Expiration and Extension of the 2008 Farm Bill

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Summary

Farm bills, like many other pieces of legislation, have become more complicated and politically sensitive, and are taking longer to enact than in previous decades. Legislative delays have caused some farm bill programs to expire for short periods. The past two farm bills have needed to be extended.

Most recently, the 2008 farm bill (the Food, Conservation, and Energy Act of 2008, P.L. 110-246) expired on September 30, 2012. Farm commodity supports were to begin reverting to an outdated and expensive "permanent law" on January 1, 2013. However, the American Taxpayer Relief Act of 2012 (P.L. 112-240) extended all 2008 farm bill provisions that were in effect on September 30, 2012, for one additional year until September 30, 2013. In the case of the farm commodity programs that are on a different calendar, the extension includes the 2013 crop year, which for certain dairy programs lasts until December 31, 2013.

There is no net cost to the extension because mandatory funding to continue most of the major farm bill programs was already in the budget baseline, such as for the farm commodity, conservation, trade, and nutrition programs. Crop insurance is permanently authorized. However, the extension forestalls the budget-reducing restructuring and reauthorization of many farm bill programs that was envisioned in both the House-reported (H.R. 6083) and Senate-passed (S. 3240) farm bills in the 112th Congress.

A subset of the 2008 farm bill programs did not have a continuing mandatory baseline and did not receive any additional mandatory funding under the extension. This group includes certain agricultural disaster assistance programs, conservation programs, specialty crop research, organic research and certification, beginning and socially disadvantaged farmer programs, rural development, bioenergy, and farmers market promotion programs. Many of these programs would have been funded in the five-year farm bills that were developed in 2012. Most do not have any funding for FY2013 unless there is additional legislative action or appropriations.

The 113th Congress is expected to write a new farm bill in 2013. The one-year extension preserves the budget baseline to write a new farm bill.

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Extension of the 2008 Farm Bill for 2013

The American Taxpayer Relief Act of 2012 (P.L. 112-240) extends the 2008 farm bill (the Food, Conservation, and Energy Act of 2008, P.L. 110-246) for one additional year until September 30, 2013, or, in the case of the farm commodity programs that are on a different calendar, through crop year 2013.[1] Parts of the 2008 farm bill had expired on September 30, 2012.

There is no net cost to the extension because mandatory funding to continue most of the major farm bill programs was already in the budget baseline, such as for the farm commodity, conservation, trade, and nutrition programs.[2] However, to extend the Milk Income Loss Contract (MILC) program at the higher support rate that existed in the 2008 farm bill before September 2012, an additional $110 million of mandatory funding was needed. The offset for this additional spending authority was a corresponding reduction from a nutrition education program.[3]

A different subset of 2008 farm bill programs did not have a continuing baseline, and thus would have required new funding to be continued.[4] These programs did not receive any additional mandatory funding under the extension, although many would have been funded in the five-year farm bills and extension proposals that were developed by the Agriculture Committees in 2012.[5] This group includes certain agricultural disaster assistance programs, conservation programs, specialty crop research, organic research and certification, beginning and socially disadvantaged farmer programs, rural development, bioenergy, and farmers market promotion programs. For many of these programs, the one-year extension adds an "authorization of appropriation" to allow discretionary funding for FY2013, but this does not provide funding. Discretionary funding is subject to availability and conceptually could be provided by the Appropriations Committee in a supplemental appropriation, an omnibus appropriation, or a continuing resolution that may be used to complete FY2013. But tradeoffs with other programs and/or emergency designations to avoid budget limits could be required. Appropriators already have developed allocations for FY2013, although they have not enacted them, and FY2013 has begun under a continuing resolution (P.L. 112-175).

The extension of the 2008 farm bill forestalls the budget-reducing restructuring of the farm commodity programs, streamlining of conservation programs, savings from nutrition programs, continuation of disaster programs, and other program changes that were envisioned in both the House-reported (H.R. 6083) and Senate-passed (S. 3240) farm bills in 2012.[6]

The 113th Congress is expected to write a new farm bill in 2013. The one-year extension preserves the budget baseline to write a new farm bill.

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[1] A crop year refers to the year in which a commodity is harvested. Thus, the extension will apply the farm commodity programs in the 2008 farm bill to covered commodities harvested in 2013. The dairy price support program is extended until December 31, 2013.

[2] CRS Report R42484, *Budget Issues Shaping a 2012 Farm Bill*.

[3] CBO score of H.R. 8, footnote "e," at http://cbo.gov/sites/default/files/cbofiles/attachments/American%20Taxpayer%20Relief%20Act.pdf.

[4] CRS Report R41433, *Expiring Farm Bill Programs Without a Budget Baseline*.

[5] Ibid., and CBO score of an extension proposal by House Agriculture Committee Chairman Lucas, December 30, 2012, at http://www.cbo.gov/sites/default/files/cbofiles/attachments/43828-OneYearAgProgramExtension.pdf.

[6] CRS Report R42552, *The 2012 Farm Bill: A Comparison of Senate-Passed S. 3240 and the House Agriculture Committee's H.R. 6083 with Current Law*.

Background on Extension and Expiration

Congress periodically establishes agricultural and food policy in an omnibus farm bill. Provisions in the most recent law—the Food, Conservation, and Energy Act of 2008, P.L. 110-246, the 2008 farm bill—generally expired on September 30, 2012, and with the 2012 crop year. But the American Taxpayer Relief Act extended all 2008 farm bill provisions that were in effect on September 30, 2012, for one additional year until September 30, 2013, and for the 2013 crop year.

What happens if Congress does not enact a new farm bill in 2013? How important is the end of the fiscal year? Do some programs cease to operate? What is "permanent law" and what does it affect? This report explores the effects if new legislation is not enacted, as summarized below.[7]

In the 112th Congress, the House and Senate made limited progress in drafting a 2012 farm bill. The Senate passed its version (S. 3240) on June 21, 2012, by a vote of 64-35. The House Committee on Agriculture reported its version (H.R. 6083) on July 11, 2012, by a vote of 35-11. The bill never reached the House floor, however. Concern over budgetary reductions—especially that reductions to nutrition programs were too large for some and too small for others—along with policy differences in the commodity title complicated efforts to advance the bills.

For more details on the scope and issues of the farm bill, see CRS Report R42552, *The 2012 Farm Bill: A Comparison of Senate-Passed S. 3240 and the House Agriculture Committee's H.R. 6083 with Current Law*, and CRS Report R42484, *Budget Issues Shaping a 2012 Farm Bill*.

Funding Differences

Farm bills include a wide range of authorities, some of which are funded in the farm bill (mandatory spending), while others are authorized in the farm bill for their scope but wait for appropriations acts to determine their funding (discretionary spending). These differences affect how the farm bill is constructed and funded under normal circumstances, and what happens to farm bill programs when the farm bill expires or when annual appropriations are delayed.

Programs with Discretionary Funding

Without a new farm bill or extension, many programs would not appear to have statutory authority to receive appropriations (an "authorization of appropriations").[8] However, the Government Accountability Office (GAO) says there is no constitutional or statutory requirement for an appropriation to have a prior authorization.[9] Congress makes a distinction between

7 The U.S. Department of Agriculture (USDA), under similar conditions at the end of the 2002 farm bill, released a 2008 memorandum titled "The Effects of Failure to Enact a New Farm Bill: Permanent Law Support for Commodities and Lapse of Other USDA Programs," at http://www.usda.gov/documents/fbpaper022908.doc. The corresponding CRS report was CRS Report RL34154, *Possible Expiration (or Extension) of the 2002 Farm Bill*.

8 A program may have permanent or long-term authority, but have an expiring authorization for appropriations. An "authorization of appropriations" is essentially a recommendation to the appropriations committee. It is not binding and has no bearing on budget enforcement for an authorizing bill. Appropriators may choose to not fund a program, or may choose to exceed the authorization. Authorization amounts may be specific or indefinite ("such sums as necessary").

9 Government Accountability Office, Office of the General Counsel, *Principles of Federal Appropriations Law* (also known as the *GAO Red Book*), Volume I (3d ed. 2004), p. 2-41, at http://www.gao.gov/legal/redbook/redbook.html.

authorizations and appropriations, but this is a construct of congressional rules and practice.[10] GAO says that "the existence of a statute (organic legislation) imposing substantive functions upon an agency that require funding for their performance is itself sufficient legal authorization for the necessary appropriations."[11] For expired authorizations, GAO says that "past appropriation of funds for a program whose funding authorization has expired ... provides sufficient legal basis to continue the program."[12]

Discretionary spending (subject to annual appropriations) is authorized for the majority of farm bill programs in terms of number of programs, but not for the majority of outlays.[13] Discretionary programs include most rural development, credit, research, and education programs, and some conservation and nutrition programs.[14] The Supplemental Nutrition Assistance Program (SNAP)—a mandatory entitlement—also requires an annual appropriation.[15] Some smaller research, bioenergy, and rural development programs sometimes receive both mandatory and discretionary funding, but most funding is usually discretionary.[16] Most agency operations are financed with discretionary funds.

