

FARM BILL 101

A title-by-title summary and brief history of the policies known as the Farm Bill

The Agriculture Committees of Congress are among the oldest – established in 1820 in the House and 1825 in the Senate. Today, the marquee legislative responsibility of these Committees is a comprehensive package of agriculture, conservation, rural development, research and food assistance policies known as the farm bill. What follows is a title-by-title history and guide to this policy, which affects every single American, and our world, in the most fundamental of ways.

TITLE I – THE COMMODITY TITLE

Since the Nation's beginnings, we have had policies to incentivize the production of staple crops – wheat, corn, cotton, etc. – that are essential to society. Prior to the 1930s, this policy consisted largely of granting land to pioneer families, offering credit and supporting them through research colleges known as land-grant institutions.

The mechanical revolution of the early 1900s revolutionized the world market for staple crops, and also gave farmers the ability to multiply their output by farming more ground. In the U.S., as prices for goods plummeted, farmers plowed more ground to try to make up for lost income. This reality, coinciding with terrible drought affecting our Heartland and the Great Depression affecting our cities set the stage for the first farm bill – the Agricultural Adjustment Act of 1933.

Realizing that the land was our most precious resource, and the economic incentive for any single farm family was to produce more, the original farm bills provided incentives for individual farmers not to over-produce thereby seeking to stabilize the marketplace. The Agriculture Stabilization and Conservation Service was established in virtually every county in the nation to catalog our nation's farmland and work with farm families to increase productivity and take care of the land.

Today, Title I is designed to provide specific forms of income assistance without interfering with the market, and in a way that is compatible with our free trade goals and obligations under the World Trade Organization. Crops covered include barley, corn,



In 1788, George Washington wrote to Samuel Chamberlain that in the present state of America, our welfare and prosperity depended upon the cultivation of our lands and turning the produce of them to the best advantage.



President Franklin Roosevelt signed the first farm bill into law in 1933.

cotton, pulse crops, rice, sorghum, soybeans and minor oilseeds and wheat. Dairy and sugar have unique provisions under Title I.

Spending on Title I programs is far less than it has been historically, and for the last 10 years has been less than one-quarter of 1% of our federal budget. Americans enjoy the most stable and least expensive food supply of any people in the history of mankind, and have not experienced a major disruption in the food supply in our history.

TITLE II – THE CONSERVATION TITLE

As noted, conservation was one of the primary purposes of the original farm bill as incentives were created to allow farmers to cut back on their acreage. Starting in the “dust bowl” days of the 1930s, the USDA’s Natural Resource Conservation Service (NRCS) organized and worked with locally led Soil and Water Conservation Districts to help farmers with terraces, shelter belts and other conservation techniques. In the 1950s, a “soil bank” was created to put the most highly erodible ground back into grass or other conserving uses. In the 1970s, new authorities were created to help farmers as other laws like the clean water, clean air and endangered species acts came into being.



USDA’s Natural Resource Conservation Service worked with local districts to assist farmers during the Dust Bowl days of the 1930s.

Conservation was first made its own title of the farm bill in 1985 with the creation of the Conservation Reserve Program (CRP) and the Wetlands Reserve Program (WRP). Since 1996, the conservation title has focused more upon working lands cost share assistance through programs such as the Environmental Quality Incentives Program (EQIP), the Wildlife Habitat Incentives Program (WHIP) and the Conservation Security Program (CSP).

Spending on Conservation programs has grown to roughly \$5 billion per year, and these programs are important tools for farmers as often conservation practices do not translate to profit. From its desperate beginnings in the dust bowl, the NRCS has worked with farm families to create the most sustainable and efficient agricultural industry in history.

TITLE III – THE TRADE TITLE

Trade is essential to agriculture, and the export of goods like tobacco and cotton were essential to our nation's beginning. Most of the jurisdiction for trade matters lies in other committees of Congress – Ways and Means in the House and Finance in the Senate – where agriculture still represents one of our nation's strongest trade sectors with \$138 billion in exports in 2011.

The U.S. today has the lowest tariffs and trade protections on agriculture goods of any nation in the world. This is because most nations use a collection of import tariffs, export subsidies and other trade barriers to protect their farmers. This is not surprising as no country wants to be dependent upon imports, but it does put U.S. farmers at a distinct disadvantage in the world marketplace.

In the 1960s, 70s and 80s, a series of programs were developed for humanitarian and/or trade development purposes and these have been amended in Title III of recent farm bills. P.L. 480, the Food for Peace program is the primary means by which we ship U.S. staple commodities to the world's most needy, serving diplomatic, humanitarian and market development purposes.

Today, Title III also includes a Market Access Program (MAP) to help U.S. branded goods get established in foreign markets, and various credit authorities that are heavily relied upon for making sales in certain foreign countries. All Title III programs are discretionary accounts funded by yearly appropriations

TITLE IV – THE NUTRITION ASSISTANCE TITLE



Today's Supplemental Nutrition Assistance Program (SNAP) is the largest component of the farm bill and was established during the Johnson Administration.

Commonly known as “food stamps,” today's Supplemental Nutrition Assistance Program (SNAP) is the largest component of the farm bill. The federal program was first created in the mid 1960s as part of the “great society” acts of the Johnson Administration, and first included as part of the farm bill in 1973.

