



May 13, 2013

Honorable Debbie Stabenow
Chairwoman
Committee on Agriculture,
Nutrition, and Forestry
United States Senate
Washington, DC 20510

Dear Madam Chairwoman:

As you requested, CBO has prepared an estimate of the effects on direct spending of draft legislation entitled the Agriculture Reform, Food, and Jobs Act of 2013, posted on the Web site of the Senate Committee on Agriculture, Nutrition, and Forestry on May 9, 2013.

Estimated Budgetary Effects Relative to the Current-Law Baseline

CBO estimates that direct spending authorized by the draft legislation over the 2014-2023 period would total \$955 billion. Relative to spending projected under CBO's May 2013 baseline, CBO estimates that enacting the draft legislation would reduce direct spending by \$18.0 billion over the 2014-2023 period. Further details of that estimate are displayed in the enclosed tables. Table 1 shows CBO's estimate of the budgetary effects by title; Table 2 provides estimates pertaining to specific agricultural commodities under title I of the legislation; and Table 3 shows estimates for specific provisions within the various titles of the proposal.

Because the proposal would affect direct spending, pay-as-you-go procedures apply. Enacting the proposed legislation would not affect federal revenues. CBO has not estimated the additional discretionary spending for agricultural programs that would result from implementing the proposal; such spending would be subject to appropriation actions. CBO also has not reviewed the proposal for intergovernmental or private-sector mandates.

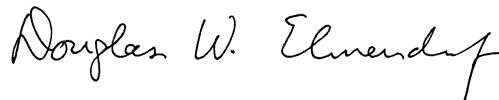
Estimated Budgetary Effects Assuming That Sequestration Under the Budget Control Were Repealed

You also requested that CBO estimate the savings that would be attributable to the draft legislation if it were enacted following the enactment of other legislation to repeal provisions of the Budget Control Act of 2011 regarding sequestration. Under that law, \$593 million in 2013 spending authority for mandatory agricultural programs was cancelled. That sequestration, in turn, resulted in a reduction of roughly \$6.4 billion in CBO's baseline projections for mandatory agricultural programs over the 2014-2013 period. If the current-law requirements concerning sequestration were repealed and the Congress subsequently enacted the committee's draft legislation, CBO estimates that it would reduce direct spending by \$24.4 billion over the 2014-2023 period.

Table 4 displays CBO's estimates of the impact of sequestration on the baseline for the mandatory spending programs that would be affected by the draft legislation.

If you need further details on this estimate, we would be pleased to provide them. The CBO staff contacts are Kathleen FitzGerald, Emily Stern, Dan Hoople, David Hull, and Jim Langley.

Sincerely,



Douglas W. Elmendorf
Director

Enclosures

cc: Honorable Thad Cochran
Ranking Member

Identical letter sent to the Honorable Patty Murray.

Table 1. Summary of the Effects on Direct Spending from Draft Legislation Entitled the Agriculture Reform, Food, and Jobs Act of 2013, as Posted on the Web site of the Senate Committee on Agriculture, Nutrition, and Forestry on May 9, 2013

May 13, 2013

(Millions of dollars, by fiscal year)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014- 2018	2014- 2023
CHANGES IN DIRECT SPENDING OUTLAYS												
Title I - Commodities	453	-4,193	-1,764	-871	-1,017	-1,828	-2,067	-1,900	-2,074	-1,931	-7,393	-17,193
Title II - Conservation	165	103	117	-81	-318	-600	-610	-717	-796	-900	-14	-3,637
Title III - Trade	15	15	15	15	15	15	15	15	15	15	75	150
Title IV - Nutrition	-61	-369	-414	-429	-435	-443	-452	-457	-467	-477	-1,708	-4,004
Title V - Credit	0	0	0	0	0	0	0	0	0	0	0	0
Title VI - Rural Development	3	18	25	26	25	20	10	5	0	0	97	132
Title VII - Research, Extension, and Related Matters	35	64	79	111	103	74	61	53	50	50	392	681
Title VIII - Forestry	1	1	1	1	1	1	1	1	1	1	5	10
Title IX - Energy	19	81	129	159	153	119	74	33	9	4	541	780
Title X - Horticulture	32	42	45	46	48	28	29	30	30	30	212	359
Title XI - Crop Insurance	61	560	405	307	471	576	629	626	669	673	1,805	4,978
Title XII - Miscellaneous	12	57	-26	-42	-42	-47	-50	-52	-52	-52	-41	-294
Total Changes in Direct Spending	735	-3,621	-1,389	-759	-995	-2,086	-2,360	-2,364	-2,614	-2,587	-6,029	-18,038

Source: Congressional Budget Office.

