The U.S. Farm Bill …. Way out West

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Introduction

The U.S. farm bill gets a new face every few years, most recently when the Agricultural Act of 2014 was signed into law in February 2014. Thirteen farm bill makeovers since 1933 have resulted in adjustments to the price and income support mechanisms introduced during the Great Depression to improve economic conditions for America's farmers, and in new roles in society for the U.S. Department of Agriculture (USDA) (table 1).

Table 1. U.S. Farm Bills, 1933-2014

Agricultural Adjustment Act of 1933*
Agricultural Adjustment Act of 1938
Agricultural Act of 1949**
Food and Agricultural Act of 1965
Agricultural Act of 1970
Agricultural and Consumer Protection Act of 1973
Food and Agriculture Act of 1977
Agriculture and Food Act of 1981
Food Security Act of 1985
Food, Agriculture, Conservation, and Trade Act of 1990
Federal Agriculture Improvement and Reform Act of 1996
Farm Security and Rural Investment Act of 2002
Food, Conservation, and Energy Act of 2008
Agricultural Act of 2014

*Funding provisions in the 1933 law included a processing tax on the commodities, which was declared unconstitutional in 1936 on the grounds Congress had passed a tax beneficial to one segment of the nation while causing detriment to everyone else (Cain and Lovejoy, 2004).
**The 1949 Act is considered the permanent farm bill legislation. All subsequent laws have been amendments to the 1949 law.
Source: National Agricultural Law Center, United States Farm Bills. Accessed online: http://nationalaglawcenter.org/farmbills

Farm bill narratives in the popular press and policy text books have evolved over the decades to reflect the changing nature of farm bill programs, but neither forum has given much attention to the geographic dimensions of the farm bill's influence across the nation. Most Americans would likely say, if asked, that farm programs were and are still primarily for the benefit of the country's "heartland" or the American Midwest. And, if asked, most Westerners would likely say the farm bill doesn't have much if any relevance for their "neck of the woods," where landscapes are dominated by mountain ranges, sage brush, rangelands, and – now –oil and gas development, rather than crop production.

This article focuses in on the farm bill in the six Rocky Mountain States: Colorado, Idaho, Montana, New Mexico, Utah, and Wyoming. Program payment data are used to explore the share of total and program-specific payments distributed to Western recipients, and the composition of Western-destined payments among the various programs administered by

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USDA. There's no obvious way to determine the optimal geographic distribution of farm payments. A region's share depends on a number of factors, such as the size and composition of its agricultural sector, program participation rates among qualified producers, the presence of various types of environmental sensitivities targeted by federal conservation programs, and regional weather patterns and pest infestations that result in disaster or emergency assistance payments. However, examination of some simple payments-based indicators suggests farm bill programs may be more important way out west than commonly thought. This finding may prompt more geographically targeted assessments of program participation and effectiveness in the Western region. Additionally, some significant changes in the 2014 farm bill are aimed at those programs that have a particular Western bent, including land retirement and easement programs, conservation programs on working lands, and natural disaster and emergency assistance programs. Western stakeholders and analysts may want to take special note of these changes.

Farm Program Payments to the Rocky Mountain West

The Environmental Working Group (EWG) collects and reports on federal farm program payments by category, state, and individual person or corporate entity recipient (EWG). The EWG payments include crop-specific income support payments, crop insurance payments, conservation program payments, and disaster and emergency assistance payments.[2] Crop-specific payments include fixed and counter-cyclical payments, marketing loan, and loan deficiency payments for so-called program, or covered, commodities; and non-recourse price support loans made through the sugar program. Covered commodities include wheat, feed grains, rice, oilseeds, peanuts, and pulses, and – previously -- cotton. Conservation payments include rental payments for land enrolled in the Conservation Reserve Program (CRP), payments associated with other land retirement or easement programs, and cost-share payments to support adoption of conservation practices on working lands. Disaster payments are made by USDA to crop and livestock producers in designated areas following disaster declarations, due to drought, flood, fire, pests, disease, freeze, and tornados.

