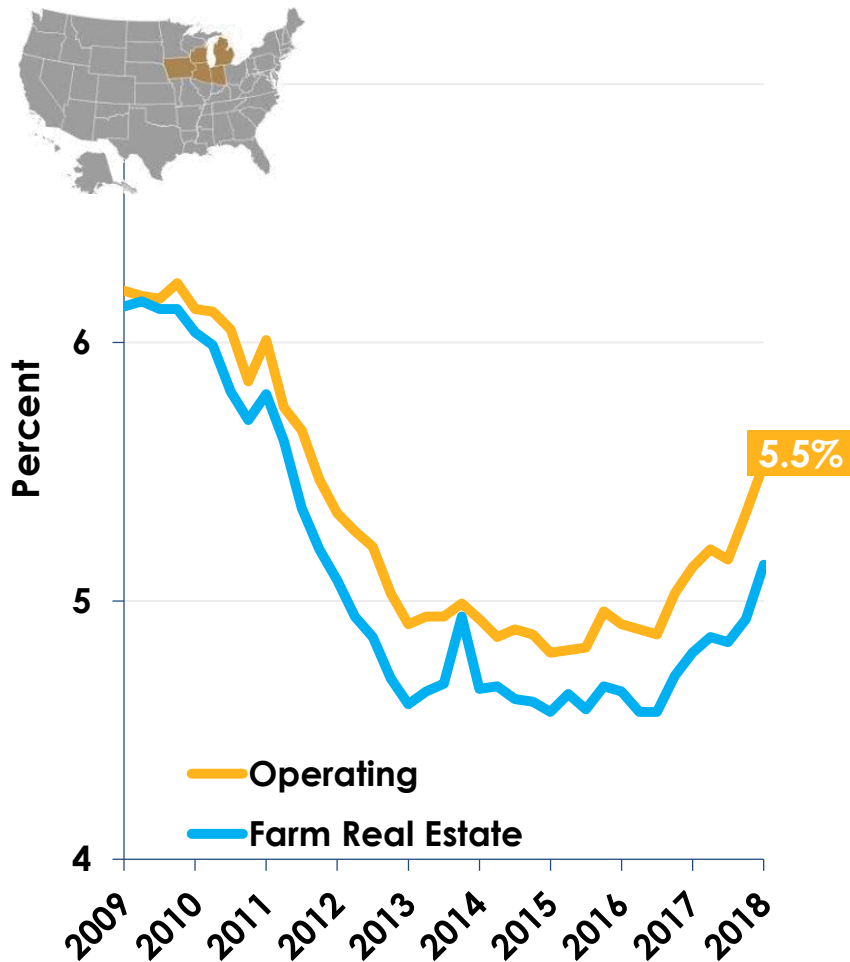




# FARM INTEREST RATES ARE CLIMBING

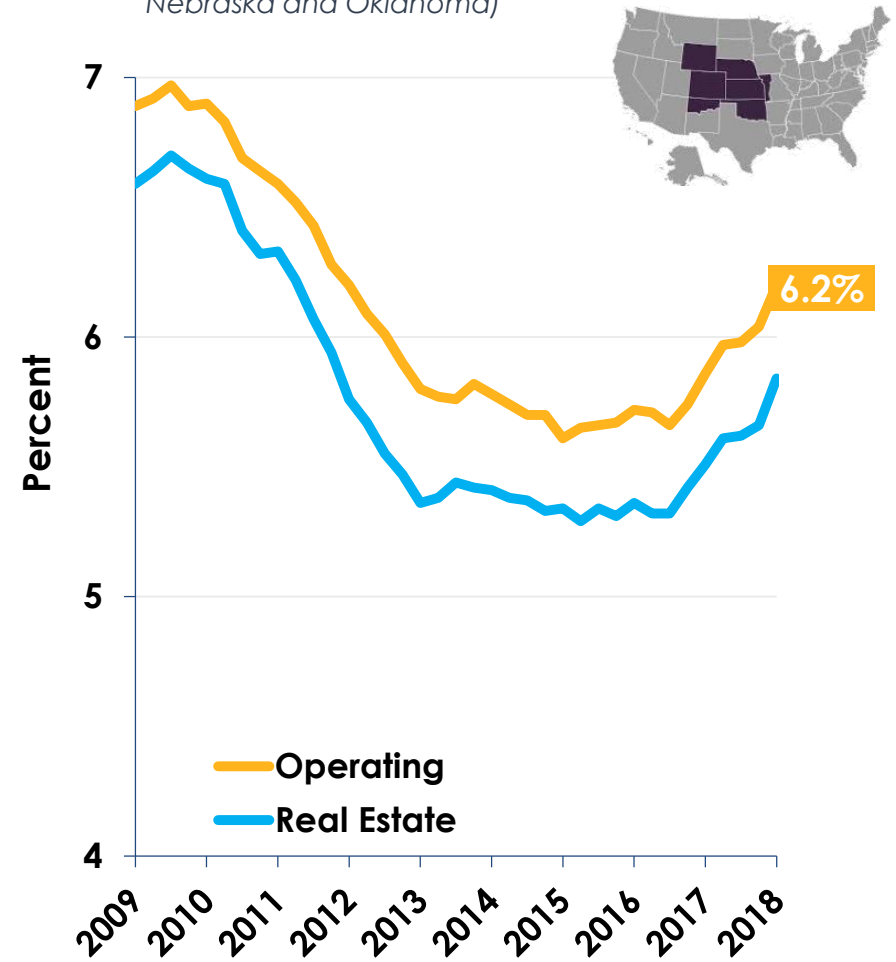
## Corn Belt Interest Rates

(Illinois, Indiana, Iowa and Wisconsin)



## Tenth District Interest Rates

(Kansas, W. Missouri, Colorado, New Mexico, Wyoming, Nebraska and Oklahoma)

