

# DRAFTING

## *the '95 Farm Bill*

*The history and issues of farm bill legislation.*

by ANGIE STUMP

**T**he future of American Agriculture is in the hands of Congress as they draft the 1995 Farm Bill. Rural Americans wait in uncertainty as an urban Congress decides the food and agriculture policy for the next five years.

The farm bill is a reauthorization of omnibus (all encompassing) legislation for farm and food programs. The current authorization of the 1990 Farm Bill, the Food, Agriculture, Conservation and Trade Act (FACTA), will expire Sept. 30. A continuing resolution can be made to extend current legislation. If a new bill is not signed by President Clinton before Dec. 31, legislation will revert back to the Agriculture Act of 1949 that was the last permanent legislation.

With both the House of Representatives and the Senate passing the COP budget, legislators began drafting the farm bill. Prior to the budget bill passing there had been several discussions and hearings about the farm bill.

"Until now," says Tom Hemmer, deputy press secretary for the House agriculture committee, "we did not know how much savings we had to find in the programs so we could not begin the drafting stage" The House hopes to have their version completed by the end of September.

T.D. Steele, president of the American Angus Association, acknowledges that Congress is trying to find ways to reduce the deficit. "Agriculture has fewer representatives than urban so they are going to make cuts in farm programs," he says.

Farm bills since 1954 have had four basic elements — price and/or income supports, stored reserves, voluntary land retirement and food programs. Contrary to Americans' perceptions, most of the USDA's budget is targeted for food stamps and food programs.

Steele says we need to inform Americans that the agricultural budget is not just for farm programs.

Barry Flinchbaugh, professor of agricultural economics at Kansas State University, reports that the USDA budget for fiscal year 1994 was \$71 billion, three-fourths of which was dedicated to non-farm programs such as food stamps, school lunches,



the women, infant and children program, research, and education.

Hemmer says 16 percent of this year's U.S. Department of Agriculture budget was for farm programs and about 64 percent was for food and nutrition programs.

Some programs, part of FACTA were the Conservation Reserve Program (CRP), rural development, food programs, research and education.

Hemmer says the big issue facing the House and Senate agriculture committees are what kind of commodity programs to authorize and how they will function. Changes in the current policy have to be made or urban legislators are not going to accept what has been done in the past.

"Today very few Congressmen represent rural areas so we have to address the concerns they have against the current farm policy," says.

As rural America loses ground in Congress, agricultural programs lose support. The agricultural budget has dropped more than 50 percent since the 1985 Farm Bill.

"We're going to have to concentrate on things important to us in agriculture," Steele says. "We can't try to get a

lot of things passed, but a few things."

One issue cattle producers are watching closely is CRP Authorized by the 1985 Farm Bill, it targets the most fragile farm land by encouraging farmers to stop growing crops on croplands designated as highly susceptible to erosion and plant them with grass and trees.

Hemmer says the 1990 Farm Bill gave the Secretary of agriculture the authority to offer extensions for current CRP contracts and that it may be possible to continue CRP without Congress having to vote on it.

Many ideas and suggestions have been made about the farm bill. The Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri has analyzed three options — no program, a marketing loan program and a revenue assurance program.

According to FAPRI, the no program option would eliminate

the existing structure of target prices, deficiency payments, loan rates, export enhancement and dairy price supports. It would also eliminate specialty programs such as cottonseed oil and sunflower, the Acreage Reduction Programs (ARP) and the 0/50-85/92 programs.

The marketing loan program eliminates target prices and loan rates, as well as ARP and 0/50-85/92. It would create a system of recourse marketing loans and soybeans would be added to commodity programs. Export enhancement would be eliminated, but the dairy and other specialty programs would remain.

The revenue assurance option, according to FAPRI, eliminates target prices, marketing loans, ARPs and 0/50-85/92. The new system would ensure producers 70 percent revenue, based on a five-year moving average of count price times a producer's five-year average yield. Each producer would be assured a minimum revenue, which would reduce cash-flow risks.