Note: Components may not sum to totals because of rounding. Excludes discretionary spending, which would be subject to annual appropriation.

Table 2. Change in Commodity Payments Under Title I of a Draft Legislation Entitled the Agriculture Reform, Food, and Jobs Act of 2013, as Posted on the Web site of the Senate Committee on Agriculture, Nutrition, and Forestry, on May 9, 2013

May 13, 2013

(Millions of dollars, by fiscal year)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014- 2018	2014- 2023
Corn	0	-1,806	-661	-158	-314	-794	-906	-709	-828	-722	-2,940	-6,898
Sorghum	0	-175	-27	-1	-19	-63	-73	-54	-66	-53	-223	-532
Barley	0	-76	-52	-48	-47	-51	-54	-56	-58	-58	-222	-499
Oats	0	-3	0	0	0	0	-1	-1	-1	-1	-3	-5
Total Feed Grains	0	-2,060	-740	-208	-379	-908	-1,033	-820	-952	-834	-3,387	-7,935
Soybeans	0	-506	38	329	305	171	57	74	32	54	167	556
Wheat	0	-984	-556	-500	-492	-575	-644	-686	-699	-680	-2,533	-5,816
Upland Cotton	0	-538	-627	-688	-695	-719	-719	-712	-701	-701	-2,547	-6,097
Rice	0	-371	-245	-240	-223	-210	-216	-210	-208	-211	-1,078	-2,131
Peanuts	0	-60	3	14	17	8	2	0	-6	-6	-25	-25
Other Oilseeds	0	-16	3	12	12	8	4	4	3	4	11	33
Dairy	-31	-8	-4	18	18	48	72	66	85	58	-7	322
Wool	0	0	0	0	0	0	0	0	0	0	0	0
Mohair	0	0	0	0	0	0	0	0	0	0	0	0
Honey	0	0	0	0	0	0	0	0	0	0	0	0
Dry Peas	0	1	4	5	5	4	3	3	3	3	15	32
Lentils	0	0	4	4	4	3	4	4	4	4	12	32
Small Chickpeas	0	0	0	0	0	0	0	0	0	0	0	0
Large Chickpeas	0	0	0	0	0	0	0	0	0	0	0	0
Total Change in Commodity Payments	-31	-4,540	-2,120	-1,252	-1,427	-2,169	-2,469	-2,275	-2,437	-2,308	-9,370	-21,029

Source: Congressional Budget Office.

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

Change in Commodity Payments represents the net change from: (1) elimination of direct payments, countercyclical payments, and average crop revenue election payments, dairy product price support, milk income loss contract payments, and, dairy export incentive program; (2) payments under the agricultural risk coverage program; (3) marketing loan benefits; and, (4) dairy basic and supplemental margin protection.

Table 3. Detailed Effects on Direct Spending from a Draft Legislation Entitled the Agriculture Reform, Food, and Jobs Act of 2013, as Posted on the Web site of the Senate Committee on Agriculture, Nutrition, and Forestry, on May 9, 2013

(Millions of dollars, by fiscal year)

