



April 13, 2018

Honorable K. Michael Conaway  
Chairman  
Committee on Agriculture  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

As you requested, CBO has prepared an estimate of the effects on direct spending and revenues of H.R. 2, the Agriculture and Nutrition Act of 2018, as introduced on April 12, 2018.

For this estimate, CBO assumes that the bill will be enacted by the end of fiscal year 2018. Most of the current authorizations for agriculture and nutrition programs that are reauthorized by H.R. 2 will expire at the end of fiscal year 2018. However, consistent with the rules governing baseline projections that are specified in the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), CBO's baseline incorporates the assumption that those programs will continue to operate after their authorizations expire in the same manner as they did before such expiration. Thus, the costs of extending those authorizations through 2023 are not included in the costs attributable to this bill. CBO estimates that those costs would total \$387 billion over the 2019-2023 period.

Relative to spending projected under CBO's April 2018 baseline, CBO estimates that enacting H.R. 2 would increase direct spending by \$3.2 billion over the 2019-2023 period. Following the rules specified in BBEDCA, CBO has incorporated the assumption that the changes made to those programs would continue after 2023, the final year of authorization under the bill. On that basis, CBO estimates that direct spending would decrease by \$2.7 billion over the 2024-2028 period, for a net increase in direct spending of \$0.5 billion over the 2019-2028 period. CBO also estimates that enacting the bill would increase revenues by \$0.5 billion over the 2019-2028 period.

Because enacting H.R. 2 would affect direct spending and revenues, pay-as-you-go procedures apply.

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Further details about the changes in direct spending and revenues are displayed in the enclosed tables. Table 1 shows CBO's estimate of the budgetary effects by title; Table 2 shows estimates for specific provisions within the various titles of the bill; and Table 3 provides estimates pertaining to specific agricultural commodities under title I of the legislation.

CBO estimates that enacting the bill would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

CBO has not estimated the additional discretionary spending that would result from implementing H.R. 2; such spending would be subject to future appropriation actions. CBO also has not reviewed the bill 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, Jennifer Gray, and Emily Stern for nutrition programs and Tiffany Arthur and Jim Langley for agriculture programs.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Hall". The signature is fluid and cursive, with the first name "Keith" and last name "Hall" clearly distinguishable.

Keith Hall  
Director

cc: Honorable Colin C. Peterson  
Ranking Member

**Table 1. Summary of the Estimated Effects on Direct Spending and Revenues of H.R. 2, the Agriculture and Nutrition Act of 2018, as Introduced on April 12, 2018** April 13, 2018

(Outlays and Revenues, in Millions of dollars, by fiscal year)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
<b>INCREASES AND DECREASES (-) IN DIRECT SPENDING RELATIVE TO CBO'S BASELINE ESTIMATES</b>												
Title I - Commodities	-18	4	152	10	2	15	107	-93	-38	53	149	193
Title II - Conservation	193	244	212	82	-76	-299	-284	-272	-297	-299	656	-795
Title III - Trade	45	45	45	45	45	45	45	45	45	45	225	450
Title IV - Nutrition	388	230	566	381	207	-1	-125	-260	-388	-534	1,771	463
Title V - Credit	0	0	0	0	0	0	0	0	0	0	0	0
Title VI - Rural Infrastructure and Economic Development	-45	-61	-61	-50	-50	-50	-50	-50	-50	-50	-267	-517
Title VII - Research, Extension, and Related Matters	8	25	38	48	50	43	25	13	3	0	168	250
Title VIII - Forestry	0	0	0	0	0	0	0	0	0	0	0	0
Title IX - Horticulture	2	2	2	2	2	0	0	0	0	0	10	10
Title X - Crop Insurance	-6	-14	-16	-17	-17	-18	-18	-18	-18	-18	-70	-161
Title XI - Miscellaneous	152	156	82	82	82	26	-2	-4	-4	-4	553	566
Total Outlays	719	630	1,020	582	244	-240	-302	-640	-748	-807	3,195	458
<b>INCREASES IN REVENUES RELATIVE TO CBO'S BASELINE ESTIMATES</b>												
Title IV - Nutrition	0	0	0	55	60	60	65	70	75	80	115	465
<b>NET INCREASE OR DECREASE (-) IN THE DEFICIT RELATIVE TO CBO'S BASELINE ESTIMATES</b>												
Net Effect on the Deficit	719	630	1,020	527	184	-300	-367	-710	-823	-887	3,080	-7

MEMORANDUM: CBO'S APRIL 2018 BASELINE SPENDING PROJECTIONS FOR EXPIRING FARM BILL PROGRAMS THAT ARE ASSUMED TO CONTINUE IN THE BASELINE

Outlays	77,896	76,897	78,055	77,202	77,111	77,677	78,608	79,682	80,971	82,569	387,161	786,668
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Source: Congressional Budget Office.

