

Farm Bill Issues 2007: A PowerPoint[®] Summary

Presented by the
Congressional Research Service
for the Northeast-Midwest Congressional Coalition
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**Jasper Womach &
Ralph M. Chite, Coordinators**





Why A Farm Bill in 2007?

- Mandatory commodity program authority expires
- Appropriated funds authority expires for discretionary programs
- Agricultural committees use omnibus farm bill for overall policy review & changes



Issue Topics & Speakers

- Overview - Jasper Womach
- Commodity support & credit - Jim Monke
- Conservation - Jeff Zinn
- Trade & food aid - Charles Hanrahan
- Energy - Randy Schnept
- Animal agriculture - Geoff Becker
- Research & specialty crops - Jean Rawson
- Crop insurance/disaster aid - Ralph Chite
- Rural development - Tadlock Cowan
- Food & nutrition - Joe Richardson



Additional Information

- Contact CRS analysts directly
- Call CRS Inquiry Unit at 7-5700
- Visit CRS website at www.crs.gov
- CRS report: “Previewing the 2007 Farm Bill”
 - www.congress.gov/erp/rl/pdf/RL33037.pdf



Forces Shaping Farm Bill Debate

Jasper Womach
707-7237
jwomach@crs.loc.gov



Forces

- Farm policy history
- Farm economic conditions
- Pressures for change
- Barriers to change



Farm Bill History

- 1860s - research, teaching, extension
- 1930s - farm support
 - Commodity support programs
 - Marketing programs
 - Conservation programs
 - Rural development
- Post WWII - farm loans, food assistance, crop insurance

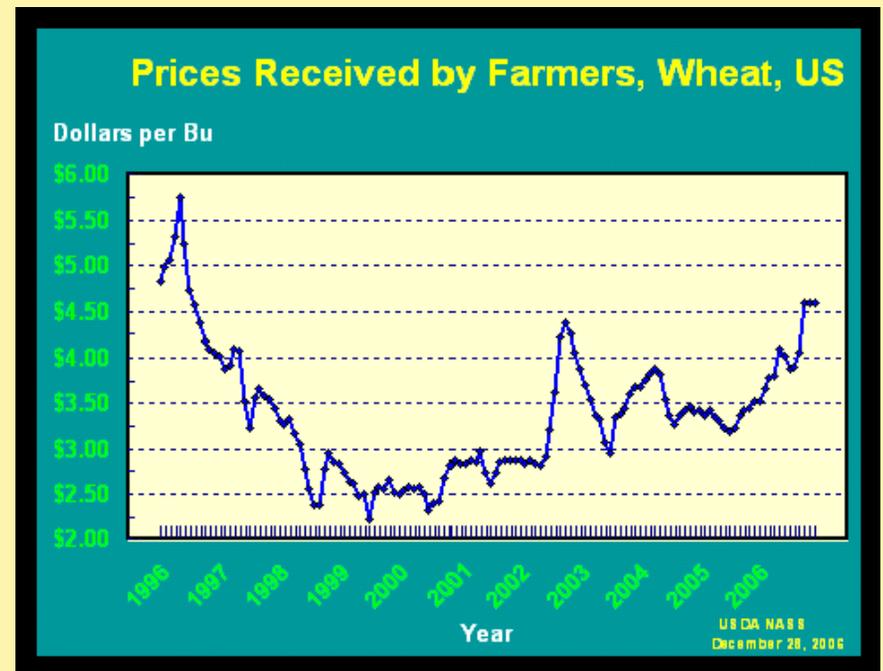
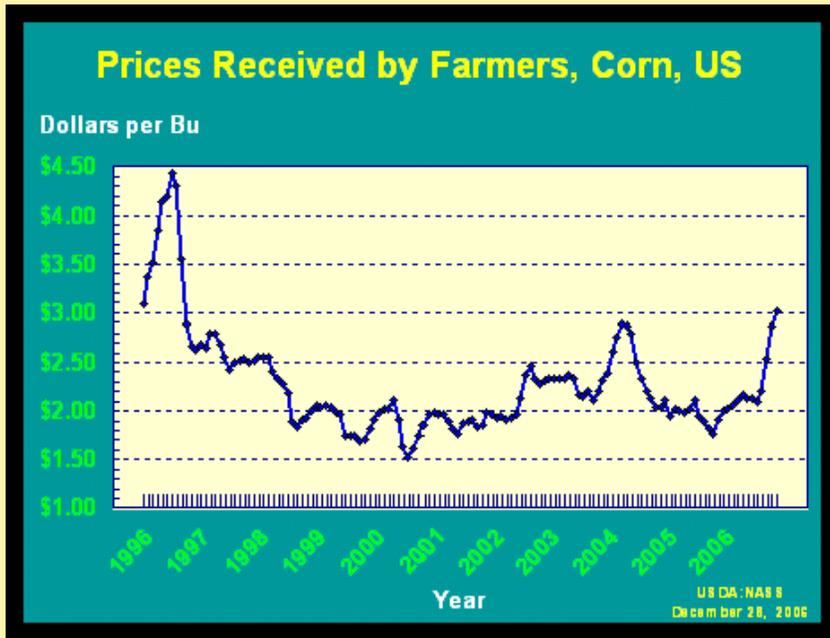


Farm Economic Conditions

- Strong economy but some sector problems
 - High prices for subsidized commodities
 - Livestock prices lower & feed costs higher
 - Inputs costs rising (especially energy & feed)
 - Government payments high in past but lower in future
 - Net cash farm income low in 2006 but higher in 2007



Corn & Wheat Prices



Cotton & Milk Prices

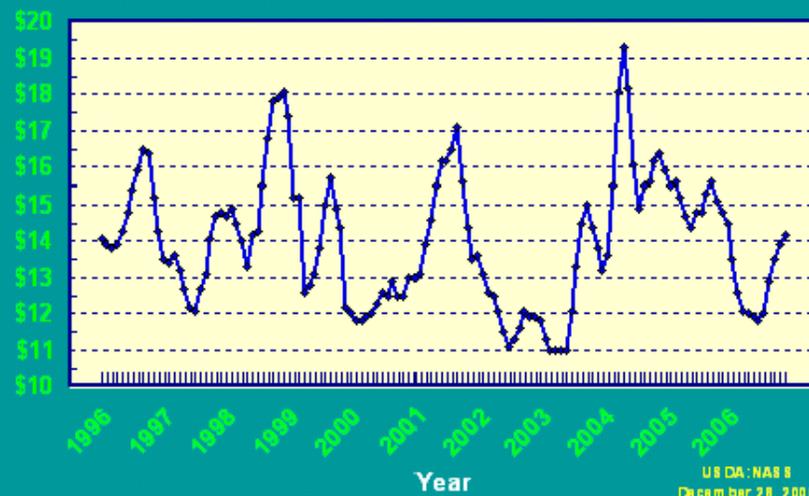
Prices Received by Farmers, Cotton, US

Dollars per Pound



Prices Received by Farmers, Milk, US

Dollars per Cwt



Cattle & Hog Prices

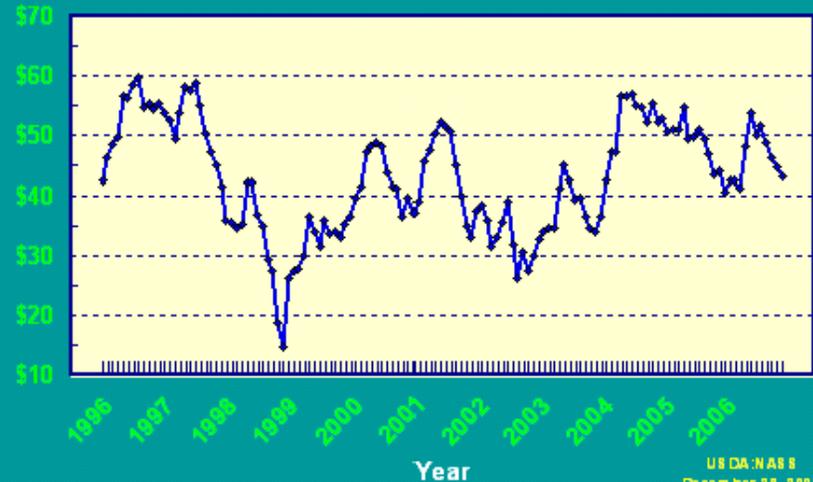
Prices Received by Farmers, Cattle, US

Dollars per Cwt

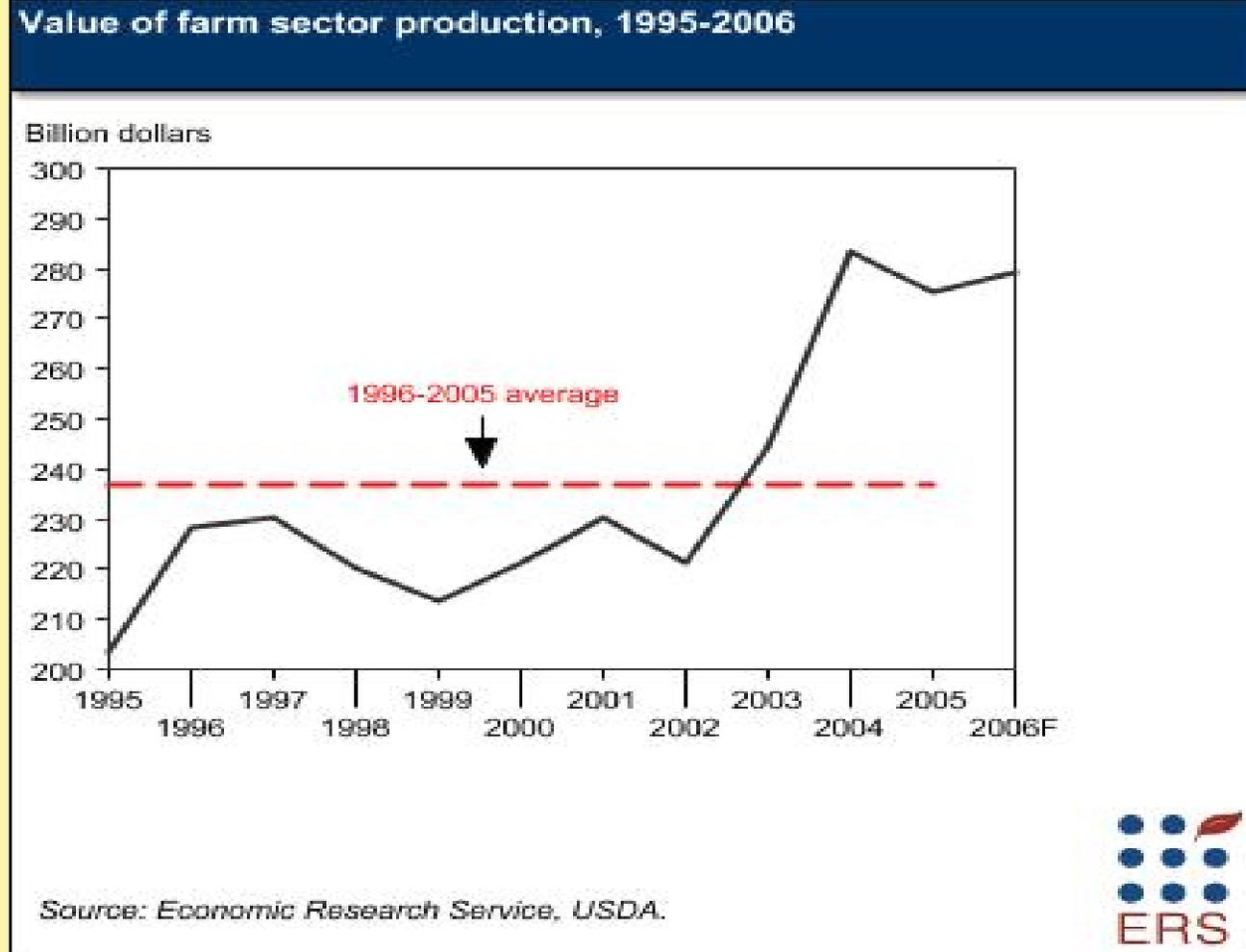


Prices Received by Farmers, Hogs, US

Dollars per Cwt



Value of Farm Production





Prices Paid by Farmers

Prices Paid by Farmers, Selected Production Indexes US, By Non-Farm Sector 1/

Percent (1990-92=100)

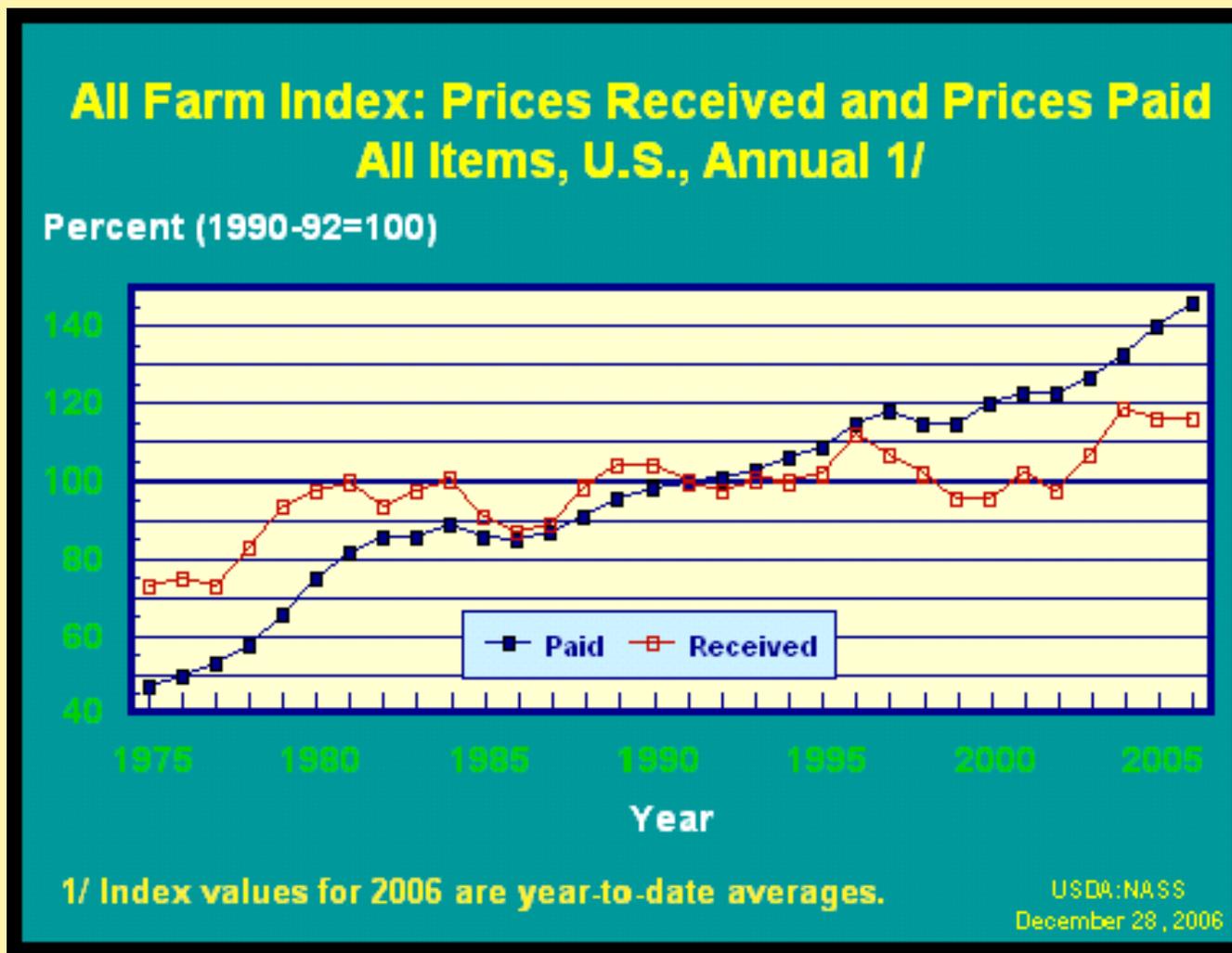


Prices Paid by Farmers, Major Indexes US, by Month 1/

Percent (1990-92=100)

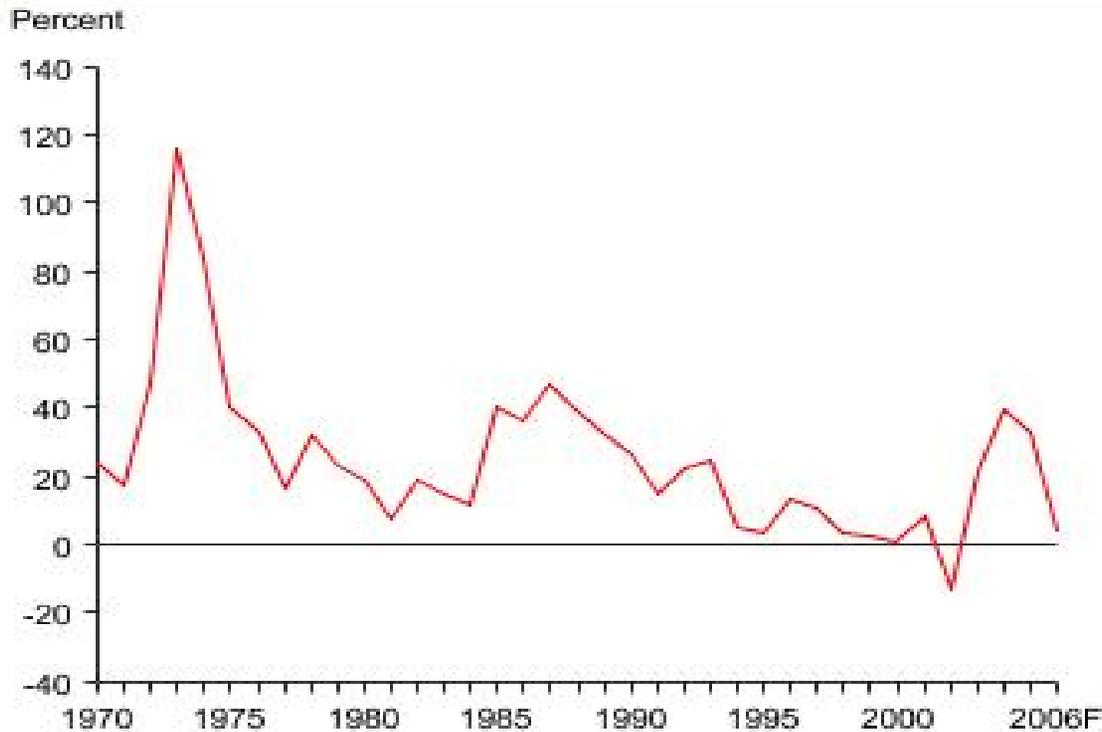


Prices Paid & Prices Received



Farm Net Cash Income

Net cash income--Current year vs 10-year moving average



The moving average is for the prior 10 years with farm income expressed in current dollars.

