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# What Is the Farm Bill?

**Renée Johnson**

Specialist in Agricultural Policy

**Jim Monke**

Specialist in Agricultural Policy

October 11, 2013

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

RS22131

## Summary

The farm bill is an omnibus, multi-year piece of authorizing legislation that governs an array of agricultural and food programs. Titles in the most recent farm bill encompassed farm commodity price and income supports, farm credit, trade, agricultural conservation, research, rural development, bioenergy, foreign food aid, and domestic nutrition assistance. Although agricultural policies sometimes are created and changed by freestanding legislation or as part of other major laws, the farm bill provides a predictable opportunity for policymakers to comprehensively and periodically address agricultural and food issues. The farm bill is renewed about every five years.

The Food, Conservation, and Energy Act of 2008 (P.L. 110-246, “2008 farm bill”) is the most recent omnibus farm bill, and was enacted into law in June 2008. The farm bill is due for reauthorization, as portions of the 2008 farm bill expired in 2012. The farm bill was extended, however, for an additional year in the American Taxpayer Relief Act of 2012 (P.L. 112-240, the “fiscal cliff” bill). In 2013, Congress developed a Senate-passed farm bill (S. 954) and a combination of House-passed farm bills (H.R. 2642 and H.R. 3102).

The most recent Congressional Budget Office (CBO) “baseline” budget (May 2013) estimates that about \$973 billion of mandatory outlays are available for farm bill programs over the next decade (FY2014-FY2023). Within this total, an estimated \$764 billion (79%) would be available for the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) as part of the bill’s nutrition title. Another \$143 billion (15%) would be available for farm commodity support and crop insurance, and \$62 billion (6%) for agricultural conservation.

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## What Is the Farm Bill?

The farm bill is an omnibus, multi-year piece of authorizing legislation that governs an array of agricultural and food programs. Although agricultural policies sometimes are created and changed by freestanding legislation or as part of other major laws, the farm bill provides a predictable opportunity for policymakers to comprehensively and periodically address agricultural and food issues. The farm bill is renewed about every five years.<sup>1</sup>

Since the 1930s, farm bills traditionally have focused on farm commodity price and income support for a handful of staple commodities—corn, soybeans, wheat, cotton, rice, and dairy. Yet farm bills have grown in breadth in recent decades. Among the most important additions have been nutrition assistance, conservation, horticulture, and bioenergy programs.

The omnibus nature of the farm bill can create broad coalitions of support among sometimes conflicting interests for policies that individually might not survive the legislative process. This can stir fierce competition for funds. In recent years, more parties have become involved in the debate, including national farm groups, commodity associations, state organizations, and nutrition and public health officials, as well as advocacy groups representing conservation, recreation, rural development, faith-based interests, local food systems, and certified organic production.

The Food, Conservation, and Energy Act of 2008 (P.L. 110-246, “2008 farm bill”) is the most recent omnibus farm bill. It was enacted in June 2008 and succeeded the 2002 farm bill. The 2008 farm bill contained 15 titles encompassing commodity price and income supports, farm credit, trade, agricultural conservation, research, rural development, energy, and foreign and domestic food programs, among other programs.<sup>2</sup> (See titles described in text box below.)

Many provisions of the 2008 farm bill expired in 2012, but were extended for an additional year in the American Taxpayer Relief Act of 2012 (P.L. 112-240, the fiscal cliff bill). However, the one-year extension of the 2008 farm bill did not provide any additional mandatory funding for 37 programs in the 2008 farm bill without baseline.<sup>3</sup>

Without a new farm bill or an extension, the authority for some programs will expire on September 30, 2013. These programs may cease to operate altogether unless reauthorized, or new activities under some old programs might not be initiated—either for lack of program authority or available funding. Nutrition assistance programs need reauthorization, if they are to continue. The farm commodity programs not only expire, but would revert to permanent law dating back to the 1940s. Many discretionary programs would not have statutory authority to receive appropriations in future years.<sup>4</sup>

Other programs have permanent authority and do not need to be reauthorized. Nonetheless, they may be included in a farm bill to make changes for policy or budgetary goals. Crop insurance is the primary example of a permanently authorized program addressed in the farm bill.

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<sup>1</sup> There have been sixteen farm bills since the 1930s (2008, 2002, 1996, 1990, 1985, 1981, 1977, 1973, 1970, 1965, 1956, 1954, 1949, 1948, 1938, and 1933). Farm bills have become increasingly omnibus in nature since 1973 with the inclusion of a nutrition title.