The Congressional Budget Office (CBO) compiles a list of programs with expired authorizations of appropriations. Eighteen agricultural programs received more than $37 million in FY2012 under expired authorizations of appropriations.[17] More than 100 farm bill programs briefly lost their authorization for appropriations at the end of FY2012 and until the one-year extension was passed on January 1, 2013; they received $2.3 billion in FY2012, and generally are being continued in FY2013 under the continuing resolution (P.L. 112-175).[18]

Programs with Mandatory Funding

Most farm bill programs with mandatory funding have an expiration date either on their program authority or their funding authority. These include the Supplemental Nutrition Assistance

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[10] CRS Report R42098, *Authorization of Appropriations: Procedural and Legal Issues*.

[11] *GAO Red Book*, p. 2-41.

[12] Ibid, p. 2-69.

[13] About 80% of USDA spending is mandatory spending and 20% is discretionary spending. See CRS Report R42596, *Agriculture and Related Agencies: FY2013 Appropriations*.

[14] For nutrition funding, the Commodity Supplemental Food Program and administrative funds for the Emergency Food Assistance Program are discretionary, as are some aspects of other nutrition programs. The Special Supplemental Program for Women, Infants, and Children (WIC) also is discretionary, but is not considered a farm bill program.

[15] SNAP, a mandatory program, is referred to as an "appropriated entitlement," See CRS Report RS20129, *Entitlements and Appropriated Entitlements in the Federal Budget Process*.

[16] For example, see §7311 of P.L. 110-246 having mandatory funding language and an authorization for appropriation: "(h) Funding. (1) In general. Of the funds of the Commodity Credit Corporation, ... $50,000,000 for each of fiscal years 2009 through 2012 ... (2) Authorization of appropriations. In addition to funds made available under paragraph (1), there is authorized to be appropriated ... $100,000,000 for each of fiscal years 2008 through 2012."

[17] Congressional Budget Office, *Unauthorized Appropriations and Expiring Authorizations*, January 2012, at http://www.cbo.gov/sites/default/files/cbofiles/attachments/01-13-UAEA_Appropriations.pdf. See Table 1, "Summary of Fiscal Year 2012 Appropriations with Expired Authorizations, by House Authorizing Committee" (and Table 2, by Senate Authorizing Committee; and Table 3, by Appropriations Subcommittee), pp. 9-11; and Appendix A, "List of Programs Funded in Fiscal Year 2012 With Expired Authorizations of Appropriations," pp. 1-2.

[18] Ibid. See Appendix B, "List of Authorizations of Appropriations Expiring During Fiscal Year 2012," pp. 1-9, and Table 4, "Summary of Authorizations of Appropriations Expiring on or Before September 30, 2012, by House Authorizing Committee" (and Table 5, by Senate Authorizing Committee), pp. 12-13.

Program (SNAP), farm commodity programs, some conservation programs, agricultural trade programs, and foreign food aid programs. Without reauthorization or extension, these programs would cease to operate or undertake new activities. An exception is SNAP, which can be continued via appropriations action even if its authorization is expired. The primary exceptions among farm bill mandatory programs that do not need reauthorization are crop insurance, which is permanently authorized, and some conservation programs, which are authorized until 2014.

Mandatory spending in the farm bill is used primarily for the farm commodity programs, crop insurance, nutrition assistance programs, and some conservation and trade programs. Some smaller research, bioenergy, and rural development programs sometimes receive mandatory funding, but their combined share—however important to their own operations—is less than 1% of the total. Nutrition assistance is the largest category, with 78% of mandatory funding available to write the next farm bill ($772 billion in the 10-year CBO March 2012 baseline for FY2013-FY2022). Other primary programs with mandatory funding are crop insurance (9%, or $90 billion), conservation (6%, or $65 billion), and farm commodity programs (6%, or $63 billion).[19]

Programs relying on mandatory funding are perhaps the most at risk for discontinuation, since both their authorization and their funding depend on farm bill action. Yet, unlike discretionary appropriations, many farm bill programs with mandatory funding have their own source of funding for reauthorization via the CBO baseline. The enacted extension continues these programs for one additional year until September 30, 2013, or, in the case of the farm commodity programs that are on a different calendar, through crop year 2013. Because of the existence of mandatory baseline, there is no cost to extend these farm commodity, conservation, trade, and nutrition programs.[20]

This report generally discusses programs with baseline in future years. However, another subset of mandatory programs exists for provisions in the 2008 farm bill that do not have baseline beyond FY2012. These mandatory programs lack built-in budgetary resources to be continued; offsets are needed to provide future funding.[21] This group includes certain agricultural disaster assistance programs, certain conservation programs, specialty crop research and grants, organic research and certification, beginning and socially disadvantaged farmer programs, rural development, bioenergy, and farmers market promotion programs. These programs did not receive any additional mandatory funding under the extension, although many would have been funded in the five-year farm bills and extension proposals that were developed in 2012.[22] For many of these programs, the one-year extension adds an "authorization of appropriation" to allow discretionary funding for FY2013, but this does not provide funding. Discretionary funding, subject to availability and uncertain, could be provided by the Appropriations Committee in a supplemental appropriation, an omnibus appropriation, or a continuing resolution that may be used to complete FY2013.

[19] See CRS Report R42484, *Budget Issues Shaping a 2012 Farm Bill*, "Figure 1. Ten-Year Mandatory Baseline for Farm Bill Titles."

[20] However, to extend the Milk Income Loss Contract (MILC) program at the higher support rate that existed in the 2008 farm bill before September 2012, an additional $110 million of mandatory funding was needed beyond the available baseline. The offset for this authority was a reduction of $110 million from a nutrition education program.

[21] CRS Report R41433, *Expiring Farm Bill Programs Without a Budget Baseline*.

[22] Ibid., and CBO score of an extension proposal by House Agriculture Committee Chairman Lucas, December 30, 2012, at http://www.cbo.gov/sites/default/files/cbofiles/attachments/43828-OneYearAgProgramExtension.pdf.

Farm Bill Timelines and Extensions

Farm bills, like other legislation, are becoming more complicated, politically sensitive, and generally are taking longer to enact than in previous decades. For example, the 1973 farm bill was enacted less than two months after being introduced. In contrast, the 2008 farm bill took more than a year from the time it was introduced; see Appendix **Table A-1**.[23] It was complicated by revenue provisions that involved other committees of jurisdiction, temporary extensions, and presidential vetoes. A 2013 farm bill may take even longer if action in 2012 is counted. The farm bill struggled in 2012 because of increased political tensions, which resulted in an extension.

Both the 2008 farm bill and the 2002 farm bill were expired for about three months before extensions were enacted (from October through December in 2012 and 2007, respectively). In each case, the fiscal year had begun under a continuing resolution and the farm bill had yet to be extended. The extension of the 2002 farm bill was short-term and the final bill was enacted within about five months. The extension of the 2008 farm bill, however, is for a full year.

Timelines

Enacting farm bills after the end of the fiscal year that a prior farm bill expired is not uncommon. In the past 40 years, only the 1973 and 1977 farm bills were enacted before September 30. Farm bills in 1981, 1985, and 1990 were enacted by December 31, a few months after the end of the fiscal year but still before spring-planted crops covered by the new law were planted. The most recent three farm bills have been have been enacted later, in April (1996), May (2002), and June (2008), prior to the first crop harvested and covered by the farm bill.

The House and Senate have taken turns as the first chamber to take action on a farm bill. The Senate was first to mark up a farm bill in 1973, 1977, 1981, and 2012. The House was first to mark up farm bills in 1985, 1990, 1995 (and 1996), 2001, and 2007.

Since 1973, seven out of nine farm bills have been introduced in the first session of a two-year Congress (the odd-numbered year); the exceptions are the 1990 and 2012 farm bills. The 2012 farm bill has the latest introduction date during a two-year Congress. Enactment of the past four farm bills (1990-2008) has been during the second session (the even-numbered year), although except for the 1990 farm bill, some action had occurred in the prior year. Only the 1990 farm bill was enacted after an election in a lame-duck Congress. Until the current reauthorization round that began in 2012, no farm bill has started in one Congress and needed to be reintroduced in a subsequent Congress.

Extensions

Extensions of a prior farm bill are not common. Since 1973, only the two most recent farm bills—the 2002 farm bill and the 2008 farm bill—have required extensions as their successors were being written.

[23] These dates include span only the official introduction of a bill marked up by committee until the bill was signed by the President. They do not include background hearings before committee markup, which would extend the time line.