Source: Economic Research Service, USDA.



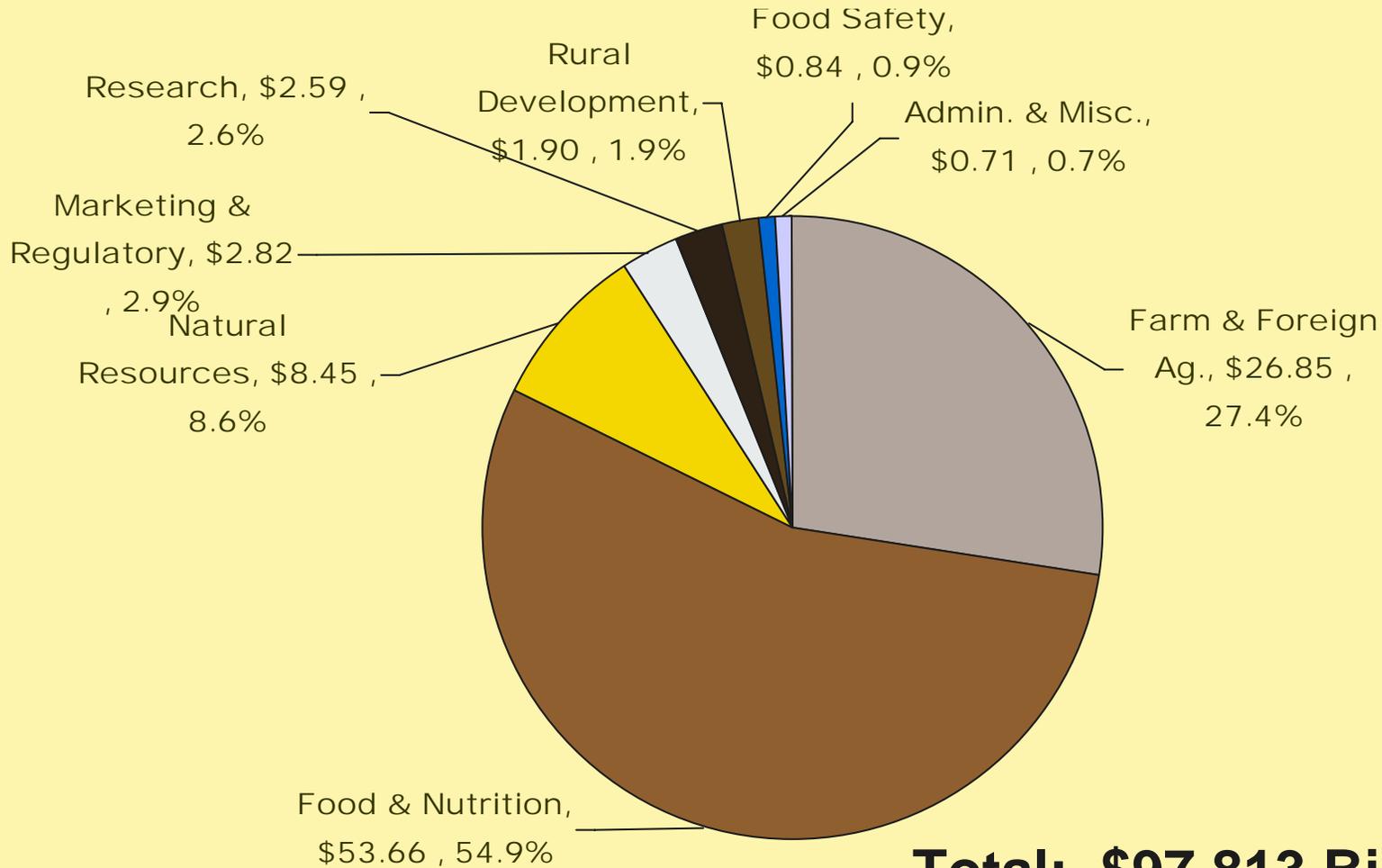


Pressures for Change

- Large share of USDA spending for farm income support
- Few commodities & few farms get support
- Benefits mostly to large farms
- Subsidies reinforce big farm growth
- Programs distort production & trade
- Programs costly



Large Share of USDA Spending for Farm Support (Billions)

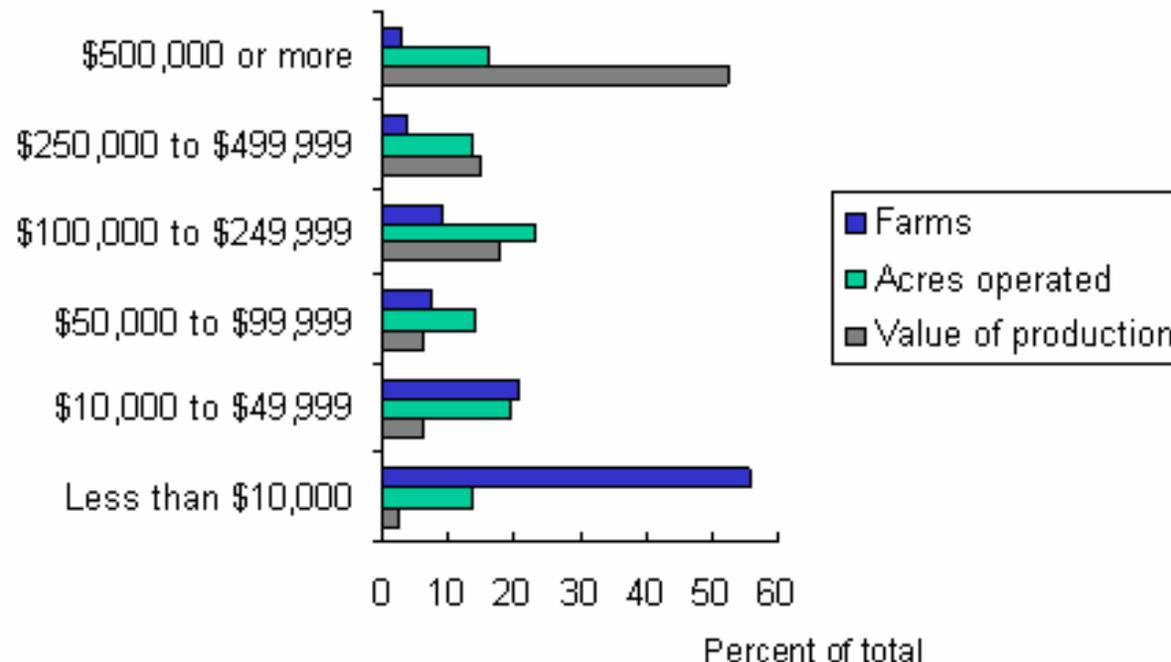


Total: \$97.813 Billion

Few Large Farms Sell Most Output

Distribution--by sales class--of farms, acres operated, and value of production, 1999

Farms with sales of \$500,000 or more made up only 3 percent of all farms but accounted for 52 percent of production

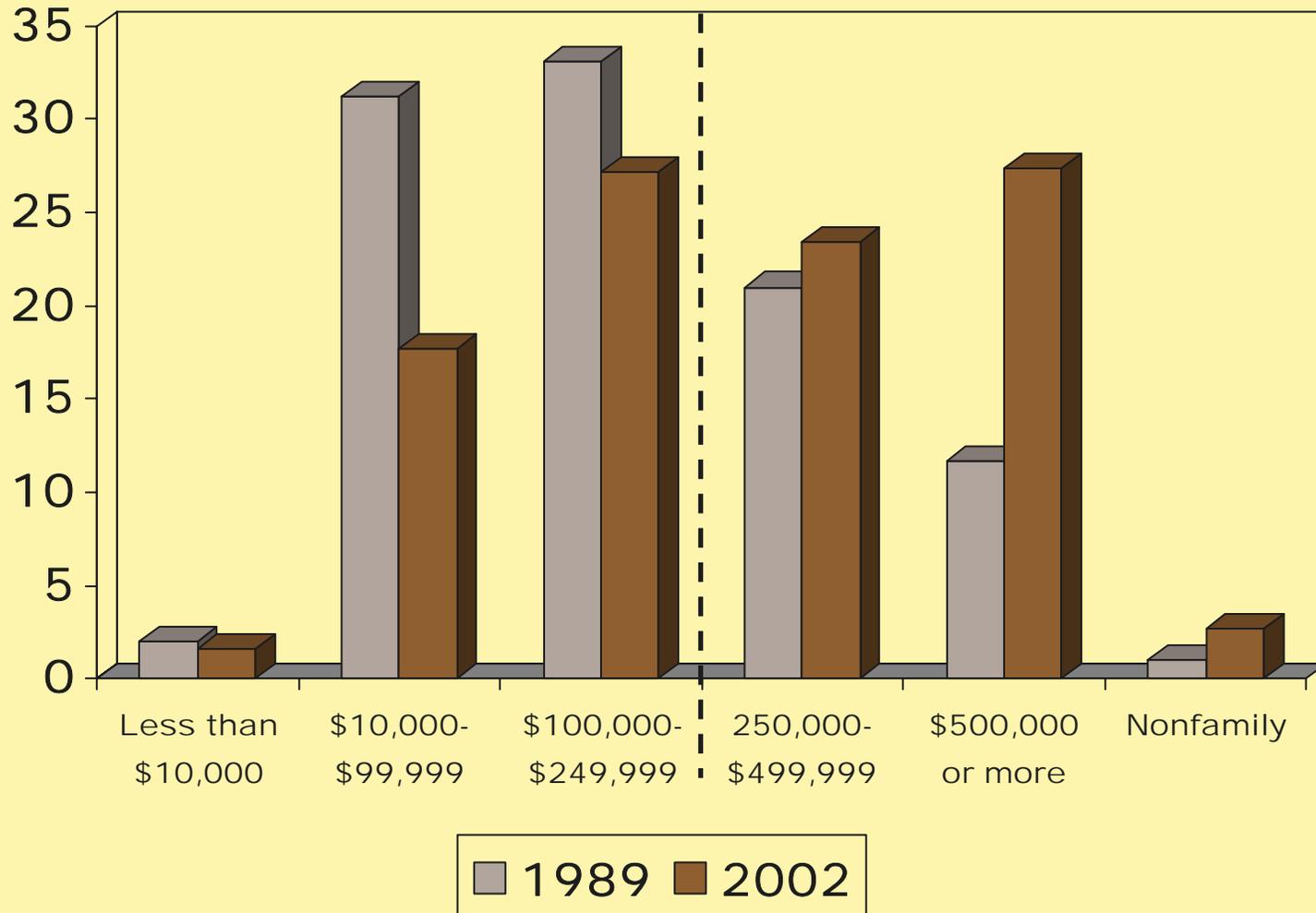


Source: USDA, Economic Research Service, 1999 Agricultural Resource Management Survey



Largest Farms Get Most Commodity Payments

Share of commodity program payment (%)

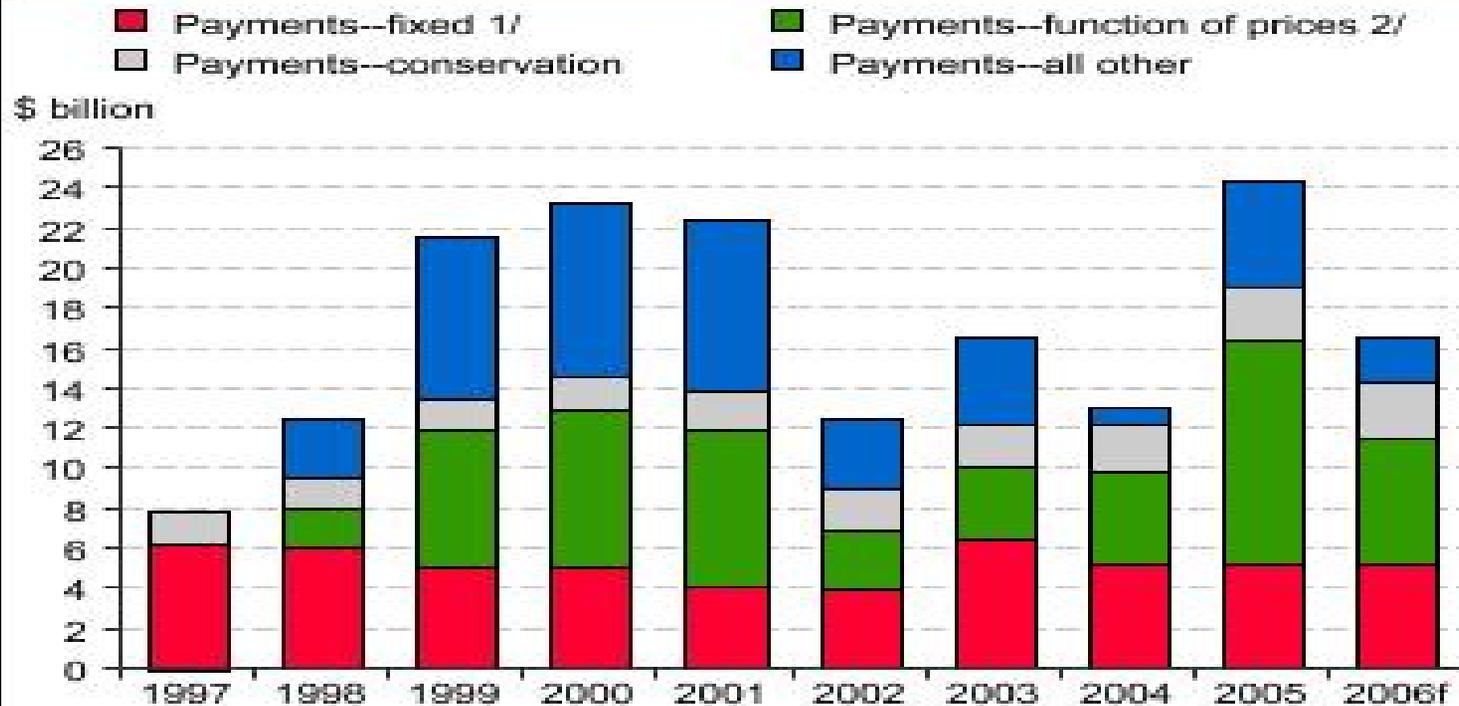


Source: USDA-ERS

Congressional Research Service

Programs Are Costly

Government payments, 1997-2006f



1/ Production flexibility contract payments and direct payments, where payment rates are fixed by legislation.

