



What Is the “Farm Bill”?

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Summary

The 2008 farm bill (P.L. 110-246, Food, Conservation, and Energy Act of 2008) was enacted into law on June 18, 2008. It contains 15 titles covering support for commodity crops, horticulture and livestock, conservation, nutrition, trade and food aid, agricultural research, farm credit, rural development, energy, forestry, and other related programs. It also includes tax-related provisions to offset some new spending initiatives in the rest of the bill. The bill succeeds the 2002 farm bill (P.L. 107-171) and is to guide most federal farm and food policies through FY2012.

The farm bill undergoes review and reauthorization roughly every five years. The 112th Congress likely will consider reauthorization of the 2008 farm bill, because much of the current law expires in 2012. Increasingly tight budgetary resources are prompting the chairman of the House Agriculture Committee to initiate hearings starting as early as spring 2010. The Administration already has submitted budget proposals to reduce farm supports, an approach at odds with that of many farm sector advocates, who support the status quo.

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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 agricultural and food issues more comprehensively. The omnibus farm bill is renewed about every five years.¹ The omnibus nature of the farm bill can create a broader coalition of support among sometimes conflicting interests for policies that, individually, might not survive the legislative process. This same climate can also stir fierce competition for available funds.

The Food, Conservation, and Energy Act of 2008 (P.L. 110-246, “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.² 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. More information on individual titles and programs in the 2008 farm bill is in CRS Report RL34696, *The 2008 Farm Bill: Major Provisions and Legislative Action*.

What Is the Cost?

When the 2008 farm bill was enacted, the Congressional Budget Office (CBO) estimated the total cost of the farm bill (i.e., baseline plus new funding, using the March 2007 baseline) at \$284 billion over 5 years (FY2008-FY2012) and \$604 billion over 10 years (FY2008-FY2017). These costs reflected mandatory outlays that do not require appropriations actions. **Table 1** provides a title-by-title breakdown of the 2008 CBO spending estimates for the enacted 2008 farm bill, covering both FY2008-FY2012 and FY2008-FY2017. The farm bill also authorized discretionary programs that require appropriators to provide funds and thus are not reflected in the table.

The overwhelming share (97%) of estimated total net outlays for programs in the 2008 farm bill was anticipated to be spent on four titles: nutrition (67%), farm commodity support (15%), conservation (9%), and crop insurance (8%). Of the \$284 billion in projected total five-year net outlays for programs under the farm bill—including revenue and cost-offset provisions in the bill—about \$189 billion was expected to support the cost of food stamps and certain other nutrition assistance programs, \$42 billion in projected spending was to support commodity crops, \$24 billion to support mandatory conservation programs, and \$22 billion to support crop insurance. For FY2008-FY2012, the 2008 farm bill also included nearly \$4 billion in new spending for supplemental farm disaster assistance (included under Title XV). Another \$10 billion was expected to be spent on trade, horticulture and livestock production, rural development, research, forestry, and energy, among other programs.

¹ There have been seven omnibus farm bills since the 1970s (2008, 2002, 1996, 1990, 1985, 1981, 1977). Prior farm legislation was in 1973, 1970, 1965, 1956, 1954, 1949, 1948, 1938, and 1933.

² Farm Security and Rural Investment Act of 2002 (P.L. 107-171).

**Table I. CBO-Estimated 5-Year and 10-Year Costs,
2008 Conference Agreement on the Farm Bill (P.L. 110-246)**
(outlays in millions of dollars)

	FY2008-FY2012			FY2008-FY2017		
	Baseline	CBO Score (change)	Total	Baseline	CBO Score (change)	Total
Commodities (Title I)	43,354	(1,726)	41,628	87,179	(1,658)	85,521
Conservation (Title II)	21,392	2,720	24,112	50,699	4,000	54,699
Trade/Food Aid (Title III)	1,823	30	1,853	3,715	(78)	3,637
Nutrition (Title IV) ^a	186,005	2,897	188,902	397,131	9,218	406,349
Credit (Title V)	(1,046)	(378)	(1,424)	(2,321)	(306)	(2,627)
Rural Development (Title VI)	72	122	194	72	149	221
Research (Title VII)	290	31	321	1,290	(907)	383
Forestry (Title VIII)	0	38	38	0	45	45
Energy (Title IX)	41	602	643	43	836	879
Horticulture/Organic (Title X)	0	402	402	0	938	938
Livestock (Title XI)	0	1	1	0	1	1
Crop Insurance (Title XII)	25,718	(3,860)	21,858	52,743	(5,591)	47,152
Commodity Futures (Title XIII)	0	0	0	0	0	0
Miscellaneous (Title XIV) ^b	6,338	44	6,382	13,668	(138)	13,530
Disaster Assistance (Title XV)	0	3,807	3,807	0	3,807	3,807
Tax/Other (Title XV)	0	(4,798)	(4,798)	0	(10,429)	(10,429)
Total	283,987	(66)	283,921	604,218	(107)	604,111

