

Government Programs and Policies in Livestock

A look at past and future
federal livestock policy



Center for Agriculture Profitability
cap.unl.edu/elliott-dennis
cap.unl.edu/brad-lubben

IN OUR GRIT, OUR GLORY™



Institutions for Federal Livestock Policies

Institutions

USDA...lots

Packers and Stockyards Act (1921)

Secretary of Agriculture

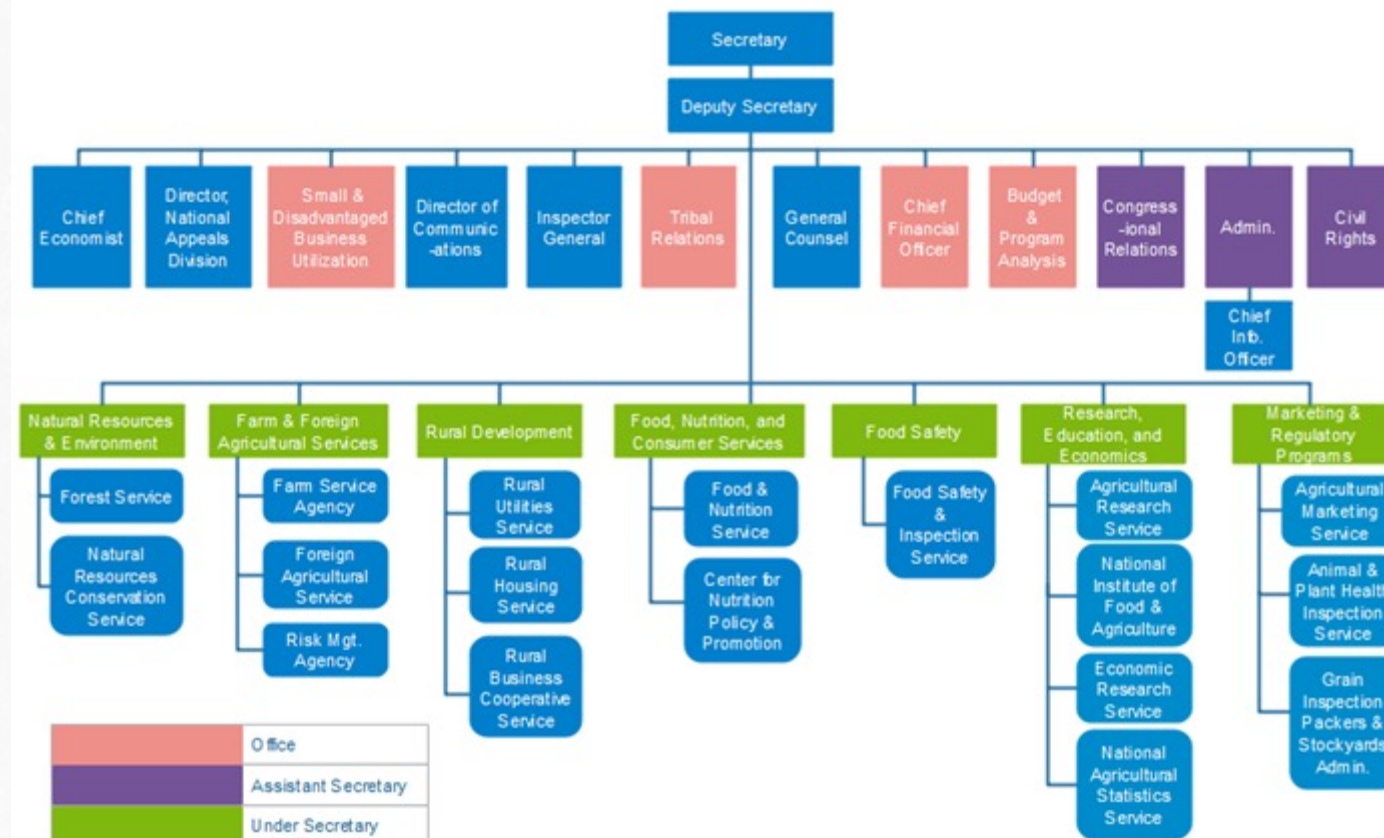
Congress



Agricultural Marketing Service, Fair Trade Practices Program, Packers and Stockyards Division
May 2021

