

### At a Glance

#### Reconciliation Recommendations of the House Committee on Agriculture As ordered reported on February 10, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2030	2021-2031
Direct Spending (Outlays)	<b>13,018</b>	<b>16,072</b>	<b>16,072</b>
Revenues	<b>0</b>	<b>0</b>	<b>0</b>
Increase or Decrease (-) in the Deficit	<b>13,018</b>	<b>16,072</b>	<b>16,072</b>

Statutory pay-as-you-go procedures apply?	<b>Yes</b>	<b>Mandate Effects</b>	
Increases on-budget deficits in any year after 2030?	<b>No</b>	Contains intergovernmental mandate?	<b>No</b>
		Contains private-sector mandate?	<b>No</b>

CBO has not reviewed the legislation for effects on spending subject to appropriation.

#### The bill would

- Appropriate funds to address the effects of COVID-19, the disease caused by coronavirus, on the food supply chain, including the purchase and distribution of agricultural commodities to people in need
- Appropriate funds to aid in vaccine administration and expand health care capacity in rural areas
- Provide debt relief to socially disadvantaged farmers and ranchers
- Fund new programs to increase the participation of socially disadvantaged groups in agriculture
- Extend the period for increased benefits under the Supplemental Nutrition Assistance Program (SNAP)
- Provide funds for SNAP and other nutrition programs

#### Estimated budgetary effects would mainly stem from

- Debt relief for socially disadvantaged farmers and ranchers
- Purchase and distribution of agricultural commodities
- Support for the food supply chain
- New programs to support socially disadvantaged groups in agriculture
- Extended higher funding for SNAP
- Increased spending from additional funding provided for nutrition programs

#### Areas of uncertainty include

- Estimating the cost of debt relief for socially disadvantaged farmers and ranchers
- Estimating the cost of extending the period for increased SNAP benefits

**Detailed estimate begins on the next page.**

## Bill Summary

S. Con. Res. 5, the Concurrent Resolution on the Budget for Fiscal Year 2021, instructed several committees of the House of Representatives to recommend legislative changes that would increase deficits up to a specified amount over the 2021-2030 period. As part of this reconciliation process, the House Committee on Agriculture approved legislation on February 10, 2021, with a number of provisions that would increase deficits.

Subtitle A would appropriate an estimated \$10.4 billion for measures intended to strengthen the food supply chain, purchase and distribute agricultural commodities, increase health care capacity in lower-income rural areas and other efforts to address the pandemic. Also included are provisions that would provide debt relief for socially disadvantaged farmers and ranchers and establish new programs to support socially disadvantaged groups in agriculture.

Subtitle B would extend increased SNAP benefits through September 30, 2021, and provides administrative and technology support for SNAP, as well as increased funding to other nutrition programs.

## Estimated Federal Cost

The estimated budgetary effects of the Reconciliation Recommendations of the House Committee on Agriculture are shown in Table 1. The costs of the legislation fall within budget functions 150 (international affairs), 350 (agriculture), 450 (community and regional development), 550 (health), and 600 (income security).

## Basis of Estimate

For this estimate, CBO assumes that the Reconciliation Recommendations of the House Committee on Agriculture will be enacted by the end of March 2021. CBO estimates that enacting the legislation would increase direct spending by \$16.1 billion over the 2021-2030 period.

As required by the Federal Credit Reform Act of 1990 (FCRA), CBO estimates most costs of USDA loan programs on a net-present-value basis. A present value is a single number that expresses a flow of current and future payments in terms of an equivalent lump sum received or paid at a specific time. Under credit reform, the present value of all loan-related cash flows is calculated by discounting those expected cash flows to the year of disbursement, using the rates for comparable maturities on Treasury securities. (For example, the cash flow for a one-year loan is discounted using the rate for a one-year, zero-coupon Treasury note.) As required by FCRA, changes to the estimated costs of outstanding direct loans are shown in the year of enactment. CBO's estimated cost of \$4 billion to pay off certain USDA loans represents the net-present-value of the change in cash flows resulting from the loan

forgiveness. That \$4 billion comprises the cost of the loan forgiveness and an additional cash payment to those borrowers equal to 20 percent of their outstanding indebtedness, as directed in the legislation.

