



April 23, 2012

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

Dear Madam Chairman:

As you requested, CBO has prepared an estimate of the effects on direct spending of draft legislation to reauthorize agricultural programs and for other purposes that was posted on the Web site of the Senate Committee on Agriculture, Nutrition, and Forestry on April 20, 2012.

CBO estimates that enacting this proposal would reduce direct spending by \$26.4 billion over the 2013-2022 period, relative to spending projected under CBO's current baseline. Further details of that estimate are displayed in the three enclosed tables. Because the proposal would affect direct spending, pay-as-you-go procedures apply. CBO has not estimated the additional discretionary spending that would result from implementing the proposal; such spending would be subject to appropriation. (Enacting the proposed legislation would not affect federal revenues.) CBO also has not reviewed the proposal for intergovernmental or private-sector mandates.

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

Sincerely,

A handwritten signature in black ink that reads "Douglas W. Elmendorf".

Douglas W. Elmendorf

Enclosures

Identical letter sent to the Honorable Pat Roberts.

Table 1. Summary of the Effects on Direct Spending from Draft Legislation to Reauthorize Agricultural Programs Through 2017, and for Other Purposes, as Posted on the Web site of the Senate Committee on Agriculture, Nutrition, and Forestry on April 20, 2012

April 23, 2012

(Millions of dollars, by fiscal year)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2013- 2017 | 2013- 2022 |
|---|------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| CHANGES IN DIRECT SPENDING (Outlays) | | | | | | | | | | | | |
| Title I - Commodities | 207 | -1,808 | -2,786 | -2,072 | -1,854 | -2,387 | -2,232 | -2,295 | -2,172 | -2,061 | -8,312 | -19,458 |
| Title II - Conservation | -176 | -158 | -407 | -411 | -659 | -822 | -911 | -916 | -983 | -996 | -1,813 | -6,441 |
| Title III - Trade | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Title IV - Nutrition | 28 | -93 | -493 | -507 | -502 | -532 | -542 | -541 | -541 | -551 | -1,567 | -4,274 |
| Title V - Credit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Title VI - Rural Development | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Title VII - Research, Extension, and Related Matters | 43 | 68 | 80 | 104 | 86 | 61 | 53 | 50 | 50 | 50 | 381 | 646 |
| Title VIII - Forestry | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 4 | 9 |
| Title IX - Energy | -5 | -5 | 8 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Title X - Horticulture | 32 | 42 | 45 | 46 | 48 | 28 | 29 | 30 | 30 | 30 | 212 | 359 |
| Title XI - Crop Insurance | 0 | -168 | 218 | 306 | 309 | 461 | 514 | 543 | 525 | 529 | 666 | 3,238 |
| Title XII - Miscellaneous | -5 | -45 | -52 | -52 | -52 | -52 | -52 | -52 | -52 | -52 | -206 | -466 |
| Total Changes in Direct Spending | 125 | -2,167 | -3,387 | -2,583 | -2,622 | -3,242 | -3,140 | -3,180 | -3,142 | -3,050 | -10,634 | -26,388 |

Source: Congressional Budget Office.

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

Table 2. Change in Commodity Payments Under Title I of Draft Legislation to Reauthorize Agricultural Programs Through 2017, and for Other Purposes, as Posted on the Web site of the Senate Committee on Agriculture, Nutrition, and Forestry, on April 20, 2013 a

April 23, 2012

(Millions of dollars, by fiscal year)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2013- 2017 | 2013- 2022 |
|---|------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Corn | 0 | -567 | -884 | -475 | -319 | -717 | -601 | -745 | -671 | -564 | -2,244 | -5,540 |
| Sorghum | 0 | -61 | -73 | -40 | -29 | -64 | -53 | -63 | -55 | -48 | -203 | -485 |
| Barley | 0 | -63 | -73 | -69 | -70 | -72 | -71 | -71 | -70 | -69 | -275 | -628 |
| Oats | 0 | 0 | -2 | -1 | -2 | -2 | -2 | -2 | -2 | -1 | -5 | -13 |
| Total Feed Grains | 0 | -690 | -1,032 | -585 | -419 | -853 | -726 | -879 | -798 | -683 | -2,726 | -6,666 |
| Soybeans | 0 | 233 | -42 | 153 | 174 | 128 | 170 | 233 | 231 | 236 | 518 | 1,515 |
| Wheat | 0 | -615 | -795 | -712 | -747 | -788 | -779 | -774 | -771 | -747 | -2,869 | -6,728 |
| Upland Cotton | 0 | -590 | -667 | -690 | -681 | -683 | -688 | -693 | -693 | -692 | -2,628 | -6,077 |
| Rice | 0 | -332 | -350 | -351 | -341 | -347 | -338 | -335 | -330 | -330 | -1,374 | -3,054 |
| Peanuts | 0 | -39 | -39 | -40 | -39 | -46 | -53 | -58 | -54 | -55 | -157 | -423 |
| Other Oilseeds | 0 | 8 | -3 | 4 | 5 | 4 | 5 | 7 | 8 | 7 | 14 | 45 |
| Dairy | -42 | -46 | -42 | -32 | 9 | 15 | -6 | 19 | 45 | 9 | -153 | -71 |
| 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 | 2 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 7 | 17 |
| Lentils | 0 | 6 | 4 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 15 | 25 |
| 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 | -42 | -2,063 | -2,965 | -2,248 | -2,035 | -2,567 | -2,412 | -2,476 | -2,358 | -2,251 | -9,353 | -21,416 |

