



# Previewing the Next Farm Bill: Unfunded and Early-Expiring Provisions

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## Summary

The Food, Conservation, and Energy Act of 2008 (P.L. 110-246, the 2008 farm bill) authorizes most federal farm and food policies. It also provides the mandatory funding for many farm bill programs, including the farm commodity programs and some nutrition, conservation, research, bioenergy, and rural development programs. Funding to write the next farm bill will be based on the baseline projection of the cost of these farm bill programs by the Congressional Budget Office (CBO), and on varying budgetary assumptions about whether programs will continue.

Some farm bill programs have baseline beyond the end of the 2008 farm bill, while others do not. Thirty-seven programs that received mandatory funds during the 2008 farm bill are not assumed to continue from a budgetary perspective because they do not have a budgetary baseline beyond FY2012. If policymakers want to continue these programs in the next farm bill, they will need to pay for the programs with other offsets. Depending on the approach used to estimate a cost to extend the 37 programs for five years, \$9 billion or \$10 billion of offsets from other sources may be needed. This is about 4% of the \$283 billion five-year total cost of the 2008 farm bill when it was enacted, or 11% of the approximately \$100 billion five-year cost if the nutrition title is excluded. Finding this level of offsets may be a difficult task in a tight budget environment, especially when many observers believe that the next farm bill might be written within the confines of the existing baseline.

The 37 provisions without baseline beyond FY2012 are spread among 12 of the 2008 farm bill's 15 titles. The title with the most such provisions is the energy title (8), followed by conservation (5), nutrition (5), and horticulture and organic agriculture (5). Just three provisions—the agricultural disaster assistance program, the Wetlands Reserve Program, and the Biomass Crop Assistance Program, each with uncertainty about its future cost—account for nearly 75% of the \$9 billion or \$10 billion total.

The 2008 farm bill's authorizations generally expire at the end of FY2012, or with the 2012 crop year for the farm commodity programs. Separate from the funding issue, six farm bill provisions have an expiration date before the end of FY2012. These include the new supplemental agricultural disaster assistance program, and the suspension of term limits that allows some farmers to continue receiving guaranteed farm operating loans. Some tax provisions that are outside the jurisdiction of the agriculture committees were included in the farm bill and also expire early, including a conservation tax deduction and the tariff on imported ethanol.

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## Introduction

The Food, Conservation, and Energy Act of 2008 (P.L. 110-246)—also referred to as the 2008 farm bill—was enacted into law in June 2008 and authorizes most federal farm and food policies.<sup>1</sup> The farm bill also provides funding for mandatory programs because they were paid for at the time the farm bill was enacted. These amounts are shown in the Congressional Budget Office (CBO) budget scores and baseline projections for mandatory spending (direct spending).<sup>2</sup> The farm bill’s mandatory programs include the farm commodity programs, some nutrition and conservation programs, and various research, bioenergy, and rural development programs.<sup>3</sup>

Some farm bill programs have baseline beyond the end of the 2008 farm bill, while others do not. Programs with a continuing baseline are assumed to continue under current law from a budget perspective, and have their own funding if policymakers want them to continue. That future funding also may be used as a budgetary offset. However, 37 programs receiving mandatory funding do not have baseline beyond the 2008 farm bill (**Table 1** and **Table 2**) and are not assumed to continue under budget rules. The estimated \$9 billion or \$10 billion needed to continue them for five years will have to be offset if policymakers want them to continue.

Given the timing of the farm bill’s expiration, the 112<sup>th</sup> Congress likely will consider a new farm bill. Moreover, because of tight budget constraints, the current chairman of the House Agriculture Committee reportedly has said that he would like to begin developing legislation in the first session of the 112<sup>th</sup> Congress,<sup>4</sup> although leaders in the Senate Agriculture Committee reportedly do not share that view.<sup>5</sup> Regardless of timing and the outcome of the midterm elections, the list of programs without a budget baseline beyond FY2012 may inform some of the policy debates about what programs to continue and how to pay for them.

Separate from the funding issue, the 2008 farm bill’s provisions generally expire at the end of FY2012, or with the 2012 crop year in the case of the farm commodity programs. But six provisions expire early (**Table 3**). Several bills in the 111<sup>th</sup> Congress have proposed extending some of these early-expiring provisions, and the 112<sup>th</sup> Congress may see more such bills.

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<sup>1</sup> For more background, see CRS Report RS22131, *What Is the “Farm Bill”?*, by Renée Johnson.