Packers and Stockyards Act, 1921

United States Department of Agriculture (USDA) Org Chart





Federal Livestock Programs: Come One, Come All



Standing Disaster Assistance Programs

Legislated in Farm Bill

- Established in 2008

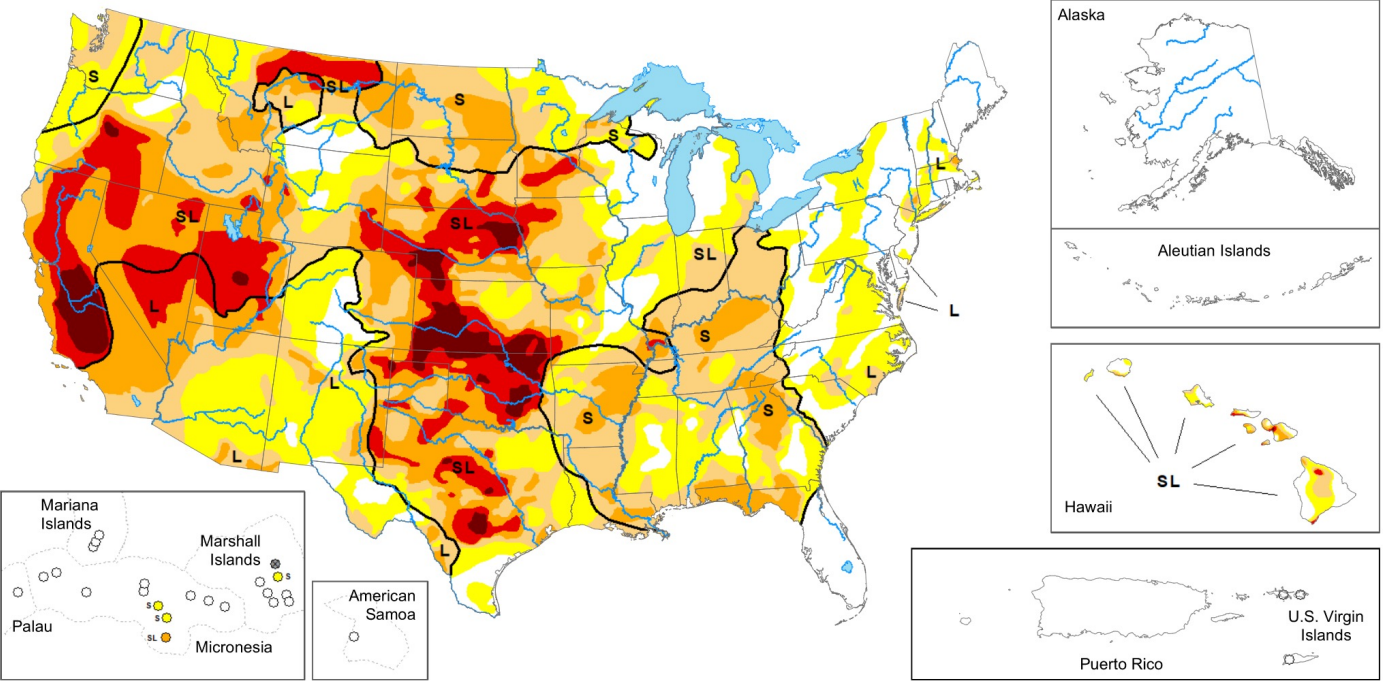
Available Programs

- Livestock Indemnity Program (LIP)
- Livestock Forage Program (LFP)
- Emergency Livestock Assistance Program (ELAP)



Map released: November 10, 2022

Data valid: November 8, 2022



Federal Relief

Assistance vs. Standing Programs

- Debated since 1980s and earlier

Congressional Relief

- Covid Relief (2020)

Political (Agency or Sec. of Ag)

- CCC, Trade Assistance (2018)

