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The 2014 Farm Bill (Agricultural Act of 2014)

What Is the Farm Bill?

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 comprehensively and periodically address agricultural and food issues.

The farm bill is typically renewed about every five years. Seventeen farm bills have been enacted since the 1930s (2014, 2008, 2002, 1996, 1990, 1985, 1981, 1977, 1973, 1970, 1965, 1956, 1954, 1949, 1948, 1938, and 1933).

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

> The farm bill provides an opportunity for Congress to comprehensively and periodically address agricultural and food issues. The 2014 farm bill expires in 2018.

The omnibus nature of the farm bill can create broad coalitions of support among sometimes conflicting interests for policies that individually might not survive the legislative process. This can lead to competition for funds. In recent years, more parties have become involved in the debate, including national farm groups, commodity associations, state organizations, nutrition and public health officials, and advocacy groups representing conservation, recreation, rural development, faith-based interests, local food systems, and organic production.

The Agricultural Act of 2014 (P.L. 113-79, H.Rept. 113-333), referred to here as the "2014 farm bill," is the most recent omnibus farm bill. It was enacted in February 2014 and succeeded the Food, Conservation, and Energy Act of 2008 (P.L. 110-246, "2008 farm bill"). The 2014 farm bill contains 12 titles encompassing commodity price and income supports, farm credit, trade, agricultural conservation, research, rural development, energy, and foreign and domestic food programs, among others.

Provisions in the 2014 farm bill reshape the structure of farm commodity support, expand crop insurance coverage, consolidate conservation programs, reauthorize and revise nutrition assistance, and extend authority to appropriate funds for many U.S. Department of Agriculture (USDA) discretionary programs through FY2018.

Without a new farm bill or an extension, the authority for some farm programs would expire, and some would cease to operate altogether unless reauthorized. Also, new activities under some old programs might not be initiated, for lack of either program authority or available funding. For instance, nutrition assistance programs require periodic reauthorization if they are to continue. The farm commodity programs not only expire but would revert to permanent law dating back to the 1940s. Many discretionary programs would not have statutory authority to receive appropriations in future years. Other programs have permanent authority and do not need to be reauthorized (e.g., crop insurance) but might be included in the bill to make changes for policy or budgetary goals.

The 2014 Farm Bill (P.L. 113-79), by Title

- **Title I, Commodity Programs:** Provides support for major commodity crops, including wheat, corn, soybeans, peanuts, rice, dairy, and sugar, as well as disaster assistance.
- **Title II, Conservation:** Encourages environmental stewardship of farmlands and improved management through land retirement and/or working lands programs.
- **Title III, Trade:** Provides support for U.S. agricultural export programs and international food assistance programs.
- **Title IV, Nutrition:** Provides nutrition assistance for low-income households through programs including the Supplemental Nutrition Assistance Program (SNAP).
- **Title V, Credit:** Offers direct government loans to farmers and ranchers and guarantees on private lenders' loans.
- **Title VI, Rural Development:** Supports rural business and community development programs.
- **Title VII, Research, Extension, and Related Matters:** Offers various agricultural research and extension programs.
- **Title VIII, Forestry:** Supports forestry management programs run by USDA's Forest Service.
- **Title IX, Energy:** Encourages the development of farm and community renewable energy systems through various programs, including grants and loan guarantees.
- **Title X, Horticulture:** Supports the production of specialty crops—fruits, vegetables, tree nuts, and floriculture and ornamental products—through a range of initiatives.
- **Title XI, Crop Insurance:** Enhances coverage of the permanently authorized federal crop insurance program.
- **Title XII, Miscellaneous:** Covers other types of programs and assistance, including livestock and poultry production.

What Was the Estimated Cost?

The farm bill authorizes programs in two spending categories: mandatory and discretionary. Programs with mandatory spending generally operate as entitlements. The farm bill pays for them using multi-year budget estimates (baseline) when the law is enacted. Programs with discretionary spending are authorized for their scope but are not funded in the farm bill. They are subject to annual appropriations. While both types of programs are important, mandatory programs often dominate the farm bill debate.

At enactment in February 2014, the Congressional Budget Office (CBO) estimated that the total cost of mandatory programs in the farm bill would be $489 billion over the five years FY2014-FY2018 (**Table 1**).

Four titles accounted for 99% of anticipated farm bill mandatory outlays: nutrition, crop insurance, conservation, and farm commodity support. The nutrition title comprised 80% of the total for the Supplemental Nutrition Assistance Program (SNAP), and the remaining 20% was mostly geared toward agricultural production.

