



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Peter R. Orszag, Director

March 19, 2008

Honorable Tom Harkin
Chairman
Committee on Agriculture,
Nutrition, and Forestry
United States Senate
Washington, DC 20510

Dear Mr. Chairman:


The Congressional Budget Office and the Joint Committee on Taxation (JCT) have estimated the effects on direct spending and revenues of H.R. 2419, the Food and Energy Security Act of 2007, as passed by the Senate on December 14, 2007, relative to CBO's March 2008 baseline projections. As requested by staff of the Senate Committee on Agriculture, Nutrition, and Forestry, this estimate assumes that certain modifications (described below) would be made to the legislation. CBO estimates that enacting the modified legislation would increase direct spending by \$9.6 billion over the 2008-2018 period, relative to the baseline projections and assuming that the legislation would remain in effect throughout the period. JCT estimates that revenues would increase under the proposal by \$4.5 billion over the same period. On balance, those changes to the unified budget would produce net costs (increases in deficits or reductions in surpluses) of \$5.1 billion over the 11-year period. The enclosed table provides more details on those estimates.

This estimate assumes that H.R. 2419 would be modified to: have an effective date of October 1, 2008, for most changes to nutrition programs (title IV); end the Fruit and Vegetable Program (section 4904) in 2012; update the provisions of Fruit and Vegetable Purchases (section 4907) to reflect new Section 32 baseline estimates; and set the amount transferred to the Social Security Trust Funds (title XII, subtitle F) equal to the estimated loss to the trust funds that would otherwise result from this legislation.

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If you wish further details on this estimate, we will be pleased to provide them.
The CBO staff contact is Jim Langley.

Sincerely,

for 

Peter R. Orszag
Director

Enclosure

cc: Honorable Saxby Chambliss
Ranking Republican Member

ESTIMATED CHANGES IN DIRECT SPENDING AND REVENUES FROM H.R. 2419 AS PASSED BY THE SENATE ON DECEMBER 14, 2007, WITH MODIFICATIONS SPECIFIED BY THE SENATE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

	By Fiscal Years, In Millions of Dollars												2008-
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008-2013	2018
CHANGES IN DIRECT SPENDING OUTLAYS RELATIVE TO CBO'S MARCH 2008 BASELINE													
Title I, Commodity Programs, Crop Insurance, Miscellaneous	30	12	-868	-3,735	-2,432	1,288	1,238	1,250	1,275	1,567	1,656	-5,705	1,281
Title II, Conservation	488	544	850	1,141	1,286	1,166	819	705	-669	-2,230	-3,139	5,475	961
Title IV, Nutrition Programs	0	748	1,115	1,281	1,401	183	37	34	34	33	34	4,728	4,900
Other Titles	<u>394</u>	<u>609</u>	<u>676</u>	<u>591</u>	<u>628</u>	<u>733</u>	<u>-196</u>	<u>-220</u>	<u>-235</u>	<u>-251</u>	<u>-261</u>	<u>3,631</u>	<u>2,468</u>
Total Changes in Spending	912	1,913	1,773	-722	883	3,370	1,898	1,769	405	-881	-1,710	8,129	9,610
On-Budget	912	2,000	1,864	-631	974	3,380	1,908	1,779	414	-872	-1,701	8,499	10,027
Off-Budget	0	-87	-91	-91	-91	-10	-10	-10	-9	-9	-9	-370	-417
CHANGES IN REVENUES RELATIVE TO CBO'S MARCH 2008 BASELINE													
Estimated Revenues	4,770	-582	-2,436	-2,261	2,959	-3,769	1,104	1,486	1,280	950	1,043	-1,319	4,544
On-Budget	4,769	-494	-2,345	-2,170	3,050	-3,759	1,114	1,496	1,289	959	1,052	-949	4,961
Off-Budget	1	-88	-91	-91	-91	-10	-10	-10	-9	-9	-9	-370	-417

Memorandum

Estimated Direct Spending Under CBO's March 2008 Baseline

Title I, Commodities, Crop Insurance, Miscellaneous	13,169	15,530	14,866	14,848	15,191	15,389	15,615	15,752	15,889	16,144	16,310	88,993	168,703
Title II, Conservation	4,117	4,410	4,471	4,680	4,908	5,042	5,226	5,118	6,513	8,003	9,225	27,628	61,713
Title IV, Nutrition	38,392	40,804	41,521	42,168	42,957	43,532	44,118	44,925	46,212	47,551	48,926	249,374	481,106
Other Titles	<u>-379</u>	<u>-5</u>	<u>-21</u>	<u>18</u>	<u>45</u>	<u>49</u>	<u>10</u>	<u>-31</u>	<u>-74</u>	<u>-121</u>	<u>-169</u>	<u>-293</u>	<u>-678</u>
Total	55,299	60,739	60,837	61,714	63,101	64,012	64,969	65,764	68,540	71,577	74,292	365,702	710,844

Source: Congressional Budget Office with revenues estimated by the Joint Committee on Taxation.

Note: This estimate assumes that H.R. 2419 would be modified to: have an effective date of October 1, 2008, for most changes to nutrition programs (title IV); end the Fruit and Vegetable Program (section 4904) in 2012; update the provisions of Fruit and Vegetable Purchases (section 4907) to reflect new Section 32 baseline estimates; and set the amount transferred to the Social Security Trust Funds (title XII, subtitle f) equal to the estimated loss to the trust funds that would otherwise result from this legislation.