



Why The Farm Bill's Provisions Will Matter To You

By: Scott Neuman – June 13, 2013

If you think only farmers care about the farm bill currently being considered by Congress, you're very, very mistaken.

The measure will not only set policy and spending for the nation's farms for years to come, but it will also affect dozens of other seemingly unrelated programs — all at a cost of nearly \$1 trillion over the next decade. Following are a few questions and answers about the massive legislation:

Why is it called the farm bill, and where did it come from?

First, the term "farm bill" is a bit misleading. It's simply shorthand for legislation that invariably gets saddled with a different name. In 2002, it was the Farm Security and Rural Investment Act, and in 2008, it was known as the Food, Conservation and Energy Act. The latest bill is the Agriculture Reform, Food and Jobs Act of 2012.

Second, perhaps 80 percent of the bill has nothing to do with farms or farming. But more on that later.

Modern farm bills date to the Great Depression and the New Deal. By the 1930s, U.S. farmers were victims of their own success. Mechanization and stepped-up production during World War I, as America fed a war-weary Europe, eventually led to huge surpluses and falling prices for basic crops. The Agricultural Adjustment Act sought to do something that to this day remains controversial: pay farmers not to grow crops in an effort to boost prices.

But the Supreme Court didn't like a tax provision in the 1933 law and struck down the entire act. By 1938, Congress passed a new Agricultural Adjustment Act, sans the offending tax. Farm bills have been passed about every five years ever since.

"I would say the New Deal is the great-great-grandfather of all the farm bills as we currently know them," says Dale Moore, director for public policy at the American Farm Bureau Federation.

Why should you care?

It's not just about farmers. The farm bill is an all-encompassing piece of legislation comprising everything from farm subsidies and crop insurance — which have an indirect impact on food prices — to energy, forestry, food stamps and school lunches.

"It covers what is, in a lot of ways, the rural economy in this country," Moore says.

Why is it controversial?

In an age of rising deficits, the bill has come in for a lot of scrutiny.

Chris Edwards, an economist with the libertarian Cato Institute, calls the farm bill "a bipartisan pork barrel spending spree."

"Farm subsidies redistribute wealth from taxpayers to often well-off farm businesses and landowners," he says. "In 2010, the average income of farm households was 25 percent above the average of all U.S. households."

But the largest chunk of the farm bill in dollar terms is directed to the Supplemental Nutrition and Assistance Program (SNAP), commonly known as the food stamp program.

Edwards says the growth in the program in recent years has been remarkable, "not just because of the recession but because of the increase in eligibility during the Bush administration."

However, Dottie Rosenbaum, a senior policy analyst at the Center on Budget and Policy Priorities, thinks much of the criticism of food stamps has been over the top.

"In my view, one of the biggest myths is the claim that some people make that SNAP is growing out of control and is contributing in a substantive way to the deficit," she says. "To the extent it is growing, it's for reasons that we very much understand — it's about addressing the needs of people in a bad economy."

How much does it cost?

The details of this year's bill are still being hammered out, but the Congressional Budget Office says the cost over 10 years will be about \$969 billion. The vast majority — \$768.2 billion, according to the CBO — will go to food stamps.

Since the farm bill represents anticipated spending over 10 years, it's difficult to assign it an exact percentage of an evolving federal budget. But it's typically more than education and less than defense spending or Social Security.

What's in the farm bill?

The short answer is: a lot. Here's a partial list:

- price supports and/or crop insurance for commodity crops
- conservation programs that affect land, water and soil use
- agricultural exports and food aid, including humanitarian assistance to other nations
- food assistance programs for poor Americans

- direct and guaranteed loans to farmers and ranchers
- forestry programs managed by the U.S. Forest Service
- programs promoting renewable fuels such as ethanol
- crop insurance and disaster assistance

How is the latest legislation different than past bills?

Sponsors of the 2012 farm bill claim it will save taxpayers \$23.6 billion over 10 years. But that figure represents less than 2.5 percent of the total cost of the bill, according to the CBO.

The biggest change, supporters of the bill say, will involve a planned transition away from the direct payments to farmers that were instituted in the 1990s. Those payments were meant to streamline the process, but were granted to farmers regardless of what kind of year they had.

"If they had a very difficult year, they got the very same payment as if they had a bumper crop with fabulous prices," says Roger Johnson, president of the National Farmers Union.

With the improvements, the balance of the equation for farmers shifts away from price supports and toward risk management. It's designed to protect against things like floods and droughts in a way that minimizes the need for Congress "to do ad hoc disaster legislation" for farmers each time there's a catastrophic event, Johnson says.

But farmers in the South disagree with an end to direct payments. They argue that the yields that insurance would pay out on are set so low for "Southern" crops, such as cotton, rice and peanuts, that it would be difficult, if not impossible, to qualify even in very bad years.