Tracking the Farm Bill and Its Potential Impact

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“Covering Big Agribusiness in the Heartland”
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First, a few words about FAPRI

- **Food and Agricultural Policy Research Institute**
  - History: Founded in 1984 as joint center of University of Missouri and Iowa State University
  - Mission: Provide objective analysis of issues related to agricultural markets and policies
  - Funding: Universities, U.S. Congress, U.S. Department of Agriculture, other U.S. & international agencies
  - Current MU staff: 8 full-time (5 Ph.D.), 4 graduate students
  - Major outputs: 10-year baseline outlook for agricultural markets; analyses of agricultural, biofuel policies
Agenda

- A little background on farm policy
- Current U.S. farm bill debate
- Possible implications of a new farm bill
Things that date from 1862

- USDA was created
- Homestead Act: 160 acres for $1.25/acre
- Morrill Act: Land grant universities to provide research, extension
- My house
- Great Depression put many out of work, reduced demand for farm products

- 21.5% of U.S. workforce was in agriculture in 1930 (about 2% now)

- Policy goal—raise rural incomes

<table>
<thead>
<tr>
<th></th>
<th>1928</th>
<th>1932</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment rate</td>
<td>4.2%</td>
<td>23.6%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Corn price/bu.</td>
<td>$0.89</td>
<td>$0.29</td>
<td>$5.18</td>
</tr>
<tr>
<td>Hog price/cwt</td>
<td>$8.75</td>
<td>$3.36</td>
<td>$55.10</td>
</tr>
</tbody>
</table>

Sources: Bureau of Labor Statistics for unemployment data; USDA’s National Agricultural Statistics Service for corn and hog prices; and Dimitri, Effland and Conklin for share of workforce in agriculture.
Agricultural Adjustment Act of 1933

- **Goal:** what later became known as “parity” pricing
  - Farm product prices should be equal to 1909-1914 average, indexed for increase in costs

- **Methods**
  - Voluntary acreage reduction (pay not to produce)
  - Government purchase of surpluses (for example, buy and slaughter pigs, give away meat)
  - Target “basic commodities”: wheat, cotton, corn, hogs, rice, tobacco and milk
Now go forward another 50 years

- 1980s farm crisis
  - Weak international demand contributed to sharply lower commodity prices, large government-held stocks
  - Lower commodity prices, high interest rates helped cause crash in farmland values, bankruptcies

- Policy response (1985 farm bill and other legislation)
  - Allow loan rates (support prices) to fall, so market prices could fall to stimulate more use and exports
  - Keep “target prices” high and pay farmers the difference between target and market prices (high taxpayer cost)
  - Use set-asides to reduce supplies
And then to 1995-96

- New Congress wanted to reduce deficit, regulations
- Prices for most commodities were high, market prospects were good
- Policy response (1996 farm bill)
  - Eliminate annual set-aside programs
  - Eliminate target prices
  - Make fixed payments to farmers, not tied to what they plant each year, for 7 years
- Worked until market prices fell in 1997/98
  - Response: extra payments, new policies
Recent farm bills

- 1990: Food, Agriculture, Conservation and Trade (FACT) Act
  - Rules for crops harvested from 1991-1995

- 1996: Federal Agriculture Improvement and Reform (FAIR) Act
  - Intended to cover crops harvested from 1996-2002

- 2002: Farm Security Act
  - Rules for crops harvested from 2002-2007

- 2008: Food, Conservation and Energy Act
  - Rules for crops harvested from 2008-2012 (now 2013)
Titles of the 2008 farm bill

I. Commodity programs
II. Conservation
III. Trade
IV. Nutrition
V. Credit
VI. Rural development
VII. Research
VIII. Forestry
IX. Energy
X. Horticulture and organic
XI. Livestock
XII. Crop insurance and disaster
XIII. Futures
XIV. Miscellaneous
XV. Trade and tax provisions

"Mandatory" spending in CBO’s baseline: selected USDA programs

<table>
<thead>
<tr>
<th></th>
<th>FY 2014-FY2023 net outlays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity programs</td>
<td>$64 billion</td>
</tr>
<tr>
<td>Crop insurance</td>
<td>$85 billion</td>
</tr>
<tr>
<td>Conservation programs</td>
<td>$64 billion</td>
</tr>
<tr>
<td>Supplemental Nutrition Assistance Program</td>
<td>$761 billion</td>
</tr>
<tr>
<td>Child nutrition programs</td>
<td>$246 billion</td>
</tr>
</tbody>
</table>

Notes: Estimates are from CBO’s February 2013 baseline. A revised baseline was prepared in May.