<sup>2</sup> The CBO baseline projection is an estimate at a particular point in time of what federal spending on mandatory programs likely would be under current law. Actual outlays in the future may be higher or lower depending on market conditions or participation, with no corresponding additional costs or savings being charged or credited to the agriculture committees. The baseline serves as a benchmark or starting point for the budget. When new provisions are introduced that affect mandatory spending, their impact (or “score”) is measured as a difference from the baseline. Increases in cost above the baseline may be subject to budget constraints such as PAYGO. CBO develops the baseline under the supervision of the House and Senate Budget Committees. For more information, see CRS Report 98-560, *Baselines and Scorekeeping in the Federal Budget Process*, by Bill Heniff Jr.

<sup>3</sup> The farm bill also makes “authorizations of appropriations” to fund discretionary programs, but these funds are not made available, nor paid for, in the farm bill. Discretionary appropriations are at the separate discretion of the appropriations committees and are outside the scope of this report. For more on discretionary appropriations, see CRS Report R40721, *Agriculture and Related Agencies: FY2010 Appropriations*, coordinated by Jim Monke.

<sup>4</sup> Community News Weekly (Saratoga Springs, NY), “House Agriculture Committee Chairman Collin Peterson Discusses Farm Bill Issues with Saratoga County Farmers,” September 11, 2010, at <http://cnweekly.com/articles/2010/09/11/news/doc4c86e226a0de3918903440.txt>.

<sup>5</sup> AgWeek, “Chambliss: Writing Farm Bill Early ‘Not Practical,’” August 10, 2010, at <http://www.agweek.com/event/article/id/16909/>.

## Programs Without Baseline After FY2012

Thirty-seven provisions in the 2008 farm bill received mandatory budget authority but are not assumed to receive such funding in the budget baseline beyond the end of the farm bill. This issue concerns some observers because a new farm bill would not have funding in the baseline budget to continue these programs. If policymakers want to continue these programs, they will need to pay for the programs with offsets from other sources.

The amount of mandatory funds that might be needed to extend these 37 programs is estimated here to be about \$9 billion or \$10 billion over a five-year period, depending on the approach to estimate costs (**Table 1**).<sup>6</sup> Either estimate is about 4% of the \$283 billion five-year total cost of the 2008 farm bill, or 11% of the approximately \$100 billion five-year cost if the nutrition title is excluded.<sup>7</sup> It would cost even more to try to extend them for a longer time so that they could have baseline beyond the next farm bill.

Normally, a program that receives mandatory funding in the last year of its authorization will be assumed to continue at that level of funding in the budget baseline as if there were no change in policy. This allows major farm bill provisions such as the farm commodity programs or nutrition assistance to be reauthorized periodically without assuming that funding will cease or following zero-based budgeting. However, some programs may not be assumed to continue in the budget baseline beyond the end of a farm bill because:<sup>8</sup>

- the program did not receive new mandatory budget authority during the last year of a farm bill, or
- the baseline during the last year of a farm bill is below a minimum \$50 million scoring threshold that is needed to continue a baseline, or
- the budget committees did not give the program a baseline in the years beyond the farm bill in order to reduce the program's 10-year cost at the time the farm bill was written.

The 37 programs without baseline beyond FY2012 can be grouped in several ways: by title of the farm bill, by the degree of uncertainty in the amount of the cost, and by the duration of the use of mandatory funding in the 2008 farm bill.

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<sup>6</sup> Estimates are derived under two different approaches discussed in the next section: (1) the CBO cost at the time of enactment in 2008, and (2) the most recent CBO baseline of program costs. Separately, a \$9 billion cost to continue programs without baseline has been suggested by the chief economist of the House Agriculture Committee. See Craig Jagger, "Federal Budget Issues & the Next Farm Bill," at the Farm Foundation Forum, "Budget Implications for the Next Farm Bill," September 14, 2010, slide 45, at [http://www.farmfoundation.org/news/articlefiles/363-Jagger\\_Budget\\_Color\\_Farm%20Found\\_09-14-10.pdf](http://www.farmfoundation.org/news/articlefiles/363-Jagger_Budget_Color_Farm%20Found_09-14-10.pdf).

<sup>7</sup> For more background on farm bill baselines and actual spending, see CRS Report R41195, *Actual Farm Bill Spending and Cost Estimates*, by Jim Monke and Renée Johnson.

