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The Making of a Farm Bill

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If you work on U.S. agricultural policy in Washington, D.C. for a long enough period, you learn two important rules of thumb. Rule No. 1: once a new farm bill is done, the House and Senate Agriculture Committees will strongly resist any legislative changes to it, claiming it would jeopardize the bill's delicate balance to 're-open it.' Rule No. 2: as soon as that farm bill is fully implemented—if not sooner—stakeholder groups will start thinking about what changes they might like to be made the next time. Because of the first rule, over time the groups have learned they need to squirrel away their new policy ideas until the Committees commence their consideration of the new farm bill. Typically, that window opens around two years before the existing farm bill expires. The Agricultural Act of 2014 expires on September 30, 2018.

Even though recent farm bills have included between 10 to 15 separate titles, most of the public attention—both positive and negative—has focused on the titles which authorize and fund the programs which make up the farm safety net—the Commodity Title, usually Title I, and the Crop Insurance Title, which is a relatively recent addition to the farm bill pantheon. Stakeholder groups are actively engaged in trying to influence the final outcome of the farm bill debate by offering various proposals, especially for these two titles.

A Brief History of U.S. Farm Bills

The first farm bill, the Agricultural Adjustment Act, was enacted in 1933, in response to the economic hardships faced by U.S. farmers as a result of a pair of major catastrophes. The first was the Great Depression, which started after the U.S. stock market crashed in 1929 and the resulting softening of aggregate demand accelerated a slide in commodity prices that had started in the previous decade. The second was the Dust Bowl, which started in 1931, with drought and persistently high winds which initially picked up topsoil throughout the Southern Plains states, leading to severe yield declines of 50% or more for wheat and corn crops in states like Oklahoma and Kansas. The Dust Bowl persisted for eight long years, driving as many as 3.5 million people to abandon their farms and move to other parts of the country. Due to the confluence of these two disasters, it is estimated that per-capita income for farmers was only one-third that of the rest of the U.S. population in the 1930s (Mercier).

The Agricultural Adjustment Act of 1933 was aimed at boosting farm income by reducing the amount of agricultural commodities produced for the U.S. market. It paid farmers to withhold some of their land from cultivation so as to increase the prices that would be received for the crops. Also, each farmer was given the option of receiving loans for his crops from the federal government based on the established loan rates, with the crop itself serving as collateral. At the end of the loan period, the farmer could either repay the loan or forfeit the crop to the government if prevailing crop prices had fallen below the cost of repayment. The bill was 54 pages long, and had only two titles, 'Agricultural Adjustment' which included the commodity programs described above, and 'Agricultural Credits'.

In later farm bills, a focus on land set-asides for conservation purposes was incorporated in the legislation in the 1950's, with the establishment of the Soil Bank Program. In the 1973 Agricultural and Consumer Protection Act, the food stamp program was incorporated into a farm bill for the first time. This was the first farm bill to exceed 100 pages in length, coming in at 250 pages. The 1977 Act was the first that included a separate agricultural research title, although individual research provisions had appeared in earlier bills. The Federal Agriculture

Improvement and Reform Act of 1996 was the first to consolidate all commodity program provisions into one title—in previous bills, dairy, wool and mohair, wheat and feed grains, cotton, rice, peanuts, soybeans, sugar, and general commodity provisions all had their own titles (Schertz and Doering). The Farm Security and Rural Investment Act of 2002 added an energy title, and the Food, Conservation, and Energy Act of 2008 added separate crop insurance and horticultural crop titles.

The addition of titles that incorporated new sets of policy issues over the years reflects two related phenomena: First, it reflects the recognition that farm policy needs to be about more than just producing more and more commodities, that is, the supply aspect. In order to balance the market, farm bills also need to address expanding or finding new outlets for the products, on the demand side. Second, it also reflects the fact that agricultural productivity gains and other socio-demographic factors over the decades increasingly had led to a shrinking of the area of the country where agriculture accounted for a significant share of economic activity. Consequently, in order to maintain political support for farm bills, more policy issues were pulled in to garner and maintain interest in the legislation by both rural and urban members of Congress.