<sup>2</sup> For more information, see CRS Report RL34696, *The 2008 Farm Bill: Major Provisions and Legislative Action*.

<sup>3</sup> For more information, see CRS Report R41433, *Expiring Farm Bill Programs Without a Budget Baseline*.

<sup>4</sup> For more information, see CRS Report R42442, *Expiration and Extension of the 2008 Farm Bill*.

### The 2008 Farm Bill (P.L. 110-246): Functions and Major Issues, by Title

- **Title I, Commodity Programs:** Provided income or other types of support (“safety net”) to farmers that grow the major commodity crops—wheat, corn, soybeans, cotton, and rice. Included programs to help farmers manage production risks, including volatile weather, natural disasters, as well as market fluctuations. Support to farmers was largely through direct payments, counter-cyclical payments, and marketing loans. Other support mechanisms included government purchases for dairy, and marketing quotas and import barriers for sugar.
- **Title II, Conservation:** Encouraged environmental stewardship of farmlands and improved management practices through a range of land retirement and/or working lands programs, among other programs geared to farmland conservation, preservation, and resource protection. Working lands programs include: Environmental Quality Incentives Program (EQIP) and Conservation Stewardship Program (CSP). Land retirement programs included: Conservation Reserve Program (CRP) and the Wetlands Reserve Program (WRP), among others.
- **Title III, Trade:** Provided support for U.S. agricultural export programs and international food assistance programs. Major programs included: Market Access Program (MAP) and the primary U.S. food aid program, the P.L. 480 program, and other programs. Additionally, addressed program changes related to World Trade Organization (WTO) obligations.
- **Title IV, Nutrition:** Provided nutrition assistance for households and individuals through programs such as the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) and The Emergency Food Assistance Program (TEFAP), among other types of supplemental nutrition assistance. Additionally, provided support for a program making fresh fruits and vegetables available in schools, and other types of support for child nutrition programs.
- **Title V, Credit:** Provided support for federal direct and guaranteed loans to farmers and ranchers, and loan eligibility rules and policies.
- **Title VI, Rural Development:** Supported business and community programs for planning, feasibility assessments, and coordination activities with other local, state, and federal programs. Programs include rural development loan and grant programs and authorized several new provisions, rural infrastructure, economic development, and broadband and telecommunications development, among other programs.
- **Title VII, Research, Extension, and Related Matters:** Supported agricultural research and extension programs that help farmers and ranchers become more efficient, innovative, and productive. Other types of research programs included biosecurity and response, biotechnology, and organic production.
- **Title VIII, Forestry:** Supported forestry management programs run by the U.S. Forest Service.
- **Title IX, Energy:** Supported the development of farm and community renewable energy systems through various programs, grants, and procurement assistance initiatives. Provisions covered the production, marketing, and processing of biofuel feedstocks; expanded research, education, and demonstration programs for advanced biofuels; USDA coordination of federal biobased energy efforts; grants for procurement of biobased products to support development of biorefineries; assistance for eligible farmers, ranchers, and rural small businesses in purchasing renewable energy systems; and user education programs, among other programs.
- **Title X, Horticulture:** Supported the production of specialty crops—fruits, vegetables, tree nuts, and floriculture and ornamental products—through a range of initiatives, including market promotion; plant pest and disease prevention; and public research; among other initiatives. Additionally, provided assistance to certified organic agricultural production.
- **Title XI, Livestock:** Addressed a range of programs affecting livestock or poultry producers.
- **Title XII, Crop Insurance and Disaster Assistance:** Amended federal crop insurance and provided for disaster assistance, including policies for crop insurance coverage and risk management.
- **Title XIII, Miscellaneous:** Other types of programs and assistance not covered in other bill titles, including provisions to assist limited-resource and socially disadvantaged farmers, and agricultural security, among others.

In 2013, Congress developed a Senate-passed farm bill (S. 954) and a combination of House-passed farm bills (H.R. 2642 and H.R. 3102). For more information on the proposals, see CRS Report R43076, *The 2013 Farm Bill: A Comparison of the Senate-Passed (S. 954) and House-Passed (H.R. 2642, H.R. 3102) Bills with Current Law*.

## What Is the Cost?

Legislatively, the farm bill authorizes programs in two spending categories: mandatory and discretionary. Mandatory programs generally operate as entitlements; the farm bill pays for them using multi-year budget estimates when the law is enacted. Discretionary programs are authorized for their scope, but are not funded in the farm bill; they are subject to appropriations. While both types of programs are important, mandatory programs often dominate the farm bill debate.

