Public Policy and Agriculture

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With
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Food & Resource Economics Department
University of Florida

Florida Outlook Conference
November 13, 2012
Why Public Policy?
Why Public Policy?

- Establish & maintain public order
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• Address issues/concerns that are “out of reach” of individual action
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• Address issues/concerns that are “out of reach” of individual action

• Address changes in economic, social & cultural norms
Why Public Policy?

• Establish & maintain public order

• Address issues/concerns that are “out of reach” of individual action

• Address changes in economic, social & cultural norms

• Address natural and social emergencies
Why Public Policy for Food & Agriculture?
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- Economic instability
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- Economic instability
- Globalization
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- Economic instability
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- Technological changes
Why Public Policy for Food & Agriculture?

• Economic instability

• Globalization

• Technological changes

• Food safety concerns
Why Public Policy for Food & Agriculture?

- Economic instability
- Globalization
- Technological changes
- Food safety concerns
- Environmental concerns
Public Policy for Food & Agriculture
Public Policy for Food & Agriculture

US Budget FY 2012 – $3.796 Trillion
USDA Budget FY 2012 – $23.9 Billion (Decrease of $3.2 Million from 2011)
Public Policy for Food & Agriculture

• RE: Economic instability
Public Policy for Food & Agriculture

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  Government needs to
Public Policy for Food & Agriculture

- RE: Economic instability
  Government needs to
  - Ensure there is enough food (Quantity)
Public Policy for Food & Agriculture

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  - Ensure a safe and secure food supply (Quality)
Public Policy for Food & Agriculture

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  – Ensure a safe and secure food supply (Quality)
  – Ensure profitable and affordable food (Price)
Public Policy for Food & Agriculture

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QQP
Policy for Food & Agriculture – “Farm Bill”

Legislation designed to
Policy for Food & Agriculture – “Farm Bill”

Legislation designed to
– Help farmers reduce risk
Policy for Food & Agriculture – “Farm Bill”

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- Increase competitiveness, expand domestic and international demand
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- Promote sustainable land, air, and water use
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- Promote sustainable land, air, and water use
- Provide for food security, safety and homeland security
Policy for Food & Agriculture – “Farm Bill”

Legislation designed to

- Help farmers reduce risk
- Increase competitiveness, expand domestic and international demand
- Promote sustainable land, air, and water use
- Provide for food security, safety and homeland security
- Expand agriculture’s contribution to energy production
Policy for Food & Agriculture – “Farm Bill”

- Title I: Commodity Programs
- Title II: Conservation
- Title III: Trade
- Title IV: Nutrition Programs
- Title V: Credit
- Title VI: Rural Development
- Title VII: Research
- Title VIII: Forestry
- Title IX: Energy
- Title X: Horticulture & Organic Agriculture
- Title XI: Livestock
- Title XII: Crop Insurance
- Title XIII: Commodity Futures
- Title XIV: Miscellaneous
- Title XV: Trade & Taxes
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Farm Bill Expenditures

2012 Budget

- **Nutrition**: 77%
- **Conservation**: 7%
- **Crop Insurance**: 9%
- **Commodities**: 7%
Farm Bill

Title I: Commodity Programs
Title I: Commodity Programs

- Support “Program Crops”
  - Wheat, corn, grain sorghum, barley, oats, upland cotton, rice, soybeans, oilseeds, peanuts, wool, honey, peas, lentils, sugar, dairy
  - Livestock
Farm Bill

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  - Wheat, corn, grain sorghum, barley, oats, upland cotton, rice, soybeans, oilseeds, peanuts, wool, honey, peas, lentils, sugar, dairy
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- Direct Payments
- Counter-cyclical payments
- Marketing assistance
- Subsidized crop insurance
- Herd health assistance
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2012-2013 House and Senate Farm Bills eliminate direct and counter-cyclical payments for most program crops
Farm Bill & Florida

- Title I: Commodity Programs
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- Title XIV: Miscellaneous
- Title XV: Trade & Taxes
Farm Bill & Florida

Title II: Conservation
Title II: **Conservation**

- Conservation Stewardship Program
  - Encourages agricultural and forestry producers to *address resource concerns* by additional *conservation activities* and improving and maintaining existing conservation systems
  - $1.2 million in payments in fiscal year 2011
Title II: Conservation

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• Conservation Reserve Program (CRP)
  – Rental payments to help agricultural producers *safeguard environmentally sensitive land*

