Statement on Expiration of the 2008 Farm Bill

The 2008 law governing many of our nation's farm policies expired on Sunday, September 30th, and the 2012 Farm Bill needed to replace it is bottled up in Congress. While the Senate and the House Agriculture Committees were both able to pass their versions of the new farm bill, the full House was unable to do so. While expiration of farm bill program authorities has little or no effect on some important programs, it has terminated a number of important programs and will very adversely affect many farmers and ranchers, as well as ongoing market development and conservation efforts. Following is a summary of these impacts.

Programs Affected by Expiration of the 2008 Farm Bill

Dairy producers will face considerable challenges. The Milk Income Loss Contract (MILC) program expired on Sunday. That program compensated dairy producers when domestic milk prices fall below a specified level. Without a new farm bill, dairy farmers are left with uncertainty and inadequate assistance. While milk prices are high enough that the price support program doesn't kick in; unfortunately, there is no other safety net to help battle the highest feed costs on record.

Many farmers, ranchers and agribusiness or agricultural processors benefit from the Foreign Market Development Program (FMD). FMD is a cost-sharing trade promotion partnership between USDA and U.S. agricultural producers and processors. The program pools technical and financial resources to conduct overseas market development. FMD helps maintain and increase market share by addressing long-term foreign market import constraints and by identifying new markets or new uses for the agricultural commodity or product in the foreign market. That funding, as well as specific funding for personnel to run the program at USDA, will run out at the end of October. Since 31 percent of our gross farm income comes from exports which also make a positive contribution to our *Nation's* trade balance, trade promotion is an important part of our safety net. Other countries will most certainly take advantage of the fact that the program is rendered inoperable and will do what they can to steal our markets – and everyone knows, the hardest market to get is the one you lost.

About 6.5 million acres rotates out of the Conservation Reserve Program (CRP) this year. While current contracts are protected, no new signup will be allowed for CRP or the Conservation Reserve Enhancement Program (CREP). Both of these programs are voluntary land retirement programs that helps agricultural producers protect environmentally sensitive land, decrease erosion, restore wildlife habitat, and safeguard ground and surface water. In addition, there cannot be sign up for the Wetlands Reserve Program or the Grasslands Reserve Program.

Both versions of the new Farm Bill contain funding for the disasters facing the livestock industry due to the drought. However, programs are currently only available for lack of forage, as well as death of animals.

Most producers of fruits and vegetables do not have a safety net, but instead receive funding to augment the competitiveness of specialty crops through programs that enhance trade, promote cutting-edge research, and implement on-the-ground projects to protect crops from disease and invasive species. Funding for these programs ended when the Farm Bill expired.

Numerous other programs, including energy, agricultural research, rural development and funding for new and beginning farmers could be added to this list of affected programs. The bottom line is that while expiration of the Farm Bill causes little or no pain to some, others face significant challenges.

Programs Not Affected by Expiration of the 2008 Farm Bill

Almost 80 percent of the Farm Bill's cost is for nutrition programs – primarily the Supplemental Nutrition Assistance Program (SNAP), formerly commonly known as food stamps. Most recipients of nutrition program benefits will not be affected because the SNAP program did not need to be extended. Funds for nutrition assistance programs will continue to be provided to those Americans without issue.

Farmers and ranchers who manage their risks using the farm bill's crop insurance provisions will be unaffected because, like SNAP, those programs don't expire. Nor do some of the conservation-related programs. In addition, most commodity-specific programs are largely covered by the 2008 Farm Bill since it applies to the 2012 crop year, rather than the 2012 fiscal year. The main challenge, however, will be in planning for 2013. This includes lining up the critical financial assistance needed from lending institutions which prefer, if not demand, to see business plans presented in black and white. That will be difficult when producers don't know when to expect a new Farm Bill – or what type of financial safety net is likely to be included in that bill.

Congress will return in mid-November for a lame-duck session prior to final adjournment in December. We will work to have the first order of business for the House of Representatives be to consider a new Farm Bill. We are urging our members to seek out their House members between now and the elections and remind them of the consequences of not having a new bill in place prior to adjournment at the end of the year.

American Farm Bureau Federation
American Pulse Association
American Soybean Association
National Association of Conservation Districts

National Association of Wheat Growers
National Barley Growers Association
National Corn Growers Association
National Farmers Union
National Milk Producers Federation
National Sunflower Association
United Fresh Produce Association
USA Dry Pea & Lentil Council
U.S. Canola Association
Western Growers Association