Commodity Credit Corporation net outlays include commodity programs, export programs, one major conservation program (the conservation reserve program) and some other miscellaneous programs. CBO projected that net CCC outlays will total $92 billion over the FY 2014-FY 2023 period.

Mandatory conservation program spending includes $41 billion in Natural Resources Conservation Service programs (EQIP, CSP, WRP, etc.) and $23 billion in CCC-funded programs (mostly CRP).

Crop insurance spending by the Federal Crop Insurance Corporation reflects both premium subsidies to agricultural producers and program delivery costs.
## Budget costs for selected programs

**FY 2012 actual, February 2013 CBO estimates**

<table>
<thead>
<tr>
<th>Program</th>
<th>Billion dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social security</td>
<td>768</td>
</tr>
<tr>
<td>Medicare</td>
<td>466</td>
</tr>
<tr>
<td>Medicaid</td>
<td>251</td>
</tr>
<tr>
<td>Defense</td>
<td>593</td>
</tr>
<tr>
<td>Unemployment insurance</td>
<td>93</td>
</tr>
<tr>
<td>SNAP (food stamps)</td>
<td>80</td>
</tr>
<tr>
<td>Child nutrition (school lunch, etc., but not WIC)</td>
<td>19</td>
</tr>
<tr>
<td>Mandatory agricultural programs</td>
<td>12*</td>
</tr>
<tr>
<td>Net interest</td>
<td>223</td>
</tr>
<tr>
<td>All other net outlays</td>
<td>1,033</td>
</tr>
<tr>
<td>Net federal outlays</td>
<td>3,538</td>
</tr>
</tbody>
</table>

*Expected to increase to about $25 billion in FY 2013 because of the 2012 drought.*
Sum of Social Security, Medicare, Medicaid, defense and interest: $2.30 trillion.
Many purposes for U.S. policy
- Address market failures (e.g., reduce pollution)
- Promote food security (safe and affordable food)
- Promote equity ("fair" results)
- Reward rent-seeking (benefit particular groups)
- And many more

Policy makers disagree on goals
- Makes it hard to agree upon policies
- Different people may support or oppose a particular policy for very different reasons
Programs now available to U.S. grain and oilseed producers

- Fixed annual payments
  - “Direct payments”

- Programs that are triggered by low prices or revenues
  - Marketing loans
  - Countercyclical payments
  - Average Crop Revenue Election (ACRE) payments

- Programs that insure against low yields or revenues
  - Crop insurance
# Producer returns in the baseline
($/acre, 2014-18 average across 500 outcomes)

<table>
<thead>
<tr>
<th></th>
<th>Corn</th>
<th>Soybeans</th>
<th>Wheat</th>
<th>Cotton</th>
<th>Rice</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Returns tied to production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market value of production</td>
<td>$797.30</td>
<td>$507.10</td>
<td>$284.58</td>
<td>$694.86</td>
<td>$1047.37</td>
</tr>
<tr>
<td>Marketing loan benefits</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.04</td>
<td>$17.74</td>
<td>$0.00</td>
</tr>
<tr>
<td>ACRE payments</td>
<td>$4.22</td>
<td>$3.39</td>
<td>$2.24</td>
<td>$0.03</td>
<td>$0.37</td>
</tr>
<tr>
<td>Insurance net indemnities</td>
<td>$26.50</td>
<td>$16.73</td>
<td>$13.52</td>
<td>$33.50</td>
<td>$12.53</td>
</tr>
<tr>
<td><strong>Sum per planted acre</strong></td>
<td>$828.02</td>
<td>$527.22</td>
<td>$300.38</td>
<td>$746.13</td>
<td>$1060.26</td>
</tr>
<tr>
<td><strong>Payments tied to fixed bases</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct payments</td>
<td>$23.38</td>
<td>$11.10</td>
<td>$14.65</td>
<td>$33.72</td>
<td>$95.93</td>
</tr>
<tr>
<td>Countercyclical payments</td>
<td>$0.00</td>
<td>$0.01</td>
<td>$0.07</td>
<td>$9.39</td>
<td>$0.04</td>
</tr>
<tr>
<td><strong>Sum per base acre</strong></td>
<td>$23.38</td>
<td>$11.12</td>
<td>$14.72</td>
<td>$43.10</td>
<td>$95.98</td>
</tr>
</tbody>
</table>