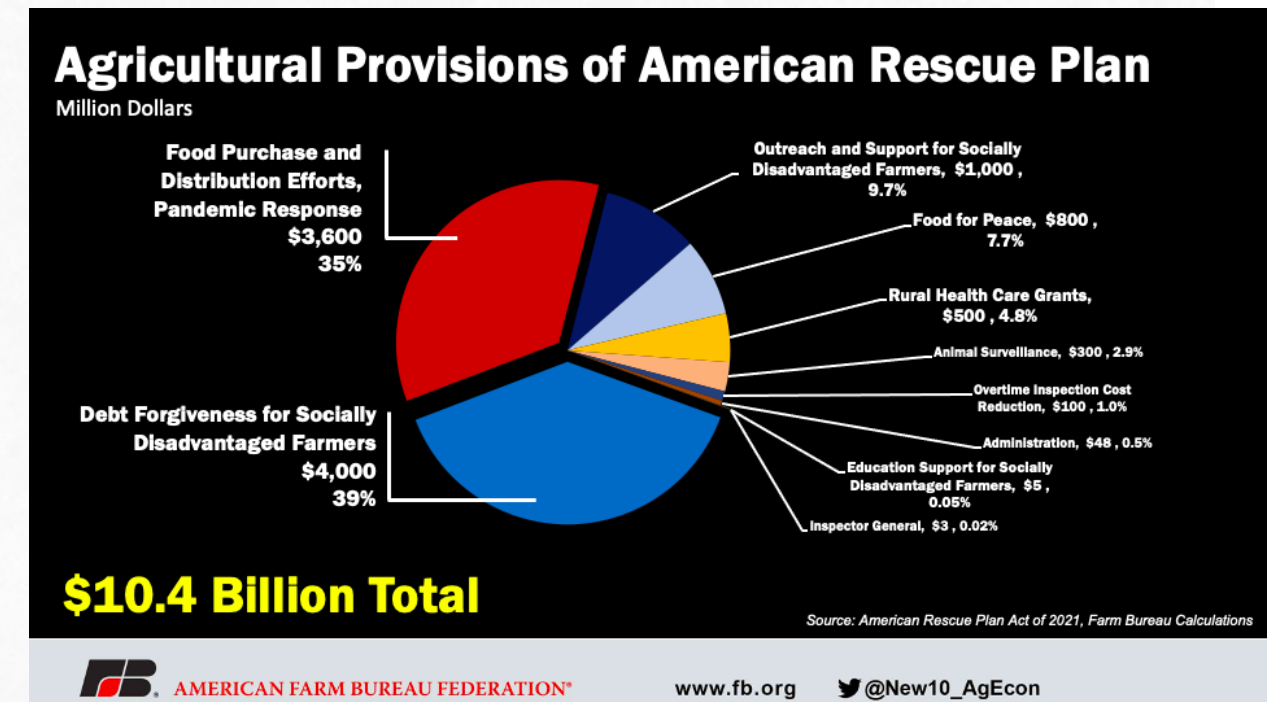


Figure 3. Expected CFAP Funding By Program and Commodity

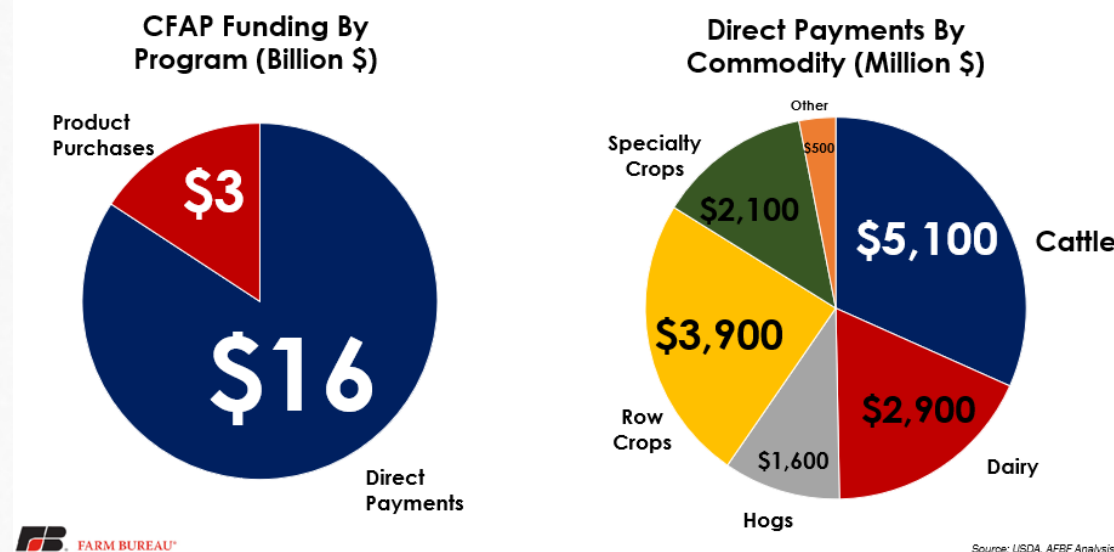
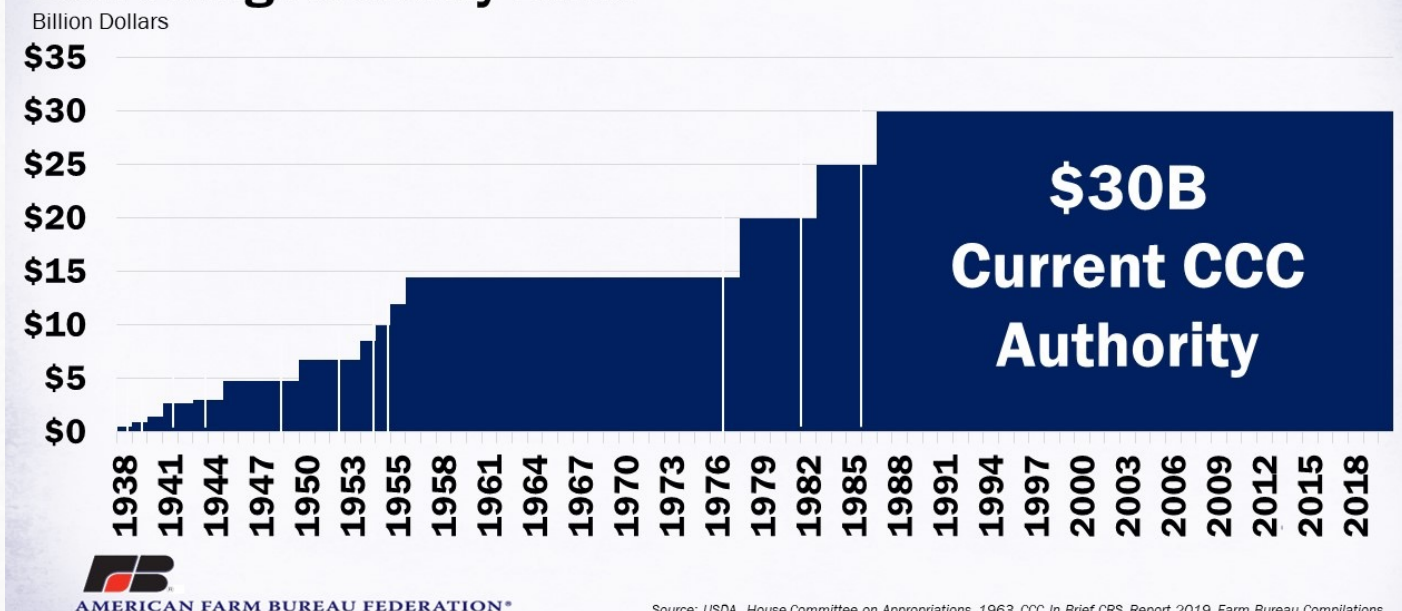


