

# Farm Bills, Drought, and Other Disasters

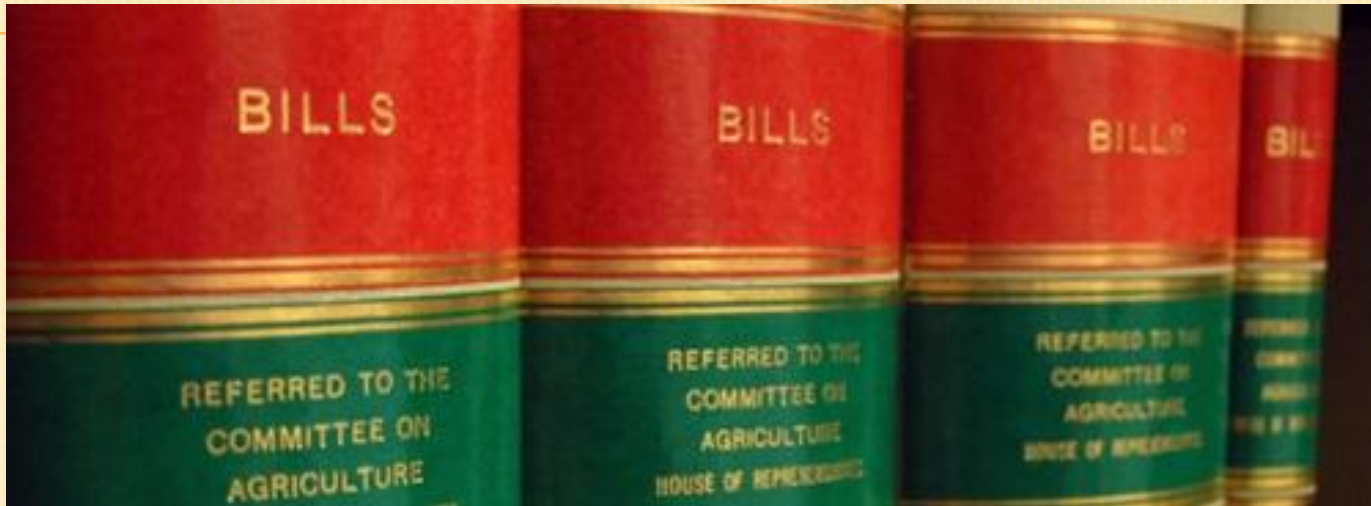
ALETA BOTTS  
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UNIVERSITY OF KENTUCKY COLLEGE OF AGRICULTURE  
SOUTHERN REGION OUTLOOK CONFERENCE, SEPTEMBER 25, 2012



# SOME FOOD FOR THOUGHT FOR TODAY

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- ❑ Farm Bill Action in 2011 and 2012 – the Supercommittee, the Senate and the House
- ❑ The milestones ahead – September 30, November 6, and December 31
- ❑ Options going forward and the key questions to consider



## **THE PATH TO THE 2012 FARM BILL**

The 2008 Food, Conservation, and Energy Act (the current Farm Bill) expires on September 30, 2012.

