

Lecture VII: Agricultural Improvement Act of 2018

Charles B. Moss ¹

¹University of Florida

September 10, 2018

Outline

Title I – Commodities
Title II – Conservation
Title III – Trade
Title IV – Nutrition
Title V – Credit
Other Titles

- 1 Title I – Commodities
- 2 Title II – Conservation
- 3 Title III – Trade
- 4 Title IV – Nutrition
- 5 Title V – Credit
- 6 Other Titles

Subtitle A – Commodity Policy

- Producer Election
- Price Loss Coverage
- Agriculture Risk Coverage
- Repeal of transition assistance for producers of upland cotton

Other Commodity Titles

- Subtitle B – Marketing Loans
- Subtitle C – Sugar

Part I – Dairy Risk Coverage

- Dairy risk coverage
- Reauthorizations
- Class I skim milk price
- Milk donation program

U.S. Dairy Programs After the 2014 Farm Bill

- The 2014 farm bill makes significant changes to the structure of U.S. dairy support programs. In particular, major price and income support programs from the 2008 farm bill (P.L. 110-246) were replaced with two new programs—an insurance-like Margin Protection Program (MPP) for producers and a Dairy Product Donation Program (DPDP) involving government purchases of dairy products during periods of low margins.

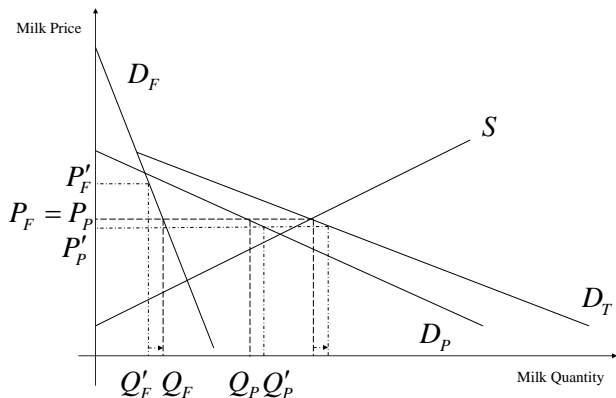
U.S. Dairy Programs After the 2014 Farm Bill, Continued

- A federal policy goal has been to support producer incomes by supporting the farm price of fluid milk. However, fluid milk is highly perishable. As a result, federal programs have supported milk prices indirectly by offering to buy storable dairy products (e.g., powdered milk, butter, or cheese) at support prices set in fluid-milk equivalents.

U.S. Dairy Programs After the 2014 Farm Bill, Continued

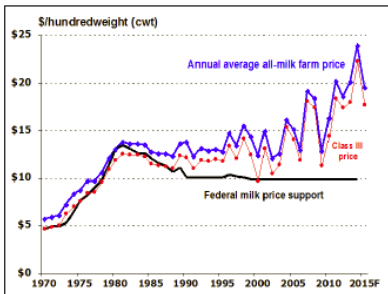
- Federal dairy price supports were first established in 1949 and were modified in subsequent legislation, including the 2008 farm bill (P.L. 110-246), which established the Dairy Product Price Support Program (DPPSP). DPPSP indirectly supported the farm price of fluid milk at a fixed \$9.90 per hundred lbs. (i.e., hundredweight or cwt.) through government purchases of dairy products from processors.

Milk Program – Two Price Regime



Milk Price Movements

Figure 1. Milk Prices Moved Well Above Previous Federal Support Level by 1990



Source: Compiled by CRS from USDA price data.

Dairy Margin Protection Program (MPP)

- The MPP is a voluntary program that makes a payment to participating farmers when a formula-based national margin—calculated as the national average farm price for all milk minus a national average feed ration cost—falls below a producer-selected insured margin that can range from \$4.00 per cwt. to \$8.00/cwt. in \$0.50/cwt. increments (Figure 3). MPP payments are based on a farm-level production history and a producer-selected coverage level that ranges from 25% to 90%—the product of these two items yields the covered production history (CPH).

Remaining Commodity Subtitles

- Subtitle E: Supplemental Agricultural Disaster Assistance
- Subtitle F: Noninsured Crop Assistance
- Subtitle G: Administration
 - Regulations
 - Suspension of permanent authority
 - Implementation
 - Adjusted gross Income limitation
 - Base acres review
 - Farm Service Agency accountability
 - Technical corrections

Title II - Conservation

- Conservation Reserve Program
- Conservation Stewardship Program
- Environmental Quality Incentives Program
- Other Conservation Programs
- Funding and Administration
- Technical Corrections

Title III – Trade

- Food for Peace Act
- Agricultural Trade Act of 1978
 - Priority trade promotion, development, and assistance
- Other Agricultural Trade Laws
 - Food for Progress Act of 1985

Title IV – Nutrition

- Supplementary Nutrition Assistance Program
 - Work requirements of supplemental nutrition assistance program.
- Commodity Distribution Programs
- Miscellaneous

Title V – Credit

- Farm Ownership Loans
- Operating Loans
- Administrative Provisions
- Miscellaneous
 - Socially disadvantaged farmers and ranchers

Other Titles

- Title VI – Rural Development
- Title VII – Research, Extension, and Related Matters
- Title VIII – Forestry
- Title IX – Energy
- Title X – Horticulture
- Title XI – Crop Insurance
- Title XII – Miscellaneous