

WASHINGTON AGRICULTURE UPDATE AND POLITICS OF CROP INSURANCE

TOM SELL

COMBEST, SELL & ASSOCIATES



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2018 FARM BILL



MAY 18
HOUSE BILL FAILS
198-213

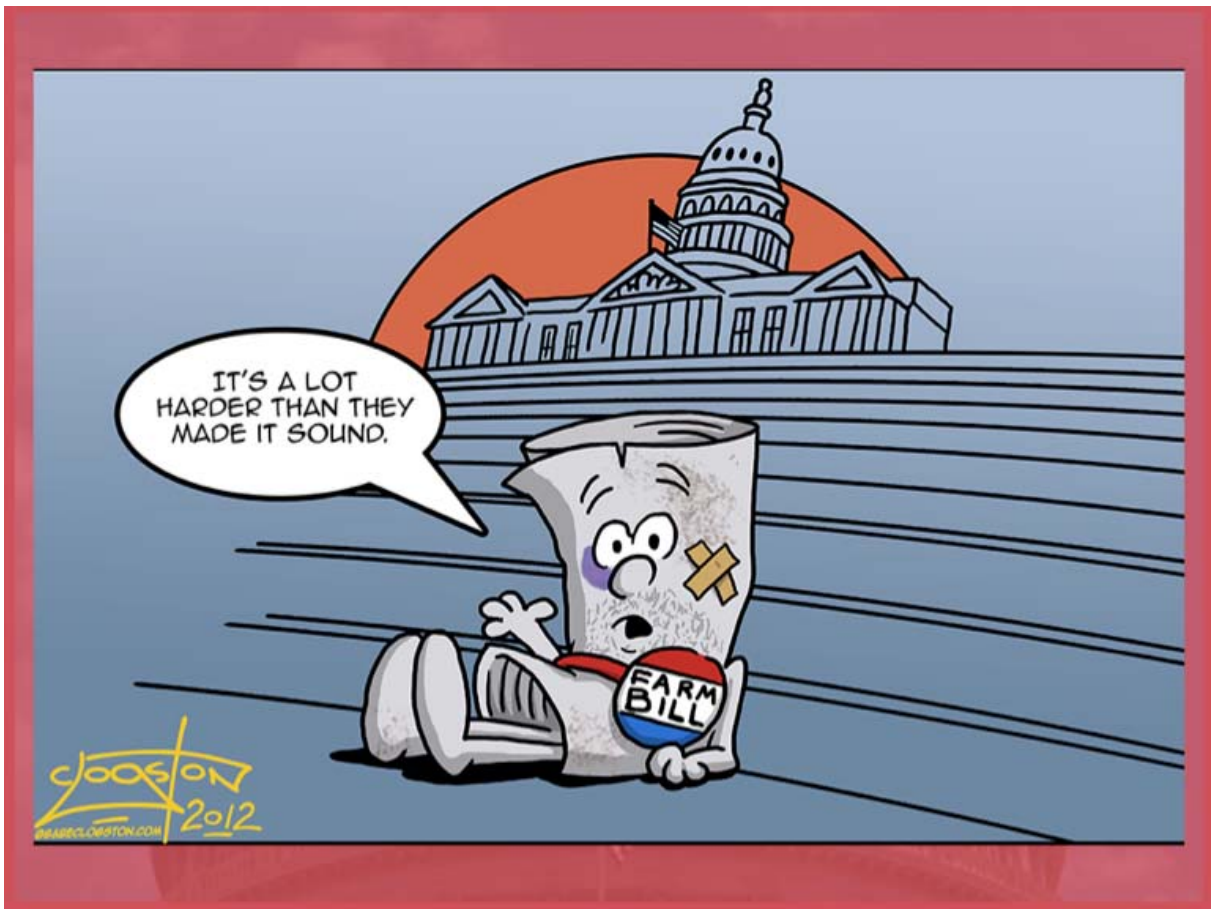
House narrowly passes farm bill that includes stricter work requirements for food stamps, a month after failing on first try