May 13, 2013

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
CHANGES IN DIRECT SPENDING OUTLAYS												
Title I - Commodity Programs												
Repeal Direct Payments	0	-4,538	-4,538	-4,538	-4,538	-4,538	-4,538	-4,538	-4,538	-4,538	-18,152	-40,842
Repeal Countercyclical Payments	0	0	-117	-182	-190	-215	-217	-207	-197	-194	-489	-1,519
Repeal Average Crop Revenue Election Payments	0	0	-1,336	-696	-462	-424	-413	-454	-429	-505	-2,494	-4,719
Popcorn as a Covered Commodity	0	9	11	12	10	10	10	10	11	11	42	94
Adverse Market Payments	0	0	409	444	438	446	443	438	435	424	1,290	3,476
Agricultural Risk Coverage	0	0	3,631	3,876	3,488	2,700	2,373	2,610	2,400	2,638	10,995	23,716
Nonrecourse Marketing Assistance Loans	0	6	7	5	5	4	4	6	6	5	23	48
Sugar Program	0	0	0	0	0	0	0	0	0	0	0	0
Dairy Program	-34	-20	-9	34	57	14	94	58	59	49	28	302
Supplemental Agriculture Disaster Assistance	402	344	189	185	185	185	187	188	190	190	1,305	2,245
Administration	85	6	-11	-11	-10	-10	-10	-11	-11	-11	59	6
Subtotal, Title I	453	-4,193	-1,764	-871	-1,017	-1,828	-2,067	-1,900	-2,074	-1,931	-7,393	-17,193
Title II - Conservation												
Conservation Reserve Program	25	37	-31	-217	-324	-446	-364	-434	-458	-519	-510	-2,731
Conservation Stewardship Program	-7	-50	-87	-130	-173	-221	-265	-308	-351	-394	-447	-1,986
Environmental Quality Incentives Program	-39	-31	-8	-4	1	4	7	27	28	28	-81	13
Agricultural Conservation Easement Program	36	167	272	308	224	126	84	70	57	57	1,007	1,401
Regional Conservation Partnership Program	-1	-3	-3	-3	-3	-3	-3	-3	-3	-3	-13	-28
Other Conservation Programs	158	8	8	8	8	0	0	0	0	0	190	190
Funding	10	10	10	10	10	10	10	10	10	10	50	100
Repeal of Wildlife Habitat Incentives Program	-17	-35	-44	-53	-61	-70	-79	-79	-79	-79	-210	-596
Subtotal, Title II	165	103	117	-81	-318	-600	-610	-717	-796	-900	-14	-3,637
Title III - Trade	15	15	15	15	15	15	15	15	15	15	75	150
Title IV - Nutrition												
Standard Utility Allowances	-90	-400	-440	-450	-450	-450	-450	-450	-460	-470	-1,830	-4,110
Retail Food Stores	-7	-8	-8	-8	-8	-8	-8	-8	-8	-8	-39	-79
Funding of Employment and Training Programs	5	5	5	5	1	1	1	1	1	1	21	26
Emergency Food Assistance	22	18	10	4	0	0	0	0	0	0	54	54
Retailer Trafficking	3	2	0	0	0	0	0	0	0	0	5	5
Hunger-Free Communities	6	14	19	20	22	14	5	0	0	0	81	100
Subtotal, Title IV	-61	-369	-414	-429	-435	-443	-452	-457	-467	-477	-1,708	-4,004
Title V - Credit	0	0	0	0	0	0	0	0	0	0	0	0

continued

Table 3. continued.

(Millions of dollars, by fiscal year)

May 13, 2013

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014- 2018	2014- 2023
CHANGES IN DIRECT SPENDING OUTLAYS												
Title VI - Rural Development												
Value-Added Marketing Grants	0	4	8	12	13	13	8	5	0	0	37	63
Rural Microenterprise Program	1	3	4	4	4	3	0	0	0	0	16	19
Rural Water and Waste Disposal	<u>2</u>	<u>11</u>	<u>13</u>	<u>10</u>	<u>8</u>	<u>4</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>44</u>	<u>50</u>
Subtotal, Title VI	3	18	25	26	25	20	10	5	0	0	97	132
Title VII - Research, Extension, and Related Matters												
Organic Agriculture Research and Extension	8	13	16	16	16	8	3	0	0	0	69	80
Specialty Crop Research	13	23	29	48	50	53	50	50	50	50	163	416
Beginning Farmer and Rancher Development	4	9	14	17	17	13	8	3	0	0	61	85
Foundation for Food and Agriculture Research	<u>10</u>	<u>20</u>	<u>20</u>	<u>30</u>	<u>20</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100</u>	<u>100</u>
Subtotal, Title VII	35	64	79	111	103	74	61	53	50	50	392	681
Title VIII - Forestry	1	1	1	1	1	1	1	1	1	1	5	10
Title IX - Energy												
Biorefinery Assistance	0	30	47	55	44	25	12	3	0	0	176	216
Rural Energy for America Program	10	30	42	48	48	40	18	4	0	0	178	240
Biomass Research and Development	1	5	16	25	26	25	21	10	1	0	73	130
Biomass Crop Assistance Program	4	12	20	27	31	29	23	16	8	4	94	174
Other Energy Programs	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20</u>	<u>20</u>
Subtotal, Title IX	19	81	129	159	153	119	74	33	9	4	541	780
Title X - Horticulture												
Farmers Market and Local Food Promotion	20	20	20	20	20	0	0	0	0	0	100	100
Coordinated Plant Management Program	3	6	8	9	11	13	14	15	15	15	36	108
Specialty Crop Block Grants	8	14	15	15	15	15	15	15	15	15	66	141
Other Horticulture Programs	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>	<u>10</u>
Subtotal, Title X	32	42	45	46	48	28	29	30	30	30	212	359
Title XI - Crop Insurance												
Supplemental Coverage Option	14	140	187	208	256	266	287	286	300	303	805	2,247
Catastrophic Crop Insurance Rerating	-4	-38	-50	-52	-52	-53	-54	-55	-55	-56	-196	-469
Enterprise Units for Irrigated and Nonirrigated Crops	5	47	62	63	64	66	68	69	71	72	241	586
Adjustment in Average Producer History Yields	1	9	21	33	45	56	59	60	61	62	108	406
Stacked Income Protection for Cotton	36	350	378	308	386	409	439	451	468	466	1,459	3,693
Peanut Revenue Crop Insurance	3	26	30	30	30	30	30	30	30	30	119	269
Implementation	2	21	16	15	15	14	2	0	0	0	69	85
Beginning Farmer Provisions	2	20	26	28	31	34	35	36	36	36	106	283
Crop Production on Native Sod	0	-5	-12	-18	-23	-24	-24	-24	-24	-24	-58	-178
Conservation Compliance for Crop Insurance	0	-2	-4	-6	-9	-9	-9	-9	-9	-9	-21	-66
Participation Effects of Commodity Programs	0	-28	-277	-331	-301	-241	-212	-223	-211	-209	-938	-2,034
Other	<u>2</u>	<u>21</u>	<u>28</u>	<u>29</u>	<u>30</u>	<u>28</u>	<u>8</u>	<u>5</u>	<u>3</u>	<u>2</u>	<u>110</u>	<u>156</u>
Subtotal, Title XI	61	560	405	307	471	576	629	626	669	673	1,805	4,978