Figure 1. Historic Commodity Credit Corporation Borrowing Authority Limit



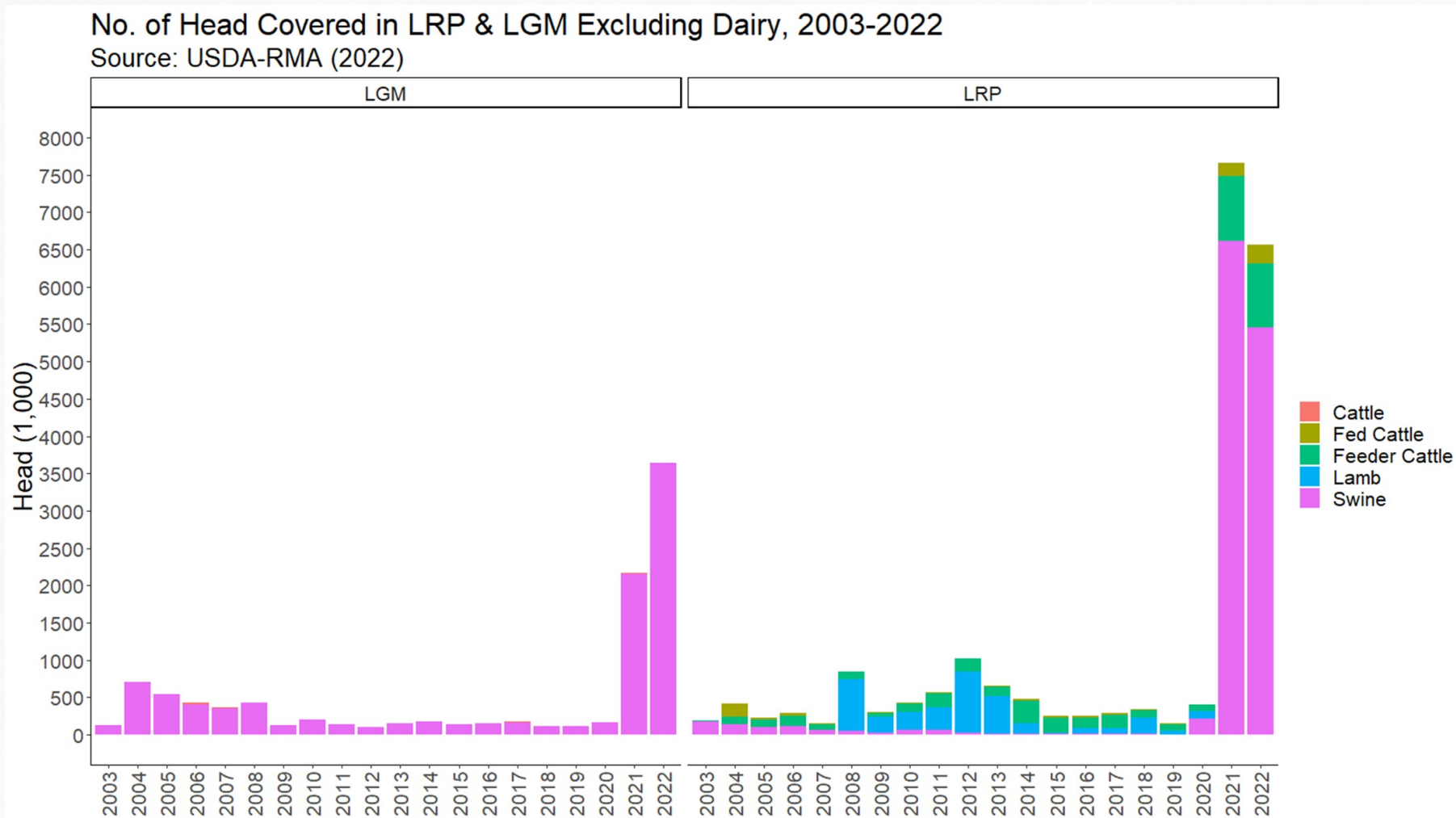
Market Assistance Programs

Priced (Revenue) Based Products

- Livestock Risk Protection (LRP)

Margin Based Products

- Livestock Gross Margin (LGM)