# EXISTING COMMODITY PROGRAMS

Direct Payments:  
\$49 million to KY  
in 2011

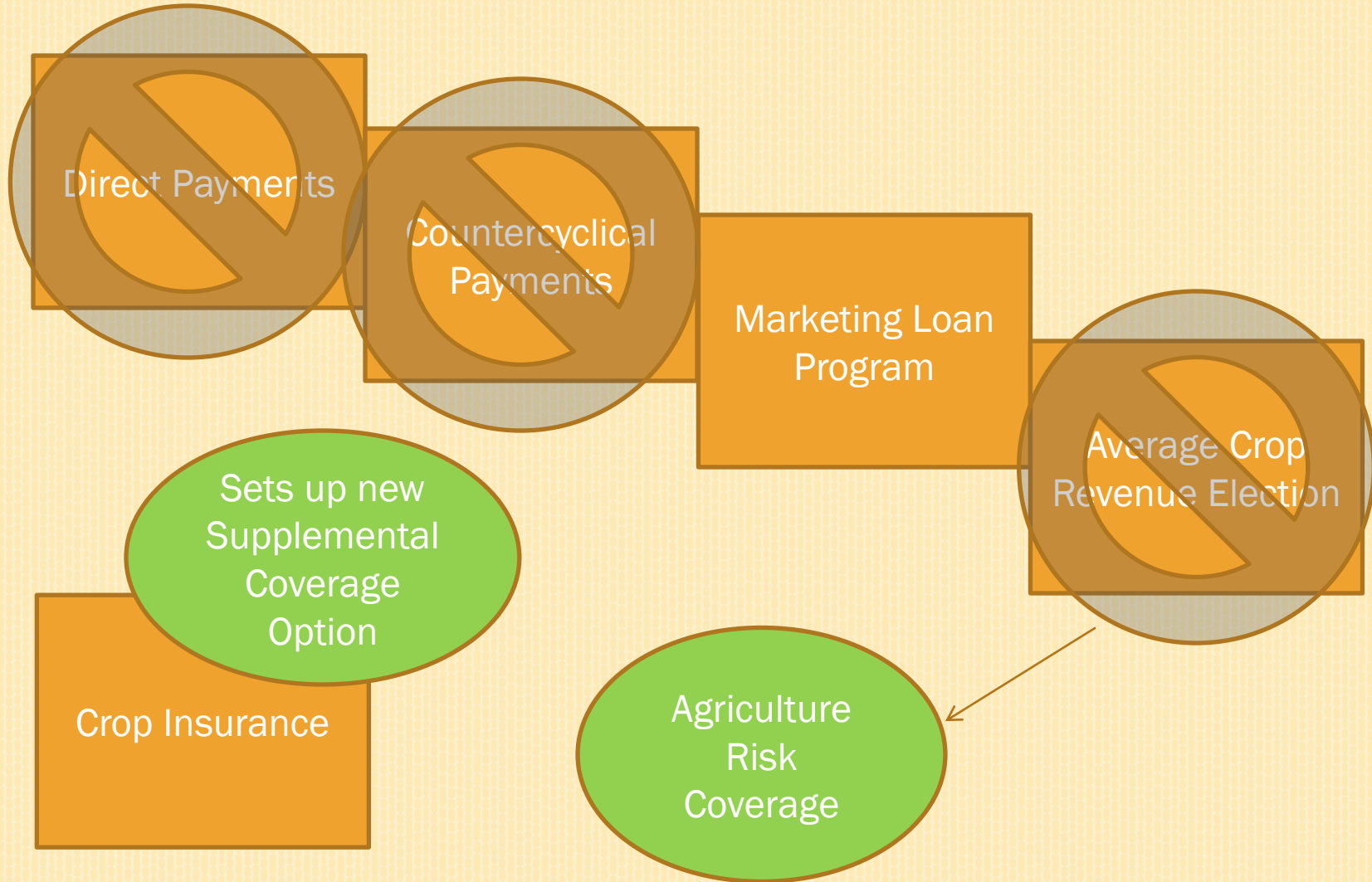
Countercyclical  
Payments:  
\$19 to KY in  
2011

Marketing Loan  
Program:  
\$2600 to KY in  
2011

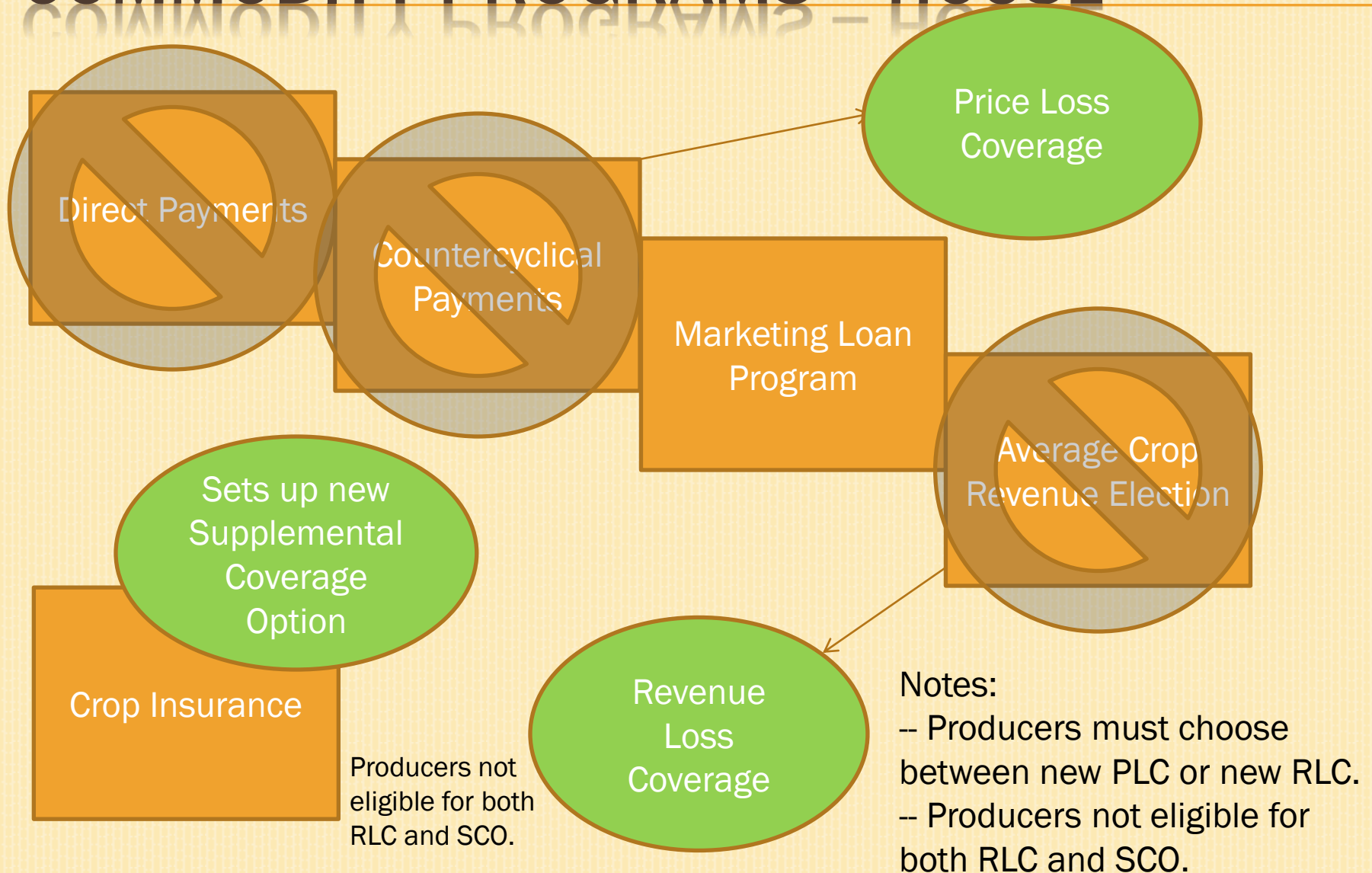
Average Crop  
Revenue Election:  
\$11 million to KY  
in 2011

