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Expiration of the 2014 Farm Bill

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SUMMARY

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The farm bill is an omnibus, multi-year law that governs an array of agricultural and food programs. It provides an opportunity for policymakers to periodically address a broad range of agricultural and food issues. The farm bill is typically reauthorized about every five years.

Recent farm bills have been subject to various developments, such as insufficient votes to pass the House floor, presidential vetoes, or—as in the case of 2008 and 2014 farm bills—short-term extensions.

The current farm bill (the Agricultural Act of 2014, P.L. 113-79) has many provisions that expire in 2018. The 115th Congress has begun but not finished a new farm bill. An initial House vote on H.R. 2 failed by vote of 198-213, but floor procedures allowed that vote to be reconsidered, and it passed by a second vote of 213-211. The Senate passed its bill as an amendment to H.R. 2 by a vote of 86-11. Conference proceedings officially began on September 5, 2018, but have not yet reached agreement.

The timing and consequences of expiration vary by program across the breadth of the farm bill. There are two principal expiration dates: September 30 and December 31. The 2014 farm bill generally expires either at the end of FY2018 (September 30, 2018), or with the 2018 crop year. Crop years vary by commodity, but the first to be affected by a new crop year is dairy, whose 2018 crop year ends on December 31, 2018.

The possible consequences of expiration include minimal disruption (if the program is able to be continued via appropriations), ceasing new activity (if its authorization to use mandatory funding expires), or reverting to permanent laws enacted decades ago (for the farm commodity programs). For example:

- An appropriations act or a continuing resolution can continue some farm bill programs even though an authority has expired. Programs using discretionary funding—and programs using appropriated mandatory funding like those in the SNAP account—can continue to operate via appropriations action.
- Most farm bill programs with mandatory funding (except the Supplemental Nutrition Assistance Program (SNAP), the farm commodity programs, and crop insurance) generally cease new operations when they expire (e.g., the Conservation Reserve Program (CRP), and Market Assistance Program (MAP)).
- The mandatory farm commodity programs would begin reverting to permanent law beginning with the 2019 crop year, for which dairy is the first to be affected, beginning on January 1, 2019.
- Crop insurance is an example of a program with mandatory funding that is permanently authorized outside of the farm bill and does not expire.

"Permanent law" refers to non-expiring farm commodity programs that are generally from the 1938 and 1949 farm bills. A temporary suspension of permanent law has been included in all recent farm bills, but reverting to permanent law would occur if the suspension expires. The commodity support provisions of permanent law are commonly viewed as being fundamentally different from current policy—and inconsistent with today's farming practices, marketing system, and international trade agreements—as well as potentially costly to the federal government.

Among the mandatory-funded programs that are usually the focus of the farm bill, there are two subcategories that may affect congressional action—some have baseline beyond FY2018 and some do not have baseline after FY2018. In an expiration, both categories of mandatory programs can face similar disruption when their authorizations expire. But the difference in having or not having a baseline is important if Congress considers an extension to deal with an expiration. Providing funding for those programs without baseline could make extension more difficult if budget offsets are needed to keep an extension budget-neutral.

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Farm Bill Expiration: Timing and Effects Vary[1]

The farm bill is an omnibus, multi-year law that governs an array of agricultural and food programs. It provides an opportunity for policymakers to periodically address a broad range of agricultural and food issues. The farm bill has typically undergone reauthorization about every five years.

In the past, farm bills have focused primarily on farm commodity program support for a handful of staple commodities—corn, soybeans, wheat, cotton, rice, dairy, and sugar. Farm bills have become increasingly expansive in their topical scope since 1973, when a nutrition title was included. Other prominent additions include conservation, horticulture, and bioenergy programs.2

Recent farm bills have been subject to various developments, such as insufficient votes to pass the House floor, presidential vetoes, or—as in the case of 2008 and 2014 farm bills—short-term extensions. The 2002 farm bill was the most recent to be enacted before the fiscal year expiration date for some programs.[3]

The current farm bill (the Agricultural Act of 2014, P.L. 113-79) has many provisions that expire in 2018. The 115th Congress has begun but not finished a new farm bill. An initial House vote on H.R. 2 failed by vote of 198-213, but floor procedures allowed that vote to be reconsidered, and it passed by a second vote of 213-211. The Senate passed its bill as an amendment to H.R. 2 by a vote of 86-11. Conference proceedings officially began on September 5, 2018, but have not reached agreement.[4]

Timing of Expiration

The timing and consequences of expiration vary by program across the breadth of the farm bill. There are two principal expiration dates: September 30 and December 31. The 2014 farm bill generally expires either at the end of FY2018 (September 30, 2018), or at the end of the 2018 crop year.[5] Crop years vary by commodity, but the first to be affected by a new crop year is dairy, which has a 2018 crop year that ends on December 31, 2018.

Expiration by Fiscal Year

Expiration of a farm bill on September 30 matters for programs with fiscal year authorizations. These programs include certain nutrition, conservation, trade, and agricultural support programs (excluding the Title I commodity programs), along with many authorizations for discretionary appropriations. Although the Supplemental Nutrition Assistance Program (SNAP) has an authorization of appropriations ending on September 30, it (and other related programs in the SNAP account) can continue to operate with an appropriation.

[1] See also CRS In Focus IF10989, *Expiration of the 2014 Farm Bill: Some Potential Implications*, by Jim Monke.

[2] CRS In Focus IF10187, *Farm Bill Primer: What Is the Farm Bill?*, by Renée Johnson and Jim Monke.

[3] CRS Report R45210, *Farm Bills: Major Legislative Actions, 1965-2018*, by Jim Monke.

[4] CRS Report R45275, *The House and Senate 2018 Farm Bills (H.R. 2): A Side-by-Side Comparison with Current Law*, coordinated by Mark A. McMinimy.

[5] A crop year refers to the year in which a commodity is harvested. A marketing year follows the crop year and is the 12 months following harvest during which that crop is typically sold, perhaps participating in a government program.

Expiration by Crop Year

Farm commodity programs expire on a crop year. A crop year is the year in which crops are harvested and may extend into a new calendar year. In the case of dairy, the crop year is the calendar year. Following the expiration of the current farm law without replacement legislation or an extension, the first farm commodity program to be affected would be dairy, whose new crop year begins on January 1, 2019.

Consequences of Expiration

The possible consequences of expiration include minimal disruption (if the program is able to be continued via appropriations), ceasing new activity (if its authorization to use mandatory funding expires), or reverting to permanent laws enacted decades ago (for the farm commodity programs).[6] For example:

- **An appropriations act or a continuing resolution can continue some farm bill programs even though an authority has expired.** Programs using discretionary funding—and programs using appropriated mandatory funding such as those in the SNAP account—can continue to operate via appropriations action.[7]
- **Most farm bill programs with mandatory funding generally cease new operations when they expire** (e.g., the Conservation Reserve Program (CRP), and Market Assistance Program (MAP)).[8] However, existing contracts under prior-year authority could generally continue to be paid. Exceptions include SNAP and programs in the SNAP account (as discussed above), the farm commodity programs, and crop insurance (as discussed below).
- **The mandatory farm commodity programs would begin reverting to permanent law beginning with the 2019 crop year**, for which dairy is the first to be affected, beginning on January 1, 2019. However, payments for the 2018 crop year would continue to be authorized from the 2014 farm bill, including final payments for corn and soybeans that would be made as late as October 2019 after the 2018 crop's marketing year.
- **Crop insurance is an example of a program with mandatory funding that is permanently authorized outside of the farm bill and does not expire.[9]**

Funding Sources Affect Consequences of Expiration

The funding source that is authorized matters, since some programs use discretionary appropriations and some are mandatory spending. These differences affect how the farm bill is

6 "Permanent law" refers to non-expiring farm commodity programs that are generally from the 1938 and 1949 farm bills. The temporary suspension of permanent law is included as a section in all recent farm bills. If the suspension of permanent law were to expire at the end of a crop year, the permanent law provisions would take effect unless a new farm bill, or an extension of the most recent bill, continues the suspension.