Environmental Stewardship

Working Lands Programs

- EQIP & CSP
- CRP Grassland

Land Retirement Programs

- General and Continuous CRP

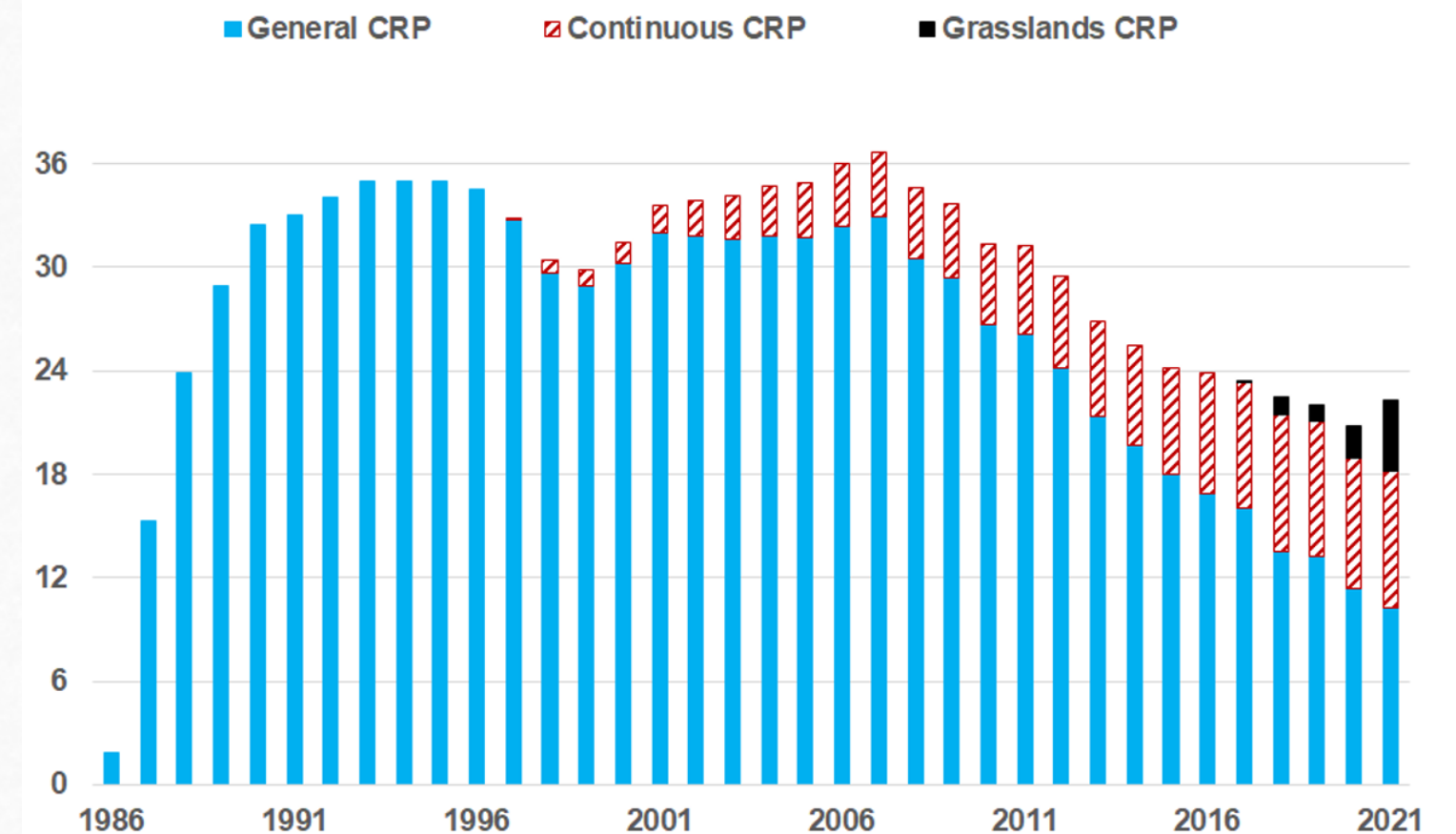
Land Preservation Programs

- Farmland and Wetland Easements



Environmental Quality Incentives Program

Natural Resources Conservation Service



The Why of Government Involvement

Government Justification

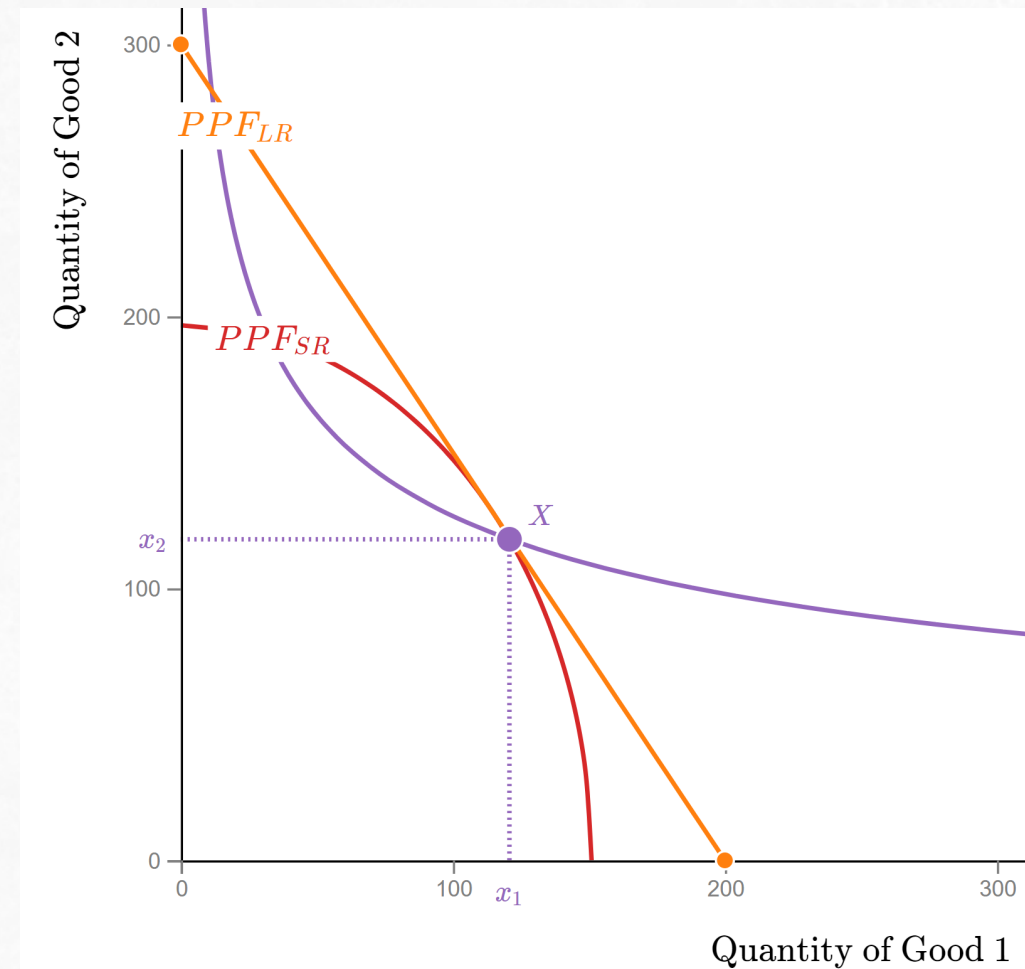
- Market is inelastic in short run and thus unstable
- Short run effects are large and market distorting

Economic Reason

- Perceived market failure

Real Reason

- The industry asks (and/or accepts it)



Deadweight Loss

[ded-'wāt 'lōs]

A cost to society created by market inefficiency, which occurs when supply and demand are out of equilibrium.



The Growing Importance of the Farm Bill

Livestock Assistance in Farm Bills

Crops vs. Livestock

- Prior to the 2000s, relatively little federal assistance for the livestock industry – dairy, wool and mohair
- Contrast that with that of crops....since the 1930s

Direct vs. Indirect Benefits

- Subsidies (direct)
- Cheaper feedstuff (indirect)



Subsidy Level by Year

Coverage Price	2003	2018	May-2020	Sep-2020
95-100%	13	20	25	35
90-94.99%	13	25	30	40
85-89.99%	13	30	35	45
80-84.99%	13	30	35	50
75-79.99%	13	35	45	55
70-74.99%	13	35	45	55

