



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 21, 2018

S. 3042

Agriculture Improvement Act of 2018

*As reported by the Senate Committee on Agriculture, Nutrition and Forestry
on June 18, 2018*

SUMMARY

The Agriculture Improvement Act of 2018 would amend and extend some of the nation's major programs for income support, food and nutrition, land conservation, trade promotion, rural development, research, energy, forestry, horticulture, and other miscellaneous programs administered by the Department of Agriculture (USDA) for five years through 2023.

CBO estimates that enacting S. 3042 would increase net direct spending by \$1.4 billion over the 2019-2023 period and reduce net direct spending by \$0.1 billion over the 2019-2028 period, relative to CBO's baseline projections. As specified in law, those baseline projections incorporate the assumption that many expiring programs continue to operate after their authorizations expire in the same manner as they did before such expiration. The cost of extending those authorizations through 2023 would total \$387 billion, but because they are already included in the baseline, those costs are not included in this estimate.

In addition, S. 3042 would authorize the appropriation of specific amounts, for a wide variety of existing and new USDA programs. Assuming appropriation of the specified amounts, CBO estimates that implementing those provisions would cost \$30.3 billion over the 2019-2028 period. CBO has not completed an estimate of the cost of implementing other provisions of the bill without specified authorization levels.

Because enacting S. 3042 would affect direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

CBO estimates that enacting S. 3042 would not increase net direct spending by more than \$2.5 billion or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2029.

S. 3042 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates the costs of mandates on public entities would not exceed the annual threshold established in UMRA for intergovernmental mandates (\$80 million in 2018, adjusted annually for inflation). The costs of mandates on private entities would exceed the threshold established in UMRA for private-sector mandates (\$160 million in 2018, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effects of S. 3042 are shown in Table 1. The costs of this legislation fall within budget functions 270 (energy), 300 (natural resources and environment), 350 (agriculture), 450 (community and regional development), and 600 (income security).

TABLE 1. SUMMARY OF THE BUDGETARY EFFECTS OF S. 3042

	By Fiscal Year, in Millions of Dollars											2019- 2023	2019- 2028
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
INCREASES OR DECREASES (-) IN DIRECT SPENDING													
Estimated Budget Authority	0	658	324	193	197	161	-80	-175	-224	-642	-322	1,533	90
Estimated Outlays	0	327	248	293	276	216	-60	-196	-240	-646	-325	1,361	-107
INCREASES IN SPENDING SUBJECT TO APPROPRIATION													
Estimated Authorization Level	0	5,878	5,872	5,874	5,876	5,878	700	70	70	70	70	29,376	30,356
Estimated Outlays	0	2,370	4,461	5,334	5,685	5,825	3,726	1,769	672	294	143	23,675	30,278

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 3042 will be enacted near the end of fiscal year 2018. The bill would provide direct spending authority for most of the USDA programs authorized, amended, or created by the legislation through the 2019-2023 period. Following the baseline projection rules in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985, CBO estimated the 10-year cost of the bill by assuming that most of those programs would continue to operate indefinitely beyond that five-year authorization period. Combined with the estimated spending under CBO's April 2018 baseline projections for those programs, CBO estimates that enacting the bill would bring total spending for those USDA programs to \$428 billion over the 2019-2023 period and \$867 billion over the 2019-2028 period.

Direct Spending

Relative to spending projected in the baseline, CBO estimates that enacting S. 3042 would increase direct spending by \$1.4 billion over the 2019-2023 period. Following the rules specified in the Deficit Control Act, CBO assumes 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 \$1.5 billion over the 2024-2028 period, for a net decrease in direct spending of \$0.1 billion over the 2019-2028 period.

Detailed estimates of changes in direct spending for the various titles appear in Table 2. Further details of those estimates by major section of each title appear in Table 3.

Title I, Commodities. Title I would reauthorize and amend the farm commodity support programs administered by USDA through 2023. CBO estimates that enacting title I would reduce direct spending by \$0.4 billion over the 2019-2028 period. (The current-law authorization of most programs will expire on September 30, 2018, although some payments will be made after that date.) The major components of that estimate are described below.

S. 3042 would reauthorize the two main commodity programs—Price Loss Coverage (PLC) and Agriculture Revenue Coverage (ARC)—through 2023. Under PLC, producers receive payments when the annual average market price falls below the reference price set in law. Under ARC, producers receive payments when a county’s average revenue for a crop (the product of price and production) falls below the county’s historical average revenue. Producers may receive payments from only one of those programs for the five-year period, and because of recent market prices and yields and program changes in the bill, CBO expects most producers to choose PLC. Significant changes include:

- Increasing ARC benefits (section 1104) by adjusting the yields used in its calculation, and making ARC the default choice if all producers on the farm cannot agree between ARC and PLC (PLC is currently the default choice). As a result of those changes, CBO estimates that ARC payments would increase by \$0.2 billion over the 2019-2028 period.
- Eliminating Economic Adjustment Assistance for the Users of Upland Cotton and the Cotton Storage Payments programs (sections 1201 and 1203), for an estimated reduction in direct spending of \$0.5 billion over the 2019-2028 period.
- Modifying the Dairy Risk Management Program (section 1401) to offer premium discounts to small producers and to repay premiums in excess of payments received during the 2015-2017 period, and replacing the Dairy Product Donation Program with the Milk Donation Program (section 1413). The net effect of those

changes in the Dairy program would increase direct spending by \$0.2 billion over 10 years.