Table 2 shows the total value of farm program payments to the United States and each of the six Rocky Mountain States for the 18-year period from 1995 through 2012. The advantage of this fairly long time period is the smoothing of yearly fluctuations in payments associated with commodity price movements and periodic disasters. Out of the $292.5 billion in total payments over this period, just a little over $18 billion, or just 6.3 percent, went to farms and ranches in Rocky Mountain States (table 3). This figure would seem to lend credence to the notion that the West is not a big farm bill program beneficiary in relation to the rest of the nation.

[2] One source of information about the full range of farm bill-authorized programs and payments administered by the USDA is Ballenger (2015).

Table 2. Farm Program Payments, Rocky Mountain States, by category, 1995-2012 (Billion U.S. dollars)

Payment category	U.S. total	Colorado	Idaho	Montana	New Mexico	Utah	Wyoming
All	$292.5	$5.430	$3.16	$6.590	$1.470	$0.640	$0.758
CRP	31.5	1.320	0.593	1.900	0.331	0.115	0.145
Disaster	22.5	0.645	0.253	0.709	0.290	0.130	0.176
EQIP	4.2	0.166	0.081	0.133	0.110	0.110	0.086
Livestock, Wool, Sheep Meat	4.0	0.098	0.050	0.196	0.128	0.067	0.111
Sugar beet	0.24	0	0.044	0	0	0	0.008

Source: EWG, 2012 Farm Subsidy Database. Accessed online: http://farm.ewg.org/progdetail.php?fips=00000&progcode=total&page=states&regionname=theUnitedStates

However, as table 3 shows, the percentage of payments distributed to recipients in the Rocky Mountain region is considerably larger for several specific programs or program groupings, including sugar beet payments, the Environmental Quality Incentive Program (EQIP), livestock program payments, CRP, and disaster and emergency assistance payments. More than a fifth of all sugar beet payments during this time period were made to Idaho and Wyoming recipients.

Table 3. Share of Farm Program Payments to Rocky Mountain States, by category, 1995-2012 (as a percent of total U.S. payments)

	Colorado	Idaho	Montana	New Mexico	Utah	Wyoming	Six Rocky Mountain
All	1.9	1.1	2.3	0.5	0.2	0.3	6.3
CRP	4.2	1.9	6.0	1.0	0.4	0.5	14.0
Disaster	2.9	1.1	3.2	1.3	0.6	0.8	9.9
EQIP	4.0	1.9	3.2	2.6	2.6	2.0	16.3
Livestock, Wool, Sheep meat	2.4	1.3	4.9	3.2	1.7	2.8	16.3
Sugar beet	--	18.3	--	--	--	3.3	21.6

Source: Derived from Table 2

Over 16 percent of EQIP, and livestock, wool and sheep meat payments were made in the six states; and the region received about 14 percent of all CRP payments and about 10 percent of all disaster assistance payments. These particular farm bill programs are likely, therefore, to be those of most interest in the Rocky Mountain region. As discussed below, the 2014 farm bill resulted in a number of changes to this set of programs.

While there is no obvious way to assess the appropriateness of payment shares received by the Rocky Mountain region versus other regions—or it would take a much more in-depth analysis than presented here—it is interesting to examine these shares further from a couple of perspectives. One is to compare the contributions of payments to farm and ranch income in these six states versus the country at large. Are government payments more or less important way out west in this sense?

The Bureau of Economic Analysis (BEA) reports cash receipts from market sales of all crops and livestock products and farm program payments, by state and for the nation as a whole. During the 1995-2012 period government payments were equal to 5.3 percent of national farm and ranch cash receipts (and equaled more than 26 percent of "realized net income"). Payments in relation to cash receipts were about two percent lower in Utah (at 3.1 percent), New Mexico (at 3.1 percent), and Idaho (at 3.2 percent); about one percent lower in Colorado (at 4.5 percent) and Wyoming (at 4.3 percent); and considerably higher in Montana (at 13.1 percent) (BEA, CA45 Farm Income and Expenses, accessed online: http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=5#reqid=70&step=27&isuri=1&7022=14&7023=7&7024=non-industry&7025=4&7026=49000&7001=714&7028=-1&7031=49000&7083=levels&7029=14&7090=70).