Crop Insurance:  
Indemnities of \$99 million to KY in 2011  
Premium subsidies of \$98 million to KY in 2011

# COMMODITY PROGRAMS – SENATE



# COMMODITY PROGRAMS – HOUSE

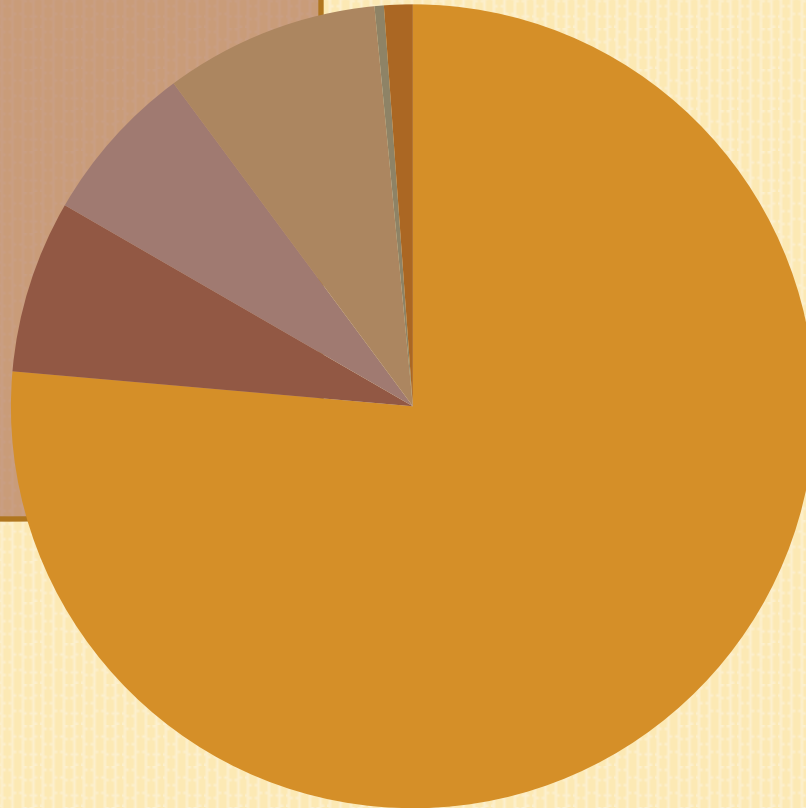
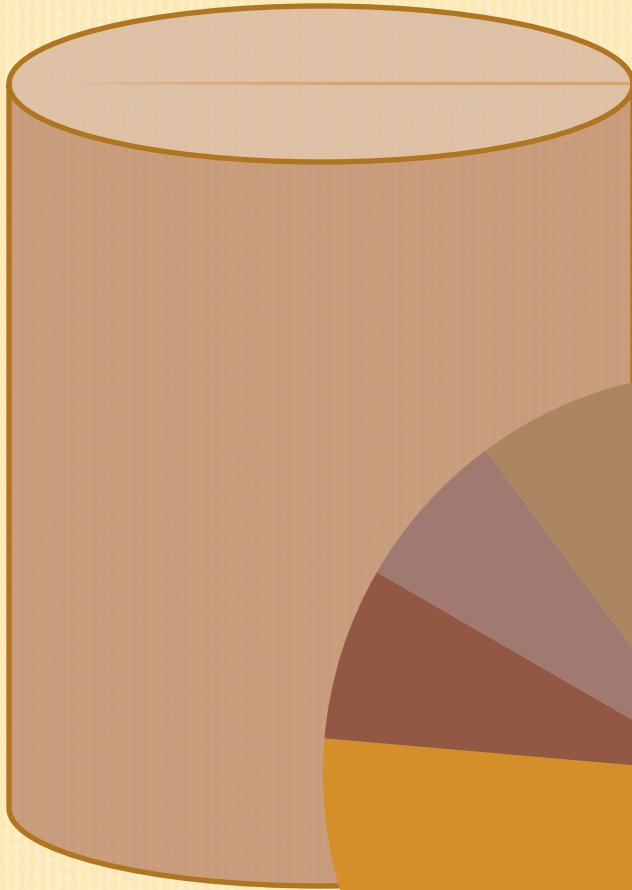


