Indiana Farm Bureau®

Advocating for Agriculture

2023 Farm Bill Task Force Report

INDIANA FARM BUREAU

INTRODUCTION

Since the passage of the first Agricultural Adjustment Act (AAA) in 1933, farm price and income support programs have been the core of agricultural policy in the United States. This policy initially arose as an emergency response to post-World War I economic distress in agriculture that worsened with the onset of the Depression. Emergency measures implemented by President Franklin Roosevelt in 1933 with the first farm bill were designed to provide a short-term fix to the rural economy. These government supports for per-unit commodity production were re-enacted in 1938. After World War II, the Agricultural Adjustment Act of 1949 was born and each successive "farm bill" including the current Agriculture Improvement Act of 2018 have been amendments to the 1949 law. However, the programs have been adjusted over time as policymakers have responded to the political, social, and economic pressures that agricultural productivity growth, market integration, and structural change have imposed on the farm sector.

The entire U.S. food, fiber and fuel system including the agriculture sector has dramatically changed. The number of farms continues to decrease, and the acreage size of farms has continued to increase. There has also been emphasis on livestock, specialty crops, environmental benefits and now climate change programs to be included in the farm bill. U.S. agriculture also competes in a global economy where approximately 40 percent of its output is purchased on the world market. Technology has and will continue to dramatically change how societies throughout the world live, including the way food is produced, processed, and marketed. Over the years there has been a clear shift in USDA's priorities where approximately 80 percent of its budget today is spent on food assistance programs and approximately 20 percent in traditional Commodity Credit Corporation (CCC) farm bill program outlays.

Future domestic and international policy changes will be influenced greatly by increased nutrition, food safety, environmental and budget concerns. In addition to these concerns, how agriculture affects climate change and the possible addition of new programs or changes in existing conservation programs is concerning to the production agriculture sector. Current farm program discussions will increasingly question the appropriateness of the current commodity programs with the per-unit price supports for individual commodities concept, which dates back to the 1930s as the best means to transfer income to a dramatically different and ever-changing agriculture and rural America. Consideration must also be given to many international trade agreements that the U.S. has with many countries, along with the World Trade Organization (WTO) commitments.

Writing a farm bill is a long, difficult, and increasingly complex event that is influenced by many different policy forces throughout its process. The Senate and House agriculture committees, other congressional agencies, agriculture groups, environmental groups, nutrition groups, informal congressional caucuses and others in the Administration all participate in this legislative process. Many of the congressional players have changed since the 2018 farm bill and since this year (2022) is a mid-term year, the current Senate and House agriculture committee chairs could change once again. There will be many committee participants who have never helped write a farm bill. Many of these players will have different priorities and non-traditional views on the farm bill existing programs. Above all, the budget committee's decision on whether the farm bill will receive increased, decreased, or flat line spending requirements leave many questions unanswered regarding current farm bill programs.

Rural Indiana isn't THE American Gothic anymore. The forces of globalization and consolidation have reshaped our Hoosier landscape. Agriculture is strategically important to the survival of Indiana and the United States. Our economy, energy, environment, and national security are dependent upon the viability of the agricultural industry. Agriculture must be treated as a strategic resource by our nation and reflected as such in local, state, and national government policies.

For generations, Indiana farmers have set the global standard for making use of technology and research, adjusting to market conditions, and improving productivity so that our state and nation produces the safest and most abundant food, fiber, and energy supply possible.

Producers are searching for ways to optimize inputs and maximize profits while responding to environmental pressures. The need to mitigate the impact of weather changes as extreme weather conditions are creating the need for adaptive solutions and more importantly, new, and creative risk management strategies.

Every five years or so, the federal government passes a farm bill. Indiana farmers need the stability of these farm bills in order to make many business decisions that affect the future of their operations. Without this stability, some of these decisions can prove to be detrimental to the effectiveness of their operations. Mother Nature can be cruel, and the risk management strategies provided in a farm bill are paramount to the ongoing production of our food supply.

