

The 2008 Farm Bill Expired Sept. 30. Now What?



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At the stroke of midnight on Sept. 30 2012, a law that guided a wide range of food, farm and rural programs over the last five years technically expired. Not many people are happy about watching the sun set on the overwhelmingly popular Food, Conservation and Energy Act of 2008 – least of all the farmers and ranchers who expected their members of Congress to approve a new measure before the current one expired.

Despite all of the finger pointing and hand wringing about who is to blame for not completing a bill, failure to get the job done “on time,” will not create a lot of short term turmoil, except for many in the dairy industry who are already being hard hit by high feed costs.

Lawmakers recognize that failure to approve a new bill has been more the norm than the exception in recent years. Delays have happened when both Republicans and Democrats have controlled the House and Senate Agriculture Committees.

As the Congressional Research Service (CRS) points out in their report, “<http://www.agri-pulse.com/uploaded/CRSExtensiondoc.pdf>” Possible Extension of the 2008 Farm Bill,” in the past 40 years, only the 1973 and 1977 farm bills were enacted before Sept. 30. The 1981, 1985, and 1990 farm bills were enacted by Dec. 31. The most recent three farm bills have been enacted much later: April 1996, May 2002 and June 2008.

In fact, when the 2002 Farm Bill expired on Sept. 30, 2007, there was barely any media coverage regarding lawmakers’ inability to get a new bill written on time.

A review of USDA news releases in 2007 does not show any statement by then Secretary of Agriculture Mike Johanns when the farm bill expired. Last week, Secretary of Agriculture Tom Vilsack had a much different perspective:

“In a year that has brought its share of challenges to America’s farmers and ranchers, the House Republicans have added new uncertainty for rural America. Unfortunately, House Republicans left Washington without passing comprehensive, multi-year food, farm and jobs legislation, leaving thousands of farming families exposed,” he noted in a statement.

Sen. Tom Harkin, D-Iowa, who served as Chairman of the Senate Committee on Agriculture, Nutrition and Forestry in the fall of 2007, didn’t issue a statement on the farm bill expiring until Oct. 4, 2007, when the Senate Finance Committee approved additional funding for the measure. The full Senate Agriculture Committee didn’t complete markup on what was then the 2007 farm bill until Oct. 25, 2007.

But that was then and this is a year divisible by four when presidential politics have raised the level of political polarization to new highs and when a near nationwide set of natural disasters has added to the level of agricultural uncertainty.

So what exactly happens to key USDA programs on Oct. 1, 2012? The Department of Agriculture recently circulated a HYPERLINK “http://www.agri-pulse.com/uploaded/Permanent_Law_Authorization_memo.pdf” memo, which was obtained by Agri-Pulse. The document is very similar to one that was also issued when the 2007 farm bill expired, called “HYPERLINK “http://www.agri-pulse.com/uploaded/Permanent_Law_Authorization_memo.pdf” The Effects of Failure to Enact a New Farm Bill: Permanent Law Support for Commodities and Authorization Laps of Other USDA Programs.”

What about the prospect of reverting back to “permanent law” that dates back to provisions from 1938 and 1949, when U.S. agriculture was dramatically different?

Hardly anyone thinks this will happen, but USDA spells out how permanent law provisions would be triggered at different times for different commodities, with the earliest being dairy (Dec. 31, 2012) and then wheat quotas would have to be announced if there is no new farm bill or extension by April 2013.

“Often described as a reversion to ‘permanent law,’ such an occurrence would dramatically narrow the universe of producers who receive support, and would do so in a way that most producers would view as irrational,” notes the USDA memo. “For instance, those wheat producers who happen to have historical acreage allocations would receive dramatically increased benefits, and all other wheat producers would become ineligible.”

For wheat and cotton, USDA would be required to announce acreage allotments and marketing quotes and hold producer referenda on whether or not to implement marketing quotas. Further complicating the issue: Not all commodities currently receiving federal support would be covered by mandatory provisions in current law, including soybeans, peanuts, sugar beets, sugar cane and chickpeas. They could receive support under discretionary support that CRS says has “rarely been used.”

Below, we’ve listed how USDA sees, in a separate document obtained by Agri-Pulse, some of the changes that will be implemented as the 2008 farm bill expires tonight. Keep in mind that most major parts of the farm safety net, like crop insurance and food stamps, the nation’s largest nutrition program, will be continued. Other programs, like direct payments, were going to be discontinued anyway in both the House and Senate Agriculture Committee versions of the farm bill.

Programs That Would be Terminated or Significantly Affected

I. Commodities.

Current Programs That Would be Terminated:

Direct and counter-cyclical programs for wheat, corn, grain sorghum, barley, oats, upland cotton, rice, peanuts, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, and sesame seed.

Marketing assistance loans and loan deficiency payments for wheat, corn, grain sorghum, barley, oats, upland cotton, rice, peanuts, soybeans, sunflower seed, rapeseed, canola, safflower flaxseed, mustard, crambe, sesame seed, graded wool, nongraded wool, mohair, honey, dry peas, lentils, and small chickpeas.

- Nonrecourse loans for extra-long staple cotton, sugar beets, and sugar cane.
- Dairy price support purchase program.
- Milk income loss contract program.
- Acreage Crop Revenue Program.