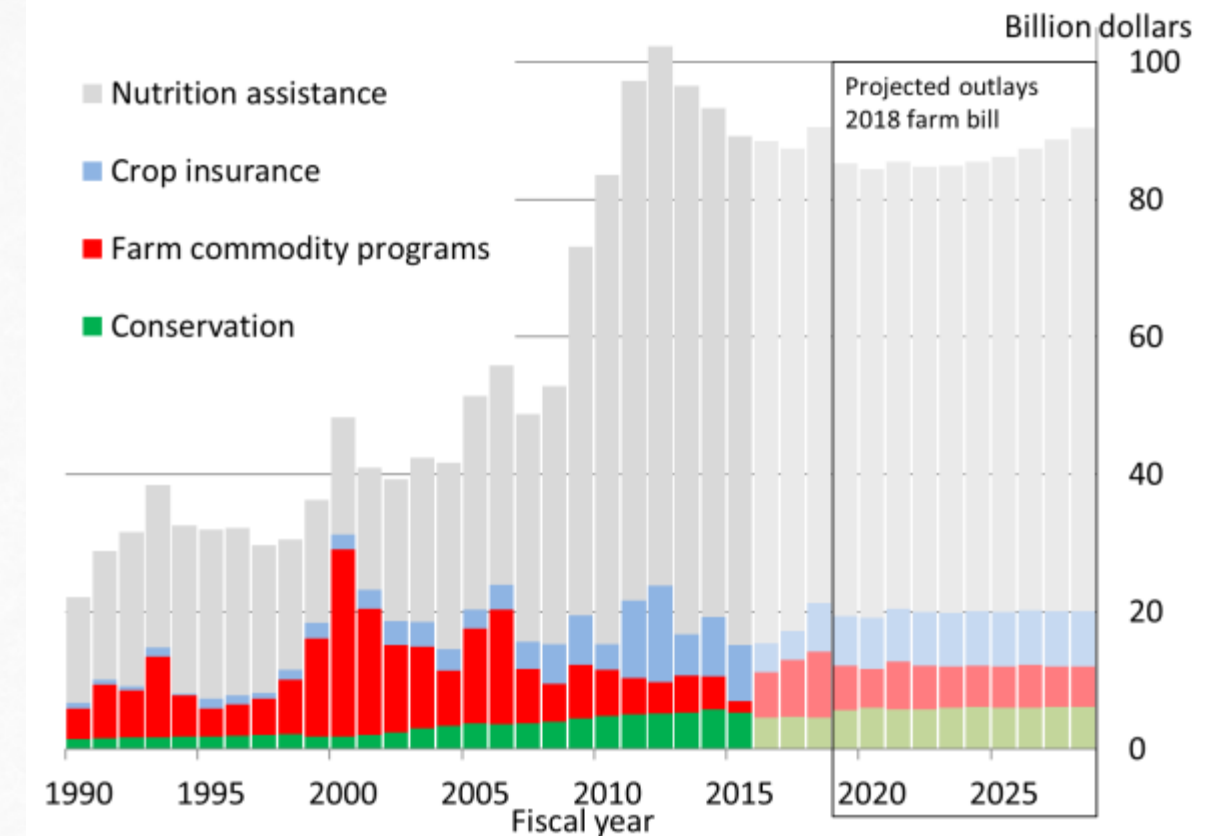
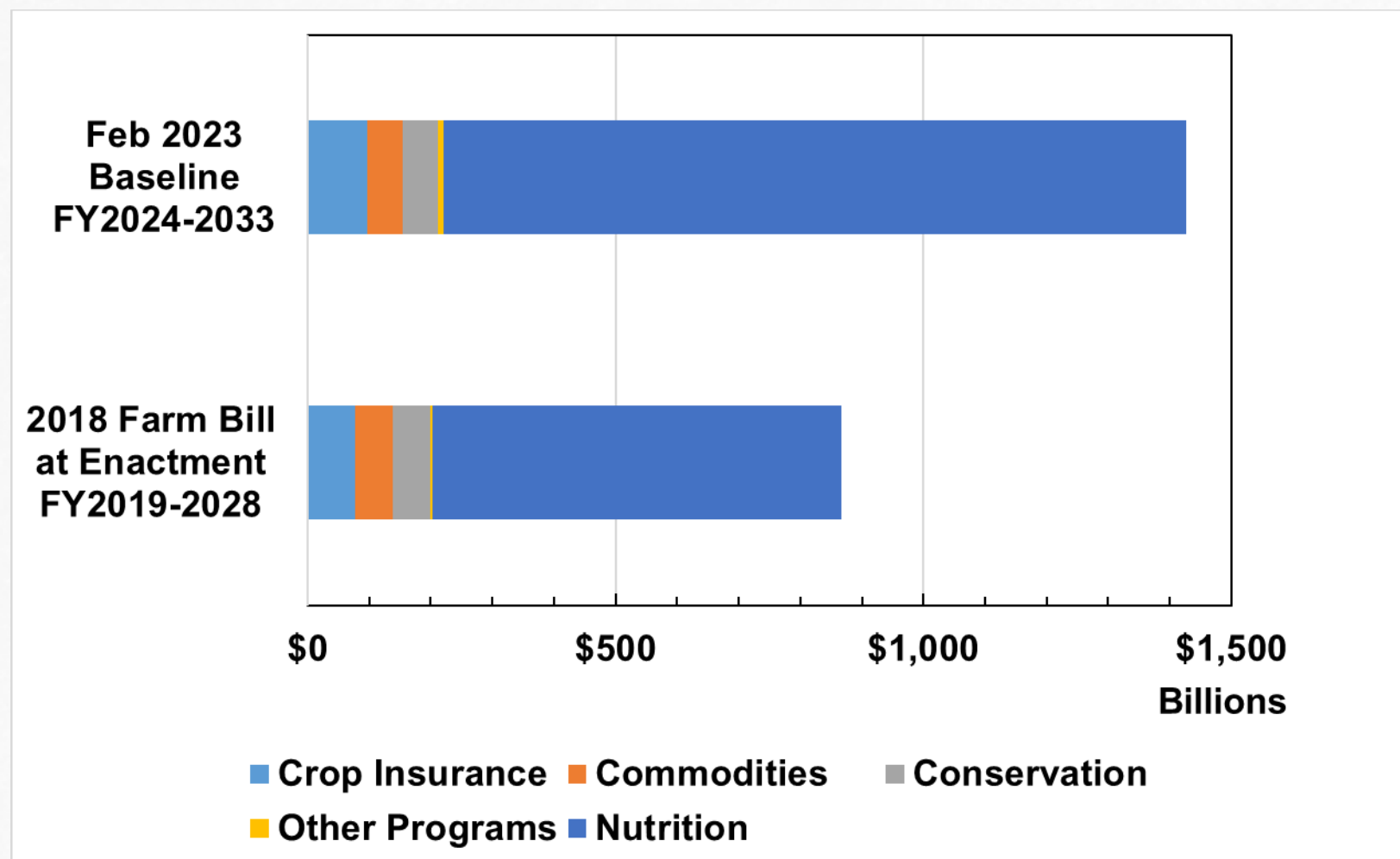


What does the Farm Bill do?