7 CRS Report RS20129, *Entitlements and Appropriated Entitlements in the Federal Budget Process*, by Bill Heniff Jr.

8 One mandatory conservation program—the Environmental Quality Incentives Program—was extended through FY2019 prior to expiration, and therefore did not expire like other programs.

9 Federal crop insurance is permanently authorized by the Federal Crop Insurance Act (7 U.S.C. §1501 et seq.) and would continue to operate without enactment of a new farm bill. Past farm bills, however, have amended the crop insurance program's underlying authority.

constructed under normal circumstances. They also affect what happens when the farm bill expires or if there is an extension. Farm bill programs are generally funded in two ways:[10]

1. **Discretionary authorizations.** A farm bill sets the parameters for programs and authorizes them to receive funding in subsequent appropriations, but does not provide or assure actual funding. Budget enforcement is through future appropriations acts and budget resolutions.
2. **Mandatory spending.** A farm bill authorizes outlays and pays for them with multiyear budget estimates when the farm bill is enacted. Budget enforcement is through "PayGo" budget rules, baseline projections, and scores of the effect of proposed bills. The baseline is a projection of future federal spending on mandatory programs under current law. It is a benchmark against which proposed changes in law are measured (i.e., the score of a bill).

Discretionary Funding

Discretionary spending is authorized throughout the farm bill. Discretionary programs include most rural development, credit, and research programs, and some conservation and nutrition programs. Some smaller research, bioenergy, and rural development programs are authorized to receive both mandatory and discretionary funding. Most agency operations are financed with discretionary funds. SNAP—a mandatory program—also requires an appropriation and can be continued in expiration situation via appropriations action.[11]

Without a new farm bill or extension, many programs may not appear to have statutory authority to receive appropriations (an "authorization of appropriations").[12] However, appropriations law allows the continued operation of a program where only appropriations action has occurred.

The Government Accountability Office (GAO) says there is no constitutional or statutory requirement for an appropriation to have a prior authorization.[13] Congress distinguishes between authorizations and appropriations, but this is a congressional construct.[14] GAO says that "the existence of a statute imposing substantive functions upon an agency that require funding for their performance is itself sufficient legal authorization for the necessary appropriations." For expired authorizations, GAO says that "appropriation of funds for a program whose funding authorization has expired ... provides sufficient legal basis to continue the program."[15]

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[10] CRS In Focus IF10783, *Farm Bill Primer: Budget Issues*, by Jim Monke.

[11] See footnote 7. Other nutrition programs, including the Commodity Supplemental Food Program and administrative funds for the Emergency Food Assistance Program, are discretionary. The Special Supplemental Program for Women, Infants, and Children (WIC) also is discretionary, but is not part of the farm bill.

[12] An "authorization of appropriations" is a recommendation from an authorizing committee to the appropriations committee via a law. It is not binding and has no bearing on budget enforcement for an authorizing bill. Appropriators may choose not to fund a program, or may choose to exceed the authorization. Authorization amounts may be specific or indefinite ("such sums as necessary").

[13] Government Accountability Office, *Principles of Federal Appropriations Law* (also known as the *GAO Red Book*), Chapter 2, "The Legal Framework" (4th ed. 2016 rev.), p. 2-55, at https://www.gao.gov/legal/appropriations-law-decisions/red-book.

[14] CRS Report R42098, *Authorization of Appropriations: Procedural and Legal Issues*, by James V. Saturno and Brian T. Yeh.

[15] *GAO Red Book*, Chapter 2, p. 2-80.

Mandatory Funding

Programs that rely on mandatory funding are perhaps the most at risk for interruption if the farm bill expires. Most farm bill programs with mandatory funding have an expiration date either on their program authority or their funding authority. These include farm commodity programs, some conservation programs, agricultural trade programs, and international food aid programs. For the most part, without reauthorization or an extension, these programs would cease to operate or undertake new activities in an expiration. Exceptions are noted above.

Among the mandatory-funded programs that are usually the focus of the farm bill, there are two subcategories that may affect congressional action—some have baseline beyond FY2018 and some do not have baseline after FY2018.[16] In an expiration, both categories of mandatory programs face similar disruption when their authorizations expire. But the difference in having or not having a baseline is important as Congress writes a farm bill or if Congress considers an extension to deal with an expiration.[17]

For example, when Congress enacted a one-year extension of the 2008 farm bill for 2013, the extension act was budget-neutral. The major programs that had baseline were extended at no additional budgetary cost. However, the subset of programs without baseline did not continue in the 2013 extension because they would have needed budgetary offsets to provide continuing funding and not increase the deficit. Providing funding for those programs without baseline would have made the extension more difficult.

Historical Examples of Expiration

The current, partial expiration of the 2014 farm bill has precedent in the two most recent farm bills—the 2002 and 2008 farm bills.

As the 2014 farm bill was being developed, there were two periods of expiration of the 2008 farm bill. The first was from October 1, 2012, through January 1, 2013, and the second dated from October 1, 2013, through February 6, 2014. Some programs ceased new operations, while others were able to continue. However, neither expiration lasted long enough for the farm commodity programs to revert to a "permanent law" that would have raised support prices and increased federal outlays. On the first occasion, the 2008 farm bill was extended for one year; all provisions that were in effect on September 30, 2012, were extended through FY2013 or for the 2013 crop year as applicable. Programs without baseline did not continue in FY2013 because no additional mandatory funding was provided in the extension.[18] On the second occasion, no extension was enacted since a conference agreement was expected. The Agricultural Act of 2014 (2014 farm bill; P.L. 113-79) was enacted on February 7, 2014, to cover the 2014-2018 crop years and other programs through September 30, 2018.

As the 2008 farm bill was being developed, the 2002 farm bill expired and portions of it were extended six times for less than a year in total. The first of those extensions continued authority for many expiring programs for about three months. Because final agreement was pending, five

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[16] See CRS In Focus IF10780, *Farm Bill Primer: Programs Without Baseline Beyond FY2018*, by Jim Monke, and CRS Report R44758, *Farm Bill Programs Without a Budget Baseline Beyond FY2018*, by Jim Monke.

[17] The group of programs without baseline includes certain conservation programs; most of the bioenergy, rural development, and research title programs; various nutrition title pilot programs and studies; organic and farmers' market programs; trade promotion programs; and outreach to socially disadvantaged and military veteran farmers.