Commodities That Would be Significantly Affected if the Currently Suspended “Permanent Law Parity Price Support” Should Become Law

The dairy product price support program would end on December 31, 2012. On January 1, 2013, permanent law would require a parity-based support price of around \$50/cwt.

Wheat: Unless again suspended as of the 2013 crop, acreage allotments would go into effect. Generally, only farms that had an acreage allotment in 1958 would be eligible for an allotment in 2013. Records of 1958 acreage allotments do not exist. Parity-based loan rates of approximately \$16 per bushel would apply as of the 2013 crop.

Oilseeds and sugar: Permanent law parity price support would not be available for oilseeds (including soybeans, sunflower seed, canola, rapeseed, safflower, flaxseed, and mustard seed), sugar beets, and sugarcane.

The timing and level of parity price support for wheat, corn, rice, upland cotton, oats, rye, barley, grain sorghum, milk, and honey are undetermined and would vary by commodity.

II. Other USDA Programs:

Energy

Funding or Program Authorizations that Would Terminate:

- Mandatory and discretionary funding for the biobased markets program, biorefinery assistance program, bioenergy program for advanced fuels, biodiesel fuel education program, rural energy for America program, biomass research and development program, and biomass crop assistance program.
- Mandatory funding for the biomass crop assistance program; does not have an authorization for discretionary funding.

Conservation:

Funding or Program Authorizations that Would Terminate:

Conservation stewardship program, environmental quality incentives program, farmland protection program, and wildlife habitat incentives program, would continue to receive mandatory funds through FY 2014.

Mandatory funding for the grassland reserve and Chesapeake Bay watershed programs would terminate as of 9/30/2012.

Mandatory funding for new acreage to be enrolled into the conservation reserve program and into the wetland reserve program would terminate as of 9/30/2012. Mandatory funding to maintain acreage currently enrolled in these programs could continue.

Discretionary funding authorizations for the healthy forests reserve, grassroots source water protection, conservation of private grazing land, and great lakes basin, programs.

Terms or Conditions of Programs That Would Terminate:

- Adjusted gross income limitation, currently applicable to all conservation programs authorized under title XII of the Food Security Act of 1985.
- The 60/40 funding allocation between practices for livestock and crops in the environmental quality incentives program.
- Technical Assistance for the grassland reserve and chesapeake bay watershed programs.
- Mandatory funding for air quality initiatives within the environmental quality incentives program.

Trade:

Funding or Program Authorizations that Would Terminate:

- Mandatory funding for the export credit guarantees, export credit guarantees for emerging markets, market access, foreign market development cooperator, technical assistance for specialty crops, food for progress, dairy export incentives, facilities credit guarantees, and local and regional food aid procurement, programs.
- Discretionary funding for the McGovern-Dole international food for education and child nutrition program.

Terms or Conditions of Programs That Would Terminate:

- Food for Peace Act: minimum levels of assistance for the program in § 204(a), food aid consultative group in § 205, finance sales and enter into agreements under Food for Peace Act, the authorization for appropriations in § 208(f), and to carry out Food for Peace Act programs in sub-Saharan African and Caribbean countries in § 501(e).
- Reallocation of sugar quota import shortfalls in § 359k of the 1938 Act.
- Replenish stocks of the Bill Emerson humanitarian trust, and to administer the trust.

Food Stamp and Food & Nutrition Programs

Terms or Conditions of Programs That Would Terminate:

Supplemental Nutrition Assistance Program

§ 25(h), Food and Nutrition Act of 2008, increases access to healthy, affordable foods to underserved communities.

§ 27, Food and Nutrition Act of 2008, authorizes through FY 2012 purchase of commodities for Emergency Food Assistance Program.

§ 209, Emergency Food Assistance Act of 1983, authorizes the Secretary to make grants to entities to increase distribution of perishable food products.

§ 4405, Food, Conservation, and Energy Act of 2008, funding for Hunger Free Communities program.

Nutrition Programs and Activities

§ 5(d)(2), Agriculture and Consumer Protection Act regarding amounts of cheese and nonfat dry milk annually to be provided by the Commodity Credit Corporation to the commodity supplemental food program.

§ 1114(a)(2)(A), Agriculture and Food Act of 1981 authorizes contracting with private companies to further process bonus commodities into end food products.

§ 5(a)(1), Agriculture and Consumer Protection Act of 1973 authorizes minimum per-case cost payments to State agencies for the commodity supplemental food program.

Rural Development, Rural Housing, and Rural Utilities Funding or Program Authorizations that Would Terminate:

The authorization of appropriations for several programs in the Consolidated Farm and Rural Development Act: water, waste disposal, and wastewater facility grants, rural business opportunity grants, tribal college and university essential community facilities grants, emergency and imminent community water assistance grants, water systems for rural and native villages in Alaska, grants to nonprofit organizations to finance household wells, rural cooperative development grants, grants to broadcasting systems, and appropriate technology transfer for rural areas.

Mandatory funding for the rural micro entrepreneur assistance program.

Authorizations for the broadband program, northern Great Plains regional authority and the national rural development partnership.

FSA Farm Loan Programs

Terms or Conditions of Programs That Would Terminate:

- The maximum amounts of direct and guaranteed loans and set-asides of direct loan funds for beginning farmers and ranchers. Δ

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