The slightly lower percentages for five of the six Rocky Mountain States are likely due to the larger representation of livestock and livestock products in cash receipts earned by Western growers, products that have historically received less government support than crops. Data from USDA's National Agricultural Statistics Service (NASS) allow for comparisons of crop-specific program payments reported by the EWG with cash receipts from market sales of individual crops. For some crops in some years government payments have made indisputably important contributions to incomes of Western growers. For example, in 2011, wheat payments in relation to wheat sales receipts were about 16 percent in Colorado, 12 percent in Montana, and 16 percent in Wyoming; barley payments in relation to barley cash receipts equaled 11 percent in Colorado, 16 percent in Montana, and 6 percent in Wyoming; and corn payments equaled 9 percent of cash receipts in Colorado and Montana, and 11 percent in Wyoming (USDA, NASS). These figures do not take into account non-commodity specific payments that may have been received by these states' wheat and barley growers in that year.

A second interesting perspective on program payments received by Rocky Mountain States is how their payment shares compare to their shares of the U.S. population. Population share might be thought of as a proxy for the share of federal taxpayers residing in the region. Table 4 compares each state's population ranking with its farm payments ranking. Only Utah has a higher population ranking than farm program ranking. Colorado and New Mexico have payment rankings commensurate with their population rankings. Idaho, Montana, and Wyoming all rank considerably higher on the farm program payment scale than on the population scale. Wyoming, for example, is the least populous state in the country, but receives more program payments than 13 other states. Thus, while the overall share of farm program payments going to the Rocky Mountain region appears small, that share is nonetheless larger than it would be if payments were formulaically distributed in proportion to population.

Table 4. U.S. Population and Farm Program Payment Rankings, Six Rocky Mountain States

	Population Ranking (2013)	Farm Program Payment Ranking (1995-2012)	Farm Program Payment Ranking in relation to Population Ranking
Colorado	22	21	Approximately equal
Utah	33	38	Lower
New Mexico	36	35	Approximately equal
Idaho	39	27	Higher
Montana	44	17	Higher
Wyoming	51[3]	37	Higher

Source: Population rankings by state, Accessed online: http://www.enchantedlearning.com/usa/states/population.shtml; Farm program ranking from EWG, 2012 Farm Subsidy Database. Accessed online: http://farm.ewg.org/progdetail.php?fips=00000&progcode=total&page=states&regionname=theUnitedStates

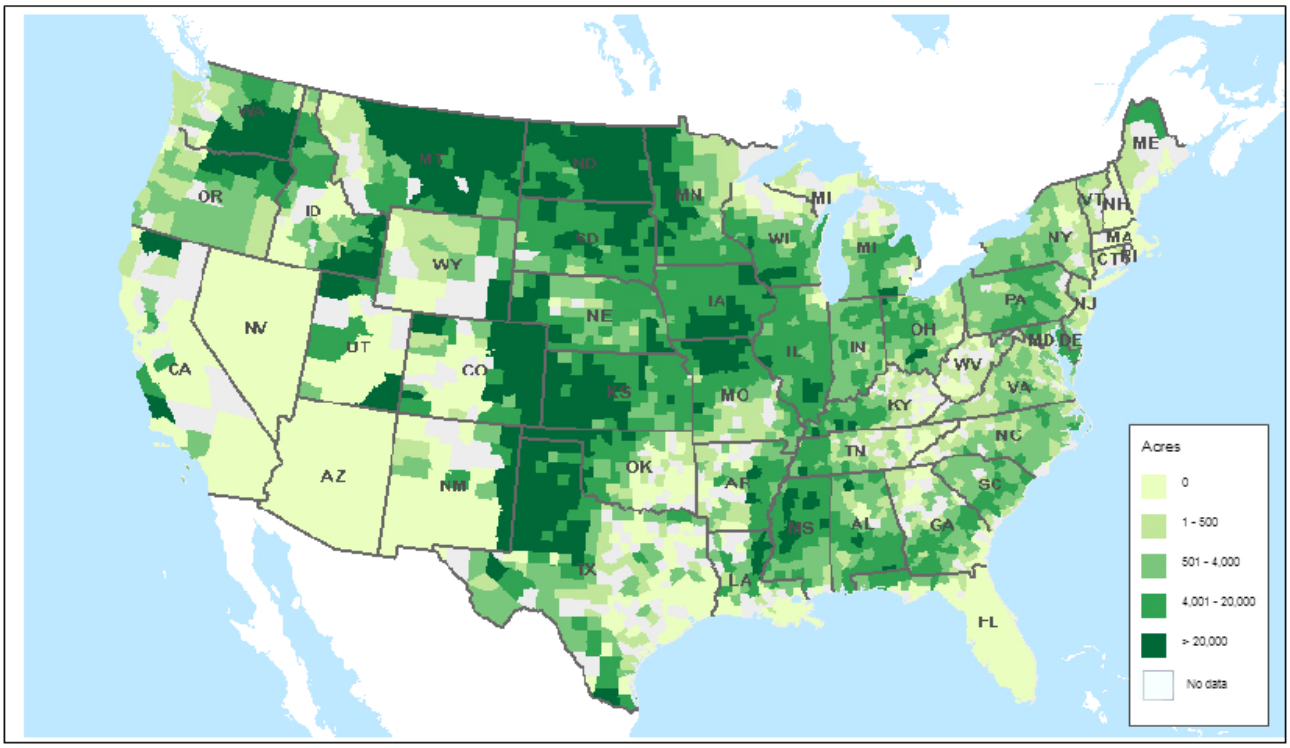
Farm Bill Conservation Programs in the Rocky Mountain West

