



CRS Report for Congress

What Is the “Farm Bill”?

Renée Johnson
Specialist in Agricultural Policy
Resources, Science, and Industry Division

Summary

The farm bill, renewed about every five years, governs federal farm and food policy. The Farm Security and Rural Investment Act of 2002 (P.L. 107-171) is the most recent omnibus farm bill, covering a wide range of programs including commodity price and income support, farm credit, agricultural conservation, research, rural development, and foreign and domestic food programs, among others. In July 2007, the House passed its version of the new farm bill, H.R. 2419. In December 2007, the Senate passed its version of the bill, which was offered as a substitute to H.R. 2419. Conference negotiations were initially delayed because of differences between committee leadership and the Administration. Consequently, Congress temporarily extended portions of the expiring 2002 farm bill until March 15, 2008, as part of the Consolidated Appropriations Act for FY2008 (P.L. 110-161). Since March, Congress has approved a one-month extension, followed by three consecutive short-term extensions lasting through May 16. On May 8, House and Senate farm bill conferees announced the details of a completed conference agreement. The Administration announced it will veto the legislation.

What Is the “Farm Bill”?

Federal farm support, food assistance, agricultural trade, marketing, and rural development policies are governed by a variety of separate laws. Although many of these policies can be and sometimes are modified through freestanding authorizing legislation, or as part of other laws, the omnibus, multi-year farm bill provides an opportunity for policymakers to address comprehensively most of the programs of the U.S. Department of Agriculture (USDA). The omnibus character of the bill can create a broader coalition of support among conflicting interests for policies that, individually, might not survive the legislative process. This same climate can stir fierce competition for available funds.

The Farm Security and Rural Investment Act of 2002 (P.L. 107-171) is the most recent omnibus farm bill.¹ Under current law, the farm bill has ten titles that cover:

¹ There have been several omnibus farm bills (2002, 1996, 1990, 1985, 1981, 1977, 1973). Major prior agriculture legislation occurred in 1970, 1965, 1956, 1954, 1949, 1948, 1938, and 1933.

- **Title I, Commodity Programs:** Income support to growers of selected commodities, including wheat, feed grains, cotton, rice, oilseeds, peanuts, sugar, and dairy. Support is largely through direct payments, counter-cyclical payments, and marketing loans. Other support mechanisms are government purchases, marketing quotas, and import barriers.
- **Title II, Conservation:** Environmental stewardship of farmlands and improved management practices through land retirement and working lands programs, among other programs geared to farmland conservation, preservation, and resource protection.
- **Title III, Agricultural Trade and Food Aid:** U.S. agriculture export and international food assistance programs, and various World Trade Organization (WTO) obligations.
- **Title IV, Nutrition:** Domestic food and nutrition and commodity distribution programs, such as food stamps and supplemental assistance.
- **Title V, Farm Credit:** Federal direct and guaranteed farm loan programs. Also specifies loan eligibility rules and other policies.
- **Title VI, Rural Development:** Business and community programs for planning, feasibility assessments, and coordination activities with other local, state, and federal programs, including rural broadband access.
- **Title VII, Research:** Agricultural research and extension programs, including biosecurity/response, biotechnology, and organic production.
- **Title VIII, Forestry:** USDA Forest Service programs, including forestry management, enhancement, and agroforestry programs.
- **Title IX, Energy:** Bioenergy programs and grants for procurement of biobased products to support development of biorefineries and assist eligible farmers, ranchers, and rural small businesses in purchasing renewable energy systems, as well as user education programs.
- **Title X, Miscellaneous:** Other types of farm programs and assistance, including crop insurance, disaster assistance, animal welfare and inspections, country-of-origin labeling, organic agriculture, and some specialty commodities, among others.²

More detailed background and information on individual titles under current law is in CRS Report RL33037, *Previewing a 2007 Farm Bill*.

What Is the Current Policy Setting?

Several major issues are framing the current farm bill debate. For example, are current commodity support and risk management programs equitable across all producers of program crops and specialty crops? Should program payments be limited per person? Is permanent disaster assistance needed in addition to crop insurance programs? There is general consensus to increase funding and expand current programs in the area of conservation, forestry, bioenergy, rural development, agricultural research, farm credit, marketing and export promotion, foreign food aid, and domestic food and nutrition. What would be the source of funding to expand programs, given current budgetary constraints?

