

March 12, 2014

The 2014 Farm Bill (Agricultural Act of 2014, P.L. 113-79)

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 typically renewed about every five years. Seventeen farm bills have been enacted since the 1930s (2014, 2008, 2002, 1996, 1990, 1985, 1981, 1977, 1973, 1970, 1965, 1956, 1954, 1949, 1948, 1938, and 1933). Farm bills traditionally have focused on farm commodity program support for a handful of staple commodities—corn, soybeans, wheat, cotton, rice, dairy, and sugar. Yet farm bills have become increasingly expansive in nature since 1973, with the inclusion of a nutrition title. Other prominent additions have been 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 organic production.

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The Agricultural Act of 2014 (P.L. 113-79, H.Rept. 113-333), referred to here as the “2014 farm bill,” is the most recent omnibus farm bill. It was enacted in February 2014 and succeeded the Food, Conservation, and Energy Act of 2008 (P.L. 110-246, “2008 farm bill”). The 2014 farm bill contains 12 titles encompassing commodity price and income supports, farm credit, trade, agricultural conservation, research, rural development, energy, and foreign and domestic food programs, among others.

Provisions in the 2014 farm bill reshape the structure of farm commodity support, expand crop insurance coverage, consolidate conservation programs, reauthorize and revise nutrition assistance, and extend authority to appropriate funds for many U.S. Department of Agriculture (USDA) discretionary programs through FY2018. USDA reports

that implementing the 2014 farm bill over the next few years will require about 150 rulemaking actions, and more than 40 studies and reports.

The 2014 Farm Bill (P.L. 113-79), by Title

- **Title I, Commodity Programs:** Provides support for major commodity crops, including wheat, corn, soybeans, peanuts, rice, dairy, and sugar, as well as disaster assistance.
- **Title II, Conservation:** Encourages environmental stewardship of farmlands and improved management through land retirement and/or working lands programs.
- **Title III, Trade:** Provides support for U.S. agricultural export programs and international food assistance programs.
- **Title IV, Nutrition:** Provides nutrition assistance for low-income households through programs including the Supplemental Nutrition Assistance Program (SNAP).
- **Title V, Credit:** Supports federal direct and guaranteed loans to farmers and ranchers.
- **Title VI, Rural Development:** Supports business and community programs and coordination activities with other local, state, and federal programs.
- **Title VII, Research, Extension, and Related Matters:** Supports agricultural research and extension programs.
- **Title VIII, Forestry:** Supports forestry management programs run by USDA’s Forest Service.
- **Title IX, Energy:** Supports the development of farm and community renewable energy systems through various programs, including grants and loan guarantees.
- **Title X, Horticulture:** Supports the production of specialty crops—fruits, vegetables, tree nuts, and floriculture and ornamental products—through a range of initiatives.
- **Title XI, Crop Insurance:** Enhances coverage of the permanently authorized federal crop insurance program.
- **Title XII, Miscellaneous:** Other types of programs and assistance not covered in other bill titles, including provisions affecting livestock and poultry production.

Without a new farm bill or an extension, the authority for some farm programs would expire and some would cease to operate altogether unless reauthorized. Also, new activities under some old programs might not be initiated, for lack of either program authority or available funding. Nutrition assistance programs require periodic 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. Other programs have permanent authority and do not need to be reauthorized (e.g., crop insurance), but might be included to make changes for policy or budgetary goals.

What Is the Estimated Cost?

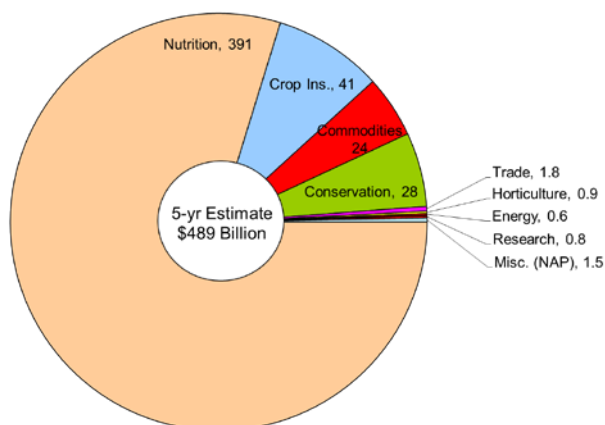
The farm bill authorizes programs in two spending categories: mandatory and discretionary. Mandatory programs generally operate as entitlements; the farm bill pays for them using multi-year budget estimates when the law is enacted. Discretionary programs are authorized for their scope, but are not funded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

At enactment of the 2014 farm bill, the Congressional Budget Office (CBO) estimated that the total cost of mandatory programs (**Table 1**) would be \$489 billion over the next five years (FY2014-FY2018).