In recognition of these policy and monetary challenges facing all facets of production agriculture and the role of the next farm bill in positioning the future direction of U.S. agriculture, the INFB 2023 Farm Bill Task Force was formed. The assigned task before this group of members is to help review and analyze key policy questions, identify needed policy discussion and action and, where possible, recommend constructive and unified ideas or solutions. During the 2018 farm bill discussions, AFBF policy was changed to include a section on National Farm Policy and that will be the starting point for this group. During their deliberations, the task force will include possible resolutions to move through the INFB policy development process if needed. This Task Force also recognizes the importance of providing a food, fiber, and energy product in which the global consumer has the utmost confidence. We also believe the modern technology and product research will continue to enhance the efficiency of the Hoosier farmer and protect the safety and security of our food supply.

[NOTE: For many years, the so-called "farm bills" have encompassed far more issues and programs than those directly related to production agriculture. For example:

1973 – The Agriculture and Consumer Protection Act

1977 – The Food and Agriculture Act	Inclusion of Food Stamps and commodity distribution programs
1985 – The Food Security Act	Introduction of the Conservation Reserve Program (CRP)

1996 – The Federal Agriculture Improvement and Reform Act (FAIR Act) "Freedom to Farm"

2002 – Farm Security and Rural Investment Act   Counter-cyclical payments introduced

2008 – The Food, Conservation & Energy Act of 2008
Renames the food stamp program to the Supplemental Nutrition Assistance Program (SNAP)
Adds an energy title to the farm bill

2014 – The Agricultural Act of 2014   (three years from start to finish)
Introduction of the ARC and PLC programs
Formerly the Federal Agriculture Reform and Risk Management Act of 2013
One of the most complicated farm bills in recent history

2018 – The Agriculture Improvement Act of 2018

At this time, we do not know what the 2023 "farm bill" will be titled. This report will use the term "farm bill" since it is the most commonly used and understood term among agriculture producers. It should be clear however that this omnibus piece of legislation involves far more than farm related issues.]

Key Findings and Recommendations

(The 2018 farm bill contains 12 titles)

<u>Title I Commodity Title</u>

Provides support for major commodity crops including wheat, corn, soybeans, peanuts, rice, dairy, and sugar as well as possible disaster assistance.

- We support the continuation of a counter-cyclical program like the Price Loss Coverage (PLC) program and a revenue program like the Agriculture Risk Coverage (ARC) program.
- We support the opportunity for farmers to re-elect and/or enroll in ARC or PLC.
- We oppose income means testing, payment limitations and targeting of benefits being applied to farm program payment eligibility.
- We support the family farm exemption from the "actively engaged" management restriction and record keeping requirements are not altered.
- Should additional funding be available, target prices could be increased.
- Should additional funding be available, a way to add new base acres in certain circumstance should be investigated. Many small tracts are coming back into production that were pasture, tobacco, hay, or other uses and getting planted to a program crop.
- We support a streamlined application process for ALL USDA programs including the use of more online application and administration.

<u>Title II Conservation</u>

Encourages environmental stewardship of farmland and improved management through land retirement and/or working lands programs.

Conservation programs provide financial and technical assistance needed to conserve Indiana's natural resources and meet increasing regulatory demands. This farm bill must continue to make substantial investments in voluntary, incentive-based, locally driven, flexible, and efficient conservation programs. 70% of land in the lower 48 states is privately owned and these landowners must retain voluntary sign-up to choose how to use the natural resources on their lands.

- Additional investment, if available, is needed to continue targeted conservation, address water quality challenges, address climate change and carbon sequestration issues, and face regulatory pressures on agriculture. In Indiana, this specifically applies to EQIP as the waiting period is anywhere between 18 and 24 months for project funding. [Jerry Raynor-Indiana NRCS State Conservationist]

- Any climate change initiatives proposed in the farm bill, specifically the conservation title, should not be a prerequisite for any other USDA conservation or crop insurance programs.

- Provide support for working lands programs over land retirement programs.

- All federal conservation/environmental programs affecting farmers should be administered by USDA agencies.

