

Proposals for USDA’s Mandatory Farm Programs— CBO’s Estimate of the President’s Fiscal Year 2019 Budget

Commodity Programs

The federal Commodity Credit Corporation accounts for a significant portion of mandatory federal spending for agriculture through a wide range of programs that provide commodity price, income, and revenue support to farmers.

Crop Insurance

Through the Federal Crop Insurance Corporation, producers may purchase insurance against major losses in yield or revenues for their crops. On average, the federal government pays 60 percent of a producer’s premiums. The government also reimburses private-sector insurance companies for administrative expenses and underwriting gains (a company’s share of total gains and losses for insurance policies).

Conservation Programs

The federal government has programs to encourage producers to take fragile land out of production or to make improvements that promote land conservation by preventing erosion or improving productivity, for example.

Disaster Assistance

The federal government offers producers assistance when natural disasters reduce feed available for livestock, cause above-average death rates among livestock, or damage trees.

Proposals for Agriculture—CBO's Estimate of the President's Fiscal Year 2019 Budget

Millions of Dollars, by Fiscal Year

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
Farm Bill Savings	Increases or Decreases (-) in Direct Spending Outlays											
Crop Insurance Proposals												
Reduce Premium Subsidies for HPO 15 Percent ^a	-122	-1,184	-1,397	-1,421	-1,431	-1,441	-1,450	-1,463	-1,472	-1,479	-5,555	-12,860
Limit Underwriting Gains to Insurance Companies to 12 Percent	-15	-149	-176	-179	-180	-181	-182	-183	-184	-185	-699	-1,614
Limit Crop Insurance Eligibility to \$500,000 AGI	-9	-91	-107	-109	-110	-110	-111	-112	-113	-114	-426	-986
Total Crop Insurance Proposals	-146	-1,424	-1,680	-1,709	-1,721	-1,732	-1,743	-1,758	-1,769	-1,778	-6,680	-15,460
Commodity Program Proposals												
Limit Eligibility for Agricultural Commodity Payments to \$500,000 AGI	-4	-5	-75	-66	-62	-62	-62	-65	-62	-62	-212	-525
Eliminate Separate Payment Limit for Peanuts	0	0	-5	-4	-4	-4	-4	-4	-4	-4	-13	-32
Eliminate Payment Limit Loopholes	0	-2	-31	-27	-25	-25	-25	-26	-25	-25	-84	-211
Total Commodity Program Proposals	-4	-7	-110	-97	-91	-91	-91	-95	-91	-91	-309	-768
Streamline Conservation Programs^b												
Target Conservation Program Payments to Farmers with AGI ≤ \$500,000	0	0	0	0	0	0	0	0	0	0	0	0
Increase EQIP \$60 Million per Year, Beginning 2020	13	26	34	41	47	53	60	60	60	60	161	454
Eliminate New Enrollments in the CSP, Beginning FY 2021	0	-27	-205	-380	-555	-729	-931	-1,109	-1,284	-1,459	-1,167	-6,679
Eliminate Funding for the RCPP, Beginning FY 2020	-36	-67	-78	-86	-95	-100	-100	-100	-100	-100	-362	-862
Total Streamline Conservation Programs	-23	-68	-249	-425	-603	-776	-971	-1,149	-1,324	-1,499	-1,368	-7,087
Eliminate Low Priority Farm Bill Programs^c												
Eliminate Economic Adjustment Assistance for Upland Cotton Users	-45	-45	-46	-46	-46	-47	-47	-47	-47	-47	-229	-464
Eliminate Agricultural Wool Apparel Manufacturers Trust Fund	-30	-30	-16	0	0	0	0	0	0	0	-76	-76
Total Eliminate Low Priority Programs	-75	-75	-62	-46	-46	-47	-47	-47	-47	-47	-305	-540
Eliminate LFP^d												
	44	46	50	50	50	49	50	50	50	55	240	494
Total Farm Bill Savings	-204	-1,528	-2,051	-2,227	-2,411	-2,597	-2,802	-2,999	-3,181	-3,360	-8,422	-23,361
Establish FSIS User Fee/Tax^e	0	-688	-687	-686	-686	-686	-685	-671	-665	-665	-2,747	-6,119
Establish APHIS User Fee/Tax^d	-18	-18	-18	-18	-18	-18	-18	-18	-17	-17	-90	-178
Establish GIPSA User Fee/Tax^e	-18	-18	-18	-18	-18	-18	-18	-18	-17	-17	-90	-178
Establish AMS User Fee^e	-16	-16	-16	-16	-16	-16	-16	-15	-15	-15	-78	-155
Eliminate Interest Payments to Electric & Telecommunications Utilities	-10	-27	-38	-41	-42	-43	-44	-44	-45	-46	-158	-380
Eliminate the REDP	0	0	0	0	0	0	0	0	0	0	0	0
Eliminate FFP	-153	-154	-154	-154	-154	-155	-155	-155	-155	-155	-769	-1,544
Total User Fees and Other	-215	-921	-931	-933	-933	-935	-935	-920	-915	-916	-3,932	-8,553
Total Agriculture (Excluding SNAP)	-419	-2,449	-2,982	-3,160	-3,344	-3,532	-3,737	-3,919	-4,096	-4,276	-12,354	-31,914

Components may not sum to totals because of rounding.

AGI = Adjusted Gross Income; AMS = Agricultural Marketing Service; APHIS = Animal and Plant Health Inspection Service; CSP = Conservation Stewardship Program; ELAP = Emergency Livestock Assistance Program; EQIP = Environmental Quality Incentives Program; FFP = Food for Progress; FSIS = Food Safety Inspection Service; GIPSA = Grain Inspection, Packers and Stockyards Administration; HPO = Harvest Price Option; LFP = Livestock Forage Program; RCPP = Regional Conservation Partnership Program; REDP = Rural Economic Development Program; SNAP = Supplemental Nutrition Assistance Program.

a. HPO for Crop Insurance provides protection on lost production at the higher of the price projected just before planting (based on futures prices) or the price at harvest. HPO has a higher premium and higher subsidy than revenue coverage without HPO. Proposal would reduce premium subsidies by 15 percent for HPO and 10 percent for policies without the HPO.

- b. Streamlining Conservation Programs includes:** (1) Targeting conservation program payments to farmers with AGI < \$500,000; (2) Increase EQIP by \$60 million per year; (3) eliminate new enrollments in CSP in 2020 (a change in mandatory programs in FY 2019 appropriations would prohibit any enrollment in 2019); and, (4) eliminate funding for the RCPP. Except for CSP, all program changes begin in FY 2019. Since authorization for these programs expires in 2018, these options would require an extension of the 2014 Farm Bill, at least through 2019 (2020 for CSP).
- c. Eliminate Low Priority Programs includes** Economic Adjustment Assistance for Users of Upland Cotton and the Agricultural Wool Apparel Manufacturers Trust Fund.
- d. Because the ELAP covers losses not covered by LFP, eliminating LFP will shift costs to ELAP. ELAP allows higher payments to beginning- and socially-disadvantaged farmers, while LFP does not. Hence, the elimination of LFP will cost more than under current law.
- e. User Fees.** CBO considers mandatory user fees to be taxes (additional revenues), subject to an annual offset of around 25 percent. In this table, a negative number for a tax represents an increase in revenues/decrease in the deficit.
-