

What's in the Farm Bill

The compromise farm bill ready to pass the Senate on Tuesday sets policy for food stamps and farm programs. The five-year bill would cut food stamps by around \$800 million a year and continue generous farm subsidies. Some of what's in the bill:

- Test programs in 10 states that would allow new work requirements for food stamp recipients.
- A prohibition on lottery winners, convicted sex offenders and murderers from receiving food stamps. It would also step up efforts to reduce fraud by retailers who sell food stamps, track food stamp trafficking and ensure that people who have died do not receive benefits.
- The end of so-called direct payments, government subsidies paid to farmers whether they farm or not. The payments now cost around \$4.5 billion a year.
- A new revenue insurance subsidy that would pay farmers in the event of "shallow losses," or revenue losses incurred before their paid crop insurance kicks in. That program might kick in sooner than previously thought as some crop prices have dropped in recent months.
- A separate subsidy program would trigger payments when crop prices drop. This is similar to current subsidies, though the new programs would kick in sooner, especially for rice and peanut producers. Producers would have to choose between these subsidies or the revenue insurance.
- Stricter limits on how much money an individual farmer can receive — \$125,000 annually on all payments and loans, when some were previously unrestricted. The compromise bill is less strict than either the previous House or Senate bills, which had put limits on how much a farmer could receive from individual programs. Language that would limit how many people in a farm operation may receive such payments was also passed by both chambers but taken out of the compromise bill, which would leave the issue to the Agriculture Department to resolve.
- An additional \$570 million a year for government-subsidized crop insurance programs. A Senate amendment that would have lowered crop insurance payouts for the wealthiest farmers was struck from the final version, but farmers would now have to meet certain environmental standards to participate.
- A new dairy program that would do away with current price supports and allow farmers to purchase a new kind of insurance that pays out when the gap between the price they receive for milk and their feed costs narrows. The program is designed to help dairy farmers survive price collapses like they have seen in recent years. But it would not include a so-called stabilization program that would have

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dictated production cuts when oversupply drives down prices. House Speaker John Boehner, R-Ohio, called that "Soviet-style" and pressured negotiators to take it out. He was backed by large food companies which said the program could raise the price they pay for milk.

— A new insurance program for cotton growers designed to bring the U.S. industry into compliance with the World Trade Organization. The WTO said in 2009 that Brazil could raise the tariffs on American goods because the United States had failed to get rid of subsidies the WTO said were illegal.

— Continuation of a depression-era sugar program that supports prices and protects growers from foreign competition. Candymakers supported efforts by some conservatives to scale back the supports, saying they artificially restrict supplies, force consumers to pay more for sugar products and only benefit a few thousand well-off growers. But those efforts were not successful on the House or Senate floor.

— Rural development programs that give loans and grants to rural businesses, universities, infrastructure and communications systems, among other community support.

— A test program that would allow 10 states to grow industrial hemp for research. Those 10 states have legalized cultivation but are unable to produce because of current federal law.

— Land payments to Western states. The bill gives the government authority to make payments of \$425 million to states that lose tax money because of federal lands that they cannot tax, mostly in the West. That funding had expired at the end of last year.

— Authorization for the Christmas tree industry to create a promotion program through the Agriculture Department. The industry had petitioned USDA to set up the program — similar to familiar industry campaigns like "Got Milk?" "Beef: It's What's For Dinner" and "The Incredible Edible Egg" — in 2011, but the White House decided to pull it after conservatives criticized it as a tax on Christmas. The program would be fully funded by a fee of around 15 cents on each tree sold.

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