

House Ag Committee races to capture “reserve account” funds

In the 1960's, many of the guys who could afford cars spent summer Sunday afternoons at their local drag strip seeing who could make it to the end of the quarter mile in the fastest time. After the races the discussion inevitably would turn to the big man in drag racing, “Big Daddy” Don Garlits and his nitro-burning top fuel dragsters. There wasn't a young driver around who didn't wish that he could be sitting on the line strapped into a dragster next to Garlits waiting for the lights to change from red to yellow to green.

Well my friends, if you missed that in your youth here's another chance to feel the blur. Get ready to be strapped into a 4.9-second quarter-mile 300-mph-fueler as we race for the line. From the looks of the recent frenzy of activity in the House of Representatives surrounding the new farm bill, it looks as if we are preparing to make a blinding dash for the finish line hoping to get there before emergencies and those with other interests gobble up the available money in the federal budget.

If you would have asked me as recently as three weeks ago when we were going to have a new farm bill, I would have said that I don't expect anything before the expiration of the current legislation in 2002 and wouldn't be surprised if they took a little longer than that—witness the 1996 Farm Bill. After all, a year ago, Sen. Richard Lugar, then Chair of the Senate Committee on Agriculture, Nutrition and Forestry, declared that Freedom to Farm would run its full course and there would be no new farm bill before 2002. Until recently, things seemed to be proceeding at an orderly pace with the various farm bill hearings by the House Agriculture Committee.

The reason for the current acceleration in farm bill deliberation can be traced back to the creation of reserve accounts last spring to meet potential funding needs for specified federal agency programs. A \$66 billion reserve account was established for agriculture. But the \$1.35 trillion tax cut and a slowing economy have changed perceptions about the size of the surplus and the level of competition for the pool of reserve account money. In addition, some potentially large, unbudgeted expenses like prescription drug benefits for Medicare recipients may need to draw from these funds as well. As a result, agriculture's \$66 billion reserve fund could disappear, if—because of previous reserve account commitments—it would cause Congress to dip into the Medicare Trust Fund to come up with the money. Medicare Trust Funds are included in the budget surplus and congress has vowed not to dip into these monies to fund current programs. Thus, the race is on to capture the money before it is used

by another program like national defense in years beyond 2002.

On the House side, the dragster is on the line as Rep. Larry Combest and committee have completed their mark-up the house version of a farm bill, well ahead of the August 3 congressional recess. At this time, the plans are to bring the legislation to the house floor for a vote in September. Even before the “mark-up” session began on July 23rd, Combest revised some of the numbers we reported in last week's column. It seems that Congressional Budget Office revised its cost estimate for the Combest farm bill proposal, freeing an additional \$3 billion that could be used to increase commodity payment rates. At this point, the fixed AMTA payment rates and the target prices have been moved up a few pennies for each of the crops with the largest increases for soybeans. Since tomorrow's numbers may be still different, we will wait until a later date to report the updated rates.

Senate Ag Committee Chair Tom Harkin is not quite as ready to be strapped into a rocket sled on wheels, opting instead to hop aboard a powerful, articulated four wheel drive farm tractor and move forward with all deliberate speed as he methodically works the field. As an aide said, Harkin wants a good farm bill not a fast one. Harkin has scheduled hearings on the bill and will hold field hearings following that. If congress stays in session, it seems likely that the Senate version will be ready in the November/Thanksgiving time frame. Some of the timing will depend upon how well the newly-majority Democrats and the minority Republicans on the panel work together.

Harkin is continuing on this deliberate course despite the urgings of Sen. Kent Conrad. In an AP wire release, Conrad is quoted as saying “We are in a race here, to get that farm bill money committed before we start using Medicare Trust Fund money.” Conrad has warned Harkin that if senate action on a farm bill runs into next year, it may be too late.

We may have the race between the tortoise and the hare all over again: Harkin on his four wheel drive tractor and Combest in his nitro burning dragster. Farmers will need to remain informed and vigilant as things seem to be changing by the hour.

Daryll E. Ray holds the Blasingame Chair of Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and is the Director of the UT's Agricultural Policy Analysis Center. (865) 974-7407; Fax: (865) 974-7298; dray@utk.edu; <http://agpolicy.org>.