JUNE 21
HOUSE BILL PASSES
213-211

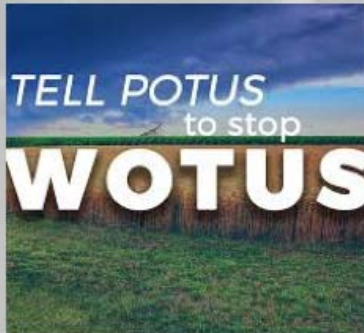


JUNE 26
SENATE BILL PASSES
86-11

SEPTEMBER 5
FIRST PUBLIC CONFERENCE
COMMITTEE MEETING



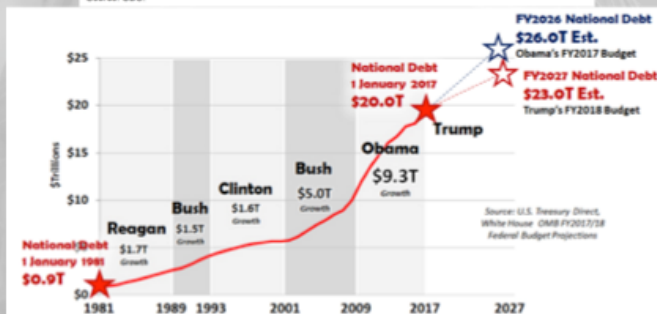
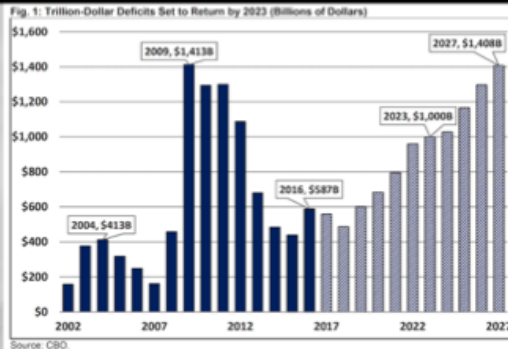
THE 2018 POLITICAL SCENE



H-2A USAGE UP
Certified Positions 2017:
 160,084
Certified Positions 2016:
 133,419
H-2A Positions Georgia:
 18,886
H-2A Positions California:
 12,292

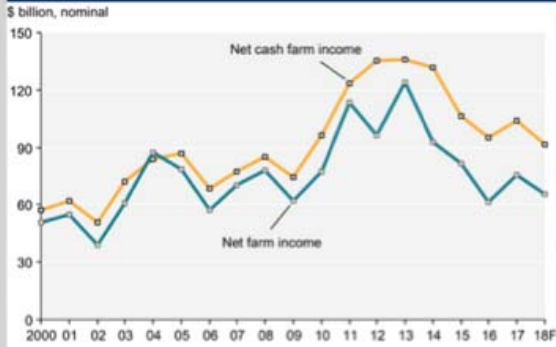


USA DEBT CLOCK - HOW MUCH IS THE US NATIONAL DEBT?
\$ 21,288,733,475,333



STATE OF THE AG ECONOMY

Net farm income and net cash farm income, 2000-18F



Note: F = forecast.
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of August 30, 2018.

13% decrease in NFI projected for 2018

Farm sector debt, inflation adjusted, 1970-2018F



Note: F = forecast. The GDP chain-type price index is used to convert the nominal (current-dollar) statistics to real (inflation adjusted) amounts (2018=100).
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics.
Data as of August 30, 2018.

Farm debt is nearing levels seen in the 1980's.

AGRICULTURE CRITICS



Eliminate U.S. farm policy



Redirect funding to environmental mandates



Punish GMO crop farmers

U.S. PIRG

Make farms smaller



FOUR PRINCIPLES



"This is not a time for a revolutionary farm bill."
-Chairman Pat Roberts



2018 FARM BILL - TITLE I - COMMODITIES

- Mostly status quo with tweaks
- Both allow new PLC/ARC election. Senate allows election for 19 and 20 and another for 21-23.
- House allows PLC reference prices to rise with prices
- House provides no payment if a covered commodity was not planted in any year since 09
- House uses RMA yields for ARC. Senate throws it to the Secretary to use most widely available data source
- House provides improvement to cotton loan, increase to ELS loan rate and to economic adjustment assistance to textile mills. Senate eliminates economic adjustment assistance after 21.
- Both make tweaks to dairy and livestock disaster programs
- House maintains 900K AGI but exempts all pass thrus, Senate lowers to 700K
- House maintains 125K pay limit but exempts all pass thrus, Senate maintains current limit.
- House applies sequester prior to pay limit, expands family definition to first cousins, nieces, nephews. Senate includes Grassley's stricter actively engaged provisions.