continued

Table 3. continued.

(Millions of dollars, by fiscal year)

May 13, 2013

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014- 2018	2014- 2023
CHANGES IN DIRECT SPENDING OUTLAYS												
Title XII - Miscellaneous												
Outreach for Socially Disadvantaged Farmers	5	8	10	10	10	5	2	0	0	0	43	50
Sheep Production and Marketing Grant Program	1	1	0	0	0	0	0	0	0	0	2	2
Noninsured Crop Disaster Assistance Program	<u>6</u>	<u>48</u>	<u>-36</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-86</u>	<u>-346</u>
Subtotal, Title XII	12	57	-26	-42	-42	-47	-50	-52	-52	-52	-41	-294
Total Changes in Direct Spending	735	-3,621	-1,389	-759	-995	-2,086	-2,360	-2,364	-2,614	-2,587	-6,029	-18,038

Source: Congressional Budget Office.

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

Table 4. Estimated Impact on CBO's May 2013 Baseline Estimates of Selected Mandatory Programs From Sequestration, as Ordered by the Office of Management and Budget on April 10, 2013

(Millions of dollars, by fiscal year)

May 13, 2013

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014- 2018	2014- 2023
CHANGES IN DIRECT SPENDING OUTLAYS													
Title I - Commodity Programs													
Direct Payments	0	-408	-408	-408	-408	-408	-408	-408	-408	-408	-408	-2,040	-4,080
Title II - Conservation													
Conservation Stewardship Program	-44	-84	-73	-73	-73	-73	-73	-73	-73	-73	-38	-420	-750
Environmental Quality Incentives Program	-17	-46	-65	-81	-95	-108	-122	-128	-128	-128	-128	-412	-1,046
Wetlands Reserve Program	-12	-19	-9	-2	0	0	0	0	0	0	0	-42	-42
Farm and Ranchland Protection Program	0	-5	-10	-12	-13	-15	-15	-15	-15	-15	-15	-55	-130
Grassland Reserve Program	-1	-1	-1	-1	0	0	0	0	0	0	0	-4	-4
Agricultural Water Enhancement Program	-1	-3	-3	-4	-4	-4	-4	-4	-4	-4	-4	-19	-39
Cheasapeake Bay Watershed Program	-1	-2	-2	-3	-2	-3	-3	-3	-3	-3	-3	-13	-28
Agricultural Management Assistance Program	0	-1	0	0	0	0	0	0	0	0	0	-1	-1
Wildlife Habitat Incentives Program	0	-2	-3	-3	-4	-6	-6	-6	-6	-6	-6	-18	-48
Subtotal, Title II	-76	-163	-166	-179	-191	-209	-223	-229	-229	-229	-194	-984	-2,088
Title III - Trade													
Market Access Program	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-10	-60	-110
Foreign Market Development Cooperator Program	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-12	-22
Food for Progress Act	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-12	-22
Emerging Markets Program	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-6	-11
Technical Assistance for Specialty Crops	*	*	*	*	*	*	*	*	*	*	*	-2	-4
Subtotal, Title III	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	-92	-169
Title X - Horticulture													
Specialty Crop Block Grants	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-16	-31
Total Changes in Direct Spending	-93	-589	-592	-605	-617	-635	-649	-655	-655	-655	-620	-3,130	-6,364

Source: Congressional Budget Office.

Note: Components may not sum to totals because of rounding. *=Less than \$500,000.