Brief Summary of Key Provisions of Farm Bill Draft
Released by the Senate Agriculture Committee
April 20, 2012

Commodity Title (STAX is in the Crop Insurance Title)

- Repeals Direct, Counter Cyclical and ACRE Programs for all commodities
- Establishes a new Agriculture Risk Coverage (ARC) program to supplement crop insurance
  - Available to all "covered commodities" except cotton
  - Total planted acres enrolled in ARC may not exceed the average total acres planted or prevented planted to covered commodities, excluding cotton, during crop years 2009-12.
  - One time irrevocable election to receive individual farm level coverage or county coverage
  - Individual or farm level coverage is based on all acres planted to the individual crop in a county under the control of the individual (enterprise unit approach).
  - Area coverage is similar to GRIP coverage and yields are differentiated by irrigated and non-irrigated where data is available
  - Payments made when the actual crop revenue for the crop year for the covered commodity is less than the agriculture risk coverage guarantee for the crop year for the covered commodity
  - Actual crop revenue is determined by multiplying the actual average individual yield for the commodity or the actual average county yield for the commodity times the higher of the midseason price or the loan rate
  - The agriculture risk coverage guarantee is 89% of benchmark revenue
    - Benchmark revenue is determined by multiplying the most recent 5 year Olympic average individual or county yield times the most recent 5 year Olympic average national marketing year average price
  - The payment rate is the lesser of the difference between agriculture risk coverage guarantee and the actual crop revenue for the commodity or 10% of the benchmark revenue
  - The payment is made on 60% of the eligible acres if individual coverage is elected and 75% of eligible acres if area coverage is elected. The payment is made on 45% for prevented planted acres.
  - Conservation compliance requirements apply to ARC

- Market Assistance Loans
  - Loan rates maintained at current levels for all covered commodities except cotton
  - Cotton loan rate to be established using most recent 2 year average Adjusted World Price but not to exceed 52 cents/lb. nor be lower than 47 cents/lb.
  - Loan redemptions at AWP and establishment of premiums and discounts extended

- Storage credits extended
- Economic Adjustment Assistance Program is extended at 3 cents/lb.
- Extra-Long Staple Cotton
  - Loan and competitiveness program extended

- Adjusted Gross Income eligibility test
  - A person or legal entity with an average of 3 preceding tax years AGI over $900,000 is not eligible for MLG or LDP, the Agriculture Risk Coverage program and the Supplemental Agricultural Disaster Assistance Programs

- Payment Limitations
  - A person or legal entity may not receive more than $50,000 in ARC payments (married couples are eligible for $100,000). The separate limit for peanut producers is extended.

- Prevention of Deceased Individuals Receiving Payments
  - Twice a year the Sec. of Agriculture must reconcile the social security numbers of all Title 1 recipients with the Social Security Administration to determine if individuals are alive

- Tracking of Benefits
  - As soon as practicable after enactment the Secretary may track benefits provided to individuals and entities under Titles 1 and 2

Crop Insurance

- STAX
  - Available not later than 2013 crop year if practicable
  - Provides for coverage of revenue shortfalls between 10% and 30%
  - Producer may select incremental coverage in 5% increments
  - Coverage based on the higher of the expected price under existing GRIP policies or $0.65 per pound
  - Yield is the higher of the expected county yield established under area-wide programs or the 5 year Olympic average for the county
    - When the $0.65 reference price is equal to or greater than the crop insurance expected price, the Corporation shall reinsure at 100% that portion of the indemnity that is attributable to the difference between the $0.65 and the expected price established under existing GRIP plans and
    - The yield shall be 100% reinsured by the Corporation
  - Maximum acres eligible for STAX coverage may not exceed the average total acres planted or prevented from being planted to upland cotton on the farm for the 2009-2012 crop years
    - There is a provision for land coming out of CRP to be eligible for STAX
  - Premium subsidy of 80%

  - Supplemental Coverage Option (SCO formerly known as TCO)
    - Product based on an area wide loss basis to cover all or part of the deductible under the individual coverage if sufficient area data is available
    - Coverage is dollar denominated and cannot exceed 85% of the individual yield or 95% of the area yield-a yield plug of 70% of T may be substituted when calculating individual yields
    - Coverage may not overlap other insurance coverage
    - Coverage is triggered if losses in the area exceed 10% of normal levels
    - If a producer is enrolled in ARC, coverage under SCO is subject to a deductible in an amount equal to 20% of the expected value of the crop covered by the underlying policy
    - Premium subsidy of 70%
    - Effective not later than 2013 crop year

- Permanent Enterprise Unit
  - Authorizes a higher premium subsidy for policies under which the insurable unit is a whole farm

- Enterprise Units for Irrigated and Non-irrigated
  - Beginning with 2013 crop year enterprise units may be established for irrigated and non-irrigated units

- Data Collection
  - Authorizes USDA to use RMA, NASS or both to determine county yield data
  - If sufficient county data is not available other data considered appropriate by the Secretary may be used

- Budget limitations on Renegotiation of the Standard Reinsurance Agreement
  - FCIC Board shall ensure that a new SRA compared to the previous SRA to the maximum extent practicable is budget neutral and in no event may significantly depart from budget neutrality
  - Any savings associated with a new SRA must be used for programs within RMA

Conservation

- CRP
  - Incremental step down to 25 million acres total enrollment
    - 32 million 2012
    - 30 million 2013
    - 27.5 million 2014
    - 26.5 million 2015
    - 25.5 million 2016
    - 25 million 2017
  - Clarifies availability of haying and grazing on CRP land

- CSP
  - Maintains current definition of all lands under effective control of the producer at the time of the contract.
  - Maintains payment limitation of $200,000 per person or legal entity
  - Allows a one-time contract renewal if the producer agrees to an increase in conserving practices
  - Directs the Secretary to establish a "science-based stewardship threshold for each priority resource concern"
  - Expiring CRP acres receive priority if they want to enroll in CSP
  - Enrollment of 10,348,000 per fiscal year and keeps the current average rate of $18/per acre
    - This is a reduction from the almost 13 million currently allowed each year

- EQIP
  - Consolidates WHIP into the EQIP program
  - Keeps the current 60% of funds carve out for livestock and adds a 5% of funds carve out for wildlife habitat
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- Funding
  - $1.5 billion 2013
  - $1.6 billion 2014
  - $1.65 billion 2015-17

- Agricultural Conservation Easement Program
  - Combines the Wetlands Reserve Program, Grasslands Reserve Program and the Farmland Protection Program
  - Maintains appraisal valuation
  - Wetlands and agricultural land easements
  - Funding is no less than 40% for agricultural land easements and the balance to wetlands
  - Allows priority for lands coming out of CRP to enter the easement program
  - Funding
    - $450 million in 2013
    - $475 million in 2014
    - $500 million in 2015
    - $525 million in 2016
    - $250 million in 2017

Trade Programs

- Market Access Program and Foreign Market Development Program
  - Funded at current levels
    - MAP $200 million/year
    - FMD $34.5 million/year
- Export Credit Guarantee Programs
  - GSM-102 extended