- Reducing the Adjusted Gross Income limitation to \$700,000 on producers, for a savings of \$0.3 billion.

Title II, Conservation. This title would reauthorize and modify land conservation programs administered by USDA. CBO estimates that enacting those provisions would result in no net change in spending over the 2019-2028 period. Significant changes in conservation programs include:

- Section 2101 would increase Conservation Reserve Program acreage to 25 million and reduce rental rates to 88.5 percent of the county average, which would result in no net change in spending.
- Section 2202 would reduce annual eligible acreage enrollment in the Conservation Stewardship Program to 8.797 million acres, which CBO estimates would reduce spending by \$1 billion over the 2019-2028 period.
- Section 2303 would reduce annual funding for the Environmental Quality Incentives Program resulting in an estimated decrease in spending of \$1.5 billion over the 10-year period;
- Sections 2408 and 2411 would increase annual funding for the Agricultural Conservation Easement Program and Regional Conservation Partnership Program, leading to an estimated increase in spending of \$2.5 billion over the 2019-2028 period; and
- Section 2107 would create a new Conservation Reserve Easement Program which would allow expiring CRP contracts entered into after 2019 to enroll as permanent easements, at an estimated cost of \$1.8 billion for the first 10 year period beginning in 2029.

Title III, Trade. S. 3042 would reauthorize the Food for Progress program and allow it to use cash (rather than monetization of commodities) to finance a portion of its development programs. It also would consolidate four other market development programs into a single program. The Market Access Program, the Foreign Market Development Cooperator Program, Technical Assistance for Specialty Crops, and the E. (Kika) De La Garza Emerging Markets Program would be rolled into a new Priority Trade Promotion, Development, and Assistance program. CBO estimates that direct spending under the new program would increase by \$515 million over the 2019-2028 period.

Title IV, Nutrition. Title IV would reauthorize the Supplemental Nutrition Assistance Program (SNAP) and related nutrition programs through fiscal year 2023 and make several changes to those programs. CBO estimates that enacting title IV would increase direct spending by \$178 million over the 2019-2023 period but decrease total direct spending by \$6 million over the 2019-2028 period.

Section 4101, Definition of Certification Period. Under current law, states can certify households for SNAP benefits for 12 months; that period may be extended to 24 months for households in which all adult members are 60 or older or are disabled. Section 4101 would permit states to extend certification for up to 36 months for households in which all adults are 60 or older or are disabled and in which no one had earned income as of the prior certification. As under current law, states would be required to have annual contact with such households. CBO expects that the change would lead some eligible households to remain in the program longer than they would under current law, and we estimate that the provision would increase costs for SNAP by \$205 million over the 2019-2028 period.

Section 4103, Work Requirements for Supplemental Nutrition Assistance Program. Under current law, every state must operate an employment and training program for certain SNAP recipients that is funded by an annual federal grant of \$110 million, which is divided across all of the states. Each state also can receive a federal match for a portion of any additional spending on training. Section 4103 would expand the types of activities allowed in the programs, impose additional administrative requirements, and authorize direct spending for grants for pilot projects. CBO estimates that the resulting changes to SNAP training programs would increase direct spending by \$235 million over the 2019-2028 period, primarily for new grants.

Specifically, that section would authorize direct spending of \$185 million in competitive grants to states to fund pilot projects for new employment and training methods for SNAP recipients. Those efforts would be similar to projects created and funded by the Agricultural Act of 2014. The provision also would permit states to enter into workforce partnerships with private-sector employers as an allowable employment and training activity; the partnerships would be prohibited from receiving federal funds.

Section 4103 also would add other requirements for states that operate training programs, including additional skills assessments and case management for participants who have not found suitable training. States would be required to combine job training with at least one other activity. CBO expects that states would comply with the new requirements by reallocating existing funds and by increasing administrative spending, which would be matched with federal funds. CBO estimates that enacting this provision would increase federal spending by \$50 million over the 2019-2028 period.

Section 4104, Improvements to Electronic Benefit Transfer System. Under current law, states contract with private entities to operate Electronic Benefit Transfer (EBT) systems that give recipients electronic access to their SNAP benefits. Through fiscal year 2022, section 4104 would prohibit state EBT contractors from charging certain fees related to processing SNAP transactions. CBO estimates that prohibiting those fees would increase SNAP's administrative costs because the states' EBT contractors would make up lost revenue by charging states more to manage their EBT systems. That increased spending by states would then be matched with federal dollars; CBO estimates this provision would increase direct spending by \$28 million over the 2019-2028 period.