Even though the 1996 and 2002 farm bills may appear to have been delayed, their predecessors—the 1990 and 1996 farm bills, respectively—did not require extensions. The 1990 farm bill did not need to be extended because its original expiration dates had been extended by amendments in budget reconciliation.[24] The 1996 farm bill did not need to be extended because the 2002 farm bill was enacted earlier than necessary.[25]

Extensions are rare in part because appropriations can continue discretionary programs and the SNAP program. So the primary concern regarding extension becomes the expiration of mandatory programs. Most provisions can be continued by temporary extensions. However, those that expire before the end of the farm bill and those that do not have continuing funding in the baseline budget cannot be as easily extended unless offsets are included, which can complicate extension.[26]

When the 2008 farm bill expired on September 30, 2012, the continuing resolution continued the discretionary programs, SNAP, and certain related nutrition programs (P.L. 112-175, §§101, 111). Certain other mandatory programs such as the Market Assistance Program and the Conservation Reserve Program ceased to operate insofar as new activity. The farm commodity programs operated to finish the 2012 crop year, but could not continue if the 2013 crop year began. On January 1, 2013, the entire 2008 farm bill, as it existed on September 30, 2012, was extended for the 2013 fiscal year and the 2013 crop year (P.L. 112-240). This avoided reverting to permanent law for the farm commodity programs, which for the dairy programs was imminent.[27] Special provisions in the extension continue the dairy price support program until December 31, 2013, and the milk income loss contract (MILC) at the higher support rate that existed in the 2008 farm bill before September 2012. Programs that did not have budget authority in the baseline for FY2013 were not provided additional mandatory funding.

When the 2002 farm bill expired, portions (but not all) of the 2002 farm bill were extended six times, beginning in December 2007 before the dairy program would have reverted to permanent law. The first of those extensions, in December 2007, continued authority for many expiring programs for about three months.[28] Because final agreement was pending, five more month- or week-long extensions were needed. These extended, with a few exceptions, all 2002 farm bill provisions that were in effect on September 30, 2007. Three conservation programs were funded at specific levels. Dairy and sugar programs were included, as were price support loan programs for wool and mohair. But the direct, counter-cyclical, and marketing loan programs for the 2008 crop year for all other supported commodities specifically were *not* extended (i.e., the primary

[24] The 1996 farm bill was not pressured by the 1990 farm bill's original expiration date of the 1995 crop year. Budget reconciliation in 1993 extended the farm commodity programs through at least 1996 and in some cases the 1997 crops.

[25] The 1996 farm bill was to be effective until September 30, 2002, and through the 2002 crop year. The 2002 farm bill superseded the last year of the 1996 farm bill by beginning with the 2002 crop year.

[26] An example of a program without budget baseline beyond FY2012 is the Farmers Market Promotion Program. An example of an expired provision is the agriculture disaster assistance program that expired in 2011; it also does not have baseline funding. For more examples, see CRS Report R41433, *Expiring Farm Bill Programs Without a Budget Baseline*.

[27] Milk is a commodity that required attention first, because the dairy price support program was scheduled to expire at the end of the calendar year. The extension avoided the reversion to permanent law, whereby the government would have been obligated, in the case of dairy, to purchase surplus cheese, nonfat dry milk, and butter at prices substantially higher than current support prices.

[28] P.L. 110-161, §751: "Except as otherwise provided in this Act ... , authorities provided under the Farm Security and Rural Investment Act of 2002 ... (and for mandatory programs at such funding levels), as in effect on September 30, 2007, shall continue, and the Secretary of Agriculture shall carry out the authorities, until March 15, 2008."

supported commodities such as feed grains, oilseeds, wheat, rice, cotton, and peanuts).[29] The first extension in December 2007 did not address permanent law, but the second and subsequent extensions in 2008 did extend the 2002 farm bill's suspension of permanent law.[30]

Commodity Support Programs

The farm commodity price and income support programs raise farm income by making payments and reducing financial risks from uncertain weather and market conditions. Government-set target prices offer payments when market prices fall below support levels.[31]

Originally, the last year for the 2008 farm bill's commodity programs was the 2012 crop year—that is, crops harvested during 2012 and marketed during the following year. Dairy price supports and export incentives were to expire on December 31, 2012, and the milk income loss contract (MILC) on September 30, 2012.

The one-year extension in the American Taxpayer Relief Act (P.L. 112-240) covers the 2013 crop year for all covered commodities as they were available for the 2012 crop year. The extension continues the farm commodity programs that were in effect in 2012, including the $5 billion per year "direct payment" payment program, which pays farmers a fixed amount regardless of price or yield conditions. It also extends the dairy price support program until December 31, 2013, and the MILC program until August 31, 2013. MILC is extended until August 31, 2013, at the 45% support rate that existed under the 2008 farm bill, and at the 34% support rate for the month of September 2013 that the 2008 farm bill envisioned for the last month of its authorization.[32]

From a budgetary perspective, outlays for the final crop year of a farm bill (now the 2013 crop year) that are scheduled to occur in a subsequent fiscal year are unaffected by the potential of expiration. They are obligations that are made under prior program authority.

The new effective deadlines in the farm commodity programs for enacting a farm bill are January 1, 2014, for dairy, and when the first supported commodity is harvested in the 2014 crop year. If a farm bill is not enacted before September 30, 2013, recent experience in 2012 and in 2007 suggests that an extension could wait until the end of the calendar year. If dairy programs are extended, as in 2007, final action likely could wait until late spring 2014, when winter wheat—generally the first of the 2014 crop year commodities to mature—would be harvested.

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[29] Other programs that were *not* included in the extensions were peanut storage payments, agricultural management assistance for conservation, community food projects in the food stamp program, the rural broadband program, value-added market development grants, federal procurement of biobased products, the biodiesel fuel education program, and the renewable energy systems program.

[30] P.L. 110-196, "(d) Suspension of Permanent Price Support Authorities. The provisions ... in subsections (a) through (c) of section 1602 of the Farm Security and Rural Investment Act of 2002 shall be suspended through April 18, 2008."

[31] For more background, see CRS Report RL34594, *Farm Commodity Programs in the 2008 Farm Bill* and CRS Report R42759, *Farm Safety Net Provisions in a 2012 Farm Bill: S. 3240 and H.R. 6083*.

[32] A budgetary offset was required to extend the Milk Income Loss Contract (MILC) program at the 45% support rate. The 34% payment rate already was in the baseline with estimated outlays of $37 million for FY2013 (March 2012 CBO baseline). An additional amount was needed to increase the payment rate from 34% to 45%, and was scored to be $110 million for FY2013. The offset for this mandatory budget authority was a reduction of $110 million from a nutrition education program (CBO score of the Taxpayer Relief Act of 2012, footnote "e," at http://cbo.gov/sites/default/files/cbofiles/attachments/American%20Taxpayer%20Relief%20Act.pdf).

Possible Reversion to Permanent Law

Farm commodity support policy has evolved over time via successive farm bills that update and supersede prior policies. However, a set of non-expiring provisions remain in statute and are known as "permanent law." The permanent law provisions were enacted primarily in the Agriculture Adjustment Act of 1938 and the Agricultural Act of 1949, as amended by subsequent farm bills. As more modern farm bills evolved away from using the permanent law provisions, they have suspended permanent law, but only for the duration of each farm bill (currently the 2008-2013 crop years).[33] If no action is taken on a new farm bill, the suspension of permanent law expires, and the essentially mothballed permanent law policies for the farm commodity programs would resume.

Description of Permanent Law

The commodity support provisions of permanent law are commonly viewed as being so radically different from current policy—and inconsistent with today's farming practices, marketing system, and international trade agreements—as well as potentially costly to the federal government that Congress is unlikely to let permanent law take effect. Permanent law provides mandatory support for basic crops through nonrecourse loans. It does not authorize more modern support approaches such as loan deficiency payments, counter-cyclical payments, revenue-based payments, decoupled direct payments, or milk income loss contracts (MILC).