2013 farm bill proposals would eliminate the programs in red and create new programs in their place. The figures shown here are based on March 2013 FAPRI-MU projections.
Crop income and variable expenses (U.S. averages, FAPRI-MU Jan. 2013 baseline)

Payments include direct and countercyclical payments per base acre and marketing loan benefits and ACRE payments per planted acre. Variable expenses exclude land and other fixed costs.
Corn prices and program provisions
History and FAPRI March 2013 projections
Crop insurance

- Has become most expensive federal program for farmers
- Farmers paid 37% of overall premiums in 2012 (varies by policy)

- Indemnities on 2012 crop total $17.3 billion as of 5/20/13
  - Corn to date: $11.8 bil.
  - Missouri to date: $1.1 bil.

Federal spending on crop insurance and other farm programs

Source: FAPRI-MU baseline, March 2013. CCC net outlays include traditional farm programs (direct and countercyclical payments, marketing loans, dairy program, etc.), the Conservation Reserve Program, and several smaller programs.
### Selected farm program benefits

#### Billion dollars, 2003-12 actual and FAPRI-MU projections for 2013-22

<table>
<thead>
<tr>
<th></th>
<th>2003-12 average</th>
<th>2013-22 average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct payments</td>
<td>5.06</td>
<td>4.92</td>
</tr>
<tr>
<td>Marketing loan net outlays</td>
<td>1.49</td>
<td>0.16</td>
</tr>
<tr>
<td>Countercyclical payments</td>
<td>1.32</td>
<td>0.18</td>
</tr>
<tr>
<td>ACRE payments</td>
<td>0.05</td>
<td>0.73</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>7.92</strong></td>
<td><strong>6.00</strong></td>
</tr>
<tr>
<td>Crop insurance indemnities</td>
<td>6.04</td>
<td>10.33</td>
</tr>
<tr>
<td>Producer-paid premiums</td>
<td>2.85</td>
<td>4.12</td>
</tr>
<tr>
<td><strong>Crop insurance net indemnities</strong></td>
<td><strong>3.18</strong></td>
<td><strong>6.21</strong></td>
</tr>
</tbody>
</table>

Other commodity programs

- **Dairy policies**
  - Price support program (government has fixed purchase prices for cheese, butter, nonfat dry milk)
  - Milk Income Loss Contract (payments when milk price is below a trigger tied to feed costs)
  - Marketing orders (affects regional pricing of milk)

- **Sugar policies**
  - Price support program ("loan rate" for sugar)
  - Supply management programs, import restrictions
Conservation programs

- Conservation Reserve program
  - Idles land (currently around 27 mil. acres) for 10 years to reduce erosion, provide wildlife habitat

- Environmental Quality Incentive Program and Conservation Security Program
  - Provide payments to producers who address environmental concerns on lands being used for agricultural production

- Various other payment programs and regulations
  - Provide incentives or penalties
Some USDA conservation programs

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2012 outlays</th>
<th>FY 2017 projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservation Reserve Program (CRP)</td>
<td>$1.82 bil.</td>
<td>$2.21 bil.</td>
</tr>
<tr>
<td>Environmental Quality Incentive Program (EQIP)</td>
<td>$1.03 bil.</td>
<td>$1.62 bil.</td>
</tr>
<tr>
<td>Conservation Stewardship Program (CSP)</td>
<td>$0.77 bil.</td>
<td>$1.81 bil.</td>
</tr>
<tr>
<td>Wetlands Reserve Program (WRP)</td>
<td>$0.56 bil.</td>
<td>$0.00 bil.</td>
</tr>
<tr>
<td>Farmland Protection Program (FPP)</td>
<td>$0.15 bil.</td>
<td>$0.19 bil.</td>
</tr>
<tr>
<td>All other mandatory programs</td>
<td>$0.36 bil.</td>
<td>$0.26 bil.</td>
</tr>
<tr>
<td>Total USDA mandatory conservation programs</td>
<td>$4.69 bil.</td>
<td>$6.09 bil.</td>
</tr>
</tbody>
</table>

Source: Congressional Budget Office, February 2013, assuming a continuation of current law.
Some current CRP statistics
Farm Service Agency monthly report, April 2013