²The House bill would create a new horticulture title, whereas the Senate bill would create a new livestock title. Both the House and Senate bills also contain new bill titles with provisions that would make certain changes to tax laws, offsetting new spending initiatives in the 2007 farm bill.

Budgetary Considerations. As with all federal programs, the farm bill debate has been influenced by budgetary constraints imposed by Congress. Recent federal deficits have raised concerns with respect to reauthorization or expansion of current farm programs. Prior to Congressional consideration of a new farm bill, budget projections showed a lower baseline budget for agriculture programs, mainly because high commodity prices have caused projections of future farm program spending to fall sharply under current law projections. The Congressional Budget Office's (CBO's) March 2007 baseline budget has served as the official benchmark for the FY2008 budget resolution and for scoring the budgetary impacts of the new farm bill. The CBO baseline assumes continuation of current farm bill policies under expected economic conditions. It is the budget resolution that set the actual spending constraints for the agriculture committees as they drafted a new farm bill.

In May, 2007, Congress approved the FY2008 budget resolution, which adopted the baseline budget as the fiscal parameter for the next farm bill. It also includes a \$20 billion reserve fund (above baseline) for new farm bill spending over five years.³ However, any new spending must be deficit-neutral, meaning that it would have to be offset with equivalent reductions in other federal spending for existing mandatory programs, or by raising revenues. Large increases in the market prices of corn and other commodities since the summer of 2006 have contributed to a lower March 2007 baseline for farm program spending. The March 2007 baseline projects spending for commodity support payments under current law to be \$42.4 billion for the FY2008-FY2013 period, which is about \$30 billion lower than actual spending in the previous six years (**Table 1**). Baseline estimates for mandatory conservation programs and the food stamps program for the next six years are higher compared to the previous six years. For more information, see CRS Report RS22694, *Farm Bill Budget and Costs, 2002 vs. 2007*.

Trade Negotiations and Commitments. The current debate has also been influenced by obligations concerning the design and size of farm subsidies under the World Trade Organization (WTO) Agreement on Agriculture, as well as by the U.S. position in the Doha Round of multilateral negotiations.

Agreement in the Doha Round was expected to converge in 2007 with the expiration of the 2002 farm bill, and to occur well before the June 30, 2007, expiration of Trade Promotion Authority (TPA), which provides for expedited congressional consideration of trade agreements. Some policymakers wanted a Doha Round agreement so that the next farm bill could be made consistent with new farm trade rules; others argued that the United States should not unilaterally change its own subsidy programs ahead of any multilateral trade agreement. Although progress in the Doha Round stalled in 2006, criticisms and legal challenges by some WTO member countries of current U.S. farm programs have continued.⁴ EU officials have publicly stated that the proposed changes to U.S. domestic support programs that are being considered by Congress likely do not go far enough in meeting Doha Round objectives for farm trade policy reform.

³ Concurrent Resolution on the Budget for Fiscal Year 2008, *Deficit-Neutral Reserve Fund for the Farm Bill* (H.Rept. 110-153, conference report, Section 307).

⁴ For more information, see CRS Report RL33144, *WTO Doha Round: The Agricultural Negotiations*; CRS Report RL33697, *Potential Challenges to U.S. Farm Subsidies in the WTO*; and CRS Report RL33853, *Canada's WTO Case Against U.S. Agricultural Support*.

**Table 1. 2002 Farm Bill Actual Spending (FY2002-FY2007 est.)
and the March 2007 CBO Baseline (FY2008-FY2013)**

	Commodity Support	Conservation	Exports	Food Stamps	Total
(outlays in \$ millions)					
Baseline (FY08-FY13)	42,446	26,496	2,005	225,845	296,792
Actual (FY02-FY07)	72,934	18,323	1,648	178,158	271,063
Baseline vs. Actual	-30,488	+8,173	+357	+47,687	+25,729

Source: Compiled by CRS from various Congressional Budget Office (CBO) baselines.

