

IT'S NOT YOUR FATHER'S FARM BILL

FEDERAL RESERVE BANK of KANSAS CITY

LESSON DESCRIPTION

This lesson introduces the Agricultural Act of 2014, better known as the Farm Bill. After an overview of the bill highlights, students participate in a role play to better understand the bill's effects on different groups of citizens within a community. Discussion questions and an assessment are included to summarize information learned.

GRADE LEVEL

7-12

CONCEPTS

Factors of production, entrepreneurship, revenue, profit, insurance subsidies

OBJECTIVES

Students will be able to:

1. Identify factors of production and entrepreneurship as they relate to agriculture.
 2. Define and discuss the importance of profit and insurance subsidies to farmers.
 3. Discuss the different components of the Agricultural Act of 2014, known as the Farm Bill.
 4. Explain how the Farm Bill affects citizens, including farmers, ranchers, business owners and consumers.
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TIME REQUIRED

60 minutes

MATERIALS

- Example of fresh vegetable for introduction
 - USDA link to Agricultural Act at <http://www.usda.gov/wps/portal/usda/usdahome?navid=farmbill>
 - Handout 1: It's Not Your Father's Farm Bill Role Play
 - Visual 1: Name tags for role play characters
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PREPARATIONS

1. Bring an example of a fresh vegetable for lesson.
2. Review USDA link to read highlights of Agricultural Act of 2014.
3. Cut out name tags and get paper clips to fasten onto characters in role play.
4. Arrange chairs and podium according to setting directions.



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PROCEDURE

1. Hold up a fresh vegetable for students to view. Ask the following questions:
 - Where do you think this vegetable was grown? (*Answers will vary, but could include a garden or farm.*)
 - How many of you have seen crops growing on a farm? (*Answer will vary.*)
2. Explain to students that in the occupation of farming, farmers want to produce crops that they can sell to earn **revenue**. This revenue, or money received, pays production costs. Farmers also need to consider **factors of production** when they grow crops. Factors of production are inputs used in the production of goods and services with the attempt to make an economic **profit**, or additional income beyond production costs. Production factors farmers need include land and other natural resources, labor or human resources, capital or man-made resources and **entrepreneurship**, which combines the factors of production in an effort to earn a profit.
3. Ask students the following questions related to farming:
 - What natural resources does a farmer need to grow crops successfully? (*Answers will vary, but could include sun, rain or water, soil and seeds.*)
 - What human resources are important? (*Answers will vary, but could include the farmer and other family workers or employees that help with farming.*)
 - What capital resources help a farmer to be successful? (*Answers will vary, but could include farm tools, machinery, fertilizer, pesticides and technology.*)
 - Do you think a farmer is an entrepreneur? (*Answers will vary. Some students will agree because they think the farmer combines the other factors of production and tries to earn a profit. Others may say the farmer might not be running a farming business; he or she may be growing crops to supply his or her family with food. Another possible answer might be that the farmer isn't an entrepreneur because he/she is not introducing new or innovative ideas into their farming business.*)
4. Tell students that farmers are not always successful in raising good crop yields (the amount of crops harvested) each year. Extreme weather situations can damage or destroy crops. Ask students to give examples of weather disasters that could hurt crop growth. (*Answers will vary, but might include regional droughts, hailstorms, floods, tornados, hurricanes, or extremely windy conditions.*) Inform students that insects, others pests and crop diseases can damage or kill crop growth also.
5. Explain that Congress passed legislation known as the Farm Bill because of the uncertainty of weather and other factors out of farmers' control, in order to reduce the financial risk of farming.
6. Share the United States Department of Agriculture (USDA) link to introduce the Agricultural Act of 2014, known as the Farm Bill. Discuss the Farm Bill explanation and Swiss knife visual that shows the different components of the bill. Tell students that they will learn about the Farm Bill in more detail as they participate in a role play that shows how the bill affects all citizens through nutrition aid, consumer prices and conservation efforts.
7. Distribute Handout 1, It's Not Your Father's Farm Bill Role Play. Give students time to read through the role play and choose which characters they might like to be. Tell them that they may pick any character, male or female, that they're interested in.
8. Assign character roles and hand out appropriate name tags. Ask students to move to the stage positions given within the setting directions. Remind students to speak loudly and with expression as they read their lines.
9. Tell students not performing that they are the audience members of the town hall meeting. They should think about their views as town citizens during the role play reading.