Source: Compiled by CRS using the Congressional Budget Office (CBO) March 2007 baseline and CBO score of the conference agreement for H.R. 2419, the Food, Conservation, and Energy Act of 2008; also Senate Finance Committee, *Estimated Revenue Effects of the Conference Agreement for Title XV of H.R. 2419, Fiscal Years 2008-2018*, 08-2 068 R10, May 13, 2008. May not add due to rounding. Numbers in parentheses are savings.

Notes: "Baseline" is the projection of government costs if programs were to continue unchanged. The baseline in this table is the 2007 CBO baseline assuming 2002 farm bill programs were to continue, as the 2008 bill was being drafted. "CBO score" is the cost (or savings) attributable to the 2008 farm bill, using the 2007 baseline as a benchmark. Thus, the "total" in this table is the projected cost of the 2008 farm bill, equal to baseline plus the changes made by the 2008 farm bill.

- a. New outlays for the expanded Fresh Fruit and Vegetable Program required in the nutrition title, \$274 million (FY2008-FY2012) and \$1.020 billion (FY2008-FY2017), are not reflected in this table because they are effectively offset with money from permanent appropriations under Section 32, mandated in Title XIV.
- b. Excludes estimates for crop insurance previously included as part of the 2002 farm bill's miscellaneous provisions. Other provisions in the 2008 farm bill include those for socially disadvantaged and limited resource producers, and for agricultural security, among others.

Similar to the conditions during debate on the 2008 farm bill, the upcoming farm bill debate is likely to be driven in part by relatively large budget deficits and growing demands for fiscal constraint. For updated information on recent actual farm bill spending and implications for reauthorizing a new farm bill, see CRS Report R41195, *Actual Farm Bill Spending and Cost Estimates*.

What Are the Key Farm Bill Provisions by Title?

Below is a summary of the types of provisions and programs of individual titles in the 2008 farm bill. More information is in CRS Report RL34696, *The 2008 Farm Bill: Major Provisions and Legislative Action*.

Title I: Commodity Programs

For the major commodity crops—grains, oilseeds, and cotton—the 2008 farm bill generally continued the farm commodity price and income support framework of the 2002 farm bill. It revised payment limitations by tightening some annual limits and relaxing others, and adjusted target prices and loan rates for some commodities. It continued the direct payment, counter-cyclical payment, and marketing loan programs for the 2008-2012 crop years. The bill created a pilot revenue-based counter-cyclical program—the Average Crop Revenue Election (ACRE) program—beginning with the 2009 crop year. It also included a pilot program for planting flexibility, restricted base acres developed for residential use, and eliminated benefits to farms with less than 10 acres.

For dairy, the 2008 farm bill extended, with modifications, two federal programs that support milk prices and dairy farm income—the dairy price support program (DPSP) and the Milk Income Loss Contract (MILC) program. It also authorized farmers to voluntarily enter into forward price contracts as part of the federal milk marketing order program, among other dairy-related provisions. The bill also continued the sugar program that supports prices for domestic producers and processors. To address the possibility of increased sugar imports from Mexico under the North American Free Trade Agreement, the 2008 farm bill mandated an 85% market share for U.S. sugar producers and created a sugar-for-ethanol program to sell surplus sugar to ethanol producers. Across all commodities, when the 2008 farm bill was enacted, CBO estimated that five-year outlays for the title would total \$41.6 billion (FY2008-FY2012, **Table 1**).

For more detailed information, see CRS Report RL34594, *Farm Commodity Programs in the 2008 Farm Bill*, CRS Report RL34036, *Dairy Policy and the 2008 Farm Bill*, and CRS Report RL34103, *Sugar Policy and the 2008 Farm Bill*.