<sup>8</sup> Section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177, 2 U.S.C. 907), as amended, specifies that expiring mandatory spending programs are assumed to continue in the budget baseline if they have outlays of more than \$50 million in the current year and were established before the Balanced Budget Act of 1997 was enacted. Programs established later are not automatically assumed to continue, and are assessed program by program in consultation with the House and Senate Budget Committees. This rule expired in September 2006, but CBO continues to prepare baselines following this methodology (CBO, *The Budget and Economic Outlook: Fiscal Years 2010 to 2020*, pp. 10, 63, and 144, at <http://www.cbo.gov/ftpdocs/108xx/doc10871/01-26-Outlook.pdf>).

## Programs Grouped by Title of the 2008 Farm Bill

Programs without baseline beyond FY2012 are spread among 12 of the 2008 farm bill's 15 titles (**Table 1**). The title with the most such provisions is the energy title (8), followed by conservation (5), nutrition (5), and horticulture and organic agriculture (5).

The ranking among the titles is much different based on the dollar amounts that might be needed to continue the provisions in the next farm bill (the right half of **Table 1**). The title with the largest cost to extend programs without baseline is agricultural disaster assistance (\$4.8 billion or \$3.6 billion, depending on the estimation approach), followed by conservation (\$2.1 billion or \$3.2 billion), energy (\$1.1 billion or \$1.9 billion), and research (\$383 million).

**Table 1. Titles in the 2008 Farm Bill Containing Programs Without Baseline After FY2012**

(titles in the Food, Conservation, and Energy Act of 2008 with provisions that receive mandatory budget authority, but are not assumed to continue in the budget baseline beyond FY2012)

Farm Bill Title (ranked by number)	Number of provisions	Farm Bill Title (ranked by cost)	Cost to extend provisions in the next farm bill under two different approaches (\$ million, 5 years)	
			CBO score at 2008 enactment <sup>a</sup>	CBO baseline in March 2010 <sup>a</sup>
Energy	8	Agricultural Disaster Assistance	4,846	3,680
Conservation	5	Conservation	2,105	3,189
Nutrition	5	Energy	1,112	1,878
Horticulture and Organic Agriculture	5	Research	383	383
Rural Development	3	Miscellaneous	175	175
Research	3	Rural Development	150	150
Trade	2	Trade	144	144
Miscellaneous	2	Horticulture and Organic Agriculture	95	95
Farm Commodity Programs	1	Farm Commodity Programs	50	50
Forestry	1	Forestry	39	39
Livestock	1	Nutrition	31	31
Agricultural Disaster Assistance	1	Livestock	1	1
<b>Total</b>	<b>37</b>	<b>Total</b>	<b>9,131</b>	<b>9,815</b>

**Source:** Compiled by CRS using P.L. 110-246, the CBO score of the 2008 farm bill (at enactment against the March 2008 baseline, May 12, 2008, unpublished spreadsheet), and the March 2010 CBO baseline (unpublished).

**Notes:** Provisions selected had mandatory budget authority at some time during the 2008 farm bill, but do not have baseline beyond FY2012. Amounts are estimates and are the five-year funding specified in statute or, if unspecified, either the CBO score at enactment in 2008 or the CBO estimate in the March 2010 baseline. The amount for biomass crop assistance (part of Energy) is adjusted for expectations of future implementation; the amount for disaster assistance is a four-year cost like the current program (see **Table 2** for details).

- a. If a fixed amount was specified in the 2008 farm bill, then that amount is used in both cost columns, regardless of the source of data for programs with estimated costs.

## Programs Grouped by Degree of Cost Uncertainty

Farm bill funding typically is specified as either (1) a fixed dollar amount or (2) “such sums as necessary” to operate a program under provisions that are specified in law (the “type” column in **Table 2**). For the latter category, CBO estimates how much the provision is expected to cost. The amount of funding that might be needed to continue these provisions in the next farm bill is uncertain and may be an important factor affecting policymakers when the cost of the next farm bill is determined.

For the fixed dollar amount programs (type = “fixed”), the five-year cost to continue a provision is assumed to equal the five-year sum of the funding specified in the 2008 farm bill. Given the likelihood of a “baseline farm bill”—that is, a farm bill without additional funding to increase spending—many people believe that it is unlikely that any or many of these programs could see an increase above what they received in the 2008 farm bill.

Fixed-dollar funding was specified for 33 of the 37 provisions in the 2008 farm that do not have baselines beyond 2012. The total five-year amount for these 33 programs was about \$2.4 billion, which is about 25% of the total of the provisions without baseline beyond FY2012 (**Table 2**).<sup>9</sup>

For the “such sums as necessary” programs (type = “estimated”), the estimated five-year cost to extend a provision was computed under two different approaches:

- the CBO cost estimates at the time of enactment of the 2008 farm bill, and
- the most recent CBO baseline projection based on more recent estimates.