2/ Counter-cyclical payments, loan deficiency payments, marketing loan gains, and certificate exchange gains; where payment rates vary with market prices.

Source: FSA, NRCS, and CCC.





Barriers to Change

- Inertia of current programs
 - Many interest groups want to retain benefits
 - Ag committees reflect status quo
 - High commodity prices offset WTO pressures
- Budget constraints discourage new initiatives

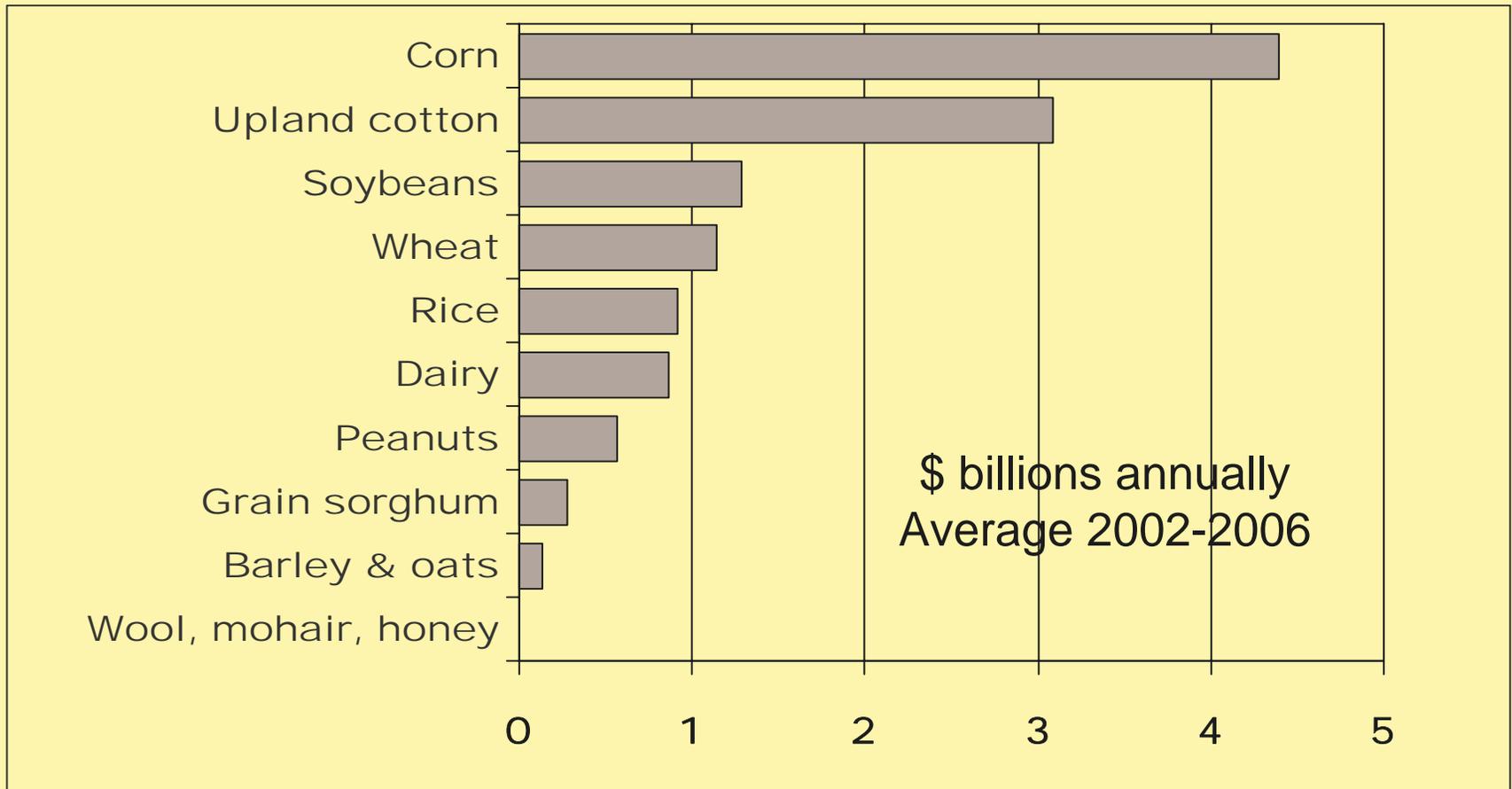


Farm Commodity Support

Jim Monke
707-9664
jmonke@crs.loc.gov

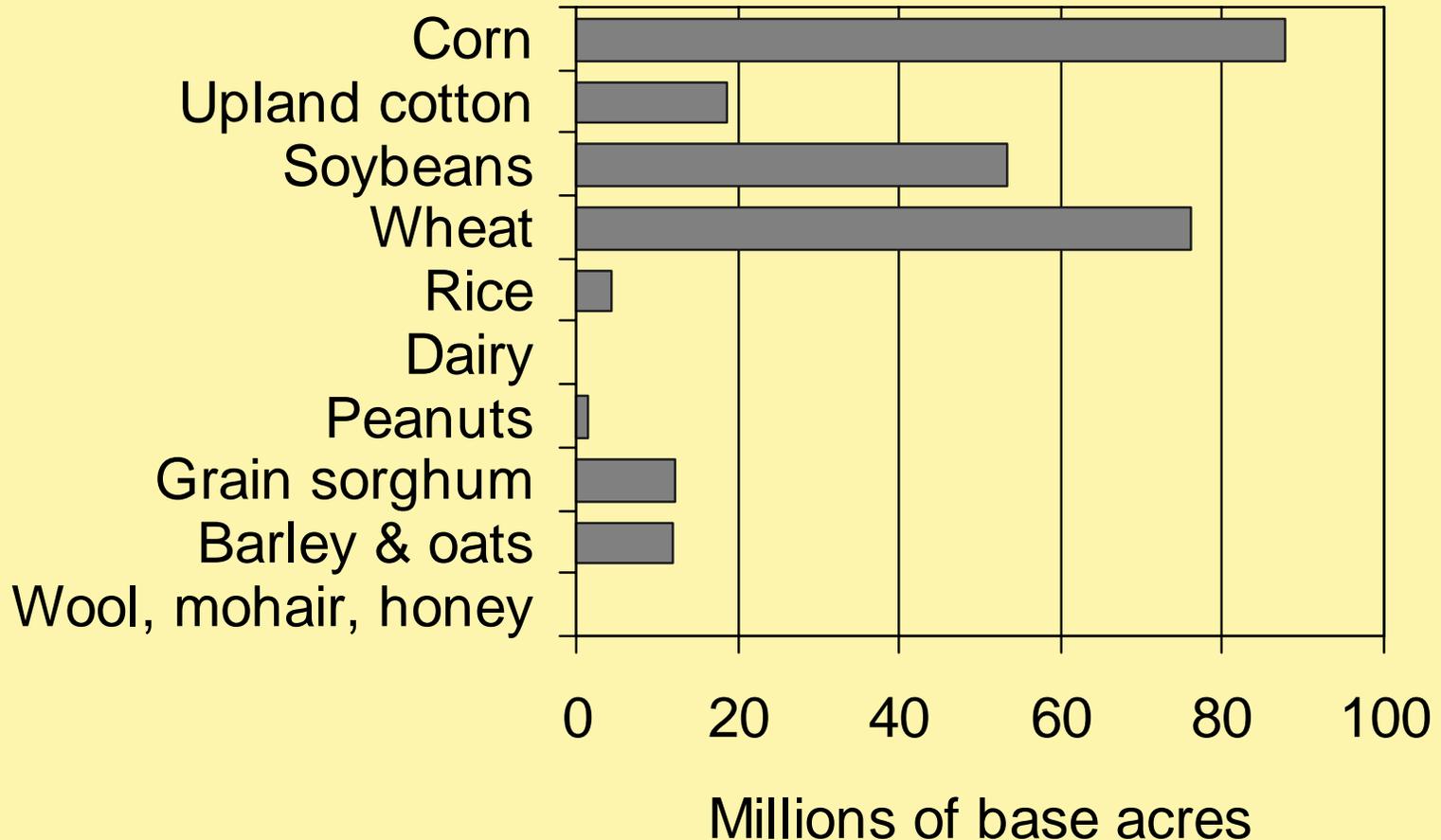
Farm Commodity Programs

85% of Cash Payments go to 5 commodities



Farm Commodity Programs

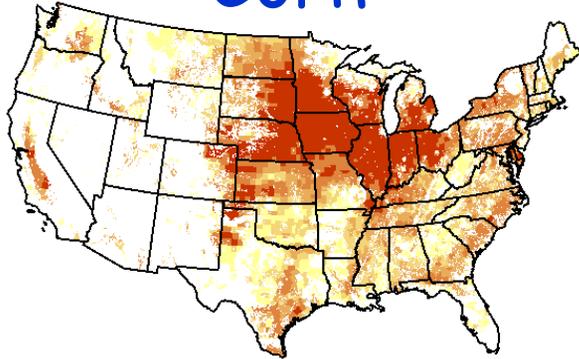
Corn has most base acres





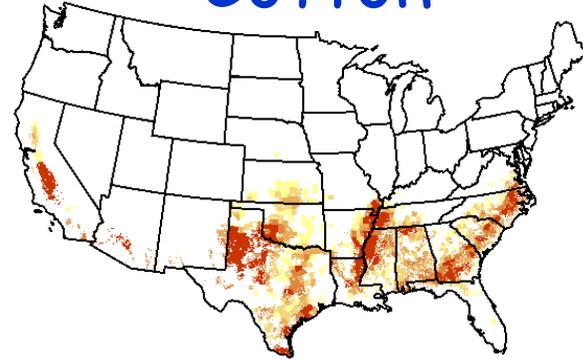
Farm Commodity Programs

Corn



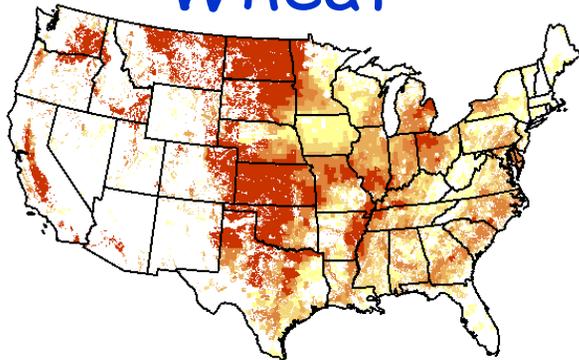
Source: USDA/ERS

Cotton



Source: USDA/ERS

Wheat



Source: USDA/ERS

Rice

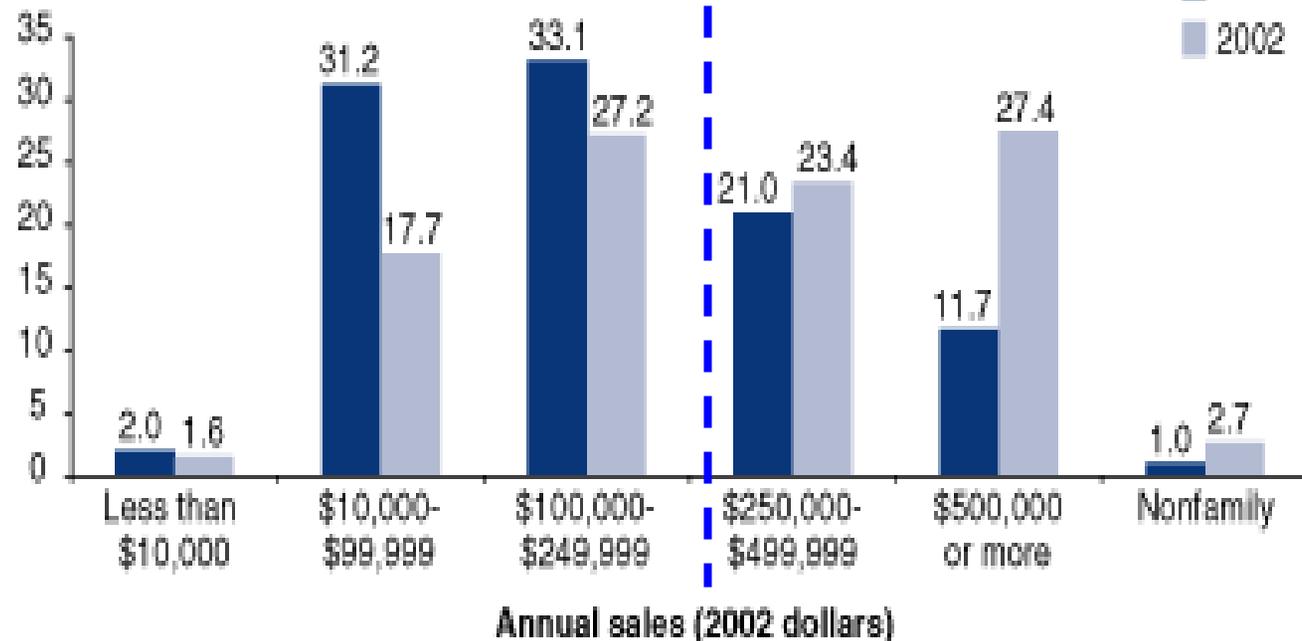


Source: USDA/ERS

Farm Commodity Programs

Government commodity program payments are shifting to larger farms

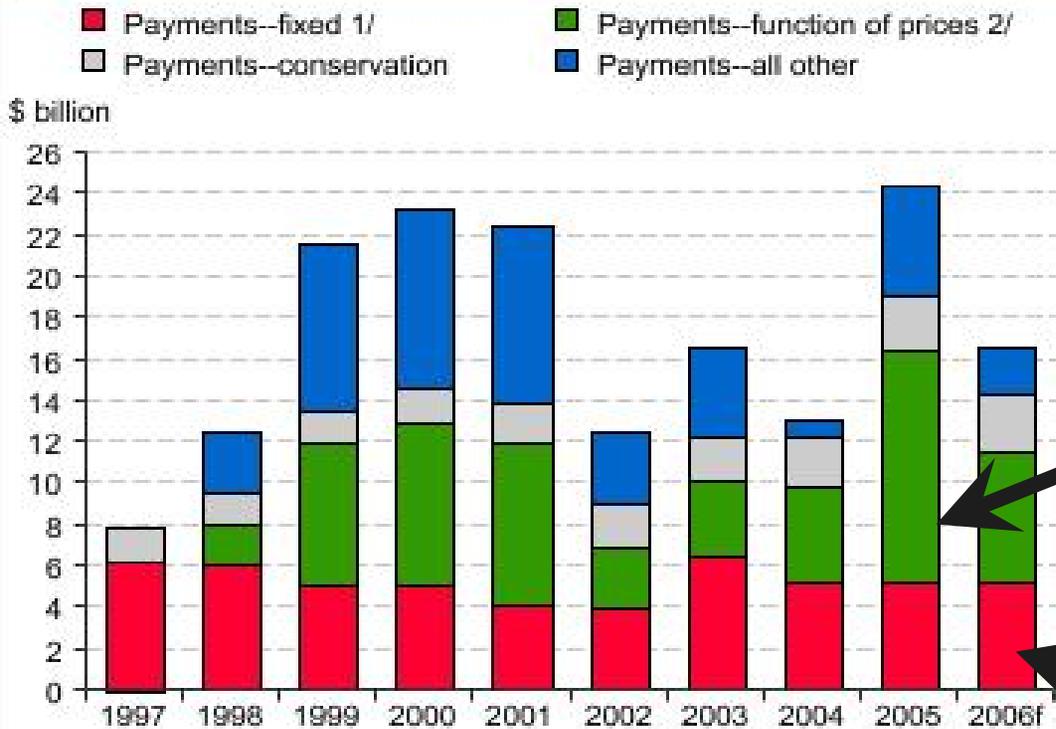
Share of commodity program payments (percent)



Source: USDA-ERS

Farm Commodity Programs

Government payments, 1997-2006f



1/ Production flexibility contract payments and direct payments, where payment rates are fixed by legislation.
 2/ Counter-cyclical payments, loan deficiency payments, marketing loan gains, and certificate exchange gains; where payment rates vary with market prices.

Source: FSA, NRCS, and CCC.