There are no recent estimates of the budgetary effect of reverting to permanent law. Neither the Congressional Budget Office, the U.S. Department of Agriculture (USDA), nor the Food and Agriculture Policy Research Institute have made official estimates. However, in 2008 USDA outlined how it would implement permanent law in the absence of a new farm bill.[34] And, in 1985, the USDA Economic Research Service analyzed potential economic consequences.[35] The latter study found significant market intervention and increases in government expenditures.[36]

Support under permanent law uses the concept of "parity prices." Parity refers to the relationship between prices that farmers receive for their products and prices they pay for inputs. Support prices would be set to guarantee producers 50% to 90% of parity using the 1910-1914 ratio as a

[33] P.L. 110-246, §1602: "(a) The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 2008 through 2012 crops ... and shall not be applicable to milk ... through December 31, 2012: (1) Parts II through V of subtitle B of title III (7 U.S.C. 1326 et seq.). (2) In the case of upland cotton, section 377 (7 U.S.C. 1377). (3) Subtitle D of title III (7 U.S.C. 1379a et seq.). (4) Title IV (7 U.S.C. 1401 et seq.). (b) The following provisions of the Agricultural Act of 1949 shall not be applicable ... (1) Section 101 (7 U.S.C. 1441). (2) Section 103(a) (7 U.S.C. 1444(a)). (3) Section 105 (7 U.S.C. 1444b). (4) Section 107 (7 U.S.C. 1445a). (5) Section 110 (7 U.S.C. 1445e). (6) Section 112 (7 U.S.C. 1445g). (7) Section 115 (7 U.S.C. 1445k). (8) Section 201 (7 U.S.C. 1446). (9) Title III (7 U.S.C. 1447 et seq.). (10) Title IV (7 U.S.C. 1421 et seq.), other than sections 404, 412, and 416 (7 U.S.C. 1424, 1429, and 1431). (11) Title V (7 U.S.C. 1461 et seq.). (12) Title VI (7 U.S.C. 1471 et seq.). (c) Suspension of Certain Quota Provisions... (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat ... through 2012." The American Taxpayer Relief Act instructs the Secretary of Agriculture to carry out the suspensions that were effective in 2012 until comparable dates in 2013.

[34] USDA memorandum, "The Effects of Failure to Enact a New Farm Bill: Permanent Law Support for Commodities and Lapse of Other USDA Programs," February 29, 2008, at http://www.usda.gov/documents/fbpaper022908.doc.

[35] USDA Economic Research Service, *Possible Economic Consequences of Reverting to Permanent Legislation or Eliminating Price and Income Supports*, AER-526, January 1985, at http://naldc.nal.usda.gov/download/CAT85844031/PDF.

[36] Ibid, at pp. 65-67 and pp. 21-35.

benchmark.[37] However, productivity gains and technological advances over the past 100 years have made parity ratios out of touch with (and possibly irrelevant to) modern agricultural practices.[38] Even if support levels were set at the lower end of the range mandated by permanent law (e.g., 50% of parity prices in some cases), supports would be above currently high market prices for many commodities and could result in subsidies greater than current levels.

For example, in December 2012, USDA estimated the market price for wheat at $8.33/bushel (bu.). This exceeded the 2008 farm bill support level (marketing loan rate) of $2.94/bu., so no price support is currently needed.[39] But under permanent law, even this market price is well below the $13.73/bu. calculated minimum support level (75% of parity, **Table 1**). Similarly, rice, cotton, milk, and honey also have higher permanent law support prices than the market price. However, current market prices for feed grains (corn, sorghum, barley, and oats) are high enough and likely would not trigger permanent law price support. Other commodities have no price supports available under permanent law.

Table 1. Parity Prices and Supports for Farm Products Under Permanent Law

(based on preliminary data for December 2012)

Commodity, unit	Farm Market Price	Parity Price	Farm Price as % of Parity	Permanent Law: Minimum Support Provisions — Description	Permanent Law: Minimum Support Provisions — Support Price	2008 Farm Bill Support Price[a]
Wheat, Bu	$8.33	$18.30	46%	Nonrecourse loans and direct purchases. Acreage allotments. Quotas approved, loan rate=65%-90% of parity. Quotas not approved, loan rate=50% parity. Quotas not announced, loan=75%-90% parity.	75% parity = $13.73	$2.94
Rice, Cwt	$14.80	$42.20	35%	Permanent authority repealed by P.L. 104-127 (1981 farm bill), §601, but restored by P.L. 104-127 (1996 farm bill), §171(b). Loan=50%-90% of parity.	50% parity = $21.10	$6.50
Corn, Bu	$7.01	$12.00	58%	Nonrecourse loans and direct purchases. Acreage allotments are not authorized. Loan rate = 50%-90% of parity.	50% parity = $6.00	$1.95
Sorghum, Bu	$12.30	$21.10	58%	Support for sorghum, barley and oats is set in relation to feed value and adjusted for differing bushel weights. Sorghum loan=95% of corn loan, barley loan=77% of corn loan, and oats=51% of corn loan.	95% corn loan = $5.70	$1.95
Barley, Bu	$6.17	$12.60	49%		77% corn loan = $4.62	$1.95
Oats, Bu	$3.78	$7.60	50%		51% corn loan = $3.06	$1.39

[37] Permanent law requires USDA to estimate and publish parity prices regularly. See USDA National Agricultural Statistics Service, *Agricultural Prices*, published monthly at http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1002. Parity prices are computed under the provisions of Title III, Subtitle a, §301 (a) of the Agricultural Adjustment Act of 1938, as amended by the Agricultural Acts of 1948, 1949, and 1956.

[38] USDA-ERS, AER-526 (1985), at pp. 1-2.

[39] See Table 1 in CRS Report RL34594, *Farm Commodity Programs in the 2008 Farm Bill*, *Farm Commodity Programs in the 2008 Farm Bill*. In this context, the marketing loan rates are the price support level (rather than target prices that are another form of income support).

Commodity, unit	Farm Market Price	Parity Price	Farm Price as % of Parity	Permanent Law: Minimum Support Provisions		2008 Farm Bill Support Price[a]
				Description	Support Price	
Cotton, Upland, Lb	$0.688	$2.08	33%	Nonrecourse loans and direct purchases. Acreage allotments. Quotas approved, loan rate=65%-90% of parity. Quotas not approved, loan rate=50% parity. Quotas not announced, loan=65%-90% of parity.	65% parity = $1.35	$0.52
Milk, All, Cwt	$21.10	$52.00	41%	Purchases of milk and butterfat products at 75%-90% of parity.	75% parity = $39.00	$9.90[b]
Honey, Lb	$1.72	$4.01	43%	Purchases of honey at 60%-90% of parity.	60% parity = $2.41	$0.69
Wool, Lb	$1.68	$3.00	56%	Permanent authority repealed.	none	$1.15
Mohair, Lb	$4.14	$9.62	43%	Permanent authority repealed.	none	$4.20
Peanuts, Lb	$0.344	$0.751	46%	Permanent authority repealed.	none	$0.1775
Sugar beet, ton	$66.70	$145.00	46%	Permanent law includes no mandatory support for these other nonbasic commodities.	none	na[c]
Sugar cane, ton	$41.70	$95.20	44%		none	na[c]
Soybeans, Bu	$14.70	$28.90	51%		none	$5.00
Sunflower Seed, Cwt	$25.40	$59.50	43%		none	$10.09
Rapeseed, Cwt	$27.00	$64.40	42%		none	$10.09
Canola, Cwt	$27.30	$52.60	52%		none	$10.09
Safflower, Cwt	$24.30	$58.30	42%		none	$10.09
Flaxseed, Bu	$14.30	$31.80	45%		none	$10.09
Mustard Seed, Cwt	$33.30	$81.40	41%		none	$10.09
Crambe	na	na	na		none	$10.09
Sesame Seed	na	na	na		none	$10.09
Lentils, Cwt	$19.60	na	na		none	$11.28
Chickpeas, Large, Cwt	$41.50	na	na		none	$11.28
Chickpeas, Small, Cwt	$27.50	na	na		none	$7.43
Peas, Dry, Cwt	$16.40	na	na		none	$5.40

Source: Compiled by CRS, using USDA-NASS *Agricultural Prices*, December 2012, at http://usda01.library.cornell.edu/usda/current/AgriPric/AgriPric-12-31-2012.pdf. Some data are from prior-month publications.

Note: An explanation of permanent law is provided by USDA-ERS, *Possible Economic Consequences of Reverting to Permanent Legislation or Eliminating Price and Income Support,* AER 526, January 1985, at http://naldc.nal.usda.gov/download/CAT85844031/PDF. USDA also indicated how it would implement permanent law in a February 2008 memorandum, "The Effects of Failure to Enact a New Farm Bill: Permanent Law Support for Commodities and Lapse of Other USDA Programs," at http://www.usda.gov/documents/fbpaper022908.doc. This table assumes permanent law is implemented without time to hold producer referenda on national quotas.

a. The 2008 farm bill support price listed in this table is the marketing loan rate.

b. The 2008 farm bill does not specify a support price for milk, but rather support prices for butter, nonfat dry milk and cheddar cheese at levels that approximate an indirect support price for farm milk at $9.90 per cwt.

c. The 2008 farm bill support price for sugar reflects the value added by processing and is shared between producers and processors. Therefore the farm bill support price is not comparable to the farm level or parity prices for sugar beets and sugar cane.

Under permanent law, nonrecourse loan rates for wheat, corn and other feed grains, and cotton function as farm price supports. Unless commercial markets pay more than the nonrecourse loan prices, farmers could put their crops under loan and forfeit the commodities to USDA when the nine-month loans mature. However, to avoid forfeiture problems, USDA has permanent authority allowing farmers to repay nonrecourse loans for less than the principal (loan rate) plus interest.[40]

Nonrecourse loan rates under permanent law could be as high as 90% of parity, but not less than 50% of parity for corn, wheat, and rice, and 65% of parity for cotton. Milk support would be between 75% and 90% of parity. **Table 1** summarizes the possible support estimates at the minimum support levels.