### 2008 Farm Bill at Enactment

When the 2008 farm bill was enacted, the Congressional Budget Office (CBO) estimated the total cost of mandatory programs \$604 billion over 10 years (FY2008-FY2017). The overwhelming share (97%) of estimated total net outlays was anticipated for four titles: nutrition, farm commodity support, crop insurance, and conservation. Of the projected net outlays, about 67% was for the Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps). An estimated 15% was for farm commodity support and 8% was for crop insurance.<sup>5</sup> About 9% was for mandatory conservation programs, and less than 4% was for trade, horticulture and livestock production, rural development, research, forestry, and energy, among other programs.<sup>6</sup> Actual spending for these programs differed from these original estimates.<sup>7</sup>

### 2013 House and Senate Farm Bill Proposals

If the 2008 farm bill were continued, CBO estimates that mandatory outlays would be \$973 billion for the 10-year period FY2014-FY2023.<sup>8</sup> This “baseline” serves as a starting point for how much is available to spend on the next farm bill. Most of the baseline is for domestic nutrition assistance programs (\$764 billion, or 79%).<sup>9</sup> The rest, about \$208 billion, is divided among various agriculture-related programs, primarily crop insurance (\$84 billion, or 8.6%), farm commodity price and income supports (\$59 billion, or 6.0%), and conservation (\$62 billion, or 6.3%). Less than 1% of the baseline is for mandatory spending on international trade (\$3.4 billion), horticulture programs (\$1.1 billion), and the miscellaneous title (**Figure 1**).

Compared to this baseline, the Senate-passed bill would reduce spending by \$17.9 billion (-1.8%) over 10 years. The House-passed combination of H.R. 2642 and H.R. 3102 together would reduce spending by \$51.9 billion (-5.3%) over 10 years (**Figure 2**).<sup>10</sup> For more information about the farm bill budget, see CRS Report R42484, *Budget Issues Shaping a Farm Bill in 2013*.

<sup>5</sup> Another \$4 billion was allocated for supplemental farm disaster assistance (FY2008-2012) in the miscellaneous title.

<sup>6</sup> CRS Report RL34696, *The 2008 Farm Bill: Major Provisions and Legislative Action*.

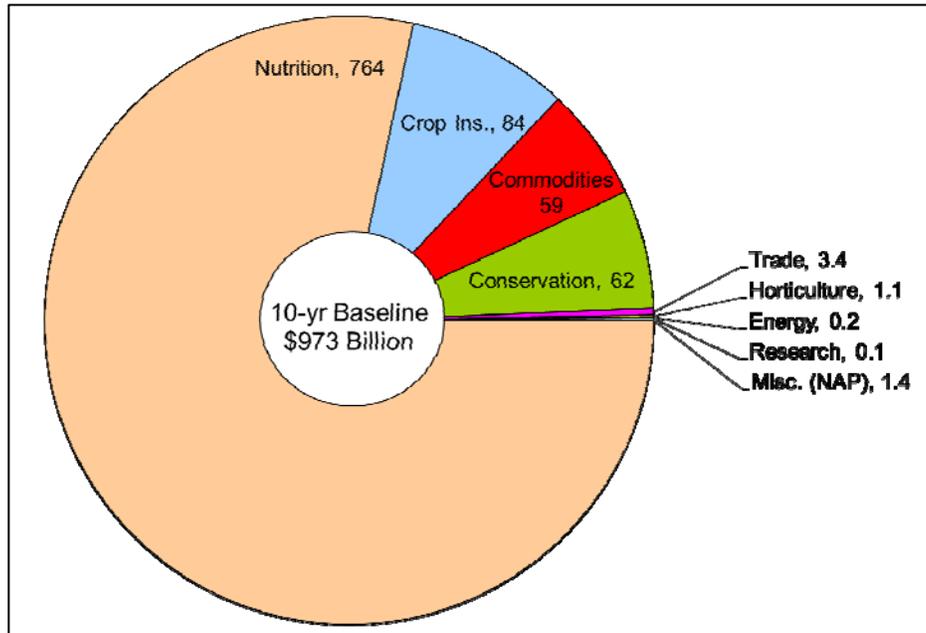
<sup>7</sup> CBO periodically re-estimates the baseline to reflect changing economic conditions. Increases may indicate that more people qualify for benefits, while reductions may indicate that less spending is needed. Increases do not require budgetary offsets; reductions do not provide budgetary offsets. See CRS Report R41195, *Actual Farm Bill Spending and Cost Estimates*.