Agriculturists need to step forward and speak with one voice, promoting a vision of where they believe agriculture should be headed in the next 25 years. With that vision, 25 incremental steps should be made instead of one big step so changes can be made along the way.

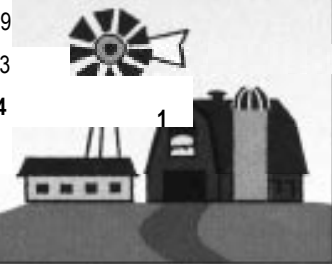
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## Farmers Own Small Plot of Federal Budget

This is how the \$1.6 trillion United States budget is now divided.

Social Security	21.8 percent
Medicaid/Medicare	18.8
Defense	18.3
Interest on Debt	16.3
Domestic Programs	16.3
All Additional Entitlements	10.9
International Affairs	1.3
<b>Farm Program Payments</b>	<b>.4</b>

Source: Congressional Budget Office



## States Push for Increased Rural Development

**WASHINGTON** — "One need only to look at commodity supply and demand and current prices to see how important new uses are to the future of agriculture," National Association of State Departments of Agriculture (NASDA) president-elect and secretary of the Wisconsin Department of Agriculture, Trade and Consumer Protection, Alan Tracy, told the House Agriculture Subcommittee on Resource Conservation, Research and Forestry.

"Agriculture has the opportunity and natural resources to plan, research and build a more profitable future for itself. Using America's abundant, renewable agricultural resources to help meet environmental, energy and economic development needs should be a clearly stated national policy," he says.

Tracy says farmers and ranchers are continually looking for ways to help themselves overcome the uncertainties of the marketplace. "Everyone knows farmers feed the world, but few people realize that virtually everything made from a barrel of oil can be made from these abundant, renewable resources," he says, adding that the marketing possibility of agricultural-based products will continue to expand, especially if the public, private and government sectors make a commitment to continue and expand national research and commercialization efforts. "Programs such as the Alternative Agricultural Research and Commercialization Center

(AARC) are a start."

Nineteen outreach meetings were held by NASDA, the AARC Center and the New Uses Council. Participants took an in-depth look at ways to accelerate the development of industrial uses of agricultural resources and expand market demand for these products through the 1995 Farm Bill.

"The heart of the draft legislation is a declaration that it's in the nation's interest to fully develop renewable agricultural and forestry resources for the production of materials for industry and defense uses in order to create jobs and economic opportunity for American citizens and help meet the nation's long-term economic, environmental and energy needs," Tracy says. "It also directs the Secretary to develop and implement, in partnership with the private sector and in consultation with other federal agencies, a comprehensive strategic plan to add value to and increase demand for traditional and non-traditional agricultural crops and products, including animal by-products, and create jobs in rural communities through the development and commercialization of agricultural-based industrial and energy products."

With regard to rural development programs, the 1995 Farm Bill should require the Agriculture Secretary to create a rural development block grant program administered through the state departments of agriculture.

"Block grant funding should be available to match local community funds to buy down interest on loans made by local lending institutions for value-added agricultural and other primary sector rural businesses," Tracy says, suggesting that funding and technology transfer programs should be available to assure extension of the information superhighway into rural areas.

The NASDA approach is similar to the approach suggested by the administration in its Farm Bill guidance. "The administration is proposing the consolidation of 14 rural programs. It provides more flexibility to respond to local needs and greater authority to work closely with state governments. The committee should give this proposal serious consideration, and review other rural development programs to determine if others should be block granted to states as well," Tracy says.

"Adequate funding and infrastructure development in rural communities will attract and keep growth industries, provide job opportunities, and help reverse the flow of human resources out of rural America, and improve its overall economic health," Tracy says. "With self-help programs such as AARC, America's farmers and ranchers will provide the nation with renewable industrial products, power and fuel that will help attain environmental, energy diversification and economic development goals."

Source: National Association of State Departments of Agriculture