For wheat and cotton, permanent law requires USDA to announce acreage allotments and marketing quotas during the prior crop year, and to hold producer referenda on implementing marketing quotas.[41] A two-thirds affirmative vote for marketing quotas results in the highest levels of support, with mandatory restrictions on acreage (and the quantity eligible for support).

Dairy is discussed extensively when farm bill expiration arises, not only because it would be the first commodity to revert to permanent law, but also because of the market effects and costs of intervention that could result. Milk is supported currently, and in permanent law, by compelling USDA to purchase manufactured dairy products (nonfat dry milk, cheddar cheese, and butter) in sufficient quantities to raise demand in order to raise the farm price of milk to the desired support level (the Dairy Product Price Support Program). Under permanent law, those purchase prices (based on December 2012 data) would be nearly four times as high as currently supported and double recent market prices (**Table 1**). The high purchase price mandated under permanent law could result in the government outbidding commercial markets for a sizeable share of processor output at considerable government cost,[42] and that subsequently could raise the retail price of milk.[43] Immediately prior to the extension of the 2008 farm bill, the possibility of a doubling of the retail price of milk became known as the "dairy cliff," which was analogous to the "fiscal cliff" that was facing Congress at the same time.[44]

[40] Section 1009 of the Food Security Act of 1985 (7 U.S.C. 1308a).

[41] In anticipation of farm bill expiration and recognizing deadlines required by permanent law if it were implemented, USDA has announced that no marketing quotas would be required for wheat or cotton for the 2013 crop year. USDA, "USDA Announces No Marketing Quota for 2013 Wheat Crop," Press release 0041.12, April 6, 2012; and USDA, "USDA Announces No Marketing Quota for the 2013 Upland Cotton Crop," Press release 0109.12, August 3, 2012.

[42] The 1985 USDA-ERS report about reverting to permanent law estimated that USDA would need to remove (that is, purchase) 13%-17% of milk production to raise market prices to support levels mandated under permanent law (p. 33 of *Possible Economic Consequences of Reverting to Permanent Legislation or Eliminating Price and Income Support,* AER-526, at http://naldc.nal.usda.gov/download/CAT85844031/PDF). Milk prices nearly would have doubled from a market price about $13/cwt. in 1985 to a support price of $24/cwt. in 1990. The report estimated that by 1990, removing 270 million cwt. from a market production of 154 billion pounds of milk (17.5% of production) would cost about $6.5 billion per year (p. 34). In the absence of current cost estimates, an extrapolation of the 1985 study to current levels could indicate a possible, albeit unofficial, cost range. For example, assuming the same elasticity (responsiveness of the quantities demanded and produced to price changes) and purchase ratios needed to achieve a near doubling of prices, and using the lower bound of the removal ratio from the 1985 study, 13%, then removing 260 million cwt. out of about 200 billion pounds of current production at a $39/cwt. support price could cost, unofficially, about $10 billion per year for dairy.

[43] Given the possible doubling of the farm price of milk if permanent law were reactivated, many forecasted that the retail price of milk also could double to $6 to $8 per gallon, up from $3.65 per gallon. *New York Times*, "With Farm Bill Stalled, Consumers May Face Soaring Milk Prices," Dec. 20, 2012, at http://www.nytimes.com/2012/12/21/us/milk-prices-could-double-as-farm-bill-stalls.html.

[44] CRS Report R42884, *The "Fiscal Cliff" and the American Taxpayer Relief Act of 2012.*

Under the extension of the 2008 farm bill, the new deadline for when permanent law for dairy would take effect is January 1, 2014. A separate Milk Income Loss Contract (MILC) Program is authorized through September 30, 2013, and the Dairy Export Incentive Program through December 30, 2013. Another major component of dairy policy, the Federal Milk Marketing Order system, is permanently authorized.[45]

As shown in **Table 1**, not all commodities currently receiving federal support would be covered by mandatory provisions in permanent law. The commodities that would lose mandatory support include soybeans and other oilseeds, peanuts, wool, mohair, sugar beets and sugar cane, dry peas, lentils, and small and large chickpeas. Any and all of these commodities could receive support under discretionary authority given the Secretary of Agriculture in the Agricultural Act of 1949 and the CCC Charter Act. But for budgetary and other reasons, such discretionary authority rarely has been used. Also, currently, market prices for agricultural commodities generally are high and there likely would be little economic justification for discretionary federal support, unless mandated by permanent law.

Legislative Options Under Permanent Law

Some see the existence of permanent law as an assurance for farm bill supporters that the farm commodity programs will be revisited every time a farm bill expires. Congress is not likely to let a farm bill expire without taking some action, given the likely undesirable consequences of permanent law. Permanent law, however badly it may be perceived to be in the current policy context, has stayed on the books, and each new farm bill has suspended permanent law for the duration of the farm bill. Several legislative options exist as a farm bill approaches expiration:

1. Pass a new farm bill (and reinstate the suspension of permanent law).
2. Pass an extension of the current farm bill (with its suspension of permanent law).
3. Do nothing, but because the consequences of reverting to permanent law are perceived as undesirable, Congress usually does (1) or (2) above.
4. Suspend permanent law (without a new farm bill or extension).
5. Repeal permanent law, and then do one of the following:
    a. pass a new farm bill;
    b. pass an extension of the current farm bill;
    c. do nothing.

The existence of permanent law thus likely forces Congress to take action, because inaction generally is considered to have unacceptable consequences—that is, reverting to a policy that almost everyone would regret. If Congress cannot reach agreement on a new farm bill, then the path of least resistance probably is extending the current farm bill rather than doing nothing and reverting to permanent law—but this, too, requires legislative action and budget compromises.

For those who oppose the farm commodity programs, repealing permanent law would allow Congress to debate farm supports without the permanent law consequence of inaction. But repealing permanent law requires legislative action. Some believe that it is easier to negotiate and

[45] CRS Report R42736, *Dairy Policy Proposals in the Next Farm Bill*.

pass a new farm bill than to deal with the question of repealing permanent law. Thus, given the existence of permanent law, a type of inaction is, in fact, leaving the permanent law in statute.

Crop Insurance

The federal crop insurance program protects producers against losses in crop revenue or yield through federally subsidized policies purchased by producers. Because the program is permanently authorized by the Federal Crop Insurance Act, as amended (7 U.S.C. 1501 et seq.), an extension of the program is not needed in the next farm bill. Producers who grow a crop that is currently ineligible for crop insurance may be eligible for a direct payment under USDA's Noninsured Crop Disaster Assistance Program (NAP). Like crop insurance, NAP has permanent authority under Section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

Conservation Programs

USDA currently administers more than 20 agricultural conservation programs.[46] These programs address natural resource concerns on private agricultural and forested lands through technical and financial assistance. Many conservation programs have different expiration dates for program and funding authority. Because of this and funding peculiarities related to appropriations, they are affected differently by the FY2013 farm bill extension in the American Taxpayers Relief Act of 2012.

For many conservation programs, program authority is permanent under the Food Security Act of 1985, but the authority to receive mandatory funding expires. The farm bill extension allows programs with expired mandatory funding authority to continue until September 30, 2013, if the program has baseline beyond FY2012. The Conservation Reserve Program's (CRP) funding and program authority expired at the end of FY2012 and was extended to the end of FY2013 in the farm bill extension. Because CRP has baseline beyond FY2012, the program will continue in FY2013 at the original authorized rate of enrollment—up to 32 million acres at any one time.

Other mandatory conservation programs that expired and were extended have limited baseline beyond FY2012, as a result of previous reductions in annual appropriations. For example, the Wetlands Reserve Program (WRP) had authority under the 2008 farm bill to enroll no more than 3.04 million acres before FY2012, and did not include budgetary baseline beyond FY2012. Temporary reductions in FY2011 and FY2012 annual appropriations acts limited USDA's ability to enroll the authorized level of acres. This resulted in limited baseline being carried forward into FY2013, whereas it would have otherwise been expended by the end of FY2012. With the current farm bill extension, WRP can presumably utilize this additional baseline to enroll acres within its original authorized acreage cap.