# TWO POTS OF MONEY

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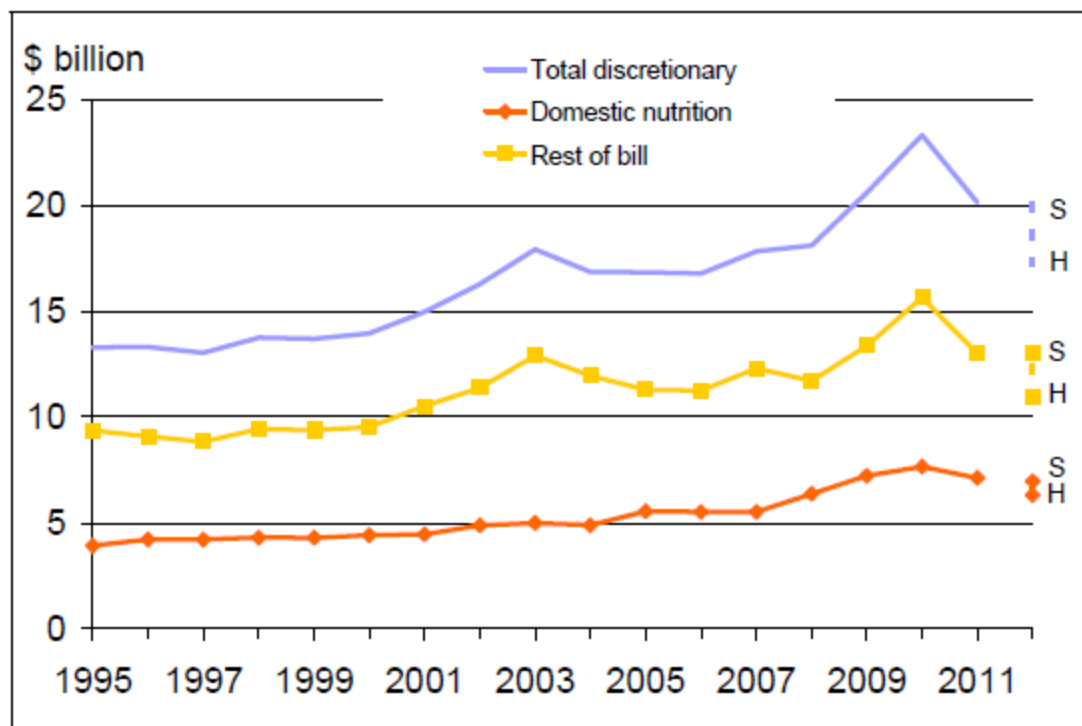
# WHERE THE “FARM BILL” SPENDING GOES



- Nutrition Programs
- Conservation Programs
- Commodity Programs
- Crop Insurance
- Export Programs
- Other



# WHERE THE “APPROPRIATIONS” SPENDING GOES



Other typical discretionary spending: Research, extension, education, salaries and expenses, rural development, credit programs

Source: CRS. FY2012 data from S.Rept. 112-73 show the proposed range between House and Senate bills.  
Notes: Includes only regular annual appropriations for USDA (except the Forest Service), FDA, and CFTC (regardless of jurisdiction). Fiscal year budget authority. The label “Domestic nutrition” includes WIC, commodity assistance programs, and nutrition programs administration.

# FARM BILL ACTION IN 2010 AND 2011

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- ❑ Growing pressure to find budget savings to reduce debt:
  - ❑ Bipartisan Debt Commission (Nov 2010) -- \$30 billion cut
  - ❑ Fiscal Commission (December 2010) -- \$10 billion cut
  - ❑ Leadership proposals (Summer 2011) – Reid: \$11 billion cut and Boehner: expectations were for \$30 billion
  - ❑ Biden Group (July 2011) – \$34 billion in agricultural cuts?
  
- ❑ Super Committee formed in August with task of reducing debt.
  - ❑ Key: Final product would not be amendable
  
- ❑ Committee Chairs and Ranking Members develop recommendations to trim \$23 billion from next Farm Bill.
  
- ❑ Super Committee falls apart.

# FARM BILL ACTION IN 2012

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- Senate passes the Agriculture Reform, Food, and Jobs Act (ARFJA?) on June 21 by a vote of 64-35.  
\$970 billion over ten years, \$23.1 billion saved
- House Agriculture Committee passes the Federal Agriculture and Risk Management Act (FARRM) on July 11 by a vote of 35-11.  
\$958 billion over ten years, \$35.1 billion saved