Counter-cyclical payments & marketing loans increase when market prices are low

Direct payments stable



Farm Commodity Programs

Policy options

- Continue current policy
 - Adjust loan rates, payment limits, etc.
- Add revenue-based payments
 - New counter-cyclical payment
- Shift to conservation / “green” payments
- Consideration for fruits and vegetables
 - Esp. if planting restrictions eliminated

Other commodities

- Important for WTO amber box
- Sugar
 - Supported by limiting imports & amount processors can sell
 - Adjustments for Mexican sugar entering U.S. under NAFTA in 2008
- Dairy
 - Price support program
 - Extending MILC direct payments



Agricultural Credit

Jim Monke
707-9664
jmonke@crs.loc.gov

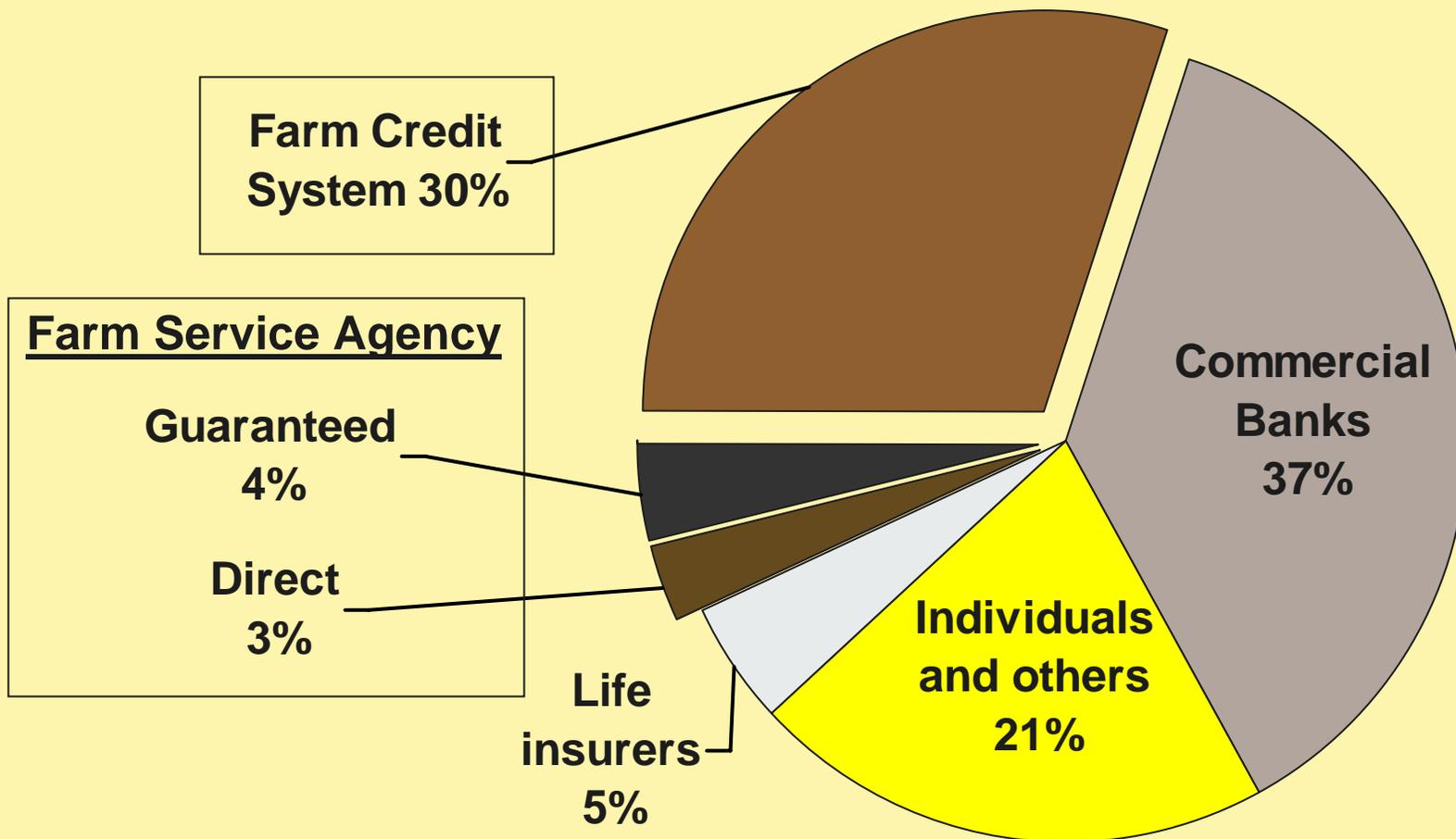


Agricultural Credit

- Farm bills adjust scope & eligibility rules in permanent authorizing statutes
 - USDA Farm Service Agency (FSA)
 - Lender of last resort
 - Direct & guaranteed loans
 - Farm Credit System (FCS)
 - For-profit lender, borrower-owned
 - Government sponsored enterprise
 - Statutory mandate to serve agriculture

Agricultural Credit

Market shares of \$214 billion farm debt



Source: USDA-ERS and FSA data

Congressional Research Service



Agricultural Credit

Potential Issues

– FSA

- Overall loan authorization amounts
- Individual loan size (\$200,000 direct limit)
- “Term limits” for graduating from FSA
- Changes to beginning farmer programs

– FCS

- Expanding scope of lending (“Horizons”)
- Serving non-farm businesses & rural housing
- Ability of FCS units to become private



Conservation

Jeff Zinn
707-7257
jzinn@crs.loc.gov



Implementation Policy

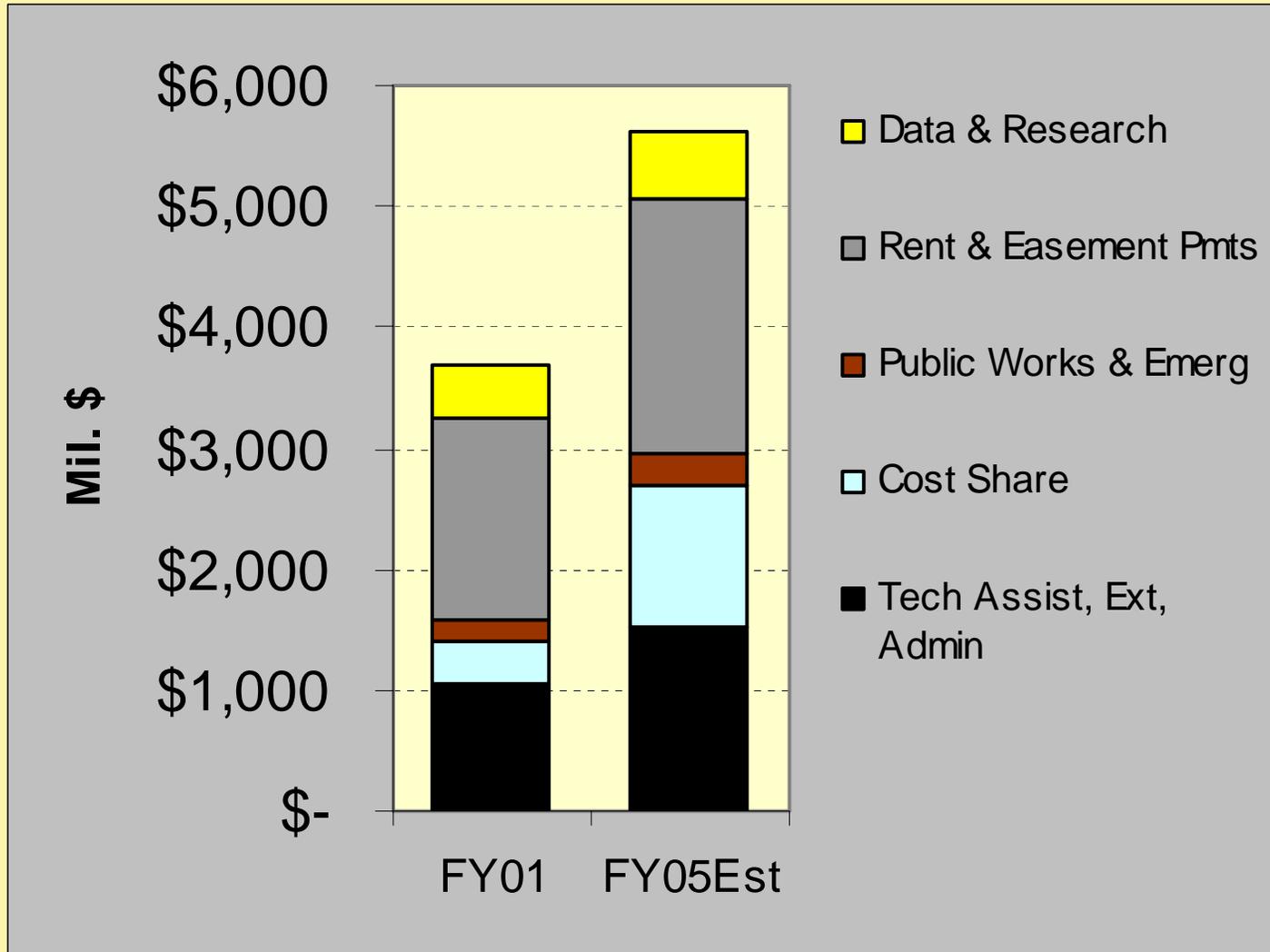
- Voluntary participation & incentives
 - Technical assistance
 - Help with planning, installing, & maintaining conservation practices
 - Financial assistance
 - Cost-sharing to install conservation practices
 - Rental & easement payments
 - Education programs
 - Basic & applied research



Program Design

- Cropland retirement
 - Conservation Reserve Program (CRP) - \$1,993 mil
 - Wetlands Reserve Program (WRP) - \$250 mil
 - Grasslands Reserve Program (GRP)
- Working lands assistance
 - Environmental Quality Incentives Program (EQIP) - \$1,017 mil
 - Conservation Security Program (CSP) - \$259 mil
 - Small Watershed Program
 - Resource Conservation & Development (RC&D)
- Technical assistance

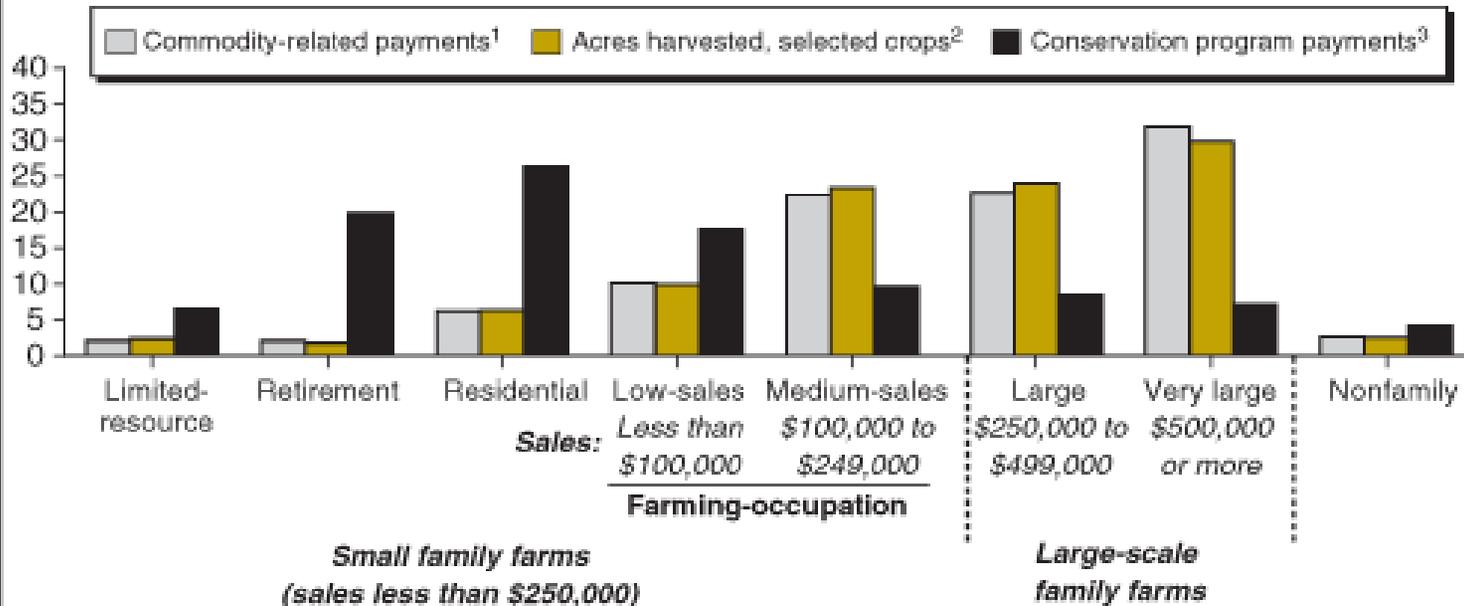
Growth in Spending, by Category



Conservation & Commodity Payments

**Most commodity program payments go to larger farms;
most conservation payments go to smaller farms**

Percent of U.S. payments or harvested acres



¹Direct payments, countercyclical payments, loan deficiency payments, marketing loan gains, net value of commodity certificates, peanut quota buyout, milk income loss contract payments, etc.

²Food and feed grains, soybeans, other oilseeds, cotton, and peanuts.

³Payments from the Conservation Reserve Program, Wetlands Reserve Program, and Environmental Quality Incentives Program. Smaller conservation programs are included in a miscellaneous category under commodity-related payments.

Source: USDA, Economic Research Service, 2003 Agricultural Resource Management Survey, Phase III.



Policy Questions: Land Retirement

- CRP was response to high erosion rates, low commodity prices, & depressed land prices
 - Is erosion being adequately controlled?
 - Is 40 million acres of retired cropland (10% of total cropland) too much?
- Would environmental goals retire different land?
- Would biofuel crops on retired cropland undermine environmental objectives?



Policy Questions: Green Payments

- Green payments as income support vs environmental program
- CSP as a framework for expanded green payments program
- Implement green payments program now vs postpone until later
- Green payments and biofuel crop production



Policy Questions: Other Conservation Topics

- Conservation could address other problems
 - Invasive species, endangered species, etc.)
- New conservation programs to address to global climate change
- Better coordinate & simplify by combining programs
- Can conservation delivery system meet expanded objectives & needs?



Agricultural Trade & Food Aid

Charles Hanrahan

707-7235

chanrahan@crs.loc.gov



Farm Bill Food Aid and Export Programs

Food Aid Programs	Kind of Aid	FY2006 \$ (Mil)
PL 480 (Titles I, II, & III)	Credit Sales & donations	1,408 (Title II = 1,335)
McGovern-Dole	School feeding	103
Section 416(b)	Surplus donations	0
Food for Progress	Develop market economies	158
Emerson Trust	Commodity /cash reserve	0



Food Aid Issues

- **Why?**

- Emergency relief and/or economic development
- Export market development
- Surplus disposal
- Subsidize US producers
- US NGOs
- US maritime industry



Food Aid Issues

- **How?**

- Commodities or cash
- Loans or donations
- Tied or untied
- US vs non-US shipping (cargo preference)
- Bilateral vs multilateral

- **How much?**

- Spending and/or commodity levels

- **Other Issues**

- Streamlining program management (USDA/FAS & USAID roles)
- Conforming to WTO rules



Export Market Development

Program	Purpose	FY2006 \$ (Mil)
Market Access Program (MAP)	Promote high value exports	200
Foreign Market Development Program (FMDP)	Promote commodity exports	34
Technical Assistance Specialty Crops (TASC)	Target SPS /TBT trade barriers	2.6
Emerging Markets Program (EMP)	Tech. assistance to EMs	10
Quality Samples (QS)	Product samples for EMs	1.8



Export Subsidy/Credit Programs

Program	Purpose	FY2006 \$ (Mil)
EEP	Direct subsidies	0
DEIP		2
GSM-102	Short-term credit guarantees	2,485
Supplier credit guarantees	Very short-term credit guarantees	602
Facilities financing guarantees	Short-term guarantees	20



Export Program Issues

- Future of direct export subsidies (EEP & DEIP)
 - Phase out, eliminate, hold in reserve
- Reform export credit guarantee programs
 - Subsidized vs commercial credit
- Need for & funding level of market development programs
 - Corporate welfare issue, funding levels for WTO compliant programs



