



July 17, 2006

Honorable Paul Ryan
Ranking Member
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Congressman:

This letter corrects information that was provided to you yesterday concerning the estimated cost of the Chairman's mark for the 2007 farm bill. The information provided yesterday accurately identified the impact of certain timing shifts but incorrectly reported the total cost of the legislation.

You requested additional information about CBO's estimate of the cost of the Chairman's mark for the 2007 farm bill. That mark, consisting of a basic bill and an en bloc amendment, was posted on the Web site of the Committee on Agriculture on July 13, 2007. Tables 1 and 2 show CBO's estimate of the budgetary impact of the two components of that mark. Together, they would result in additional direct spending outlays of \$18.6 billion over the 2008-2012 period and \$36.0 billion over the 2008-2017 period, relative to CBO's March 2007 baseline projections.

You asked for information concerning provisions of the draft legislation that would change the timing, but not the size, of certain payments from one fiscal year to another. Those provisions would:

- Eliminate advanced direct payments, beginning with the 2012 crop of covered commodities (section 1102);
- Eliminate advanced countercyclical payments, beginning with 2011 crops (section 1103); and

Honorable Paul Ryan
Page 2

- Shift the collection of crop insurance premiums forward from the fall of each year to the summer, and shift reimbursements to crop insurance companies for administrative and operating costs from the summer to the fall, beginning with the 2017 crop year. In addition, most of the underwriting payments to reinsurance companies would be delayed for a year, beginning with those for crop year 2016.

Together, those provisions would reduce outlays by \$1.5 billion over the 2008-2012 period and by \$4.7 billion over the 2008-2017 period. All of those outlays would ultimately occur in subsequent years.

I hope this information is helpful to you. If you would like additional details about CBO's cost estimate, we would be pleased to provide them. The CBO staff contact for this estimate is Jim Langley.

Sincerely,



Peter R. Orszag
Director

Enclosures

cc: Honorable John M. Spratt Jr.
Chairman
Committee on the Budget

Honorable Collin C. Peterson
Chairman
Committee on Agriculture, Nutrition, and Forestry

Honorable Bob Goodlatte
Ranking Minority Member

TABLE 1. ESTIMATED CHANGES IN DIRECT SPENDING FROM THE CHAIRMAN'S MARK OF THE 2007 FARM BILL (AS OF JULY 13, 2007)

	By Fiscal Year, in Millions of Dollars											2008-	2008-
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2012	2017	
Changes in Direct Spending													
Title I, Commodity Programs													
Estimated Budget Authority	126	191	155	158	-1,337	96	112	133	188	235	-708	55	
Estimated Outlays	126	191	155	158	-1,337	96	112	133	188	235	-708	55	
Title II, Conservation													
Estimated Budget Authority	542	854	995	1,022	1,310	1,332	1,147	962	-267	-1,789	4,723	6,108	
Estimated Outlays	176	480	659	691	925	1,112	1,143	997	-287	-1,800	2,931	4,096	
Title III, Trade													
Estimated Budget Authority	-3	18	25	27	28	28	28	28	28	28	95	235	
Estimated Outlays	-1	18	25	27	28	28	28	28	28	28	97	237	
Title IV, Nutrition Programs a/													
Estimated Budget Authority	2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-7	-17	
Estimated Outlays	1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-7	-17	
Title V, Credit Programs													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	
Estimated Outlays	-130	-148	-168	36	32	27	22	16	8	-1	-378	-306	
Title VI, Rural Development													
Estimated Budget Authority	20	20	20	20	20	0	0	0	0	0	100	100	
Estimated Outlays	4	12	20	20	20	18	6	0	0	0	76	100	
Title IX, Energy													
Estimated Budget Authority	0	-30	-28	-25	-24	-24	-26	-27	-28	-28	-107	-240	
Estimated Outlays	0	-30	-28	-25	-24	-24	-26	-27	-28	-28	-107	-240	
Title X, Horticulture and Organic Agriculture													
Estimated Budget Authority	80	70	85	105	185	175	175	175	175	175	525	1,400	
Estimated Outlays	34	69	81	99	144	169	175	175	175	175	426	1,295	
Title XI, Miscellaneous													
Estimated Budget Authority	30	-55	-60	-75	-75	-106	-105	-105	-104	-108	-235	-763	
Estimated Outlays	12	-40	-53	-62	-78	-87	-103	-104	-104	-2,953	-221	-3,572	
Total Changes a/													
Estimated Budget Authority	797	1,066	1,190	1,230	105	1,499	1,329	1,164	-10	-1,489	4,387	6,880	
Estimated Outlays	222	550	689	942	-293	1,337	1,355	1,216	-22	-4,346	2,110	1,650	
Changes in Revenues													
Estimated Revenues	2	2	2	2	2	2	2	2	2	2	10	20	
Memorandum:													
Estimated Spending Under Baseline Assumptions													
Estimated Budget Authority	55,311	56,069	56,298	57,121	58,545	59,992	61,644	62,054	65,148	68,145	283,344	600,327	
Estimated Outlays	54,542	55,380	55,447	56,614	58,338	59,861	61,530	61,994	65,065	68,010	280,321	596,781	
Estimated Total Spending Under the Chairman's Mark a/													
Estimated Budget Authority	56,108	57,135	57,488	58,351	58,650	61,491	62,973	63,218	65,138	66,656	287,732	607,208	
Estimated Outlays	54,764	55,930	56,136	57,556	58,046	61,198	62,885	63,210	65,043	63,664	282,431	598,431	