<sup>8</sup> CBO, “May 2013 Baseline for the 2008 Farm Bill Programs and Provisions, by Title,” unpublished, May 2013. See also “Updated Budget Projections: Fiscal Years 2013 to 2023,” May 14, 2013, at <http://cbo.gov/publication/44172>.

<sup>9</sup> The farm bill includes SNAP but not child nutrition programs (e.g., school lunch) due to jurisdictional differences.

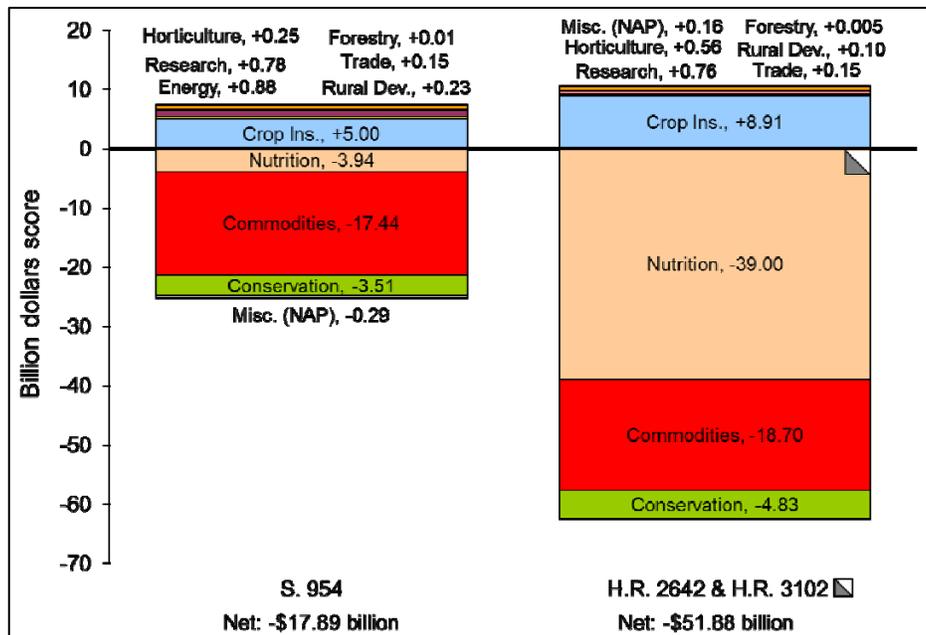
<sup>10</sup> CBO cost estimates of S. 954 (<http://cbo.gov/publication/44248>, May 17, 2013), H.R. 2642 (<http://cbo.gov/publication/44414>, July 11, 2013) and H.R. 3102 (<http://cbo.gov/publication/44583>, September 16, 2013).

**Figure 1. Ten-Year Mandatory Baseline for Farm Bill Titles**  
 (10-year expected outlays FY2014-FY2023 in billions of dollars by farm bill title)



Source: CRS, using the May 2013 CBO baseline.

**Figure 2. Ten-Year Scores of the Senate and House 2013 Farm Bills**  
 (change in outlays over FY2014-FY2023 in billions of dollars by farm bill title, relative to baseline)



Source: CRS, using CBO cost estimates of S. 954 (<http://cbo.gov/publication/44248>, May 17, 2013), H.R. 2642 (<http://cbo.gov/publication/44414>, July 11, 2013), and H.R. 3102 (<http://cbo.gov/publication/44583>, Sept. 16, 2013).

Notes: Incorporates into the Horticulture the scores of promotion orders that are classified as revenue.

## What Are the Key Issues?

### Deficit Reduction and the Budget

Budget issues are among the primary factors affecting the development of a new farm bill. The desire by many to redesign farm policy and reallocate the remaining farm bill budget—in a sequestration and deficit reduction environment—is driving much of the debate. Several high-profile congressional and Administration deficit reduction proposals have targeted agricultural programs.<sup>11</sup> In this context, Congress faces difficult choices about how much total support to provide for agriculture, and how to allocate that support among competing constituencies.

