



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 2, 2018

H.R. 2 **Agriculture and Nutrition Act of 2018**

As ordered reported by the House Committee on Agriculture on April 18, 2018

SUMMARY

The Agriculture and Nutrition 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, forestry, horticulture, and other miscellaneous programs administered by the Department of Agriculture (USDA) for five years through 2023.

CBO estimates that enacting H.R. 2 would increase net direct spending by \$3.2 billion over the 2019-2023 period and by \$0.5 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 attributable to this bill. CBO also estimates that enacting the bill would increase revenues by \$0.5 billion over the 2019-2028 period.

In addition, H.R. 2 would authorize the appropriation of specific amounts, mostly for a wide variety of existing and new USDA programs. Assuming appropriation of the specified amounts, CBO estimates that implementing those provisions would cost \$24.3 billion over the 2019-2023 period.

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

CBO estimates that enacting H.R. 2 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 2 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). In the aggregate, CBO estimates, the costs of mandates on public entities would exceed the annual threshold established in UMRA for

intergovernmental mandates (\$80 million in 2018, adjusted annually for inflation) in at least four of the first five years that the mandates were in effect. The costs of mandates on private entities would be below the annual 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 impact of H.R. 2 is 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 on Direct Spending and Revenues of H.R. 2, the Agriculture and Nutrition Act of 2018, as Ordered Reported by the House Committee on Agriculture on April 18, 2018

	By Fiscal Year, in Millions of Dollars											2019-	2019-
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2023	2028
INCREASES OR DECREASES (-) IN DIRECT SPENDING													
Estimated Budget Authority	0	1,796	1,233	1,684	1,232	757	-54	-202	-615	-745	-828	6,701	4,258
Estimated Outlays	0	719	630	1,020	582	244	-240	-302	-640	-748	-807	3,195	458
INCREASES IN REVENUES													
Estimated Revenues	0	0	0	0	55	60	60	65	70	75	80	115	465
NET INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES													
Effect on the Deficit	0	719	630	1,020	527	184	-300	-367	-710	-823	-887	3,080	-7
INCREASES IN SPENDING SUBJECT TO APPROPRIATION ^a													
Authorization Level	0	6,176	6,166	6,168	6,170	6,107	650	25	25	25	25	30,787	31,537
Estimated Outlays	0	2,378	4,479	5,433	5,900	6,084	3,952	1,973	803	306	97	24,273	31,403

Components may not sum to totals because of rounding.

^aThe estimate includes only amounts specifically authorized to be appropriated. CBO has not completed an estimate of the discretionary costs of implementing provisions that do not authorize the appropriation of specific amounts.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 2 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 the April 2018 baseline projections for those programs, CBO estimates that enacting the bill would bring total spending for those USDA programs to \$430 billion over the 2019-2023 period and \$868 billion over the 2019-2028 period.

Direct Spending and Revenues

Relative to spending projected in the 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 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 \$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.

Detailed estimates of changes in direct spending and revenues 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 increase direct spending by \$0.2 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 two major components of that estimate are described below.

H.R. 2 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.

