

# Theme Overview: Deciphering Key Provisions of the Agricultural Act of 2014

Jody Campiche

*JEL Classifications: Q18*

*Keywords: 2014 Farm Bill, ARC, Dairy, Conservation, Nutrition, PLC, SCO, Specialty Crops, STAX*

After more than three years of debate on the next farm bill, the Agricultural Act of 2014 was signed into law on February 7, 2014. Overall, total spending under the new bill will be reduced by \$23 billion as compared to the baseline over the next 10 years. The Agricultural Act of 2014 reforms the dairy program, includes major changes to commodity programs, adds new supplemental crop insurance programs, consolidates conservation programs, expands programs for specialty crops, reauthorizes important livestock disaster assistance programs, and reduces spending under the Supplemental Nutrition Assistance Program (SNAP). However, despite large cuts in total program spending, the Act continues to provide important programs to ensure a safe and adequate food supply and to protect our natural resources. The articles in this theme discuss new or revised provisions relating to commodities, crop insurance, dairy, conservation, nutrition, and specialty crops as included in the Agricultural Act of 2014.

For agricultural commodity producers and landowners, this farm bill offers new programs and new choices. Key changes include the elimination of direct payments, counter-cyclical payments, and the Average Crop Revenue Election (ACRE) program. Producers now have a choice between new commodity programs, including Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC), as well as some new supplemental, area-wide crop insurance programs. Throughout the process, the House and Senate agriculture committees focused on providing a strong safety net to producers with an emphasis on risk management and crop insurance. This objective was further enhanced by including a new level of interaction between commodity and crop insurance programs. Enrollment in the new

## Articles in this Theme:

**Agricultural Act of 2014: Commodity Programs**

**Crop Insurance in the Agricultural Act of 2014**

**The Dairy Subtitle of the Agricultural Act of 2014**

**Conservation and the Agricultural Act of 2014**

**After Long Argument, Then Compromise, Congress Agrees on Nutrition Assistance Benefit Cuts in the Agricultural Act of 2014**

**Highlights of the Agricultural Act of 2014 for Specialty Crops**

commodity and crop insurance programs are linked and producers and landowners will likely want to consider both choices simultaneously. Another key change is the elimination of upland cotton as a covered commodity under Title I commodity programs. Jody Campiche, Joe Outlaw, and Henry Bryant discuss key details of the new commodity programs and interactions with the new crop insurance programs.

Keith Coble, Art Barnaby, and Rodney Jones provide further discussion on the new supplemental crop insurance programs and potential interactions with individual insurance policies as well as commodity programs. Crop insurance has become an increasingly important component of the federal safety net for producers as evidenced by an increase in funding and programs in the Agricultural Act of 2014. The ability to purchase both an individual crop

insurance policy as well as a new area-triggered supplemental insurance policy are key additions to the crop insurance program in this farm bill. Other key changes to the crop insurance program, such as the ability to exclude low yields from a producer's Actual Production History (APH), are also discussed in this article.

The increased emphasis on risk management programs continues in the dairy subtitle as well. After a rather difficult and contentious debate, the dairy safety net that has been in place for decades underwent a complete overhaul. Previous programs designed mainly to support price were replaced with programs designed to protect producer margins. Mark Stephenson and Andrew Novakovic discuss the evolution and details of the new Margin Protection Program and the Dairy Production Donation Program.

The conservation title has been part of federal farm policy since the 1930s and continues to be an important piece of the Agricultural Act of 2014. Over the years, the conservation title has grown in the farm bill to address multiple objectives and had evolved into 23 different programs. However, just as most other programs

were subject to budget cuts, overall spending on the conservation title was reduced as well. The conservation title underwent significant streamlining and many of the smaller, overlapping programs were consolidated so that 13 programs remain in the 2014 Act. Brad Lubben and Jim Pease discuss the impact of the consolidation on important conservation programs.

Another key issue in the farm bill debate was a reduction in spending under the nutrition title, which is the largest area of farm bill spending. Due to major disagreements over the nutrition title, the House initially passed an agriculture-only bill and later passed a separate nutrition bill. An agreement was finally reached to cut \$8 billion over 10 years from SNAP and the nutrition programs were re-attached to the other farm bill programs. The reduction in spending will mostly be achieved by changing how energy assistance benefits are counted in the SNAP benefit determination. About 80% of farm bill dollars is spent on the nutrition title, so the \$8-billion-cut represents about 1% of the total. Parke Wilde discusses the impact of these cuts to SNAP participants.

Although federal funding and support for the specialty crop industry is much lower than for traditional crops, more attention was given to address the critical needs of this industry and funding was included in the 2014 Act. Some of the existing programs were expanded and new programs were created to support the specialty crop industry. Alba Collart and Keith Coble provide an overview of farm bill programs related to specialty crops.

*Jody Campiche (jody.campiche@ok-state.edu) is Assistant Professor and Extension Economist in the Department of Agricultural Economics at Oklahoma State University, Stillwater.*