Components may not sum to totals because of rounding; excludes discretionary spending that would be subject to future appropriations; estimates are relative to CBO's April 2018 baseline.

a. Consistent with the rules governing baseline projections that are specified in the Balanced Budget and Emergency Deficit Control Act of 1985, CBO's baseline incorporates the assumption that the farm bill programs that expire at the end of 2018 will continue to operate after their authorizations expire in the same manner as they did before such expiration.

**Table 2. Details of Increases and Decreases in Direct Spending and Revenues of H.R. 2, the Agriculture and Nutrition Act of 2018, As Introduced on April 12, 2018**

April 13, 2018

(Outlays and Revenues, in Millions of dollars, by fiscal year)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
<b>INCREASES AND DECREASES (-) IN DIRECT SPENDING RELATIVE TO CBO'S BASELINE ESTIMATES</b>												
<b>Title I - Commodity Programs</b>												
Price Loss Coverage	0	0	137	55	43	50	134	-59	-16	64	235	408
Agriculture Risk Coverage--County	0	0	23	-34	-26	-17	-6	-15	-25	-11	-37	-111
Agriculture Risk Coverage--Individual	0	0	-16	-17	-18	-18	-17	-19	-18	-20	-51	-143
Nonrecourse Marketing Assistance Loans	0	0	0	0	0	0	0	0	0	0	0	0
Economic Adjustment Assistance for Textile Mills	2	2	2	2	2	2	2	2	2	2	11	23
Dairy Program	-45	-2	4	3	-1	-3	-6	-4	18	17	-41	-20
Supplemental Agriculture Disaster Assistance	1	2	1	1	1	1	1	1	1	1	6	11
Implementation	24	1	0	0	0	0	0	0	0	0	25	25
<b>Subtotal, Title I</b>	<b>-18</b>	<b>4</b>	<b>152</b>	<b>10</b>	<b>2</b>	<b>15</b>	<b>107</b>	<b>-93</b>	<b>-38</b>	<b>53</b>	<b>149</b>	<b>193</b>
<b>Title II - Conservation</b>												
Wetlands Mitigation Banking	2	2	2	2	2	0	0	0	0	0	10	10
Conservation Reserve Program	-21	70	98	96	83	73	-43	-76	-137	-166	326	-23
Environmental Quality Incentives Program	55	227	424	608	777	921	1,056	1,164	1,217	1,243	2,092	7,693
Other Conservation Programs	35	58	74	83	94	81	73	52	32	32	344	614
Agricultural Conservation Easement Program	90	187	221	234	247	247	248	248	249	250	979	2,221
Regional Conservation Partnership Program	60	106	118	131	143	150	150	150	150	150	558	1,308
Repeal Conservation Stewardship Program	-28	-406	-725	-1,072	-1,422	-1,771	-1,768	-1,810	-1,808	-1,808	-3,653	-12,618
<b>Subtotal, Title II</b>	<b>193</b>	<b>244</b>	<b>212</b>	<b>82</b>	<b>-76</b>	<b>-299</b>	<b>-284</b>	<b>-272</b>	<b>-297</b>	<b>-299</b>	<b>656</b>	<b>-795</b>
<b>Title III - Trade</b>												
International Development Program	45	45	45	45	45	45	45	45	45	45	225	450
<b>Subtotal, Title III</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>225</b>	<b>450</b>
<b>Title IV - Nutrition</b>												
Duplicative Enrollment Database	0	-8	-25	-45	-60	-80	-90	-90	-95	-95	-138	-588
Retailer-Funded Incentives Pilot	2	182	180	120	120	120	120	120	120	120	604	1,204
Gus Schumacher Food Insecurity Nutrition Incentive Program	7	17	30	46	55	59	63	65	65	65	155	472
Update to Categorical Eligibility	-210	-525	-535	-525	-520	-530	-530	-540	-555	-565	-2,315	-5,035
Child Support; Cooperation with Child Support Agencies	140	304	321	335	345	355	375	396	446	476	1,446	3,494
Basic Allowance for Housing	8	11	11	11	11	12	12	13	13	14	52	116
Earned Income Deduction	350	470	470	470	470	470	470	480	490	500	2,230	4,640
Simplified Homeless Housing Costs	4	8	8	8	8	8	8	8	8	8	36	76
Availability of Standard Utility Allowances Based on Receipt of Energy Assistance	-240	-560	-550	-550	-540	-550	-550	-560	-570	-580	-2,440	-5,250
Adjustment to Asset Limitations; Updated Vehicle Allowance; Savings Excluded from Assets <sup>a</sup>	1	-15	5	30	30	30	30	30	30	30	51	201
<b>Workforce Solutions</b>												
Benefits	0	0	-190	-490	-740	-990	-1,250	-1,540	-1,840	-2,150	-1,420	-9,190
Administration	0	160	660	730	780	830	940	1,060	1,180	1,310	2,330	7,650
<b>Subtotal, Workforce Solutions</b>	<b>0</b>	<b>160</b>	<b>470</b>	<b>240</b>	<b>40</b>	<b>-160</b>	<b>-310</b>	<b>-480</b>	<b>-660</b>	<b>-840</b>	<b>910</b>	<b>-1,540</b>