As shown in table 3, farm bill conservation programs are relatively important out West, based on the region's share of conservation program payments in relation to its share of all program payments. The 2014 farm bill brought some significant changes to this set of programs, including a lower cap on land enrolled in the CRP, consolidation of several land easement programs into a single program, and a shift in conservation program emphasis in favor of technical and financial assistance on working lands in relation to land retirement. It's too early to assess the significance of these changes for program recipients or conservation goals, but not too early for Western stakeholders to take note.

The CRP has multiple conservation goals important to the West, including soil erosion reduction, water quality enhancement, wildlife habitat improvements, and carbon sequestration. CRP lands also provide habitat for honey bees and other pollinators that require diverse wildflowers, shrubs, and safe nesting sites (USDA, FSA, Pollinator Information). The map below shows some of the highest areas of CRP enrollment in 2011 were in Montana and also along the easternmost edges of Idaho, Wyoming, Colorado, and New Mexico (USDA, ERS).[4]

[3] Includes the District of Columbia.

[4] Enrollment patterns were very similar in 2009.

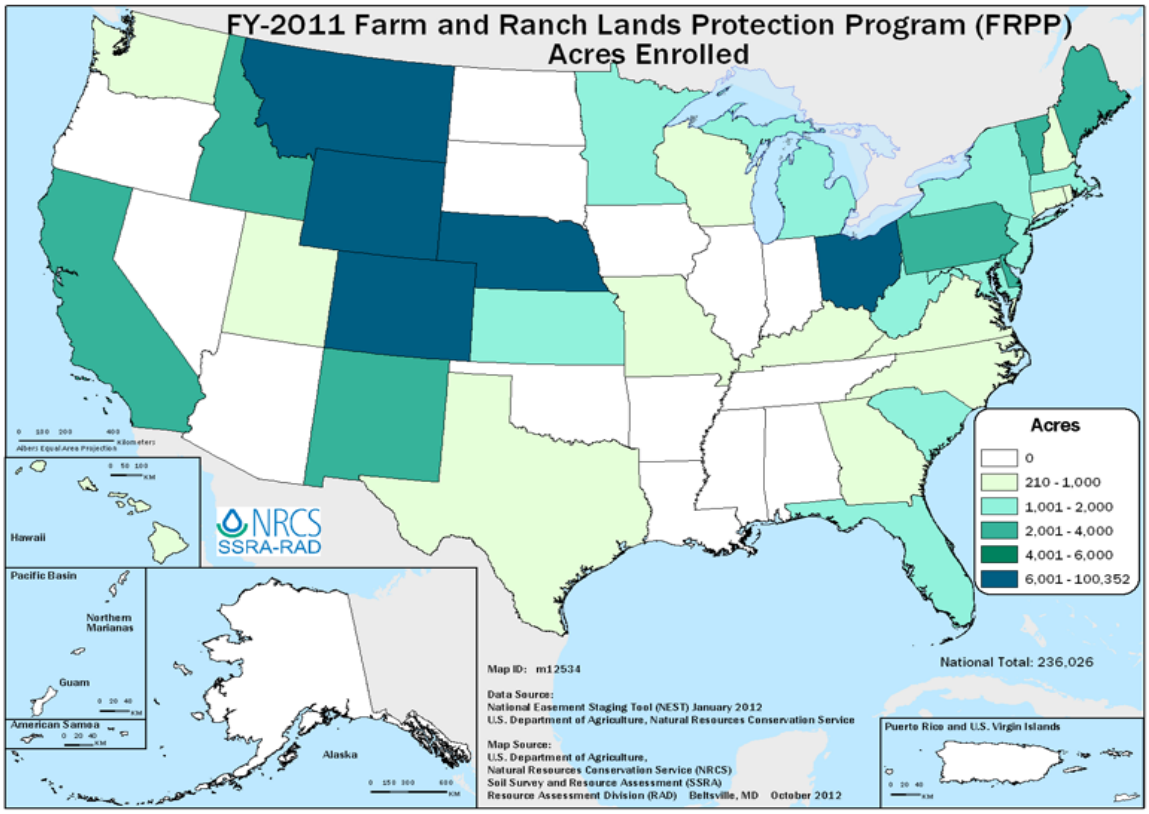


Total CRP enrolled acres, 2011

Source: USDA, Economic Research Service, Farm Program Atlas. Accessed online: http://www.ers.usda.gov/data-products/farm-program-atlas/go-to-the-atlas.aspx).

The 2014 Act reduces the cap on the total amount of land that can be enrolled in CRP from 32 million acres to 24 million by 2017. The new cap reflects the more recent CRP enrollment figures; in June 2014 total CRP enrollment was 25.5 million acres, down a bit from the 27 million acres enrolled in 2013 and down considerably from the maximum enrollment of 36.77 million acres in 2007 (USDA, FSA, Conservation Reserve Program). Recent enrollment trends reflect conditions in commodity markets, that is, when commodity markets are strong, landowners have less incentive to enroll land in CRP and forego market sales. However, commodity market conditions change (as seen recently) and it remains to be seen if the new lower cap will become binding on CRP participation.