Section 4109, Interstate Data Matching to Prevent Multiple Issuances. Section 4109 would require states to use a national database to prevent participants from receiving benefits from more than one state at a time. Using information from several reports and interviews on a five-state pilot project, CBO estimates that enacting the provision would reduce spending by \$588 million over the 2019-2028 period.

Section 4110, Quality Control. Under current law, USDA awards \$48 million annually in bonuses to states that demonstrate the best or most improved performance in four administrative functions. Section 4110 would lower the bonus amount to \$6 million annually and eliminate bonuses related to error rates but retain them for timely processing of applications. CBO estimates that enacting this section would decrease direct spending by \$420 million over the 2019-2028 period.

Section 4303, the Gus Schumacher Food Insecurity Nutrition Incentive. Section 4303 would amend and reauthorize USDA's Food Insecurity Nutrition Incentive Grant Program, which funds incentives to SNAP recipients who purchase fruits and vegetables. The bill would rename the program the Gus Schumacher Food Insecurity Nutrition Incentive program, would make other changes to the program's operations, and, beginning in 2019, would provide \$50 million annually for its operations. CBO estimates that section 4303 would increase direct spending by \$401 million over the 2019-2028 period.

Other Provisions. Several other provisions of title IV (sections 4102, 4111, 4112, 4114, and 4304) would make changes to SNAP and related nutrition programs. For example, title IV would create a pilot project to improve the verification of the earned income of SNAP participants, and it would increase the minimum federal contribution toward administrative funds in USDA's Food Distribution Program on Indian Reservations. CBO estimates that, on net, those other provisions would increase direct spending by \$133 million over the 2019-2028 period.

Title V, Credit. Title V would reauthorize farm ownership and operating loans and loan guarantees through 2023. It also would increase lending limits on loan guarantees for farm ownership and operating loans, reauthorize programs for beginning farmers and

ranchers through 2023, and amend loan guarantee rules for qualified beginning farmers and ranchers and socially disadvantaged farmers and ranchers.

S. 3042 would amend the Consolidated Farm and Rural Development Act and the Farm Credit Act of 1971 to bring the statute into comportment with current practices. S. 3042 also provides the Farm Credit System Insurance Corporation with receiver and conservator authorities comparable to those of other Federal receivers like the Federal Deposit Insurance Corporation. CBO estimates that enacting title V would have no effect on direct spending.

Title VI, Rural Development. Section 6204 would reduce federal costs related to the Cushion of Credit (CoC) Payments Program. Through that program, electric utilities that participate in credit programs administered by the Rural Utilities Service (RUS) can establish individual accounts, maintained on their behalf by the agency, to record voluntary deposits of cash that effectively represent loan prepayments. Once funds are deposited into CoC accounts, borrowers cannot withdraw balances; those amounts—including compounded interest earned on balances—can only be used to make payments on loans made or guaranteed by RUS.

Under current law, CoC accounts earn interest at a statutorily specified rate of 5 percent. Section 6204 would reduce that rate to the average rate of interest earned on a 5-year Treasury note, up to 5 percent, and would prohibit borrowers from making further deposits to CoC accounts as of fiscal year 2019. Finally, section 6204 would appropriate a total of \$10 million for the Rural Economic Development Loan and Grant (REDLG) program, a related program administered by USDA.

Budgetary Treatment of Interest Payments. CoC balances, including interest, are generally viewed as the property of the nonfederal entities that participate in the CoC program. In that sense, crediting those funds with interest is equivalent to a federal payment to a nonfederal entity. As a result, in CBO's baseline projections, federal payments of interest to borrowers' CoC accounts are recorded as mandatory outlays.

Estimated Changes in Interest Payments. Under current law, CBO projects that balances in CoC accounts will total more than \$7 billion at the start of fiscal year 2019. Based on historical information about the amount of funds borrowers withdraw (that is, apply toward payments of RUS loans and loan guarantees) and deposit each year, CBO projects that CoC balances will remain relatively steady over the 2019-2028 period, averaging between \$7 billion and \$8 billion annually. On that basis, CBO estimates that outlays to borrowers' accounts with interest at the statutorily specified rate of 5 percent will total about \$4 billion over the next 10 years.

Under section 6204, CBO estimates that rates used to calculate interest owed to borrowers over the 2019-2028 period would, on average, be about 1.4 percentage points

less than the current rate. CBO estimates that enacting that change and prohibiting borrowers from making new deposits to CoC accounts would reduce federal outlays by \$2.3 billion over the 2019-2028 period. That estimate includes \$10 million in additional spending for the REDLG program and reflects information from RUS, affected borrowers, and financial experts. That estimate is uncertain because actual savings would depend on how borrowers manage their CoC balances under the bill.

Title VII, Research, Extension, and Related Matters. Title VII would reauthorize the Organic Agriculture Research and Extension program through 2023 and increase direct spending on the program by more than \$200 million over 10 years. It would authorize direct spending for new extension and research grants for urban, indoor, and other emerging methods of agricultural production and would provide \$200 million in mandatory funding to the Foundation for Food and Agriculture Research. CBO estimates that the provisions of title VII would increase direct spending by \$685 million over the 2019-2028 period.