The overwhelming share (99%) of estimated total net outlays is anticipated for four farm bill titles: nutrition, crop insurance, conservation, and farm commodity support (**Figure 1**). Of the projected net outlays, about 80% is for the Supplemental Nutrition Assistance Program (SNAP). Farm commodity support and crop insurance are expected to account for 13% of mandatory program costs, with another 6% of costs in USDA conservation programs. Programs in all other farm bill titles are expected to account for about 1% of all mandatory expenditures.

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Figure 1. Share of Projected Outlays, 2014 Farm Bill (billions of dollars, FY2014-FY2018)



Source: CRS, using CBO's 2014 farm bill cost estimates (<http://www.cbo.gov/publication/45049>). Shows five-year projected mandatory outlays, FY2014-FY2018, in billions of dollars by title.

Of the total estimated mandatory outlays, \$391 billion is for nutrition assistance and \$98 billion is mostly geared toward agriculture production (**Table 1**). Within the agriculture portion, crop insurance outlays are projected to be \$41 billion over the next five years, conservation \$28 billion, and farm commodity programs \$24 billion. The trade title is projected to spend \$1.8 billion over the next five years, horticulture \$0.9 billion, research \$0.8 billion, and bioenergy \$0.6 billion.

If the 2008 farm bill had continued, CBO estimated that mandatory outlays would have been \$494 billion for the five-year period FY2014-FY2018. Including changes in revenues, the five-year net impact of the 2014 farm bill on the deficit is an estimated change of -\$5.3 billion (-1.1%) over five years. (On a ten-year basis, the score is -\$16.6 billion, with ten-year projected outlays of \$956.4 billion.)

The net reduction in expected outlays is the result of some titles receiving more funding, while other titles provide offsets. The titles for farm commodity subsidies, nutrition, and conservation provide budgetary savings. The titles for crop insurance, research, bioenergy, horticulture, rural development, trade, forestry, and miscellaneous items receive additional funding.

Table 1. 2014 Farm Bill Budget, by Title (P.L. 113-79) (millions of dollars, FY2014-FY2018)

2014 Farm Bill Titles	CBO baseline FY2014-FY2018	CBO Score (chg. to baseline)	Projected Outlays (Baseline + Score)	Share
I Commodities	29,888	-6,332	23,556	4.8%
II Conservation	28,373	-208	28,165	5.8%
III Trade	1,718	+64	1,782	0.4%
IV Nutrition	393,930	-3,280	390,650	79.9%
V Credit	-1,011	+0	-1,011	-0.2%
VI Rural Dev.	13	+205	218	0.04%
VII Research	111	+689	800	0.2%
VIII Forestry	3	+5	8	<0.1%
IX Energy	84	+541	625	0.1%
X Horticulture	536	+338	874	0.2%
XI Crop Ins.	39,592	+1,828	41,420	8.5%
XII Misc. (NAP)	705	+839	1,544	0.3%
Total, Direct Spending	493,941	-5,310	488,631	100%

Source: CRS, using the CBO baseline and 2014 farm bill cost estimates (<http://www.cbo.gov/publication/45049>); CBO, "May 2013 Baseline for the 2008 Farm Bill Programs and Provisions, by Title," unpublished, May 2013; and "Updated Budget Projections: Fiscal Years 2013 to 2023," May 14, 2013 (<http://cbo.gov/publication/44172>). Reflects mandatory outlays in millions of dollars (FY2014-FY2018).

For more information, see CRS Report R43076, *The 2014 Farm Bill (P.L. 113-79): Summary and Side-by-Side*; CRS Report R22131, *What Is the Farm Bill?*; and CRS Report R42484, *Budget Issues Shaping the 2014 Farm Bill*. Additional CRS reports include CRS Report R41433, *Expiring Farm Bill Programs Without a Budget Baseline*; and CRS Report R42442, *Expiration and Extension of the 2008 Farm Bill*.

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