The Oklahoma Cooperative Extension Service

Bringing the University to You!

The Cooperative Extension Service is the largest, most successful informal educational organization in the world. It is a nationwide system funded and guided by a partnership of federal, state, and local governments that delivers information to help people help themselves through the land-grant university system.

Extension carries out programs in the broad categories of agriculture, natural resources and environment; family and consumer sciences; 4-H and other youth; and community resource development. Extension staff members live and work among the people they serve to help stimulate and educate Americans to plan ahead and cope with their problems.

Some characteristics of the Cooperative Extension system are:

- The federal, state, and local governments cooperatively share in its financial support and program direction.
- It is administered by the land-grant university as designated by the state legislature through an Extension director.
- Extension programs are nonpolitical, objective, and research-based information.
- It provides practical, problem-oriented education for people of all ages. It is designated to take the knowledge of the university to those persons who do not or cannot participate in the formal classroom instruction of the university.
- It utilizes research from university, government, and other sources to help people make their own decisions.
- More than a million volunteers help multiply the impact of the Extension professional staff.
- It dispenses no funds to the public.
- It is not a regulatory agency, but it does inform people of regulations and of their options in meeting them.
- Local programs are developed and carried out in full recognition of national problems and goals.
- The Extension staff educates people through personal contacts, meetings, demonstrations, and the mass media.
- Extension has the built-in flexibility to adjust its programs and subject matter to meet new needs. Activities shift from year to year as citizen groups and Extension workers close to the problems advise changes.

Oklahoma State University, in compliance with Title VI and VII of the Civil Rights Act of 1964, Executive Order 11246 as amended, Title IX of the Education Amendments of 1972, Americans with Disabilities Act of 1990, and other federal laws and regulations, does not discriminate on the basis of race, color, national origin, gender, age, religion, disability, or status as a veteran in any of its policies, practices, or procedures. This includes but is not limited to admissions, employment, financial aid, and educational services.

Issued in furtherance of Cooperative Extension work, acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, Director of Cooperative Extension Service, Oklahoma State University, Stillwater, Oklahoma. This publication is printed and issued by Oklahoma State University as authorized by the Vice President, Dean, and Director of the Division of Agricultural Sciences and Natural Resources and has been prepared and distributed at a cost of 20 cents per copy. 1113 GH.

Another Farm Bill Expiration:

How Did We Get Here, What Does it Mean, and What Happens Now?

Jody Campiche
Assistant Professor & Extension Economist

Larry D. Sanders
Professor and Extension Economist, Policy and Public Affairs

Oklahoma Cooperative Extension Fact Sheets are also available on our website at:
http://osufacts.okstate.edu

On September 30, 2013, the 2008 farm bill expired for the second time. A year ago, we were in the same situation with the expiration of the 2008 farm bill on September 30, 2012. This time, the situation is even more difficult and confusing with the addition of several other factors to potentially complicate the process, including:

(1) the government shutdown from October 1 to 16 resulting in an authorization of current spending levels until January 15 and postponement of the pending debt crisis until February 7,
(2) 2014 sequestration cuts as well as those in process from this past year, and
(3) a move by the House to separate nutrition programs from farm policy programs and impose major spending cuts.

This paper will summarize the issues, including the mandated reversion to farm legislation more than 60 years old, if no new farm bill or extension is forthcoming.

Following the expiration last year, there was little to no farm bill action for three months until a 9-month extension was passed in January as part of a tax package designed to avoid the 'fiscal cliff.' The extension continued most farm bill programs through the end of September 2013 and preserved baseline funding. Many programs have continued baseline funding after the expiration of the 2008 farm bill. This baseline funding, which is based on cost projections by the Congressional Budget Office (CBO), is used to determine funding levels for programs in the next farm bill and ultimately provides built-in funding in the next farm bill (Monke, 2012). However, 37 farm bill programs do not have extended baseline funding past the expiration of the 2008 farm bill. To continue these programs, offsets totaling $9 to $14 billion may be needed to fund them (Monke, 2012). Out of those 37 programs, the disaster assistance program and the Wetlands Reserve Program have the largest costs, but many other energy, conservation, nutrition, and horticulture/organic agriculture programs are included (Monke, 2012). With the 2012 extension, the disaster assistance programs did not receive funding and were not continued.