Since the first farm bill in 1933, there have been 16 more like it over the past eight plus decades, with a new one enacted every five years on average. The longest gap between two farm bills was nine years, between 1956 and 1965, and the shortest gap was one year, between 1948 and 1949. Most farm bill provisions are designed to expire at the end of a given bill, so as to give the House and Senate Agriculture Committees the impetus to re-examine the policies periodically in light of changes in market environments over the medium term. The Committees have also chosen to leave so-called permanent legislation, primarily the commodity provisions of the Agricultural Act of 1949, in place rather than repeal it, with their authority temporarily suspended for the term of that farm bill. This practice helps to create additional pressure to have a new farm bill in place when the old one expires, or at least be prepared to extend the old farm bill. If Congress failed to take either step, the programs from 1949 would kick back in. Those programs would support key commodities at prices from more than 100 years ago, adjusted for inflation. For example, the so-called parity price for corn as of January 2016 was $13 per bushel, while the U.S. market price was about $3.70 per bushel.

Major Stakeholder Groups for the Commodity and Crop Insurance Titles

There are different organizations representing the political interests of producers of nearly every major and minor crop and livestock type in this country, plus a couple of general farm organizations which represent broad cross-sections of producers. It is not uncommon for farmers to belong to more than one farm or commodity group at the same time. Chief among them in both numbers of farmers represented and in its ability to influence the farm bill process is the American Farm Bureau Federation (AFBF). With organizations in every state—plus Puerto Rico—and in most of the nation's 3,007 counties, AFBF reported its membership at about 5.9 million as of 2015. In policy terms, AFBF is viewed as a relatively mainstream organization by U.S. farmers in most regions of the country, who tend to be politically conservative and vote Republican. An Agri-Pulse Farm and Rural Poll taken right before the 2012 general election found that 78% of farmers planned to vote for the Republican presidential candidate. The other main general farm organization, the National Farmers Union (NFU), is viewed as more politically liberal and has its core of support in a handful of Plains States such as North and South Dakota, Minnesota, Colorado, and Montana, although it has members in 33 states. NFU was established in 1902, and AFBF in 1919.

Also influential in the Farm Bill process are the groups which represent producers of the row crops who receive the bulk of the benefits from the commodity and crop insurance titles. The largest groups—in terms of crop acreage harvested—include the National Corn Growers Association (NCGA), the American Soybean Association (ASA), the National Association of Wheat Growers (NAWG), and the National Cotton Council (NCC) (Table 1). Within the livestock sector, only dairy farmers receive direct support from programs included in the commodity title. Their main national organization is the National Milk Producers Federation. To the extent that other livestock groups engage in farm bill issues, such as the National Cattlemen's Beef Association and the National Pork Producers Council, they tend to focus on programs in the conservation title which help pay for manure management and on trade promotion programs such as the Market Access Program and the Foreign Market Development Program in the trade title. After the federal crop insurance program was pulled into the farm bill process starting with the 2008 Farm Bill to make it easier to shift funding between the two safety net titles, organizations representing crop insurance companies and agents—which also employ agricultural economists—also became key stakeholder groups in the process as well. Prior to that bill, crop insurance had been addressed in separate legislation, since the underlying authority for the program does not expire periodically the way most other farm bill programs do. The 2014 Farm Bill, the latest in the series, contains 12 titles in 949 pages of legislative text.

Table 1: Key Information on Major U.S. Farm and Commodity Groups

Name	Organization Established	Number of States represented	Membership numbers	Crop acreage harvested (2015)
American Farm Bureau Federation (AFBF)	1919	50	5.9 million (includes non-farmers insured by AFBF)	NA
National Farmers Union (NFU)	1902	33	300,000	NA
National Corn Growers Association (NCGA)	1957	48	40,000	80.7 million
American Soybean Association (ASA)	1920	25	21,000	81.8 million
National Association of Wheat Growers (NAWG)	1950	20	21,000	47.1 million
National Cotton Council (NCC)	1938	NA[1]	28,000	8.1 million
National Pork Producers Council (NPPC)	1964	43	68,000	NA
National Cattlemen's Beef Association (NCBA)	1898	45	230,000	NA
National Milk Producers Federation (NMPF)	1916	NA[2]	32,000	NA

[1]NCC represents the entire cotton supply chain, not just growers.
[2]NMPF consists of member cooperatives, some of which cross state lines.