Table 2. Estimated Changes in Direct Spending and Revenues Under H.R. 2

	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														
Title I, Commodities														
Estimated Budget Authority	0	36	16	154	3	1	17	109	-92	-35	57	211	267	
Estimated Outlays	0	-18	4	152	10	2	15	107	-93	-38	53	149	193	
Title II, Conservation														
Estimated Budget Authority	0	873	914	873	709	411	-48	-161	-236	-295	-324	3,780	2,716	
Estimated Outlays	0	193	244	212	82	-76	-299	-284	-272	-297	-299	656	-795	
Title III, Trade														
Estimated Budget Authority	0	65	65	65	65	65	45	45	45	45	45	325	550	
Estimated Outlays	0	45	45	45	45	45	45	45	45	45	45	225	450	
Title IV, Nutrition														
Estimated Budget Authority	0	573	174	528	392	217	5	-123	-260	-388	-534	1,883	583	
Estimated Outlays	0	388	230	566	381	207	-1	-125	-260	-388	-534	1,771	463	
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 Infrastructure and Economic Development														
Estimated Budget Authority	0	-50	-50	-50	-50	-50	-50	-50	-50	-50	-50	-250	-500	
Estimated Outlays	0	-45	-61	-61	-50	-50	-50	-50	-50	-50	-50	-267	-517	
Title VII, Research, Extension, and Related Matters														
Estimated Budget Authority	0	50	50	50	50	50	0	0	0	0	0	250	250	
Estimated Outlays	0	8	25	38	48	50	43	25	13	3	0	168	250	
Title VIII, Forestry														
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 IX, Horticulture														
Estimated Budget Authority	0	10	0	0	0	0	0	0	0	0	0	10	10	
Estimated Outlays	0	2	2	2	2	2	0	0	0	0	0	10	10	
Title X, Crop Insurance														
Estimated Budget Authority	0	-19	-19	-19	-19	-19	-19	-19	-19	-19	-18	-93	-184	
Estimated Outlays	0	-6	-14	-16	-17	-17	-18	-18	-18	-18	-18	-70	-161	
Title XI, Miscellaneous														
Estimated Budget Authority	0	258	82	82	82	82	-4	-4	-4	-4	-4	585	566	
Estimated Outlays	0	152	156	82	82	82	26	-2	-4	-4	-4	553	566	
Total														
Estimated Budget Authority	0	1,796	1,233	1,684	1,232	757	-54	-202	-615	-745	-828	6,701	4,258	
Estimated Outlays	0	719	630	1,020	582	244	-240	-302	-640	-748	-807	3,195	458	

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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 IN REVENUES														
Estimated Revenues	0	0	0	0	55	60	60	65	70	75	80	115	465	
NET INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES														
Effect on the Deficit	0	719	630	1,020	527	184	-300	-367	-710	-823	-887	3,080	-7	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION														
Authorization Level	0	6,176	6,166	6,168	6,170	6,107	650	25	25	25	25	30,787	31,537	
Estimated Outlays	0	2,378	4,479	5,433	5,900	6,084	3,952	1,973	803	306	97	24,273	31,403	

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 Farm Bill Programs That Are Permanently Authorized

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 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. Estimates are relative to CBO's April 2018 baseline.

- a. Consistent with the rules governing baseline projections 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 such expiration.

The bill would modify the calculation of PLC benefits and redefine the reference price to allow an escalation during periods of relatively high historical commodity prices. In addition, producers in areas subject to severe drought during the 2008-2012 period would be allowed to update the yield used to calculate PLC benefits. Finally, participants who did not plant an eligible crop on their farm during the 2009-2017 period would not be permitted to receive federal payments on those program acres in the future. As a result of those changes, CBO estimates that PLC payments under section 1116 would increase by \$0.4 billion over the 2019-2028 period and ARC payments under section 1117 would fall by \$0.3 billion over the same period.

Table 3. Increases or Decreases in Direct Spending Outlays and Revenues Under H.R. 2

