

2008 Farm Bill Conference
House Agriculture Committee-Developed Concept for a Farm Bill Spending Framework
February 14, 2008

Introduction

- In 2007, both the House and the Senate passed their own versions of the Farm Bill. President Bush has threatened to veto both versions of the bill. One major reason cited by the President in his veto threat was his belief that both bills added too much new money to the Farm Bill.
- In order to move forward with a conference committee on the Farm Bill that may produce a final version of the Farm Bill that can pass both houses of Congress and that the President will sign, House Agriculture Committee Chairman Collin Peterson and Ranking Member Bob Goodlatte have expressed a strong desire to work with Senate Agriculture Committee Chairman Tom Harkin and Ranking Member Saxby Chambliss to identify the amount of farm bill spending that will allow the conference committee to proceed with its deliberations.
- After meeting with Administration officials, Chairman Peterson and Ranking Member Goodlatte believe that a Farm Bill that could include \$6 billion in new spending could be signed by the President.
- In order to illustrate how the Farm Bill could be written utilizing the \$6 billion figure in new spending, Chairman Peterson and Ranking Member Goodlatte outlined a summary of possible changes to the House-passed Farm Bill that includes smaller increases in funding in all areas of bill.
- This framework is not a take-it-or-leave-it proposal for conferees to consider. It is a document intended to illustrate how spending might be allocated, assuming that there is \$6 billion in new spending for the Farm Bill. Specific policy provisions and funding levels will ultimately be determined by all of the Farm Bill conferees.
- The critical next step in this process is to have all parties involved – the House, the Senate and the White House –agree on an acceptable spending level. Once that is done, the conference committee can begin to make the decisions about what will be included in the final version of the Farm Bill.
- A farm bill must be produced and time is running short. In order to meet the March 15 deadline, it is absolutely necessary to reach an agreement on funding before Congress leaves for the President's Day recess.
- Chairman Peterson and Ranking Member Goodlatte have taken a proactive approach to steer the discussion about the farm bill back on track and get the House, Senate and White House working toward a bill that can be agreed on by all. The President has clearly stated that he will veto a farm bill that contains tax provisions; it is unrealistic to think otherwise. A Presidential veto leaves us without a farm bill, which is not a good outcome for anyone.

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- The funding framework sent to Senators Harkin and Chambliss by Congressmen Peterson and Goodlatte includes policy proposals that could reduce funding for the House-passed Farm Bill to a level that would be only \$6 billion over the baseline cost.
- The funding framework was a collaborative effort developed House Democrats and Republicans and includes significant reforms sought by the Administration. The proposal does not include any tax increases, another issue cited by President Bush in his veto threats.
- The House framework is based on the House-passed Farm Bill, but instead of authorizing programs for 5 years, the framework authorizes them for 10 years, covering 2008-2017. The House-passed bill was based on a 10 year baseline, so this change does not affect most programs.
- This framework demonstrates that we can produce a Farm Bill in conference that preserves the safety net for farmers and ranchers, includes reforms, and contains critical funding for conservation, nutrition, specialty crop, energy, research and livestock and that the President can sign.

Commodities:

- 2007 target prices for all crops (including cotton)
- Countercyclical revenue option based on Administration's revenue proposal
- Eliminates direct payments for 2016 only. Restores them for 2017. (Maintains baseline)
- 2007 loan rates for most crops
- Retains most 2007 cotton loan provisions (Modifies premium adjustments)
- Does not include Economic Adjustment Assistance for domestic cotton mills
- Administration's beneficial interest proposal: LDP and MLG rates established on day beneficial interest is lost. (Excludes cotton and rice)
- New score for stopping cotton storage payments beginning with 2011 crops.
- 2007 sugar loan rates.
- Adjusted Gross Income (AGI) limits:
 - Hard Cap: No payments if AGI is greater than \$900,000
 - Soft Cap: Unless 66.66% of AGI is from farm-related income, no payments if AGI is greater than \$500,000 for 2009, \$450,000 for 2010, \$400,000 for 2011, \$350,000 for 2012, and \$300,000 for 2013 and later years.
 - Uses Senate definitions of farm-related income.
- No timing shifts.

Conservation:

- CRP: Establishes 32 million acre total CRP cap (including continuous and CREP signups) beginning October 1, 2009 (FY 2010). No new general signups before October 1, 2009. Continuous and CREP signups will continue.
- WRP: Adds 200,000 acres per year for FY 2008 through 2012.
- CSP: Restores funding to baseline levels.
- EQIP: Ramps up spending from \$1.3 billion per year to \$1.9 billion per year for FY 2012 forward

- FPP: Ramps up spending from \$97 million per year to \$240 million per year for FY 2012 forward
- Does not include peanut crop rotation program

Nutrition

- House Farm Bill provisions to spend a combined \$9.0 billion in outlays over FY 08-17 for nutrition programs and McGovern-Dole.

Research:

- Adopts Senate provision that eliminates mandatory funding and provides for an authorization of appropriations for Initiative for Future Agriculture and Food Systems.

Energy:

- Modifies House Farm Bill provisions to reduce spending to the Senate's \$1.1 billion in outlays over FY 08-17.

Horticulture and Organics:

- No specific illustrative changes for the H&O title. Assumes some reduction in funding for specialty crop provisions elsewhere (e.g., the Nutrition Title).

Crop Insurance:

- Disaster Assistance: Adds provisions for USDA to develop regulations for a standing program. Provides authorization of appropriations for funding.
- Eliminates funding for data mining and directed scorekeeping for data mining savings. (Senate budget committee will not allow directed scorekeeping)
- Does not include timing shifts

**TOTAL OUTLAYS FOR ILLUSTRATIVE PROPOSAL
BEFORE OFFSETS: +\$6.0 Billion.**