Other budget enforcement rules and appropriations dynamics have affected particular farm bill conservation programs. The Congressional Budget Office uses the last year of authorization to determine the 10-year funding baseline for the farm bill reauthorization. A reduction in the last year's authorized level could multiplicatively affect the overall farm bill baseline. Because the

[46] For additional information on agricultural conservation programs, see CRS Report R40763, *Agricultural Conservation: A Guide to Programs*. For additional information on conservation issues in the next farm bill, see CRS Report R42093, *Agricultural Conservation and the Next Farm Bill.*

FY2012 Agriculture Appropriations Act (P.L. 112-55) reduced spending for select mandatory conservation programs and could have reduced the multi-year budget baseline, it also extended the funding authority expiration date for five of these programs, including Agricultural Management Assistance (AMA),[47] the Conservation Stewardship Program (CSP), the Environmental Quality Incentives Program (EQIP), the Farmland Protection Program (FPP), and the Wildlife Habitat Incentives Program (WHIP). This allowed appropriators to score savings in FY2012, but not affect the overall farm bill baseline since the last year of program authority for many of the reduced programs became 2014.[48] Thus, even without a reauthorization of the 2008 farm bill or the FY2013 extension, the five programs extended to FY2014 would operate with existing funding authority.[49]

A different set of mandatory conservation programs have no baseline beyond FY2012 and therefore require offset funding to be continued (e.g., Healthy Forest Reserve Program and Voluntary Public Access and Habitat Incentives Program, VPAHIP). The extension does not affect these programs, which have expired and will continue to remain inactive unless otherwise funded. The extension authorized VPAHIP to receive $10 million in appropriations for FY2013; however, no additional funding has been appropriated.

Other, older conservation programs also have permanent program authority, but are authorized to receive discretionary funds appropriated annually. Funding for these programs varies and is based on budget requests and appropriated levels. Discretionary programs with authorization to receive appropriations expired at the end of FY2012. Similar to other discretionary programs with expired authority, the program may continue as long as it receives appropriated funding (see "Programs with Discretionary Funding" discussion). **Table 2** separates the conservation programs by funding authority type—mandatory and discretionary.

Without reauthorization or a further extension of mandatory funding authority and program authority, many of the conservation programs affected by the FY2013 extension will no longer be able to sign new contracts or enroll additional acres beyond September 30, 2013. All existing contracts and agreements (including long-term easements) would stay in force for the contract period, and payments would continue to be made. Other farm bill provisions affecting the remaining agricultural conservation programs would also expire. Provisions in other titles, such as the adjusted gross income requirement that limits eligibility for conservation programs,[50] would no longer apply to active conservation programs. However, compliance activities and regional equity funding requirements continue for programs authorized beyond September 30, 2013.[51]

[47] AMA has permanent mandatory funding authority under the Federal Crop Insurance Act, as amended, for $10 million annually. The 2008 farm bill authorized an annual increase of $5 million until FY2012. It is this additional $5 million increase that was extended to FY2014 in the FY2012 agriculture appropriations act.

[48] For additional information, see CRS Report R41964, *Agriculture and Related Agencies: FY2012 Appropriations*.

[49] The FY2013 continuing resolution (CR, P.L. 112-175) extended the FY2012 agriculture appropriations act, including reductions in the five extended mandatory programs. Therefore, while these programs have funding authority through FY2014, they are limited to the FY2012 levels for the first six-months of FY2013, when the current CR expires.

[50] 7 U.S.C. 1308-3a(e).

[51] Conservation compliance is the requirement that, in exchange for certain USDA program benefits, a producer agrees to maintain a minimum level of conservation on highly erodible land and not convert wetlands to crop production. The regional equity provision (16 U.S.C. 3841(d)) mandates that each state receive annually a minimum aggregate amount of funding ($15 million) for EQIP, WHIP, FPP, and GRP.

Table 2. Conservation Program Authorization

Programs Authorized to Receive Mandatory Funding[a]	Expiration of Funding Authority
Agricultural Management Assistance	No expiration date[b]
Agricultural Water Enhancement Program	No expiration date
Chesapeake Bay Watershed Program	September 30, 2013
Conservation Reserve Program (CRP)	September 30, 2013
Conservation Stewardship Program (CSP)	September 30, 2014[c]
Environmental Quality Incentives Program (EQIP)	September 30, 2014[c]
Farmland Protection Program (FPP)	September 30, 2014[c]
Grassland Reserve Program (GRP)	September 30, 2013[f]
Healthy Forest Reserve Program (HFRP)	September 30, 2013[f]
Watershed Rehabilitation Program	September 30, 2009[d]
Wetlands Reserve Program (WRP)	September 30, 2013[f]
Wildlife Habitat Incentives Program (WHIP)	September 30, 2014[c]
Programs Authorized to Receive Annual Appropriations[e]	**Expiration of Appropriations Authority**
Conservation Operations (including Conservation Technical Assistance)	No expiration date
Conservation of Private Grazing Land	September 30, 2013
Emergency Conservation Program	No expiration date
Emergency Watershed Program	No expiration date
Grassroots Source Water Protection Program	September 30, 2013
Great Lakes Basin Program for soil erosion and sediment control	September 30, 2013
Resource Conservation & Development (RC&D) program	No expiration date
Snow Surveys	No expiration date
Soil Surveys	No expiration date
Watershed and Flood Prevention Operations	No expiration date
Watershed Rehabilitation Program	September 30, 2013
Voluntary Access and Habitat Incentives Program	September 30, 2013[g]

Source: CRS.

a. All of these programs were either reauthorized or created in Title II of the 2008 farm bill. Many were initially authorized by the Food Security Act of 1985 (P.L. 99-198), as amended, or in subsequent farm bills.

b. AMA has permanent mandatory funding authority for $10 million annually. The 2008 farm bill authorized an annual increase of $5 million through FY2012. The additional $5 million was extended to FY2014.

c. Mandatory funding authority was extended through FY2014 in the FY2012 Agriculture Appropriations Act.

d. The Watershed Rehabilitation Program was authorized to receive $100 million in mandatory funding in FY2009 to remain available until expended.

e. Though some discretionary programs have expired authority to receive appropriations, they are not prohibited from receiving annual appropriations. See "Programs with Discretionary Funding" for additional explanation. Not all discretionary programs listed here received appropriations in FY2013.

f. Some farm bill conservation programs have limited or no baseline funding beyond FY2012. Though these programs were extended, they may require offset funding or appropriated funding to operate.

g. Authorized to receive mandatory funding under the 2008 farm bill with no baseline beyond FY2012. The extension provides authority to receive $10 million in appropriations for FY2013.

Nutrition Programs

Whether the 2008 farm bill nutrition programs can continue to operate past September 30, 2012, is based on factors related to their authorizing statutes, FY2012 and FY2013 appropriations actions, and—most recently—the terms of the farm bill extension included in P.L. 112-240.

The 2008 farm bill reauthorized a number of domestic food assistance programs, including the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), the Emergency Supplemental Food Assistance Program (TEFAP), the Commodity Supplemental Food Program (CSFP), the Food Distribution Program on Indian Reservations (FDPIR), the Senior Farmers' Market Nutrition Program, the Bill Emerson Hunger Fellowship Program, Community Food Projects, Nutrition Assistance block grants for American Samoa and Puerto Rico, and Hunger-Free Communities grants.[52] For the majority of these programs the farm bill authorization expired at the end of FY2012 (September 30, 2012). Annual appropriations had also been scheduled to expire on this date, but a continuing resolution (CR; P.L. 112-175) continued appropriations for most of the farm bill nutrition programs (and therefore continued authority to operate those programs). Those authorizations that *did* expire at the end of FY2012 (listed later in this section) were continued until September 30, 2013, by P.L. 112-240.

Permanently Authorized and Funded Programs

The 2008 farm bill included an expansion of the Fresh Fruit and Vegetable Program (FFVP, "snack" program), and permanently funded it through Section 32.[53] As a result, the Fresh Fruit and Vegetable Program does not expire.

Programs Continued via Appropriations Action

As discussed earlier, appropriations can allow a program to continue even if the underlying authorization has not been extended. Because many of the nutrition programs are funded by the SNAP account, appropriated funds for SNAP would be enough to extend operations for most of the programs in the Food and Nutrition Act of 2008.[54] The farm bill nutrition provisions listed

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[52] New authorizations were created for the Fresh Fruit and Vegetable Program and some programs within the SNAP program. For an overview of these farm bill programs, please see CRS Report R42353, *Domestic Food Assistance: Summary of Programs*. Note that the National School Lunch Program (NSLP), School Breakfast Program (SBP), Child and Adult Care Food Program (CACFP), Summer Food Service Program (SFSP), Special Milk Program, and Special Supplemental Program for Women, Infants, and Children (WIC) programs were not authorized in the farm bill. These programs are authorized by the Russell National School Lunch Act and Child Nutrition Act statutes; these statutes were most recently reauthorized by P.L. 111-296 (the Healthy, Hunger-Free Kids Act of 2010) through FY2015. These child nutrition and WIC programs have typically been in the jurisdiction of the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Education and the Workforce.