2018 FARM BILL - OTHER KEY PROVISIONS

- House increases CRP to 29M acres, Senate to 25M.
- House eliminates CSP and folds popular elements into EQIP. Senate makes urban and indoor Ag eligible for EQIP.
- Both fund MAP, FMD, etc.
- Senate increases use of local food procurement and cash in lieu of food under food aid.
- House requires work capable adults to work, train, or volunteer for 20 hours per week
- Both increase FSA operating and ownership loan limits to 1.75M
- Both provide Secretary with resources and authority to combat opioids.
- Senate legalizes the cultivation, insuring, processing, and sale of industrial hemp.



2018 FARM BILL - OTHER KEY PROVISIONS

- Both boost broadband to reach unserved or underserved areas.
- House contains regulatory relief, including on WOTUS, duplicative CWA/FIFRA permitting, etc.
- Senate establishes office of urban Ag, requiring secretary to assign farm numbers to rooftop, indoor, urban farms.
- House provides mandatory funding for vaccine bank.
- House includes provision blocking states from imposing production standards on Ag products made in other states if they exceed federal or state made in standards.
- Lots of little fires outside SNAP but none that can't be stomped out. The big fire is snap.

2018 FARM BILL- TITLE XI - CROP INSURANCE

- Not much to write home about -- except that there is not much to write home about
- No noxious provisions (or significant offsets) adopted as a poison pill
- Senate allows a producer to establish a single enterprise unit across County lines in multiple counties
- Senate also expands native sod saver provision from Prairie pothole region to whole country, if governor of state OKs.
- House raises CAT fee to \$500.



THREATENING AMENDMENTS FILED

- Rep. Ralph Norman (R-SC) - Reduce Crop Insurance premium discount by 15 percent
- Reps. Kind (D-WI) and Sensenbrenner (R-WI) - Allow for public disclosure of crop insurance premiums
- Rep. Ron Kind - Elimination of new seed cotton policy
- Rep. Bill Posey (R-FL) - Narrow the definition of actively engaged
- Reps. Duncan (R-SC) and Norman - Eliminate premium discount for Harvest Price Option
- Reps. Rothfus (R-PA), Kind, and Sensenbrenner - Impose \$500,000 AGI means test for crop insurance
- Reps. Rothfus and Kind - Lower Title 1 AGI means test to \$500,000
- Rep. Blumenauer (D-OR) - Impose new AGI means test and payment limit for crop insurance
- Rep. Mark Meadows (R-NC) - Allows for only one actively engaged person per farm.
- Rep. Virginia Foxx (R-NC) - Gut U.S. sugar policy (137-278)
- Rep. Tom McClintock (R-CA) - Complete phase out all of agriculture policy (34-380)
- Sen. Dick Durbin (D-IL) - Impose means test and pay limit on crop insurance
- Sen. Chuck Grassley (R-IA) - Narrow actively engaged rules
- Sens. Booker (D-NJ) and Lee (R-UT) - End checkoffs (38-57)
- Sen. Jeanne Shaheen (D-NH) Cut U.S. sugar policy

"AFFIRM" IS DENIED WITH MCCLINTOCK VOTE IN THE HOUSE

FINAL VOTE RESULTS FOR ROLL CALL 194

(Republicans in roman; Democrats in *italic*; Independents underlined)

HR 2 RECORDED VOTE 17-May-2018 5:58 PM

AUTHOR(S): McClintock of California Amendment No. 3

QUESTION: On Agreeing to the Amendment

	<u>AYES</u>	<u>NOES</u>	PRES	<u>NY</u>
REPUBLICAN	34	194		6
DEMOCRATIC		186		7
INDEPENDENT				
TOTALS	34	380		13



"They haven't been able to win because they don't represent real farmers."

Several members of the farm lobby said the economic slump made lawmakers more aware of the need to keep supports in this farm bill. [Butch Comegys/The Times-Tribune via AP]