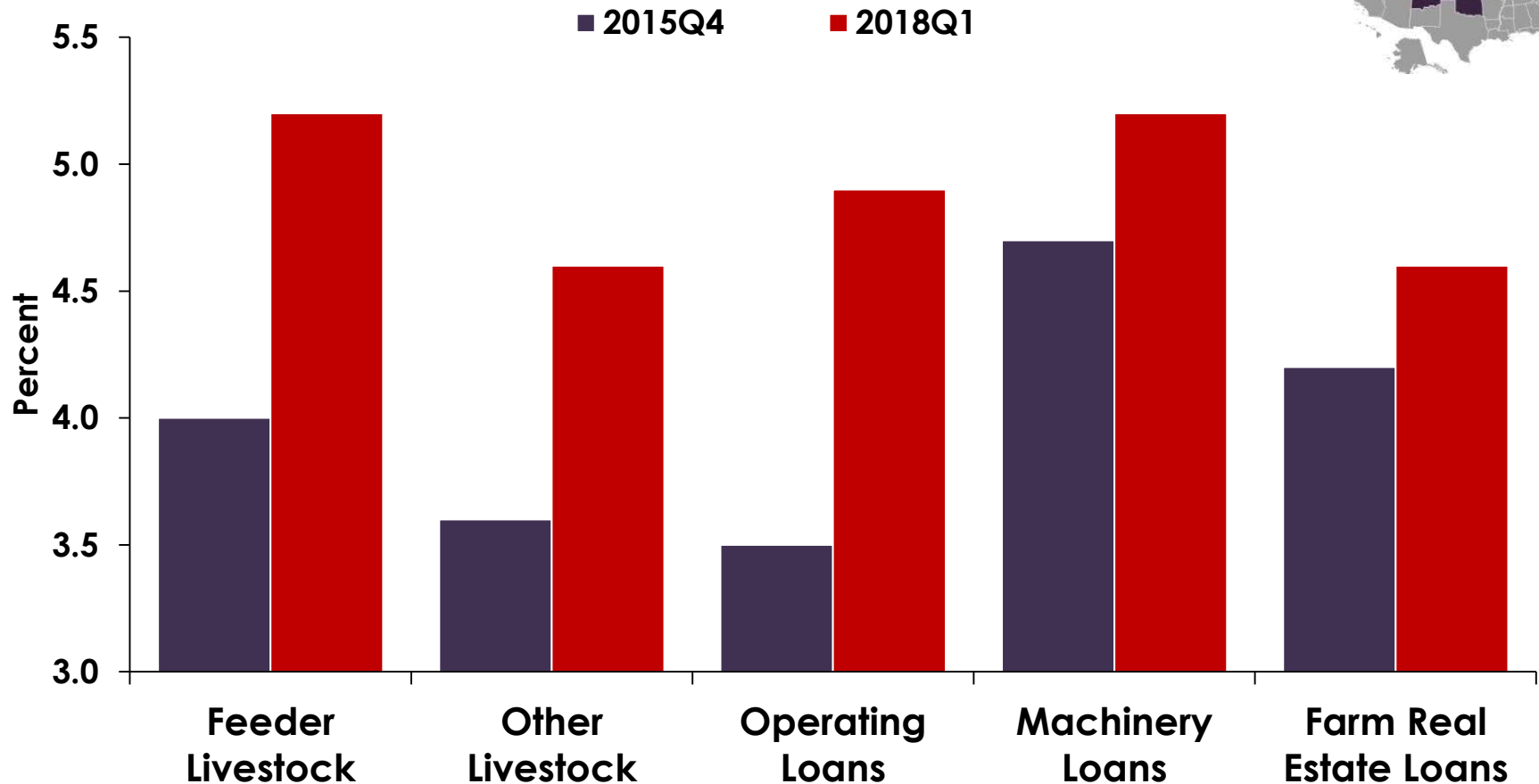




# OPERATING LOAN RATES ACCELERATE

## Tenth District Interest Rates