Rocky Mountain States are notable for their wide open spaces and low population densities. And yet parts of this region, such as the Colorado Front Range, have seen significant population growth and pressures in recent years. Population and development pressures have helped make some Western land areas ideal candidates for USDA's suite of land easement programs. The map below shows the location of lands enrolled in USDA's Farm and Ranchlands Protection Program (FRPP), and clearly demonstrates their geographic concentration in the Rocky Mountain region.



Source: USDA, Natural Resource and Conservation Service. Accessed online: http://www.nrcs.usda.gov/Internet/NRCS_RCA/maps/m12534frpp11a.png

The FRPP and other similar easement programs, including the Grassland Reserve Program and the Wetlands Reserve Program, were designed to assist landowners – for example, with matching funds to help purchase development rights --who voluntarily want to maintain or enhance their lands in ways beneficial to agriculture or the environment. The states with the most acreage enrolled in the Grassland Reserve Program are Idaho, Texas, and Wyoming (see map at: http://www.nrcs.usda.gov/Internet/NRCS_RCA/maps/m12735grp12a.png.)

The 2014 farm bill repealed these individual easement programs and in their place established one program called the Agricultural Conservation Easement Program (ACEP). Consolidation may have benefits for program stakeholders, in that access to program information may be more straightforward and there may be less confusion about which program is which. But consolidation also raises questions Western stakeholders may want to ask: at what level will the consolidated programs be funded? How will program funds be allocated among the multiple goals associated with the previous several programs?