Title VIII, Forestry. Title VIII contains a provision that would authorize the Forest Service to accept in-kind consideration, including the construction of new facilities or the renovation of existing facilities, from lessors of property owned by the agency. Under current law, the Forest Service could enter into leases for the new or improved facilities, which would constitute a means of securing private financing to construct or renovate federal facilities. Because such arrangements could commit the agency to paying for the cost of constructing or renovating a facility at the time it enters into the lease, CBO believes that the full cost of such transactions should be recorded at the time the agency enters into the lease. CBO estimates that the total value of construction and improvements made under leases entered into using the authority provided in title VIII would total \$1 million a year through 2023 when the authority to enter into such leases would expire.¹

CBO estimates that other forestry provisions would have no significant net effect on direct spending.

Title IX, Energy. CBO estimates that continuation of mandatory funding for USDA's Energy programs would increase direct spending by almost \$0.4 billion over the 2019-2018 period. Mandatory funding is provided for the Biobased Market Program, Biorefinery Assistance, the Bioenergy Program for Advanced Biofuel, Biomass Crop Assistance Program, and for the Carbon Utilization Education Program.

Title X, Horticulture. Title X would combine the Farmers Market and Local Food Promotion and the Value-added agricultural product market development grants into a

1. For additional information on how CBO treats the cost of third-party financing, see Congressional Budget Office, Third-Party financing of Federal Projects (June 2005), www.cbo.gov/publication/16554.

single program to be known as the Local Agricultural Market Program, and it would provide the program with direct spending authority of \$60 million per year. It also would reauthorize direct spending on specialty crop block grants and the National Organic Certification Cost Share program through 2023. CBO estimates that direct spending under Title X would increase by \$626 million over the 2019-2028 period.

Title XI, Crop Insurance. Amendments to the crop insurance program would authorize enterprise units (the basic insurable land unit) to cross county lines, increase pasture and rangeland subsidies for members of Indian tribes, authorize crop insurance products for industrial hemp, increase compensation for agents of Whole-Farm Revenue products, reduce benefits for production on native sod, and increase funding for information technology. CBO estimates that the amendments to the federal crop insurance program would reduce spending by \$2 million over the 2019-2028 period.

Title XII, Miscellaneous. Title XII would combine the Beginning Farmer and Rancher Development program, the Outreach and Education for Socially Disadvantaged Farmers and Ranchers program, the Veteran Farmers and Ranchers program, and the Beginning Farmers and Ranchers program into a single program. That combined program would cost \$466 million over the 2019-2028 period. This title would reauthorize mandatory funding for various trust funds, such as the Pima Cotton trust fund, the Wool Apparel Manufacturers trust fund, and the Wool Research and Promotion trust fund, and it would authorize mandatory funding for a new Emergency Citrus trust fund. It also would increase the rate for merchandise processing fees for a three-month period in 2027, resulting in additional offsetting receipts of \$371 million. Altogether CBO estimates that direct spending under title XII would increase by \$430 million over the 2019-2028 period.

Spending Subject to Appropriation

Table 4 summarizes the amounts specifically authorized to be appropriated in S. 3042. CBO estimates that implementing the provisions of S. 3042 that specify authorizations of appropriations would cost \$23.7 billion over the 2019-2023 period and \$6.6 billion after 2023, assuming those specified amounts are appropriated. Implementing Titles I (Commodities) and XI (Crop Insurance) would require additional spending, but those titles do not specifically authorize any amounts to be appropriated. CBO has not completed an estimate of the costs of implementing any provision without an authorization of specific amounts.

Uncertainty

CBO tries to produce estimates that generally reflect the middle of a range of the most likely outcomes. Estimates of commodity support programs are particularly sensitive to changes in commodity prices and production, which are sensitive to changes in weather

and markets, especially trade. The nutrition estimates are particularly sensitive to how, and how quickly, the states implement the policies in the bill. Changes in the state of the economy, especially inflation and unemployment, could also affect the estimated effects. Estimates of changes in interest paid to RUS borrowers is very sensitive to the rate at which borrowers would draw down balances of their CoC accounts under the bill.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

TABLE 5. CBO ESTIMATE OF PAY-AS-YOU-GO EFFECTS FOR S. 3042, AS ORDERED REPORTED BY THE SENATE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY ON JUNE 13, 2018

	By Fiscal Year, in Millions of Dollars												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2018-2023	2018-2028
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Effect	0	327	248	293	276	216	-60	-196	-240	-646	-325	1,361	-107

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting S. 3042 would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2029.

MANDATES

S. 3042 would impose intergovernmental and private-sector mandates as defined in UMRA. CBO estimates the costs of mandates on public entities would not exceed the annual threshold established in UMRA for intergovernmental mandates (\$80 million in 2018, adjusted annually for inflation). The costs of mandates on private entities would exceed the threshold established in UMRA for private-sector mandates (\$160 million in 2018, adjusted annually for inflation).

