

2012 FARM BILL OR A FARM BILL BY THE “SUPER COMMITTEE”

Dwight Aakre

Farm Management Specialist

September 2011

NDSU
Extension Service

CURRENT FARM BILL COVERS THE 2012 CROP YEAR
EXCEPT FOR THE PERMANENT DISASTER PROGRAM

OVERSHADOWING THE NEXT FARM BILL IS THE BUDGET CONTROL ACT

This legislation created a “Super Committee”

- 6 Senators – 3 from each party
 - 6 Congressman – 3 from each party
-

TIMELINE FOR THE SUPER COMMITTEE

- October 14 - deadline for Congressional Committees to submit their recommendations to the “SC”
 - November 23 - deadline for the “SC” to pass a legislative proposal. If this deadline is not met automatic cuts will result
 - December 23 - deadline for both chambers of Congress to consider the “SC” proposal
-

WHO WRITES THE FARM BILL?

- Usually the Agriculture Committees in both the House and Senate
 - Each chamber passes their version
 - Joint committee appointed to work out the differences
 - The conference report from this committee is submitted for an up or down vote
-

BUT WHAT HAPPENS THIS FARM BILL CYCLE WHEN
YOU HAVE A SUPER COMMITTEE POSSIBLY DECIDING
KEY FUNDING ISSUES?

A FEW POSSIBILITIES

- Agriculture Committees write a bill and submit it to the “SC” to be included in their budget-cutting package
 - The “SC” writes its own bill (or portions related to funding cuts) and the Agriculture Committees write their farm bill next year guided by the funding restrictions
 - The “SC” is unable to reach agreement on a budget-cutting package, forcing an automatic round of funding cuts
-

BUDGET FOR THE FARM BILL

- CBO issues estimates of what the spending would be if current law is extended. This is the baseline
 - Baseline is the starting point
-

HOW MUCH FUNDING IS AVAILABLE?

- Moving target – changing assumptions regarding prices and the economy along with any changes Congress makes
 - As of January 2011, \$922 billion over ten years is the expected cost of the existing farm bill programs that have a baseline for 2012-2021
-

WHERE DOES THE MONEY GO – 10 YEAR COSTS

Nutrition:	\$703 billion
Crop Insurance:	\$79 billion
Conservation Programs:	\$64 billion
Commodity Programs:	\$60 billion
Export Programs:	\$3.5 billion

EFFECT OF CUTS ON FARM BILL BASELINE

Any cuts to mandatory programs in this year's appropriations will affect the next ten years by reducing the baseline

CUTS IN MANDATORY SPENDING

Apparently SNAP, WIC and CRP are exempt from cuts in mandatory spending

IF THE “SC” FAILS TO RECOMMEND OR CONGRESS FAILS TO APPROVE \$1.2 TRILLION IN CUTS:

- Across-the-board cuts will be triggered automatically
 - half from defense
 - half from non-defense
 - Social Security, Medicaid, Veteran’s benefits and other essential benefits are exempt from cuts
-

FARM BILL PROPOSALS

Crop Revenue Guarantee Program

- Looks like ACRE and SURE combined
- Eliminates DCP, SURE for eligible crops and ACRE

NATIONAL CORN GROWERS PROPOSAL

- Reduce direct payments
 - Revise ACRE
 - use Crop Reporting District yields to determine payment eligibility
-

CONTINUE DCP PROGRAM

- Revise target prices
 - Eliminate ACRE
-