Energy & Agriculture

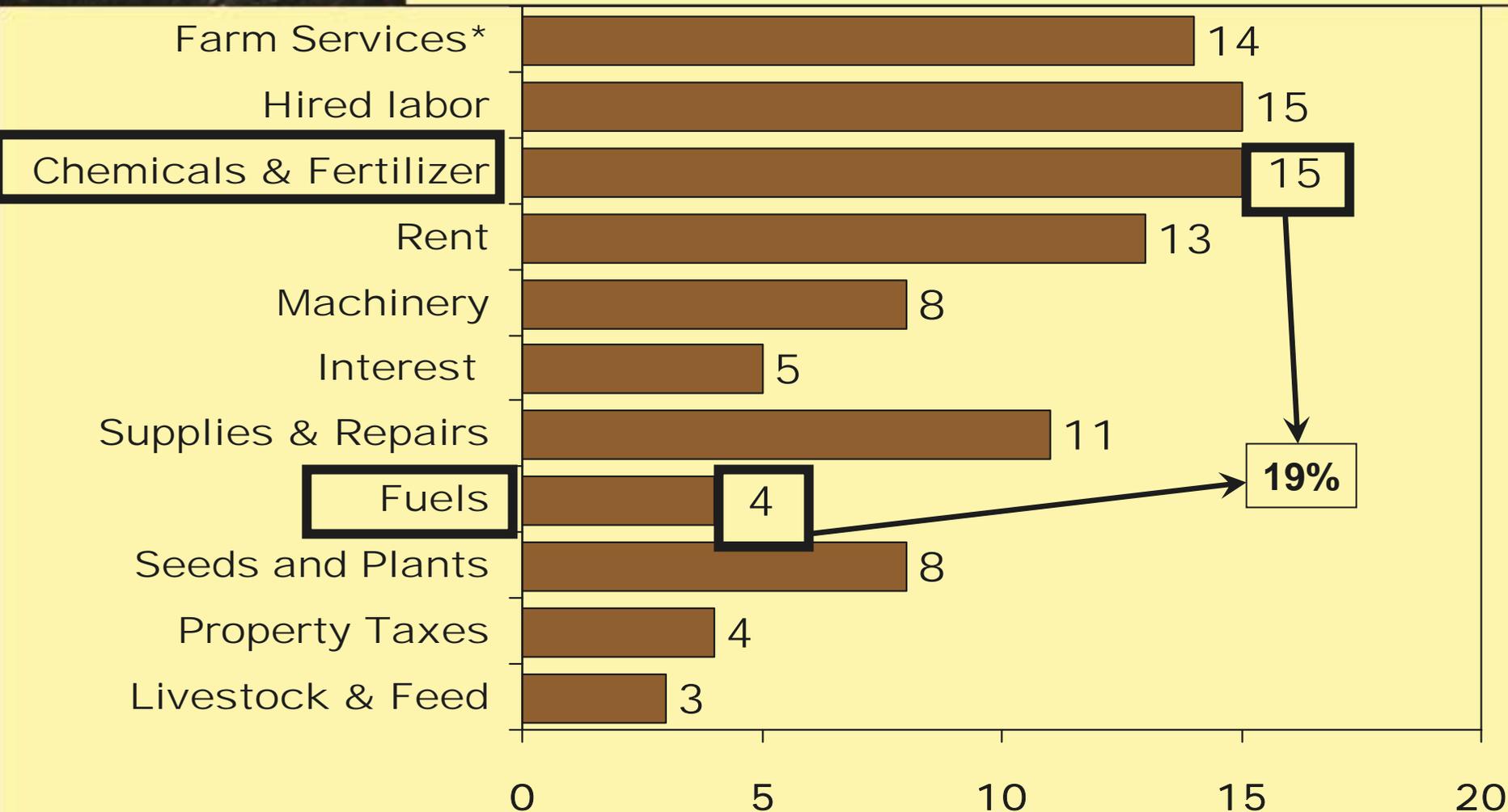
Randy Schnepf
707-4277
rschnepf@crs.loc.gov



Energy & Agriculture Sector

- Energy use
 - Important cost item in agricultural production
 - Direct energy costs -- fuel & power generation
 - Indirect energy costs -- fertilizer & chemicals
 - Energy needs differ by activity & region
- Energy production
 - Renewable agriculture-based energy products
 - Biofuels -- corn-based ethanol & soy-oil based biodiesel
 - Wind energy
 - Anaerobic digesters
 - Economic development opportunities for rural economies?
 - Trade-Offs?

Chemicals/Fertilizers Important Farm Costs, Fuels Less So...



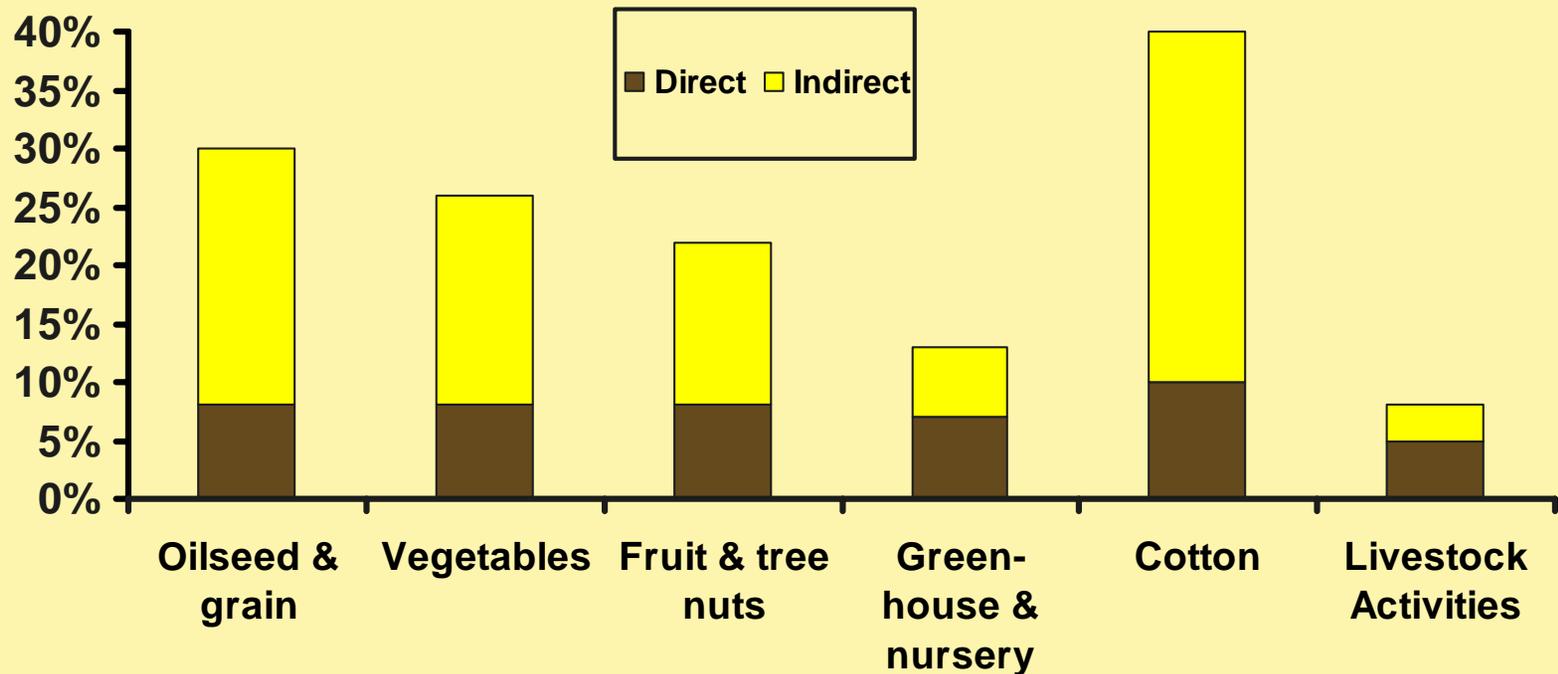
*Includes all crop custom work, transportation & marketing costs, insurance, leasing of machinery & equipment, miscellaneous business expenses, utilities

Source: USDA, National Agricultural Statistics Service, July 2004.



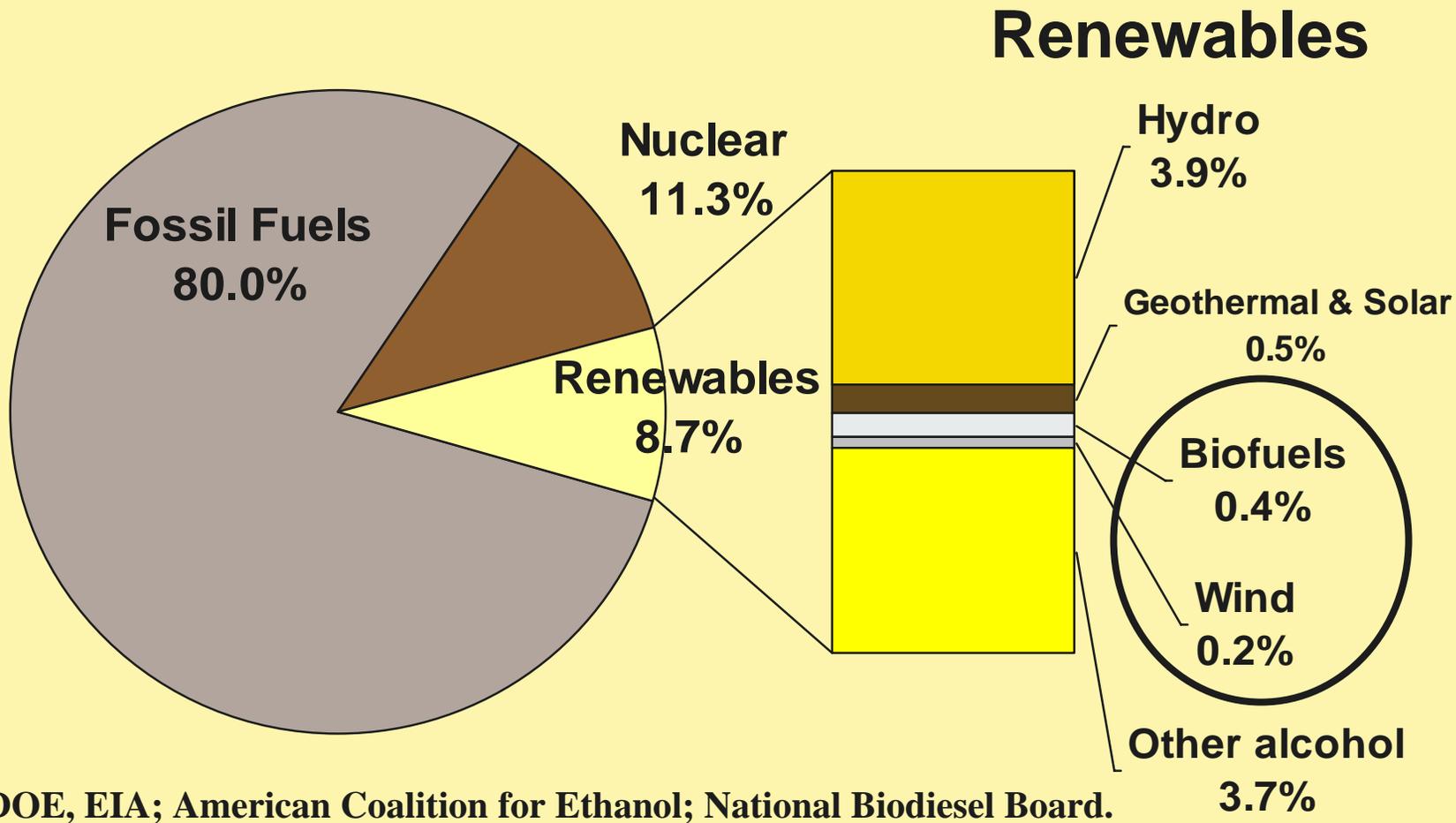
Energy Costs Vary by Crop

Share of
Production Costs



Source: Ag Census, 2002.

U.S. Energy Production, 2003



Source: DOE, EIA; American Coalition for Ethanol; National Biodiesel Board.



Agriculture-Based Energy Production Policy

- **2002 Farm Bill contained first Energy title**
 - Several provisions designed to bolster agr-based renewable energy production
 - At best, share jurisdiction with Dept of Energy
- **Primary Federal policy derives from non-farm legislation:**
 - Production Tax Credits of 51¢/gal. (U.S. Tax Code; IRS)
 - Renewable Fuels Standard (Energy Policy Act 2005)
 - Tariff on Imported Ethanol of 54¢/gal.
 - (recently extended in trade bill 12/12/06)



Nearby Futures Price for Corn: Sep '06 — Jan '07



Source: Chicago Board of Trade (CBOT), downloaded Jan. 24, 2007.

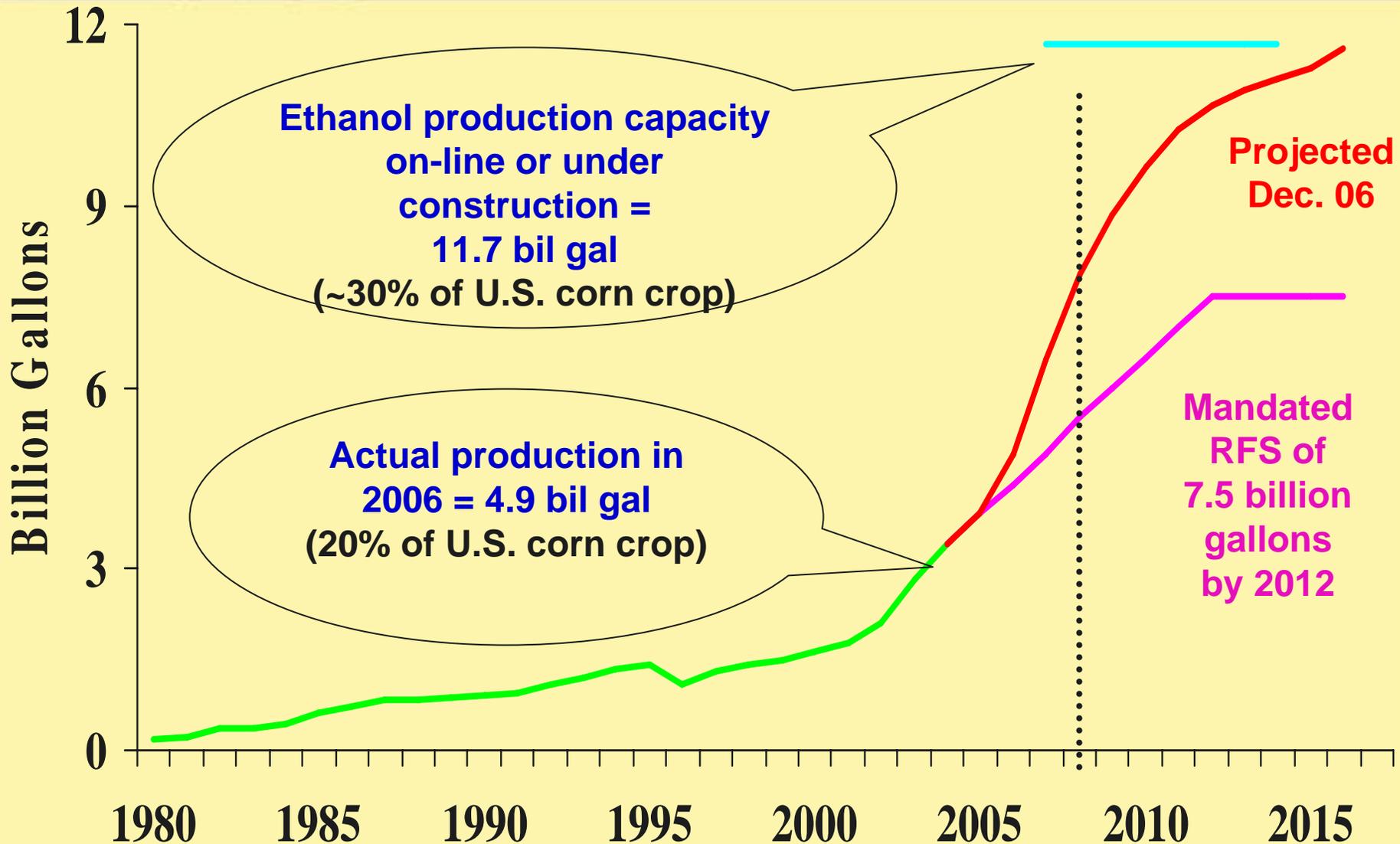


Energy Use: Policy issues

- Rising fuel & natural gas costs =>
 - Higher energy & fertilizer costs
 - Short-term
 - Likely alter crop & activity mix
 - Long-term
 - May drive resources from inefficient sectors... how will agriculture fare?
- Policy options are difficult since U.S. net importer
 - Petroleum, natural gas, nitrogen fertilizer



U.S. Ethanol Production: Actual, Mandated, & Projected





Renewable Energy Production: Policy Issues & Market Trade-Offs

- Rapid increase in demand for corn raises corn prices:
 - Crop area shifts (regional winners/losers)
 - Environmental trade-offs from (intensive corn production)
 - Livestock feed markets (expensive corn; cheap DDG)
 - U.S. corn exports (long-run sustainability?)

- Ethanol technical issues
 - Alternative feedstocks
 - Distribution network (transport; storage; delivery)
 - Utilization issues (motor specs; flexfuel cars; etc.)

- Impact on other Renewables: crowding out?
 - Solar; Geothermal; Wind; Hydro; new?

- Cellulosic ethanol? Likely? And how fast if so?