# COMPARISON OF SENATE AND HOUSE NUMBERS

## □ SENATE: \$23.1 billion saved

\$ Title I (Commodities): -\$19.4 billion

\$ Title II (Conservation): -\$6.4 billion

\$ Title IV (Nutrition): -\$4.0 billion

\$ Title VI (Rural Devt): +\$115 million

\$ Title VII (Research): +\$681 million

\$ Title IX (Energy): +\$780 million

\$ Title X (Horticulture): +\$360 million

\$ Title XI (Crop Ins): +\$5.04 billion

\$ Title XII (Misc): -\$319 million

## □ HOUSE: \$35.1 billion saved

\$ Title I (Commodities): -\$23.6 billion

\$ Title II (Conservation): -\$6.15 billion

\$ Title IV (Nutrition): -\$16.0 billion

\$ Title VI (Rural Devt): +\$105 million

\$ Title VII (Research): +\$546 million

\$ Title IX (Energy): +\$0 million

\$ Title X (Horticulture): +\$435 million

\$ Title XI (Crop Ins): +\$9.5 billion

\$ Title XII (Misc): +\$50 million

## **Where does the rubber hit the road?**

- **Commodities**
- **Crop Insurance**
- **Nutrition**
- **Bottom Line Number**

# REGULAR ORDER

House Agriculture  
Committee reports bill

Senate Agriculture  
Committee reports bill

House passes  
bill on the floor

Senate passes  
bill on the floor

Senate and House conference to  
resolve differences between the bills

House passes  
bill on the floor

Senate passes  
bill on the floor

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Conference report presented to  
President for either signature or veto.

**THE ONLY NUMBER THAT REALLY MATTERS**

**218**

# MOVEMENT ON A DISASTER BILL? OR A FARM BILL?

Just last Thursday, the House of Representatives passed the Agricultural Disaster Assistance Act of 2012 by vote of 223-197.

**FINAL VOTE RESULTS FOR ROLL CALL 554**  
(Republicans in roman; Democrats in *italic*; Independents underlined)

H R 6233 RECORDED VOTE 2-Aug-2012 4:57 PM  
QUESTION: On Passage  
BILL TITLE: Agricultural Disaster Assistance Act of 2012

	<u>AYES</u>	<u>NOES</u>	PRES	<u>NY</u>
REPUBLICAN	188	46		5
DEMOCRATIC	35	151		5
DEPENDENT				
TOTALS	223	197		10

Republican votes:  
188 Ayes  
46 Noes

Magic  
Number:  
218

Democratic votes:  
35 Ayes  
151 Noes

# SOME OTHER SURROGATE VOTES

## ✘ Informal Whip Total

125-150 Republican Ayes  
85-115 Democratic Ayes

2008 Farm Bill Final Passage

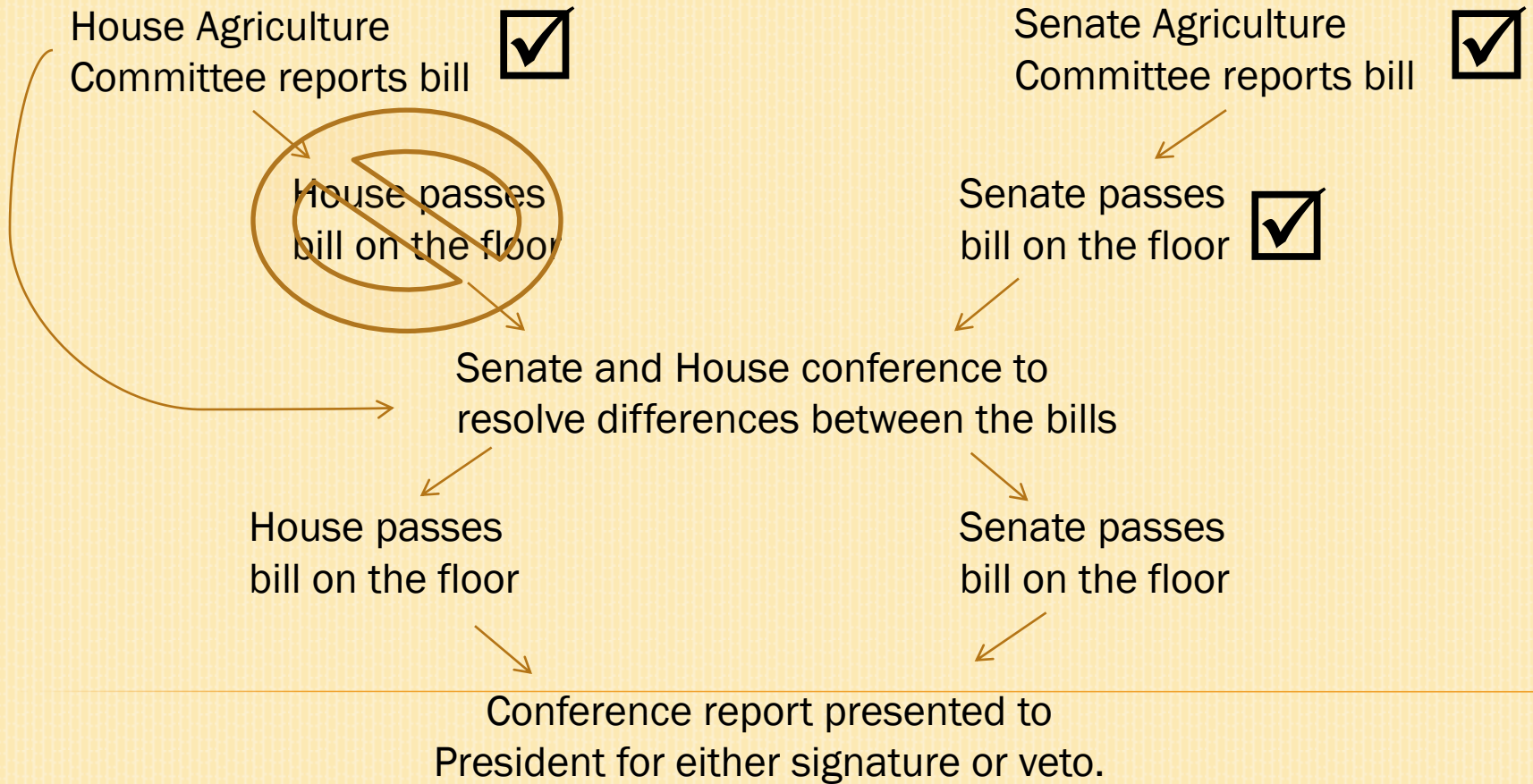
100 Republican Ayes  
216 Democratic Ayes