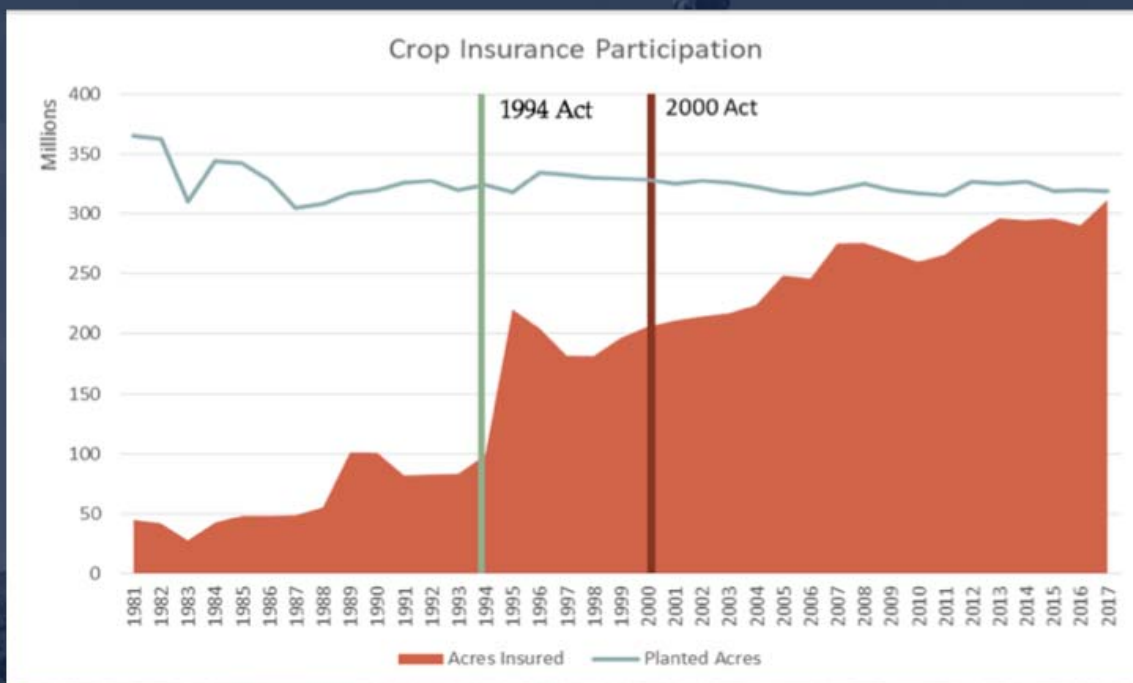
How Congress killed efforts to slash subsidies for wealthy farmers

By CATHERINE BOUDREAU | 08/20/2018 03:17 PM EDT

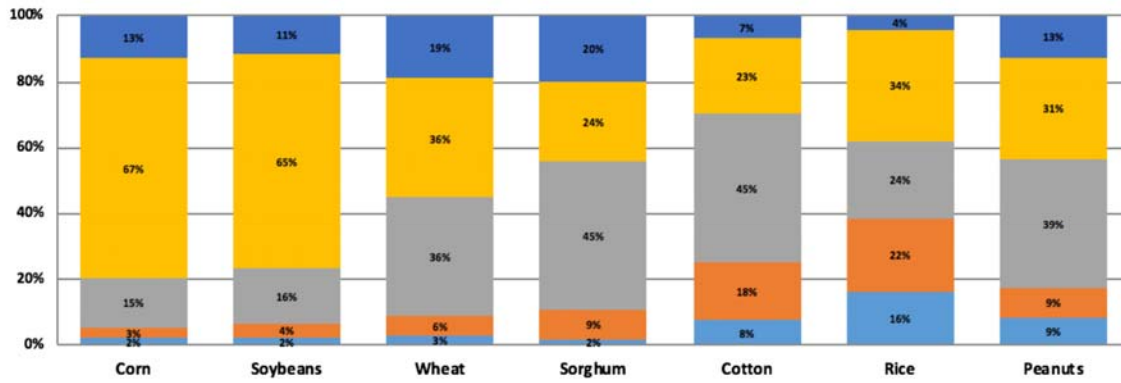
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Fiscal conservatives and liberal environmentalists alike thought they had a good

