

2012 Farm Bill

Max Behlke

Policy Specialist, NCSL



What is the Farm Bill?

The Food, Conservation, and Energy Act of 2008 (“2008 farm bill”) is the most recent omnibus farm bill. It was enacted into law on June 18, 2008, and succeeded the 2002 farm bill. The farm bill governs federal farm and food policy, covering a wide range of programs and provisions, and, as noted above, undergoes review and renewal roughly every five years.

The 2008 farm bill contains 15 titles encompassing commodity price and income supports, farm credit, trade, agricultural conservation, research, rural development, energy, and foreign and domestic food programs such as food stamps and other nutrition programs, among other programs.

Farm Bill Proposal to the Super Committee

- The chairs and ranking members of the House and Senate agriculture committees helped identify \$23 billion in cuts to farm programs for the super committee
- Reports indicated that direct payments, the Average Crop Revenue Election program, and the Supplemental Agricultural Disaster Assistance program would be eliminated under the proposed commodity title while crop insurance would be expanded
- Conservation programs would have been reduced, a new dairy support program would be implemented replacing current dairy policy, and SNAP criteria could have been changed
- Most Rural Development programs would have continued unchanged, including the Biomass Crop Assistance Program, the Biobased Market Program and the Refinery Assistance Program, although blender pumps and feasibility studies were excluded from the Rural Energy for America Program.

The Farm Bill After the Super Committee

Rep. Frank Lucas, R-Okla., chairman of the House Agriculture Committee, and Sen. Debbie Stabenow, D-Mich., chairwoman of the Senate Agriculture Committee in a joint statement following the super committee's failure to reach an agreement stated that:

“House and Senate Agriculture Committee leaders developed a bipartisan, bicameral proposal for the Joint Select Committee on Deficit Reduction that would save \$23 billion. However, the Joint Select Committee’s failure to reach a deal on an overall deficit reduction package effectively ends this effort. We are pleased we were able to work in a bipartisan way with committee members and agriculture stakeholders to generate sound ideas to cut spending by tens of billions while maintaining key priorities to grow the country’s agriculture economy. We will continue the process of reauthorizing the farm bill in the coming months, and will do so with the same bipartisan spirit that has historically defined the work of our committees.”

Whether lawmakers intend to use the super committee proposal as a guide for writing the next farm bill remains unclear as everything that was proposed by the House and Senate agriculture committees is now up for redrafting and debate.

Sequestration

Under sequestration, the cuts would be equally divided between security and non-security spending and include both discretionary and mandatory spending

The supplemental nutrition assistance program or SNAP (formerly called food stamps), the Conservation Reserve Program that idles land and an Environmental Protection Agency program addressing hazardous waste in grains bins would be exempt from sequestration if an across-the-board federal budget cut would go into effect in 2012.

The special nutrition program for women, infants and children known as WIC would not be exempt from a sequestration cut.

The cut for agriculture programs would probably be \$5 or \$6 billion over 10 years.

Sequestration

Two important differences between an automatic farm bill cut and a non-automatic decision by Congress are worth noting.

First, under automatic cuts, the biggest share of the \$15 billion plus reduction would fall on Risk Management Agency-administered crop and revenue insurance since it has the biggest budget (\$8 billion a year average). Under most regular farm bill scenarios, crop insurance is less likely to be cut.

Second, with CRP exempt, the total cut to conservation programs would be lower under sequestration than it would have been under the proposal to the Super Committee.

A Tough Road Ahead

Congress will have to take some action before the 2008 act expires on Sept. 30, 2012, because that expiration would trigger a revival of the 1949 farm act, which contains provisions that are totally out of date and would also cause much higher government spending levels.

But an extension of the 2008 farm bill would not stop sequestration, and it would mean there would not be money for disaster programs, whose authority ended on Sept. 30, or for renewable energy development programs whose baseline ends on Sept. 30, 2012.

A Tough Road Ahead

It will be a difficult and complicated for agricultural leaders to achieve their often competing goals through the processes of across-the-board cuts and regular order for the farm bill.

Committee members have stated that Farm Bill cuts under sequestration will be much more concentrated in crop subsidies, conservation programs and crop insurance than if the agriculture leaders' new farm bill had been accepted.

Additionally, the pressure not to reduce defense spending as much as the debt ceiling bill requires might mean that there will be pressure for an even bigger cut to agriculture programs.

Scenarios

There are many scenarios with respect to what might become of the next Farm Bill.

1. Congress passed the Legislation in 2011

1. Scenarios for 2012 include two variations

- Variation one would pick up where things left off
- Variation two would start the whole process over from scratch.

Under either of those variations, there could be a continuation of the goal of cutting total farm bill spending by \$23 billion over ten years, or that number could change.

Also under either variation, there could be a return to more normal legislative process, with hearings, subcommittee and full committee markups, and floor amendments and floor votes, or there could be a continuation of a less open process, especially if there is a new deficit reduction budget deal that emerges in the meantime.

Scenarios

3. Another scenario for 2012 could be more of a wait and see approach
4. At least four things tend to weigh toward a one-year extension of the existing farm bill and delay work on the new one until 2013.
 - i. First, the overall budget situation is confusing
 - ii. Second, if a reduced-cost farm bill is written and becomes law in 2012, but sequestration is allowed to move ahead as per current law, then the new farm bill would be cut a second time barely before the ink has dried on the actual farm bill.
 - iii. Third, it is an election year and legislative time will be short, with interruptions for primaries and campaigning.
 - iv. Fourth, for those Agriculture Committee Republicans who may assume their party will regain control of the Senate in the November election

Conclusion

It is probably safe to say that at this particular point in time, no one really knows under which scenario the farm bill debate will play out. It may take time for the dust to settle and new strategies to emerge. Stay Tuned.