

Grappling with Federal and State Budget Challenges

Andy Morton

House Budget Committee

Agricultural & Applied Economics Association

Annual Meeting

August 6, 2013

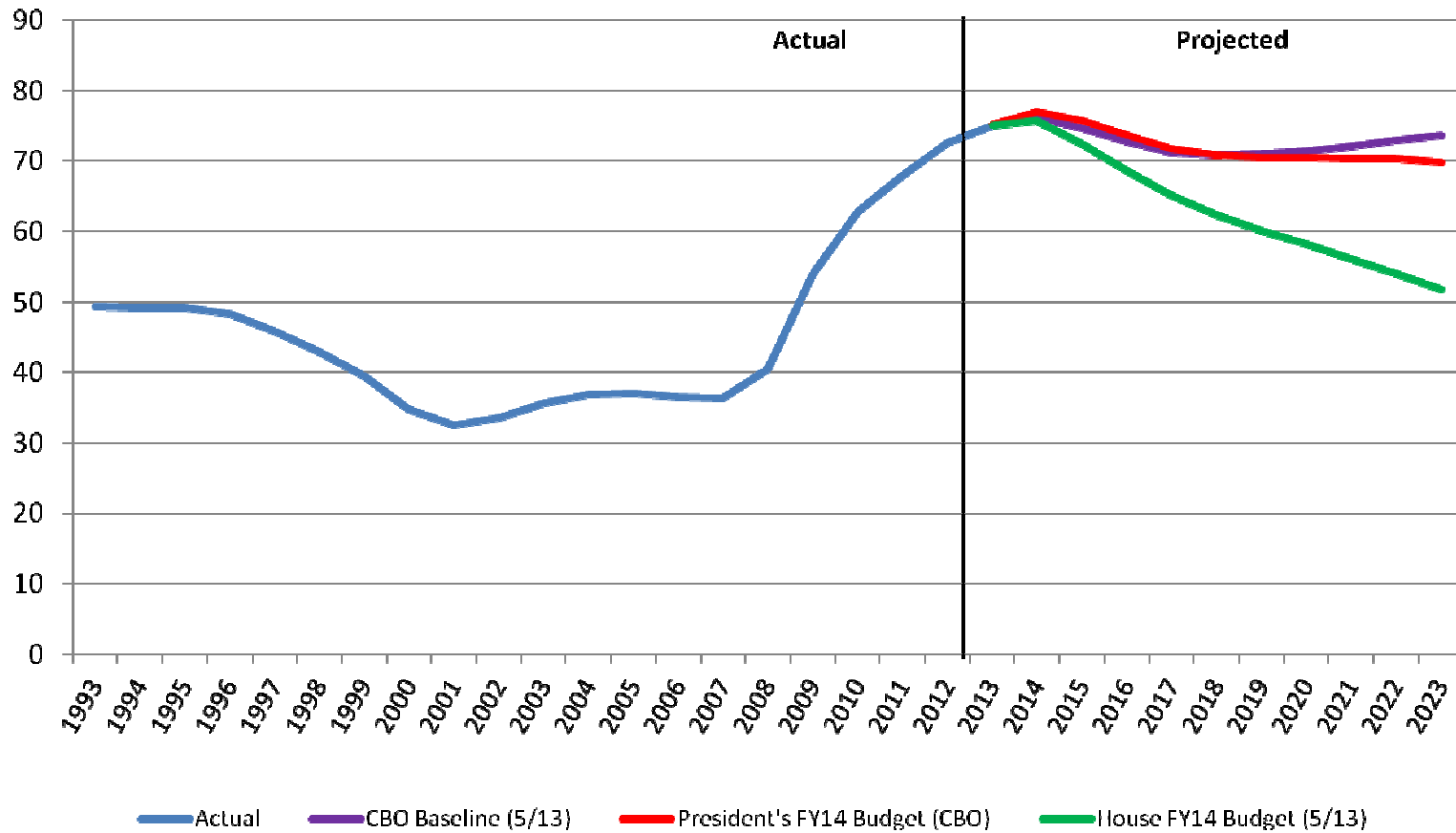
Washington, DC

Current Federal Budget Situation

- Disclaimer: The views I offer today are my own, not necessarily those of Chairman Ryan
- Short-term deficit improvement this year due mainly to
 - discretionary spending restraint under the BCA and recent appropriations legislation
 - Fiscal cliff legislation
 - and other, mostly one-time, factors
- CBO projects that under current law debt to GDP is stabilized at a historically high level over the medium term
- Challenge: Unsustainable longer-term budget situation due to continuing growth of health and retirement entitlement spending

