

**Proposals Affecting Agriculture—
CBO’s Estimate of the President’s Fiscal Year 2021 Budget**

Crop Insurance

Through the Federal Crop Insurance Corporation, producers may purchase insurance against losses in yield or revenues for their crops. On average, the federal government pays roughly 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).

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.

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.

A Note About the Estimates

These estimates are based on CBO’s baseline budget projections as of March 6, 2020 which do not incorporate changes to the nation’s economic outlook and fiscal situation arising from the recent and rapidly evolving public health emergency related to the novel coronavirus.

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Millions of Dollars, by Fiscal Year

March 25, 2020

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2021-2025	2021-2030
Farm Bill Programs												
	Increases or Decreases (-) in Direct Spending Outlays											
Crop Insurance Proposals												
Limit premium subsidies for crop insurance	-780	-790	-800	-810	-825	-835	-850	-860	-870	-880	-4,005	-8,300
Limit underwriting gains to insurance companies to 12 percent	-190	-190	-200	-200	-200	-200	-210	-210	-210	-220	-980	-2,030
Eliminate funding for crop insurance 508(h) programs	-12	-12	-12	-12	-12	-12	-12	-12	-12	-12	-60	-120
Limit crop insurance eligibility to \$500,000 AGI	-90	90	-100	-100	-100	-100	-100	-100	-110	-110	-300	-820
Address Disaster/Crop Insurance Duplication	-15	-15	-15	-15	-15	-15	-15	-15	-15	-15	-75	-150
Total	-1,087	-917	-1,127	-1,137	-1,152	-1,162	-1,187	-1,197	-1,217	-1,237	-5,420	-11,420
Commodity Program Proposals												
Limit eligibility for agricultural commodity payments to \$500,000 AGI	-2	-2	-61	-60	-56	-55	-52	-50	-48	-48	-182	-435
Eliminate commodity certificates and make MAL gains subject to \$125,000 payment limit	0	0	0	0	0	0	0	0	0	0	0	0
Include marketing loan forfeitures in payment limitation	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
Eliminate separate payment limit for peanuts	0	0	-7	-7	-7	-7	-7	-7	-7	-7	-21	-56
Limit all farms to one manager that qualifies as actively engaged	-7	-7	-82	-80	-75	-74	-69	-67	-64	-63	-251	-589
Address Disaster/Crop Insurance Duplication	-14	-14	-14	-14	-14	-14	-14	-14	-14	-15	-70	-141
Total	-24	-24	-165	-162	-153	-151	-143	-139	-134	-134	-529	-1,231
Streamline Conservation Programs												
Target conservation program payments to farmers with AGI ≤ \$500,000	0	0	0	0	0	0	0	0	0	0	0	0
Eliminate CRP signup and practice incentive payments	-3	-17	-20	-20	-17	-17	-17	-15	-15	-18	-77	-159
Limit CRP to 80 percent of NASS county rental rates	0	-4	-11	-17	-28	-38	-47	-55	-64	-73	-60	-337
Eliminate CSP	-38	-190	-360	-560	-760	-923	-970	-1,000	-1,000	-1,000	-1,908	-6,801
Reduce ACEP by \$40 million per year	-10	-28	-36	-38	-40	-40	-40	-40	-40	-40	-152	-352
Total	-51	-239	-427	-635	-845	-1,018	-1,074	-1,110	-1,119	-1,131	-2,197	-7,649
Eliminate Low-Priority Farm Bill Programs												
Eliminate Wool Apparel Manufacturers Trust Fund	-28	-28	-28	0	0	0	0	0	0	0	-84	-84
Eliminate Pima Cotton Trust Fund	-16	-16	-16	0	0	0	0	0	0	0	-48	-48
Eliminate Adjustment Assistance for Textile Mills	-41	-41	-41	-41	-41	-41	-41	-41	-41	-44	-206	-416
Total	-85	-85	-85	-41	-41	-41	-41	-41	-41	-44	-338	-548
Eliminate LFP^a	99	87	89	89	90	90	91	91	92	92	454	910
Eliminate Food for Progress	-86	-161	-171	-731	-1,547							
Total Farm Bill Programs	-1,233	-1,339	-1,877	-2,048	-2,263	-2,444	-2,516	-2,558	-2,581	-2,625	-8,760	-21,484

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Components may not sum to totals because of rounding.

ACEP = Agricultural Conservation Easement Program; AGI = adjusted gross income; CRP = Conservation Reserve Program; CSP = Conservation Stewardship Program; ELAP = Emergency Livestock Assistance Program; LFP = Livestock Forage Program; MAL = Marketing Assistance Loans; NASS = National Agricultural Statistics Service; SNAP = Supplemental Nutrition Assistance Program.

a. Because the ELAP covers losses not covered by LFP, eliminating LFP will shift costs to ELAP. ELAP allows higher payments to beginning, veteran, and socially disadvantaged farmers; LFP does not. Hence, the elimination of LFP will cost more than under current law.