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THE BASICS

What is the farm bill?

The farm bill is a package of legislation that governs an array of agriculture and food programs. This wide scope is why it is often called an "omnibus." It is typically renewed every five years.

How is the farm bill structured?

- Farm bill programs are organized into categories called Titles. The last farm bill, in 2018, had 12 titles.
- Titles can change from one farm bill to the next.
    - For example, in 2008 there was a Livestock title, but that did not continue in more recent bills.
    - Titles for the 2023 Farm Bill will be set by the Chairs of the Congressional agriculture committees when they draft the legislation.
- Spending is not equally distributed throughout the titles.
    - 4 titles account for 99% of anticipated farm bill spending: Nutrition, Crop Insurance, Farm Commodity Support, and Conservation.
    - The Nutrition title uses about 76% of mandatory spending, with its major program being the Supplemental Nutrition Assistance Program (SNAP).
    - The Congressional Budget Office (CBO) estimated the total cost of the mandatory programs in the 2018 Farm Bill would be $428 billion over its five-year duration.
- Policies and programs within each title are sometimes tested via Marker Bills.
    - These bills are not necessarily introduced with the intention of being passed as standalone law, but rather as something to be included into the next farm bill.
    - Through this process, sponsors of these bills can learn how the policies will be received by their colleagues and members of the public before the debates over the farm bill begin.

How is spending determined within the farm bill?

- The farm bill authorizes spending into two categories: mandatory and discretionary.
- Mandatory spending programs use multi-year budget estimates (called "baselines") when the law is enacted.
- Discretionary spending programs are not funded in the farm bill itself. Instead, they require additional action by congressional appropriators, in the annual appropriations process run by the House and Senate Appropriations Committees.
- Mandatory programs generally dominate most of the farm bill discussions.
- Some programs that start out as discretionary, requiring an annual effort to get them funded through the farm bill process, reach mandatory program status after efforts by advocates. These then become part of the "baseline" of the bill.

FARM BILL PROGRAMS

The below is not an exhaustive list of programs but rather the most strategic targets for a substantially changed farm bill. Changes to these programs could achieve a more fair, inclusive, and competitive food system.

Local Agricultural Marketing Program (LAMP)

This is an umbrella program created in the 2018 Farm Bill that provides permanent funding and improvements for the following three programs. It was a big win in the 2018 Farm Bill, sending an important message that local food is here to stay. We hope to expand and enhance this program in the 2023 Farm Bill.

- Farmers Market and Local Food Promotion Program provides competitive grant funding to projects that market directly to consumers and to local and regional food businesses that aggregate, process, and distribute products to meet market demand.
- Regional Partnership Program provides competitive grant funding to form multi-stakeholder partnerships and encourage "food-shed" approaches to planning and developing local and regional food economies.
- Value-Added Producer Grant Program is a competitive grants program that provides business planning and working capital grants to farmers, farm groups, and farm co-ops to develop value-added producer-owned businesses that provide high quality food products to consumers.

Conservation Programs

- Environmental Quality Incentives Program (EQIP) is run by the Natural Resource Conservation Service (NRCS). It provides financial and technical assistance to farmers who address environmental and natural resource concerns.
  - It is important to note that this program funds methane digesters for CAFOs.
  - Along with CSP, this program commands most of the conservation funding within the farm bill.

- Conservation Stewardship Program (CSP) is run by Natural Resource Conservation Service (NRCS). It is a long-term conservation management program that farms can enroll in.
    - It is often described as a "working lands" program because it does not take land out of production, but rather pays farmers to use specific practices that benefit the environment.
    - Along with EQIP, this program commands most of the conservation funding within the farm bill.
- Conservation Reserve Program (CRP) is run by the Farm Service Agency (FSA). It sets up long-term contracts to take sensitive lands out of production.
    - There is still controversy around the approach of land retirement and if, or at what levels, taking land out of production impacts land values, crop prices, or input markets. This debate always heats up when crop prices are high.

Commodity Programs

The Commodities Title authorizes support programs for major commodity crops, including wheat, corn, soybeans, peanuts, rice, cotton, dairy, sugar, and other major grain, oilseed, and pulse crops. These are the crops the government has deemed important enough to incentivize.

What counts as a commodity crop?

The line between what is a commodity crop and what is a specialty crop is an item of contention, as the distinction is relatively arbitrary.

- Producers who grow crops with the commodity distinction have access to substantially more funding and support programs (see below).
    - For instance, lentils, chickpeas, and soybeans are all eligible for the commodity support programs.
- Crops excluded from the Commodities Title are not eligible for support programs.
    - Farmers growing black beans, kidney beans, and pinto beans are unable to access these subsidies.
- Lifeline subsidies favoring crops like corn and soybeans above others leave many farmers with little choice in what they grow.
    - The result is a market often flooded with cheap corn and soybeans, with meatpackers standing at the ready to accept feed prices at below-production cost.

    - If the farm bill incentivized different crops, it could result in a very different food and farm system — one with better access to healthy, nutritious food fit for human consumption.

What are commodity support programs?
Under the 2018 Farm Bill, farmers can choose between two different commodity support programs, and must decide in advance whether they want protection against low prices or low yields:

- Agriculture Risk Coverage (ARC) program payments are issued when commodity revenues (i.e. yields) are below certain thresholds.
- Price Loss Coverage (PLC) program payments are issued when commodity prices drop below a certain threshold.

Other commodity programs

- The Commodity Title also authorizes a program that funds agricultural disaster relief. This program provides relief funding for farmers following extreme weather events that can cause catastrophic losses, such as hurricanes, tornades, or flooding. We advocate that in order to be eligible for such funds, farmers should employ certain conservation and/or regenerative practices that help mitigate extreme weather events.