Title II: Conservation

The 2008 farm bill reauthorized almost all 2002 farm bill conservation programs, modified several programs, and created several new conservation programs. The bill made changes to and/or expanded both working lands programs, such as the Environmental Quality Incentives Program and the (renamed) Conservation Stewardship Program, and land retirement programs, such as the Conservation Reserve Program and the Farmland Protection Program. Program changes addressed eligibility requirements, program definitions, enrollment and payment limits, contract terms, evaluation and ranking criteria, and other administrative issues, among other program conditions. Producer coverage across most programs was also expanded to include beginning, limited-resource, and socially disadvantaged producers; specialty crop producers; and producers transitioning to organic production. The bill also created new conservation programs to address emerging issues and priority resource areas, and also new subprograms under existing programs. When the 2008 farm bill was enacted, CBO estimated that five-year outlays for the

title would total \$24.1 billion (FY2008-FY2012). See CRS Report RL34557, *Conservation Provisions of the 2008 Farm Bill*.

Title III: Trade

The 2008 farm bill reauthorized and amended USDA's food aid, export market development, and export credit guarantee programs. The bill reauthorized the largest U.S. food aid program, the P.L. 480 food aid program, along with other smaller programs that provide food aid to countries promoting the development of market-oriented agricultural sectors (Food for Progress) or school feeding and nutrition programs (the McGovern-Dole International School Feeding and Child Nutrition Program). It also established a pilot program for local and regional purchase of commodities for famine prevention. The farm bill terminated some export programs, while selected others received increased funding. When the 2008 farm bill was enacted, CBO estimated that outlays for the title would total nearly \$1.9 billion (FY2008-FY2012). See CRS Report RS22905, *Agricultural Export Provisions of the 2008 Farm Bill*, and CRS Report RS22900, *International Food Aid Provisions of the 2008 Farm Bill*.

Title IV: Nutrition

The 2008 farm bill's nutrition title accounted for well over half of all spending covered by the bill, with the overwhelming majority financing the Food Stamp program. The most significant issues in this title addressed administration of, eligibility for, and benefits under the Food Stamp program, funding for The Emergency Food Assistance Program (TEFAP), and support for a program making free fresh fruits and vegetables available in schools. The bill extended expiring authorities in covered programs (generally through FY2012) and increased spending for most programs. When the 2008 farm bill was enacted, CBO estimated that five-year outlays for the title would total \$188.9 billion (FY2008-FY2012). See CRS Report RL33829, *Domestic Food Assistance and the 2008 Farm Bill*.

Title V: Credit

The 2008 farm bill enacted relatively minor changes to the permanent statutes for two government-related farm lenders: the USDA Farm Service Agency (FSA) and the Farm Credit System (FCS). When the 2008 farm bill was enacted, CBO estimated that these changes would result in total cost savings over five years of about \$1.4 billion (FY2008-FY2012). See CRS Report RS21977, *Agricultural Credit: Institutions and Issues*.

Title VI: Rural Development

The 2008 farm bill reauthorized and/or amended rural development loan and grant programs and authorized several new provisions, including rural infrastructure, economic development, and broadband and telecommunications development, among other programs. The bill created several new programs intended to assist with regional development strategies and provided technical and financial assistance for rural businesses. When the 2008 farm bill was enacted, CBO estimated that outlays for the title would total \$0.2 billion (FY2008-FY2012). See CRS Report RL34126, *Rural Development Provisions of the 2008 Farm Bill*.

Title VII: Research

The 2008 farm bill reorganized the administration of USDA's research, extension, and economic agencies within the mission area. The farm bill created a new entity called the National Institute of Food and Agriculture (NIFA) to carry out extramural research, including both formula-funded and competitively awarded programs. NIFA replaced the Cooperative State, Education, and Extension Service (CSREES), which prior to the 2008 farm bill was the primary USDA extramural funding agency. Intramural research continues to be carried out by the Agricultural Research Service (ARS), Economic Research Service (ERS), and National Agricultural Statistics Service (NASS). The 2008 farm bill established a new competitive research program, the Agriculture and Food Research Initiative (AFRI), and expanded mandatory funding for this mission area. When the 2008 farm bill was enacted, CBO estimated that outlays for the title would total \$0.3 billion (FY2008-FY2012). For more information, see CRS Report R40819, *Agricultural Research, Education, and Extension: Issues and Background*.

Title VIII: Forestry

The 2008 farm bill made changes to existing forestry programs, allowed one to expire, and created some new programs to assist local entities in protecting forests threatened with conversion to non-forest uses, and to restore forests damaged by natural disaster, among other programs. The bill also established priorities for forestry assistance funding, required statewide forest resource assessments, and created a new coordinating committee to oversee state assistance funding. The bill amended existing law to restrict imports of illegally logged wood and modified income tax deductions for qualified timber gains. When the 2008 farm bill was enacted, CBO estimated that outlays for the title would total \$40 million (FY2008-FY2012). For more information, CRS Report RL33917, *Forestry in the 2008 Farm Bill*.