CROP INSURANCE - DOING ITS JOB



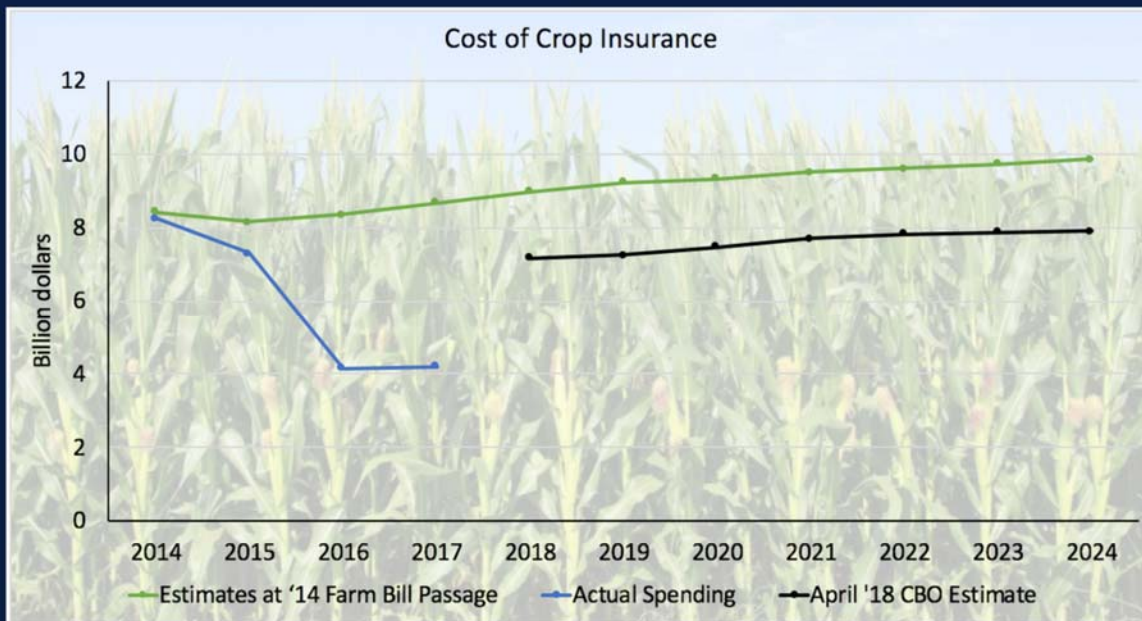
Crop Insurance Coverage as a Percentage of Planted Acres 2017 Crop Year



- Catastrophic Risk Protection (CAT)
- % Minimum Buy-Up (50/100-60/100)
- % Mid Level Buy-Up (65/100-70/100)
- % High Level Buy-Up (75/100-& Above)
- % Acres Uninsured

Source: RMA, NASS

Cost of Crop Insurance



CROP INSURANCE PROJECTED COST AND ACTUAL COST

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Average	
Estimates at '08 Farm Bill Passage	7.746	7.496	7.141	7.175	6.997	7.209	7.46	7.686	7.741	7.814	7.447	
Estimates at '14 Farm Bill Passage							8.429	8.154	8.347	8.678	8.402	
FY Budget Outlays (Actual)	4.075	7.889	4.706	6.387	4.81	13.734	8.244	7.28	4.157	4.208	10 year 6.549	4year 5.97225
Crop Year Indemnities	8.68	5.222	4.254	10.867	17.439	12.039	9.131	6.311	3.905	5.022	8.287	

USDA LEADERSHIP

As agriculture policy leaders, it's our job to make sure American producers and consumers can continue enjoying our vast food supply by reducing regulatory burdens, increasing efficiency, and implementing our programs with responsibility and integrity.

- Secretary Sonny Perdue



CROP INSURANCE ADVOCATES



KEY WASHINGTON ALLIES



TOP AGRICULTURE PACS

1	American Crystal Sugar	\$	2,018,500
2	National Rural Electric Cooperatives Assoc	\$	1,675,500
3	Altria Group	\$	997,000
4	International Paper	\$	940,500
5	Farm Credit Council	\$	771,193
6	National Cotton Council	\$	647,750
7	California Dairies Inc	\$	531,000
8	Deere & Co	\$	497,000
9	Michigan Sugar	\$	452,500
10	National Cattlemen's Beef Assn	\$	444,500
11	Poet LLC	\$	435,300
12	American Sugar Cane League	\$	386,100
13	National Pork Producers Council	\$	326,500
14	RJ Reynolds Tobacco	\$	295,500
15	Southern Minn Beet Sugar Co-Op	\$	290,500
16	Monsanto	\$	285,000
17	Weyerhaeuser Co	\$	272,500
18	Kroger Co	\$	270,500
19	Land O'Lakes	\$	264,500
20	American Forest & Paper Assn	\$	259,000
21	Minn-Dak Farmers Co-Op	\$	256,000
22	Snake River Sugar	\$	233,500
23	Plains Cotton Growers	\$	233,333
24	National Chicken Council	\$	233,000
25	National Turkey Federation	\$	226,500
26	Food Marketing Institute	\$	219,750
27	Crop Insurance Professionals Association	\$	213,000
28	Archer Daniels Midland	\$	202,200
29	Western Sugar Cooperative	\$	188,500
30	Florida Sugar Cane League	\$	187,500



CIPA



**I WANT
YOU**

UNITY. INTENSITY.

EDUCATION. OUTREACH. POLITICAL INVOLVEMENT.

Keep doing your job well.

QUESTIONS

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