

WASHINGTON (AP)—A New Year's deadline that could send the price of milk skyward looms over congressional negotiators as they try to reach agreement on a five-year farm bill.

The two chambers have been far apart on both issues for more than two years. But the leaders of the House and Senate Agriculture committees expressed optimism after a private meeting last week that they may be able to find resolution in time to narrowly avert the expiration of dairy subsidies on Jan. 1.

If those subsidies expire, new laws will kick in that could result in decreased dairy supply on the commercial market and higher prices for a gallon of milk.

Last Thursday, House Speaker John Boehner said the bill should be extended through January while negotiators work out their differences. Boehner also contradicted the optimism of House Agriculture Committee Chairman Frank Lucas, R-Okla., who said Wednesday that the two sides had made "great progress."

"You know, I've not seen any real progress on the farm bill," Boehner said. "And so if we've got to pass a one-month extension of the farm bill, I think we ought to be prepared to do that."

However, Senate Majority Leader Harry Reid said Tuesday the Senate will not extend current farm law if Congress can't agree on a new farm bill before adjourning next week.

Reid's response Tuesday, in his words: "Let them vote on it. We're not going to do it."

If Congress allows the dairy supports to expire, "permanent" farm law would go into effect. Those laws would raise the price that the government currently pays to purchase dairy products, prompting processors to sell to the government instead of commercial markets, reducing supply. Finding a compromise on cuts to the nation's \$80 billion-a-year food stamp program has been the toughest obstacle over the last two years.

The House passed a bill this summer that would cut \$4 billion from food stamps annually and allow states to create new work requirements for some recipients.

The Democratic Senate, backed by President Barack Obama, passed a farm bill with \$400 million annual cut, or a tenth of the House cut.

Negotiators are also working out how farm subsidies should be restructured in the absence of a traditional subsidy called direct payments, which are paid to farmer regardless of crop price or crop yield.

Both chambers' bills would eliminate this \$5 billion annual subsidy in response to critics who say it pays farmers not to farm.

But they have argued over how to replace those payments, with major farm groups squabbling over whether subsidies should kick in based on crop prices or farmer revenue, and how to count the acreage on which the subsidies are based.