2002 Farm Bill Final Passage

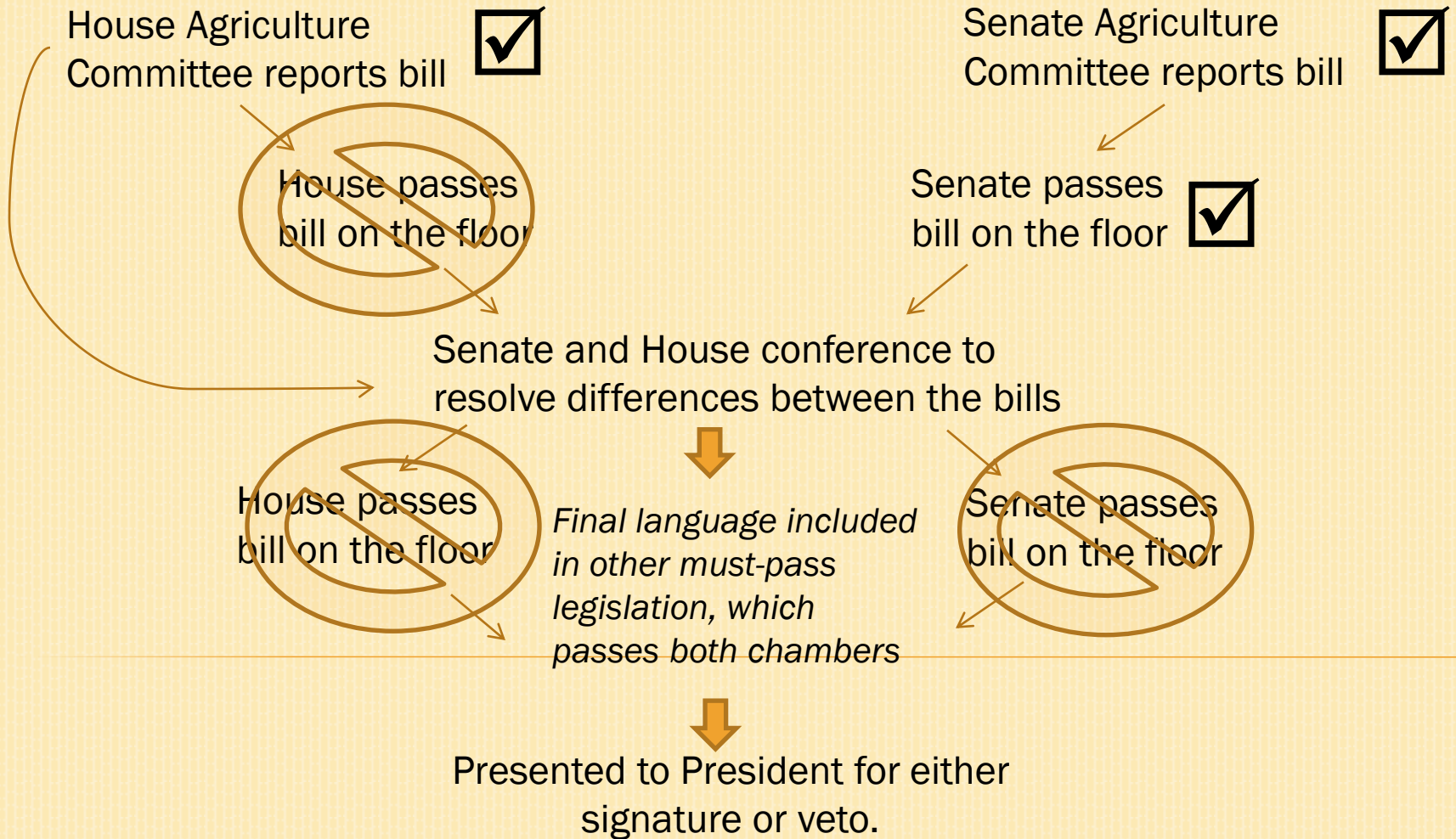
151 Republican Ayes  
139 Democratic Ayes



# BYPASSING **REGULAR ORDER** – SKIPPING THE HOUSE FLOOR



# BYPASSING **REGULAR ORDER** – PASSING WITH OTHER BILLS



# WHAT ELSE COULD HAPPEN?

SIMPLE Extension  
of current farm bill

For any period of time

Until lame duck session after election

Extension of  
current farm bill  
WITH CUTS

For any period of time

Until lame duck session after election

Expiration: All provisions with sunset date of September 30, 2012, expire. The 1949 Agricultural Adjustment Act comes back into force as of December 31, 2012, bringing back support prices based on parity for many crops and dairy.