### Nutrition Assistance

The Supplemental Nutrition Assistance Program (SNAP), formerly called the Food Stamp Program, provides benefits to increase the food purchasing power of eligible low-income households. SNAP reaches a large share of low-income households. In March 2013, 47.7 million persons in 23.1 million households benefitted from SNAP.<sup>12</sup>

The nutrition share of the farm bill budget has increased over time. When the 2008 farm bill was enacted, the nutrition title was 67% of the 10-year total (\$406 billion out of \$604 billion). Five years later, it is 79% of the total (\$764 billion out of \$973 billion). This trend does not mean, however, that the nutrition programs have grown at the expense of the agricultural programs. Nonetheless, the growth in nutrition spending has been highlighted and is being considered for reduction, as discussed in the previous section.

Several nutrition issues stand out among those being considered in the 2013 farm bill: becoming eligible for SNAP based on participation in other low-income assistance programs (“categorical eligibility”),<sup>13</sup> how minimal payments from the Low-Income Home Energy Assistance Program (LIHEAP) can affect SNAP benefits,<sup>14</sup> and work requirements for able-bodied adults. The House-passed and Senate-passed farm bills are identical on the LIHEAP change, but only the House bill would restrict categorical eligibility and affect work requirements for able-bodied adults.

### Farm Commodity Policy Reform

Farm commodity price and income support programs raise farm income by making direct payments and reducing financial risks from uncertain weather and market conditions. Programs with government-set target prices (or revenue benchmarks) offer payments when market prices (or farm revenue) fall below support levels. Federal crop insurance protects producers against losses in crop revenue or yield through federally subsidized policies purchased by producers.

<sup>11</sup> CRS Report R42484, *Budget Issues Shaping a Farm Bill in 2013*.

<sup>12</sup> USDA data as of June 7, 2013 (Number of Persons: <http://www.fns.usda.gov/pd/29snapcurrpp.htm>; Number of Households: <http://www.fns.usda.gov/pd/30SNAPcurrHH.htm>). Also see CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*.

<sup>13</sup> CRS Report R42054, *The Supplemental Nutrition Assistance Program (SNAP): Categorical Eligibility*.

<sup>14</sup> CRS Report R42591, *The Next Farm Bill: Changing the Treatment of LIHEAP Receipt in the Calculation of SNAP Benefits*.

The commodity programs usually are a contentious component of a farm bill. Proponents want a strong safety net for farmers, while opponents often cite costs relative to other policy priorities. Critics point out that farm bill dollars are not equitably shared across the sector. Benefits flow to a limited number of staple commodities—mainly corn, soybeans, wheat, cotton, rice, dairy, and sugar—and not to fruits, vegetables, or livestock. Subsidies are proportional to production, allowing larger farms to receive more than smaller ones. In recent years, farm sector income has been historically high, but variable.<sup>15</sup> Some say agriculture does not need as much support as in prior years; others look at the same data and see high volatility justifying an enhanced safety net.

Some of the proposed changes to the farm safety net in the House and Senate bills are similar, though each takes a somewhat different approach to reform. Both propose to restructure the farm programs by eliminating fixed direct payments and the existing counter-cyclical price and revenue programs. Some of the savings from eliminating direct payments would be used to offset the cost of new farm programs and enhance crop insurance. Both bills borrow conceptually from current programs, revising and renaming them to enhance producer price or revenue protection.<sup>16</sup>

## The Rest of the Farm Bill

Beyond nutrition, farm commodity programs and the budget, the breadth of the rest of the farm bill reflects important issues for various constituencies. Both the Senate and House proposals for the new farm bill indicate some differences in the direction of continued funding for various horticulture and specialty crop programs, bioenergy programs, conservation program reorganization, disaster programs, rural development and research programs. About 6% of the baseline is for mandatory spending on conservation programs, with less than 1% of the baseline for international trade, horticulture programs, and the miscellaneous title (**Figure 1**).

For more details of specific provisions in the farm bill proposals across all titles, see CRS Report R43076, *The 2013 Farm Bill: A Comparison of the Senate-Passed (S. 954) and House-Passed (H.R. 2642, H.R. 3102) Bills with Current Law*

## Author Contact Information

Renée Johnson  
Specialist in Agricultural Policy  
rjohnson@crs.loc.gov, 7-9588

Jim Monke  
Specialist in Agricultural Policy  
jmonke@crs.loc.gov, 7-9664

<sup>15</sup> CRS Report R40152, *U.S. Farm Income*.

<sup>16</sup> CRS Report R42759, *Farm Safety Net Provisions in a 2013 Farm Bill: S. 954 and H.R. 2642*.