

# **The 2013 (?) Farm Bill**

**Vince Smith**

**Professor, Department of Agricultural Economics  
and Economics,  
Montana State University**

## **The Current Farm Bill Situation**

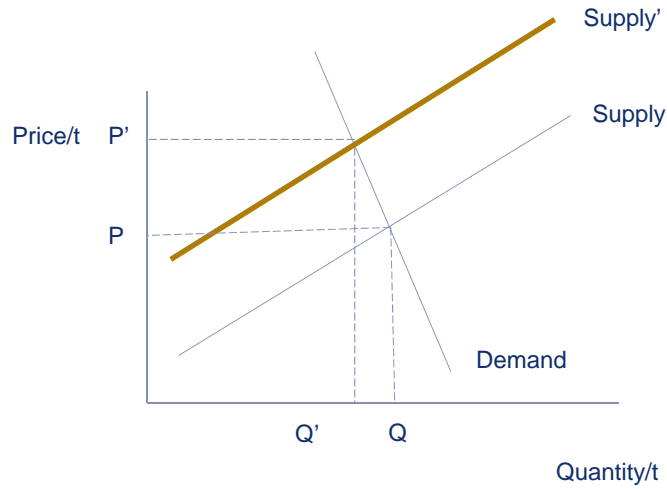
- **Vice President Biden and Senator Mitch McConnell, with input from the House Leadership, included an extension of the 2008 Farm Bill in the fiscal cliff legislation signed into law by President Obama on January 3, 2013**

## **The Current Farm Bill Situation**

- The Biden-McConnell compromise extended the provisions of the 2008 Farm Bill
- However, programs for which funding was not included in the 2008 bill for 2012 were not refunded
- Such unfunded programs included all of the permanent disaster programs established by the 2008 Farm Bill
- They also included programs targeted to specialty crops and organic farming research and marketing.

## **DROUGHT POLICY ISSUES**

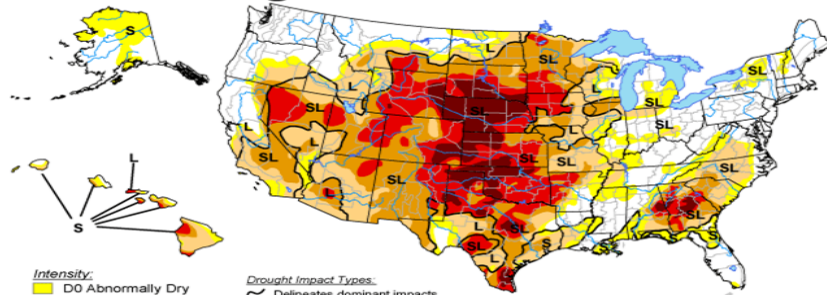
## Economic Considerations



## Current Drought Conditions

### U.S. Drought Monitor December 18, 2012

Valid 7 a.m. EST



**Intensity:**

- D0 Abnormally Dry
- D1 Drought - Moderate
- D2 Drought - Severe
- D3 Drought - Extreme
- D4 Drought - Exceptional

**Drought Impact Types:**

- ~ Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu/>



Released Thursday, December 20, 2012

Author: Brian Fuchs, National Drought Mitigation Center

## **Agricultural Insurance and Drought: Revenue Insurance and Forage PRF Insurance**

- **No changes proposed as yet in the federal crop/forage insurance program:**
  - Premium subsidies remain in the same ranges (59% for the most widely purchased insurance)
  - PRF will continue to be available for forage
  - Revenue insurance with the harvest price option will continue to be available for corn, wheat and other crops with futures markets or whose market prices are closely linked to such crops
  - Yield insurance for most other crops

## **FEDERAL DROUGHT ASSISTANCE**

## Drought Assistance

- **Emergency Loans**
  - USDA's Farm Service Agency (FSA) provides [Emergency loans](#) to help producers who own or operate located in a county declared by the President or designated by the Secretary of Agriculture as a primary disaster area or quarantine area.
  - Maximum Loan = \$50,000
- **Currently Available** and likely to remain available

## Drought Assistance

- **Disaster Set-Aside Program**
  - The program provides producers who have existing direct loans with FSA who are unable to make the scheduled payments to move up to one full year's payment to the end of the loan.
- **Currently available** and likely to remain available

### **Non-insured Crop Disaster Assistance Program (NAP)**

- **Provides financial assistance to producers of noninsurable crops when low yields, loss of inventory or prevented planting occur due to a natural disaster.**
- **Eligible crops must be commercially produced agricultural commodity crops for which the catastrophic risk protection level of crop insurance is not available and be any of the following:**

### **Supplemental Revenue Assistance Payments Program (SURE)**

- **Not funded and unlikely to ever be refunded**
- **Some form of new shallow loss program may be introduced (a farm specific program was included in the 2012 senate Bill)**

**Livestock Disaster Aid Programs  
Included in the 2008 Farm Bill, but  
with no funding for 2012 or beyond at  
this time**

- **Livestock Forage Program**
  - provides financial assistance to producers who suffered grazing losses due to drought or fire
- **Livestock Indemnity Program**
  - provide benefits to livestock producers for livestock deaths in excess of normal mortality caused by adverse weather
- **Emergency Assistance for Livestock, Honey Bees and Farm-Raised Fish**
  - Covers losses from disaster such as adverse weather or other conditions, such as blizzards and wildfires not adequately covered by any other disaster program

## **Emergency Haying and Grazing**

- **Haying and grazing of CRP acreage is authorized under certain conditions to improve the quality and performance of the CRP cover or to provide emergency relief to livestock producers due to certain natural disasters. There are two types of haying and grazing authorization: managed and emergency.**
- **Permission is provided at the discretion of Secretary of Agriculture**

## **Included in the 2012 Farm Bill and Funded for Now**

- **Direct and Counter-Cyclical Program**
- **Average Crop Revenue Election**



## A Congressional 2013 Farm Bill

- Very likely to be developed
- No work will be done before March 1, and more likely April 15, by the Senate and House Agricultural Committees
- The Committees are likely to be given a “budget cut” number by the House and Senate leadership (Reid, McConnell, Boehner, Pelosi)
- Direct Payments will be cut
- ACRE may be cut
- Increasingly probable that no major subsidy programs will be introduced
- But, livestock disaster programs are likely to be refunded, probably for both 2012 and 2013