# CAN THE CURRENT FARM BILL EXPIRE?

*Behold the beauty of a suspended permanent law.*

## AGRICULTURAL ACT OF 1949

### TABLE OF CONTENTS

Sec. 1. Short title ..... 8-3

#### TITLE I—BASIC AGRICULTURAL COMMODITIES

Sec. 101. Price support levels ..... 8-3  
Sec. 103. Cotton price support levels for 1961 and subsequent years ... 8-5  
Sec. 104. Corn referendum; special cotton research program ..... 8-10  
Sec. 105. Feed grain program ..... 8-12  
Sec. 107. Wheat program ..... 8-13  
Sec. 110. Farmer owned reserve program ..... 8-15  
Sec. 111. International emergency food reserve ..... 8-18  
Sec. 112. Agricultural commodities utilization program ..... 8-19  
Sec. 114. Deficiency and land diversion payments ..... 8-19  
Sec. 115. Commodity certificates ..... 8-21

#### TITLE II—DESIGNATED NONBASIC AGRICULTURAL COMMODITIES

Sec. 201. Price support levels for designated nonbasic agricultural commodities ..... 9-1  
Sec. 202. Transfer of dairy products to military and veterans hospitals ..... 9-2  
Sec. 203. Cottonseed and cottonseed oil price support ..... 9-2

#### TITLE III—OTHER NONBASIC AGRICULTURAL COMMODITIES

Sec. 301. Price support levels for other nonbasic agricultural commod- ..... 9-2

Impacts begin on January 1, 2013.

- Rice at 50% parity: \$20.15/cwt.
- Cotton at 65% parity: \$1.29/lb.
- Milk at 75% parity: \$37.28/cwt.
- Wheat at 75% parity: \$13/bu.

**ALERT: This 1949 Act may be the ONLY factor that prompts action on a farm bill.**

# HOW WE HAVE FUN IN THE POLICY WORLD: GAMING OUT A LAME DUCK SESSION

## ***CURRENTLY***

House Control:  
GOP

Senate Control:  
Democrats

White House:  
Democrat

## ***Post November 6***

House Control?

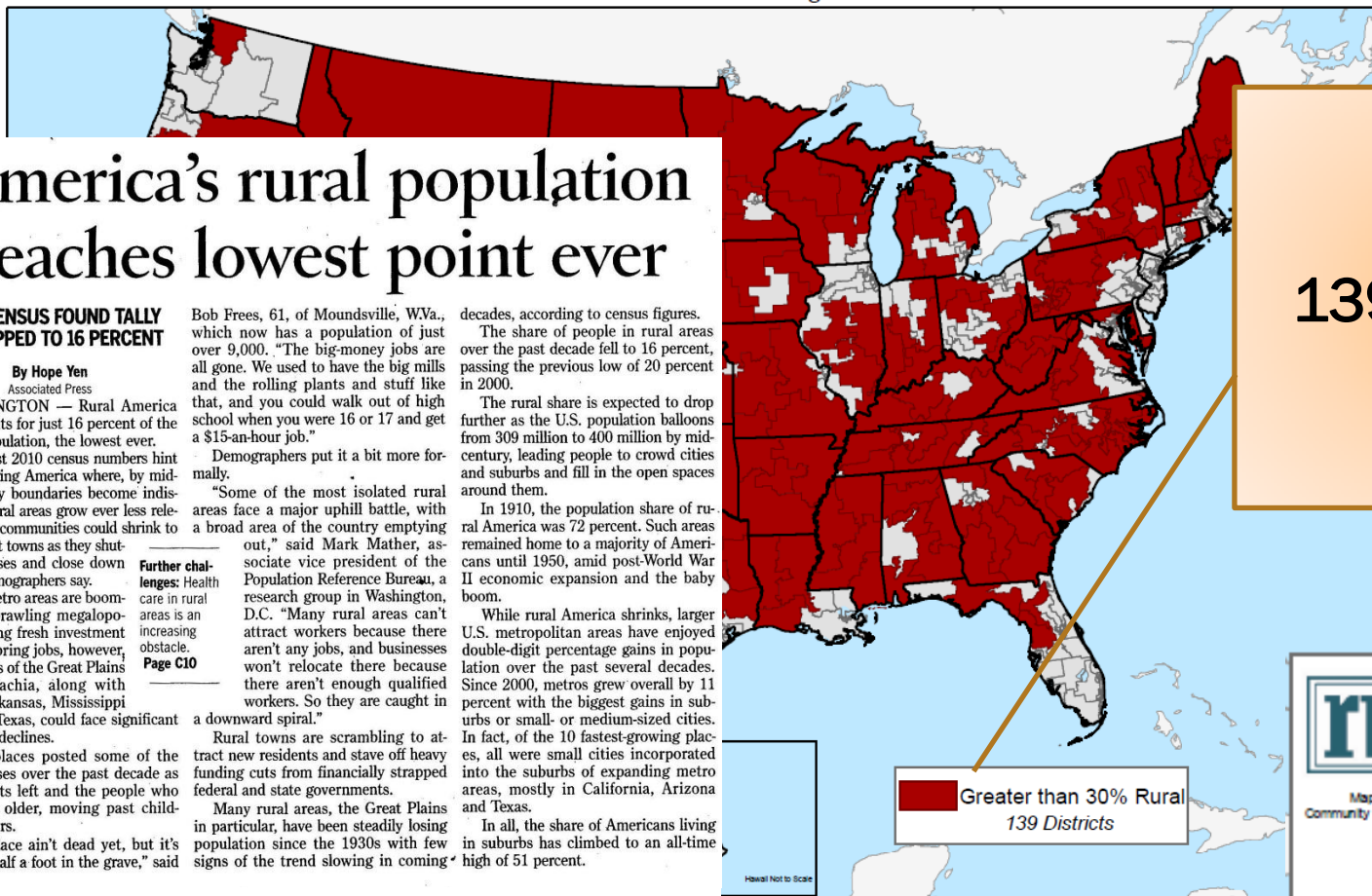
Senate Control?