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CLOSURE

After the performance, discuss the following questions with students:

1. What is the history behind the Farm Bill? *(It was created by President Franklin Roosevelt in 1933 to pay subsidies to farmers during the Great Depression. It also helped land conservation and aided farmers caught in the Dust Bowl.)*
 2. In what ways does the Farm Bill support nutrition? *(80% of the bill's funds goes to the Supplemental Nutrition Assistance Program, or SNAP, to help families in need purchase healthy foods. Dollars also go to food banks and job training.)*
 3. What is the farm safety net? *(The farm safety net subsidizes crop insurance to help farmers in case of crop loss due to weather, pests or low crop yield. It also helps reduce risk for newer farmers and ranchers.)*
 4. How does the Farm Bill support entrepreneurs and start-up businesses? *(It invests in the rural economy through grants and loans for job creation and small business development.)*
 5. In what ways does the Farm Bill help consumer prices? *(Since the Farm Bill protects farmers and ranchers from loss, costs for food are more controlled and should not fluctuate.)*
 6. How does the Farm Bill help conservation efforts? *(It focuses on stemming erosion and helping the wetlands. It aids forest restoration and supports renewable energy.)*
 7. In what ways does the bill help foreign trade? *(The Farm Bill has expanded exports and provided food assistance overseas.)*
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ASSESSMENT

Write an article explaining the highlights of the Farm Bill for your school newspaper. Summarize information on the programs and services explained in the role play. Include the bill's effects on farmers, ranchers, business owners and consumers. Discuss how these effects can help the economy of a community within your article.

EXTENSION

Research the original Farm Bill legislation from 1933 at <http://nationalaglawcenter.org/wp-content/uploads/assets/farmbills/1933.pdf>. Find textual evidence about the programs and services covered and compare/contrast this information with the 2014 bill in an essay.



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STANDARDS

Voluntary National Content Standards in Economics

- Content Standard 1: Productive resources are limited. Therefore, people cannot have all the goods and services they want; as a result, they must choose some things and give up others.
- Content Standard 7: Markets exist when buyers and sellers interact. This interaction determines market prices and thereby allocates scarce goods and services.
- Content Standard 14: Entrepreneurs take on the calculated risk of starting new businesses, either by embarking on new ventures similar to existing ones or by introducing new innovations. Entrepreneurial innovation is an important source of economic growth.

National Standards for Financial Literacy

- Content Standard 6: People make choices to protect themselves from the financial risk of lost income, assets, health or identity. They can choose to accept risk, reduce risk or transfer risk to others. Insurance allows people to transfer risk by paying a fee now to avoid the possibility of a larger loss later. The price of insurance is influenced by an individual's behavior.

Common Core State Standards

- Literacy in History/Social Studies, Science and Technical Subjects: Grade 6-12
- History/Social Studies
 - Grade 9-10, Craft and Structure: RH.9-10.4 - Vocabulary meaning in context
 - Grade 6-8, 9-10, 11-12, Key Ideas and Details: RH.11-12.1 - Textual evidence from primary source
 - Grade 11-12, Key Ideas and Details: RH.11-12.2 - Summarizing central ideas

C3 Framework for Social Studies State Standards

- Dimension 2: Exchange and Markets
 - Grade 6-8: D2Eco.7.6-8 - Analyze the role of entrepreneurship in a market economy



ACTIVITY 1 - "IT'S NOT YOUR FATHER'S FARM BILL"

CHARACTERS

Farmer Fay; Rancher Ron; Consumer Carlos; Mom Mindy; Taxpayer Tom; Grocer Grace; Conservationist Connie; Politician Paul; Trader Theresa; Mayor Mary; Assistant Alex

SETTING: Town hall meeting in Middleton, a small Midwestern town. (Set up a row of chairs facing the class for the characters to sit in. Set two chairs off to the side for the Mayor and Assistant. Place a podium in front of the chair row for the characters to use while speaking.)

ASSISTANT ALEX: (at podium) Good evening, citizens. We are here tonight to discuss the merits of the newly-passed Agriculture Act, known as the Farm Bill, and how it will affect all of us in Middleton. Here to lead us in our discussion this evening is the Honorable Mayor Mary.

MAYOR MARY: (moves to podium) Hello, Middletonians! There have been some misunderstandings about the Farm Bill, and we are holding this town hall discussion to clear things up for everyone. I'd like to begin by giving you a background of the bill itself. Let's start with some history - did you know that President Franklin D. Roosevelt first created this bill back in 1933? It was established to help pay subsidies to farmers during the Great Depression. By paying the farmers NOT to plant certain crops, FDR hoped to decrease the supply of these commodities and increase their prices.

FARMER FAY: (interrupting from background) Good 'ol FDR!

MAYOR MARY: The original Farm Bill also included sections that helped land conservation and gave relief to farmers suffering from the effects of the Dust Bowl. The bill went through some changes over the years, but was basically kept in place. Newer additions include nutrition programs, crop insurance, rural development, livestock and energy. Now, I'd like to introduce Politician Paul, who will fill us in on the current Farm Bill.

POLITICIAN PAUL: (moves to the podium) Thank you, Mayor Mary. I'm here to offer my political insight to help you understand the Farm Bill and where your tax dollars go to support this program.

MOM MINDY: (standing) Let's focus on nutrition! I have three growing kids and that's what I want to know about. How does the Farm Bill help me feed my kids?

POLITICIAN PAUL: Great question! Did you know 80% of Farm Bill costs go to the Supplemental Nutrition Assistance Program, or SNAP, that provides aid for families to put healthy food on the table? It also provides assistance to food banks and pantries. And some of the dollars go to job training to help workers become more self-sufficient.

MOM MINDY: Good news! I don't think I could afford fresh fruit and vegetables without the SNAP program.



