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An Extension Is the Only Way to Properly Reform the Farm Bill

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In September, there will be only nine legislative days in the House before some farm bill programs expire at the end of the month. Even during a relatively quiet legislative period, this small window to develop real reform would be insufficient. As the debt ceiling looms and the nation could become militarily engaged in Syria, developing real reform becomes impossible.

Further, the existing farm bills passed by the House and Senate are flawed, so going to conference with these bills would only lead to bad policy. Therefore, the best option now is a new extension of the 2008 farm bill.[1]

Extension and Separation. An extension would give Members of Congress the time to identify the best ways to keep the food stamp program and farm programs separated from each other. Practically, the phrase "farm bill" is a misnomer: Close to 80 percent of the costs consists of food stamps.[2] Congress has for decades combined these disparate programs into one bill, enabling it to avoid addressing the merits of the programs.

Separation is a prerequisite for reform. The House, unlike the Senate, took the critical step of separating the farm programs from the food stamp program. The House recognized the need to take this procedural step but missed the purpose of separation, which is to reform the law once separation has occurred.

This separation can be preserved only if a conference committee is not used as a means to put the agriculture-only farm bill back together with the food stamp bill. An extension should be staggered with two different timelines for the farm programs and the food stamp program. This would help ensure that separation will not be undone by Congress putting the programs back together again at the same time.

Extension and Reforms. Congress should not force through a farm bill this fall simply for the sake of passing a bill. An extension would give Congress the chance to address critical reforms. The House and Senate farm bills fail to make even commonsense reforms and in some cases, make things worse. For instance:

- Both bills add costly shallow-loss programs that protect farmers from even minor losses, effectively guaranteeing their income.[3]
- Both bills increase the cost of crop insurance, the most expensive farm program. While President Obama would cut about $12 billion over 10 years, the Senate would increase costs by about $5 billion, and the House would increase costs by about $9 billion.[4]
- The House bill would not make a single commonsense reform to crop insurance, such as imposing

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caps on the subsidies received by farmers or implementing a means test. The Senate bill would make only a minor reform that would reduce premium subsidies for farmers with adjusted gross income of $750,000 or more.[5]

- Both bills leave intact the sugar program, which drives up prices for consumers and has been estimated to cost three manufacturing jobs for every sugar growing and harvesting job saved.[6]

- The House bill would make two new costly programs—the shallow-loss and reference price programs—permanent law. (That is, the programs do not sunset like most other programs.) The House bill also makes the sugar program permanent law. As a result, Congress would have far less reason to revisit and fix these programs in the future.

- The Senate bill has no work requirement of any kind for food stamp recipients.

Any savings that can be achieved by passing a bill now pales in comparison to what the savings should be if sound policy is adopted later. By passing a bad farm bill, Congress would be locking in five years of bad public policy. (Farm bills typically last five years.) If the House has its way, major new programs and the sugar program would be locked in even longer because they would be made permanent law.

An Extension Is Common. Congress just passed a farm bill extension at the start of 2013. Farmers were fine, and the food stamp program continued without missing a beat. An extension would also address the concern that the expiration of some programs would lead to the reversion back to permanent law enacted in the 1930s and '40s.

Technically, the 2008 farm bill suspended these permanent law provisions, and when the bill expires, these old permanent laws "come back to life." If this happened, prices for commodities could increase dramatically. The "dairy cliff" last year, when there was fear that milk prices could double,[7] was due to the possible return of permanent law. However, Congress's extension addressed this problem by suspending permanent law. Congress could do the same again this year.[8]

An Extension Is Doing Something. The choice is not between enacting a farm bill and doing nothing. Instead, the choice is between pushing bad policy through Congress and taking some time, by passing an extension, so that sound policy can be developed in a deliberate and transparent manner.

An extension is in no way the ideal solution. Congress should be doing what it can to develop a food stamp bill and a separate agriculture-only farm bill that make significant changes to address the problems in those laws. In the meantime, an extension is the necessary bridge that would allow Congress to reform the policies in a thoughtful manner.

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1. An extension would not have to (and possibly should not) extend all 2008 farm programs.
2. Congressional Budget Office, letter to Senator Debbie Stabenow (D–MI), May 17, 2013, http://cbo.gov/publication/44248 (accessed September 5, 2013); and Congressional Budget Office, "Supplemental Nutrition Assistance Program—May 2013 Baseline," May 14, 2013, http://cbo.gov/publication/44211 (accessed September 5, 2013). The total costs attributed to food stamps in the Senate bill can be calculated by dividing the projected food stamp costs for 2014–2023 by the total estimated costs for the Senate bill.
3. See Daren Bakst, "Proposed New Farm Programs: Costly and Risky for Taxpayers," Heritage Foundation *Backgrounder* No. 2815, June 14, 2013, http://www.heritage.org/research/reports/2013/06/proposed-new-farm-programs-costly-and-risky-for-taxpayers.
4. See Daren Bakst, "House Farm Bill Would Outspend Obama on Most Expensive Farm Program," The Heritage Foundation, *The Foundry*, June 19, 2013, http://blog.heritage.org/2013/06/19/house-farm-bill-spends-more-than-obama-on-most-expensive-farm-program/; and Congressional Budget Office, letter to Senator Debbie Stabenow (D–MI), May 17, 2013, http://cbo.gov/publication/44248 (accessed September 5, 2013).
5. A summary of "Amendment 2186" developed by Senator Tom Coburn's (R–OK) office can be found here: http://www.coburn.senate.gov/public//index.cfm?a=Files.Serve&File_id=28ebecb7-8914-4da5-80ab-8f2c864fecd5 (accessed September 6, 2013).
6. U.S. Department of Commerce, International Trade Administration, "Employment Changes in U.S. Food Manufacturing: The Impact of Sugar Prices," February 2006, http://www.ita.doc.gov/media/Publications/abstract/sugar2006desc.html (accessed September 5, 2013).
7. Congressional Research Service, "Expiration and Extension of the 2008 Farm Bill," July 31, 2013, http://www.fas.org/sgp/crs/misc/R42442.pdf (accessed September 5, 2013).
8. If Congress took this course of action, the "dairy cliff" would occur on January 1, 2014.