*(Kansas, W. Missouri, Colorado, New Mexico, Wyoming, Nebraska and Oklahoma)*



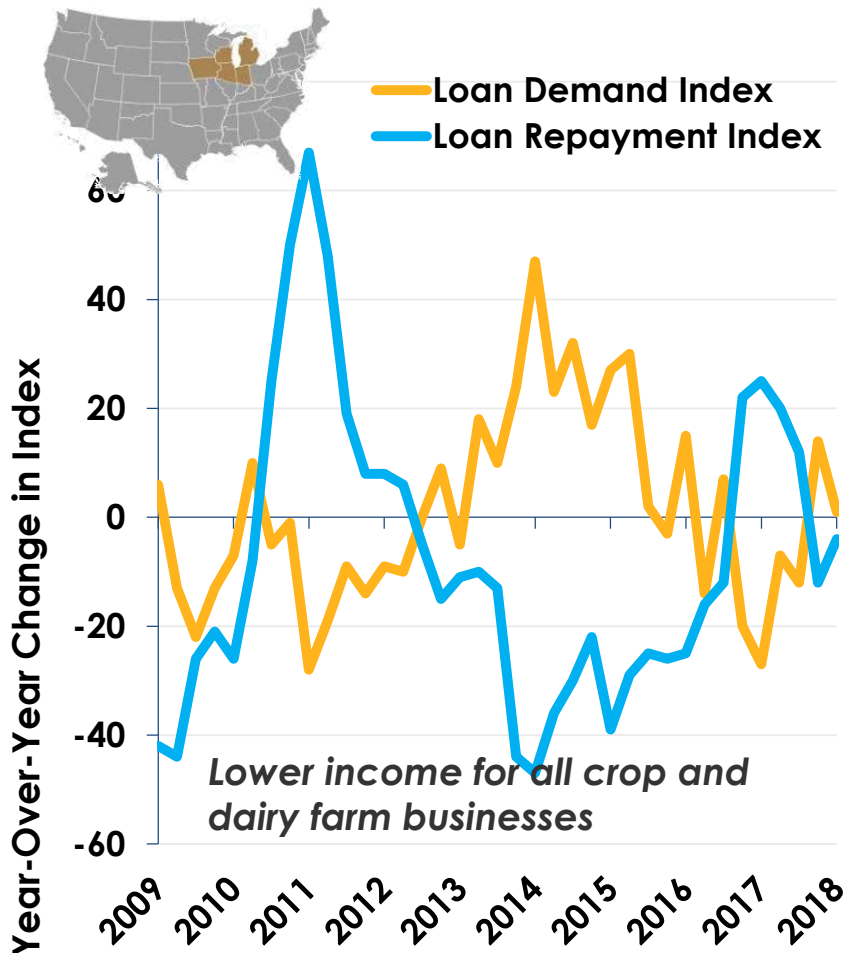




# LOAN DEMANDS REFLECT