As with the fixed-dollar amounts, these are unofficial estimates in the absence of projections by CBO that will not be available until legislative proposals for the next farm bill are developed. Presenting estimates from both approaches helps provide a range of costs and indicates where uncertainty is more apparent.<sup>10</sup>

In the 2008 farm bill, Congress indicated its relative priorities for programs by the tradeoff or allocation of budgetary resources among programs. If a proposal was deemed too expensive relative to other programs during legislative development, its parameters were tightened to reduce costs. Since enactment, some “such sums as necessary” programs have become more expensive than first estimated. If selected for continuation, would the program continue at its current higher cost, or be redesigned in the next farm bill to cost less? Thus, which of the two approaches is better depends on whether one believes Congress would change program parameters, for example, to reduce a program that has become more expensive than initially expected, or whether Congress would continue current program provisions and pay a higher cost than in 2008 when extending a program.

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<sup>9</sup> Other approaches are possible, such as, for example, assuming that programs continue at the level of their last year of authorization (an approach sometimes used for programs with continuing baseline). Some fixed-cost programs receive increasing amounts over time, with the largest amount in FY2012 (examples are apparent in the “comments” column of **Table 2**). If the last year of the authorization (FY2012) were used as the cost to continue the programs, the cost to extend the 33 fixed-cost provisions would be about \$500 million higher than the \$2.4 billion estimate.

<sup>10</sup> Other approaches also are possible (see footnote 9). Moreover, assumptions within these approaches also can lead to different results. This is particularly true for the length of time that agricultural disaster assistance might be extended, or pending implementation and regulatory decisions for the biomass crop assistance program (BCAP), as discussed in notes to **Table 2**.

Only 4 of the 37 provisions without baseline have “such sums as necessary” funding. They account for the difference in the costs between the two approaches (the two cost columns). Although fewer in number than the fixed-amount group, they account for \$6.7 billion or \$7.4 billion (depending on the approach), which is about 75% of the total of the provisions without baseline (**Table 2**). Thus, policymakers could be faced with decisions about whether to continue a relatively large number of fixed-cost programs with a small budget impact, or a small number of programs with a relatively larger estimated budget impact.

## **Programs Grouped by Duration of Use of Mandatory Funding**

In terms of the length of time that mandatory funding is used, 20 provisions in the 2008 farm bill provided mandatory funding only in the early years of the 2008 farm bill (FY2008-FY2011). These are estimated to cost \$4.8 billion or \$6.0 billion if they were extended in the next farm bill (depending on the approach to estimate costs). Seventeen other provisions provided mandatory funding for the entire duration of the farm bill. These are estimated to cost \$3.2 billion or \$5.0 billion if they were extended for five years (the “term” column in **Table 2**).

This distinction may be important for some observers because programs without full-term funding may not be prioritized as highly as programs receiving full-term funding. Some of the provisions were given short-term funding to help begin implementation or to fund a backlog of unfunded obligations. Other programs received a short-term infusion of mandatory funding and may be authorized to receive discretionary appropriations. These programs may or may not have authority to operate for the full term of the 2008 farm bill, regardless of the duration of mandatory funding.

The provisions listed with full-term funding do not have baseline either because their cost is relatively small (less than the \$50 million scoring threshold in FY2012) or because the budget scoring at the time the 2008 farm bill was enacted did not assign a cost or give the program a baseline for the second five years of the scoring window (to make the bill less expensive, as discussed above in footnote 8).

Some of these programs are pilot programs or are new programs without a large or established constituency (e.g., local and regional foreign food aid procurement, or the national clean plant network). Six of them are bioenergy programs, and five affect specialty crops or beginning and minority farmers. Others are relatively established programs, the wetlands reserve and grasslands reserve programs in conservation.

In summary, all of these 37 programs without baseline had to be paid for from the agriculture committee’s budgetary resources when the 2008 farm bill was enacted. But they do not provide any baseline for a new farm bill for the reasons discussed above (see footnote 8). The \$9 billion or \$10 billion (depending on the estimation approach) needed to continue these programs for five years—should Congress decide to do so—is not in the budget baseline for writing a new farm bill. Congress would need to find offsets from other sources to continue them, a possibly difficult task in a tight budget environment. Likewise, if these programs are not continued, they will not be available as a source of offsets for other provisions.