- 27.0 million acres enrolled
- Average rental payment: $61/acre/year

Leading states
- Texas (3.3 million acres, $37/acre/year)
- Kansas (2.4, $41)
- Colorado (2.1, $34)
- Montana (2.0, $31)
- ...Iowa (1.5, $141)
- ...Missouri (1.1, $91)

For map of enrollment patterns, see http://www.fsa.usda.gov/Internet/FSA_File/crpenroll1212.pdf
USDA net outlays

Source: Monthly Treasury Statements

*Food and Nutrition Service (includes SNAP, school lunch, WIC, etc.).
SNAP

- Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps)
  - Provides monthly benefits to low income families
  - In Jan. 2013, 48 million recipients; average benefit of $132/month
  - FY 2012 cost was $80 billion
  - Recession increased number eligible, and higher proportion of eligible enroll
  - Program provides more benefits, reaches far more people than Temporary Assistance to Needy Families and other “welfare” programs
Calculating SNAP benefits

- Calculate income adjusted in various ways
  - Gross income must be less than 130% of poverty level ($2,069/month for family of 3)
  - Subtract standard deduction ($149), 20% of earned income, child care, excess shelter...
  - Net income must be less than 100% of poverty level ($1,591/month for family of 3)
- Calculate cost of Thrifty Food Plan (TFP)
- Payments if 30% of net income less than TFP
- If no net income, current maximum allotment: $526/month for family of 3 ($175/person)
- Actual average benefit in January 2013: $132 per person
  - People with some income get less than maximum
Other nutrition programs

- Child nutrition programs
  - School lunch and breakfast, child and adult care food programs
  - “Mandatory” programs like SNAP and farm programs, but not authorized in farm bill (last: “Healthy, Hungry-Free Kids Act of 2010)

- WIC (Women, Infants and Children)
  - As name implies, benefits to pregnant and nursing women and infant children
  - “Discretionary” program that has to compete with other appropriated programs each year—not like school lunch
U.S. net farm income

The graph shows the net farm income in billion dollars from 2006 to 2022. The data is presented as the 90th percentile (blue squares), the average of 500 outcomes (red diamonds), and the 10th percentile (green triangles). The income values fluctuate over the years, with some years showing notable increases and decreases.
U.S. food expenditures, farm product sales and subsidies, 2011

Sources: USDA estimates of consumer food expenditures and farm product sales; Monthly Treasury Statement reported spending by the Food and Nutrition Service in FY 2011; and CBO estimates of FY 2011 outlays for mandatory farm and conservation programs, including crop insurance.
The farm bill process

- Farm bills and other legislation can originate
  - From proposals made by the President
  - From proposals put together by individual members of Congress, perhaps in response to pressure from outside groups
  - From proposals developed by Congressional committees

- Who matters?
  - Farm bills usually written by Congress—President usually plays a small role
  - Administration is critical in implementation, and often Congress leaves many key decisions to Administration.
The 2008 farm bill was supposed to expire last year

1-year extension was approved on Jan. 1, 2013

New bills have now passed Agriculture Committees in Senate and House

Senate bill was debated on Senate floor last week

Still ahead

- House debate and vote
- House-Senate conference committee to resolve differences
- Final votes on a compromise bill
- Presidential signature or veto (if veto, Congress can override with 2/3 vote in both House and Senate, as occurred in 2008)
Congressional farm bill proposals

- Both would eliminate many existing farm programs
  - Direct payments, countercyclical payments, ACRE
  - Dairy price supports and MILC payments

- Allocation of “savings”
  - Reduce federal deficit
  - Create new programs that pay farmers when prices or revenues fall below a trigger
  - House and Senate Agriculture Committees have different proposals for these new programs

- Major difference on SNAP (food stamps)
  - Senate Ag. makes relatively small cuts
  - House Ag. makes larger cuts, and some in House want more
CBO scores for 2013 farm bills
billion dollars, FY 2014-FY 2023 net change from baseline