Varying House and Administration Approaches to the Federal Budget Challenge

Debt Held by the Public as a Share of GDP

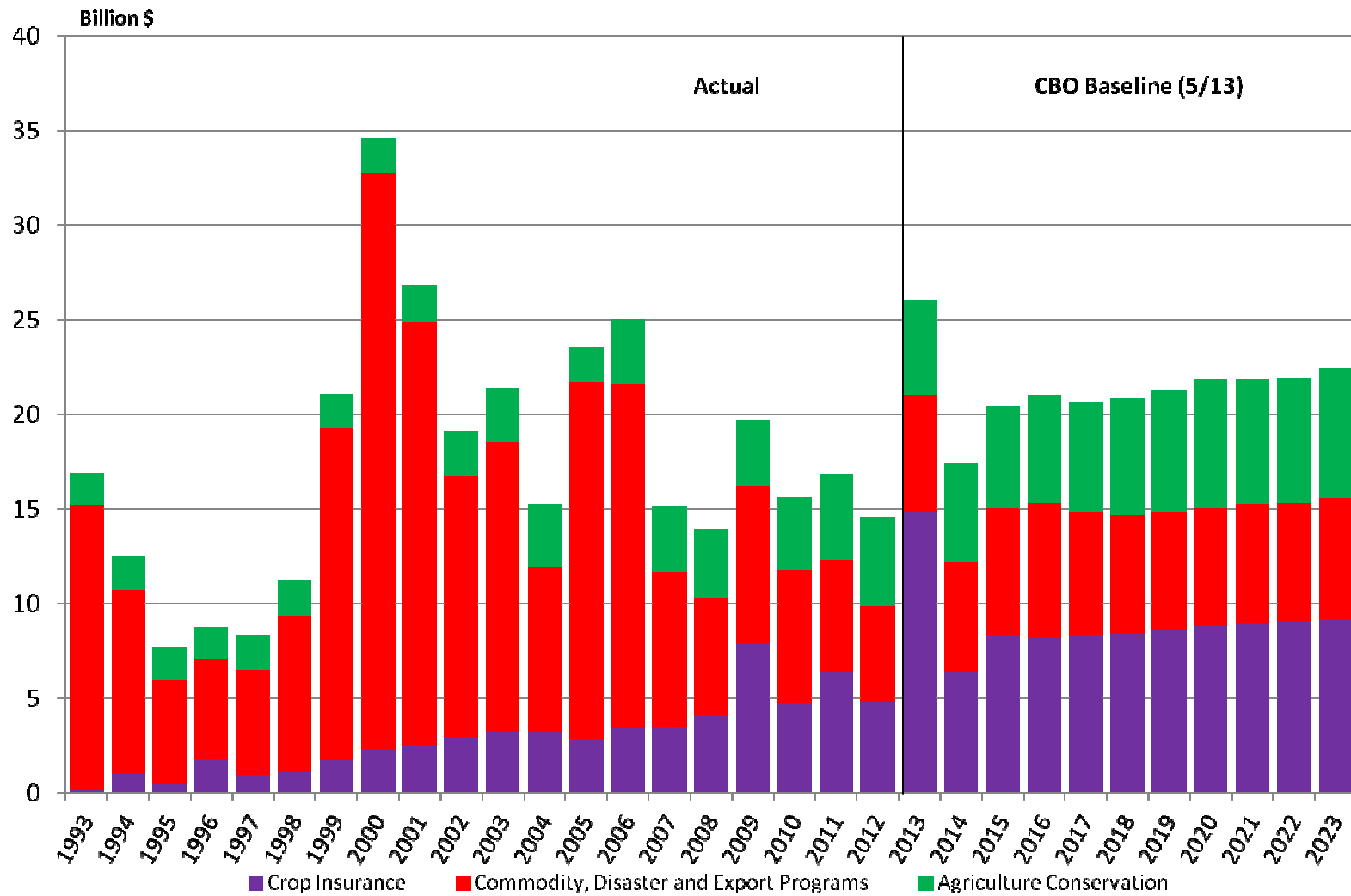


Major Legislative Deadlines

Fall 2013

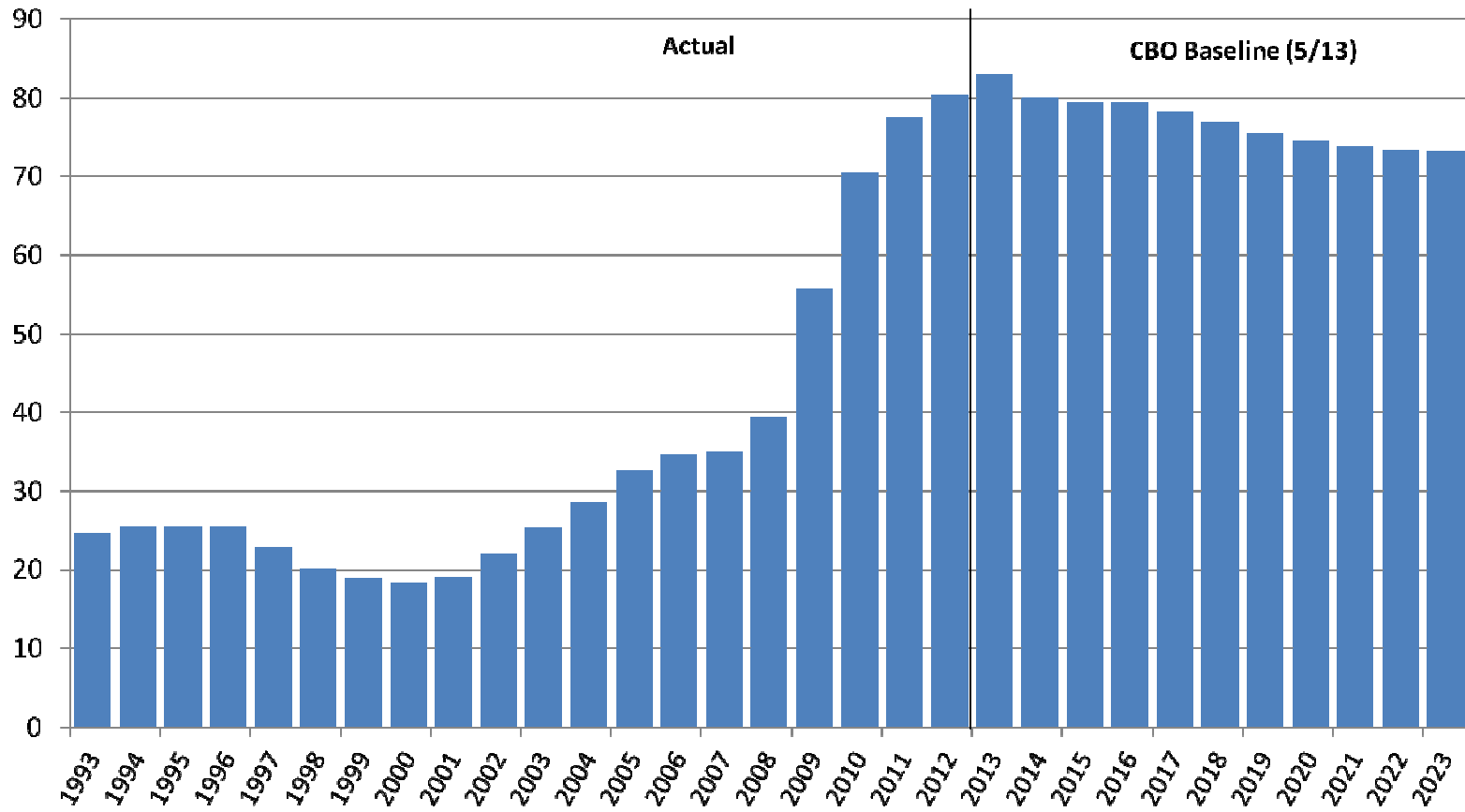
- Annual appropriations or a short-term continuing funding resolution for FY 2014 must be enacted into law by no later than Oct. 1, 2013
- A one-year extension of the 2008 Farm Bill authorized programs thru Sept. 30 or crop year 2013
- Statutory debt ceiling
 - Statutory debt ceiling reset on May 19 at \$16.7 trillion
 - Treasury is likely to exhaust available extraordinary measures in October or November

Mandatory Agriculture Support and Conservation Spending



SNAP Spending

Billion \$



Farm Bill Situation

- Under current law, the BCA's sequester of mandatory spending programs would reduce agriculture and conservation programs by \$6.4 B over 10 years
- Senate farm bill was approved 66-27 on June 10
- House farm bill was initially defeated 195-234 on June 20
- House farm bill was approved 216-208 on July 11 with changes:
 - Repealed decades-old permanent law for supported commodities
 - Commodity title programs were authorized for 2014 and succeeding years
 - No nutrition title

CBO Budget Scoring of Senate and House Farm Bills

Relative to May 2013 baseline in billion \$ over FY 2014-2023

	Senate	House
Commodity	-17.4	-18.7
Crop Insurance	+5.0	+8.9
Net Farm Support	-12.4	-9.8
Conservation	-3.5	-4.8
Nutrition	-3.9	na
Other	+2.0	+1.7
Net Deficit Impact	-17.9	-12.9

Note: Components may not sum to totals because of rounding.