[18] While the extension did add authorizations of appropriation for FY2013 for some of the programs without baseline, those authorizations went unfunded because the omnibus appropriations act did not allocate any one-time funding to such programs.

more extensions each covered a week to a month. With a few exceptions, these extensions continued the 2002 farm bill provisions—including the dairy and sugar programs, but not the direct, counter-cyclical, and marketing loan programs for the other supported commodities. Programs without baseline did not continue during the first part of the fiscal year because no additional mandatory funding was provided in the short term extensions.

Farm Commodity Support Programs

The last year for the 2014 farm bill's commodity programs is the 2018 crop year—that is, crops harvested during 2018 and marketed during the twelve months following harvest.[19] The dairy margin protection program is the first such program that would expire, on December 31, 2018.

The farm commodity income support programs raise farm income by making payments and reducing financial risks from uncertain weather and market conditions. Government-set reference prices offer payments when market prices fall below support levels. These programs collectively are known as "Title I" programs, based on where they have been placed in recent farm bills.[20]

Possible Reversion to Permanent Law

Farm commodity support policy has evolved since the first farm bill in 1933 via successive farm bills that update and supersede prior policies. However, a set of non-expiring provisions remain in statute and are known as "permanent law." These provisions were enacted primarily in the Agriculture Adjustment Act of 1938 and the Agricultural Act of 1949, as amended by subsequent farm bills.

As more modern farm bills moved away from using the permanent law provisions, they have suspended permanent law, but only for the duration of each farm bill.[21] If the suspension of permanent law were to expire, the commodity programs authorized by permanent law could be reactivated. The first commodity to be affected by the expiration of the 2014 farm bill would be dairy, which has a 2018 crop year that ends on December 31, 2018.

Some see the existence of permanent law—and the policy and budget consequences that could result—as an assurance that the farm commodity programs will be revisited every time a farm bill expires. In general, recent farm bills have retained permanent law and continued to suspend it, though some bills over the past three decades have proposed to repeal it (see **Error! Reference s ource not found.**).

[19] A crop year is the calendar year during which the crop is harvested, and determines which law covers that production. Implementation of marketing benefits depends on harvest of the actual commodity based on its marketing year, which is the 12-month period after a new harvest and may extend into a new calendar year. For example, for wool, mohair, and sugarcane, the marketing year is January 1-December 31; for honey, it is April 1-March 31; for wheat, barley, and oats, it is June 1-May 31; for flue-cured tobacco, it is July 1-June 30; for cotton, peanuts, and rice, it is August 1-July 31; for sugar beets, it is September 1-August 31; for corn, sorghum, soybeans, mainland sugarcane, all tobacco but flue-cured, and milk, it is October 1-September 30.

[20] For more background, see CRS In Focus IF10718, *Farm Bill Primer: Title I Commodity Programs*, by Randy Schnepf.

[21] For example, in the 2014 farm bill (P.L. 113-79), see §1602: "(a) The following provisions of the Agricultural Adjustment Act of 1938 ... [and] the Agricultural Act of 1949 shall not be applicable to the 2014 through 2018 crops..."

Description of Permanent Law

The commodity support provisions of the 1938 and 1949 permanent laws are commonly viewed as being so fundamentally different from current policy and potentially costly to the federal government—and inconsistent with today's farming practices, marketing system, and international trade agreements—that Congress is unlikely to let permanent law take effect. Permanent law provides mandatory support for basic crops through nonrecourse loans.[22] It does not authorize more modern support approaches such as loan deficiency payments, payments based on prices or revenue but not to actual production (decoupled), or dairy margin protection.

Permanent Law and the "Dairy Cliff"

Dairy is often discussed extensively when farm bill expiration arises, not only because it would be the first commodity to revert to permanent law, but also because it is an example of the scale of market effects and costs of intervention that could result.

Permanent law compels the U.S. Department of Agriculture (USDA) to purchase manufactured dairy products (nonfat dry milk, cheddar cheese, and butter) in sufficient quantities to raise demand in order to raise the farm price of milk to the desired support level. Under permanent law, those mandated purchase prices ($39.08 per hundredweight (cwt., or100 pounds), based on August 2018 data) are more than double current market prices ($15.40/cwt. for all milk in July 2018; **Table 1**).

The high purchase price under permanent law could result in the government outbidding commercial markets for a sizeable share of output, and that could subsequently raise the retail price of milk. In December 2012, the possibility that milk prices might eventually double became known as the "dairy cliff," named after the concurrent "fiscal cliff" (CRS Report R42884, *The "Fiscal Cliff" and the American Taxpayer Relief Act of 2012*).

Government Costs under Permanent Law

Official budget estimates of reverting to permanent law have been rare. In 1979, the Congressional Budget Office studied the effect on dairy policy.[23] In 1985, USDA analyzed more comprehensively the possible economic consequences of permanent law. It found that significant market intervention and increased government expenditures could occur.[24] In 2013, the White House indicated that permanent law for dairy could cost $12 billion per year and result in milk prices doubling.[25] This was consistent with an extrapolation of the 1985 USDA report by substituting modern prices and production levels, which estimated outlays between $10 billion

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[22] Under permanent law, commodity support prices would be based on a portion of a "parity price" derived from a 1910 to 1914 prices paid index, but inflated to current values. This is described further in the "Parity Price Support Levels and Production Controls" section.

[23] CBO, *Consequences of Dairy Price Support Policy*, March 1979, at https://www.cbo.gov/sites/default/files/96th-congress-1979-1980/reports/79doc637.pdf.

[24] USDA Economic Research Service, *Possible Economic Consequences of Reverting to Permanent Legislation or Eliminating Price and Income Supports*, AER-526, January 1985, pp. 65-67 and pp. 21-35, at https://www.ers.usda.gov/publications/pub-details/?pubid=40555.

[25] White House, *The Economic Importance of Passing a Comprehensive Food, Farm, And Jobs Bill*, Nov. 2013, pp. 24, 27, at https://obamawhitehouse.archives.gov/sites/default/files/docs/farm_bill_report_211.pdf. See also, *New York Times*, "With Farm Bill Stalled, Consumers May Face Soaring Milk Prices," December 20, 2012, at http://www.nytimes.com/2012/12/21/us/milk-prices-could-double-as-farm-bill-stalls.html.

and $12.5 billion per year for dairy.[26] At that time, projected outlays for dairy in the 2008 farm bill were about $100 million per year.[27]

Implementing Permanent Law

If the suspension of permanent law expires, USDA would be required to implement the permanent law statutes. When the farm bill faced expiration in 2012, USDA outlined how it would implement permanent law.[28] To achieve implementation, however, USDA might need to write new regulations, which could take additional time. In 2013, USDA indicated that it could take at least a month to implement permanent law.[29] The market effects of implementing permanent law may be more gradual and the effect could take weeks or months.[30]

Implementation of permanent law is based on crop years and tied to the harvest and marketing of a crop (effectively, the marketing year for the corresponding crop year), and thus would be separated from a single, fixed expiration date. For example, the 2014 farm bill covers farm production through the 2018 crop year—including 2014 farm bill payments that might occur after the 2018 crop's marketing year ends in October 2019 for corn and soybeans. The 2019 crop year would be the first year potentially covered by permanent law, and the first commodity to be affected would be dairy (on January 1, 2019), followed by wheat, barley, and oats, whose marketing year starts in June 2019.