SECTOR PERFORMANCE

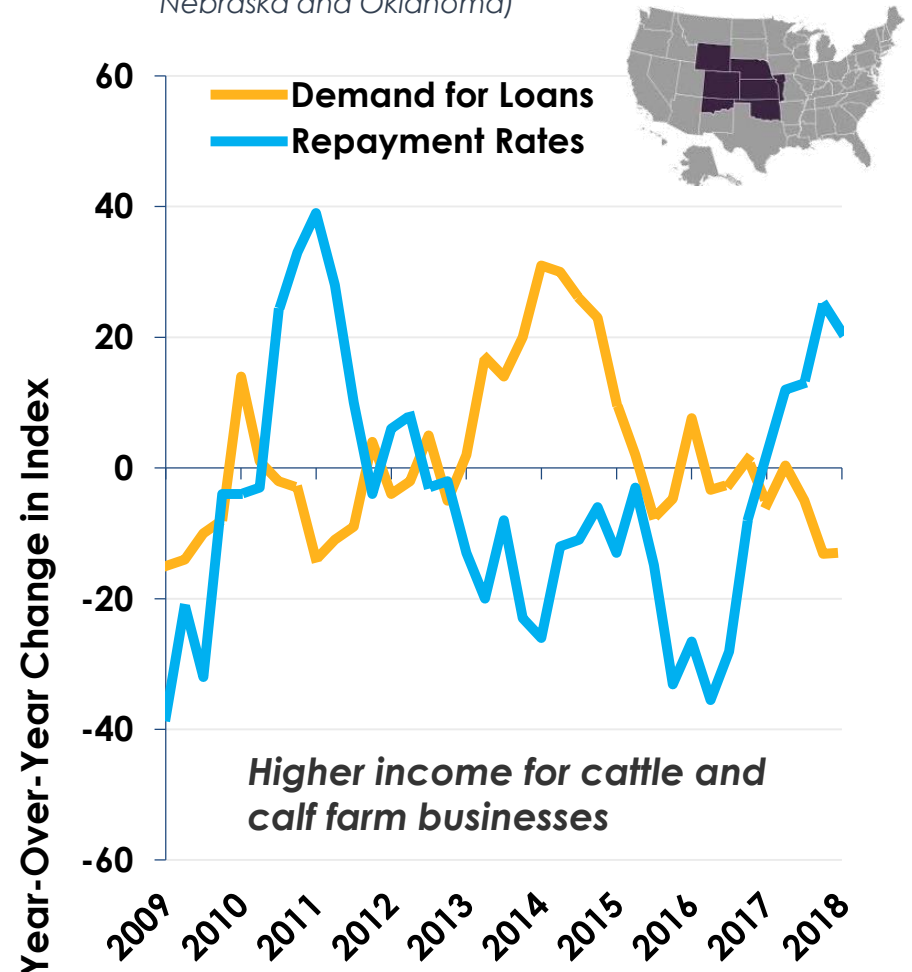
## Corn Belt Loan Demand

(Illinois, Indiana, Iowa and Wisconsin)