Although the current farm bill has now had two expirations and one extension, the House and Senate agriculture committees have worked tirelessly to pass a new farm bill. However, budget issues and the current political environment have made passage of a new farm bill impossible up to this point. The process of writing a replacement to the 2008 farm bill began in 2011, following the passage of the Budget Control Act in August 2011. Ironically, the process of preparing the new farm bill followed a rather untraditional process in the beginning because of provisions in the Budget Control Act. Instead of the usual process of hearings and deliberations, the farm bill was quickly drafted with little time for problem framing, debate, or public input. Under the Budget Control Act of 2011, a Joint Select Committee (Super Committee) was given a November 2011 deadline to find $1.5 trillion in cuts during the next 10 years or across-the board cuts (sequestration) would occur in January 2013. The agriculture committees wanted to submit the farm bill to the Super Committee to include as part of their cutting package to potentially avoid deeper cuts to farm programs, but the Super Committee failed to reach an agreement.

The agriculture committees then went back to the drawing board, this time following a more traditional process. The Senate passed its version of the farm bill in June 2012, but the House farm bill never made it to the House floor after being passed by the House agriculture committee in July 2012. The 2008 farm bill expired without an extension until the American Taxpayer Relief Act of 2012 was enacted in January 2013. The Act also postponed sequestration until March 2013. The impact of sequestration on agriculture included a reduction in agency personnel necessitating a slowdown in service, as well as curtailing of some services. For the most part, primary, high visibility programs have continued. Once the cuts go into effect for the next fiscal year, larger impacts to major programs will be seen, according to many analysts and agency officials. For example, programs using appropriations will be cut another 5 to 10 percent.

In 2013, the House and Senate agriculture committees had to restart the farm bill process (due to the new 113th Congress). The Senate passed its version of the farm bill on June 10 with little debate, but the process did not go as smoothly in the House. On June 20, the House defeated its own agricultural committee farm bill. On July 11, in an unprecedented event, the House passed an 'agriculture and conservation only' farm bill without nutrition programs. This marks the first time in nearly 50 years that food programs were not included in the comprehensive farm bill, perhaps signaling the end of the contract between urban and rural representatives. Several months later, the House passed the nutrition portion as a separate bill (H.R. 3102), called the Nutrition Reform and Work Opportunity Act of 2013, 11 days before the expiration of the 2008 Farm Bill. In late September, the House passed H. Res. 361 to "re-couple" the farm and food bills, clearing the path for a farm bill conference. Table 1 shows the major

Table 1. Key Changes in the 2008 Farm Bill Extension, S.954, H.R. 2642, and H.Res.361.[a]