	By Fiscal Year, in Millions of Dollars										2019- 2023	2019- 2028
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
INCREASES OR DECREASES (-) IN DIRECT SPENDING												
Title I, Commodities												
Sec. 1116, Price Loss Coverage	0	0	137	55	43	50	134	-59	-16	64	235	408
Sec. 1117, Agriculture Risk Coverage—County	0	0	23	-34	-26	-17	-6	-15	-25	-11	-37	-111
Sec. 1117, Agriculture Risk Coverage—Individual	0	0	-16	-17	-18	-18	-17	-19	-18	-20	-51	-143
Sec. 1201, Nonrecourse Marketing Assistance Loans	0	0	0	0	0	0	0	0	0	0	0	0
Sec. 1207, Economic Adjustment Assistance for Textile Mills	2	2	2	2	2	2	2	2	2	2	11	23
Sec. 1401, Dairy Program	-45	-2	4	3	-1	-3	-6	-4	18	17	-41	-20
Sec. 1501, Supplemental Agriculture Disaster Assistance	1	2	1	1	1	1	1	1	1	1	6	11
Sec. 1610, Implementation	<u>24</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>0</u>	<u>25</u>	<u>25</u>
Subtotal, Title I	-18	4	152	10	2	15	107	-93	-38	53	149	193
Title II, Conservation												
Sec. 2101, Wetlands Mitigation Banking	2	2	2	2	2	0	0	0	0	0	10	10
Sec. 2201, Conservation Reserve Program	-21	70	98	96	83	73	-43	-76	-137	-166	326	-23
Sec. 2302, Environmental Quality Incentives Program	55	227	424	608	777	921	1,056	1,164	1,217	1,243	2,092	7,693
Secs. 2402-2405, Other Conservation Programs	35	58	74	83	94	81	73	52	32	32	344	614
Sec. 2601, Agricultural Conservation Easement Program	90	187	221	234	247	247	248	248	249	250	979	2,221
Sec. 2704, Regional Conservation Partnership Program	60	106	118	131	143	150	150	150	150	150	558	1,308
Sec. 2801, Repeal Conservation Stewardship Program	<u>-28</u>	<u>-406</u>	<u>-725</u>	<u>-1,072</u>	<u>-1,422</u>	<u>-1,771</u>	<u>-1,768</u>	<u>-1,810</u>	<u>-1,808</u>	<u>-1,808</u>	<u>-3,653</u>	<u>-12,618</u>
Subtotal, Title II	193	244	212	82	-76	-299	-284	-272	-297	-299	656	-795
Title III, Trade												
Sec. 3102, International Development Program	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>225</u>	<u>450</u>
Subtotal, Title III	45	45	45	45	45	45	45	45	45	45	225	450

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Table 3. Continued

	By Fiscal Year, in Millions of Dollars										2019-	2019-
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2023	2028
INCREASES OR DECREASES (-) IN DIRECT SPENDING												
Title IV, Nutrition												
Sec. 4001, Duplicative Enrollment Database	0	-8	-25	-45	-60	-80	-90	-90	-95	-95	-138	-588
Sec. 4002, Retailer-Funded Incentives Pilot	2	182	180	120	120	120	120	120	120	120	604	1,204
Sec. 4003, Gus Schumacher Food Insecurity Nutrition Incentive Program	7	17	30	46	55	59	63	65	65	65	155	472
Sec. 4006, Update to Categorical Eligibility ^a	-210	-525	-535	-525	-520	-530	-530	-540	-555	-565	-2,315	-5,035
Sec. 4007, Basic Allowance for Housing	8	11	11	11	11	12	12	13	13	14	52	116
Sec. 4008, Earned Income Deduction	350	470	470	470	470	470	470	480	490	500	2,230	4,640
Sec. 4009, Simplified Homeless Housing Costs	4	8	8	8	8	8	8	8	8	8	36	76
Sec. 4010, 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
Sec. 4011, Child Support; Cooperation with Child Support Agencies	140	304	321	335	345	355	375	396	446	476	1,446	3,494
Secs. 4012-4014, Adjustment to Asset Limitations; Updated Vehicle Allowance; Savings Excluded From Assets ^a	1	-15	5	30	30	30	30	30	30	30	51	201
Sec. 4015, Workforce Solutions												
Benefits	0	0	-190	-490	-740	-990	-1,250	-1,540	-1,840	-2,150	-1,420	-9,190
Administration	<u>0</u>	<u>160</u>	<u>660</u>	<u>730</u>	<u>780</u>	<u>830</u>	<u>940</u>	<u>1,060</u>	<u>1,180</u>	<u>1,310</u>	<u>2,330</u>	<u>7,650</u>
Total Sec. 4015	0	160	470	240	40	-160	-310	-480	-660	-840	910	-1,540
Sec. 4017, Mobile Technologies	0	1	1	1	1	1	1	2	2	2	4	12
Sec. 4018, Processing Fees	1	3	7	13	20	20	20	20	25	25	44	154
Sec. 4020, Benefit Recovery	*	*	*	*	*	*	*	*	*	*	*	*
Sec. 4022, National Gateway ^b	8	10	10	68	70	78	81	90	95	95	165	601
Sec. 4024, Transitional Benefits	75	90	90	90	90	90	90	90	95	95	435	895
Sec. 4026, Supplemental Nutrition Assistance Program Benefit Transfer Transaction Data Report	4	3	2	3	3	3	3	3	3	3	15	30