The Administration's Policy Recommendations. In January 2007, the Bush Administration released its own detailed recommendations for the farm bill that, if enacted, could substantially alter some aspects of the current commodity support system, while enhancing conservation, rural development, trade promotion, domestic food assistance, farm credit, energy, and research. However, these proposed changes would also likely face potential funding obstacles, given current budget constraints. Nevertheless, the Administration has repeatedly said it will veto any legislation that includes certain revenue and tax-related provisions being considered by Congress, as well as legislation that fails to implement certain policy changes, including cuts in farm income subsidies, among other policy issues and concerns.

The Administration's stated approach for the farm bill is to take a "reform-minded and fiscally responsible approach to making farm policy more equitable, predictable and protected from challenge."⁵ In part, this refers to the perceived need to more evenly distribute federal program spending and benefits across a larger share of the U.S. farm community, as well as the perceived need to modify current farm programs to better comply with WTO obligations and limit future legal challenges from other countries. Some of these same concerns have been voiced in recommendations and proposals by other organizations and interest groups. For more information on the USDA proposal, see CRS Report RL33916, *The USDA 2007 Farm Bill Proposal: Possible Questions*.

Other Recommendations/Proposals. The current farm bill debate differs from the 2002 debate in the number and scope of proposals seeking changes to the current legislation, some of which have gained support within and outside Congress. In addition to the Administration proposal, several organizations and interest groups have released their own farm bill recommendations. These include state organizations, national farm groups, commodity associations, conservation and rural development organizations, and several non-traditional interest groups. These policy recommendations represent diverse interests seeking objectives ranging from maintaining current programs to substantially altering or eliminating them. Some of these recommendations were incorporated into legislation introduced by some Members of Congress during the debate, who sought to directly challenge the existing farm legislation and programs through comprehensive and broad-based proposed legislative changes. Others in Congress may be reluctant to change current programs because they are strongly supported by the long-time beneficiaries.

⁵ USDA, "Johanns Unveils 2007 Farm Bill Proposals," Release No. 0020.07, January 31, 2007, at [<http://www.usda.gov/wps/portal/usdahome>].

What Is the Status of Current Congressional Action?

Early in 2007, the chairmen of both the House and Senate Agriculture Committees indicated their intention to complete work on a new farm bill prior to the August 2007 recess, with full congressional action by September. The House Agriculture Committee conducted its markup of its version of the farm bill (H.R. 2419) in mid-July. House floor action was completed on July 27, 2007. In the Senate, regional differences and budget limitations delayed action by the Senate Agriculture Committee, which approved its version of the farm bill (S. 2302) on October 25, 2007. On December 14, the Senate completed floor action on its farm bill, which was offered as a substitute to the House bill. Both the House and Senate have named conferees. Conferees began official meetings in April 2008, and have been working to resolve approaches to finance new spending above baseline using tax provisions not usually associated with farm bills.

Conference negotiations were initially delayed because of differences between committee leadership and the Administration. Consequently, Congress temporarily extended portions of the expiring 2002 farm bill until March 15, 2008, as part of the Consolidated Appropriations Act for FY2008 (P.L. 110-161). Since March, Congress has approved a one-month extension, followed by three consecutive short-term extensions lasting through May 16.⁶ On May 8, House and Senate farm bill conferees announced the details of a completed conference agreement. Major changes and provisions in the conference agreement propose changes to commodity support and risk management policies and programs (such as direct payments, payment limits, revenue and counter-cyclical payments, crop insurance and disaster assistance, planting flexibility, and specialty crops), and also changes to existing conservation, bioenergy, rural development, forestry, agricultural research, competition, trade and food aid, farm credit, and domestic food and nutrition programs. The conference agreement also contains provisions that propose certain changes to tax laws, intended to offset new spending initiatives. The new bill would become effective for the 2008 crop year for most of the supported farm commodities, and for other programs for the remainder of FY2008 and beyond.

More information is available in CRS Report RL33934, *Farm Bill Legislative Action in the 110th Congress*, and CRS Report RL34228, *Comparison of the House and Senate 2007 Farm Bills*. See also the CRS web page “Farm Bill and Farm Policy,” which provides links to individual CRS reports on specific issue areas and titles of the farm bill.