[53] Section 32 (of the act of August 24, 1935; 7 U.S.C. 612c) refers to a permanent appropriation of 30% of customs receipts, primarily for use by the Secretary of Agriculture. Section 32 receives about $8 billion annually, though most of it is transferred to support the child nutrition programs. About $1 billion is available annually to support mostly, through purchases, commodities typically not covered by price support programs (such as meats, poultry, fruits, vegetables, and fish). USDA often donates these surplus commodities to various nutrition assistance programs. For more background, see CRS Report RL34081, *Farm and Food Support Under USDA's Section 32 Program*.

[54] Because of changes made in the 2008 farm bill, many of the programs that would have expired at the end of 2002 farm bill do not have the same status at the close of FY2012. More of those expiring provisions could now be continued with a SNAP appropriation.

below could continue to operate if funds were appropriated to the SNAP account, but would expire in the absence of a SNAP account appropriation. The CR did continue funding for the SNAP account, so these programs continued to operate past September 30, 2012:

- Most aspects of SNAP operations (except for the Healthy Incentives Pilot).
- Purchase and distribution of TEFAP commodities (administrative costs could continue with appropriations for the Commodity Assistance Program account).
- Most aspects of FDPIR (except as listed below).
- Nutrition assistance funding for Puerto Rico, American Samoa, and Commonwealth of Northern Mariana Islands.
- Community Food Projects (administered by the National Institute of Food and Agriculture).

For CSFP, the authority to fund commodity purchases and administrative costs would have expired without an extension of the authority or without an appropriation. However, all program operations continued under CSFP appropriations through the P.L. 112-175 continuing resolution, which included a specified funding level for FY2013.

Impact of the P.L. 112-240 Extension

For SNAP and the other programs in the SNAP account, P.L. 112-240, for the most part, continued the current law policies that had existed on or before September 30, 2012. The exception is that the farm bill extension contained a change to the mandatory funding of the SNAP-related program, the Nutrition Education and Obesity Prevention Grant Program, reducing the program's FY2013 by $110 million ("SNAP-Ed" is discussed further in the text box on the next page). Also, the extension continued the FY2012 SNAP Employment and Training (E&T) change in mandatory program spending (CHIMP), amending a $90 million source of mandatory funding to $79 million.

For the Senior Farmers' Market Nutrition Program (SFMNP), the farm bill contains both the authority and the funding (a transfer from the Commodity Credit Corporation); therefore, authority and funding for this program had expired after September 30, 2012. Once P.L. 112-240 was enacted, the funding and authority to operate the SFMNP was extended through September 30, 2013.

The following programs required either an extension of the authority or specific appropriations language to continue. The continuing resolution did not include such language, so they expired after September 30, 2012. These authorities were extended by P.L. 112-240, but they do not have funding appropriated.

- Hunger-Free Communities grants.
- SNAP pilot projects to evaluate health and nutrition promotion. This authority and related funding is used to operate the Healthy Incentives Pilot program. The program could continue to use existing funding beyond FY2012 but any additional funding would have to be specifically authorized or appropriated.

- FDPIR's "Traditionally and Locally Grown Food Fund." Since it is not currently implemented, only an extension of the authorization or a specific appropriation would extend it.
- Nutrition Information and Awareness Pilot Program. This authority was provided in the 2002 farm bill and reauthorized in the 2008 farm bill, but is not used in FY2012 to operate or fund any programs.

There are also several authorities relating to USDA's purchase and national processing of commodity foods, which might have been affected without an extension of the bill; P.L. 112-240 has extended those authorities.

General Status of Farm Bill Nutrition Programs

Based on the FY2013 continuing resolution and the P.L. 112-240 farm bill extension, nutrition programs are operating as they had in FY2012 and at current law funding levels, with the exception of "SNAP-Ed." Although the 2008 farm bill has been extended through September 30, 2013, the programs that operate by spending appropriated funds, such as SNAP and the programs in the SNAP account, will depend on appropriations to fund them past the CR's March 27, 2013, date.

Nutrition Education and Obesity Prevention Grant Program ("SNAP-Ed") and P.L. 112-240

Section 28(b) of the Food and Nutrition Act (codified at 7 U.S.C 2036a) authorizes and establishes mandatory funding for the Nutrition Education and Obesity Prevention Grant Program. The Healthy, Hunger-Free Kids Act of 2010 (P.L. 111-296) amended what had been SNAP Nutrition Education (it was and still is abbreviated as "SNAP-Ed") to create the current program. Mandatory funding levels were further amended by P.L. 112-240 ("American Taxpayer Fairness Act of 2012").

P.L. 111-296 and the Nutrition Education and Obesity Prevention Grant Program:

- Section 241 of P.L. 111-296 established the "Nutrition Education and Obesity Prevention Grant Program," replacing the previous program, under which state spending (both cash and in-kind) on nutrition education for SNAP recipients was matched by the federal government. P.L. 111-296 instead provided $375 million for formula grants in FY2011 (approximately the value of the FY2010 federal share) and adjusted that amount for inflation in future years. These funds are distributed by formula to the states.
- States can use the funds to provide nutrition education and operate obesity prevention programs for SNAP and other domestic food assistance program participants as well as other low-income households. With these funds, according to the law, "[s]tate agencies may implement a nutrition education and obesity prevention program for eligible individuals that promotes healthy food choices consistent with the most recent Dietary Guidelines for Americans."

FY2011 and FY2012 funding: Under the law as amended by P.L. 111-296, the program received mandatory funding of $375 million for FY2011 and $388 million for FY2012.

P.L. 112-240 changes: The farm bill extension included $285 million for FY2013, a reduction of $110 million (or nearly 28%) from the level required by P.L. 111-296. (CBO estimated that P.L. 112-240's farm bill extension was budget-neutral because, along with this $110 million *reduction* for SNAP-Ed, the extension of certain dairy policy provisions *increased* spending by $110 million). The amendment provides for $401 million in FY2014, $407 million in FY2015, and indexing the FY2015 amount for inflation for subsequent years' funding. Aside from these funding changes, P.L. 112-240 did not make changes to SNAP-Ed.

For further information about SNAP-Ed: http://snap.nal.usda.gov/national-snap-ed/about-snap-ed.

Trade and Foreign Food Aid Programs

Several agricultural trade and international food aid programs would expire unless a new farm bill is enacted. They continue to operate under the one-year farm bill extension. These programs were in an expired status from October 1, 2012, until the extension was enacted on January 2, 2013.

The trade programs with mandatory funding that could be affected are export credit guarantees (including those for emerging markets), facilities credit guarantees, export market promotion (the Market Access Program and the Foreign Market Development Program), dairy export subsidies, and technical assistance for specialty crops. Without new mandatory program authority, the Commodity Credit Corporation would not able to enter into agreements to guarantee U.S. commercial banks against defaults by foreign purchasers of U.S. agricultural commodities, fund grants to trade associations for the promotion of U.S. agricultural exports in foreign markets, or fund activities to address sanitary and phytosanitary (SPS) barriers to U.S. agricultural exports.

Separately, authority to carry out international emergency and non-emergency food aid programs is provided by the Food for Peace Act, which is reauthorized in the farm bill.[55] Without a further extension or reauthorization of the farm bill, no agreements to provide financing or to provide emergency or non-emergency food aid could be entered into after December 31, 2013. Likewise, financing through Food for Peace for agricultural technical assistance (the Farmer-to-Farmer program) in sub-Saharan African and Caribbean countries would expire. Authority to provide commodities and pay transportation costs under the Food for Progress program would end on December 31, 2013. Authority to replenish stocks of the Bill Emerson Humanitarian Trust, a reserve of commodities and cash used to meet unanticipated food aid needs, would expire on September 30, 2013. The authorization of appropriations for the McGovern-Dole International Food for Education and Child Nutrition Program expires with the farm bill, though the continuing resolution continues to fund this discretionary program.

[55] The Food for Peace Act was known formerly as the Agricultural Trade Development and Assistance Act (P.L. 480).