Farm bill is the primary legislation by which federal dollars fund government programs

Nutrition vs. Agriculture Products

- Commodities are ~ 4% of the total farm bill



Temporary or Here to Stay

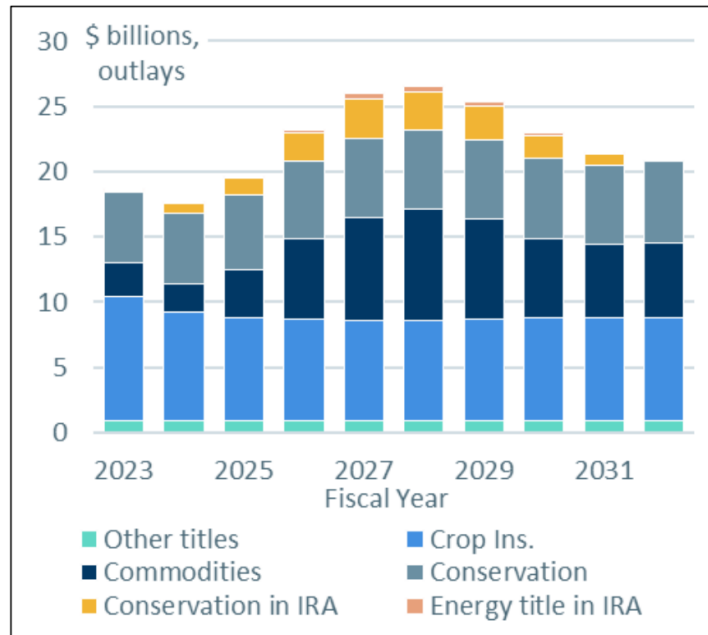
Permanent Allocation vs. Renewable Authorization

- Permanent allocations (i.e. crop insurance)
- Regularly authorized -> expire if not renewed; (mandatory vs. discretionary spending)
- Ad hoc assistance

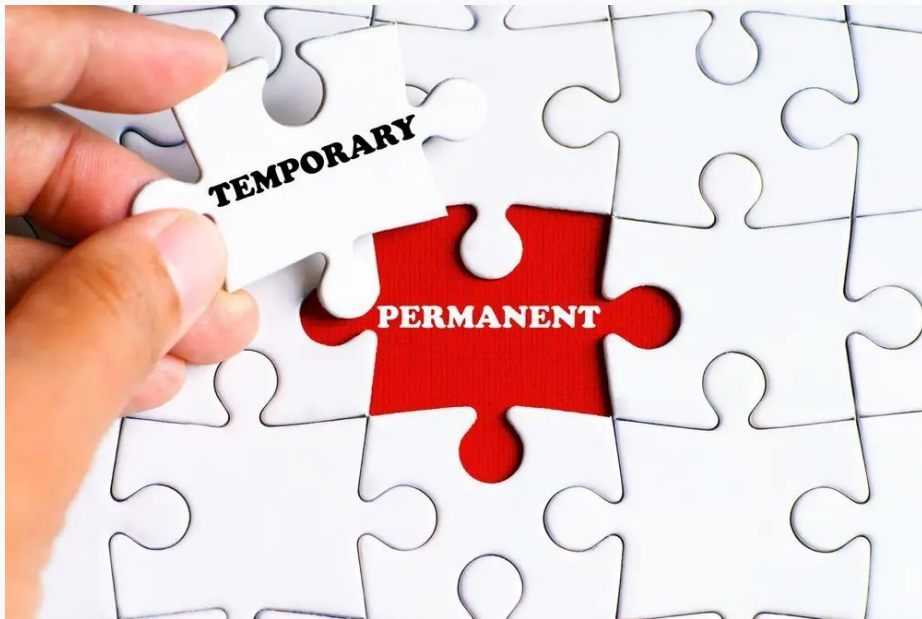


Don't like it??? Wait 5 more years

Figure 3. Agriculture Titles That Receive Mandatory Funding in the Farm Bill and Funding These Titles Receive in the Inflation Reduction Act



Source: CRS, using the May 2022 CBO baseline and CBO score of the Inflation Reduction Act (IRA; P.L. 117-169).



The 2018 Farm Bill (P.L. 115-334), by Title

Title I, Commodities: Provides support for major commodity crops, including wheat, corn, soybeans, peanuts, rice, dairy, and sugar, as well as disaster assistance.

Title II, Conservation: Encourages environmental stewardship of farmlands and improved management through land retirement programs, working lands programs, or both.

Title III, Trade: Supports U.S. agricultural export programs and international food assistance programs.

Title IV, Nutrition: Provides nutrition assistance for low-income households through programs, including the Supplemental Nutrition Assistance Program (SNAP).

Title V, Credit: Offers direct government loans and guarantees to producers to buy land and operate farms and ranches.

Title VI, Rural Development: Supports rural housing, community facilities, business, and utility programs through grants, loans, and guarantees.

Title VII, Research, Extension, and Related Matters: Supports agricultural research and extension programs to expand academic knowledge and help producers be more productive.

Title VIII, Forestry: Supports forestry management programs run by USDA's Forest Service.

Title IX, Energy: Encourages the development of farm and community renewable energy systems through various programs, including grants and loan guarantees.

Title X, Horticulture: Supports the production of specialty crops, USDA-certified organic foods, and locally produced foods and authorizes a regulatory framework for industrial hemp.

Title XI, Crop Insurance: Enhances risk management through the permanently authorized Federal Crop Insurance Program.

Title XII, Miscellaneous: Includes programs and assistance for livestock and poultry production, support for beginning farmers and ranchers, and other miscellaneous and general provisions.

The Future Farm Bill

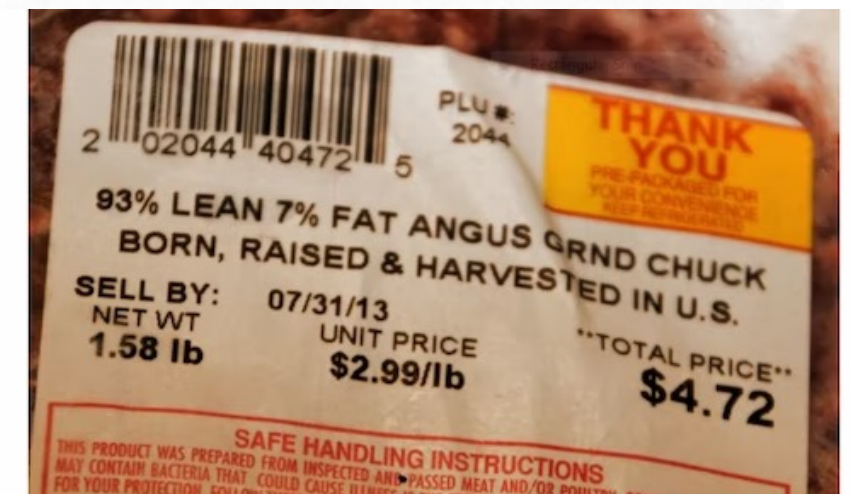
Why a focus on the 2023 Farm Bill?