Animal Agriculture

Geoff Becker
707-7287
gbecker@crs.loc.gov

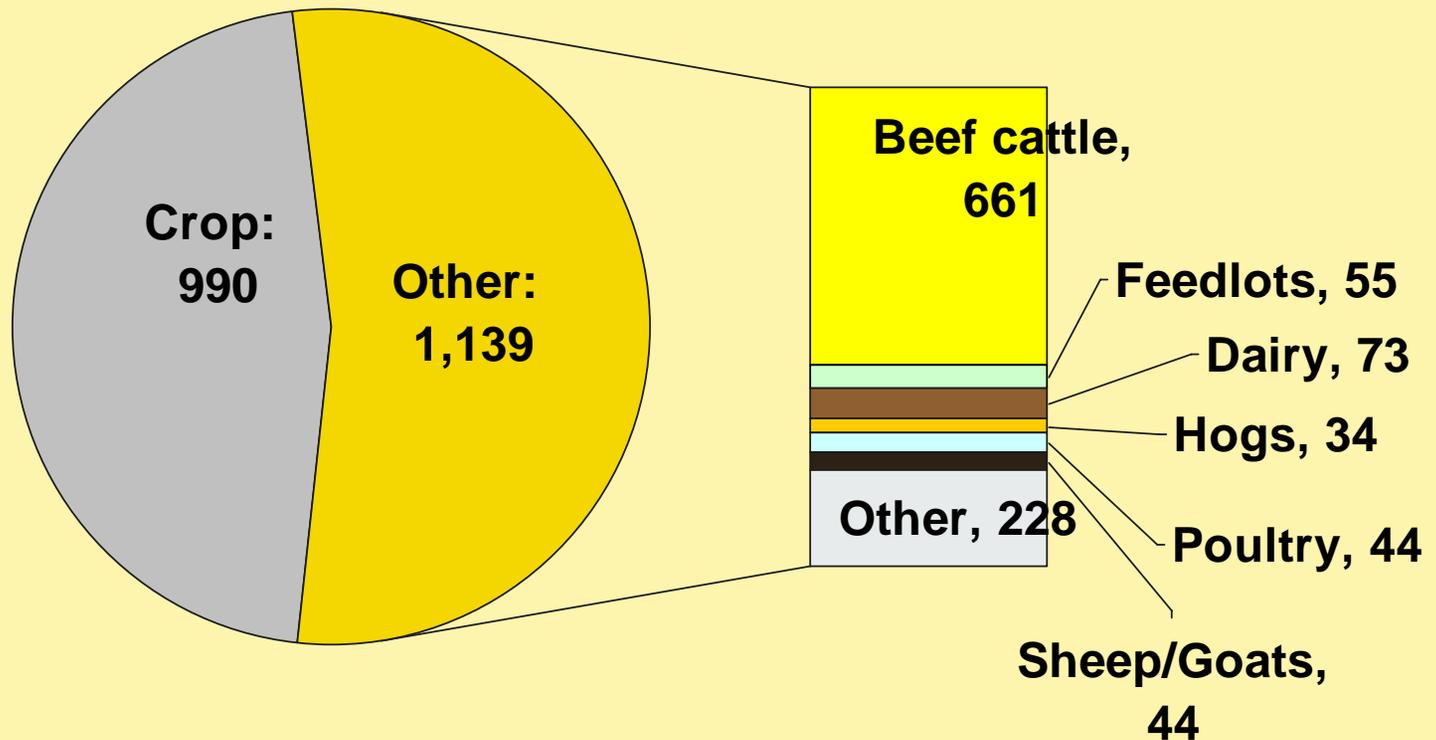


Animal Ag: Why Farm Bill Issue

- Large part of agriculture
- Changing dramatically
- Treated differently in policy

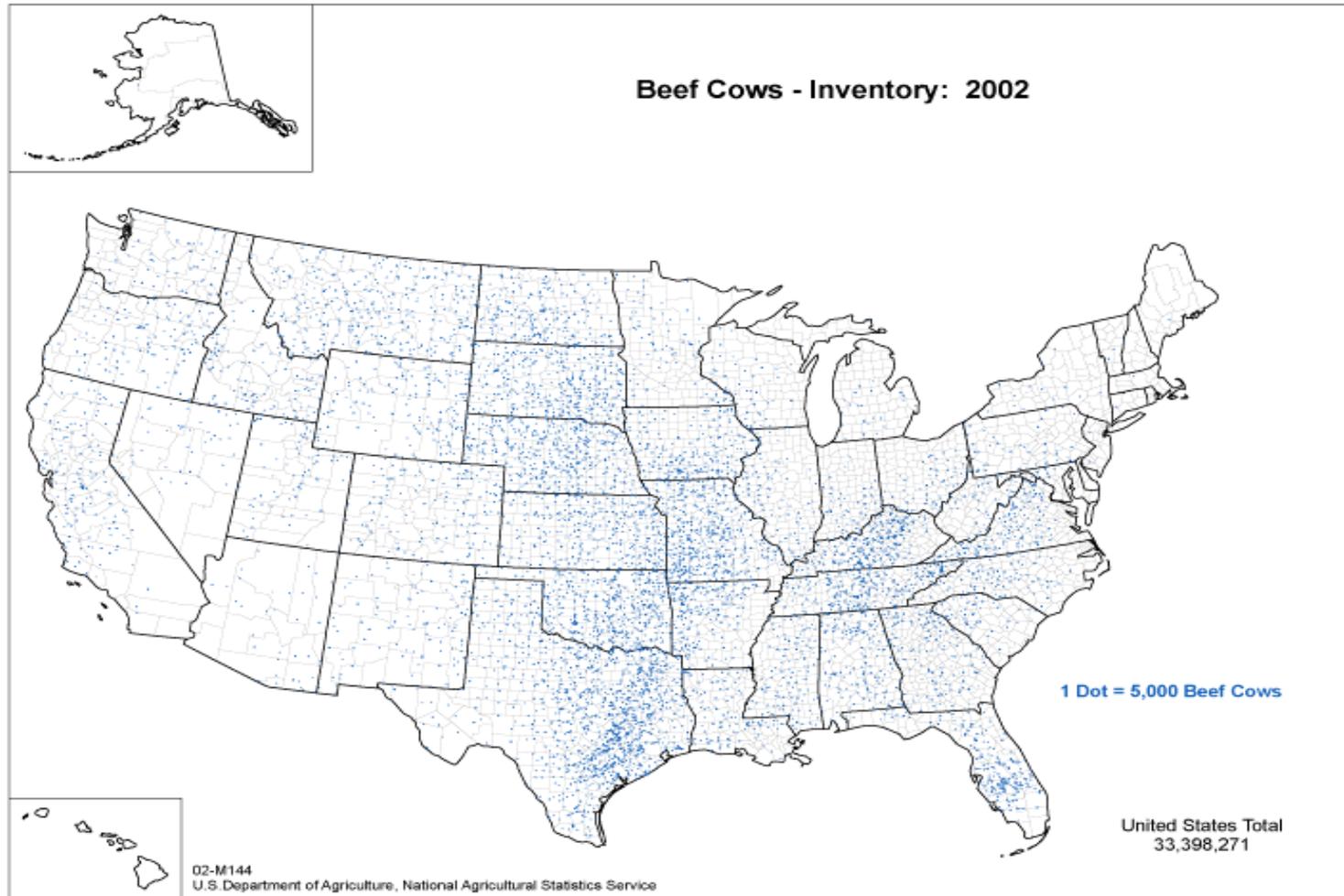
Animal Ag: Big Part of Agriculture

- \$124B--50% of all U.S. ag production value
- Half of all U.S. farms produce animals

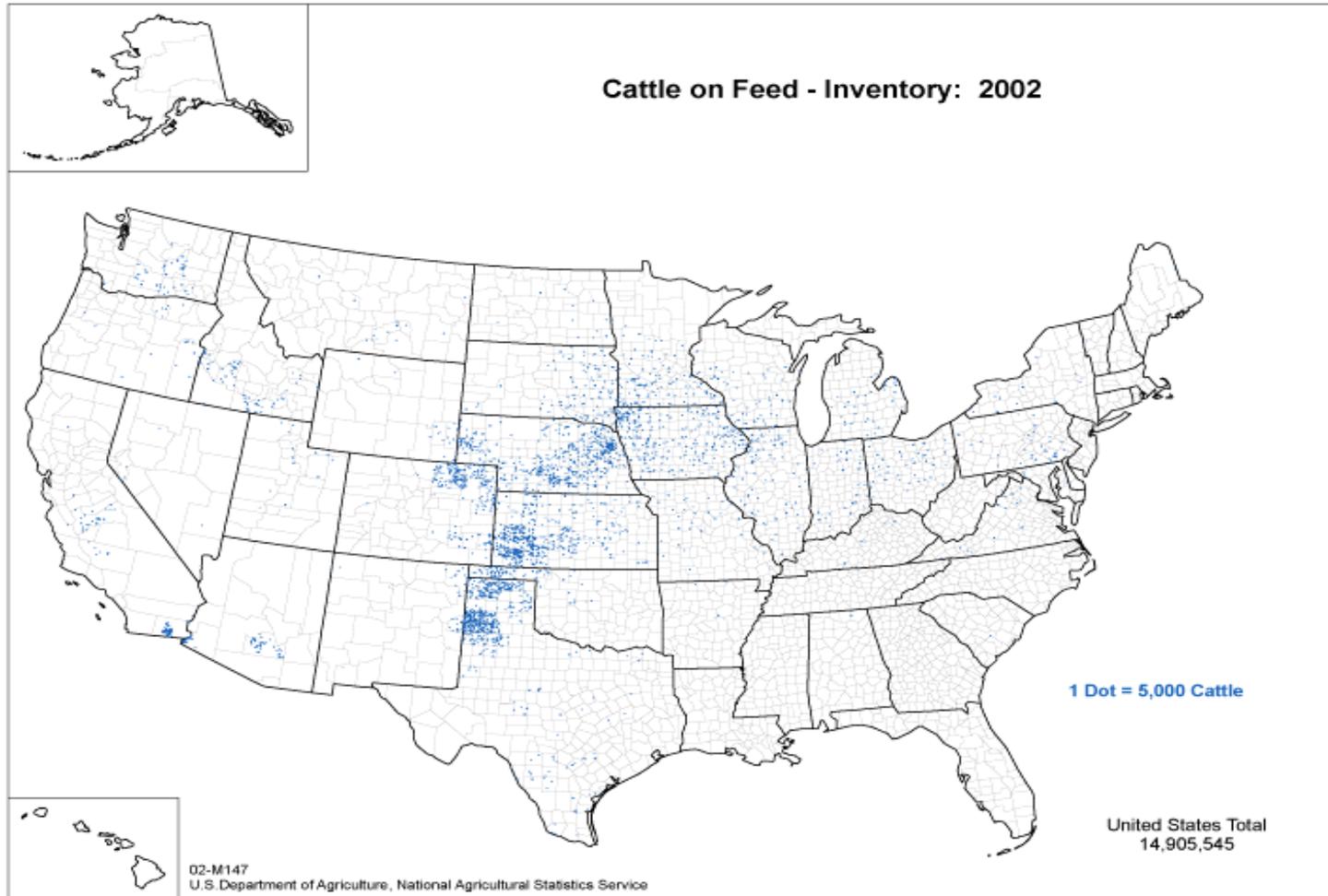


Farms in 1,000s (2002 Census of Agriculture)