### **Direct Spending**

Subtitle A of the legislation would provide funds to USDA and other agencies to respond to the pandemic by appropriating:

- \$3.7 billion to purchase and distribute agricultural products to persons in need; to provide loans and grants for small- and mid-sized food processors and distributors, including seafood processors, farmers markets, producers, or other organizations to improve supply chain resiliency; to reduce fees charged to small and very small meat, poultry, and egg processing facilities for overtime inspection costs; and to compensate producers for losses in crop year 2020 due to natural disasters, including high winds or derechos;
- \$300 million for monitoring animals like mink and domesticated cats that are susceptible to the viral strain that causes COVID-19 in humans;
- \$500 million to make grants to hospitals and clinics located in rural communities to provide testing and vaccination services related to COVID-19, increase health care capacity, and engage in other efforts critical to addressing the pandemic;
- \$50 million for USDA administrative expenses and oversight of COVID-19-related programs;
- An estimated \$4 billion to pay off farm ownership, operating, emergency, and farm storage facility loans for farmers and ranchers who are members of socially disadvantaged groups, and to provide, as directed by the legislation, an additional cash payment equal to 20 percent of the outstanding indebtedness of those producers;
- \$1.01 billion to develop programs that provide assistance to socially disadvantaged farmers, ranchers, forest land owners and operators, and to provide additional funding for institutions of higher education dedicated to supporting socially disadvantaged groups; and
- \$800 million in additional funding for donations of U.S. food assistance to meet emergency and nonemergency food needs around the world, including support for food security goals.

In total, enacting those provisions would cost \$10.3 billion over the 2021-2030 period, CBO estimates.

The Consolidated Appropriations Act, 2021, increased SNAP benefits through June 2021. Subtitle B would extend the period for those increased SNAP benefits through September 30, 2021, at an estimated cost of \$3.54 billion. It also would provide:

- \$1.15 billion for SNAP state administrative expenses;
- \$25 million for SNAP online purchasing and technology improvements;
- \$1 billion for nutrition assistance programs in the Commonwealth of the Northern Mariana Islands, Puerto Rico, and American Samoa; and
- \$37 million for the Commodity Supplemental Food Program.

In total, enacting those provisions would cost \$5.8 billion over the 2021-2030 period, CBO estimates.

### **Uncertainty**

Uncertainty in the estimate of the cost of debt relief for socially disadvantaged farmers and ranchers arises from incomplete data on the actual indebtedness of those producers. If the number of affected producers and the net-present-value of future interest on the loans is higher or lower than our estimate, then the cost of loan forgiveness and the additional payment would increase or decrease accordingly.

Additionally, the cost of extending increased SNAP benefits depends on the level of participation in that program and the average benefits for participants. Uncertainty in the estimate arises around both of those factors. For example, if SNAP participation is higher or lower than CBO forecasts, costs for extending increased benefits would be higher or lower.

### **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 Table 1.

**Increases On-Budget Deficits in any Year after 2030:** None.

**Mandates:** None.

## **Estimate Prepared By**

### Federal Costs:

Tiffany Arthur for agriculture  
Susan Yeh Beyer for nutrition programs  
Jennifer Gray for SNAP and nutrition programs  
Etaf Khan for international development  
Erik O'Donoghue for agriculture  
Jon Sperl for rural development  
Ellen Werble for food safety