Parity Price Support Levels and Production Controls

Price support under permanent law uses the concept of "parity prices." Parity refers to the relationship between prices that farmers receive for their products and prices they pay for inputs. Permanent law determines parity using the period of 1910-1914 as a benchmark.[31] Support prices would be set to guarantee producers between 50% to 90% of the parity price, based on the commodity.[32]

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[26] The 1985 USDA-ERS report estimated that USDA would need to remove (that is, purchase) 13%-17% of milk production to raise market prices to support levels mandated under permanent law (p. 33). Milk prices nearly would have doubled from a market price about $13/cwt. in 1985 to a support price of $24/cwt. in 1990. The report estimated that by 1990, removing 270 million cwt. from a market production of 154 billion pounds of milk (17.5% of production) would cost about $6.5 billion per year (p. 34). An extrapolation of these amounts to 2013 levels indicated a possible, albeit unofficial, cost range. Using the same elasticity (responsiveness of the quantities demanded and produced to price changes) and purchase ratios needed to achieve a near doubling of prices, and using the midpoint of the removal ratio from the 1985 study (15%), removing 300 million cwt. out of about 200 billion pounds of 2013 production at a then-prospective $37/cwt. support price could cost over $11 billion per year for dairy.

[27] CBO, "USDA Mandatory Farm Programs—May 2013 Baseline," at http://cbo.gov/publication/44202.

[28] USDA, "The Effects of Failure to Enact a New Farm Bill: Permanent Law Support for Commodities and Authorization Lapse of Other USDA Programs," memorandum, 2012, at https://www.agri-pulse.com/ext/resources/pdfs/p/e/r/m/o/Permanent_Law_Authorization_memo.pdf.

[29] Agri-Pulse, "Secretary Vilsack Reacts to No Farm Bill," audio, December 12, 2013.

[30] Andrew M. Novakovic, "Is Reverting to the 1949 Agricultural Act Really a Possibility for Dairy Price Supports?," Cornell Information Letter 13-04, December 2013, available at https://hoards.com/article-11129-is-reverting-to-the-1949-agricultural-act-really-a-possibility-for-dairy-price-supports.html.

[31] Parity prices are computed under the provisions of Title III §301(a) of the Agricultural Adjustment Act of 1938, as amended by the Agricultural Acts of 1948, 1949, and 1956. Permanent law requires USDA to estimate and publish parity prices regularly. See USDA National Agricultural Statistics Service, *Agricultural Prices*, published monthly at http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1002.

[32] 7 U.S.C. 1441; 7 U.S.C. 1444; 7 U.S.C. 1444b; 7 U.S.C. 1445; 7 U.S.C. 1446.

Under permanent law, nonrecourse loan rates for wheat, rice, cotton, corn, and other feed grains function as farm price supports. A nonrecourse loan allows the producer to forfeit the crop to the government and keep the principal amount if market prices are below the loan rate.[33] Unless commercial markets pay more than the nonrecourse loan prices, farmers could put their crops under loan and forfeit the commodities to USDA when the nine-month loans mature. However, to avoid forfeiture problems, USDA has permanent authority allowing farmers to repay nonrecourse loans for less than the principal (loan rate) plus interest, similar to marketing loans in the modern commodity program.[34]

Productivity gains and technological advances over the past 100 years have made ratios of parity prices out of touch with—and possibly irrelevant to—modern farming practices.[35]

Additional production controls exist for wheat and cotton. Permanent law would require USDA to announce acreage allotments and marketing quotas during the prior crop year, and to hold producer referenda on implementing marketing quotas. A two-thirds affirmative vote for marketing quotas results in the highest levels of support, with mandatory restrictions on acreage (and the quantity eligible for support).

Even if support levels were set at the lower end of the range in permanent law (e.g., 50%-75% of parity prices), permanent law supports would be above 2018 market prices for all supported commodities and result in greater federal outlays than under the 2008 farm bill (**Figure 1**, **Table 1**).

For example, in July 2018, the national average "all milk" farm price received was $15.40 per hundredweight (cwt.). This is less than half the permanent law support price ($39.08/cwt. at a minimum support level of 75% of parity; **Table 1**).[36] USDA would be compelled to purchase manufactured dairy products in sufficient quantities to raise demand in order to raise the farm price of milk. By contrast, the 2014 farm bill's dairy margin protection program has generally not been making many payments at current prices and margins.[37]

[33] For additional information, see CRS In Focus IF10714, *Farm Bill Primer: The Marketing Assistance Loan Program*, by Randy Schnepf.

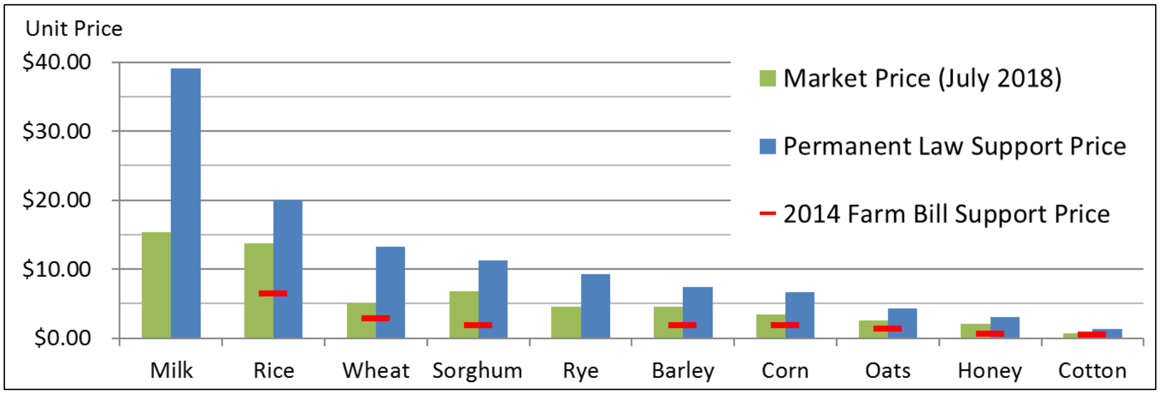
[34] Added to permanent law in Section 1009 of the Food Security Act of 1985 (7 U.S.C. 1308a).

[35] USDA-ERS, AER-526 (1985), at pp. 1-2.

[36] The parity support level correlates to a lower grade of milk (Class III or IV) than the "all milk" price, which includes higher grades of fluid milk. The corresponding and higher "all milk" price associated with a $39/cwt. support price likely would be over $40/cwt. (based on Novakovic, p. 4).

[37] See CRS In Focus IF10750, *Farm Bill Primer: Dairy Safety Net*, by Joel L. Greene, and CRS In Focus IF10833, *Dairy Provisions in the Bipartisan Budget Act (P.L. 115-123)*, by Joel L. Greene.

Figure 1. Permanent Law Supports Higher Than 2014 Farm Bill and Market Prices



Source: CRS, using USDA-NASS *Agricultural Prices*, August 29, 2018, at http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1002, and P.L. 113-79. See **Table 1**.

Note: The 2014 farm bill support prices identified in this chart are marketing loan rates (rather than the reference price for Price Loss Coverage, another form of income support that is decoupled from production).