Continued

**Table 2. Continued.**

(Outlays and Revenues, in Millions of dollars, by fiscal year)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
<b>INCREASES AND DECREASES (-) IN DIRECT SPENDING RELATIVE TO CBO'S BASELINE ESTIMATES</b>												
<b>Title IV - Nutrition -- continued.</b>												
Mobile Technologies	0	1	1	1	1	1	1	2	2	2	4	12
Processing Fees	1	3	7	13	20	20	20	20	25	25	44	154
Benefit Recovery	*	*	*	*	*	*	*	*	*	*	*	*
National Gateway <sup>b</sup>	8	10	10	68	70	78	81	90	95	95	165	601
Transitional Benefits	75	90	90	90	90	90	90	90	95	95	435	895
Supplemental Nutrition Assistance Program Benefit Transfer												
Transaction Data Report	4	3	2	3	3	3	3	3	3	3	15	30
Adjustment to Percentage of Recovered Funds												
Retained by States	10	10	10	10	10	10	10	10	11	11	50	102
Tolerance Level for Payment Errors	*	*	*	*	*	*	*	*	*	*	*	*
State Performance Indicators	0	-48	-48	-48	-48	-48	-48	-48	-48	-48	-192	-432
Emergency Food Assistance	45	46	47	48	49	50	52	53	54	55	235	499
Nutrition Education	57	58	59	61	62	64	65	67	69	70	297	632
Implementation Funds	128	17	3	3	0	0	0	0	0	0	150	150
Interactions	-2	-3	*	-8	-9	-3	3	12	15	25	-22	30
<b>Subtotal, Title IV</b>	<b>388</b>	<b>230</b>	<b>566</b>	<b>381</b>	<b>207</b>	<b>-1</b>	<b>-125</b>	<b>-260</b>	<b>-388</b>	<b>-534</b>	<b>1,771</b>	<b>463</b>
<b>Title V - Credit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Title VI - Rural Infrastructure and Economic Development</b>												
Biorefinery Assistance	-35	-31	-16	0	0	0	0	0	0	0	-82	-82
Rural Energy for America Program	-10	-30	-45	-50	-50	-50	-50	-50	-50	-50	-185	-435
<b>Subtotal, Title VI</b>	<b>-45</b>	<b>-61</b>	<b>-61</b>	<b>-50</b>	<b>-50</b>	<b>-50</b>	<b>-50</b>	<b>-50</b>	<b>-50</b>	<b>-50</b>	<b>-267</b>	<b>-517</b>
<b>Title VII - Research, Extension, and Related Matters</b>												
Organic Agriculture Research and Extension Initiative	5	15	23	29	30	26	15	8	2	0	101	150
Beginning Farmer and Rancher Development Program	3	10	15	19	20	17	10	5	1	0	67	100
<b>Subtotal, Title VII</b>	<b>8</b>	<b>25</b>	<b>38</b>	<b>48</b>	<b>50</b>	<b>43</b>	<b>25</b>	<b>13</b>	<b>3</b>	<b>0</b>	<b>168</b>	<b>250</b>
<b>Title VIII - Forestry</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Title IX - Horticulture</b>												
National Organic Program Technology Update	1	1	1	1	1	0	0	0	0	0	5	5
Organic Production and Market Data Initiative	1	1	1	1	1	0	0	0	0	0	5	5
<b>Subtotal, Title IX</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>10</b>
<b>Title X - Crop Insurance</b>												
Treatment of Forage and Grazing	1	9	10	10	10	10	10	10	10	10	40	90
Increase Catastrophic Coverage Administrative Fee to \$500	-1	-7	-8	-8	-8	-8	-8	-8	-8	-8	-32	-72
Program Administration	0	-2	-2	-2	-2	-2	-2	-2	-2	-2	-8	-18

Continued

**Table 2. Continued.**

(Outlays and Revenues, in Millions of dollars, by fiscal year)

