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Congress Returns with Farm Bill Still Unfinished

Congress is winding up the Summer District Work Period and returns to Washington, D.C. on Monday, September 9th with the Farm Bill still incomplete and one of many issues needing action. While progress has been made, the bill still needs to make it over the finish line. National All-Jersey Inc. continues to work to ensure the best interest of NAJ members is protected.

To review, the Senate finished its farm bill in early June. The House version of the farm bill narrowly failed at the end of June. Then, the nutrition title was removed and the farm program language passed as its own bill in early July, what Agriculture Committee chairman Frank Lucas (R-OK) calls the "farm bill farm bill." Some Representatives voted against the full farm bill because it didn't cut nutrition assistance program spending enough. To address that concern, House leadership and Chairman Lucas plan to bring up a nutrition program bill soon that would reportedly cut $40 billion from the Supplemental Nutrition Assistance Program (SNAP), or food stamps, over the next ten years. That is projected to be approximately a 5% cut in the program. The Senate Farm Bill, in comparison, would cut SNAP funding by $4 billion over the next ten years.

If the House can pass a SNAP bill, the conference committee could begin work and the possibility of having a new farm bill signed by the President by the end of the year increases dramatically. If the current stalemate persists, however, the longer-term continuing resolution to fund the federal government into 2014 offers a vehicle for another extension of the current farm bill.

If the House passes a separate SNAP bill, a House-Senate conference committee would be the next step. The committee's job is to reconcile the differences between the Senate Farm Bill and the House agriculture and SNAP bills. The committee compromises on a single piece of legislation that must be passed by both the Senate and House on a simple majority vote with no amendments allowed by either chamber. The large difference in proposed SNAP cuts will be a significant issue in the conference committee, as will the differences in the way the House and Senate constructed reforms to the commodity safety net.

The conference committee will also have to resolve the difference in dairy policy; the Senate included both Margin Insurance and Market Stabilization programs while the House voted 291-135 for a Margin Insurance-only approach. NAJ supports the Margin Insurance program, while the Market Stabilization program as currently written would most penalize producers of high quality, high solids milk and producers in milk deficit areas. NAJ thanks members that contacted their Congressional representatives this summer in favor of the Goodlatte-Scott amendment, and also thanks the 291 Representatives that supported the amendment during the floor vote.

The House and Senate farm bill conference committee will also have to sort out the fact that the House included a repeal of the 1949 permanent farm program law in its farm bill. The permanent law, among other things, calls for a reversion to parity pricing for commodities if a farm bill is ever allowed to expire with nothing passed in its place. The looming impact of parity pricing on consumers' food costs has kept the Congress passing farm bills every five years or so for decades. Some of the most die-hard opponents of farm program spending consider repeal of the 1949 Act their top priority, hoping to make this farm bill the last one the Congress ever passes. Needless to say, elimination of the 1949 Act has found little support in farm country and will be a major point of debate in the conference committee.

For better or worse, we learned last year that the sky doesn't fall immediately with the expiration of a farm bill. Many farm economic safety net programs, including the Dairy Product Price Support Program, are authorized and funded through the end of the calendar year. Other commodity programs won't change until well into the new crop year in 2014. The exception that affects dairy farmers is the Milk Income Loss Contract (MILC) program that was reduced significantly as of September 1st and ends entirely September 30th. For the current fiscal year, economic conditions triggered MILC payments in eight of the nine completed months. The fiscal year's highest payment was $0.75456 per hundredweight for March milk.

This leaves a few possible farm bill scenarios over the course of the fall. If the House can pass a SNAP bill, the conference committee could begin work and the possibility of having a new farm bill signed by the President by the end of the year increases dramatically. If the current stalemate persists, however, the longer-term continuing resolution to fund the federal government into 2014 offers a vehicle for another extension of the current farm bill. If that happens, look for some changes including an end to commodity direct payments and reinstatement of the Milk Income Loss Contract (MILC) program at the higher payment levels.

The irony of another extension of the current farm bill would be that SNAP would continue at its current level. The Congress has to pass a bill that the President will sign in order to reform SNAP. The best way to do that still remains a new farm bill.

Congress will be in session the week of September 9th and the following week, with another recess scheduled for the week of September 23rd. That leaves just nine working days before funding authorization for the federal government's fiscal year 2013 runs out and the expiration of the current farm bill extension; both happen on September 30th. The agenda during those nine working days became even more crowded with the President's call for Congressional authorization for potential military action in Syria.

In addition to the Syria vote, the Congress will likely need to pass a continuing resolution to keep the federal government funded and avoid a shutdown that would begin at midnight on October 1st. A continuing resolution of between 60 and 90 days is expected, giving the Members more time to try to pass a longer-term funding measure before ending the first term of the 113th Congress before the holidays.

Despite Congress' busy schedule, the farm bill is very much alive this fall and still needs a push to get over the finish line. Constituent voices are a powerful influence, and your representatives need to hear from you. National All-Jersey Inc. supports the proposed margin insurance program included in both the House and Senate farm bills. In today's dairy economy, support programs need to focus on the margin between milk prices and feed costs, not an ineffective price floor as currently exists. NAJ does not support tying margin insurance to a market stabilization, or supply management, program. The Market Stabilization Program currently included in the Senate farm bill would restrict the amount of milk eligible for payment to producers in times of low margins. Any milk produced over the restricted amount would forfeit all value to the producer, which inequitably penalizes producers of the highest value milk, whether higher in components or eligible for quality or other premiums. Also, producers in the typically milk deficit Southeast, Appalachian, and Florida federal orders, usually receive above-average milk prices. Those producers would be penalized more for exceeding production limits than producers in other areas, even though their area doesn't usually have enough production to serve the market.

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