Farm commodity support and crop insurance combined to account for 13% of mandatory program costs, with another 6% of costs in USDA conservation programs. Programs in all other farm bill titles accounted for about 1% of all mandatory expenditures. Although their relative share is small, titles such as horticulture and research saw their share increase compared to the 2008 farm bill.

Table 1. 2014 Farm Bill Projected Outlays, by Title

5-year Projected Outlays, FY2014-FY2018, millions of dollars

	February 2014		June 2017	
	Projection at enactment FY2014-18	Share	Actual FY2014-16; projected FY2017-18	Difference since projection at enactment
Nutrition	390,650	79.9%	363,342	-27,308
Crop insurance	41,420	8.5%	30,236	-11,184
Conservation	28,165	5.8%	23,534	-4,631
Commodities	23,555	4.8%	35,922	+12,367
Subtotal	**483,789**	**99.0%**	**453,033**	**-30,756**
Trade	1,782	0.4%	1,596	-185
Misc. (NAP)	1,544	0.3%	na	na
Horticulture	874	0.2%	na	na
Research	800	0.2%	na	na
Energy	625	0.1%	na	na
Rural develop.	218	<0.1%	na	na
Forestry	8	<0.1%	na	na
Credit	-1,011	-0.2%	na	na
Total	**488,629**	**100%**	na	na

Source: CRS, using the CBO cost estimate of the Agricultural Act of 2014 (January 28, 2014), and the CBO *Budget and Economic Outlook*, "10-Year Budget Projections," June 2017.

Note: "na" indicates that sufficient detail is not available to compile projections for all titles in non-farm bill years.

What Are the Current Projections?

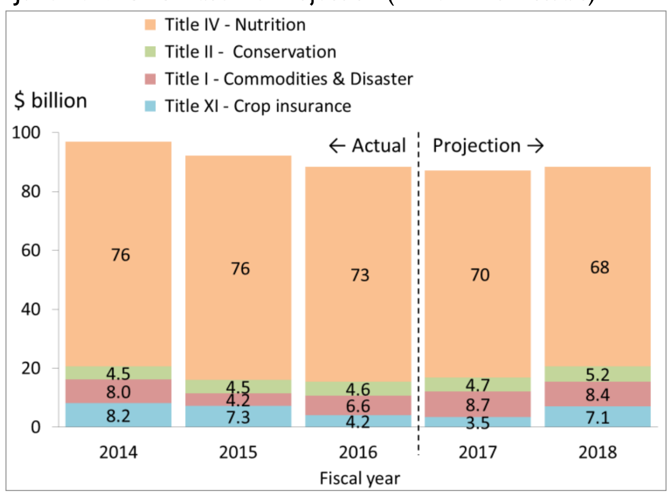
In the years since enactment of the farm bill and as part of its ongoing procedures, CBO has updated its projections of government spending based on new information about the economy and program participation. Outlays for FY2014 to FY2016 have become final (actual), and updated projections for FY2017 and FY2018 reflect generally lower-than-expected farm commodity prices in the near term and lower-than-expected participation in SNAP.

The result of these new projections, as of June 2017, is that SNAP outlays are projected to be about $27 billion less for the five-year period FY2014-18 than was expected in February 2014 (-7%). Crop insurance outlays are projected to be $11 billion less (-27%) and conservation outlays nearly $5 billion less (-16%) for the five-year period. In contrast, farm commodity and disaster program payments are projected to be $12 billion higher than was expected at enactment (+53%) due to lower commodity market prices (which raises counter-cyclical payments) and higher livestock payments due to disasters (**Table 1**).

Overall, the five-year projection of the four major titles of the 2014 farm bill is now $453 billion. This is nearly $31 billion less than what was projected at enactment (-6%). **Figure 1** shows the current projections and actual outlays for the four major titles of the 2014 farm bill.

Figure 1. Projected Outlays, 2014 Farm Bill, by Title

June 2017 CBO Baseline Projection (FY2014-16 Actuals)



Source: CRS, using CBO Budget and Economic Outlook, June 2017.

CRS Products

CRS Report R43076, *The 2014 Farm Bill (P.L. 113-79): Summary and Side-by-Side*.

CRS Report RS22131, *What Is the Farm Bill?*

CRS Report R42484, *Budget Issues That Shaped the 2014 Farm Bill*.

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