Animal Ag: Where It's Big

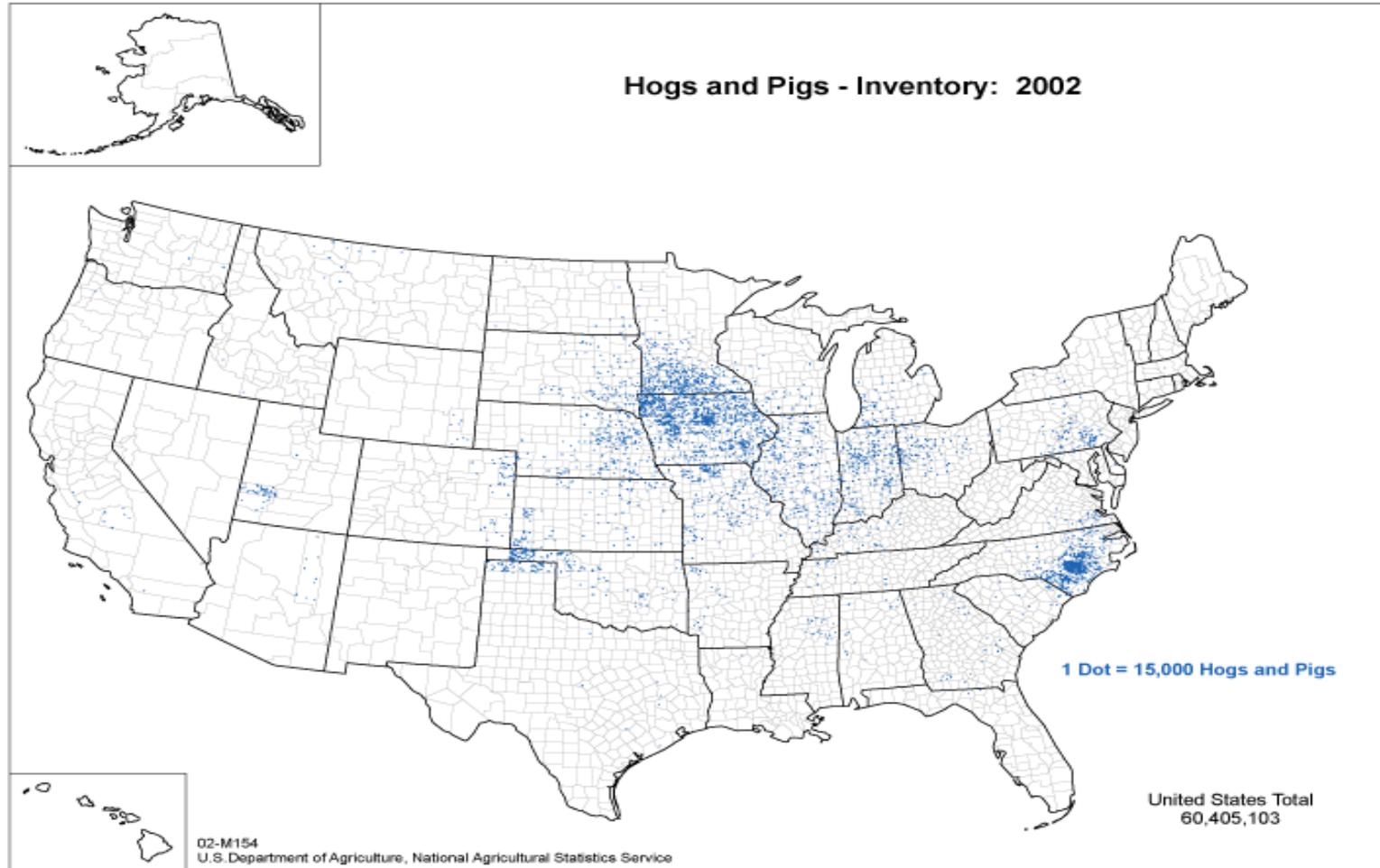


Animal Ag: Where It's Big



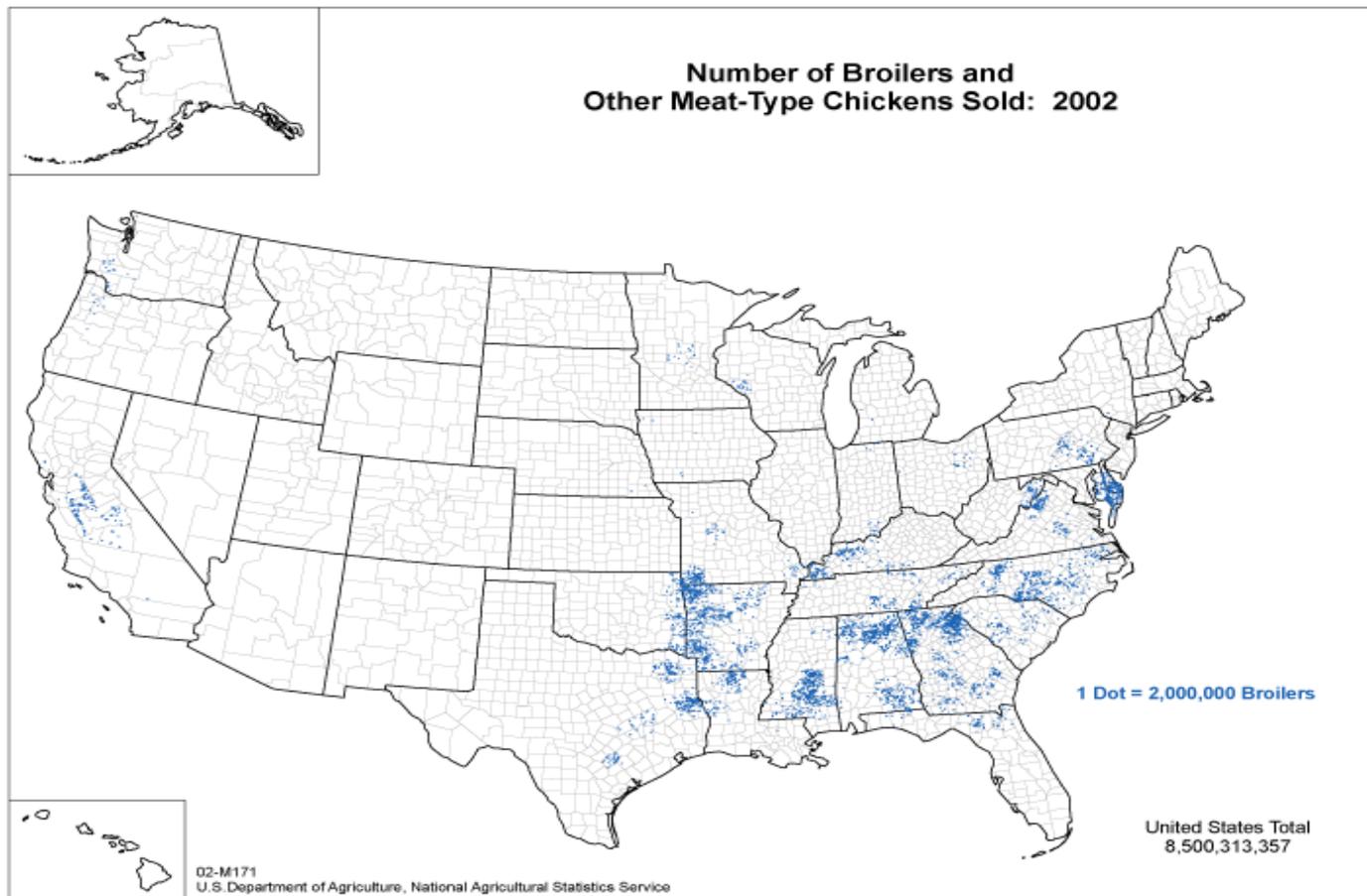


Animal Ag: Where It's Big





Animal Ag: Where It's Big





Animal Ag: Treated Differently in Policy

- No farm bill title & no price/income supports
 - Except dairy & ad hoc disaster payments
- CCC supports can affect bottom line
- Animal industry does seek help with trade disputes, export promotion, disease problems, surplus (Sec. 32) buys
- Subject to regulation
 - Marketing, safety, animal health



Animal Ag: Changing Dramatically

Highly competitive, global markets

- Get bigger & specialize
- Join marketing chain
- Livestock Contracts: 33% to 47% of production value (1991/93 – 2003)
- Packer consolidation:

	Percent Slaughtered by Top 4 Firms	
	1985	2005
Hogs	32%	63%
Steers/Heifers	50%	80%
All Cattle	39%	71%



Animal Issues in 2002 Farm Bill

- Animal health laws consolidated & rewritten
- Country of origin labeling mandated
- Some contract protections added
- Some “nonfarm” animal welfare provisions



Animal Issues in 2007 Farm Bill

- Feed prices (commodity & energy policies)
- Market competition
- Country of origin labeling
- Animal ID
- Animal welfare



Agricultural Research

Jean Rawson

707-7283

jrawson@crs.loc.gov

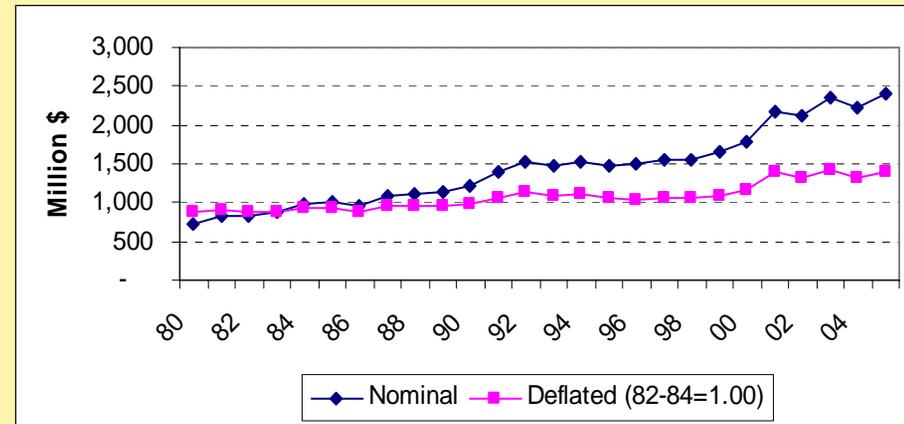


Agricultural Research, Education, & Extension

- Federal-State partnership

USDA: Agricultural Research Service
Economic Research Service
Nat'l Agric. Statistics Service
Cooperative State Research,
Educ., & Extension Service

States: Colleges of Agriculture
State Agric. Exp. Stations
Veterinary Schools
Forestry Schools
1890 Colleges of Agriculture
Tribal Colleges

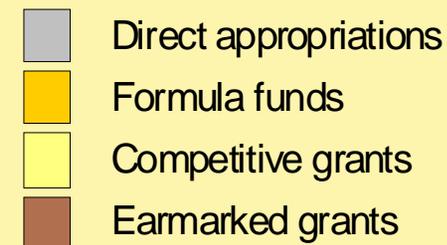
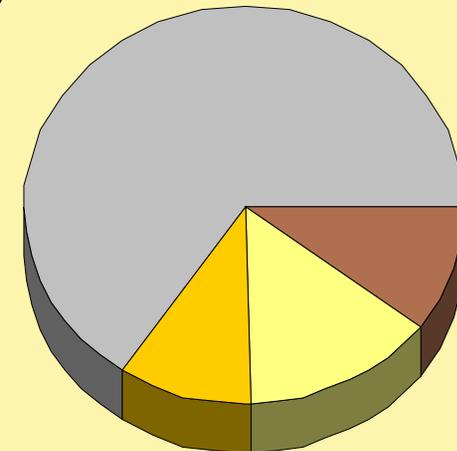




Administration of Ag Research Funds Different

- Other agencies' in-house research constitutes 20% or less of total research budget (NIH)
- Majority of federal funding for science distributed by competitive process
- NAS recommends increasing competitive grants in agriculture to 35% of portfolio
- Two ways
 - Reallocate existing funds (tried)
 - Secure additional funds (also tried)

How Ag Research Funds Are Distributed



OR . . .



Proposed National Institute of Food & Agriculture

- **2002 Farm Bill-commissioned Task Force: July 2004 Proposal**
 - Establish fully independent research institute (NIFA) within USDA
 - Award all NIFA grants competitively
 - Continue existing ag research funding & programs as they are
 - Reach \$1 billion support over 5 years



Proposed National Institute of Food & Agriculture

- **CREATE-21: Proposal of Land Grant College Community**
 - Incorporate all existing agencies, programs, & activities into new institute
 - Including Forest Service
 - Split institute portfolio into 42% for “capacity” funding (i.e., existing programs) & 58% for competitive grants
 - Grow to \$5.35 billion over 7 years



Proposed National Institute of Food & Agriculture

- **Other Options**

- Establish Division of Food & Agriculture Science within National Science Foundation
- Reauthorize 1998 Initiative for Future Agriculture & Food Systems
- Reauthorize existing programs & seek increased funding through annual appropriations



Selected Issues

- Effect of deficit on future ag research & extension funding
- Impact of more competitive grants on land grant university system
- Should Cooperative Extension System be reformed if national institute established

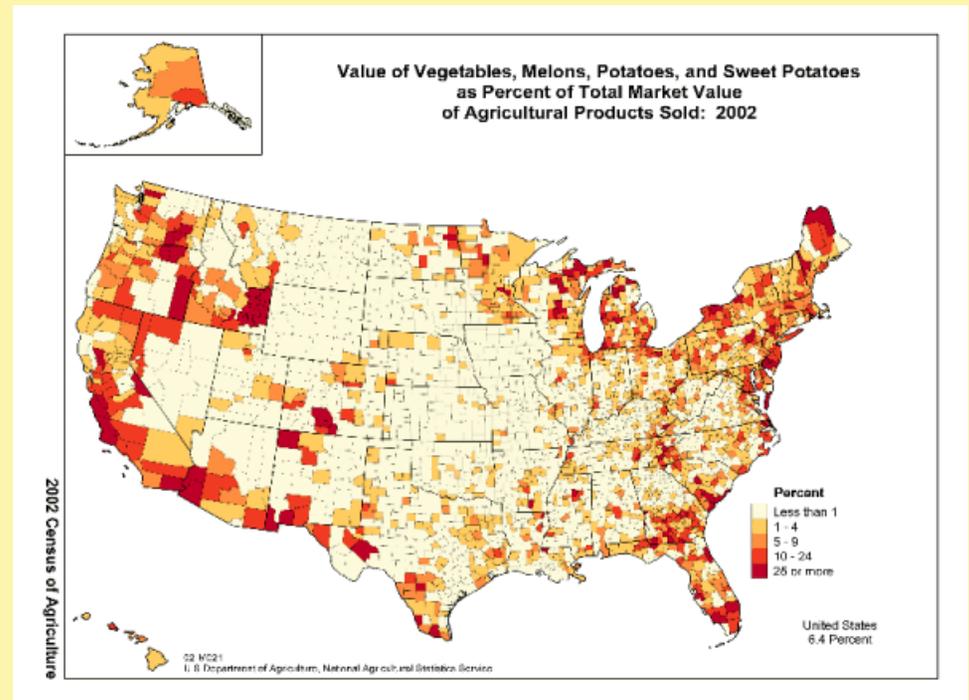


Specialty Crops

Jean Rawson
707-7283
jrawson@crs.loc.gov

Specialty Crops

- Include fruits, vegetables, tree nuts, & nursery crops
- Account for nearly 50% of all crop cash receipts, but occupy about 3% of harvested cropland
- Not eligible for crop & income support payments





USDA Programs of Benefit to Specialty Crops

- Marketing orders
 - Block grants to states for market promotion
 - Export promotion
 - Crop loss assistance
 - Disease & pest protection
 - Managing trade-related pest & disease issues
- FDA guidance on preventing fruit & vegetable contamination
 - Fruit & vegetable purchases through child nutrition programs
 - Scientific research on crop production, protection, processing, & economics



Planting Restriction

- 2002 farm bill prohibits planting fruits & vegetables on program crop base acres
- 80% vegetable acres for processing (sweet corn, tomatoes, dry beans, & potatoes) rotated with program crops (ERS, 2006)
- Planting restriction issue
 - Existing trade obligations
 - Trade liberalization negotiations



Prospective Issues & Options

Use CCC Funds to Support Specialty Crop Sector

- Expand block grants to states
 - Expand specialty crop export promotion programs
 - Establish units in USDA & USTR to handle trade-related pest & disease issues
 - Add food safety programs to marketing orders
- Increase funds for pest emergency programs
 - Increase funds for disaster losses
 - Increase funds for basic, applied, & economic research
 - Expand fresh produce to schools



Crop Insurance & Disaster Assistance

Ralph Chite
707-7296
rchite@crs.loc.gov



Federal Crop Insurance

- Policies sold & serviced by private sector, but reinsured & subsidized by the federal government
- If a disaster causes production to fall below coverage level, farmer receives an indemnity payment
- Participating farmers receive free catastrophic coverage and are encouraged to “buy-up” to higher level coverage
- Revenue Insurance: For many crops, farmers can insure a target level of revenue rather than just a shortfall of production



Government Cost of Crop Insurance

Millions of \$

Fiscal Year	Program Losses (Gains)	Premium Subsidy	Private Company Expenses	Other Costs	Total Govt. Costs
2000	196	1,353	540	86	2,175
2001	725	1,707	648	82	3,162
2002	1,182	1,513	656	114	3,465
2003	822	1,873	743	150	3,588
2004	(303)	2,386	899	142	3,125
2005	(688)	2,465	782	139	2,698

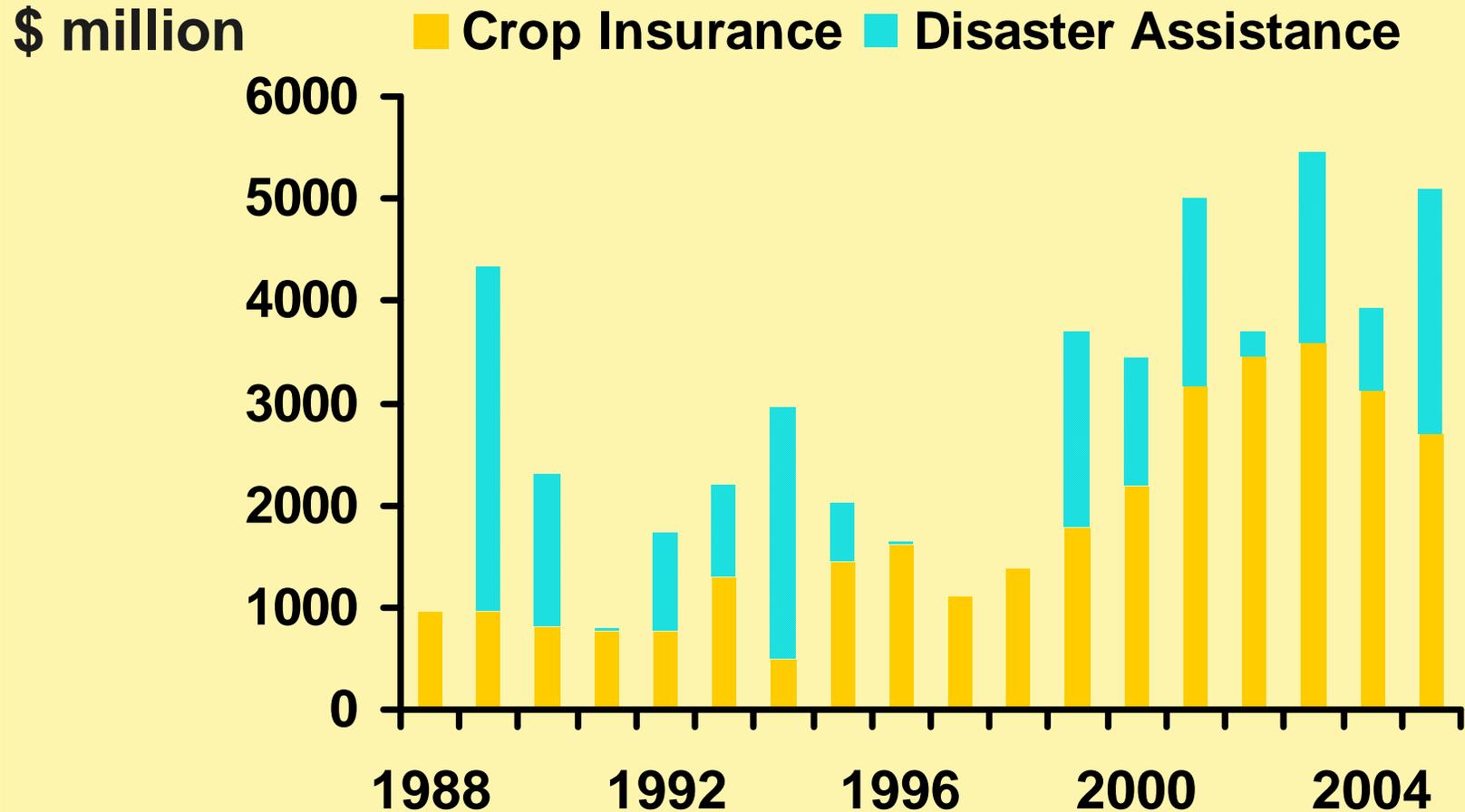


Crop Disaster Assistance

- Provided on ad-hoc basis in supplemental appropriations for nearly every crop year between 1988 & 2004, despite legislative enhancements to crop insurance
- Attempts to provide assistance for 2005 and 2006 crop losses were unsuccessful in Congress last year, might be revisited this year



Cost of Crop Insurance and Disaster Payments





Crop Insurance & Disaster Aid: Potential Farm Bill Issues

- Permanent disaster payments
- Revenue insurance expansion
- Premium Reduction Plan
- Funding to combat waste, fraud & abuse
- Specialty crop & livestock concerns
- Potential budget reductions