<table>
<thead>
<tr>
<th>Category</th>
<th>Senate Ag. bill</th>
<th>House Ag. bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity programs &amp; crop insurance</td>
<td>-12.4</td>
<td>-9.7</td>
</tr>
<tr>
<td>Eliminating DCP and ACRE</td>
<td>-47.1</td>
<td>-46.3</td>
</tr>
<tr>
<td>All other net changes</td>
<td>+34.6</td>
<td>+36.6</td>
</tr>
<tr>
<td>Conservation</td>
<td>-3.5</td>
<td>-4.8</td>
</tr>
<tr>
<td>Nutrition</td>
<td>-3.9</td>
<td>-20.5</td>
</tr>
<tr>
<td>All other (research, energy, rural development, horticulture, etc.)</td>
<td>+1.9</td>
<td>+1.6</td>
</tr>
<tr>
<td>Total (official score for the bill)</td>
<td>-17.9</td>
<td>-33.4</td>
</tr>
<tr>
<td>Effect of sequestration</td>
<td>-6.4</td>
<td>-6.4</td>
</tr>
<tr>
<td>Sum of score and sequestration effect</td>
<td>-24.3</td>
<td>-39.8</td>
</tr>
</tbody>
</table>

*CBO estimates of “mandatory” budgetary impacts over FY 2014 to FY 2023 relative to a baseline that generally extends 2008 farm bill provisions indefinitely into the future.*
Some comparisons of 2013 farm bill provisions: Crop revenue programs

SENATE AG. COMMITTEE BILL

- Agriculture Risk Coverage (ARC)
  - Payments if per-acre revenues fall below 88% benchmark
  - Benchmark: 5-yr. Olympic avg. national price * 5-yr. Olympic avg. farm or county yield
  - Maximum payment: 10% of benchmark
  - Paid on 65% (farm yield option) or 80% (county yield option) of planted acres

HOUSE AG. COMMITTEE BILL

- Revenue Loss Coverage (RLC) option to PLC
  - Payments if per-acre revenues fall below 85% benchmark
  - Benchmark: 5-yr. Olympic avg. national price * 5-yr. Olympic avg. county yield
  - Maximum payment: 10% of benchmark
  - Paid on 85% of planted acres
Some comparisons of 2013 farm bill provisions: Crop price programs

**SENATE AG. COMMITTEE BILL**

- **Adverse Market Payments**
  - Payments if *12-month* prices below reference prices
    - Corn: 55% of 5-yr. avg.
    - Soybeans: 55% of 5-yr. avg.
    - Wheat: 55% of 5-yr. avg.
    - Rice: $13.30/cwt.
  - Paid on 85% of base acres
  - Farmer can get both ARC and Adverse Market Payments

**HOUSE AG. COMMITTEE BILL**

- **Price Loss Coverage (PLC)**
  - Payments if *5-month* prices below reference prices
    - Corn: $3.70/bu.
    - Soybeans: $8.40/bu.
    - Wheat: $5.50/bu.
    - Rice: $14.00/cwt.
  - Paid on 85% of planted acres
  - PLC is default option: cannot get both PLC & RLC
U.S. soybean farm prices

Some comparisons of 2013 farm bill provisions: SCO

SENATE AG. COMMITTEE BILL

- Supplemental Coverage Option (SCO)
  - Producers can purchase add-on to regular crop insurance
  - 65% premium subsidy
  - If county has loss, can let producer recapture part of deductible
    - Area policy: at least 10% deductible if not in ARC
    - 22% if in ARC

HOUSE AG. COMMITTEE BILL

- Supplemental Coverage Option (SCO)
  - Producers can purchase add-on to regular crop insurance
  - 65% premium subsidy
  - If county has loss, can let producer recapture part of deductible
    - Area policy: at least 10% deductible if in PLC
    - Not available if in RLC
Some comparisons of farm bill provisions: STAX

**SENATE AG. COMMITTEE BILL**
- Stacked Income Protection Plan (STAX)
  - Cotton producers can purchase add-on to regular crop insurance
  - 80% premium subsidy
  - Indemnity if county revenue per acre falls below benchmark tied to planting time futures and trend yields
  - Maximum payment: 20% of benchmark
- No other programs (DPs, ARC, etc.) for cotton after 2013

**HOUSE AG. COMMITTEE BILL**
- Stacked Income Protection Plan (STAX)
  - Cotton producers can purchase add-on to regular crop insurance
  - 80% premium subsidy
  - Indemnity if county revenue per acre falls below benchmark tied to planting time futures and trend yields
  - Maximum payment: 20% of benchmark
- No other programs for cotton, except 2014 & 2015 DPs
Some comparisons of farm bill provisions: Other crop insurance

SENATE AG. COMMITTEE BILL

- Conservation compliance does apply to crop insurance
- Premium subsidy reduction
  - Floor amendment by Durbin and Coburn adopted
  - Reduces premium subsidy by 15 percentage points for farmers with AGI>$750,000