Mandates That Apply to State Governments Only

S. 3042 would impose intergovernmental mandates as defined in UMRA primarily by increasing states' administrative duties under SNAP. For large entitlement grant programs like SNAP, UMRA defines an increase in the stringency of conditions of assistance on states or localities as an intergovernmental mandate if the affected governments lack authority to offset those costs while continuing to provide required services. Since state agencies have limited flexibility to amend their responsibilities and offset additional costs, these provisions would be intergovernmental mandates.

CBO estimates that the cost of complying with the mandates would be small because the requirements are narrow expansions of duties that states already perform or are new duties that would impose minimal burdens. Specifically:

- Section 4103 would require state SNAP agencies to coordinate with the state workforce development board or private employers when designing and implementing the SNAP employment and training program.
- Section 4103 also would require states to comply with new regulations to reassess work participants who are determined to be ill-suited for a work assignment.
- Section 4106 would require states to clarify or verify discrepancies between information generated from comparisons with a national database and information used for determining eligibility or benefits for SNAP households.
- Section 4109 would establish a National Accuracy Clearinghouse and require states to provide certain data to the Clearinghouse and to use it to identify SNAP recipients that receive benefits from more than one state.
- Section 4110 would require states to preserve any systems containing state SNAP records for the purposes of inspection, audit, and review.

Section 4104 would prohibit state EBT contractors from charging certain fees related to processing SNAP transactions. This prohibition would increase administrative costs for states because those contractors would recoup their lost revenue by charging states more to manage their EBT systems. Increasing the cost of complying with an existing mandate to operate an EBT system would impose a mandate on states as defined in UMRA. CBO estimates the cost to states would total about \$24 million over the 2019-2023 period.

Mandates That Apply to Private Entities

Section 10104 would impose a mandate by expanding a requirement to collect and maintain information on imported products that are certified as organic. Under current law, U.S. firms that import organic products are required to collect and maintain information on the operations of their foreign suppliers. The bill would require those firms to maintain similar information on the imported products themselves and to record that information in a new federal system designed to track such information. CBO estimates that the cost to comply with mandate would be small because the new requirements are a narrow expansion of the information already tracked under current law.

The bill also would impose a mandate by increasing the rate for merchandise processing fees from February 24, 2027 through May 26, 2027. Those fees are designed to offset the costs incurred by Customs and Border Patrol to process and inspect imported goods. The cost of the mandate to pay the additional merchandise processing fees would amount to about \$370 million in 2027, exceeding the annual threshold established in UMRA.

PREVIOUS ESTIMATE

On May 2, 2018, CBO transmitted a cost estimate for H.R. 2, the Agriculture and Nutrition Act of 2018, as ordered reported by the House Committee on Agriculture on April 18, 2018. H.R. 2 and S. 3042 would reauthorize many of the same programs but also contain different provisions which are reflected in the CBO cost estimates for each bill.

ESTIMATE PREPARED BY

Federal Costs: Tia Caldwell, Elizabeth Cove Delisle, Kathleen FitzGerald, Jennifer Gray, Justin Latus, and Emily Stern (nutrition provisions)
Tiffany Arthur, Megan Carroll, Mark Grabowicz, Jeff LaFave, Jim Langley, and Robert Reese (other provisions)

Mandates: Andrew Laughlin (nutrition provisions) and Zachary Byrum (other provisions)

ESTIMATE REVIEWED BY

Sheila Dacey
Chief, Income Security and Education Cost Estimates Unit

Kim P. Cawley
Chief, Natural and Physical Resources Cost Estimate Unit

Susan Willie
Chief, Mandates Unit

H. Samuel Papenfuss
Deputy Assistant Director for Budget Analysis

Theresa A. Gullo
Assistant Director for Budget Analysis

TABLE 2. ESTIMATED CHANGES IN DIRECT SPENDING OF S. 3042

	By Fiscal Year, in Millions of Dollars											2019-	2019-
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2023	2028
INCREASES AND DECREASES (-) IN DIRECT SPENDING													
Title I, Commodities													
Estimated Budget Authority	0	56	-35	-55	-58	-53	-51	-59	-58	-41	-40	-145	-395
Estimated Outlays	0	56	-35	-55	-58	-53	-51	-59	-58	-41	-40	-145	-395
Title II, Conservation													
Estimated Budget Authority	0	-2	-5	42	78	72	44	-10	-40	-80	-102	185	-3
Estimated Outlays	0	22	83	76	69	40	16	-48	-64	-89	-105	290	0
Title III, Trade													
Estimated Budget Authority	0	52	52	52	52	52	52	52	52	52	52	258	515
Estimated Outlays	0	52	52	52	52	52	52	52	52	52	52	258	515
Title IV, Nutrition													
Estimated Budget Authority	0	127	115	13	14	8	-24	-38	-38	-42	-42	277	93
Estimated Outlays	0	-17	27	47	62	59	-24	-38	-38	-42	-42	178	-6
Title V, Credit													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
Title VI, Rural Development													
Estimated Budget Authority	0	-140	-140	-150	-185	-215	-260	-280	-300	-320	-350	-830	-2,340
Estimated Outlays	0	-140	-140	-150	-186	-216	-258	-280	-300	-320	-350	-832	-2,340
Title VII, Research, Extension, and Related Matters													
Estimated Budget Authority	0	247	47	52	57	57	50	50	50	50	50	460	710
Estimated Outlays	0	226	40	48	54	57	55	53	51	50	50	426	685