- USDA is redoing the sub-section entitled “Livestock Products”
- Livestock title is occasionally in the bill

Is a “Livestock Products” title a good thing?

TITLE XI—LIVESTOCK

- Sec. 11001. Livestock mandatory reporting.
- Sec. 11002. Country of origin labeling.
- Sec. 11003. Agricultural Fair Practices Act of 1967 definitions.
- Sec. 11004. Annual report.
- Sec. 11005. Production contracts.
- Sec. 11006. Regulations.
- Sec. 11007. Sense of Congress regarding pseudorabies eradication program.
- Sec. 11008. Sense of Congress regarding the cattle fever tick eradication program.
- Sec. 11009. National Sheep Industry Improvement Center.
- Sec. 11010. Trichinae certification program.
- Sec. 11011. Low pathogenic diseases.
- Sec. 11012. Animal protection.
- Sec. 11013. National Aquatic Animal Health Plan.
- Sec. 11014. Study on bioenergy operations.
- Sec. 11015. Interstate shipment of meat and poultry inspected by Federal and State agencies for certain small establishments.
- Sec. 11016. Inspection and grading.
- Sec. 11017. Food safety improvement.





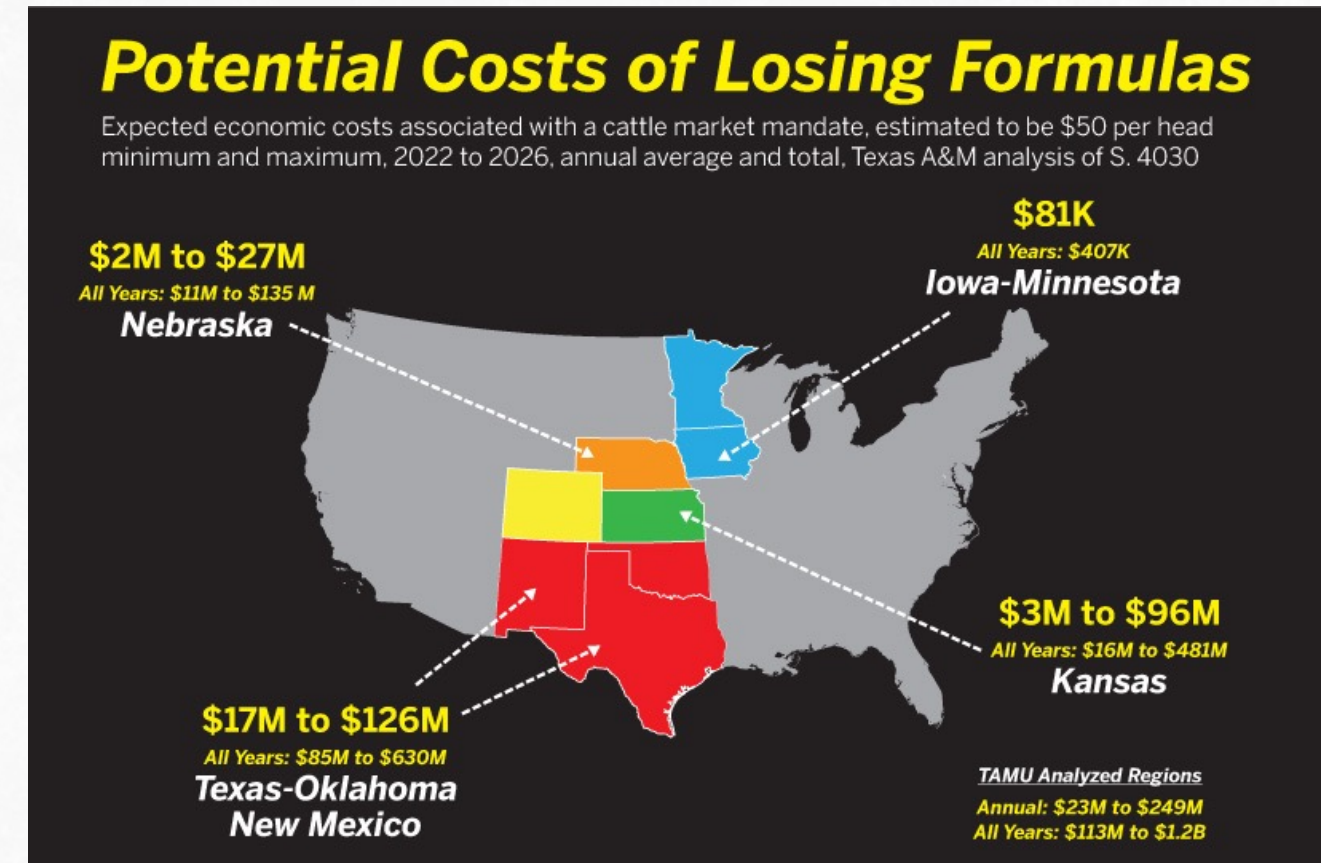
Is government involvement in livestock markets a “positive” direction?

Is Government Involvement a “Good” Thing?

It **DEPENDS** on who you ask!!!

Mandatory Price Minimums
vs.
Mandatory Price Reporting

Certainly, can help... but at what cost



A Report from the Economic Research Service

www.ers.usda.gov

Mandatory Price Reporting, Market Efficiency, and Price Discovery in Livestock Markets

Importance of Your Personal Involvement



NOTICE-AND-COMMENT RULEMAKING PROCESS



Funded by Beef Farmers and Ranchers



COMMENTS, QUESTIONS, AND SUGGESTIONS

Contact Information

elliott.dennis@unl.edu

402-472-2164

brad.lubben@unl.edu

402-472-2235

Foundation Account

<https://nufoundation.org/fund/01150800/>

(i.e. “Livestock Marketing & Risk Management”)



Center for Agriculture Profitability

cap.unl.edu/elliott-dennis

cap.unl.edu/brad-lubben

IN OUR GRIT, OUR GLORY™