HOUSE AG. COMMITTEE BILL

- Conservation compliance does not apply to crop insurance
- No means test on crop insurance
Some comparisons of 2013 farm bill provisions: Dairy

**SENATE AG. COMMITTEE BILL**
- Eliminate dairy price support and MILC
- Create Production Margin Protection Program
  - Pays if margin between milk price & feed cost < $4/cwt.
  - Supplemental coverage available for premium*
- Create Dairy Market Stabilization Program
  - Limit milk production eligible for payment when margin low

**HOUSE AG. COMMITTEE BILL**
- Eliminate dairy price support and MILC
- Create Production Margin Protection Program
  - Pays if margin between milk price & feed cost < $4/cwt.
  - Supplemental coverage available for premium*
- Create Dairy Market Stabilization Program
  - Limit milk production eligible for payment when margin low

*Premium schedules for the two bills differ*
Some comparisons of 2013 farm bill provisions: Conservation

SENATE AG. COMMITTEE BILL

- Limit CRP to 25 million acres by 2018
- Limit annual CSP enrollment to 10.3 mil. a.
- EQIP funding grows to $1.65 billion/yr. for 2016-18
- New Agricultural Conservation Easement Program consolidates existing programs

HOUSE AG. COMMITTEE BILL

- Limit CRP to 24 million acres by 2017
- Limit annual CSP enrollment to 8.7 mil. a.
- EQIP funding set at $1.75 billion/yr. for 2014-18
- New Agricultural Conservation Easement Program consolidates existing programs
Some comparisons of 2013 farm bill provisions: Nutrition

SENATE AG. COMMITTEE BILL
- Not allow states to increase SNAP benefits by issuing small heating assistance checks
- Make only small additional changes in SNAP
- Net savings: $4.0 billion over 10 years

HOUSE AG. COMMITTEE BILL
- Not allow states to increase SNAP benefits by issuing small heating assistance checks
- Restricts categorical eligibility for SNAP
- Net savings: $20.5 billion over 10 years
The rest of the process: questions

- Will the House manage to pass a bill?
- If so, what amendments will be considered and adopted on the House floor?
- Who will decide the appropriate level of SNAP and overall savings?
- Can a conference committee finish its work in time to get a bill passed this year?
- Will the President weigh in? If so, when and how?
- What happens if the process falls apart at some point?
### Senate & House Committee 2012 Farm Bill Impacts: The Big Picture

<table>
<thead>
<tr>
<th>2013-17 Averages Except as Noted</th>
<th>Senate Bill</th>
<th>House Committee Bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARC/RLC/PLC Payments Plus Increase in Crop Insurance Net Indemnities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corn</td>
<td>$21/acre</td>
<td>$17/acre</td>
</tr>
<tr>
<td>Soybeans</td>
<td>$10</td>
<td>$9</td>
</tr>
<tr>
<td>Wheat</td>
<td>$8</td>
<td>$14</td>
</tr>
<tr>
<td>Upland Cotton</td>
<td>$40</td>
<td>$41</td>
</tr>
<tr>
<td>Rice</td>
<td>$17</td>
<td>$94</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Price Changes from Baseline</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn, Soybeans, Wheat</td>
<td>&lt;1% change</td>
<td>&lt;1% change</td>
</tr>
<tr>
<td>Upland Cotton</td>
<td>-2%</td>
<td>-2%</td>
</tr>
<tr>
<td>Rice</td>
<td>0%</td>
<td>-3%</td>
</tr>
<tr>
<td>Net Farm Income</td>
<td>-2%</td>
<td>-2%</td>
</tr>
</tbody>
</table>

Source: FAPRI-MU Report #5-12, available at [www.fapri.missouri.edu](http://www.fapri.missouri.edu). We have not completed estimates of impacts of the 2013 bills: stay tuned!
If the final bill is a compromise between current Ag. Committee proposals...
- Reduction/redirection of farm subsidies
- Some reduction in SNAP eligibility
- Only very modest impacts on commodity markets, food prices and land values
- Potential WTO issues

If it’s not, any good economist would tell you, “It depends.”
FAPRI’s role in the process

- Baselines to identify issues and provide a point of comparison
- Reports examining consequences of alternatives
- Work with Congressional staff to explore issues
- Helping people keep up with farm policy news and understand what it means
Thanks!

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