	Program[b]					
Legislation	*Commodities*	*Nutrition*	*Conservation*	*Crop Insurance*	*Dairy*	*Other*
2008 Farm Bill Extension	Little Change	Little Change	Little Change	Little Change	Little Change	No funding for livestock disaster programs
2013 Senate Bill (S. 954)	**Eliminated:** 1) DP, 2) CCP, 3) ACRE, **New:** 1) ARC/AMP, 2) $50K payment limit on ARC/AMP payments, 3) $75K limit on LDP's, 4) $750K AGI limit	1) SNAP retailers must offer wider variety of food products 2) More funding to lower SNAP trafficking, 3) Changes to how utility assistance benefits affect SNAP (new $10 threshold)	1) CRP acreage cap reduced to 25 million by 2018, 2) CSP enrollment reduced to 10.3 million acres, 3) combine smaller programs with CRP, EQIP, and CSP, 4) New ACEP combines WRP, FPP, and GRP, 5) New RCPP combines AWEP, watershed programs, and CCPI	1) SCO, 2) STAX, 3) change organic crop insurance to reflect price of organic crops, 4) revenue coverage for peanuts, 4) reduce premium subsidy by 15% points for those with AGI > $750K	**Eliminated:** 1) MILC, 2) price support program, 3) export subsidies **New:** 1) payments when national margin < $4/cwt, 2) supply management program, 3) USDA hearing to evaluate Class III milk pricing formulas & report impact of using new vs. old formula	Livestock disaster programs reauthorized, except SURE
2013 House Bill (H.Res.361 combines H.R.2642 and H.R.3102)	**Eliminated:** 1) DP, 2) CCP, 3) ACRE, except phases out DP for cotton in 2014-15 **New:** 1) RLC, 2) PLC, 3) $125 payment limit on PLC/RLC, 4) no limit on LDP's, 5) $950K AGI limit, 6) $40K payment limit on cotton DP for 2014-2015	1) Changes for retailers who accept SNAP, 2) More funding to lower SNAP trafficking, 3) Changes to how utility assistance benefits affect SNAP (new $20 threshold), 4) restricts categorical eligibility	1) CRP acreage cap reduced to 24 million by 2018, 2) CSP enrollment reduced to 10.3 million acres, 3) combine smaller programs with CRP, EQIP, and CSP, 4) New ACEP combines WRP, FPP, and GRP, 5) New RCPP combines AWEP, watershed programs, and CCPI	1) SCO, 2) STAX, 3) change organic crop insurance to reflect price of organic crops, 4) revenue coverage for peanuts	**Eliminated:** 1) MILC, 2) price support program, 3) export subsidies **New:** 1) payments when national margin < $4/cwt, 2) supply management program	Permanent disaster programs reauthorized, except SURE

[a] Compared to programs in the 2008 Farm Bill (see *www.ers.usda.gov/farm-bill-resources.aspx* for program details).

[b] See Chite (2013) for program details. Abbreviations: DP = direct payments, CCP = counter-cyclical payments, ACRE = Average Crop Revenue Election, ARC = Agriculture Risk Coverage, AMP = Average Market Payments, LDP = Loan Deficiency Payment, AGI = Average Gross Income, RLC = Revenue Loss Coverage, PLC = Price Loss Coverage, SNAP = Supplemental Nutrition Assistance Program, CRP = Conservation Reserve Program, CSP = Conservation Stewardship Program, EQIP = Environmental Quality Incentives Program, ACEP = Agricultural Conservation Easement , WRP = Wetlands Reserve Program, FPP = Farmland Protection Program, GRP = Grasslands Reserve Program , RCPP = Regional Conservation Partnership Program, AWEP = Agricultural Water Enhancement Program , CCPI = Cooperative Conservation Partnership Initiative, SCO = Supplemental Coverage Option, STAX = Stacked Income Protection Program, MILC = Milk Income Loss Contract, SURE = Supplemental Revenue Assistance.

not clear if price support would be provided through purchases, loans, etc. or what percentage of parity price support would be available for each commodity since the Secretary has the discretion to make those decisions. The Secretary could also decide which nonbasic commodities (commodities other than wheat, corn, cotton, and rice) would receive price support.

Many of our current conservation programs were authorized under the Food Security Act of 1985. Most of the nutrition programs are authorized by the Richard B. Russell National School Lunch Act, the Child Nutrition Act of 1966, the Food Stamp Act of 1977, the Emergency Food Assistance Act of 1983, and the Agriculture and Consumer Protection Act of 1973 (USDA, 2008). Most rural development programs are authorized outside of the farm bill as well. Crop insurance programs are permanently authorized by the Federal Crop Insurance Act and would be unaffected by a reversion to permanent law.

Now that the 2008 Farm Bill has expired (again), many are waiting to see what will happen next. The next step will be a farm bill conference between the House and Senate and a move toward a new farm bill or an extension by January 2014. It is likely that during conference, the House and Senate will compromise on commodity and nutrition programs, but there may also be an attempt to use the Senate bill as the vehicle for the 2013/14 farm bill. The final compromise bill signed by the President will likely include limited cuts to nutrition programs.

Although this is the probable course of action for the farm bill, several major stumbling blocks lie in the path to a new farm bill. In addition, the conference committee may not be able to compromise on a farm bill. Farm bill deliberations in the past two years suggest this could happen. It is also uncertain whether or not Congress or the President will approve a second extension. With time running out and a limited number of 2013 Congressional working days remaining this year (along with numerous distractions), U.S. farm and food policy has an uncertain future.

