Grappling with Federal and State Budget Challenges  
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House Budget Committee

Agricultural & Applied Economics Association  
Annual Meeting  
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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

Actual | Projected

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
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  – Repealed decades-old permanent law for supported commodities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

<table>
<thead>
<tr>
<th></th>
<th>Senate</th>
<th>House</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity</td>
<td>-17.4</td>
<td>-18.7</td>
</tr>
<tr>
<td>Crop Insurance</td>
<td>+5.0</td>
<td>+8.9</td>
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<tr>
<td>Net Farm Support</td>
<td>-12.4</td>
<td>-9.8</td>
</tr>
<tr>
<td>Conservation</td>
<td>-3.5</td>
<td>-4.8</td>
</tr>
<tr>
<td>Nutrition</td>
<td>-3.9</td>
<td>na</td>
</tr>
<tr>
<td>Other</td>
<td>+2.0</td>
<td>+1.7</td>
</tr>
<tr>
<td>Net Deficit Impact</td>
<td>-17.9</td>
<td>-12.9</td>
</tr>
</tbody>
</table>

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