Moreover, as implied by the list of commodities in **Table 1**, not all commodities that are part of the 2014 farm bill would receive federal support under permanent law. The commodities that would lose mandatory support include soybeans and other oilseeds, peanuts, wool, mohair, sugar beets and sugar cane, dry peas, lentils, and small and large chickpeas. Parity-based supports once existed for wool, mohair, and peanuts, but were repealed. Parity support is not allowed for oilseeds or sugar. A different set of commodities could receive support under discretionary authority given to the Secretary of Agriculture in the Agricultural Act of 1949 and the Commodity Credit Corporation Charter Act. But for budgetary and other reasons, such discretionary authority has rarely been used.[38]

Crop Insurance

The federal crop insurance program protects producers against losses in crop revenue or yield through federally subsidized policies that are purchased by producers. The program is permanently authorized by the Federal Crop Insurance Act, as amended (7 U.S.C. 1501 et seq.). A reauthorization of the program is not needed in the farm bill.[39]

Producers who grow a crop that is ineligible for crop insurance may be eligible for a direct payment under USDA's Noninsured Crop Disaster Assistance Program (NAP). Like crop insurance, NAP has permanent authority under Section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).[40]

[38] See CRS Report R44606, *The Commodity Credit Corporation: In Brief*, by Megan Stubbs.

[39] CRS Report R45193, *Federal Crop Insurance: Program Overview for the 115th Congress*, by Isabel Rosa.

[40] See CRS In Focus IF10698, *Farm Bill Primer: Disaster Assistance Programs*, by Megan Stubbs.

Table 1. Parity Prices and Supports for Farm Products Under Permanent Law

Commodity[a]	Permanent Law Provisions: Description	Permanent Law Provisions: Parity Price	Permanent Law Provisions: Minimum Support Price	Farm Prices Received (July 2018)	2014 Farm Bill Support[b]
Milk, All, Cwt.	Purchase milk and butterfat products at 75%-90% of parity.	$52.10	75% of parity = $39.08	$15.40	Margin-based[c]
Wheat, Bu.	Nonrecourse loans and direct purchases. Acreage allotments. If quotas approved: loan rate=65%-90% of parity. If quotas not approved: loan rate=50% parity. Quotas not announced: loan=75%-90% parity.	$17.60	75% of parity = $13.20	$5.00	$2.94
Upland cotton, Lb.	Nonrecourse loans and direct purchases. Acreage allotments. If quotas approved: loan rate=65%-90% of parity. If quotas not approved: loan rate=50% parity. If quotas not announced: loan rate=65%-90% of parity.	$2.00	65% of parity = $1.30	$0.741	$0.52
Rice, Cwt.	Permanent authority repealed by 1981 farm bill, but restored by 1996 farm bill. Loan rate=50%-90% of parity.	$40.00	50% of parity = $20.00	$13.70	$6.50
Corn, Bu.	Nonrecourse loans and direct purchases. Acreage allotments are not authorized. Loan rate=50%-90% of parity.	$13.20	50% of parity = $6.50	$3.47	$1.95
Sorghum, Bu.	Support for sorghum, barley, oats, and rye is set based on the feeding value of each in relation to corn.	$22.40	50% of parity = $11.20	$6.79	$1.95
Barley, Bu.		$14.90	50% of parity = $7.45	$4.52	$1.95
Oats, Bu.		$8.59	50% of parity = $4.30	$2.61	$1.39
Rye, Bu.		$18.50	50% of parity = $9.25	$4.50[d]	none
Honey, Lb.	Purchases of honey at 60%-90% of parity.	$5.15	60% of parity = $3.09	$2.06[e]	$0.69

Source: Compiled by CRS, using USDA-NASS *Agricultural Prices*, August 29, 2018, at https://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1002; the Agricultural Act of 2014 (P.L. 113-79), and based on USDA, "The Effects of Failure to Enact a New Farm Bill: Permanent Law Support for Commodities and Authorization Lapse of Other USDA Programs," memorandum, 2012, at https://www.agri-pulse.com/ext/resources/pdfs/p/e/r/m/o/Permanent_Law_Authorization_memo.pdf.

Note: Cwt. = Hundredweight, Bu. = Bushel, and Lb. = Pound.

a. Permanent law mandates support for the commodities listed in the table. Wool, mohair, and peanuts were formerly included, but supports were repealed. Parity support is not allowed for oilseeds or sugar.

b. The 2014 farm bill support prices listed in this table are the marketing loan rates (rather than the reference price for Price Loss Coverage, another form of income support that is decoupled from production).

c. The 2014 farm bill does not specify a support price for milk, but rather is a program to make payments if the margin of the milk market price minus feed costs falls below certain guaranteed levels. See CRS In Focus IF10750, *Farm Bill Primer: Dairy Safety Net*, by Joel L. Greene.

d. The most recent market price for rye is for the 2017 marketing year (*Agricultural Prices*, August 2018).

e. The market price for honey is implied from the "price as a percent of parity" published in *Agricultural Prices*.

Conservation Programs

USDA administers close to 20 agricultural conservation programs that are directly or indirectly available to assist producers and landowners who wish to practice conservation on agricultural lands.[41] These programs address natural resource concerns on private agricultural and forested lands through technical and financial assistance. Many conservation programs have different expiration dates for program and funding authority. Therefore, they may be affected differently by expiration or extension of the 2014 farm bill. **Table 2** separates the conservation programs by type of funding authority—mandatory and discretionary.

Table 2. Conservation Program Expiration in the 2014 Farm Bill, as Amended

Programs Authorized to Receive Mandatory Funding[a]	Expiration of Funding Authority
Agricultural Conservation Easement Program	September 30, 2018
Agricultural Management Assistance	No expiration date
Conservation Reserve Program	September 30, 2018
Conservation Stewardship Program	September 30, 2018
Environmental Quality Incentives Program	September 30, 2019[b]
EQIP Conservation Innovation Grants	September 30, 2018
Grassroots Source Water Protection Program	One-time authority[c e]
Regional Conservation Partnership Program	September 30, 2018
Terminal Lakes	September 30, 2014[d e]
Voluntary Public Access and Habitat Incentive Program	September 30, 2018[e]
Watershed Rehabilitation Program	September 30, 2014[d e]
Wetlands Mitigation Banking	One-time authority[c e]
Programs Authorized for Discretionary Appropriations[f]	**Expiration of Appropriations Authority**
Conservation of Private Grazing Land	September 30, 2018
Emergency Conservation Program	No expiration date
Emergency Watershed Protection	No expiration date
Grassroots Source Water Protection Program	September 30, 2018
Healthy Forests Reserve Program	September 30, 2018
Water Bank Program	No expiration date
Watershed and Flood Prevention Operations	No expiration date
Watershed Rehabilitation Program	September 30, 2018

Source: CRS using the Agricultural Act of 2014 (P.L. 113-79), as amended.

a. All of these programs were either reauthorized or created in Title II of the 2014 farm bill. Many were initially authorized by the Food Security Act of 1985 (P.L. 99-198), as amended, or in subsequent farm bills.

b. Mandatory funding authority was extended through FY2019 in the Bipartisan Budget Act of 2018 (P.L. 115-123). While funding is available in FY2019, some program provisions expired September 30, 2018.