Continued

Table 2. Continued

	By Fiscal Year, in Millions of Dollars											2019-	2019-
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2023	2028
INCREASES AND DECREASES (-) IN DIRECT SPENDING													
Title VIII, Forestry													
Estimated Budget Authority	0	1	1	1	1	1	0	0	0	0	0	5	5
Estimated Outlays	0	1	1	1	1	1	0	0	0	0	0	5	5
Title IX, Energy													
Estimated Budget Authority	0	145	95	45	45	45	0	0	0	0	0	375	375
Estimated Outlays	0	17	50	78	86	80	38	14	7	5	0	311	375
Title X, Horticulture													
Estimated Budget Authority	0	82	72	72	72	72	60	60	60	60	60	368	668
Estimated Outlays	0	44	59	74	74	74	63	60	60	60	60	323	626
Title XI, Crop Insurance													
Estimated Budget Authority	0	0	0	-1	-1	0	0	0	0	0	0	-2	-1
Estimated Outlays	0	0	0	0	-1	-1	0	0	0	0	0	-1	-2
Title XII, Miscellaneous													
Estimated Budget Authority	0	91	123	123	123	123	50	50	50	-321	50	584	464
Estimated Outlays	0	67	113	123	123	123	50	50	50	-321	50	550	430
Total													
Estimated Budget Authority	0	658	324	193	197	161	-80	-175	-224	-642	-322	1,533	90
Estimated Outlays	0	327	248	293	276	216	-60	-196	-240	-646	-325	1,361	-107

Continued

Table 2. Continued

	By Fiscal Year, in Millions of Dollars												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019- 2023	2019- 2028
MEMORANDUM													
CBO's April 2018 Baseline Spending Projections for Expiring Farm Bill Programs That Are Assumed to Continue in the Baseline ^a													
Estimated Budget Authority	85,277	78,769	77,810	78,981	77,794	77,686	78,206	79,091	80,196	81,521	83,127	391,039	793,181
Estimated Outlays	83,924	77,896	76,897	78,055	77,202	77,111	77,677	78,608	79,682	80,971	82,569	387,162	786,668
CBO's April 2018 Baseline Spending Projections for Permanently Authorized Farm Bill Programs													
Estimated Budget Authority	7,623	7,807	8,015	8,121	8,158	8,202	8,242	8,309	8,344	8,380	8,421	40,303	81,999
Estimated Outlays	7,394	7,475	7,720	7,934	8,061	8,110	8,153	8,192	8,256	8,297	8,332	39,301	80,531
Estimated Total Spending Under CBO's April 2018 Baseline for Farm Bill Programs													
Estimated Budget Authority	92,900	86,575	85,825	87,102	85,952	85,888	86,449	87,400	88,540	89,901	91,548	431,343	875,181
Estimated Outlays	91,317	85,372	84,617	85,989	85,263	85,221	85,831	86,800	87,938	89,268	90,901	426,462	867,200

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 most farm bill programs that expire at the end of 2018 will continue to operate after their authorizations expire in the same manner that they did before expiration.