**Table 2. Programs in the 2008 Farm Bill Without Budget Baseline After FY2012**  
(provisions in the Food, Conservation, and Energy Act of 2008 that receive mandatory budget authority, but are not assumed to continue in the budget baseline beyond FY2012)

Section	Name of Provision	Comments	Term <sup>a</sup>	Type <sup>b</sup>	Cost to extend (\$ million, 5 years)	
					CBO score at 2008 enactment <sup>c</sup>	CBO baseline in March 2010 <sup>c</sup>
<b>Farm Commodity Programs</b>						
Sec. 1622	Implementation (of farm commodity programs in Title I)	\$50 million in FY2009 to the Farm Service Agency to help implement the farm bill. Such expenses usually are discretionary.	Short	Fixed	50	50
<b>Subtotal, Farm Commodity Programs</b>					<b>50</b>	<b>50</b>
<b>Conservation</b>						
Sec. 2202	Wetlands Reserve Program	3.04 million acres to be enrolled through FY2012. The 2008 farm bill added \$128-338 million of costs to baseline annually.	Full	Est.	1,460	2,590
Sec. 2403	Grassland Reserve Program	1.22 million additional acres to be enrolled during FY2009-2012. The farm bill added \$63-80 million of costs to baseline annually.	Full	Est.	320	274
Sec. 2606	Voluntary Public Access and Habitat Incentive Program	\$50 million for the period FY2009-2012, made available in FY2009.	Short	Fixed	50	50
Sec. 2803	Small Watershed Rehabilitation Program	\$100 million in FY2009, to remain available until expended. Discretionary appropriations also are authorized.	Short	Fixed	100	100
Sec. 2807	Desert Terminal Lakes	\$175 million in FY2008, to remain available until expended (transfer from USDA to Dept. of Interior's Bureau of Reclamation).	Short	Fixed	175	175
<b>Subtotal, Conservation</b>					<b>2,105</b>	<b>3,189</b>
<b>Trade</b>						
Sec. 3106	McGovern-Dole International Food for Education and Child Nutrition Program	\$84 million in FY2009, to remain available until expended. It also receives annual discretionary appropriations (e.g., \$209 million in FY2010).	Short	Fixed	84	84
Sec. 3206	Local and Regional Food Aid Procurement Projects	\$5 million in FY2009, \$25 million in FY2010 and FY2011, and \$5 million in FY2012. Results of pilot program to be evaluated.	Full	Fixed	60	60
<b>Subtotal, Trade</b>					<b>144</b>	<b>144</b>
<b>Nutrition</b>						
Sec. 4141	Pilot projects to evaluate health and nutrition promotion in the supplemental nutrition assistance program	\$20 million of mandatory funds in FY2009, to remain available until expended. Discretionary appropriations also are authorized.	Short	Fixed	20	20
Sec. 4142	Study on Comparable Access to Supplemental Nutrition Assistance for Puerto Rico	\$1 million of mandatory funds in FY2009, to remain available until expended.	Short	Fixed	1	1

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					CBO score at 2008 enactment <sup>c</sup>	CBO baseline in March 2010 <sup>c</sup>
Sec. 4305	Whole Grain Products (for school lunches and breakfasts)	\$4 million of Section 32 funds to be made available in FY2009 (CBO estimate).	Short	Fixed	4	4
Sec. 4307	Survey of Foods Purchased by School Food Authorities	\$3 million in FY2009.	Short	Fixed	3	3
Sec. 4402	Assistance For Community Food Projects: Healthy Urban Food Enterprise Development Center	\$1 million in each of FY2009-2011. Discretionary appropriations are authorized at \$2 million for FY2012.	Short	Fixed	3	3
<b>Subtotal, Nutrition</b>					<b>31</b>	<b>31</b>
<b>Rural Development</b>						
Sec. 6022	Rural Microentrepreneur Assistance Program	\$4 million in each of FY2009-2011 and \$3 million in FY2012.	Full	Fixed	15	15
Sec. 6029	Funding of Pending Rural Development Loan and Grant Applications	\$120 million in FY2008, to remain available until expended, to reduce a backlog of approved applications. Discretionary appropriations usually fund these programs.	Short	Fixed	120	120
Sec. 6202	Value-Added Agricultural Market Development Program Grants	\$15 million in FY2009, to remain available until expended. It also receives annual discretionary appropriations.	Short	Fixed	15	15
<b>Subtotal, Rural Development</b>					<b>150</b>	<b>150</b>
<b>Research</b>						
Sec. 7206	Organic Agriculture Research and Extension Initiative	\$18 million in FY2009, and \$20 million in each of FY2010-2012.	Full	Fixed	78	78
Sec. 7311	Specialty Crop Research Initiative	\$30 million in FY2008, and \$50 million in each of FY2009-2012.	Full	Fixed	230	230
Sec. 7410	Beginning Farmer and Rancher Development	\$18 million in FY2009, and \$19 million in each of FY2010-2012.	Full	Fixed	75	75
<b>Subtotal, Research</b>					<b>383</b>	<b>383</b>
<b>Forestry</b>						
Sec. 8205	Healthy Forests Reserve Program	\$9.75 million each year for FY2009-2012, to remain available until expended.	Full	Fixed	39	39
<b>Subtotal, Forestry</b>					<b>39</b>	<b>39</b>
<b>Energy</b>						
Sec. 9002	Biobased Markets Program	\$1 million in FY2008, and \$2 million each year for FY2009-2012.	Full	Fixed	9	9
Sec. 9003	Biorefinery Assistance	\$75 million in FY2009, and \$245 million in FY2010. Discretionary appropriations also are authorized.	Short	Fixed	320	320
Sec. 9004	Repowering Assistance	\$35 million in FY2009, to remain available until expended. Discretionary appropriations also are authorized.	Short	Fixed	35	35

