FARM BILL REAUTHORIZATION: BACKGROUND AND PROCESS

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What is the Farm Bill?

- Farm bills have been enacted about every 5 years since 1933
- The farm bill is an act that changes many agricultural laws
- Breadth of the farm bill
  - Titles used to be commodities (e.g., corn, wheat, cotton, dairy, etc.)
  - Titles were incorporated for what used to be stand-alone laws (e.g., for Credit, Research, Rural Development)
  - Titles may be added for new issues (e.g., Energy and Horticulture)
- Jurisdiction of Agriculture Committees in Congress
Breadth of the Farm Bill

Titles in the 2018 Farm Bill (P.L. 115-334)

I Commodities – Payments for major crops
II Conservation – Farmland stewardship
III Trade – Export promotion, international food aid
IV Nutrition – Food assistance
V Credit – Direct and guaranteed farm loans
VI Rural Development – Rural businesses and utilities
VII Research, Extension, & Related Matters – Academic knowledge
VIII Forestry – Manage nonfederal and federal forests
IX Energy – Renewable energy systems
X Horticulture – Specialty crops, organic, local foods
XI Crop Insurance – Subsidized risk management
XII Miscellaneous – Including livestock and poultry

Source: CRS In Focus 12047, Farm Bill Primer: What is the Farm Bill?
Why the Farm Bill Now?

• The 2018 farm bill begins expiring on September 30, 2023
  • Some programs can continue under appropriations
  • Some programs would cease or not have new funding
  • An extension may work for some programs but not all

• Farm commodity programs expire with 2023 “crop year”
  • First consequence: Dairy, on January 1, 2024
  • Farm bill’s suspension of “permanent law” expires
  • Revert to outdated laws still in statute from 1940s
  • Would set subsidies on 1910-1914 “parity prices,” re-impose supply controls
  • Would be expensive to government and to consumers

Source: CRS Report R45341, Expiration of the 2014 Farm Bill, updated for 2023 dates
Farm Bill Process

• Farm bills, like any legislation, generate disagreement

• Historically bipartisan, less about party, more often regional or commodity-based constituencies

• Breadth builds coalitions, including urban, rural, industry, social, nature, research, rural development, health, etc.
Farm Bill Process: How a Bill Becomes a Law

- House and Senate develop farm bill versions separately
- “Four Corners” -- House and Senate Agriculture Committee Chairs and Ranking Members
  - Listening sessions and public input
  - Subcommittee and committee hearings with witnesses
  - Committee markup, vote to report a committee bill
  - Floor consideration, amendments, vote on a chamber bill
  - Conference committee appointed to reconcile differences between House and Senate bills; USDA may provide technical assistance
- House and Senate vote on the conference agreement
- President signs bill, bill becomes law
- USDA implements the new, updated law
Farm Bill Process: Legislative Timelines Vary

Before 1996  Enacted in the year the bills were introduced.

2008 farm bill  Took 13 months. Short-term extensions. Overcame two vetoes.


2018 farm bill  Took 8 months. Initially failed to pass in the House. Enacted during the lame duck session.

Source: CRS Report R45210, Farm Bills: Major Legislative Actions
Farm Bill Timelines: 2007-2018

Source: CRS Report R45210, Farm Bills: Major Legislative Actions
• Congressional organization for managing spending
  • Authorizing committees and Appropriations committees
  • Mandatory spending and Discretionary spending

• For farm bill programs with...
  • Discretionary spending:
    o Farm Bill provides an “Authorization for appropriation”
    o Budget enforcement is via annual budget resolution and subsequent appropriation
    o Funding, if any, comes in fiscal year appropriations bills

• Mandatory spending
  o Farm bill provides both authorization for the program and funding
  o Budget enforcement is during the farm bill using Congressional Budget Office (CBO) “baseline” and “scores” of bills
**Farm Bill Process: Budget Enforcement for Mandatory Spending**

- **Baseline** = Projection at a point in time of what future spending would be assuming current law continues
  - *Baseline* is the **benchmark** against which to measure the **score**
- **Score** = Expected **change** in a bill compared to the baseline
  - Positive scores increase spending
  - Negative scores decrease spending
- CBO provides 1-year, 5-year, and 10-year projections of baselines and scores

- **PayGo** requires that a bill does not add to the deficit. It is a budget constraint to keep the total score of a bill from exceeding the baseline.
- **CutGo** is more restrictive than PayGo. It doesn’t allow revenue (tax) provisions to offset spending

- The annual budget resolution determines whether a farm bill is (1) held budget neutral, (2) can increase the spending, or (3) must decrease spending

**Source:** CRS Report R46240, *Introduction to the Federal Budget Process*
Farm Bill Process: An Example of Baseline and Scores

- Program 1 expires in 2023. Its baseline is the expected outlays assuming current law continues. The baseline is available to reauthorize the program for a new farm bill that would cover 2024-2028.

<table>
<thead>
<tr>
<th>Baseline Example ($ millions)</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>2031</th>
<th>2032</th>
<th>2033</th>
<th>2024-2028</th>
<th>2024-2033</th>
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<td>Program 1</td>
<td>100</td>
<td>100</td>
<td>101</td>
<td>102</td>
<td>103</td>
<td>104</td>
<td>105</td>
<td>106</td>
<td>107</td>
<td>108</td>
<td>506</td>
<td>1,036</td>
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- A bill proposes to reauthorize and change Program 1 to expand eligibility and reduce benefits.
- The bill also creates and funds a new program, but does not provide baseline beyond 2028.
- This example increases spending and would not meet PayGo

<table>
<thead>
<tr>
<th>Score Example of H.R. XYZ ($ millions)</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>2030</th>
<th>2031</th>
<th>2032</th>
<th>2033</th>
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<th>2024-2033</th>
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<tbody>
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<td>1. Expand</td>
<td>+2</td>
<td>+2</td>
<td>+2</td>
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<td>+3</td>
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<td>+3</td>
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<td>+11</td>
<td>+26</td>
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<td>2. Reduce</td>
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<td>-4</td>
<td>-4</td>
<td>-4</td>
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<td>-40</td>
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<td>3. New</td>
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<td>+5</td>
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Source: CRS, based on experience from CRS Report R45425, *Budget Issues That Shaped the 2018 Farm Bill*
Funding Availability for Farm Bill Titles (Baseline, $ billions)
$1,426 billion for 10 years FY2024-FY2033

- Nutrition, $1,205
- Crop Insurance, $97
- Conservation, $57
- Commodities, $57
- Trade, $4.8
- Horticulture, $2.1
- Research, $1.3
- Misc., $0.8
- Energy, $0.5

Includes farm bill programs only. Excludes supplemental spending and P.L. 117-169, often referred to as the Inflation Reduction Act (IRA).

Size of pie, and shares, may change on economic expectations outside of farm bill legislative action.
- Nutrition title is now about 85% (76% in 2018)
- Agriculture programs (blue-grey-navy-green) were:
  - $203 billion in 2018
  - $218 billion in 2021
  - $221 billion in 2023

Source: CRS In Focus IF12233, Farm Bill Primer: Budget Dynamics, based on the February 2023 CBO Baseline, and amounts indicated in law.
Conservation Title Baseline in the Farm Bill, and Funding in the IRA for Farm Bill Conservation Programs

The IRA added funding to four Conservation title programs.

- Not farm bill funding
- Not permanent
- Budget authority is added until FY2026
- Outlays are allowed until FY2031
- May be able to be used as an offset in the farm bill.

Source: CRS In Focus IF12233, Farm Bill Primer: Budget Dynamics, based on the February 2023 CBO Baseline
Notes: Funding shown is projected outlays