TABLE 3. DETAILS OF INCREASES AND DECREASES IN DIRECT SPENDING OF S. 3042

	By Fiscal Year, in Millions of Dollars											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
INCREASES AND DECREASES (-) IN DIRECT SPENDING RELATIVE TO CBO'S BASELINE ESTIMATES												
Title I - Commodities												
Sec. 1101, Producer Election (ARC Default Choice)	0	0	-2	-1	-1	-1	-1	-1	-1	-1	-4	-9
Sec. 1104, Agriculture Risk Coverage	0	0	23	17	20	21	21	23	22	23	61	172
Sec. 1201, Cotton Storage Payments	0	-2	-2	-2	-2	-1	-1	-1	-1	-1	-7	-14
Sec. 1203, Economic Adjustment Assistance to Users of Upland Cotton	-45	-45	-46	-46	-46	-47	-47	-47	-47	-47	-229	-464
Sec. 1401, Dairy Risk Coverage	24	14	9	6	6	7	0	-1	16	16	59	97
Sec. 1403, Repayment of Dairy Risk Coverage Premiums	78	0	0	0	0	0	0	0	0	0	78	78
Sec. 1413, Milk Donation Program	5	5	5	5	5	5	5	5	5	5	25	50
Sec. 1413, Dairy Product Donation Program	-5	-5	-6	-6	-5	-5	-6	-5	-5	-5	-27	-53
Sec. 1501, Supplemental Agricultural Disaster Assistance	1	1	1	1	1	1	1	1	1	1	6	11
Sec. 1601, Noninsured Crop Assistance	0	0	0	0	0	0	0	0	0	0	0	0
Sec. 1704, Adjusted Gross Income Limitation of \$700,000	-2	-3	-38	-33	-31	-31	-31	-32	-31	-31	-107	-263
Subtotal, Title I	56	-35	-55	-58	-53	-51	-59	-58	-41	-40	-145	-395
Title II - Conservation												
Sec. 2101, Conservation Reserve Program	-11	42	47	49	15	11	-22	-30	-50	-51	142	0
Sec. 2202, Conservation Stewardship Program	-3	-25	-46	-67	-88	-112	-133	-155	-175	-196	-229	-1,000
Sec. 2303, Environmental Quality Incentives Program	-61	-120	-138	-149	-158	-171	-187	-176	-163	-158	-626	-1,481
Sec. 2408, Agricultural Conservation Easement Program	56	115	134	149	175	188	194	197	199	200	629	1,607
Sec. 2411, Regional Conservation Partnership Program	41	71	79	87	96	100	100	100	100	100	374	874
Subtotal, Title II	22	83	76	69	40	16	-48	-64	-89	-105	290	0
Title III - Trade												
Sec. 3201, Priority Trade Promotion, Development, and Assistance	52	52	52	52	52	52	52	52	52	52	258	515
Subtotal, Title III	52	52	52	52	52	52	52	52	52	52	258	515
Title IV - Nutrition												
Sec. 4101, Definition of Certification Period	*	*	5	20	30	30	30	30	30	30	55	205
Sec. 4102, Food Distribution Program on Indian Reservations	3	3	3	4	4	4	4	4	4	4	17	37
Sec. 4103, Work Requirements for Supplemental Nutrition Assistance Program	5	40	55	55	55	5	5	5	5	5	210	235
Sec. 4104, Improvements to Electronic Benefit Transfer System	0	2	5	9	8	4	0	0	0	0	24	28
Sec. 4107, Income Verification	*	2	4	3	1	0	0	0	0	0	10	10
Sec. 4109, Interstate Data Matching to Prevent Multiple Issuances	0	-8	-25	-45	-60	-80	-90	-90	-95	-95	-138	-588

Continued

Table 3. Continued.

	By Fiscal Year, in Millions of Dollars											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
INCREASES AND DECREASES (-) IN DIRECT SPENDING RELATIVE TO CBO'S BASELINE ESTIMATES												
Sec. 4110, Quality Control	-42	-42	-42	-42	-42	-42	-42	-42	-42	-42	-210	-420
Sec. 4112, Assistance for Community Food Projects	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-20	-40
Sec. 4114, Emergency Food Assistance Programs	9	12	12	13	13	9	9	9	10	10	59	106
Sec. 4303, the Gus Schumacher Food Insecurity Nutrition Incentive	8	18	30	45	50	50	50	50	50	50	151	401
Sec. 4304, Harvesting Health Pilot Projects	4	4	4	4	4	0	0	0	0	0	20	20
Interactions	*	*	*	*	*	*	*	*	*	*	*	*
Subtotal, Title IV	-17	27	47	62	59	-24	-38	-38	-42	-42	178	-6
Title V - Credit	0	0	0	0	0	0	0	0	0	0	0	0
Title VI - Rural Development												
Sec. 6204, Prohibit New Deposits and Reduce Interest Rate	-140	-140	-150	-190	-220	-260	-280	-300	-320	-350	-840	-2,350
Sec. 6204, Mandatory Funding for Rural Electric Development Loan and Grant Program	0	0	0	4	4	2	0	0	0	0	8	10
Subtotal, Title VI	-140	-140	-150	-186	-216	-258	-280	-300	-320	-350	-832	-2,340
Title VII - Research, Extension, and Related Matters												
Sec. 7210, Organic Agriculture Research and Extension Initiative	24	36	43	48	50	50	50	50	50	50	200	450
Sec. 7212, Urban, Indoor, and Other Emerging Agricultural Production Research and Extension	2	3	4	4	4	2	1	0	0	0	17	20
Sec. 7409, Biomass Research and Development	0	1	2	3	3	3	2	1	0	0	8	15
Sec. 7413, Foundation for Food and Agriculture Research	200	0	0	0	0	0	0	0	0	0	200	200
Subtotal, Title VII	226	40	48	54	57	55	53	51	50	50	426	685
Title VIII - Forestry	1	1	1	1	1	0	0	0	0	0	5	5
Title IX - Energy												
Sec. 9102, Biobased Market Program	3	3	3	3	3	0	0	0	0	0	15	15
Sec. 9103, Biorefinery Assistance	0	20	40	45	35	10	0	0	0	0	140	150
Sec. 9105, Bioenergy Program for Advanced Biofuels	3	9	13	14	15	12	6	2	1	0	54	75
Sec. 9110, Biomass Crop Assistance Program	9	16	20	22	25	16	8	5	4	0	92	125
Sec. 9112, Carbon Utilization Education Program	2	2	2	2	2	0	0	0	0	0	10	10
Subtotal, Title IX	17	50	78	86	80	38	14	7	5	0	311	375

Continued

Table 3. Continued.