Stakeholder Group Participation in the Farm Bill Process

The starting point for this process is that all the farm and commodity groups listed above share a basic viewpoint--that having a farm bill is a good thing, for their members and the country. Occasionally, groups which share a number of members in common will work together, such as NCGA and ASA working on a revenue program for the 2014 Farm Bill. They also recognize that they need allies outside of production agriculture to keep the farm bill cycle going, which is why they joined nutrition advocacy groups in opposing the effort by conservative House Republicans in 2013 to split the nutrition programs, such as the Supplemental Nutrition Assistance Program (SNAP), away from the rest of the farm bill. In March 2016, an informal coalition of 254 different local, state, and national organizations with interests in commodity programs, conservation, nutrition, agricultural research, rural development, agricultural credit, and crop insurance signed a joint letter to the chairs and ranking members of the House and Senate Budget Committees and Appropriations Committees, calling on them to refrain from demanding cuts to farm bill programs as part of the fiscal 2017 budget process. These groups with disparate interests may sometimes fight over the pot of money available under the farm bill or over specific policy issues, but they all support its continuation.

For such groups, the initial steps they take in their own deliberations are typically two fold. First, they solicit ideas from members on how perceived problems with the previous farm bill might be addressed, either informally at the state level or through member committees specifically assigned to such a task. For example, NCGA has a long-established Public Policy Action Team (PPAT), which currently consists of 15 grower members—members of state Corn Grower Boards—and several NCGA professional staff, charged with keeping an eye on federal agricultural policy and regulation on farm and risk management programs. The PPAT members regularly meet with federal policymakers and other thought leaders on agricultural policy to get a sense of how the range of policies and programs affect the corn sector. Most of the organizations have professional staff at both the state and national levels who work to flesh out these ideas.

Once a menu of policy options has been generated, U.S. farm and commodity organizations typically follow one of two paths in determining their policy priorities for an upcoming farm bill debate. Most of the groups have annual state conventions late in the calendar year where policy ideas are proposed and voted on by delegates. Those proposals that gain support at the state level are then forwarded to the national headquarters of the organization and placed on the agenda for possible votes at the next national meeting. For example, the various state Farm Bureaus hold their annual meetings in November or December, and then AFBF holds its annual meeting in January after that.

The policy proposals considered at such meetings do not always focus solely on farm bill issues. The debate and votes on the lengthy list of policy resolutions typically occupy a full day at the AFBF annual meetings. For example, the list of issues considered by voting delegates to their 2007 annual meeting, held right at the beginning of the debate that ended with the 2008 farm bill, included the following:

- the Countercyclical and Direct Payment Programs from the 2002 Farm Bill (support)
- funding the next farm bill at 2002 levels (support)
- non-trade-distorting assistance for specialty crop growers that would qualify as 'Green Box' under WTO rules on domestic support (support)
- standing agricultural disaster assistance program(oppose)
- comprehensive immigration reform, including an improved H2A guest worker visa program (support)
- voluntary animal identification program (support)
- voluntary country of origin labeling program (support)
- regulation of agricultural dust under the Clean Air Act (oppose)
- development of animal cloning (support).

Such a process is typical for U.S. farm and commodity groups as they seek to develop their own ideas of what should be included in the next farm bill. However, because the need to react to changing market conditions or implementation problems with farm programs does not always fit neatly into farm groups' meeting calendars, most of them also have empowered their national leadership (Presidents and members of the Board of Directors) with the authority to endorse or reject new policy ideas on behalf of the organization on a more ad hoc basis.

For example, concerns about widely different payments for the 2014 crop year under the Agricultural Risk Coverage-county option (ARC-CO), even between adjacent counties in a state, were raised in early 2016. After consulting with Farm Service Agency (FSA) officials about the source of the discrepancy, farm groups realized that it stemmed from the fact that the U.S. Department of Agriculture's (USDA) National Agricultural Statistical Service (NASS) often had insufficient information on yields in counties outside core production areas to publish estimated county yields. For counties lacking such estimates, FSA was forced to rely instead upon estimates drawn from data collected by USDA's Risk Management Agency (RMA), which created the discrepancies. This information became known to farm groups after their annual meetings. Since this issue was not addressed in the policy resolutions voted on at ASA's annual meeting in March of 2016, the advice to their members to be more diligent in returning NASS surveys in order to improve the coverage of NASS county yields for soybeans had to be approved by the ASA Board instead.