References

Chite, R.M. "The 2013 Farm Bill: A Comparison of the Senate-Passed Bill (S. 954) and House-Reported Bill (H.R. 1947) with Current Law." CRS Report for Congress. June 14, 2013. Available at: http://www.fas.org/sgp/crs/misc/R43076.pdf. Accessed October 1, 2013.

Monke, J. "Expiring Farm Bill Programs without a Baseline." CRS Report for Congress, March 30, 2012. Available at: http://www.fas.org/sgp/crs/misc/R41433.pdf. Accessed October 1, 2013.

Monke, J., R.A. Ausssenberg, and M. Stubbs. "Expiration and Extension of the 2008 Farm Bill." CRS Report for Congress, September 16, 2013. Available at: http://www.fas.org/sgp/crs/misc/R42442.pdf. Accessed October, 1, 2013.

Shideler, J.H. 1953. "The Development of the Parity Price Formula for Agriculture, 1919-1923." Agricultural History, 27(3):77-84.

United States Department of Agriculture (USDA). "The Effects of Failure to Enact a New Farm Bill: Permanent Law Support for Commodities and Lapse of Other USDA Programs." 2008.

United States Department of Agriculture (USDA) Economic Research Service (ERS). "History of Agricultural Price Support and Adjustment Programs, 1933-84." Agriculture Information Bulletin No. 485. Available at: http://naldc.nal.usda.gov/download/CAT10842840/PDF. Accessed October 18, 2013.

Contact Information:

Jody Campiche, Ph.D., Department of Agricultural Economics, 528 Agricultural Hall, Oklahoma State University, Stillwater, OK 74078. Phone: 405-744-9811, website: http://www.agecon.okstate.edu/agpolicy/index.asp

If you would like to subscribe to the newsletter, please send your request to jody.campiche@okstate.edu

Table 2. CBO 10 Year Farm Bill Cost Reduction Estimates.

	Change from 2008 Farm Bill					
Legislation	*Total Cost Reduction*[a]	*Commodities*	*Nutrition*	*Crop Insurance*	*Conservation*	*Other*
2013 Senate Bill (S.954)	-$17.80 billion	-$17.44 billion	-$3.84 billion	+$5.00 billion	-$3.51 billion	+$2.3 billion
2013 House Bill (H.R.1947)[b]	-$33.33 billion	-$18.69 billion	NA	+$8.91 billion	-$4.83 billion	+1.67 billion
2013 House Bill (H.R.2642)	-$12.82 billion	-$18.69 billion	NA	+$8.91 billion	-$4.83 billion	+1.67 billion
2013 House Bill (H.R.3102)	-$38.99 billion	NA	-$38.99 billion	NA	NA	NA

[a]relative to May 2013 CBO baseline.

[b]failed to pass House.

differences between the House and Senate farm bills and the 2008 farm bill.

The House leadership named the farm bill conferees in mid-October and a farm bill conference should happen soon. However, major disagreements are likely, since the House bill cuts $39 billion during a ten-year period from nutrition programs, while the Senate bill only cuts $4 billion (see Table 2 for a summary of farm bill costs). So, many are now wondering about the possibility of yet another extension. Without a new act or extension, USDA is mandated to revert to permanent legislation. Agency planning is already underway to meet that contingency.

Although it is fairly common for a farm bill to expire without enacting a new one (only two have been enacted prior to the expiration date), extensions are really not that common (see Monk, Aussenberg, and Stubbs 2013 for a detailed discussion of prior expirations and extensions). When a farm bill expires, Congress has several options: 1) pass a new farm bill, 2) extend the current farm bill, or 3) revert to permanent legislation. A little wiggle room does exist as recently evidenced following the three-month period following the expiration of the 2008 farm bill in 2012 and the extension in 2013. It is important to note that even with an extension, the impact of farm bill programs is not equal due to how the programs are funded and how they are included in the farm bill.