White House?

# SHOULD WE CHANGE THE WAY WE PASS FARM BILLS?

## Congressional Districts by Percentage of the Population That is Rural

*Districts in the 110th Congress*



### America's rural population reaches lowest point ever

**2010 CENSUS FOUND TALLY HAD DIPPED TO 16 PERCENT**

By Hope Yen  
Associated Press

WASHINGTON — Rural America now accounts for just 16 percent of the nation's population, the lowest ever.

The latest 2010 census numbers hint at an emerging America where, by mid-century, city boundaries become indistinct and rural areas grow ever less relevant. Many communities could shrink to virtual ghost towns as they shutter businesses and close down schools, demographers say.

More metro areas are booming into sprawling megalopolises. Barring fresh investment that could bring jobs, however, large swaths of the Great Plains and Appalachia, along with parts of Arkansas, Mississippi and north Texas, could face significant population declines.

These places posted some of the biggest losses over the past decade as young adults left and the people who stayed got older, moving past child-bearing years.

"This place ain't dead yet, but it's got about half a foot in the grave," said

Bob Frees, 61, of Moundsville, W.Va., which now has a population of just over 9,000. "The big-money jobs are all gone. We used to have the big mills and the rolling plants and stuff like that, and you could walk out of high school when you were 16 or 17 and get a \$15-an-hour job."

Demographers put it a bit more formally.

"Some of the most isolated rural areas face a major uphill battle, with a broad area of the country emptying out," said Mark Mather, associate vice president of the Population Reference Bureau, a research group in Washington, D.C. "Many rural areas can't attract workers because there aren't any jobs, and businesses won't relocate there because there aren't enough qualified workers. So they are caught in a downward spiral."

Rural towns are scrambling to attract new residents and stave off heavy funding cuts from financially strapped federal and state governments.

Many rural areas, the Great Plains in particular, have been steadily losing population since the 1930s with few signs of the trend slowing in coming

decades, according to census figures.

The share of people in rural areas over the past decade fell to 16 percent, passing the previous low of 20 percent in 2000.

The rural share is expected to drop further as the U.S. population balloons from 309 million to 400 million by mid-century, leading people to crowd cities and suburbs and fill in the open spaces around them.

In 1910, the population share of rural America was 72 percent. Such areas remained home to a majority of Americans until 1950, amid post-World War II economic expansion and the baby boom.

While rural America shrinks, larger U.S. metropolitan areas have enjoyed double-digit percentage gains in population over the past several decades. Since 2000, metros grew overall by 11 percent with the biggest gains in suburbs or small- or medium-sized cities. In fact, of the 10 fastest-growing places, all were small cities incorporated into the suburbs of expanding metro areas, mostly in California, Arizona and Texas.

In all, the share of Americans living in suburbs has climbed to an all-time high of 51 percent.

139 Districts

Greater than 30% Rural  
139 Districts

**rupri**

Map created by RUPRI'S  
Community Information Resource Center  
April 2007

Source:  
US Census Bureau, 2000

Source: Lexington Herald-Leader, July 28, 2011



# WHERE DOES THIS LEAVE US?

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- ❑ Expiration of the Farm Bill
- ❑ Dangers on the horizon:
  - ❑ Looming implementation of the 1949 Act
  - ❑ Expiring tax cuts
  - ❑ Sequestration cuts prompted by failure of Super Committee
    - ❑ What are exempt?
      - ❑ Nutrition programs
      - ❑ Conservation Reserve Program
      - ❑ Crop insurance program

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# QUESTIONS, COMMENTS, SUGGESTIONS, AND YOUR ANSWERS...

- ✘ Follow up: [aleta.botts@uky.edu](mailto:aleta.botts@uky.edu) or  
at [agpolicy.uky.ag](http://agpolicy.uky.ag)