Role of Agricultural Economists

Many of these groups ask professional agricultural economists, either employed within their organizations, as private consultants, or working at land grant universities, to take a look at the farm bill specific ideas generated within the membership—to vet them, flesh them out, and in many cases come up with preliminary estimates of the budget costs associated with the proposal and potential benefits their members would receive if the new policy were to be implemented. These analyses can either be requested near the beginning of the policy process, or after the basic policy concept is approved by the membership at the association's annual meetings.

In addition, there are agricultural policy entities at a number of U.S. universities, such as the Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri and Iowa State University, the Agricultural and Food Policy Center (AFPC) at Texas A&M University, and the Agricultural Policy Analysis Center (APAC) at the University of Tennessee, which have gathered together agricultural economists with specific expertise on a wide range of policy issues. These groups are relied upon by both farm groups and the House and Senate Agriculture Committee staffs for providing objective, even-handed analyses of farm program proposals using similar methodologies to those used by U.S. government agencies.

Individual economists at other universities also engage in analyses which can impact on the farm bill process, some in favor of the existing array of policies as well as some work in opposition to those policies. Some of this work is done on behalf of specific organizations, for example critiques of crop insurance programs for the Environmental Working Group (Babcock 2016), or for more general policy education purposes for both farmers and the public, such as the work done by several economists under the FarmDoc outreach effort at the University of Illinois at Urbana-Champaign.

The Public Phase of the Farm Bill Process Begins

Economic analyses are usually released at the same time the farm or commodity organization floats its new policy ideas, to provide them with some economic justification for the proposed changes to the farm bill. The farm groups are then invited to provide witnesses to the hearings held early in the farm bill process by the House and Senate Agriculture Committees, often either state presidents from that group or other prominent grower members from the chair's home state if that crop is widely grown in their state. The first hearings are typically held outside of Washington, D.C., in the home states of key members of the Committee. Witnesses at those hearings are often asked very basic questions, such as "what do you like about the current farm bill?" and "what changes would you like to see made in the next farm bill?"

Beginning early in 2012, the House Agriculture Committee held 13 hearings on farm bill issues, four of them outside of Washington, D.C. in New York, Illinois, Arkansas, and Kansas. The Senate Agriculture Committee actually started its farm bill hearing process several months earlier, with seven hearings stretched between May 2011 and March 2012, two of them held outside of Washington, D.C., in the home states of the chair and ranking minority member of the Committee, Michigan, and Kansas.

In the run-up to the 2008 Farm Bill, the House Agriculture Committee Chairman Collin Peterson required any groups who wanted to present farm bill proposals to the Committee for consideration to also submit credible estimates of the budgetary costs of those proposals were they to be implemented. This experiment was not repeated in the farm bill cycle that culminated in the 2014 Farm Bill.

Once the public hearings are completed, informal conversations between Committee staffers and farm and commodity group representatives continue, as the staffers try to piece together provisions for the commodity and crop insurance titles that all the stakeholder groups and Committee members can live with. Draft legislative language for those provisions are evaluated for cost by the Congressional Budget Office, and then modified to make sure the cost of the whole package stays within the budget constraints the Committees face. This part of the farm bill process culminates in the draft bill that the Chairman offers to the Committee for consideration, in a public meeting known as a mark-up. While there are many more steps that must be completed to get a farm bill across the finish line, once the bill is reported out of the respective Committees, other players in the process, such as congressional leadership, USDA staff, and ultimately the White House begin to play more prominent roles.Agricultural economists at USDA often contribute to the process by advising on how proposed changes might affect the operation of farm programs, especially during the conference committee process.

The Full Tapestry of the Farm Bill Process

A similar process is followed by other membership-based groups with vested interests in other titles of the farm bill outside of commodity and crop insurance programs. There are also groups, not necessarily membership-based, which coalesce around opposition to specific portions of the farm bill, such as those proposing tighter limitations on individuals receiving farm program payments than are currently in law, or other groups or organizations wanting to block grant funding for the SNAP program to individual states and take it out of the hands of USDA.Their participation in the process is largely governed by the same two basic rules as the farm and commodity groups, namely when to introduce new ideas into the cycle. While this description of the process represents only a slice of the full tapestry of the current farm bill process, it does allow for tracing the process back to the very beginning, the first farm bill conceived during the throes of the Great Depression, and how it has evolved since that very first 54-page farm bill to the 949-page Agricultural Act of 2014.

For More Information

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