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
<b>INCREASES AND DECREASES (-) IN DIRECT SPENDING RELATIVE TO CBO'S BASELINE ESTIMATES</b>												
<b>Title X - Crop Insurance -- continued.</b>												
Whole Farm Application to Beginning Farmers and Ranchers	0	1	1	1	1	1	1	1	1	1	4	9
Research and Development Priorities	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-23	-45
Education and Risk Management Assistance	-1	-11	-12	-13	-14	-14	-15	-15	-15	-15	-52	-125
<b>Subtotal, Title X</b>	<b>-6</b>	<b>-14</b>	<b>-16</b>	<b>-17</b>	<b>-17</b>	<b>-18</b>	<b>-18</b>	<b>-18</b>	<b>-18</b>	<b>-18</b>	<b>-70</b>	<b>-161</b>
<b>Title XI - Miscellaneous</b>												
National Animal Disease Preparedness and Response	150	125	50	50	50	25	0	0	0	0	425	450
Outreach and Assistance to Socially Disadvantaged Producers	5	8	10	10	10	5	2	0	0	0	43	50
Textile Trust Fund	1	26	25	25	25	0	0	0	0	0	103	103
Noninsured Crop Disaster Assistance Program	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-19	-37
<b>Subtotal, Title XII</b>	<b>152</b>	<b>156</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>26</b>	<b>-2</b>	<b>-4</b>	<b>-4</b>	<b>-4</b>	<b>553</b>	<b>566</b>
<b>TOTAL INCREASES AND DECREASES (-) IN DIRECT SPENDING RELATIVE TO CBO'S BASELINE ESTIMATES</b>												
<b>Total Changes in Direct Spending</b>	<b>719</b>	<b>630</b>	<b>1,020</b>	<b>582</b>	<b>244</b>	<b>-240</b>	<b>-302</b>	<b>-640</b>	<b>-748</b>	<b>-807</b>	<b>3,195</b>	<b>458</b>
<b>TOTAL INCREASES IN REVENUES RELATIVE TO CBO'S BASELINE ESTIMATES</b>												
<b>National Gateway (Title IV)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>55</b>	<b>60</b>	<b>60</b>	<b>65</b>	<b>70</b>	<b>75</b>	<b>80</b>	<b>115</b>	<b>465</b>
<b>NET INCREASE OR DECREASE (-) IN THE DEFICIT RELATIVE TO CBO'S BASELINE ESTIMATES</b>												
<b>Net Effect on the Deficit</b>	<b>719</b>	<b>630</b>	<b>1,020</b>	<b>527</b>	<b>184</b>	<b>-300</b>	<b>-367</b>	<b>-710</b>	<b>-823</b>	<b>-887</b>	<b>3,080</b>	<b>-7</b>

Source: Congressional Budget Office.

Notes:

\*=Between -\$500,000 and \$500,000.

Components may not sum to totals because of rounding.

Excludes discretionary spending that would be subject to future appropriations.

Estimates are relative to CBO's April 2018 Baseline.

For revenues, positive numbers indicate a decrease in the deficit.

a. This estimate includes direct spending effects from sections 4012, 4013, and 4014, assuming they are all enacted concurrently. It also assumes section 4006 is enacted concurrently with these sections, and it includes those interaction effects.

b. Revenue effects of this provision are shown in revenue line of the estimate.

**Table 3. Estimated Change in the Cost of Commodity Payments by Program of H.R. 2, April 13, 2018  
the Agriculture and Nutrition Act of 2018, As Introduced on April 12, 2018**

(Outlays, in Millions of dollars, by fiscal year and program)

Commodity	PLC	ARC-CO	ARC-IC	MLG	Total
TOTAL INCREASES AND DECREASES (-) IN DIRECT SPENDING OVER THE 2019-2028 PERIOD					
Corn	5	63	-36	0	32
Sorghum	-124	-7	0	0	-131
Barley	-26	7	-16	0	-35
Oats	-12	0	0	0	-12
Total Feed Grains	-156	62	-52	0	-145
Soybeans	107	29	-65	0	71
Wheat	-125	-37	-16	0	-178
Seed Cotton	577	-139	0	0	438
Rice	35	-40	-5	0	-9
Peanuts	4	0	0	0	4
Other Oilseeds	-41	14	-3	0	-30
Wool	---	---	---	0	0
Mohair	---	---	---	0	0
Honey	---	---	---	0	0
Dry Peas	6	-2	-1	0	3
Lentils	0	1	-1	0	0
Small Chickpeas	0	0	0	0	0
Large Chickpeas	0	1	-1	0	0
<b>Total</b>	<b>408</b>	<b>-111</b>	<b>-143</b>	<b>0</b>	<b>154</b>

Notes:

Estimates are relative to CBO's April 2018 Baseline.

--- = Not Applicable.

PLC = Price Loss Coverage

ARC-CO = Agriculture Risk Coverage for Counties

ARC-IC = Agriculture Risk Coverage for Individual Farms

MLG = Marketing Loan Gains and Loan Deficiency Payments