[41] For additional information on agricultural conservation programs, see CRS Report R40763, *Agricultural Conservation: A Guide to Programs*, by Megan Stubbs.

c. Some mandatory farm bill conservation programs were authorized to receive a specific amount of mandatory funding, but no fiscal year is specified. Funds are to remain available until expended.

d. Some mandatory farm bill conservation programs have limited or no baseline funding beyond FY2018. These programs require offset funding or appropriated funding to operate.

e. Some mandatory farm bill conservation programs were authorized to receive mandatory funding in FY2014, to remain available until expended.

f. Though some discretionary programs have expired authority to receive appropriations, they are not prohibited from receiving annual appropriations. See "Discretionary Funding" section for additional explanation.

For many conservation programs, program authority is permanent under the Food Security Act of 1985, as amended, but the authority to receive mandatory funding expires. An extension of the 2014 farm bill would allow programs with expired mandatory funding authority to continue, if the program has baseline beyond FY2018. For example, the Conservation Reserve Program's (CRP's) funding and program authority expired at the end of FY2018. Because CRP has baseline beyond FY2018, an extension would allow the program to continue for a period of time at the authorized rate of enrollment—up to 24 million acres at any one time. Without reauthorization or a further extension of mandatory funding and program authority, CRP is unable to sign new contracts or enroll additional acres after September 30, 2018. All existing contracts and agreements stay in force for the contract period, and payments continue to be made.

Some mandatory conservation programs have no baseline beyond FY2018 and therefore would require offsets from other funding in order to continue (e.g., Voluntary Public Access and Habitat Incentives Program and Wetlands Mitigation Banking). In some cases, provisions within a program do not have baseline, while the parent program does (e.g., Transition Incentives Program within CRP). In these cases, the individual provisions would require offset funding in order to continue.

One mandatory conservation program—the Environmental Quality Incentives Program (EQIP)—was extended in the Bipartisan Budget Act of 2018 (P.L. 115-123) to September 30, 2019. While EQIP has funding authority through the end of FY2019, select program provisions expired September 30, 2018 (see text box below).

Select Expired EQIP Provisions

(16 U.S. C. §3839aa et seq.)

Livestock funding – requires 60% of funding be used for payments related to livestock practices.

Wildlife habitat funding – requires 5% of funding be used for payments related to wildlife habitat.

Payment limits – limits total EQIP payments to $450,000 for the duration of the farm bill.

Air quality funding – requires $25 million be used for payments for air quality concern practices.

Several conservation programs also have permanent program authority, but are authorized to receive discretionary appropriations only through FY2018. Funding for these programs varies and is based on appropriated levels. Similar to other discretionary programs with expired authority, the program can continue as long as it receives appropriated funding.

SNAP and the Other Nutrition Programs

As discussed earlier, expiration and extension of SNAP (and most of the related nutrition programs in the farm bill) particularly hinge on whether funding is provided in an explicit extension or in an appropriations act, including a continuing appropriations act (commonly referred to as a continuing resolution or CR). In the case of the 2014 farm bill, certain provisions of law include a September 30, 2018, expiration date; these are primarily authorizations of appropriations but some are program authorizations. The impact on operations is based on factors related to programs' authorizing statutes, appropriations actions, and the terms of a farm bill extension (if applicable).[42]

The 2014 farm bill reauthorized a number of domestic food assistance programs, including SNAP (formerly food stamps), the Emergency Food Assistance Program (TEFAP), the Commodity Supplemental Food Program (CSFP), the Food Distribution Program on Indian Reservations (FDPIR), the Senior Farmers' Market Nutrition Program, the Bill Emerson Hunger Fellowship Program, Community Food Projects, and nutrition assistance block grants for American Samoa and Puerto Rico.[43] The law also created a new program, the Food Insecurity Nutrition Incentive (FINI) grants. With regard to expiration or extension, these programs fall into one of three categories:

1. Programs that are permanently authorized and funded,
2. Programs that can be continued by the enactment of further funding, or
3. Programs or authorities which would expire unless extended by statute or explicit appropriations for such purposes.

These categories are elaborated upon below. The majority of farm bill nutrition programs (and the majority of nutrition spending) falls into the second category.

Permanently Authorized and Funded Programs

The 2008 farm bill included an expansion of the Fresh Fruit and Vegetable Program (FFVP, "snack" program), and provided permanent funding through Section 32.[44] FFVP's operations were not impacted by periods of expiration after the 2008 farm bill and would not be affected by expiration after September 30, 2018.[45]

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[42] For example, the extension in P.L. 112-240 for the most part continued the current law policies for SNAP and the other programs in the SNAP account that had existed on or before September 30, 2012. The exception was that the farm bill extension contained a change to the mandatory funding of the SNAP-related program, the Nutrition Education and Obesity Prevention Grant Program, reducing the program's FY2013 funding by $110 million. Also, the extension continued the FY2012 SNAP Employment and Training (E&T) mandatory funding, which was reduced from $90 million to $79 million. Such funding has been used, in previous appropriations acts, to offset additional discretionary appropriations (i.e., as a so-called CHIMPS, or changes in mandatory program spending).

[43] Note that the National School Lunch Program (NSLP), School Breakfast Program (SBP), Child and Adult Care Food Program (CACFP), Summer Food Service Program (SFSP), Special Milk Program, and Special Supplemental Program for Women, Infants, and Children (WIC) programs are generally not reauthorized in a farm bill. These programs are authorized by the Russell National School Lunch Act and Child Nutrition Act statutes; these statutes were most recently reauthorized by P.L. 111-296 (Healthy, Hunger-Free Kids Act of 2010). See CRS In Focus IF10266, *An Introduction to Child Nutrition Reauthorization*.

[44] Section 32 (of the act of August 24, 1935; 7 U.S.C. 612c) refers to a permanent appropriation of 30% of customs receipts. Section 32 receives about $8 billion annually, though most of it supports the child nutrition programs. About $1 billion is available annually to support mostly commodities typically not covered by price support programs (such as meats, poultry, fruits, vegetables, and fish). USDA often donates these surplus commodities to various nutrition assistance programs. See CRS Report RL34081, *Farm and Food Support Under USDA's Section 32 Program*, coordinated by Jim Monke.

[45] The 2014 farm bill included authority and funding for a one-time pilot project for canned, frozen, or dried fruits and vegetables. The pilot and evaluation have been completed. See Mathematica Policy Research for USDA-FNS, *Evaluation of the Pilot Project for Canned, Frozen, or Dried Fruits and Vegetables in the Fresh Fruit and Vegetable Program (FFVP-CFD)*, January 2017, available at https://www.fns.usda.gov/evaluation-elementary-schools-pilot-project-canned-frozen-or-dried-fruits-and-vegetables-fresh.

Programs Continued by the Enactment of Further Funding[46]

Appropriations can allow a program to continue even if the underlying authorization or authorization of appropriations has not been extended. Because many of the nutrition programs are funded by the SNAP account, appropriated funds for this account would allow continued operations for most of the programs in the Food and Nutrition Act of 2008 (most recently amended by the 2014 farm bill).[47]

After September 30, 2018, the farm bill programs listed below could continue to operate if funding for the SNAP account is provided in appropriations acts, including continuing appropriations:

- SNAP and related grant programs;
- Purchase and distribution of TEFAP commodities (administrative funds could continue with appropriations in the Commodity Assistance Program account);
- FDPIR;
- Nutrition assistance funding for Puerto Rico, American Samoa, and Commonwealth of Northern Mariana Islands; and
- Community Food Projects (administered by the National Institute of Food and Agriculture).