Source: Congressional Budget Office.

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

- a. Change in Commodity Payments represents the net change from: (1) elimination of direct payments, countercyclical payments, and average crop revenue election payments; (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 Draft Legislation to Reauthorize Agricultural Programs Through 2017, and for Other Purposes, as Posted on the Web site of the Senate Committee on Agriculture, Nutrition, and Forestry on April 20, 2012

(Millions of dollars, by fiscal year)

April 23, 2012

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2013-2017 | 2013-2022 |
|--|-------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| CHANGES IN DIRECT SPENDING (Outlays) | | | | | | | | | | | | |
| Title I - Commodity Programs | | | | | | | | | | | | |
| Repeal Direct Payments | 0 | -4,958 | -4,958 | -4,958 | -4,958 | -4,958 | -4,958 | -4,958 | -4,958 | -4,958 | -19,832 | -44,622 |
| Repeal Countercyclical Payments | 0 | 0 | -101 | -127 | -121 | -123 | -130 | -137 | -134 | -135 | -349 | -1,008 |
| Repeal Average Crop Revenue Election Payments | 0 | 0 | -863 | -637 | -470 | -479 | -452 | -547 | -632 | -533 | -1,970 | -4,613 |
| Agricultural Risk Coverage | 0 | 2,938 | 2,996 | 3,504 | 3,502 | 2,975 | 3,131 | 3,143 | 3,317 | 3,362 | 12,940 | 28,868 |
| Nonrecourse Marketing Assistance Loans | 0 | 4 | 3 | 3 | 3 | 3 | 4 | 5 | 5 | 5 | 13 | 35 |
| Sugar Program | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dairy Program | -42 | -46 | -42 | -32 | 9 | 15 | -6 | 19 | 45 | 9 | -153 | -71 |
| Supplemental Agricultural Disaster Assistance | 184 | 220 | 179 | 176 | 181 | 180 | 180 | 182 | 186 | 190 | 940 | 1,858 |
| Other Agricultural Assistance | 65 | 35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 100 |
| Subtotal, Title I | 207 | -1,808 | -2,786 | -2,072 | -1,854 | -2,387 | -2,232 | -2,295 | -2,172 | -2,061 | -8,312 | -19,458 |
| Title II - Conservation | | | | | | | | | | | | |
| Conservation Reserve Program | 18 | 16 | -408 | -447 | -540 | -525 | -514 | -480 | -499 | -471 | -1,361 | -3,850 |
| Conservation Security Program | -7 | -50 | -93 | -129 | -173 | -221 | -264 | -307 | -350 | -393 | -452 | -1,987 |
| Environmental Quality Incentives Program | -59 | -90 | -85 | -92 | -101 | -111 | -121 | -105 | -100 | -100 | -427 | -964 |
| Agricultural Conservation Easement Program | -146 | -60 | 173 | 283 | 210 | 111 | 73 | 61 | 51 | 53 | 460 | 809 |
| Regional Conservation Partnership Program | -3 | -7 | -8 | -8 | -10 | -10 | -10 | -10 | -10 | -10 | -36 | -86 |
| Other Conservation Programs | 29 | 60 | 51 | 29 | 11 | 0 | 0 | 0 | 0 | 0 | 180 | 180 |
| Funding | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 50 | 100 |
| Repeal of Wildlife Habitat Incentives Program | -18 | -37 | -47 | -57 | -66 | -76 | -85 | -85 | -85 | -85 | -225 | -641 |
| Subtotal, Title II | -176 | -158 | -407 | -411 | -659 | -822 | -911 | -916 | -983 | -996 | -1,813 | -6,441 |
| Title III - Trade | | | | | | | | | | | | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Title IV - Nutrition | | | | | | | | | | | | |
| Standard Utility Allowances Based on the Receipt of Energy Assistance Payments | 0 | -130 | -530 | -540 | -540 | -540 | -550 | -550 | -550 | -560 | -1,740 | -4,490 |