Mandates: Lilia Ledezma

## **Estimate Reviewed By**

Sheila Dacey  
Chief, Income Security and Education Cost Estimates Unit

Susan Willie  
Chief, Natural and Physical Resources Cost Estimates Unit

H. Samuel Papenfuss  
Deputy Director of Budget Analysis

Theresa Gullo  
Director of Budget Analysis

**Table 1.**  
**Estimated Budgetary Effects of Reconciliation Recommendations of the House Committee on Agriculture**

	By Fiscal Year, Millions of Dollars											2021-2030	2021-2031	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031			
<b>Increases in Direct Spending</b>														
<b>Sec. 1001 - Food Supply Chain and Agriculture Pandemic Response</b>														
Budget Authority	4,000	0	0	0	0	0	0	0	0	0	0	4,000	4,000	
Estimated Outlays	3,774	108	55	42	3	3	3	4	4	4	0	4,000	4,000	
<b>Sec. 1002 - Emergency Grants for Rural Healthcare</b>														
Budget Authority	500	0	0	0	0	0	0	0	0	0	0	500	500	
Estimated Outlays	200	150	100	50	0	0	0	0	0	0	0	500	500	
<b>Sec. 1003 - Pandemic Program Administration Funds</b>														
Budget Authority	47	0	0	0	0	0	0	0	0	0	0	47	47	
Estimated Outlays	41	4	1	*	*	*	*	*	*	*	0	47	47	
<b>Sec. 1004 - Office of the Inspector General</b>														
Budget Authority	3	0	0	0	0	0	0	0	0	0	0	3	3	
Estimated Outlays	1	2	0	0	0	0	0	0	0	0	0	3	3	
<b>Sec. 1005 - Farm Loan Assistance for Socially Disadvantaged Farmers and Ranchers</b>														
Estimated Budget Authority	4,000	0	0	0	0	0	0	0	0	0	0	4,000	4,000	
Estimated Outlays	4,000	0	0	0	0	0	0	0	0	0	0	4,000	4,000	
<b>Sec. 1006 - Assistance and Support for Socially Disadvantaged Farmers, Ranchers, Forest Land Owners and Operators, and Groups</b>														
Budget Authority	1,010	0	0	0	0	0	0	0	0	0	0	1,010	1,010	
Estimated Outlays	475	296	64	25	25	25	25	25	25	25	0	1,010	1,010	
<b>Sec. 1007 - Food for Peace Title II Grants</b>														
Budget Authority	800	0	0	0	0	0	0	0	0	0	0	800	800	
Estimated Outlays	128	440	120	48	16	8	0	0	0	0	0	760	760	
<b>Sec. 1011 - SNAP Value of Benefits</b>														
Estimated Budget Authority	3,540	0	0	0	0	0	0	0	0	0	0	3,540	3,540	
Estimated Outlays	3,540	0	0	0	0	0	0	0	0	0	0	3,540	3,540	
<b>SNAP Administrative Expenses</b>														
Budget Authority	1,150	0	0	0	0	0	0	0	0	0	0	1,150	1,150	
Estimated Outlays	345	460	345	0	0	0	0	0	0	0	0	1,150	1,150	
<b>Sec. 1012 - Additional Assistance for SNAP Online Purchasing and Technology Improvements</b>														
Budget Authority	25	0	0	0	0	0	0	0	0	0	0	25	25	
Estimated Outlays	3	11	11	0	0	0	0	0	0	0	0	25	25	
<b>Sec. 1013 - Additional Funding for Nutrition Assistance Programs</b>														
Budget Authority	1,000	0	0	0	0	0	0	0	0	0	0	1,000	1,000	
Estimated Outlays	500	500	0	0	0	0	0	0	0	0	0	1,000	1,000	
<b>Sec. 1014 - Commodity Supplemental Food Program</b>														
Budget Authority	37	0	0	0	0	0	0	0	0	0	0	37	37	
Estimated Outlays	11	22	4	0	0	0	0	0	0	0	0	37	37	
<b>Total Direct Spending</b>														
Estimated Budget Authority	16,112	0	0	0	0	0	0	0	0	0	0	16,112	16,112	
Estimated Outlays	13,018	1,993	700	165	44	36	28	29	29	29	0	16,072	16,072	

Components may not sum to totals because of rounding; SNAP = Supplemental Nutrition Assistance Program; \* = between -\$500,000 and \$500,000.