## Tenth District Loan Demand

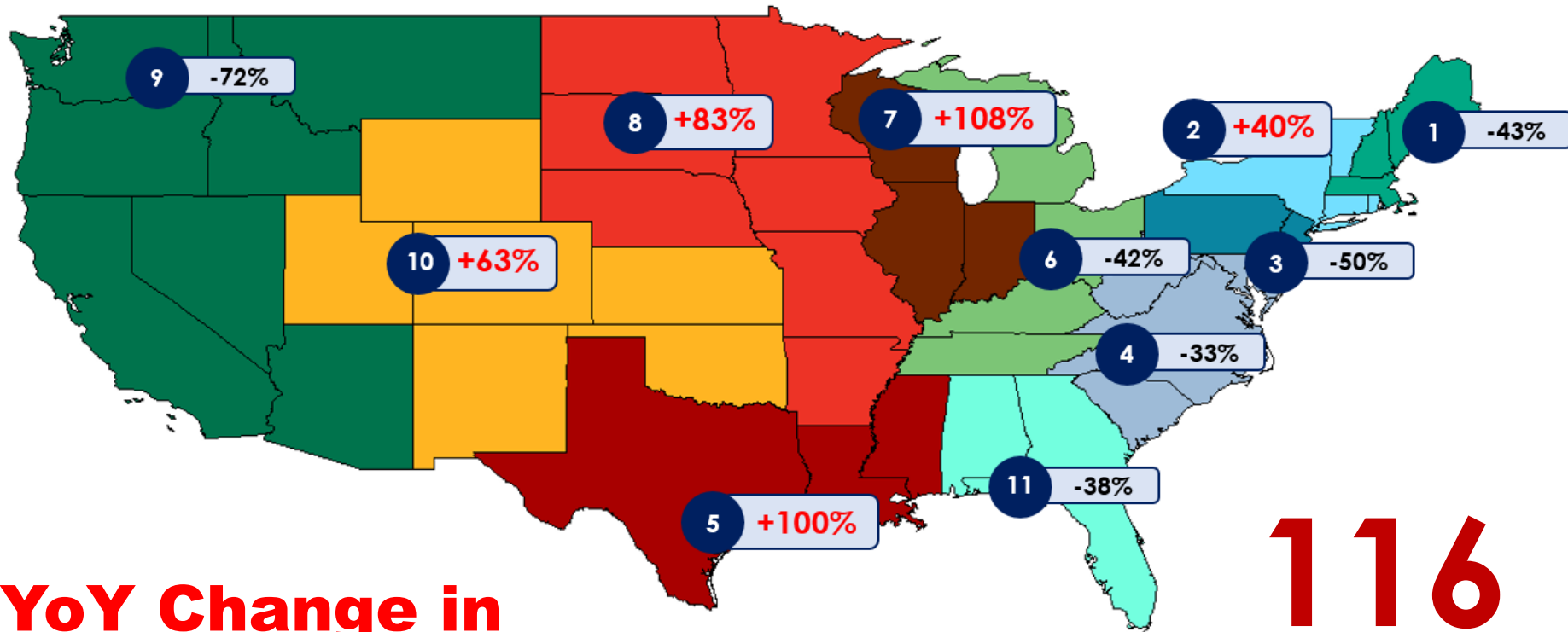
(Kansas, W. Missouri, Colorado, New Mexico, Wyoming, Nebraska and Oklahoma)





