

# Understanding the Farm Bill

And why it's important to everyone



The Farm Bills of today contain multiple components and include mountains of information and regulations related to a variety of sectors including nutrition, the environment and rural development to name a few.

But, for farmers, this legislation provides a safety net of sorts that helps to ensure stability to weather catastrophic events that would put them out of business if not for the supports put in place by this legislation.

Crop insurance and agriculture disaster assistance are examples of safety net programs promulgated throughout the bill and re-examined every time a Farm Bill comes up in Congress for a vote. But it is the insurance programs that get the most attention.

Often these programs, while helpful, are hard to understand even for agriculturalist, but for those outside the ag realm, understanding how these regulations work, why they're important and how they affect the average consumer, is harder to comprehend.

Perhaps the simplest way to look

at safety net programs built within the Farm Bill is that of ensuring the safety of the nation's food supply and those who grow it.

That is critical considering farm and ranch families comprise just two percent of the U.S. population and those farmers and ranchers receive only 16 cents out of every dollar spent on food at home and away from home.

Kentucky Farm Bureau President Mark Haney said failure is not an option for U.S. farmers.

"When you think about the alternatives American consumers would have if those supplying their food go out of business, the choices are few and not very appealing," he said. "The strength of the economy in rural Kentucky is agriculture and it's what employs so many people in mid-America. If we weaken that system because we outsource food production to other places in the world, we're just really weakening our infrastructure within the United States."

Haney pointed out that the overhead of a farming operation is so capital intense, those farmers cannot afford

failure nor can their lending institutions, making safety nets like crop insurance all the more important.

*"You have to borrow that money and banks have to have assurance that you're going to be able to pay that money back so it's not whether or not we need crop insurance, it's a fact of life and the most important part of the Farm Bill,"* he said.

Haney emphasized the diverse use of crops as being a way to help non-agriculturalists understand the importance of the bill and the safe guards put in place.

*"Corn and soybeans have so many other uses other than for the food industry. Corn, for instance is used in fuel for automobiles and other types of machinery; it can be used to make corn plastics, cough syrup or cornstarch that is used in cosmetics and deodorants,"* he said. *"Soybeans can be used to produce biodiesel fuel, candles, inks, particleboard, in addition to healthy cooking oils. The Farm Bill is about so much more than food and is important to us all."*

**INSURING THE CROPS GROWN BY FARMERS**

Since the crop insurance program's early beginnings in the 1930's, there has been some measure of support applied to it with the rules and regulations having been changed many times over the years. Currently, premiums for crop insurance are supported in part by the government and programs such as this are seen as invaluable to farmers, that is, if you are a farmer.

KFB First Vice-President Eddie Melton has seen what benefit crop insurance can be and said there are a lot of options for the farmer when it comes to this type of insurance.

*"You can pick different coverage levels but I decide how much risk I'm willing to take and match the premium for what I do,"* he said. *"However, with expenses where they are now, I wouldn't plant a crop without insurance. With the risks that are present now, you almost have to do it."*

Melton pointed out that there has only been one instance where he received an indemnity payment due to a crop failure and that was in 2012, the year of a severe drought that struck the region. That is generally the case with most producers;

they rarely have to rely on the insurance.

He also noted that farm production is a matter of national security when it comes to producing food, fuel and fiber for this country, an aspect that should encourage everyone to take an interest in the Farm Bill.

*"We need to be able to take care of ourselves. If we don't grow our food, someone else will so it is definitely a safety and security issue,"* said Melton.

Joe Cain, Commodity Division Director at KFB said there is a basic concept to each insurance program and understanding that concept helps to bring comprehension to why the Farm Bill exist and why the general public should care.

*"While at the end of the day, the Farm Bill helps ensure farms stay in operation in the event of a catastrophic disaster, be it natural or market based, the broader picture is about maintaining proper food security,"* he said. *"We must maintain a safe and abundant food supply."*

What confuses non-farmers and often has been the point of much discussion is the federal support of crop insurance. Opponents of this support say the program is expensive and ineffective but

for those who have utilized the system, it has served as a way to keep their operations sustainable.

*"Without federal involvement, crop insurance would be so expensive, producers could not afford it. Each time they plant a crop, they are taking a huge risk but it's a risk they understand,"* he said. *"Keeping our food supply secure and affordable are just a couple of reasons these types of safety nets are put into the Farm Bill and necessary for everyone."*

Cain pointed out that there are different programs for different commodities and they function differently according to geographic locations. He also said that farmers are basically operating on faith that each time they plant a crop the weather and market conditions will be favorable enough to produce a profit.

*"Farming is an occupation that affects everyone so there is no other option but to protect it as best as we can. That's what the Farm Bill does,"* he said.

KFB will be hosting a series of meetings across the state to discuss the Farm Bill.

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