Section	Name of Provision	Comments	Term <sup>a</sup>	Type <sup>b</sup>	Cost to extend (\$ million, 5 years)	
					CBO score at 2008 enactment <sup>c</sup>	CBO baseline in March 2010 <sup>c</sup>
Sec. 9005	Bioenergy Program for Advanced Biofuels	\$55 million in each of FY2009-FY2010, \$85 million in FY2011, and \$105 million in FY2012, to remain available until expended.	Full	Fixed	300	300
Sec. 9006	Biodiesel Fuel Education Program	\$1 million in each of FY2008-2012.	Full	Fixed	5	5
Sec. 9007	Rural Energy For America Program (REAP)	\$55 million in FY2009, \$60 million in FY2010, and \$70 million in each of FY2011-2012, to remain available until expended.	Full	Fixed	255	255
Sec. 9008	Biomass Research and Development	\$20 million in FY2009, \$28 million FY2010, \$30 million in FY2011, and \$40 million in FY2012, to remain avail. until expended.	Full	Fixed	118	118
Sec. 9011	Biomass Crop Assistance Program	Indefinite appropriation of mandatory funds (such sums as necessary) for FY2008-2012. Outlays in March 2010 CBO baseline of \$283 million in FY2010, \$456 million in FY2011, \$409 million in FY2012, \$244 million in FY2013, falling to zero by FY2017.	Full	Est.	70	836 <sup>d</sup>
<b>Subtotal, Energy</b>					<b>1,112</b>	<b>1,878</b>
<b>Horticulture and Organic Agriculture</b>						
Sec. 10106	Farmers' Market Promotion Program	\$3 million in FY2008, \$5 million in each of FY2009-FY2010, and \$10 million in each of FY2011-FY2012.	Full	Fixed	33	33
Sec. 10202	National Clean Plant Network	\$5 million in each of FY2009-2012, to remain available until expended.	Full	Fixed	20	20
Sec. 10301	National Organic Certification Cost-Share	\$22 million in FY2008, to remain available until expended.	Short	Fixed	22	22
Sec. 10302	Organic Production and Market Data Initiatives	\$5 million in FY2008, to remain avail. until expended. Discretionary also is authorized.	Short	Fixed	5	5
Sec. 10404	Market Loss Assistance for Asparagus Producers	\$15 million in FY2008 for market loss payments for the 2004-2007 crop years.	Short	Fixed	15	15
<b>Subtotal, Horticulture and Organic Agriculture</b>					<b>95</b>	<b>95</b>
<b>Livestock</b>						
Sec. 11009	National Sheep Industry Improvement Center	\$1 million in FY2008, to remain available until expended.	Short	Fixed	1	1
<b>Subtotal, Livestock</b>					<b>1</b>	<b>1</b>
<b>Agricultural Disaster Assistance</b>						
Sec. 12033 and Sec. 15101	Supplemental agricultural disaster assistance, including establishing the Agricultural Disaster Relief Trust Fund	Authorized for FY2008-FY2011. CBO estimated in 2008 that the cost would be \$4.846 billion for the program over 4 years, ending in FY2011 (see also <b>Table 3</b> ). The March 2010 baseline projects \$3.680 billion of outlays for the life of the provision.	Short	Est.	4,846	3,680 <sup>e</sup>
<b>Subtotal, Agricultural Disaster Assistance</b>					<b>4,846</b>	<b>3,680</b>