# BANKRUPTCY IN 2018 ACCELERATING

## Farm Bankruptcies Up in Corn & Cotton Belts, Up in New England Dairy Region Too



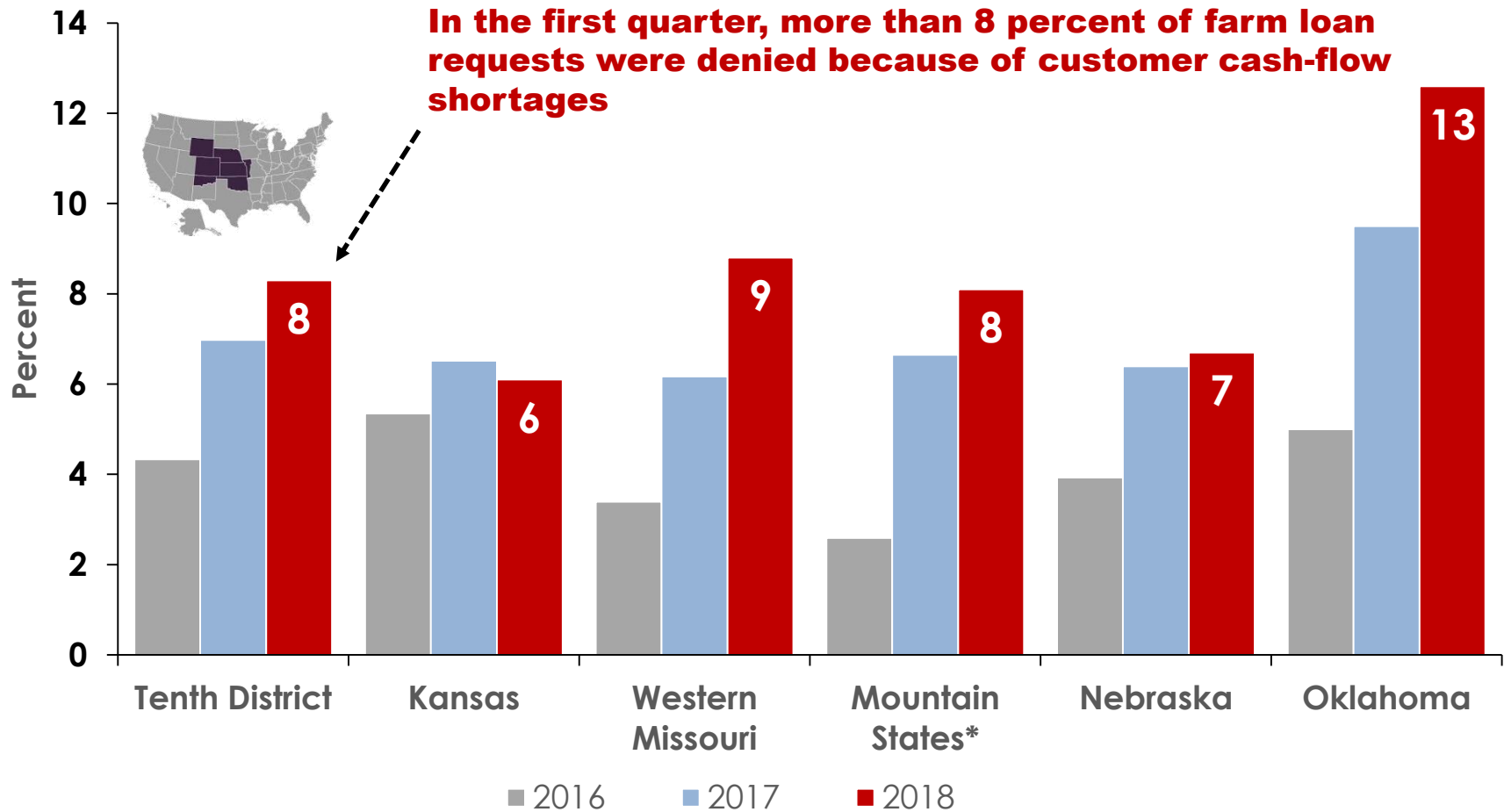
**YoY Change in  
Bankruptcy Rates**

**116**

Chapter 12 Filings  
Jan – Mar 2018



# MORE FARM LOAN REQUESTS DENIED



\*Includes Colorado, New Mexico and Wyoming.



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# Questions?

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