Title IX: Energy

The 2008 farm bill reauthorized, expanded, and/or modified existing programs, and created new programs and initiatives to promote biofuels and cellulosic ethanol production. The bill included provisions supporting farm and community renewable energy systems, including the production, marketing, and processing of biofuel feedstocks other than corn starch. It expanded research, education, and demonstration programs for advanced biofuels, and also established USDA coordination of federal biobased energy efforts. The bill also expanded federal procurement of biofuels and bio-refinery repowering projects. When the 2008 farm bill was enacted, CBO estimated that outlays for the title would total \$0.6 billion (FY2008-FY2012). For more information, see CRS Report RL34130, *Renewable Energy Programs in the 2008 Farm Bill*.

Title X: Horticulture and Organic Agriculture

The 2008 farm bill included new programs and increased spending for horticulture and organic production under a new bill title. About half of this increased spending was targeted to expand the Specialty Crop Block Grant Program, which provides funds to state agriculture departments for U.S. specialty crop marketing, promotion, research, and other activities. The bill also provided new mandatory funding for growth of farmers' markets and for transitioning producers to organic production. It also authorized funding for a new federal-state cooperative pest and disease early detection program, and provided for price reporting and organic data collection, among other

provisions. When the 2008 farm bill was enacted, CBO estimated that outlays would total \$0.4 billion (FY2008-FY2012). See CRS Report RL33520, *Specialty Crops: 2008 Farm Bill Issues*.

Title XI: Livestock

The 2008 farm bill included new livestock-related provisions under a new bill title. The bill made changes to existing laws governing livestock and poultry marketing and competition, including specifying that producers may not be forced into mandatory arbitration in livestock or poultry contracts, allowing producers to decline arbitration prior to entering into the contract, enabling producers to litigate a contract dispute where the principal part of their production occurs, and requiring additional reporting and tracking of enforcement action under the Packers and Stockyards Act. The bill modified country-of-origin labeling (COOL) requirements for retailers, opened the way for state-inspected meat and poultry to enter interstate commerce, and extended mandatory safety inspection to catfish. When the 2008 farm bill was enacted, CBO estimated that outlays for the title would total \$1 million (FY2008-FY2012). See CRS Report RL33958, *Animal Agriculture: 2008 Farm Bill Issues*.

Title XII: Crop Insurance and Disaster Assistance Programs

The 2008 farm bill provided for changes to the crop insurance program, along with other disaster assistance provisions, under a new bill title. The bill contained several revisions to the crop insurance program, many of which were designed to reduce program costs. When the 2008 farm bill was enacted, CBO estimated net savings of \$3.9 billion over five years (FY2008-FY2012), mostly through changes in the timing of premium receipts from farmers, and payments to the companies. The title also included other disaster assistance provisions, including the addition of the Small Business Disaster Response and Loan Improvements Act of 2008, which makes significant changes to the Small Business Administration's (SBA's) response to disaster. CBO had estimated that five-year outlays for the title would total \$21.9 billion (FY2008-FY2012). See CRS Report RL34207, *Crop Insurance and Disaster Assistance in the 2008 Farm Bill*.

Title XIII: Commodity Futures

The 2008 farm bill included a title that reauthorized appropriations for the Commodity Futures Trading Commission (CFTC) through FY2013, also amending the Commodity Exchange Act.

Title XIV: Miscellaneous

The miscellaneous title in the 2008 farm bill included various provisions affecting research, energy, and rural development, as well as provisions covering socially disadvantaged and limited-resource producers and agricultural security, among other provisions. When the 2008 farm bill was enacted, CBO estimated that outlays for the title would total \$6.4 billion (FY2008-FY2012).

Title XV: Trade and Tax Provisions

The 2008 farm bill included a title containing various trade and tax provisions. This title also included provisions creating a new permanent Supplemental Agricultural Disaster Assistance program. The supplemental revenue assistance payment program for crop producers is designed

to compensate eligible producers for a portion of crop losses that are not eligible for an indemnity payment under the crop insurance program (i.e., the portion of losses that is part of the deductible on the policy). When the 2008 farm bill was enacted, CBO estimated that outlays for the permanent disaster program would total \$3.8 billion (FY2008-FY2012). See CRS Report RL34207, *Crop Insurance and Disaster Assistance in the 2008 Farm Bill*.

The bill's tax provisions addressed a range of conservation, energy, and agriculture issues, among others. The single largest revenue-raising provision involved a change in the estimated tax payment of corporations. When the 2008 farm bill was enacted, CBO estimated that these provisions would generate a \$10 billion offset over 10 years (FY2008-FY2017).

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