Rural Development

Tadlock Cowan
707-7600
tcowan@crs.loc.gov



A Snapshot of Rural America

- 50 million people (almost 17% of US population)
- Less than 7.0% of rural workforce directly employed in farm production
- Nearly 90% total farm household income from off-farm sources
- Approximately 78% farming-dependent counties lost population between 2000-2005
- Manufacturing accounts for approx. 25% rural private sector earnings & approx. 12% all rural jobs
- Poverty rates higher than in metro areas



Rural Employment Growth

Annual Employment Growth	Rural	Urban
1990-2005	1.0%	1.2%
2000-2005	0.4%	0.7%
2004-2005	1.4%	1.8%
Unemployment Rate, 2005	5.4%	5.0%

Source: Economic Research Service



Rural Per Capita Income

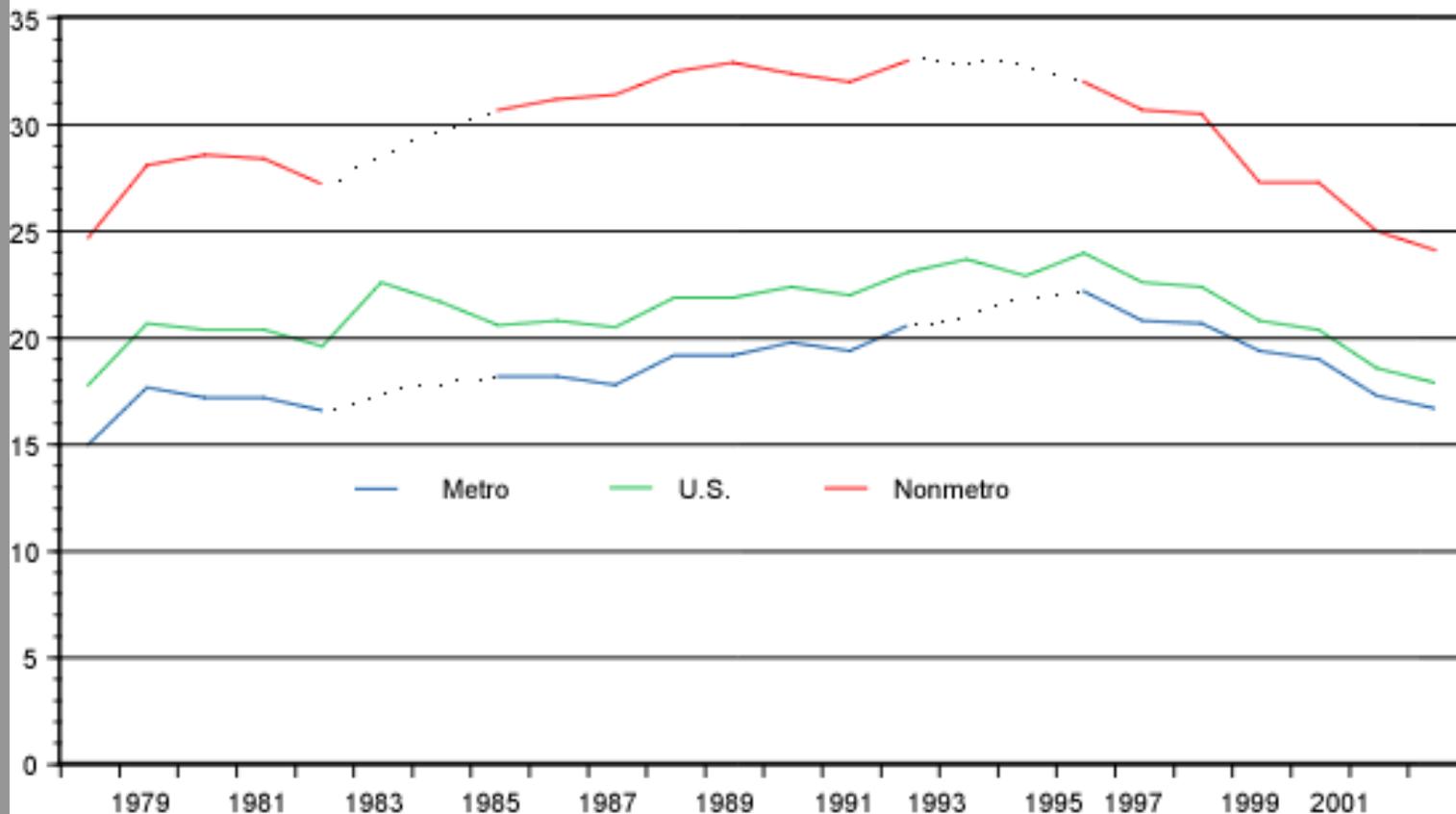
Real Per Capita Income (2004 dollars)	Rural	Urban	% Difference
1990	\$21,204	\$29,671	28.5%
2000	\$24,148	\$34,540	30.1%
2004	\$25,104	\$34,668	27.6%

Source: Economic Research Service

Rural Low-Wage Labor

Share of experienced wage and salary workers earning low wages, 1979-2002

The percentage of rural low-wage workers has fallen since 1996



Note: The dotted lines indicate data are not available.

Source: Calculated by ERS using data from the 1979-2002 Current Population Survey earnings files.



Rural Poverty Rates

Poverty Rate	Rural %	Urban %	U.S. %
1979	15.9	11.6	12.4
1989	17.3	12.2	13.1
1999	14.8	11.9	12.4
2004 (est.)	14.4	12.4	12.7

Source: Economic Research Service

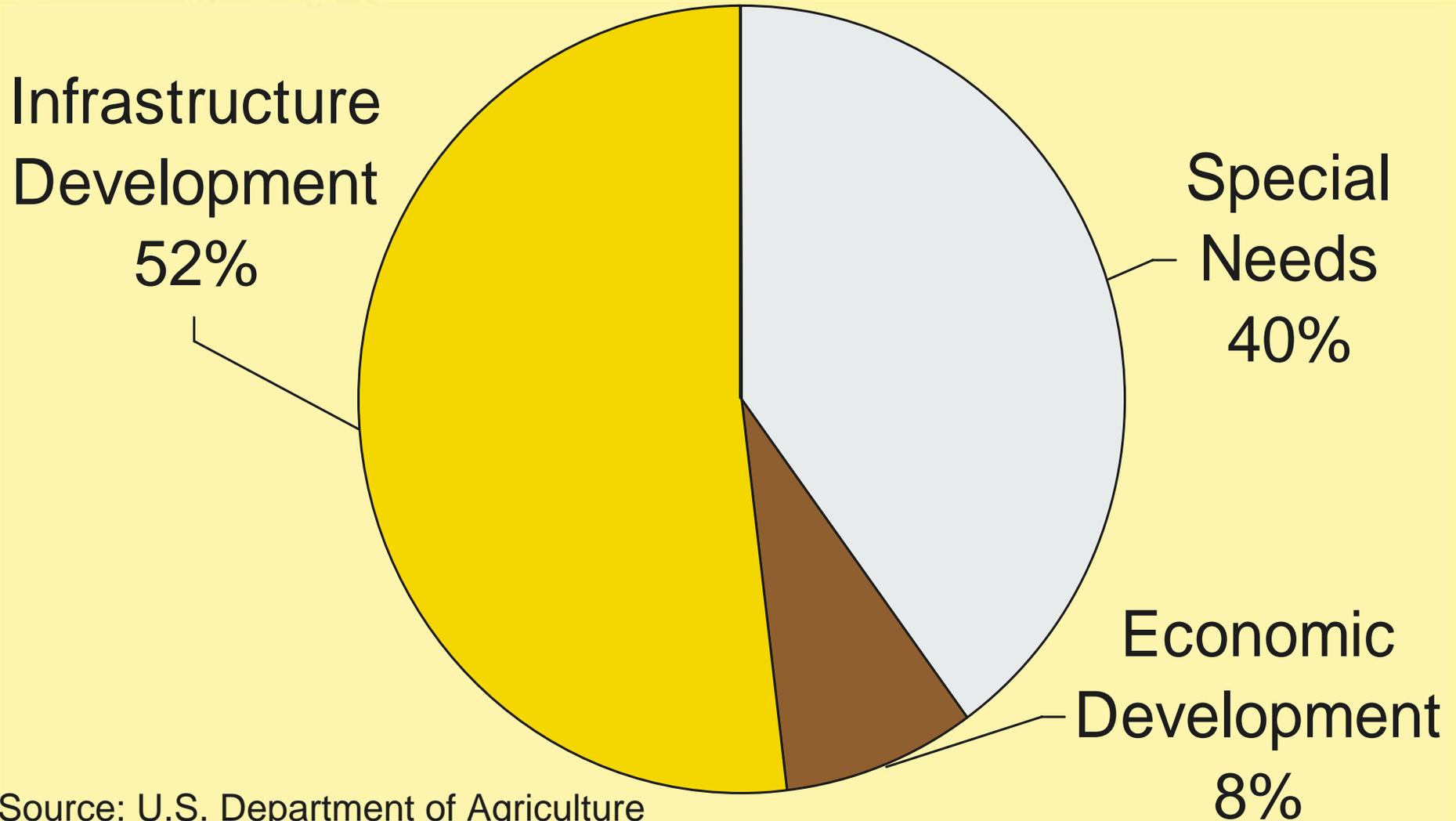


USDA Rural Development Agencies

- **Rural Housing Service**
 - \$5.1 bil loan authorization level (FY2006)
- **Rural Business-Cooperative Service**
 - \$59.2 million (FY2006)
- **Rural Utilities Service**
 - \$6.6 billion loan authorization (FY2006)



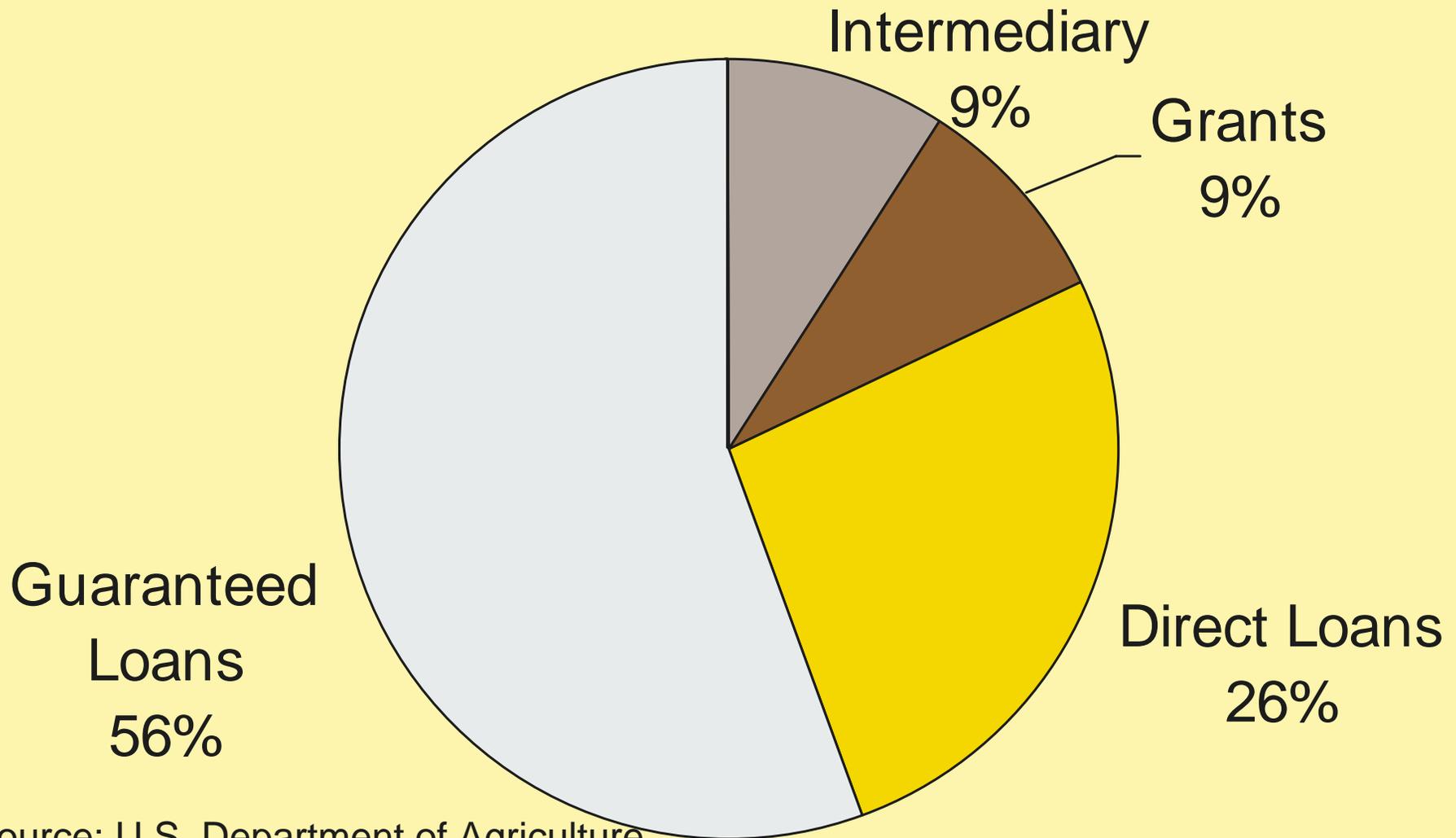
USDA Rural Development Assistance Categories, FY 2006



Source: U.S. Department of Agriculture



USDA Rural Development Support Methods, FY 2006



Source: U.S. Department of Agriculture

Congressional Research Service



Key Rural Development Provisions 2002 Farm Bill (Title VI)

- Rural Community Advancement Program
- Comprehensive & strategic regional development planning & implementation
- Water & waste facilities
- Telecommunications programs
- General business assistance programs
- Promoting value-added agriculture
- Community facilities & related programs
- National Rural Development Partnership



Rural Community Advancement Program

- Community Facilities Account
 - \$82.6 mil budget authority (FY2006)
- Business Development Account
 - \$82.9 million budget authority (FY2006)
- Utilities Account
 - \$530.1 mil budget authority (FY2006)



Rural Community Advancement Program

- Community Facilities Account
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- Business Development Account
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- Utilities Account
 - \$530.1 mil budget authority (FY 2006)



Expiring Rural Development Provisions in 2002 Farm Bill

- Rural Strategic Investment Program
- Rural Business Investment Program
- Value-Added Product Development Grants
- Renewable Energy Systems
- Enhanced Rural Access to Broadband
- Rural Firefighters Program



Key Questions for Farm Bill

- Effectiveness in improving economic competitive position?
- Broad-based vs targeted programs to address rural areas?
- New funding approaches for regional programs?
- New programs to assist entrepreneurial efforts in rural communities?
- Integrating rural development and biofuels initiatives?



Domestic Nutrition

Joe Richardson

707-7325

jrichardson@crs.loc.gov



Farm Bill-Authorized Nutrition Programs

Covered by farm bill

- Food Stamps (& programs in lieu of food stamps)
- Emergency Food Assistance Program (TEFAP)
- Commodity Supplemental Food Program (CSFP)
- USDA commodities distributed through child nutrition programs & fresh fruit and vegetable projects
- Senior Farmers' Market Nutrition Program (SFMNP)
- Community Food Projects

= \$35 billion

= 62% of all farm bill program outlays

= 65% of USDA spending on domestic food assistance.



Other Nutrition Programs

Not Covered by farm bill

- Child nutrition programs (e.g. school meal programs)
- WIC Program (including WIC Farmers' Market Nutrition program)

= \$19 bil

*These programs reviewed & reauthorized through child nutrition reauthorization legislation (scheduled for 2009)



Nutrition Provisions & Costs in 2002 Farm Bill

- Food stamps general theme: Increase participation
- *Liberalized eligibility rules, especially for non-citizens*
 - *Encourage easier program access through state options*
 - *Raised benefits for some*
- Increased mandatory funding for TEFAP commodities
- Increased administrative funding for CSFP
- Provided mandatory funding for SFMNP
- Established limited number of projects offering free fresh fruit & vegetables in schools



New costs estimated at \$3 billion over 6-year life of 2002 farm bill, representing 5-6% of total new spending bill prompted

Congressional Research Service



Nutrition Issues in 2007 Farm Bill

Since 2002...

- Food stamp rolls up over third (to 26 million); benefits up almost 20%
- Food stamp “error rates” down historic lows
- States slow to take up options for easier access to food stamps
- Non-mandatory commodity donations for TEFAP shrunk
- Fresh fruit & vegetable project expanded

For 2007...Initiatives depend on new funding (few no-cost proposals)

Three Major Issue Areas:

- Food stamp eligibility rules & benefits
 - Use of benefits (food choices & dietary supplements)
 - State-initiated administrative changes
 - Further opening access
- Increasing guaranteed commodity support level for TEFAP
- Expansion of efforts to provide fresh fruit & vegetables