<table>
<thead>
<tr>
<th>STATE</th>
<th>NUMBER OF CONTRACTS</th>
<th>NUMBER OF FARMS</th>
<th>ACRES ENROLLED</th>
<th>RENTAL PAYMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLORIDA</td>
<td>1,324</td>
<td>1,070</td>
<td>56,729</td>
<td>$2,275,180</td>
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</table>
Farm Bill & Florida

EQIP financial and technical help to install or implement structural and management practices improving environmental quality
Farm Bill & Florida

Title IV: Nutrition Programs
Title IV: **Nutrition Programs**

- Supplemental Nutrition Assistance Program (SNAP)
Title IV: **Nutrition Programs**

- **Supplemental Nutrition Assistance Program (SNAP)**

Federal Funding for Florida SNAP/Food Stamps

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$4,416,942,533</td>
</tr>
<tr>
<td>2011</td>
<td>$5,148,715,738</td>
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</tbody>
</table>
Title IV: **Nutrition Programs**

- Women, Infant & Children (WIC)
  - Federal Funding for WIC in Florida
    
    | Year | Funding          |
    |------|------------------|
    | 2010 | $348,063,207     |
    | 2011 | $373,023,984     |
Title IV: **Nutrition Programs**

- **Women, Infant & Children (WIC)**
  - Federal Funding for WIC in Florida
    - 2010  $348,063,207
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- **Child and Adult Care Food Program (CACFP)**
  - Federal Funding for CACFP in Florida
    - 2010  $150,163,073
    - 2011  $160,491,669
Title IV: **Nutrition Programs**

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  - Federal Funding for WIC in Florida
    - 2010: $348,063,207
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- Child and Adult Care Food Program (CACFP)
  - Federal Funding for CACFP in Florida
    - 2010: $150,163,073
    - 2011: $160,491,669

- National School Lunch Program
  - Federal Funding for School Lunches in Florida
    - 2010: $606,298,517
Farm Bill & Florida

Title VII: Research
Farm Bill & Florida

Title VII: Research

- Hatch Act “Formula Funding”
  - University of Florida 2012 Funds -- $2,968,878
  - University of Florida 2011 Funds -- $2,973,395
Title VII: Research

- Hatch Act “Formula Funding”
  - University of Florida 2012 Funds -- $2,968,878
  - University of Florida 2011 Funds -- $2,973,395

- Specialty Crop Block Grants
  Marketing research for fruits and tree nuts, vegetables, culinary herbs and spices, medicinal plants, nursery, floriculture, and horticulture crops
  - USDA partner with UF, DACS, industry groups
  Amount Awarded 2011: $4,385,465
  Number of Projects: 24
Farm Policy Outlook
Farm Policy Outlook

• The Fiscal Cliff
Farm Policy Outlook

• The Fiscal Cliff
  – “Sequestration”
    • Automatic spending cuts
      • Budget Control Act (BCA) of 2011
      • End of tax reduction
Farm Policy Outlook

• The Fiscal Cliff
  – “Sequestration”
    • Automatic spending cuts
      • Budget Control Act (BCA) of 2011
      • End of tax reduction
    • $28-35 billion reduction in USDA budget 2013-17
Farm Policy Outlook

- Nutrition Programs will continue (reduced $$)
Farm Policy Outlook

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• Direct & Counter-cyclical payments ended
  – “risk management” policies implemented
Nutrition Programs will continue (reduced $$)

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Some subsidies remain
  Crop insurance & dairy & livestock (reduced $$)
Farm Policy Outlook

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- Conservation Programs continue (reduced $$)
Farm Policy Outlook

House vs. Senate
Farm Policy Outlook

House vs. Senate

• House:
  – “Federal Agriculture Reform and Risk Management Act of 2012”
  – Cuts ~ $35 billion
Farm Policy Outlook

House vs. Senate

• House:
  – “Federal Agriculture Reform and Risk Management Act of 2012”
  – Cuts ~ $35 billion

• Senate:
  – “Agriculture, Food Reform & Jobs Act of 2012”
  – Cuts ~ $23 billion
House vs. Senate Points of Contention

• Supplemental Nutrition Assistance Program
  – -$1.6 b vs. -$400 m
Farm Policy Outlook

House vs. Senate Points of Contention

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• Crop insurance to replace direct payments (commodities)
Farm Policy Outlook

House vs. Senate Points of Contention

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House vs. Senate Points of Contention

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• Trade and marketing support programs