Following a farm bill expiration and/or extension, the impact on specific programs varies due to the type of bill (authorizing vs. appropriations) and the funding source (mandatory vs discretionary). Programs receive the authority to operate through an Authorization Bill and the authority to receive funding through an Appropriations Bill. When a farm bill expires or when a program expires early (such as the Supplemental Agricultural Disaster Assistance (SADA) Program in the 2008 Farm Bill), re-authorization is required for the program to continue. The 2008 Farm Bill extension only included an authorization of appropriations for the disaster assistance programs and the programs were not funded in the appropriations cycle.

In addition, some programs are funded with mandatory spending (i.e. spending is not optional and not subject to annual Congressional deliberations) and some are funded with discretionary spending (i.e. optional and set by annual Congressional appropriations). Once a farm bill is enacted, mandatory spending is obviously desirable, since programs with discretionary spending may not actually get funded. However, when a farm bill expires, programs funded by mandatory spending are set to expire on a particular date and cannot continue without an extension or reauthorization (Monke, Aussenberg, and Stubbs 2013). Many programs with mandatory spending have funding through the CBO baseline, so they can receive funding with an extension. However, some programs with mandatory funding cannot be continued with an extension. When the 2008 farm bill was extended, 37 programs were not continued because they did not have baseline funding past 2012. The concept of baseline funding is a bit confusing, but generally programs receiving mandatory funding in the last year of authorization (which was 2012 for the 2008 farm bill) would continue to receive the same funding level in the budget baseline for the next five-year period (Monke, 2013). In addition, some programs did not receive baseline funding in the out years (i.e. past 2012) when the farm bill was enacted, since the budget committees wanted to lower the 10-year cost of the farm bill.

Some of the farm bill programs with mandatory spending include: SNAP, commodity programs, certain conservation programs, and trade programs. Of course, exceptions do exist. Even though SNAP received mandatory funding, the program can still be continued through appropriations action, such as a continuing resolution. When the farm bill expired last year, some Congressional leaders suggested than an extension was not an option. This led many to wonder what would happen if the farm bill was not extended. When the 2008 Farm Bill expired in 2012 (and prior to the extension in 2013), many were particularly concerned about the fate of SNAP since the authorization expired with the farm bill. To continue funding for SNAP and discretionary programs, a continuing resolution was passed (Monke, Aussenberg, and Stubbs 2013) allowing for temporary funding until the farm bill extension was enacted. Another exception is the crop insurance program which is permanently authorized by the Federal Crop Insurance Act of 1980 and does not expire with the Farm Bill. Some conservation programs were also extended outside of the farm bill until 2014 and were not affected by the expiration (Monke, Aussenberg, and Stubbs 2013). Many of the conservation programs are permanently authorized under the Food Security Act of 1985, but funding does need to be authorized under the farm bill for the programs to continue (Monke, Ausssenberg, Stubbs 2013). For some conservation programs, including the CRP, no new contracts can be signed and additional acres cannot be enrolled now that the farm bill has expired (until the farm bill is extended or a new farm bill is signed into law). Those with existing CRP contracts would not be affected (Monke, Aussenberg, Stubbs 2013).

If an extension had not occurred in January 2013, reversion to permanent law would have occurred (assuming that Congress did not pass a bill to suspend or repeal it) and the impact on farm bill programs would be significant, since some programs would cease to exist under permanent law. A reversion to permanent law would also mean that parity prices, acreage allotments, and marketing quotas would all return. Under the 1949 law, parity prices were used for price support and guaranteed producers 50 to 90 percent of parity using the 1910-1914 ratio as a benchmark. This could result in commodity support prices above current market prices leading to higher subsidies. Recent farm bills include a provision to suspend permanent law for the life of the farm bill, but if a new farm bill is not passed or a previous farm bill is not extended, reversion to permanent law is still considered an option.

Because of the potential cost to fund policies included in the 1938 and 1949 Acts, most agree that a reversion to permanent law is highly unlikely because Congress would take action and not allow it to occur. The 2013 Farm Bill passed in the House (H.R. 242) includes a provision to repeal (rather than suspend) permanent law and commodity programs in the 2013 farm bill would become permanent law. This has sparked a bit of controversy because some are concerned that it will take even longer for Congressional action on future farm bills, since the threat of reverting to permanent law motivates Congress to pass a new farm bill. The threat of reverting to permanent law is particularly worrisome, because it is a bit unclear how that would actually happen. To clear up some of the confusion, it would be useful to talk about the history of 'permanent' legislation and how it is incorporated into modern farm bill policy.