- Private property rights must be protected with assurance that any loss of economic value be recognized, and compensation offered.

- An annual open enrollment for the Conservation Security Program (CSP) with shortened contracts if funding for the program cannot fully accommodate all applicants.

- NRCS should explore a program that certifies "low-carbon" program crop commodities to be verified by USDA.

Title III Trade

Supports U.S. agricultural export programs and international food assistance programs.

The export market is important to Hoosier farmers. As much as 30% of our agricultural commodities are exported to other countries. In the Aimpoint survey, 80% or more of the members surveyed believe that agricultural exports and USDA export programs are important. The Market Access Program (MAP) promotes American-grown and produced food and ag products that are in competition with heavily subsidized foreign products. For every dollar invested in export market development programs, $24 is returned in export revenue (USDA-FAS). This means significant positive effects for farmers like increased income and more U.S. job in the farm and food sectors.

- Should an increase in funding become available, funding for the Market Access Program (MAP) and the Foreign Market Development (FMD) program should be increased.

- Any changes in farm bill policy should be WTO compliant.

Title IV Nutrition
Provides nutrition assistance for low-income households through programs including the Supplemental Nutrition Assistance Program (SNAP).

Nutrition programs are important to Hoosiers with over 9% of our population enrolled in SNAP. The various food and food aid programs are also important to agriculture as many purchases are made directly from farmers. The nutrition title also consumes up to 80% of the USDA budget. During COVID, some SNAP and nutrition programs were expanded and there will be debate on whether to increase funding for them moving forward. The question will be whether to add additional funding to the farm bill baseline to accommodate this increase or to decrease other farm bill programs to "find" the money.

- Protect SNAP structure and funding.
- Level SNAP access for low-income college students.
- Support policies to enable food donations.
- Should additional funding become available, additional funding should be used to purchase additional fresh produce directly from farmers.
- INFB is opposed to the separation of the Nutrition title from the balance of the farm bill as well as the block granting of SNAP as an alternative mechanism of administering the program.

Title V Credit
Offers direct federal government loans to farmers and guarantees on private lender loans.

Indiana producers and rural entrepreneurs of all types require access to dedicated and specialized lenders to meet their credit needs. A broad range of processing, marketing and other agriculturally related businesses on which farmers depend require ongoing access to reliable and flexible financial products and services to compete in a globalized marketplace.

- USDA farm loan programs should continue initiatives that will increase the speed, efficiency, and ease of access to farm loan programs.
- Should additional funding become available, a guarantee program funding increase is warranted. Direct loans are a one-to-one direct capital outlay by the government and guaranteed loans form a public/private partnership that allow for a more efficient use of taxpayer dollars. (Typically, 3:1 up to 5:1 funds outlay per federal dollar)

Title VI Rural Development
Supports rural business and community development programs.

Depending on the area of the country, federal spending on urban community development is two to five times higher than on rural communities per capita. Federal spending on rural community resources is one-third that of urban or $386 less per capita. (RUPRI)
Federal department collaboration in the funding alignment of the varied programs needs to be available to rural communities. There is a definite need in many small and medium sized Hoosier communities for medium-income housing and rental housing.

- USDA rural development loan programs should continue initiatives that will increase the speed, efficiency, and ease of access to rural communities and farmer loan programs.

- RD broadband programs need to prioritize resources for rural communities most in need of connectivity.

- Supports the efforts to expand infrastructure, workforce development and local processing capacity to increase marketing and processing opportunities for direct to market producers.

- We support the increased access to affordable childcare in rural areas.

- Should additional funding become available, a guarantee program funding increase is warranted. Direct loans are a one-to-one direct capital outlay by the government and guaranteed loans form a public/private partnership that allow for a more efficient use of taxpayer dollars. (Typically, 3:1 up to 5:1 funds outlay per federal dollar)

Title VII Research
Supports agricultural research and extension programs.