Appendix. Legislative Action on Previous Farm Bills

Table A-1. Major Legislative Action on Farm Bills Since 1973

					Conference Report Approval			
	House Cmte.	**House Passage**	**Senate Cmte.**	**Senate Passage**	**Conf. Report**	**House Passage**	**Senate Passage**	**Public Law**
1973 farm bill **Agriculture and Consumer Protection Act** Covers 1974-1977 crops or until 6/30/1977	6/20/1973 H.R. 8860 introduced 6/27/1973 H.Rept. 93-337	7/19/1973 Amdt. to S. 1888 Vote of 226-182	5/23/1973 S. 1888 introduced S.Rept. 93-173	6/8/1973 S. 1888 Vote 78-9	7/31/1973 H.Rept. 93-427	8/3/1973 S. 1888 Vote of 252-151	7/31/1973 S. 1888 Vote 85-7 8/3/1973 Voice vote	8/10/1973 P.L. 93-86
1977 farm bill **Food and Agriculture Act of 1977** Covers 1978-1981 crops or until 9/30/1981	5/13/1977 H.R. 7171 introduced 5/16/1977 H.Rept. 95-348	7/28/1977 Amdt. to S. 275 Vote of 294-114	1/18/1977 S. 275 introduced 5/16/1977 S.Rept. 95-180	5/24/1977 S. 275 Vote 69-18	9/9/1977 S.Rept. 95-418	9/16/1977 S. 275 Vote of 283-107	9/9/1977 S. 275 Vote 63-8	9/29/1977 P.L. 95-113
1981 farm bill **Agriculture and Food Act of 1981** Covers 1982-1985 crops or until 9/30/1985	5/18/1981 H.R. 3603 introduced 5/19/1981 H.Rept. 97-106	10/22/1981 S. 884 Vote of 192-160	4/7/1981 S. 884 introduced 5/27/1981 S.Rept. 97-126	9/18/1981 S. 884 Vote 49-32	12/9/1981 H.Rept. 97-377 12/10/1981 S.Rept. 97-290	12/16/1981 S. 884 Vote of 205-203	12/10/1981 S. 884 Vote 67-32	12/22/1981 P.L. 97-98
1985 farm bill **Food Security Act of 1985** Covers 1986-1990 crops or until 9/30/1990	4/17/1985 H.R. 2100 introduced 9/13/1985 H.Rept. 99-271	10/8/1985 H.R. 2100 Vote of 282-141	9/30/1985 S. 1714 S.Rept. 99-145	11/23/1985 H.R. 2100 Vote 61-28	12/17/1985 H.Rept. 99-447	12/18/1985 H.R. 2100 Vote of 325-96	12/18/1985 H.R. 2100 Vote 55-38	12/23/1985 P.L. 99-198
1990 farm bill **Food, Agriculture, Conservation, and Trade Act of 1990** Covers 1991-1995 crops or until 9/30/1995	2/5/1990 H.R. 3950 introduced 7/3/1990 H.Rept. 101-569	8/1/1990 H.R. 3950 Vote of 327-91	7/6/1990 S. 2830 S.Rept. 101-357	7/27/1990 S. 2830 Vote 70-21	10/22/1990 H.Rept. 101-916	10/23/1990 S. 2830 Vote of 318-102	10/25/1990 S. 2830 Vote 60-36	11/28/1990 P.L. 101-624
Omnibus Budget Act of 1993	Extended dairy until 1996; wheat, feed grains, cotton, rice, peanuts, wool and mohair until 1997; honey until1998							8/10/1993 P.L. 103-66
1996 farm bill **Freedom to Farm Act**	8/4/1995 H.R. 2195 introduced 9/20/1995 fails cmte.	—	9/28/1995 unnumber-ed bill	—	—	—	—	—
Balanced Budget Act of 1995	10/26/1995 H.R. 2491 includes H.R. 2195	10/26/1995 H.R. 2491 Vote of 227-203	10/28/1995 S. 1357 includes Senate bill	10/28/1995 Amdt. to H.R. 2491 Vote 52-47	11/16/1995 H.Rept. 104-347	11/20/1995 H.R. 2491 Vote of 235-192	11/17/1995 H.R. 2491 Vote 52-47	12/6/1995 Vetoed

					Conference Report Approval			
	House Cmte.	**House Passage**	**Senate Cmte.**	**Senate Passage**	**Conf. Report**	**House Passage**	**Senate Passage**	**Public Law**
1996 farm bill (cont.) **Federal Agriculture Improvement and Reform Act of 1996** Covers 1996-2002 crops or until 9/30/2002	1/5/1996 H.R. 2854 introduced 2/9/1996 H.Rept. 104-462	2/29/1996 H.R. 2854 Vote of 270-155	1/26/1996 S. 1541 introduced	2/7/1996 S. 1541 Vote 64-32 3/12/1996 Amdt. to H.R. 2854 Voice vote	3/25/1996 H.Rept. 104-494	3/29/1996 H.R. 2854 Vote of 318-89	3/28/1996 H.R. 2854 Vote 74-26	4/4/1996 P.L. 104-127
2002 farm bill **Farm Security and Rural Investment Act** Covers 2002-2007 crops or until 9/30/2007	7/26/2001 H.R. 2646 8/2/2001 H.Rept. 107-191	10/5/2001 H.R. 2646 Vote of 291-120	11/27/2001 S. 1731 12/7/2001 S.Rept. 107-117	2/13/2002 Amdt. to H.R. 2646 Vote 58-40	5/1/2002 H.Rept. 107-424	5/2/2002 H.R. 2646 Vote of 280-141	5/8/2002 H.R. 2646 Vote 64-35	5/13/2002 P.L. 107-171
Extension of MILC	Extended the early-expiring MILC program for 2 years from 9/2005 through 8/2007							2/8/2006 P.L. 109-171
Short-term extensions	Extended the 2002 farm bill until 3/15/2008, with exceptions. But did not extend the direct and counter-cyclical farm commodity programs. See Division A, §751.							12/26/2007 P.L. 110-161
	Continued extension until 4/18/2008, added extension of suspension of permanent law.							3/14/2008 P.L. 110-196
	Continued extension until 4/25/2008 (P.L. 110-200)							4/18/2008
	Continued extension until 5/2/2008 (P.L. 110-205)							4/25/2008
	Continued extension until 5/16/2008 (P.L. 110-208)							5/2/2008
	Continued extension until 5/23/2008 (P.L. 110-231)							5/18/2008
2008 farm bill **Food, Conservation, and Energy Act of 2008** Covers 2008-2012 crops or until 9/30/2012	5/22/2007 H.R. 2419 introduced 7/23/2007 H.Rept. 110-256	7/27/2007 H.R. 2419 Vote of 231-191	11/2/2007 S. 2302 S.Rept. 110-220	12/14/2007 Amdt. to H.R. 2419 Vote 79-14	5/13/2008 H.Rept. 110-627	5/14/2008 H.R. 2419 Vote of 318-106	5/15/2008 H.R. 2419 Vote of 81-15	5/21/2008 Enrolling error omits Title III Vetoed
						5/21/2008 Passed over veto 316-108	5/22/2008 Passed over veto 82-13	5/22/2008 P.L. 110-234
					Re-passed as new bill w/ Title III	5/22/2008 H.R. 6124 Vote of 306-110	6/5/2008 H.R. 6124 Vote of 77-15	6/18/2008 Vetoed
						6/18/2008 Passed over veto 317-109	6/18/2008 Passed over veto 80-14	6/18/2008 P.L. 110-246
FY2012 Agriculture Appropriations Act	Extended five conservation programs until FY2014 (AMA, CSP, EQIP, FPP, and WHIP)							11/18/2011 P.L. 112-55
American Taxpayer Relief Act of 2012	One-year extension of the 2008 farm bill until 9/30/2013 and for the 2013 crop year (dairy price support extended until 12/31/2013, and MILC until 9/30/2013. Did not provide funding for programs without mandatory baseline. See Title VII.							1/2/2013 P.L. 112-240

					Conference Report Approval			
	House Cmte.	**House Passage**	**Senate Cmte.**	**Senate Passage**	**Conf. Report**	**House Passage**	**Senate Passage**	**Public Law**
2012 farm bill (112th Congress)	7/11/2012 H.R. 6083 Vote of 35-11 9/13/2012 H.Rept. 112-669	—	4/26/2012 S. 3240 Vote of 16-5 8/28/2012 S.Rept. 112-203	6/21/2012 S. 3240 Vote of 64-35	—	—	—	—
2013 farm bill (113th Congress)	—	—	—	—	—	—	—	—

Source: CRS.

Note: Includes only major legislative actions to enact each farm bill. Excludes subsequent revisions, except as noted in 1993, 2006, and 2011 that extended the expiration dates of certain provisions.

Presidential Vetoes

Presidential vetoes of farm bills are not common. Two complete farm bills have been vetoed as stand-alone measures (1956 and 2008), the latter being vetoed twice. Another farm bill was vetoed as part of a larger budget reconciliation package (1995).

The first veto of a farm bill was in 1956 when President Eisenhower vetoed H.R. 12, the first version of the Agricultural Act of 1956. The second and third vetoes were in 2008 by President George W. Bush. The 2008 farm bill was vetoed and overridden twice. After the initial veto of the bill (H.R. 2419), Congress overrode the veto and enacted P.L. 110-234, but accidentally enrolled the law without the Title III (the trade title). Congress immediately reintroduced the same bill with the trade title as H.R. 6124. President Bush vetoed this version as well, and Congress again overrode the veto to enact P.L. 110-246, a complete 2008 farm bill that included the trade title. The overrides in 2008 were the only time that a farm bill was enacted by overriding a veto.

A 1995 budget reconciliation package that included the first version of what became the 1996 farm bill was vetoed by President Clinton, but the veto was not necessarily due to the farm bill.

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