



2012 Farm Bill & the Future of Ag Policy



National Council of Farmer Cooperatives

Representing the Business Interests of Agriculture



**Farmer Co-ops:
Providing for America.**

From food and clothing to financing and energy, farmer-owned co-ops provide more things than you might imagine — and more jobs than you'd probably expect. Hundreds of thousands of them. And they contribute to millions more.

They're not only at the foundation of America's success story in agriculture, farmer co-ops help ensure future success by providing risk management tools, agronomic expertise, new technologies, capital and the clout for farmer members to work with retail chains and compete in the international arena.

Get the full story about the Year of the Farmer Co-op at ncfc.org.



2012
YEAR OF THE
FARMER CO-OP

NCFC: Representing the Policy & Business Interests of Farmer Co-ops

- Protecting the Capper-Volstead Act.
- Educating policy makers on tax policy and its impacts on co-ops.
- Working to ease the regulatory burden on producers/co-ops.
- Ensuring an adequate labor force.
- Preserving risk management options.
- Advocating for co-ops in the 2012 farm bill.



2012 Farm Bill—Finding a Path Forward Amid Election Year Politics

2007+5=2012

The Election: What we know and what we don't know right now.

The Presidential Race

- President Obama re-elected by an Electoral College margin of 303-206, with Florida and its 29 EC votes too close to call.
- President had strong showing in the 8 swing states, losing only one (NC).
- Popular vote shows a much closer race—once ballots are counted on the West Coast, President Obama will likely win by one percent or so.

The House of Representatives

- GOP maintains control.
- Latest tally—232 Republicans, 192 Democrats with 10 races too close to call and one (Louisiana 3rd) headed to run off.
- End result--Democrats will gain at most a handful of seats with the Republican majority firmly intact.
- What are the implications for leadership elections this January?

United States Senate

- Latest results—52 Democrats, 45 Republicans, 2 Independents (expected to Caucus with Democrats) and one race undecided (ND).
- Dems will pick up one or two seats, something very unlikely just six months ago.
- Even with 55 votes, Harry Reid remains far short of the 60 votes needed to end a filibuster.

Notable results for agriculture:

- Proposition 37 to require GMO labeling in California was defeated 53%-47%.
- Senate Ag Committee Chair Debbie Stabenow easily wins re-election, as do Chairman Lucas and Ranking Member Peterson in the House.
- Several House Ag Committee members were defeated: Boswell (D-IA), Kissell (D-NC) and Schilling (R-IL). McIntyre's (D-NC) race is too close to call.

Implications for Agriculture

- What does a status quo election mean for the possibility of getting a farm bill done in the lame duck?
- The House Agriculture Committee Democrats have lost their second and third most senior members—how will this impact the dynamic of what had been a bipartisan committee?
- Will we see a new avalanche of regulations now that the President has been re-elected?

As noted, the election will have a dramatic impact on the farm bill and the lame duck—here is the state of play.

Observations on the Senate Bill:

- Commodity title noted for regional differences.
- Tinkering with crop insurance (considered a farm program b/c of \$20 billion payout).
 - conservation compliance
 - income limits
- Overall, a focus on consolidation of programs, especially in Conservation and Rural Development.
- Very modest cut to nutrition spending.
- Specialty crops came out very well with the support of Chairwoman Stabenow.
- Gradual reduction in CRP acreage.

House Committee Takes a Different Tack

- Eliminates direct payments, increases target prices.
- Cuts nutrition programs more deeply (\$16 billion over 10 years—from an \$800 billion baseline).
- Continues to consolidate and eliminate programs.
- Includes HR 872 to eliminate unnecessary pesticide permit requirements—opens up debate on regulatory reform.

The road forward...

- With the election over, focus moves to lame duck.
- Ag groups need to be ready with proposal for the lame duck—dairy serves as a good example of producers reaching an agreement. Program crops need to do the same.
- Failure to agree guarantees a one-year extension.
 - What happens to dairy or specialty crop programs whose funding expired before the end of the last farm bill?

Rural America has very few votes in the House and results of a farm bill debate on the House floor are always challenging..