The Administration has announced it will veto the farm bill conference legislation in its present form. Among the reasons cited by the Administration is the inclusion of certain revenue and tax-related provisions in both bills. Reasons cited for this threatened veto include concerns about the proposed tax-related changes and other budgetary issues, concerns that the legislation does not include certain policy reforms in farm income subsidies, and concerns about possible incompatibility with U.S. obligations under the WTO, among other policy issues. House and Senate farm bill conferees have indicated that they will seek to gather enough support for the conference package to override a threatened veto. Information about what might happen if a new farm bill is not enacted and various provisions of the 2002 farm bill expire is provided in CRS Report RL34154, *Possible Expiration of the 2002 Farm Bill*.

⁶ March 12 (P.L. 110-196), April 17 (P.L. 110-200), April 24 (P.L. 110-205), and May 1 (P.L. 110-208).

Table 2. 2007 Farm Bill Timeline

- May 2005** — One of the first comprehensive sets of recommendations for the next farm bill is released by a major agricultural trade association, followed by proposals by other major interest groups and non-farm organizations.
- July 7, 2005** — U.S. Department of Agriculture (USDA) begins its series of 52 farm bill forums starting in Nashville, TN, and covering nearly all states (excl. Louisiana and Mississippi due to Hurricane Katrina.).
- February 6, 2006** — House Committee on Agriculture begins farm bill listening field hearings in Fayetteville, NC, and other hearings to review federal farm policy.
- June 23, 2006** — Senate Agriculture, Nutrition, and Forestry Committee begins regional farm bill hearings in Albany, GA, and other hearings to review federal farm policy.
- January 2007** — House and Senate Agriculture Committees begin hearings on selected farm bill topics.
- January 31, 2007** — USDA releases its farm bill recommendations, covering each title of the current law.
- February 2007** — One of the first comprehensive bills recommending broad changes to current law is introduced in the Senate, followed by other broad-based bill introduced by others in the House and Senate.
- March 21, 2007** — Congressional Budget Office (CBO) releases its multi-year March baseline estimate of spending, providing the starting point for the budget allocation for the new farm bill.
- March 21, 2007** — House Committee on Agriculture begins subcommittee markup on individual titles of the farm bill, proceeding through June 19, 2007.
- May 17, 2007** — Congress approves the FY2008 budget resolution, adopting the baseline budget as the fiscal parameters and including a \$20 billion reserve for the new farm bill.
- July 17, 2007** — House Committee on Agriculture begins full committee markup on individual titles of the farm bill (H.R. 2419), proceeding through July 19, 2007.
- July 26-27, 2007** — Floor debate and passage of H.R. 2419 in the House.
- October 4, 2007** — Senate Finance Committee approves a bill (S. 2242) that would create new tax credits and a disaster trust fund for farmers, as part of the 2002 farm bill reauthorization.
- October 24, 2007** — Senate Agriculture Committee begins full committee markup on individual titles of the farm bill (S. 2302), proceeding through October 25, 2007.
- November 5, 2007** — Senate floor debate begins, with the Senate Agriculture Committee Chairman offering an amended Senate bill as a substitute (S.Amdt. 3500) to H.R. 2419 (and includes provisions in S. 2242).
- November 16, 2007** — Further action in the Senate is delayed when a key vote in the Senate fails to invoke cloture on the Senate version of the farm bill.
- December 14, 2007** — Floor debate and passage of the Senate farm bill, which was offered as a substitute to H.R. 2419.
- December 26, 2007** — The Consolidated Appropriations Act for FY2008 (P.L. 110-161) is signed into law and extends certain expiring provisions of the 2002 farm bill until March 15, 2008.
- February 4, 2008** — Senate appoints conferees.
- March 12, 2008** — Congress approves a one-month extension (P.L. 110-196) that lasts through April 18.
- April 9, 2008** — House appoints conferees.
- April 17, 2008** — Congress approves a one-week extension (P.L. 110-200) that lasts through April 25.
- April 24, 2008** — Congress approves a one-week extension (P.L. 110-205) that lasts through May 2.
- May 1, 2008** — Congress approves a two-week extension (P.L. 110-208) that lasts through May 16.
- May 8, 2008** — House and Senate farm bill conferees announce details of the completed conference agreement. The Administration announces its intention to veto the legislation in its present form.