Title IV has evolved over time to include additional child nutrition authorities, school lunch and supplemental assistance for women, infants and children (WIC). These nutrition programs account for 78% of all mandatory farm bill spending

today, up from just a small percentage when first included, 53% 10 years ago when the 2002 farm bill was enacted, and 66% 5 years ago when the 2008 farm bill was enacted.

These programs generally qualify poor for vouchers or cash assistance for qualified food purchases based on income and asset tests. In the last quarter of 2012, roughly 47 million Americans were receiving SNAP benefits, averaging \$136 per person per month.

TITLE V – THE CREDIT TITLE

Farmers are famously land rich but cash poor, so credit has long been an essential part of the agricultural enterprise. Often though, because of the cyclical nature of farm businesses, that credit is too risky for private commercial lending. A 1916 Act first created the Farm Credit Service, later known as the Farmers Home Administration (FmHA), which today is consolidated into one of the functions of the Farm Service Agency (FSA). FSA offers direct loans and also guarantees loans with partner banks and farm credit institutions to farmers.

These loan programs are funded through annual appropriations. The authorities, along with the Title VI rural development authorities were only first included in a farm bill in the 1990s.

TITLE VI – THE RURAL DEVELOPMENT TITLE

The Rural Development title uses many of the same authorities as the credit title, but supports rural business and community programs including rural electric and telecommunications services, rural water and sewer infrastructure, rural hospitals and healthcare, among other programs.

The loan and some small grant programs under Title VI operate at a relatively low cost and are all funded by annual appropriations. The assistance is justified by the cost of infrastructure per person (sewer lines, power lines, etc.), which is so much higher in rural areas.

A prominent example: prior to the Rural Electrification Act (REA) of 1936, commercial providers had no economic incentive to stretch their lines into more sparsely populated areas. Post REA, a network of Rural Electric Cooperatives and later Rural Telephone Coops (under a 1949 Act) have brought lines to virtually all rural areas. This in turn has facilitated other types of development and investment.

TITLE VII – THE RESEARCH AND EXTENSION TITLE

This title is among the oldest and most far reaching in the modern farm bill, emanating from the Morrill Land Grant Act of 1862. The original purpose was to establish and fund research in land grant institutions in every state. Today, these are among our most prominent research institutions in our land, including MIT, Cornell, Cal Berkeley, Ohio State, Texas A&M and the list goes on (one land grant college in each state).

The mission of the land-grant universities was expanded by the Hatch Act of 1887, which provided federal funds to states to establish a series of agricultural experiment stations under the direction of each state's land-grant college. In 1890, a second Morrill Act provided cash grants for historically black colleges and universities.

The outreach mission was further expanded by the Smith-Lever Act of 1914 to include cooperative

extension — the sending of agents to spread the results of agricultural research to the farmers. Beyond the original land grants, each college receives annual federal appropriations for research and extension work on the condition that those funds are matched by state funds.

Like the Credit and Rural Development Titles, the Research Title only first started appearing as part of Farm Bill reauthorizations in the 1990's. In 2008, a substantial change was made to consolidate certain USDA research functions into the National Institute for Food and Agriculture (NIFA) which coordinates and funds (subject to appropriation) research and extension among the land grants, 1890s and other qualifying research institutions.



TITLE VIII – THE FORESTRY TITLE

The Forestry Title was first included in 2002 farm bill. The Agriculture Committees have jurisdiction over the U.S. Forest Service, which is part of the USDA, but the Department of the Interior has jurisdiction over most federal land and forestry programs. The Forestry Title is a small part of the farm bill, and its programs are subject to appropriation, but forestry programs have shown up in several other parts of the farm bill, especially conservation.

TITLE IX – THE ENERGY TITLE

An increased interest in renewable and domestic sources of energy led to the creation of The Energy Title in the 2002 farm bill. The U.S. ethanol industry, which produces around 15 billion gallons per year, was facilitated by different acts – originally the Clean Air Act, tax provisions and more recently 2006 Energy Act – but the farm bill Energy Title has played a significant role toward the development of advanced biofuels and promoting energy efficiency and carbon capture. Some mandatory funds have been used in the Energy Title, but today all programs in this title are subject to appropriations.

OTHER MISCELLANEOUS TITLES

In the 2008 farm bill and in the attempts of 2012, other titles have appeared including a Livestock Title, a Crop Insurance Title and a Horticulture Title. Livestock inspection and marketing issues are governed by other acts, and their inclusion has been controversial. Crop insurance is also governed by a separate freestanding act, but its increasing prominence as a key piece of the farm safety net led to its being amended and thereby included in both the 2008 and 2012 bills. The Horticulture Title also appeared in both 2008 and 2012 as fruit and vegetable and other specialty crop producers have pressed for certain types of trade promotion and risk management type assistance comparable to that provided in Title I for traditional staple crops.

Many of these, and other issues are more often addressed in a “Miscellaneous Title” that allows for periodic amendment of many other acts (meat inspection, border inspections, etc.) under the jurisdiction of the Agriculture Committees.