USDA's conservation programs on working lands provide financial and technical assistance to help producers make and maintain conservation improvements on working farm and ranch lands. Conservation improvements include reduced soil erosion, enhanced water supplies, improved water quality, enhanced wildlife habitat, and reduced damages due to floods and other natural disasters. The three main working lands programs are EQIP, the Conservation Stewardship Program (CSP), and the Agricultural Management Assistance (AMA) program. In 2012 almost 53 million acres nationwide were "treated" by at least one of these or similar programs, which are administered by the Natural Resources and Conservation Service (NRCS) (table 5). Working land conservation program obligations to the Rocky Mountain States

accounted for about 11 percent of obligations to all U.S. states, and the acreage treated (by at least one program) in Rocky Mountain States accounted for about 24 percent of all treated acres nationwide.

Table 5. USDA obligations for conservation programs on working lands and acres treated by at least one program, six Rocky Mountain States, fiscal year 2012*

	Colorado	Idaho	Montana	New Mexico	Utah	Wyoming	Total U.S.
Obligations (million $)	$102.60	$63.60	$96.70	$60.40	$105.00	$59.20	$4,491.00
Acres treated (millions)	2.67	0.66	2.15	5.50	0.75	1.00	52.90

*In some prior years, treated acreage was considerably higher, according to NRCS reports.
Source: USDA, NRCS, NRCS Conservation Programs. Accessed online: http://www.nrcs.usda.gov/Internet/NRCS_RCA/reports/cp_nat.html

The 2014 farm bill continues a trend that began in 2002 to expand the share of conservation funding devoted to technical and financial assistance on working lands while scaling back the share for land retirement and easements.[5] In addition, the 2014 Act folds the popular-out-west Wildlife Habitat Incentive Program (WHIP) into EQIP and allocates a certain portion of EQIP funds to it (Ballenger). Given the importance of the working lands conservation programs out west, this shift in emphasis should be of interest to Western stakeholders and analysts. How effective are these NRCS payments in the Rocky Mountain region at expanding uses of best conservation practices on treated lands, and how large are the farm and off-farm benefits? A recent national level study by Claassen et al. (2014) found that conservation practices expensive to install, such as terraces and grassed waterways, would be unlikely to be adopted without NRCS cost-share payments. What about in the West?

Farm Bill Disaster Assistance in the Rocky Mountain West

Disaster assistance programs, such as low-interest emergency loans, offer benefits when crop or livestock losses occur due to natural disasters such as drought, floods, fire, pests, freeze, and tornadoes. There have been no shortages of such occurrences out west in recent years. For example, as of July 2014 USDA had declared disasters due to severe drought in numerous counties of Arizona, California, Nevada, Colorado, Kansas, Nebraska, Oklahoma, New Mexico, and Texas, although other parts of the country were not drought-immune. In 2013, USDA designated almost all Wyoming counties as primary natural disaster areas due to drought. Meanwhile, other parts of the country experienced crop disasters due to freeze, excessive rain, and flooding.

A key provision of the 2014 farm bill was the indefinite extension of four disaster programs authorized in the previous 2008 farm bill: the Livestock Forage Program (LFP), the Livestock Indemnity Program (LIP), the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish (ELAP) program, and the Tree Assistance Program (TAP). LFP is of particular interest to the livestock growers out west, as it "provides compensation to eligible livestock producers that have suffered grazing losses for covered livestock on land that is native or

[5] A good summary of the changes to the conservation programs may be found on the USDA ERS website at: http://www.ers.usda.gov/agricultural-act-of-2014-highlights-and-implications/conservation.aspx

improved pastureland with permanent vegetative cover or is planted especially for grazing." LFP also provides compensation to eligible producers that have suffered grazing losses on rangeland managed by a federal agency if the producer is prohibited by the agency from grazing normally permitted livestock due to a qualifying fire on that land (USDA, FSA, Farm Bill Fact Sheet). Thus, it might be surmised that legislators had an eye to winning the west when they permanently folded LFP and other livestock protection programs into the farm bill.

Summary

Most Americans likely think of the farm bill as important primarily to the American Midwest. But some farm bill programs, especially conservation programs (easements and working lands programs), livestock payments, and some disaster assistance programs, have a strong Western orientation. Over the last couple of decades, Rocky Mountain States have received a significant share of payments made through these programs—a share that is larger than their respective shares of U.S. population. The 2014 farm bill brought changes to these programs that should be of special interest way out west. Both sets of developments suggest the need for a better understanding of the impact of the U.S. farm bill way out west.

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