Permanent legislation is often associated with the Agricultural Adjustment Acts of 1938 and 1949 (and in some cases, 1933). Although the Agricultural Adjustment Act of 1933 is not formally considered as permanent legislation, it formed the basic foundation for farm bill programs. The Act was created during the Great Depression when farmers were faced with low prices and excess supply. The first price support and grain purchase programs were enacted and the Commodity Credit Corporation (CCC) was established (see USDA, 1984 for a history of price support programs). One of the main goals of this Act was to raise the price of commodity crops by paying farmers to stop producing those crops. The foundation for the SNAP program, called the Federal Surplus Relief Corporation, was also included in the Act. Under this program, the government supported farmers by purchasing basic commodities and then distributed the commodities to hunger relief agencies.

The Act also established the use of parity prices to determine commodity prices. Parity was first introduced in the early 1900s, based on the idea that an equal exchange relationship should exist between agriculture production and the rest of the economy (Shideler, 1953). The basic idea is that the price received for a product should increase/decrease by the same amount as the prices paid for inputs to produce the product. The use of parity prices to determine commodity prices gave farmers the same purchasing power of agricultural commodities during the 1909-1914 period. As noted by USDA (1984), the 1909-1914 period was considered "one of considerable agricultural and industrial stability ... with equilibrium between the purchasing power of city and country." It was "the most recent period when economic conditions, as a whole, were in a state of dynamic equilibrium." During the next four decades, increasing/maintaining parity of agricultural production was a major goal of farm policy. The most common example was that if a bushel of wheat would buy a pair of overalls in 1910, it should be able to do so in 2010.

In 1936, the Agricultural Adjustment Act of 1933 was ruled unconstitutional by the Supreme Court, but the basic structure of the provisions was included in subsequent legislation. The first piece of permanent farm legislation, called the Agricultural Adjustment Act of 1938, was enacted a few years later. A mandatory price support program for corn, cotton, and wheat was authorized and marketing quotas were established. The Federal Crop Insurance Corporation was also created to administer the crop insurance program. The next piece of permanent legislation was the Agricultural Act of 1949 which included permanent price and income support for basic commodities and some non-basic commodities. Starting in 1965, multi-year farm bill legislation began and has continued with a new farm bill every four to five years. In addition to permanent legislation and multi-year farm bills, many other farm and food policy acts have been enacted since 1933, including the Federal Crop Insurance Act of 1980, which expanded the crop insurance program and provided permanent authorization for crop insurance. If current farm bill legislation expires or a new farm bill is not passed and/or permanent legislation is not appealed, farm policy would revert back to permanent legislation, which would include parity pricing, acreage allotments, and marketing quotas.

As mentioned earlier, parity was used to determine commodity support prices. Producers were guaranteed 50 to 90 percent of parity depending on the commodity (see Table 3). As noted by Monke, Aussenberg, and Stubbs (2013), the agricultural industry has experienced tremendous productivity increases and advances in technology during the past 100 years and parity prices are no longer valid as a commodity support tool. As shown in Table 3, agricultural subsidies would be much higher than current support levels, since parity prices would be significantly higher than current support prices and market prices (Monke, Aussenberg, and Stubbs 2013). In addition, soybeans, other oilseeds, peanuts, wool, mohair, peas, lentils, chickpeas, and sugar would no longer receive mandatory price support under permanent law (Monke, Aussenberg, and Stubbs 2013). Another key difference between permanent law and current farm policy is that target prices (as in the 2008 farm bill) did not exist. Instead, wheat, rice, cotton, and corn producers received price supports in the form of marketing assistance or nonrecourse loans (Monke, Aussenberg, and Stubbs 2013). Marketing assistance loans allow a producer to obtain financing at harvest to meet cash flow needs but store the commodity until market prices are higher. Producers use the commodity as collateral for the loan and have the option to pay off the loan by forfeiting the commodity to the Commodity Credit Corporation (CCC). To avoid accumulation of stocks, the USDA does allow producers to repay loans at less than the principal loan rate plus interest (Monke, Aussenberg, and Stubbs 2013), but if parity pricing is in place, the loan rates would be so high that producers would likely forfeit large quantities of commodities to the CCC.