For CSFP, in the Commodity Assistance Program account, the authority to make commodity purchases and fund administrative costs can continue with funding.

During the periods of expiration before enactment of the 2014 farm bill, for example, when funding was provided, these programs continued to operate.[48] In addition, during a partial government shutdown in October 2013, there was a period where some Commodity Assistance Program account operations were affected, but SNAP continued (discussed in text box below).

SNAP and the October 2013 Government Shutdown

The 2013 government shutdown sheds light on how SNAP is affected without certain congressional action; however, an authority available in 2013 is no longer available.

At the start of FY2014 (i.e., October 2013), there was a period when both the farm bill extension (P.L. 112-240) had expired, and Congress had not provided FY2014 appropriations.[49] SNAP operations did continue during this lapse. This continuity of operations was possible due to USDA's reliance on authority and funds provided in the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5), cited in the Food and Nutrition Service's contingency plan.[50] Regular operations resumed once appropriations were provided in a continuing resolution

[46] This section discusses FY2014, after the farm bill extension expired and the FY2014 CR was enacted. Note that the same continuity of operations was true for FY2013, i.e., the SNAP account and CSFP continued operations based on the provision of funding through the FY2013 continuing resolution (P.L. 112-175) and the subsequent full-year appropriation (P.L. 113-6).

[47] Because of changes made in the 2014 farm bill, many of the programs that would have expired at the end of the 2008 farm bill do not have the same status at the close of FY2018. More of those expiring provisions could now be continued with a SNAP appropriation.

[48] Funding was provided by the CR (P.L. 113-46) and the full-year appropriation (P.L. 113-76).

[49] CRS Report RS20348, *Federal Funding Gaps: A Brief Overview*, by James V. Saturno.

[50] USDA Food and Nutrition Service, Contingency Plan, October 1, 2013, http://www.usda.gov/documents/usda-fns-shutdown-plan.pdf, p. 2.

(P.L. 113-46, enacted October 17, 2013). This ARRA authority ended after October 31, 2013, and, under current law, it would not now be available if there were a lapse in SNAP appropriations.[51]

Programs that Would Require Extension or Specific Appropriations Language

Two farm bill provisions contain both the authorization of the program and the mandatory funding for the operation of the program. These programs, to continue operations, would require either (a) an extension of the authority and mandatory funding or (b) specific (or explicit) reference in appropriations acts.

The **Senior Farmers' Market Nutrition Program**'s (SFMNP's) authorizing law (most recently amended by the 2014 farm bill) contains both the program's authority and mandatory funding (a transfer from the Commodity Credit Corporation). Therefore, operations may be affected after September 30, 2018, without an extension or specific additional funding provided. In parts of FY2013 and parts of 2014, expiration temporarily affected program operations.[52]

The 2014 farm bill created the **Food Insecurity Nutrition Incentive** (FINI) grant program. The 2014 farm bill provided mandatory funding (a transfer from the Commodity Credit Corporation) for FINI to operate from FY2014 through FY2018. Without enactment of an extension of such provisions or specific reference in appropriations acts, a sixth year of FINI grants (FY2019) would not be available.

A third 2014 farm bill authority, **SNAP Employment & Training (E&T) Pilot Projects**, expired after September 30, 2018.[53] USDA obligated the mandatory funding by the law's September 30, 2018, deadline, so even in a period of farm bill expiration, pilot project operations continue through the states' grant project periods. However, after September 30, 2018, without extension or specific appropriation, USDA does not have authority to award additional SNAP E&T pilot grants.

Trade and Foreign Food Aid Programs

Agricultural trade programs with mandatory funding that are affected by fiscal year expiration include export credit guarantees, facilities credit guarantees, export market promotion (the Market Access Program and the Foreign Market Development Program), and technical assistance for specialty crops. Without new mandatory program authority, the Commodity Credit Corporation would not be able to undertake new activities in these programs.

[51] See CRS Report R43257, *Background on the Scheduled Reduction to Supplemental Nutrition Assistance Program (SNAP) Benefits*, by Randy Alison Aussenberg and Gene Falk.

[52] This program expired after September 30, 2012. Once P.L. 112-240 was enacted, the funding and authority to operate the SFMNP was extended through September 30, 2013. However, it expired again when that extension ended. Due to the seasonal nature of the SFMNP, it is possible that expiration of the farm bill during the fall and/or winter months may not significantly affect this program. When the 2014 farm bill was enacted in February 2014, the SFMNP provision was backdated to October 1, 2013.

[53] In the law (Section 4022 of P.L. 113-79), these grants were titled, "Pilot projects to reduce dependency and increase work requirements and work effort under [SNAP]." See USDA-FNS website, *2014 Farm Bill Pilot Projects*, https://www.fns.usda.gov/2014-ET-Pilots.

Several international emergency and non-emergency food assistance programs are authorized in the farm bill to receive annual appropriations and have 2018 fiscal year expiration dates.[54] The Food for Peace Title II, Farmer-to-Farmer, and McGovern Dole International Food for Education and Child Nutrition programs rely on discretionary funding. Therefore, these programs can continue to operate after a farm bill expires as long as the programs receive funding in annual appropriations bills. In contrast, the Bill Emerson Humanitarian Trust and the Food for Progress program rely on mandatory funding; therefore they cannot be reauthorized and continued through an annual appropriation. Their authorization to operate expires without a new or extended farm bill.[55]

[54] Alyssa Casey, Analyst in Agricultural Policy, contributed to this section.

[55] The Food for Progress program authority terminates on December 31, 2018, but the authority for certain amounts and administrative expenses expired at the end of FY2018.

Appendix. Legislative Options Under Permanent Law

Some see the existence of permanent law as an assurance for farm bill supporters that the farm commodity programs will be revisited every time a farm bill expires. Given the problematic consequences of permanent law, Congress is not likely to let a farm bill remain expired without taking some action eventually. Permanent law, however badly it may be widely perceived, has remained in statute, and each recent farm bill has suspended it for the duration of the farm bill.

Several legislative options relative to permanent law exist as a farm bill approaches expiration:

1. Retain permanent law, and then do one of the following:
   a. Do nothing (revert to permanent law)
   b. Pass an extension (with its suspension of permanent law)
   c. Pass a new farm bill (and reinstate the suspension of permanent law)
   d. Suspend permanent law (without a new farm bill or extension)
2. Repeal permanent law, and then do one of the following:
   a. Do nothing (no new farm bill)
   b. Pass an extension of the current farm bill
   c. Pass a new farm bill (with or without a new permanent law provision).

The existence of an outdated permanent law likely encourages Congress to take action, because, to most people, inaction is perceived to have unacceptable consequences. If Congress cannot reach agreement on a new farm bill, then a path of least resistance may be extending the current farm bill with its suspension of permanent law—but this, too, requires legislative action, which may pose political and budgetary challenges.

For those who oppose the farm commodity programs, repealing permanent law would allow Congress to debate farm supports without the looming consequences of reverting to permanent law. But repealing permanent law also requires legislative action. Some believe that it is easier to negotiate and pass a new farm bill, with compromises and reforms, than to deal with the question of repealing permanent law.