Crop and Livestock Insurance Programs

Federal crop insurance policies can be divided into three categories:

- Commodity crops: Corn, soybeans, wheat, rice, and cotton.
    - These account for almost 74% of total liability coverage purchased by farmers in 2016
- Specialty crops: Fruits, vegetables, tree nuts, dried fruits, horticultural, and nursery crops.
    - There have been struggles to get new crop insurance policies written for specialty crops and a long-standing challenge in developing crop insurance policies for diversified operations that grow a variety of crops.
- Livestock: Beef cattle, lamb, swine, poultry, bees, and milk.

How does crop insurance work, and how is it related to the farm bill?

- Crop insurance is a "public-private" partnership, in which the U.S. government subsidizes and regulates private insurance policies.
- The farm bill provides subsidies to farms to buy crop insurance policies from private companies.
- Subsidies are calculated as a percentage of total value of crops insured, so public expenditures on subsidies rise and fall with the value of the insured product.
- Agencies involved:
    - The Risk Management Agency (RMA) manages and administers all federally-subsidized crop and livestock insurance in the U.S. The RMA does not sell these programs, but rather sets specific terms and then allows private insurance agents to sell the policies.
        - RMA does re-insure crop insurance companies, to share risk in case of large payouts and try to reach a "target" level of profit for the companies.
    - The RMA is governed by the Federal Crop Insurance Corporation (FCIC). FCIC approves any new kinds of federally-subsidized insurance products as well as any changes to existing products.

How does crop insurance influence the kind of food and farm system we have?

- Currently, crop insurance is one of the government's main mechanisms for supporting the Feed-Meat Complex, a system in which government subsidies for corn and soybeans facilitate the production of cheap feed for industrial livestock production.
- Access to crop insurance is a crucial component of transitioning farmers to more diversified food-production models.
    - If diversified growing operations are to be a competitive alternative to industrial monoculture production models, they need to be provided the same level of security.
    - Furthermore, many lenders will not lend without crop insurance, so it is financially impossible for some farmers to transition out of industrial monoculture production models without comprehensive overhauls to the crop insurance program.
- There are many limitations in the usefulness of crop insurance for diversified, beginning, direct market, and socially disadvantaged farmers. Some frequent issues include:
    - There are no policies available for many crops. Specialty crop insurance policy availability varies by state, so depending on the crop and location, there is frequently no policy available.

    - Whole Farm Revenue Program policies (see below), which are designed to meet the needs of diverse operations, are still too expensive and don't pay out at levels that match associated costs.
    - Maintaining policy coverage requires burdensome recordkeeping that limits who can participate.
- To support more diversified operations, there are currently two types of policies available:
    - Whole Farm Revenue Program (WFRP) is tailored for any farm with up to $8.5 million in insured revenue, including farms with specialty or organic commodities (both crops and livestock), or those marketing to local, regional, farm-identity preserved, specialty, or direct markets.
    - The new micro-insurance policy was launched out of the 2018 Farm Bill in response to some of the complaints about the WFRP.
        - By eliminating much of the paperwork burden associated with WFRP, this program is more accessible to smaller, more diversified farms.
        - In this program, farms establish an average annual revenue, which the policy then insures.
        - It is currently limited to producers netting less than $100,000. Expanding this program to farms grossing up to $250,000 would greatly increase its reach, providing deeper support for small, diversified operations.

OTHER IMPORTANT POLICIES AND PROGRAMS

How does the Packers and Stockyards Act factor into farm bill debates?

The Packers and Stockyard Act was passed in 1921 to protect livestock and poultry producers from unfair monopolistic market practices. Over the past 100 years, the power of this act has been eroded to the point that it no longer has the strength to protect producers as it was originally intended.

- Despite the fact that the 2008 Farm Bill included a mandate from Congress for the USDA to develop new rules clarifying the Packers and Stockyards Act and strengthening its enforcement, a series of legislative gymnastics has allowed the monopolistic meat processing industry to go largely unchecked.
- The USDA is far overdue to update these rules, and Congress must use the 2023 Farm Bill as an opportunity to fulfill this mandate.

How do commodity checkoff programs factor into farm bill debates?

The checkoff is a mandatory fee that many U.S. farmers, ranchers and producers pay every time they sell any of 21 commodities, including corn, soybeans, beef, pork, and poultry.

- Checkoff programs were once voluntary and the money was used to provide producers with research, technological innovation, and market development to advance their products.
- Over time, checkoff programs slid towards corruption. Today they are little more than a funnel for billions of dollars to flow from the pockets of farmers and ranchers, through the USDA and individual government commodity boards, and into the pockets of trade and lobbying organizations.
- Those same trade and lobbying organizations then turn around and promote policies that force producers to conduct business with Big Ag corporations or get out of the business altogether.

- The 2023 Farm Bill provides at least two important opportunities to legislate checkoff reform policies:
    - Senators Booker and Lee introduced the Opportunities for Fairness in Farming Act in the 2018 Farm Bill proceedings and again as a marker bill in 2021. This legislation supports independent farmers and ranchers by improving transparency, prohibiting lobbying, reining in conflicts of interest, and putting a stop to anti-competitive activities within checkoff programs.
    - Also in 2021, Senators Lee and Paul filed the Voluntary Checkoff Program Participation Act, which goes a step further than the OFF Act by allowing commodity producers to participate in checkoff programs on a voluntary, rather than mandatory, basis while still offering a government mechanism to pool resources for research and promotion.