After A Rocky Start, Senate Agriculture Committee Advances 2012 Farm Bill

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Last week's scheduled committee meeting to produce the 2012 Farm Bill had all of the drama that you might find in any modern-day sausage-making or legislative effort.

I started to hear rumors that the committee's original draft – carefully crafted by Chairwoman Debbie Stabenow, D-MI, and Ranking Member Pat Roberts, R-KS – was falling apart because of opposition from a handful of senators. Our sources doubted that the Committee would even meet the next day to officially write the bill.

Sure enough, the committee meeting was postponed later that night. Still, no one wanted to go on the record and say which members were holding up the process. Most of the speculation focused on Southern senators such as Senators Saxby Chambliss, R-GA, John Boozman, R-AR, and Thad Cochran, R-MS., who were dismayed about how the farm bill treated peanuts and rice. Southern farm groups had circulated a letter earlier in the week, asking Stabenow to delay.

But it wasn't until I talked to South Dakota Sen. John Thune the next day that the influence from his "neighbors to the North" became clear.

Thune said the decision to postpone marking up the 2012 Farm Bill was driven in large part by "objections raised at the last minute by a couple of senators from the northern states and a senator from a southern state." Most of the objections focused on the Commodity title and the new revenue-based Agricultural Risk Coverage (ARC) program.

Thune said part of the Northern Senators' concerns dealt with how the commodity title would apply to wheat growers' base acres, but they also wanted to take the new revenue program down to the farm level. The Senate Agriculture Committee's draft legislation had both county and farm level triggers, with the county level paying at 75 percent and farm levels paying at 60 percent.

While Thune declined to specifically identify his fellow committee members, it was no secret that Senators Max Baucus, D-MT, Kent Conrad, D-ND, and John Hoeven, R-ND, had joined forces earlier in the year on an alternative commodity proposal that was based on farm level payments. They also wanted to see the Supplemental Revenue Assistance Program (SURE) continued for at least another year.

Taking the revenue program to only the farm level significantly adds to the cost, Thune explained.

"You are talking about an additional $15 billion in costs, so it wipes out all of the savings. That's what they are holding out for and we'll see how that debate all plays out," he added.

Asked to react to Thune's comments, Sen. Conrad said, "There is an ongoing negotiation that includes representatives from many states. This is not just centered on North Dakota. Many states are involved in these negotiations as we try and reach an agreement.

"We do not think people should get paid if they do not have losses," Conrad added. "And we do not think people should get paid twice. However, we do think there ought to be equity between regions of the country. And we are following those principles in our discussions."

While those Northern senators may have downplayed their influence, it became readily apparent in the final bill language. The new Agricultural Risk Coverage program was still in place, but the payment rates were increased from 60 to 65 percent at the farm level and 75 to 80 percent at the county level.

Conrad worked with Sen. Richard Lugar, R-IN, to gain support for an amendment that provides $800 million for rural energy programs that otherwise, were set to expire.

The cost of the package, as "scored" by the Congressional Budget Office on April 23, "blossomed" by at least $1.6 billion as a result of the changes. However, staff sources noted that the $24.7 billion that the bill "saved" was still more than the $23 billion in reductions proposed by the Committee last fall.

Senate staff members worked tirelessly throughout the night to secure as many votes as possible, and by the time the sun was coming up the next day, it appeared that they had Conrad, Baucus and Hoeven on board. The Committee rescheduled for 10 am and by mid-afternoon, the Committee approved the entire farm bill package by a 16-5 margin. Chairwoman Stabenow gaveled down one of the quickest farm bill markups that anyone can remember.

Throughout the process, there were efforts underway to win support from as many Senators as possible. With direct payments going away, cotton interests won their own Stacked Income Protection Plan (STAX) for producers of upland cotton. Rice and peanuts producers gained several special provisions under the commodity and crop insurance titles.

But at the end of the day, the changes still weren't sufficient to move the Southern block. Senators Saxby Chambliss, R-GA, John Boozman, R-AR, and Thad Cochran, R-MS., Mitch McConnell, R-KY, all opposed the measure. New York Democrat Kirsten Gillibrand also voiced opposition to the bill after criticizing reductions in the food stamp program.

Rice and peanut interests expressed disappointment with the Commodity Title, but said they "remain hopeful" of a more equitable risk management package when the House Agriculture Committee fashions its version of multiyear farm legislation in the next few weeks.

House Ag Chair Frank Lucas, R –OK, has all but guaranteed that changes will be forthcoming.

The Commodity Title "has yet to be worked out in a way that would be a final Farm Bill," Lucas said of the Senate's one-size-fits-all approach. "A shallow loss program is not a safety net. It does not provide protection against price declines over multiple years and it does not work for all commodities." Rep. Mike Conaway, R-TX, chairman of the General Farm Commodities and Risk Management Subcommittee, was even more blunt. He said the Senate measure was "so lopsided and discriminatory" against southern crops that he's not sure it can be rescued by the House.

"Today was a big step backward in completing a Farm Bill this year," Conaway said. Δ

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Highlights From The Senate Agriculture Committee's 2012 Farm Bill

- Eliminates Direct payments, Counter-cyclical payments, and the Average Crop Revenue Election (ACRE) program after 2012.
- Creates a new program, Agricultural Risk Coverage (ARC), to partially compensate growers for revenue declines not covered by federally-subsidized crop insurance.
- The total amount of payments under ARC may not exceed $50,000, but both qualified spouses on a farm can be eligible for up to $100,000.
- Producers would not be eligible for commodity programs if their adjusted gross income over the 3 taxable years preceding the actual program year exceeds $750,000, including both farm and non-farm income. Currently, the AGI limit stands at $750,000 in on-farm income and $500,000 off-farm.
- Maintains and improves federal crop insurance.
- Creates a new Supplemental Coverage Option to cover shallow crop losses.
- Eliminates the livestock title, but continues livestock disaster programs
- Reforms the dairy title and incorporates most of the National Milk Producers Federation's "Foundation for the Future" plan on margin protection and market stabilization. Does not include any changes to milk marketing orders.
- Rolls 23 conservation programs into 13 and also eliminates 15 rural development and 60 ag research programs. Δ