Farm Bill will not be only issue on agenda in lame duck—the fiscal cliff looms large:

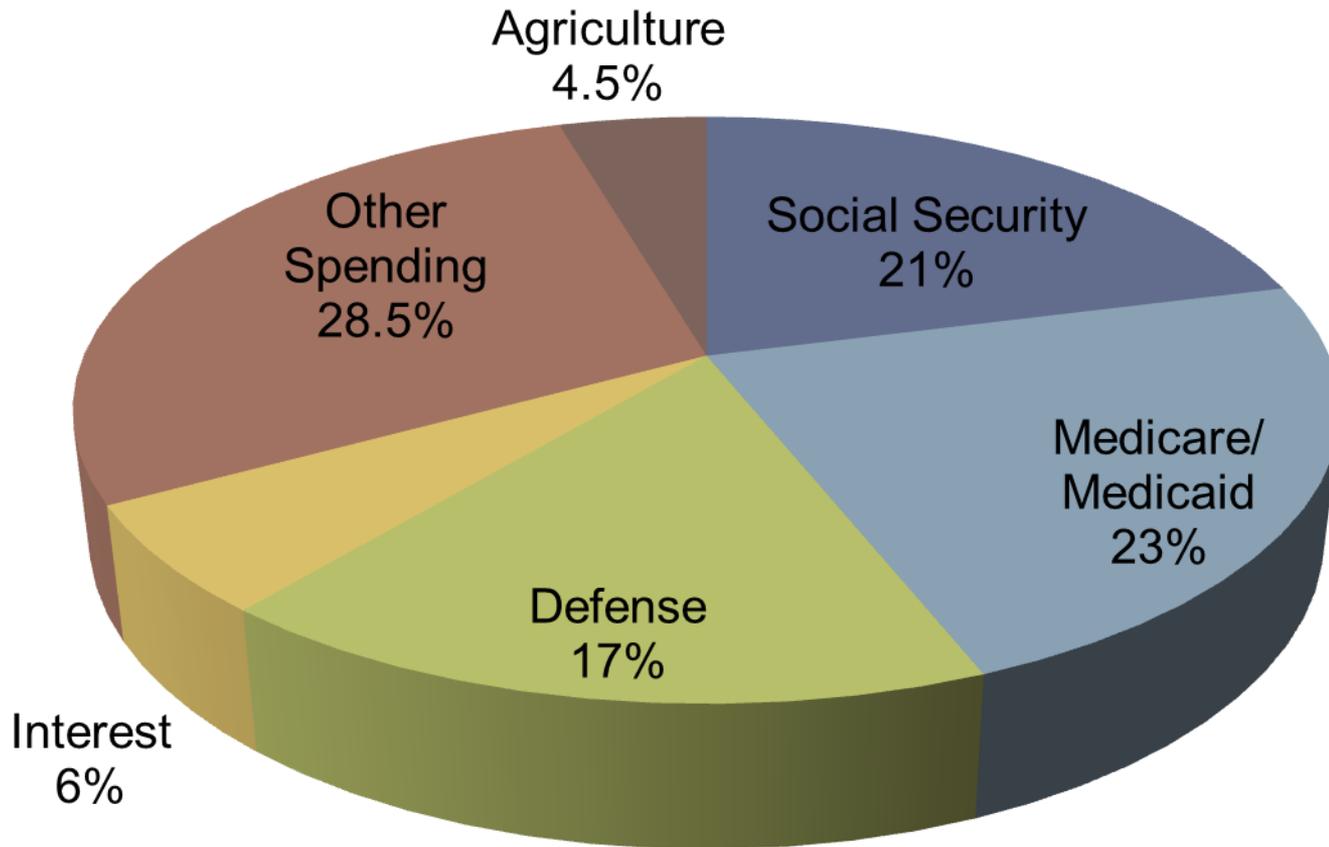
- Expiration of Bush tax cuts, payroll tax holiday, extended unemployment benefits, mandatory “sequestration” cuts (half to defense), and need to raise the debt ceiling.
- If nothing happens, GDP would fall by 4 points or more, causing another recession.
- An always hesitant White House and Congress may have left themselves no option but to act.