| Retailers | -7 | -8 | -8 | -8 | -8 | -8 | -8 | -8 | -8 | -8 | -39 | -79 |
| Assistance for Community Food Projects | 5 | 5 | 5 | 5 | 5 | 0 | 0 | 0 | 0 | 0 | 25 | 25 |
| Emergency Food Assistance | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 12 | 12 | 12 | 52 | 110 |
| Retailer Trafficking | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 25 | 50 |
| Hunger-Free Communities | 15 | 20 | 20 | 20 | 25 | 0 | 0 | 0 | 0 | 0 | 100 | 100 |
| Other Nutrition Spending | 0 | 5 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 10 |
| Subtotal, Title IV | 28 | -93 | -493 | -507 | -502 | -532 | -542 | -541 | -541 | -551 | -1,567 | -4,274 |
| Title V - Credit | | | | | | | | | | | | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Title VI - Rural Development | | | | | | | | | | | | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 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 | 13 | 13 | 15 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 51 | 51 |
| Foundation for Food and Agriculture Research | 10 | 20 | 20 | 30 | 20 | 0 | 0 | 0 | 0 | 0 | 100 | 100 |
| Subtotal, Title VII | 43 | 68 | 80 | 104 | 86 | 61 | 53 | 50 | 50 | 50 | 381 | 646 |
| Title VIII - Forestry | | | | | | | | | | | | |
| 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 4 | 9 |
| Title IX - Energy | | | | | | | | | | | | |
| -5 | -5 | 8 | 2 | 0 | 0 |
| Title X - Horticulture | | | | | | | | | | | | |
| Farmers Market and Local Food Promotion | 20 | 20 | 20 | 20 | 20 | 0 | 0 | 0 | 0 | 0 | 100 | 100 |
| National Clean Plant Network | 3 | 6 | 8 | 9 | 11 | 13 | 14 | 15 | 15 | 15 | 37 | 109 |
| Specialty Crop Block Grants | 8 | 14 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 67 | 142 |
| Other Horticulture Programs | 1 | 2 | 2 | 2 | 2 | 0 | 0 | 0 | 0 | 0 | 9 | 9 |
| Subtotal, Title X | 32 | 42 | 45 | 46 | 48 | 28 | 29 | 30 | 30 | 30 | 212 | 359 |
| Title XI - Crop Insurance | | | | | | | | | | | | |
| Supplemental Coverage Option | 0 | 0 | 85 | 101 | 94 | 104 | 100 | 109 | 108 | 108 | 280 | 809 |
| Enterprise Units for Irrigated and Nonirrigated Crops | 0 | 5 | 50 | 59 | 60 | 62 | 65 | 67 | 68 | 70 | 174 | 506 |
| Adjustment in Average Producer History Yields | 0 | 2 | 26 | 53 | 82 | 111 | 139 | 146 | 147 | 149 | 163 | 855 |
| Stacked Income Protection for Cotton | 0 | 0 | 254 | 322 | 304 | 403 | 447 | 464 | 457 | 462 | 880 | 3,113 |
| Peanut Revenue Crop Insurance | 0 | 3 | 26 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 89 | 239 |
| Implementation | 2 | 21 | 16 | 15 | 15 | 14 | 2 | 0 | 0 | 0 | 69 | 85 |
| Agricultural Management Assistance and Education | 21 | 23 | 23 | 23 | 23 | 2 | 0 | 0 | 0 | 0 | 113 | 115 |
| Participation Effects of Commodity Programs | -23 | -222 | -262 | -297 | -299 | -265 | -269 | -273 | -285 | -290 | -1,103 | -2,485 |
| Subtotal, Title XI | 0 | -168 | 218 | 306 | 309 | 461 | 514 | 543 | 525 | 529 | 666 | 3,238 |
| Title XII - Miscellaneous | | | | | | | | | | | | |
| Noninsured Crop Disaster Assistance Program | -5 | -45 | -52 | -52 | -52 | -52 | -52 | -52 | -52 | -52 | -206 | -466 |
| Subtotal, Title XII | -5 | -45 | -52 | -206 | -466 |
| Total Changes in Direct Spending | 125 | -2,167 | -3,387 | -2,583 | -2,622 | -3,242 | -3,140 | -3,180 | -3,142 | -3,050 | -10,634 | -26,388 |

Source: Congressional Budget Office.

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