When the farm bill expired last year, many were discussing the potential impacts to the dairy program if a reversion to permanent law occurred. As noted by Monke, Ausssenberg, and Stubbs (2013), a reversion to permanent law would affect dairy first and the impacts would be substantial. Under the Dairy Product Price Support Program, the USDA supports the farm price of milk by purchasing nonfat dry milk, cheddar cheese, and butter. As shown in Table 1, the minimum support price for dairy (per cwt) under permanent law would be $37.12 as compared to the current support price of $9.90 and the current market price of $19.00. This could lead to high government costs and significant increases in the retail price of milk (Monke, Aussenberg, and Stubbs 2013).

Table 4 provides a summary of the key differences in program details between the 2008 farm bill and permanent law. Commodity programs would be different with some commodities receiving no price support, including sugar or oilseeds. The 1949 Act did provide price support for honey and milk. One issue noted by USDA (2008) is that it is unclear when permanent law would become effective for each crop (specifically, what time during the crop year), since the effective date is not the same for all commodities. In addition, the 2008 farm bill operates on a crop year basis, but permanent law (in the 1938 Act) is relevant to a marketing year. This could limit how much of a crop could be sold annually if marketing quotas were enacted (USDA, 2008). Also, according to USDA (2008), it is

Table 3. Support Prices under Permanent Law vs. Current Farm Policy.

	Commodity								
Price	*Milk (cwt)*	*Wheat (bu)*	*Upland Cotton (lb)*	*Rice (cwt)*	*Corn (bu)*	*Sorghum (cwt)*	*Barley (bu)*	*Oats (bu)*	*Rye (bu)*
Current Market Price	$19.00	$6.75	$0.761	$16.30	$5.28	$8.15	$5.25	$3.68	$7.67
2008 Farm Bill Loan Rate	$9.90[a]	$2.94	$0.75	$6.50	$1.95	$3.48	$1.95	$1.39	NA
2008 Farm Bill Target Price	NA	$4.17	$0.7125	$10.50	$2.63	$4.69	$2.63	$1.79	$10.50
Parity Price	$49.50	$18.00	$2.04	$46.70	$12.30	$22.30	$12.60	$7.50	$15.10
Minimum Support Price (% of parity)[b]	$37.12	$13.50	$1.33	$23.35	$6.15	$11.15	$6.30	$3.75	$7.55

Source: Information in table adapted from in Monke, Aussenberg, and Stubbs (2013) and USDA-NASS, Agricultural Prices, September 2013.

[a] This is the indirect support price for farm milk based on support prices for butter, nonfat dry milk and cheddar cheese included in the 2008 farm bill (Monke, Aussenberg, and Stubbs, 2013).

[b] Milk (75%), Wheat (75%), Cotton (65%), Rice (50%), Corn (50%), Sorghum (50%), Barley (50%), Oats (50%), Rye (50%).

Table 4. Permanent Legislation vs. Current Farm Policy.

	Program				
Legislation	*Commodities*	*Nutrition*	*Conservation*	*Crop Insurance*	*Dairy*
Permanent Legislation	1) Marketing loan/price support equivalent to parity price support for basic commodities - wheat, corn, cotton, rice, and named nonbasic commodities including honey (Secretary can designate oilseeds and sugar to be eligible, can decide on rate of parity price support, and type of support) 2) acreage allotments and quotas for wheat and cotton 3) farmer-owned reserve	In separate legislation passed in recent years	No active program	In separate legislation passed in recent years	1) price support for milk
2008 Farm Bill	1) DP, CCP, ACRE, marketing loans and LDP's for all eligible commodity crops	SNAP, WIC, commodity assistance, other nutrition programs	Depends on baseline funding/ restoration	Subsidizes private insurance, provides federal insurance for non-insured crops	1) Dairy price support program, MILC

Source: USDA (2008).