Robust funding for agricultural research, particularly within our land grant college system is vital to ensuring our producers remain competitive domestically and globally. The farm bill must ensure adequate funding for research focused on the safety and security of the food system and improving and protecting our natural resources. With continued emphasis on climate change, additional research is needed to provide adequate information to farmers on their agronomic practices regarding the sequestration of carbon and its value to the market.

- Adequate funding must be maintained for agricultural research.

- Should additional funding become available, research funding should be increased.

- The farm bill should dictate whether climate change/carbon research be prioritized.

Title VIII Forestry

Supports forestry management programs run by the USDA Forest Service.

The Hoosier National Forest is located in Indiana and although Indiana has a flourishing hardwood industry, many of the forestry title programs do not apply.

- INFB supports the Rural Revitalization Technologies Program and the Healthy Forests Reserve Program.

Title IX Energy

Encourages the development of farm and community renewable energy systems through various programs including loans and grants.

- We support maintaining the current funding level for the Rural Energy for America Program (REAP).
- We support the Biorefinery Assistance Program and the Biomass Crop Assistance Program (BCAP)

Title X Horticulture

Supports the production of specialty crops, USDA -certified organic foods, and locally produced food and authorizes establishing a regulatory framework for the cultivation of industrial hemp.

The Specialty Crop Block Grant (SCBG) Program provides important tools to enhance specialty crop production while also advancing foods with critical health benefits to Hoosiers. The direct marketing of produce has increased exponentially over the past few years and many Hoosiers have benefitted from this growth.

- Congress and USDA need to ensure flexible, locally responsive and state led programs that provide technical information and funding for the SCBG program.

- Require the Risk Management Agency (RMA) to provide varied risk management options for specialty crop growers.

- USDA must incorporate additional types of production into the Fresh Fruit and Vegetable Program to provide affordable options to increase variety for low-income school children and additional market opportunities for Hoosier producers.

Title XI Crop Insurance

Enhances risk management through the permanently authorized federal crop insurance program.

Crop Insurance is a farmer's first line of defense against climate change and other disasters. As the challenges for Hoosier farmers continue to grow, we believe crop insurance as a safety net is only becoming more and more important to the stability in rural Indiana. It is no accident that the most recent farm bills have emphasized risk management. It is important to point out that as farmers with crop insurance have been financially protected from various weather events, the crop insurance program has operated well within its statutorily required actuarial soundness mandate. Since 1995, crop insurance premiums have exceeded indemnities.

- We oppose a means test, premium discount caps and payment limitations being placed on crop insurance.
- We support the need for crop insurance to continue being federally supported and sold by the private sector.
- We support the need for expanded coverage to existing and new product offerings.
- We support he need to add industrial hemp to the list of insurable commodities.

Title XII Miscellaneous

Covers other programs and assistance, including livestock and poultry production and support for beginning farmers.

- Expand the authorization for the National Animal Health Laboratory Network to bring together the federal government with states, industry, universities, and others to reduce the impact of high consequence animal diseases and provide rapid detection and response capabilities. This also must include developing disease prevention and mitigation technologies.
- Provide support for the vaccine bank and its infrastructure.
- INFB supports the exploration of new risk management tools for livestock producers that are less complex.
- We support a streamlined application process for ALL USDA programs including the use of more online application and administration.
- Increasing the shared FMD vaccine bank above the current 10 million dose limit to 100 million to ensure an adequate response to a potential disease outbreak, and rotating stocks by selling doses before expiration dates on the international market.
- We are opposed to all dairy government supply management programs.

- INFB supports the dairy industry returning to the pre-2018 farm bill class1 mover formula which used “the higher of class 3 or class 4” versus the current formula of “average of class 3 and 4 plus 74 cents” until a better formula is determined. This change in the 2018 farm bill was precipitated by the processors desire to have a more effective system for price risk hedging. In the end, the dairy farmers ability to hedge was diminished.

- INFB supports greater debate on tighter rules concerning de-pooling in the dairy industry. De-pooling gives options to the processors but not to the producers. It gives processors the ability to pull higher valued products out of the blend thus eroding farmer’s prices.

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