Suspension of Permanent Law

Throughout the 1950s and 1960s, farm bills generally used and amended the 1938 and/or 1949 acts. Amendments were sometimes made permanent and sometimes applied only to specific years. As farm commodity policy continued to evolve, farm bills in the 1970s gradually began to move away from using the permanent law provisions with their parity-based price supports and quotas.

As recently as the 1970 and 1973 farm bills, the farm commodity programs were generally written into the 1938 and/or 1949 farm bills, as a form of suspension, with provisions that were applicable only for the new period of the farm bill.[56] Thus, while those farm bills might not have

[56] For example, a form of suspension that occurs within the permanent law itself is in the 1970 farm bill (P.L. 91-524), where §501 reads, "Effective only with respect to the 1971, 1972, and 1973 crops of feed grains, section 105 of the Agricultural Act of 1949, as amended, is further amended to read as follows: 'Sec. 105. Notwithstanding any other provision of law—(a)(1) The Secretary shall make available to producers loans and purchases on each crop of corn at

directly suspended permanent law in the same way as more modern farm bills, they nonetheless supplanted some portion of the permanent law parity-based support system for the life of the farm bill, albeit from within the body of the permanent law itself.

Beginning with the 1977 farm bill and continuing through the 2014 farm bill, direct suspension or non-applicability language began to be used regarding the permanent laws.[57]

The current statute that suspends permanent law is the following:

> Suspension of Permanent Price Support Authority (7 USC 9092; P.L. 113-79, Sec. 1602)
>
> (a) Agricultural Adjustment Act of 1938. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 2014 through 2018 crops of covered commodities (as defined in section 1111), cotton, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this Act through December 31, 2018: (1) Parts II through V of subtitle B of title III (7 U.S.C. 1326 et seq.). (2) In the case of upland cotton, section 377 (7 U.S.C. 1377). 3) Subtitle D of title III (7 U.S.C. 1379a et seq.). (4) Title IV (7 U.S.C. 1401 et seq.).
>
> (b) Agricultural Act of 1949. The following provisions of the Agricultural Act of 1949 shall not be applicable to the 2014 through 2018 crops of covered commodities (as defined in section 1111), cotton, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this Act and through December 31, 2018: (1) Section 101 (7 U.S.C. 1441); (2) Section 103(a) (7 U.S.C. 1444(a)); (3) Section 105 (7 U.S.C. 1444b); (4) Section 107 (7 U.S.C. 1445a); (5) Section 110 (7 U.S.C. 1445e); (6) Section 112 (7 U.S.C. 1445g); (7) Section 115 (7 U.S.C. 1445k); (8) Section 201 (7 U.S.C. 1446); (9) Title III (7 U.S.C. 1447 et seq.); (10) Title IV (7 U.S.C. 1421 et seq.), other than sections 404, 412, and 416 (7 U.S.C. 1424, 1429, and 1431); (11) Title V (7 U.S.C. 1461 et seq.); and (12) Title VI (7 U.S.C. 1471 et seq.).
>
> (c) Suspension of Certain Quota Provisions. The joint resolution, “A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended,” approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 2014-2018.

Proposals to Repeal Permanent Law

Proposals to repeal permanent law have been somewhat rare, though some have advanced as far as passing either chamber.[58] For example, a proposal to repeal permanent law advanced perhaps the farthest during the development of the 1996 farm bill. Repeal provisions may have had more saliency then because of a perceived intent that the “Freedom to Farm” plan was to end in 2002 at the end of the farm bill. The existence of permanent law could have been an obstacle. Whether or not repeal was a condition of the plan during its development, repeal was dropped in favor of continued suspension during conference negotiations in 1996.

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such level, not less than $1.00 per bushel nor in excess of 90 per centum of the parity price ... ”

[57] For example, direct suspension of permanent law can be found in the 1977 farm bill (P.L. 95-113) in §§409-410, 503-504, 601, and 703; in the 1981 farm bill (P.L. 97-98) in §§304-305, 402, and 501; in the 1985 farm bill (P.L. 99-198) in §§312, 402, and 502; in the 1990 farm bill (P.L. 101-624) in §§302-305, 402, 502, and 801; in the 1996 farm bill (P.L. 104-127) in §171; in the 2002 farm bill (P.L. 107-171) in §1602; in the 2008 farm bill (P.L. 110-246) in §1602; and in the 2014 farm bill (P.L. 113-79) in §1602.

[58] The listing of bills discussed here to repeal permanent law is not necessarily exhaustive. It is based on a full-text search of bills since 1989 for the word “repeal” within 20 words of “Agricultural Adjustment Act of 1938” or “Agricultural Act of 1949.”

More specifically regarding the 1995-1996 developments, the initial bill considered by the House Agriculture Committee in 1995 would have continued to suspend permanent law (H.R. 2195, Title IV). After not passing in committee, the text of that bill, including the suspension provision, was incorporated into a broader House-passed budget reconciliation package (H.R. 2491, §1105). However, the Senate-passed version of the 1995 reconciliation package included a provision to repeal permanent law (S. 1357, §1101). The conference agreement for the reconciliation package adopted the Senate approach for repeal (H.R. 2491, §1109). The conference agreement passed both the House and Senate, but was vetoed, albeit not because of the farm bill provisions.[59]

The next year, a stand-alone 1996 farm bill was introduced and passed in the House with the provision to repeal permanent law (H.R. 2854, §109). The repeal provision was also in the Senate-reported bill (S. 1541, §19). However, the Senate-passed version (S. 1541, §109) did not repeal permanent law but continued to suspend permanent law. The conference agreement for the 1996 farm bill (H.R. 2854, §171) followed the Senate-passed version and continued the suspension of permanent law.

Other bills besides the farm bill from 1995 to 2001 proposed repealing permanent law, but were not formally considered. In 1995, several bills were introduced to restructure government agencies. A bill was introduced to abolish USDA, eliminate all price support authorities including those of permanent law, and transfer certain powers to the Department of Commerce (H.R. 1354, S. 586). A broader government-wide restructuring bill would have repealed permanent law (H.R. 1923). A separate agricultural reform bill would have phased down agricultural supports and eventually repealed permanent law (H.R. 2010). Two other bills to repeal permanent law were introduced in 1995 (H.R. 2523 and H.R. 2787). In 1997-1998, H.R. 502 and S. 2573 would have repealed permanent law. Other bills to repeal permanent law were H.R. 328 in 1999 and S. 1571 in 2001. None of these bills advanced beyond being introduced and referred to committee.

Other bills in various Congresses have been introduced with targeted repeal provisions for certain commodities, but not comprehensive repeal. These bills are not discussed here.

In the 112th Congress during consideration of the 2012 farm bill, a Senate amendment was submitted, but not actually introduced on the floor, to replace the suspension of permanent law with the repeal of those provisions (S.Amdt. 2379 to S. 3420).

In 2013, the House-passed farm bill (H.R. 2642) would have repealed the 1938 and 1949 permanent laws (§1602). In their place, the House-proposed farm commodity program would have become the permanent law since it would have applied to "the 2014 crop year and each succeeding crop year" (§§1107, 1202, 1204, 1205, 1206, 1301). The Senate bill (S. 954) continued the long-standing suspension of permanent law, as did the initial House-rejected bill (H.R. 1947). The enacted 2014 farm bill continues to suspend permanent law.

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[59] CRS Report R45210, *Farm Bills: Major Legislative Actions, 1965-2018,* by Jim Monke.

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