	By Fiscal Year, in Millions of Dollars											
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019- 2023	2019- 2028
INCREASES AND DECREASES (-) IN DIRECT SPENDING RELATIVE TO CBO'S BASELINE ESTIMATES												
Title X - Horticulture												
Sec. 10102, Local Agriculture Market Program	33	45	60	60	60	60	60	60	60	60	258	558
Sec. 10103, Organic Production and Market Data Initiatives	1	1	1	1	1	0	0	0	0	0	5	5
Sec. 10104, Organic Certification/Trade Tracking and Data Collection	1	1	1	1	1	0	0	0	0	0	5	5
Sec. 10105, National Organic Certification Cost Share	<u>9</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55</u>	<u>58</u>
Subtotal, Title IX	44	59	74	74	74	63	60	60	60	60	323	626
Title XI - Crop Insurance												
Sec. 11110, Enterprise Units Across County Lines	0	-3	-3	-3	-3	-3	-3	-3	-3	-3	-12	-27
Sec. 11111, Pasture, Rangeland, and Forage Policy for Indian Tribes	0	1	1	1	1	1	1	1	1	1	5	12
Sec. 11112, Submission of Policies and Materials to Board	0	0	1	1	1	1	1	1	1	1	3	8
Sec. 11113, Whole Farm Revenue Agent Incentives	0	1	1	1	1	1	1	1	1	2	3	10
Sec. 11114, Crop Production on Native Sod	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-3	-7
Sec. 11119, Funding for Information Technology	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>2</u>
Subtotal, Title XI	0	0	0	-1	-1	0	0	0	0	0	-1	-2
Title XII - Miscellaneous												
Sec. 12301, Farming Opportunities and Outreach Training	26	40	50	50	50	50	50	50	50	50	216	466
Sec. 12603, Pima Agriculture Cotton Trust Fund	16	16	16	16	16	0	0	0	0	0	80	80
Sec. 12604, Agriculture Wool Apparel Manufactureres Trust Fund	0	30	30	30	30	0	0	0	0	0	120	121
Sec. 12605, Wool Research and Promotion	0	2	2	2	2	0	0	0	0	0	9	10
Sec. 12606, Emergency Citrus Trust Fund	25	25	25	25	25	0	0	0	0	0	125	125
Sec. 12607, Extension of Merchandise Processing Feed	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-371</u>	<u>0</u>	<u>0</u>	<u>-371</u>
Subtotal, Title XII	67	113	123	123	123	50	50	50	-321	50	550	430
Total Changes in Direct Spending	327	248	293	276	216	-60	-196	-240	-646	-325	1,361	-107

Components may not sum to totals because of rounding. Excludes discretionary spending that would be subject to annual appropriations. Estimates are relative to CBO's April 2018 Baseline.

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

TABLE 4. ESTIMATED SPENDING SUBJECT TO APPROPRIATION OF S. 3042

	By Fiscal Year, in Millions of Dollars						
	2018	2019	2020	2021	2022	2023	2019-2023
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Title II, Conservation							
Authorization Level	0	315	315	315	315	315	1,575
Estimated Outlays	0	178	259	293	315	315	1,359
Title III, Trade							
Authorization Level	0	2,624	2,618	2,618	2,618	2,618	13,096
Estimated Outlays	0	878	2,139	2,427	2,544	2,589	10,577
Title IV, Nutrition							
Authorization Level	0	30	5	5	5	5	50
Estimated Outlays	0	7	14	11	10	5	47
Title V, Credit							
Authorization Level	0	173	173	173	173	173	863
Estimated Outlays	0	172	173	173	173	173	862
Title VI, Rural Development							
Authorization Level	0	784	784	784	784	784	3,920
Estimated Outlays	0	132	333	520	690	764	2,440
Title VII, Research, Extension, and Related Matters							
Authorization Level	0	1,573	1,559	1,559	1,559	1,559	7,807
Estimated Outlays	0	864	1,278	1,566	1,559	1,559	6,826

Continued

Table 4. Continued

	By Fiscal Year, in Millions of Dollars						
	2018	2019	2020	2021	2022	2023	2019-2023
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Title VIII, Forestry ^a							
Authorization Level	0	-7	33	33	33	33	125
Estimated Outlays	0	-24	-14	9	23	31	26
Title IX, Energy							
Authorization Level	0	176	176	176	176	176	880
Estimated Outlays	0	31	78	126	159	176	570
Title X, Horticulture							
Authorization Level	0	54	53	55	57	59	278
Estimated Outlays	0	37	51	54	56	58	255
Title XII, Miscellaneous							
Authorization Level	0	157	157	157	157	157	783
Estimated Outlays	0	95	149	157	157	157	713
Total Changes ^a							
Authorization Level	0	5,702	5,696	5,698	5,700	5,702	28,496
Estimated Outlays	0	2,339	4,382	5,208	5,526	5,649	23,105

Components may not sum to totals because of rounding.

CBO estimates that implementing the bill would cost \$30.3 billion over the 2019-2028 period, subject to appropriation of the of the specified amounts.

a. Section 8402 would reduce a permanent authorization for appropriations by \$100 million per year for 2019-2023.