Section	Name of Provision	Comments	Term <sup>a</sup>	Type <sup>b</sup>	Cost to extend (\$ million, 5 years)	
					CBO score at 2008 enactment <sup>c</sup>	CBO baseline in March 2010 <sup>c</sup>
<b>Miscellaneous</b>						
Sec. 14004	Outreach and Technical Assistance for Socially Disadvantaged Farmers or Ranchers	\$15 million in FY2009, and \$20 million each year for FY2010-2012.	Full	Fixed	75	75
Sec. 14012	Determination on Merits of Pigford Claims	\$100 million in FY2008, to remain available until expended. Discretionary appropriations; \$1.15 billion currently is being sought to fund a legal agreement that was reached with litigants in February 2010.	Short	Fixed	100	100
<b>Subtotal, Miscellaneous</b>					<b>175</b>	<b>175</b>
<b>Total: 37 provisions in 2008 farm bill without baseline beyond FY2012</b>					<b>9,131</b>	<b>9,815</b>
<b>Subtotals by term (or duration) of mandatory funding</b>						
20 provisions with short-term use of mandatory funds in the 2008 farm bill			Short		5,969	4,803
17 provisions with full-term use of mandatory funds in the 2008 farm bill			Full		3,162	5,012
<b>Subtotals by type of certainty about costs</b>						
33 provisions where cost is fixed or known in the farm bill				Fixed	2,435	2,435
4 provisions where cost is estimated based on implementation				Est.	6,696	7,380

**Source:** Compiled by CRS using P.L. 110-246, the CBO score of the 2008 farm bill (at enactment against the March 2008 baseline, May 12, 2008, unpublished spreadsheet), and the March 2010 CBO baseline (unpublished).

- a. Provisions were identified as having either short-term or full-term mandatory funding. Provisions selected as *short-term* have mandatory budget authority at some time in the early years of the 2008 farm bill, but no new mandatory budget authority in the last year (FY2012). Provisions selected as *full-term* have mandatory budget authority at least during the last year of the farm bill, but no baseline beyond FY2012. Provisions with full-term funding may not have an extended baseline either because (1) the funding during the last year of a farm bill is below a minimum \$50 million scoring threshold that is needed to continue a baseline, or (2) the budget committees did not give the program a baseline in the years beyond the farm bill in order to reduce the program's 10-year cost at the time the farm bill was written.
- b. The cost of provisions is identified as either fixed or estimated. For *fixed-cost* programs, the cost is specified by statute and equals the five-year funding provided in 2008 farm bill. For programs with *estimated costs*, the cost to extend the provision depends on the assumption in the heading of each cost column.
- c. If a fixed amount was specified in the 2008 farm bill, then that amount is used in both cost columns, regardless of the source of data for the four programs with estimated costs.
- d. This cost estimate for BCAP is based on the March 2010 CBO baseline, but is multiplied by 60% on the assumption that its costs in the future will decrease under USDA's final implementation rules, which are expected to reduce outlays compared to USDA's initial implementation.
- e. This cost estimate for agricultural disaster assistance is the March 2010 CBO projection of outlays for the current four-year program. A future program to cover five crop years for a full farm bill, or six years to cover the last year of the current farm bill, would cost relatively more.

## Early-Expiring Provisions

Separate from the funding issues discussed above, six provisions in the 2008 farm bill expire early—that is, before September 30, 2012, or before the 2012 crop year when relevant (**Table 3**). Two are in the jurisdiction of the agriculture committees, and four are tax provisions in the jurisdiction of the House Ways and Means Committee and the Senate Finance Committee.

- One of the more notable provisions is the supplemental agricultural disaster assistance program that the farm bill created. It expires one year before the farm bill ends (in FY2011), and has budget baseline implications that were discussed earlier. It was authorized in an effort to end the ad-hoc nature of emergency crop disaster assistance. It compensates producers for a portion of losses that are not eligible under crop insurance.<sup>11</sup>
- Another provision temporarily suspends “term limits” on the maximum number of years that farmers can qualify for guaranteed operating loans from the U.S. Department of Agriculture. Term limits restrict the long-term eligibility for government farm loans, but Congress has suspended application of the guaranteed operating loan term limit to prevent some farmers from being denied credit. The current suspension expires on December 31, 2010. A bill in the Senate, S. 3221, would extend the suspension to December 31, 2012.<sup>12</sup>
- Four others are tax-related provisions (tax provisions typically are not part of a farm bill and are not under the jurisdiction of the agriculture committees). Among them are the following:
  - A conservation tax deduction (contributions of capital gain real property for conservation purposes) was extended by the 2008 farm bill until December 31, 2009. It would have been further extended until December 31, 2010, by H.R. 4213, a tax extenders bill, but the bill was repurposed for an extension of unemployment compensation.<sup>13</sup>
  - A long-standing tariff on imported ethanol that protects domestic ethanol production was extended by the 2008 farm bill, but expires January 1, 2011.<sup>14</sup>