In the longer term, the need to deal with the deficit:

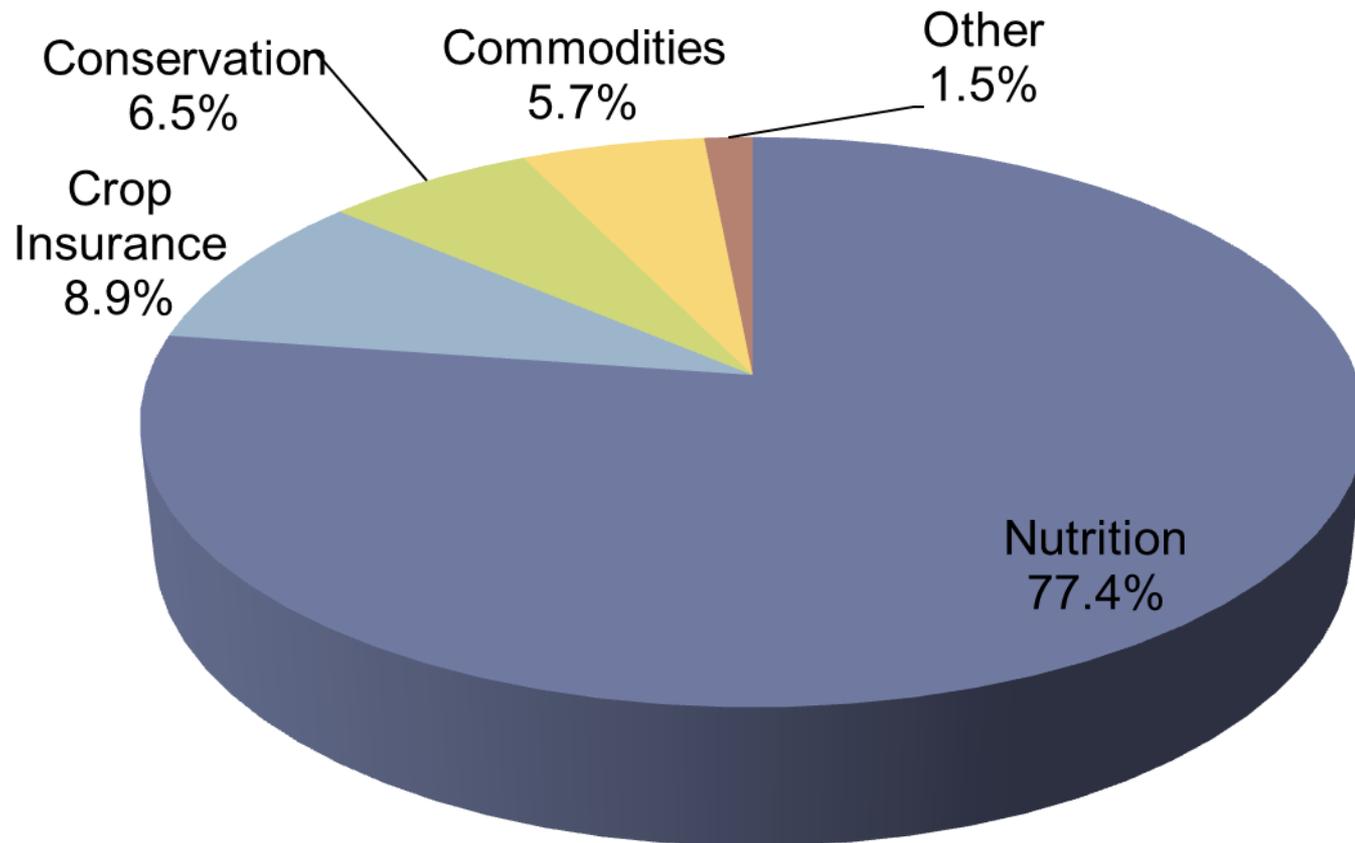
- Social Security \$770 billion
- Defense \$680 billion
- Medicare \$560 billion
- Medicaid \$262 billion
- Debt Interest \$224 billion
- **Total:** **\$2.5 trillion**

- Total FY 2012 Budget \$3.6 trillion
- Total FY 2012 Projected Deficit \$1.1 trillion

January 2012 CBO Budget Projections



Farm Bill Projected Spending-January 2012 Baseline



Looking ahead: What Should USDA's Focus Be in a Second Obama Term?

- Advocating for regulatory relief/reform for agricultural producers and their co-ops.
- Pushing to open new markets/revive moribund trade agenda.
- Championing of modern production agriculture and pushing back the misinformation that led to Question 37 in CA.



2012
YEAR OF THE
FARMER CO-OP

Thank you!