Source: Congressional Budget Office

**Preliminary
July 17, 2007
Correction to July 16, 2007, Estimate**

Note: Changes in spending are measured relative to CBO's March 2007 baseline projections.

a/ Excludes the cost of sections 4003 and 4006. CBO has not completed an estimate of the cost of those sections.

TABLE 2. ESTIMATED CHANGES IN DIRECT SPENDING RESULTING FROM THE EN BLOC AMENDMENT TO THE CHAIRMAN'S MARK OF THE 2007 FARM BILL (AS OF JULY 13, 2007)

	By Fiscal Year, in Millions of Dollars											2008-	2008-
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2012	2017	
Conservation													
Estimated Budget Authority	821	766	699	551	257	169	155	153	80	40	3,093	3,689	
Estimated Outlays	207	424	539	565	503	394	334	264	201	123	2,237	3,552	
Trade													
Estimated Budget Authority	73	123	159	172	189	197	200	200	200	200	716	1,713	
Estimated Outlays	73	123	159	172	189	197	200	200	200	200	716	1,713	
Nutrition Programs													
Estimated Budget Authority	931	1,069	1,234	1,374	1,480	1,665	1,808	1,981	2,128	2,316	6,088	15,987	
Estimated Outlays	887	1,071	1,238	1,379	1,485	1,672	1,816	1,991	2,139	2,330	6,060	16,009	
Research													
Estimated Budget Authority	20	30	40	50	60	60	60	60	60	60	200	500	
Estimated Outlays	10	21	33	43	53	58	60	60	60	60	160	458	
Energy													
Estimated Budget Authority	1723	379	434	489	445	0	0	0	0	0	3,470	3,470	
Estimated Outlays	283	483	640	725	770	381	140	26	14	8	2,901	3,470	
Horticulture and Organic Agriculture													
Estimated Budget Authority	40	40	40	40	40	0	0	0	0	0	200	200	
Estimated Outlays	20	32	40	40	40	20	8	0	0	0	172	200	
Permanent Emergency Assistance													
Estimated Budget Authority	883	935	966	965	961	955	952	940	938	954	4,710	9,449	
Estimated Outlays	423	908	950	965	963	958	954	946	939	946	4,209	8,952	
Total Changes													
Estimated Budget Authority	4,491	3,342	3,572	3,641	3,432	3,046	3,175	3,334	3,406	3,570	18,478	35,009	
Estimated Outlays	1,903	3,062	3,599	3,889	4,003	3,680	3,512	3,487	3,553	3,667	16,456	34,355	
Memorandum:													
Estimated Spending Under Baseline Assumptions													
Estimated Budget Authority	55,311	56,069	56,298	57,121	58,545	59,992	61,644	62,054	65,148	68,145	283,344	600,327	
Estimated Outlays	54,542	55,380	55,447	56,614	58,338	59,861	61,530	61,994	65,065	68,010	280,321	596,781	
Estimated Total Spending Under the Chairman's Mark a/													
Estimated Budget Authority	56,108	57,135	57,488	58,351	58,650	61,491	62,973	63,218	65,138	66,656	287,732	607,208	
Estimated Outlays	54,764	55,930	56,136	57,556	58,046	61,198	62,885	63,210	65,043	63,664	282,431	598,431	
Estimated Spending Under the Chairman's Mark with the En Bloc Amendment a/													
Estimated Budget Authority	60,599	60,477	61,060	61,992	62,082	64,537	66,148	66,552	68,544	70,226	306,210	642,217	
Estimated Outlays	56,667	58,992	59,735	61,445	62,049	64,878	66,397	66,697	68,596	67,331	298,887	632,786	

Source: Congressional Budget Office

**Preliminary
July 17, 2007
Correction to July 16, 2007, Estimate**

Note: Changes in spending for the en bloc amendment are measured relative to spending under the Chairman's mark, under the assumptions underlying CBO's March 2007 baseline projections.

a/ Excludes the cost of sections 4003 and 4006. CBO has not completed an estimate of the cost of those sections.