**Table 3** also identifies one related provision in the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5) that directly affects farm bill conservation provisions—the ability of mandatory funds to be used for technical assistance as farmers establish their conservation practices. Permanent law states that CCC funds cannot be used for technical assistance, but the ARRA provision temporarily allows CCC funds to be available for that purpose, until September 30, 2010. A similar fix outside the farm bill applied to the 2002 farm bill.

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<sup>11</sup> For more background on supplemental disaster assistance, see CRS Report R40452, *A Whole-Farm Crop Disaster Program: Supplemental Revenue Assistance Payments (SURE)*, by Dennis A. Shields.

<sup>12</sup> For more background on term limits for USDA farm loans, see CRS Report RS21977, *Agricultural Credit: Institutions and Issues*, by Jim Monke.

<sup>13</sup> For more background on the conservation tax deduction, see CRS Report R41255, *FY2010 Supplemental Appropriations for Agriculture*, by Jim Monke.

<sup>14</sup> For more background on the tariff on imported ethanol, see CRS Report R41282, *Agriculture-Based Biofuels: Overview and Emerging Issues*, by Randy Schnepf.

**Table 3. Early-Expiring Provisions in the 2008 Farm Bill**

(provisions in the Food, Conservation, and Energy Act of 2008 that expire before September 30, 2012, or before the 2012 crop year for commodity programs)

Section	Name of Provision	Expiration date	Comments
<b>Agricultural Credit</b>			
Sec. 5103	Suspension of Limitation on Period for Which Borrowers Are Eligible for Guaranteed Assistance	December 31, 2010	Term limits in permanent law prevent farmers from getting USDA direct and guaranteed operating loans for more than 15 years. This provision temporarily prevents application of the limit on guaranteed loans. S. 3221 would extend the suspension to Dec. 31, 2012.
<b>Agricultural Disaster Assistance</b>			
Sec. 12033 (and Sec. 15101)	Supplemental Agricultural Disaster Assistance, including (1) Supplemental Revenue Assistance Payments (SURE); (2) Livestock Indemnity Payments; (3) Livestock Forage Disaster Program; (4) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Catfish; and (5) Tree Assistance Program	September 30, 2011	Establishes five standing agricultural disaster assistance programs. In 2008, CBO estimated mandatory costs of \$4.8 billion over 4 years, ending in FY2011 (see also <b>Table 2</b> ).  Sec. 15101 repeats provisions for the 5 programs in Sec. 12033, and establishes the Agricultural Disaster Relief Trust Fund as the revenue for the program from duties collected under the Harmonized Tariff Schedule.
<b>Tax Provisions</b>			
Sec. 15302	Two-Year Extension of Special Rule Encouraging Contributions of Capital Gain Real Property for Conservation Purposes	December 31, 2009	An early version of H.R. 4213 would have extended the provision to December 31, 2010.
Sec. 15331	Modification of Alcohol Credit	December 31, 2010	Provides a reduced tax credit for ethanol blenders.
Sec. 15333	Ethanol Tariff Extension	January 1, 2011	Extends the tariff on imported ethanol.
Sec. 15345	Temporary Tax Relief For Kiowa County, Kansas, and Surrounding Area	December 31, 2009	Temporary tax relief for tornado damage that occurred in May 2007.
<b>Provisions in Related Acts</b>			
Sec. 103, Division A, of P.L. 111-5 (ARRA)	Commodity Credit Corporation (CCC) funds shall be available for administrative expenses and technical assistance in the 2008 farm bill (primarily for conservation programs).	September 30, 2010	Permanent law states that CCC funds cannot be used for technical assistance; this primarily affects conservation programs. This provision in the American Recovery and Reinvestment Act of 2009 temporarily allows CCC funds to be available for that purpose. CBO estimated an \$8 million cost for this provision over FY2009-FY2010. A similar fix outside the farm bill applied to the 2002 farm bill.

**Source:** Compiled by CRS using P.L. 110-246 and P.L. 111-5.

**Note:** Provisions were selected if the expiration date was before September 30, 2012, or, for programs funded on a crop-year basis, if the program expires before the 2012 crop year.

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