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POLITICIAN PAUL: AND you're teaching your kids to eat nutritiously. Hopefully, they will continue healthy eating for the rest of their lives, and teach their own kids the right way to eat.

MOM MINDY: Their own kids? Hey, I'm too young to be a grandma!

MAYOR MARY: (standing) Let's get back on topic. What else does the Farm Bill fund?

FARMER FAY: (standing) Yes, Paul - Give us the lowdown on the farm safety net. I want to know how my crops will be covered in case of loss.

POLITICIAN PAUL: Glad you asked! The direct payments made to farmers regardless of their loss have been discontinued. But crop **insurance subsidies**, or money provided by the government to help pay insurance costs, have increased. The government will pay up to two-thirds of the price for crop insurance premiums. So, if farmers have low crop yield, bad weather, crop pests or disease, they'll be covered for loss by their insurance. Ranchers are also covered with disaster assistance for their livestock.

RANCHER RON: (interrupting in background) Thank you, Uncle Sam!

POLITICIAN PAUL: The bill also supports the Beginning Farmers and Ranchers Development Program, which helps rural newbies get capital and avoid excessive risk in their first five years of farming or ranching. And, it provides new resources to the Farmer's Market and Local Food Promotion Program as well as to organic farming.

CONSUMER CARLOS: (standing) This is all good news to farmers and ranchers, but what about me as a consumer? Will I see food prices go sky-high, like milk?

GROCER GRACE: (walking to the podium) Wait, let me answer that! I know that one part of the Farm Bill addresses milk and dairy farmers. It's called the Dairy Margin Protection Program. Farmers can now buy subsidized insurance that will pay them when the difference between the cost to feed their cows and the milk prices they receive falls below a certain amount. So, my prices to purchase milk should remain steady, and you shouldn't see big cost increases at the store.

CONSUMER CARLOS: What about meat prices? I love to grill beef for family dinners.

RANCHER RON: (standing) Well, Paul says we're covered for livestock disaster assistance, so the subsidy we would receive in case of loss should help us keep beef prices under control.

MAYOR MARY: (standing) Wow, I'm learning a lot about the Farm Bill myself. You mentioned rural development, Paul. Can you explain?

POLITICIAN PAUL: (walking back to the podium) Absolutely! The Farm Bill invests in the rural economy through grants and loans for job creation and small business development. The Rural Micro Entrepreneur Assistance Program has been established to support these businesses and help them grow.



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MAYOR MARY: Good to know! If the bill promotes job growth, our local economy should run more smoothly. When more people are employed, they spend more locally, and our businesses are able to expand and invest in more capital resources. This leads to increased production and eventually adding more workers. It could be a winning situation for Middleton.

CONSERVATIONIST CONNIE: (standing) Hey Paul! Mayor Mary told us that FDR led the charge on conservation efforts way back in 1933. I want to know how the Farm Bill is addressing conservation methods now.

POLITICIAN PAUL: You bet, Connie! I'd love to give you my two cents worth on conservation efforts. The bill provides funds for water protection and wastewater disposal. It also links conservation practices to crop insurance premium subsidies to encourage farmers to stem erosion and help the wetlands. And, it aids forest restoration. The bill even focuses on renewable energy and bio-based energy products.

CONSERVATIONIST CONNIE: All right! Score one for the environment!

TRADER THERESA: (standing) You've discussed a lot of programs that benefit U.S. citizens, but does the Farm Bill look beyond our country to the importance of foreign trade? How is it helping our agricultural exports overseas? And, are we addressing food shortages in other parts of the world?

POLITICIAN PAUL: I like your global perspective! We have expanded exports through the Foreign Market Development Program. And, we have authorized other programs to provide international assistance and expedite food aid, such as the "Food for Peace" initiative. We also use Farm Bill funds to research agricultural methods and best practices. We're trying to think ahead!

TRADER THERESA: That's important, because it's a small world after all, you know!

TAXPAYER TOM: (pushing his way to the podium) Okay, I've heard enough about the amazing Farm Bill! I want to know the bottom line... what is this bill gonna cost us taxpayers?

POLITICIAN PAUL: I understand your concern about costs. Cutting out direct payments to farmers helped the final bill to come in under the cost of the 2008 Farm Bill. Slight budget cuts were made to SNAP, but the bill kept the focus on improving access to healthy foods. Several conservation programs were combined to save dollars. In total, Congress was able to cut \$16.5 billion from the budget.

TAXPAYER TOM: Well, at least we're going in the right direction... saving dollars instead of spending more!

ASSISTANT ALEX: (coming to the podium) It's been a great discussion, but I'm afraid our time is up! I'd like to thank Politician Paul for sharing his knowledge of the Farm Bill, as well as Mayor Mary for her leadership during the meeting. I hope we all have a better grasp of the bill and how it affects our everyday lives. Thank you, Middletonians, for taking the time to attend this town hall meeting. And, always remember the words of George Washington, who said, "Agriculture is the most healthful, most useful and most noble employment of man." Good night!



Visual 1: Name tags for role play characters



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