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Table 3. Continued

	By Fiscal Year, in Millions of Dollars										2019-	2019-
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2023	2028
INCREASES OR DECREASES (-) IN DIRECT SPENDING												
Sec. 4027, Adjustment to Percentage of Recovered Funds Retained by States	10	10	10	10	10	10	10	10	11	11	50	102
Sec. 4028, Tolerance Level for Payment Errors	*	*	*	*	*	*	*	*	*	*	*	*
Sec. 4029, State Performance Indicators	0	-48	-48	-48	-48	-48	-48	-48	-48	-48	-192	-432
Sec. 4032, Emergency Food Assistance	45	46	47	48	49	50	52	53	54	55	235	499
Sec. 4033, Nutrition Education	57	58	59	61	62	64	65	67	69	70	297	632
Sec. 4036, Implementation Funds	128	17	3	3	0	0	0	0	0	0	150	150
Interactions	<u>-2</u>	<u>-3</u>	<u>*</u>	<u>-8</u>	<u>-9</u>	<u>-3</u>	<u>3</u>	<u>12</u>	<u>15</u>	<u>25</u>	<u>-22</u>	<u>30</u>
Subtotal, Title IV	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												
Sec. 6403, Biorefinery Assistance	-35	-31	-16	0	0	0	0	0	0	0	-82	-82
Sec. 6407, Rural Energy for America Program	<u>-10</u>	<u>-30</u>	<u>-45</u>	<u>-50</u>	<u>-50</u>	<u>-50</u>	<u>-50</u>	<u>-50</u>	<u>-50</u>	<u>-50</u>	<u>-185</u>	<u>-435</u>
Subtotal, Title VI	-45	-61	-61	-50	-50	-50	-50	-50	-50	-50	-267	-517
Title VII, Research, Extension, and Related Matters												
Sec. 7209, Organic Agriculture Research and Extension Initiative	5	15	23	29	30	26	15	8	2	0	101	150
Sec. 7507, Beginning Farmer and Rancher Development Program	<u>3</u>	<u>10</u>	<u>15</u>	<u>19</u>	<u>20</u>	<u>17</u>	<u>10</u>	<u>5</u>	<u>1</u>	<u>0</u>	<u>67</u>	<u>100</u>
Subtotal, Title VII	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												
Sec. 9006, National Organic Program Technology Update	1	1	1	1	1	0	0	0	0	0	5	5
Sec. 9006, Organic Production and Market Data Initiative	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>5</u>
Subtotal, Title IX	2	2	2	2	2	0	0	0	0	0	10	10

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Table 3. Continued

	By Fiscal Year, in Millions of Dollars										2019-	2019-
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2023	2028
INCREASES OR DECREASES (-) IN DIRECT SPENDING												
Title X, Crop Insurance												
Sec. 10001, Treatment of Forage and Grazing	1	9	10	10	10	10	10	10	10	10	40	90
Sec. 10002, Administrative Basic Fee	-1	-7	-8	-8	-8	-8	-8	-8	-8	-8	-32	-72
Sec. 10006, Program Administration	0	-2	-2	-2	-2	-2	-2	-2	-2	-2	-8	-18
Sec. 10008, Whole Farm Application to Beginning Farmers and Ranchers	0	1	1	1	1	1	1	1	1	1	4	9
Sec. 10008, Research and Development Priorities	-5	-5	-5	-5	-5	-5	-5	-5	-5	-5	-23	-45
Sec. 10010, Education and Risk Management Assistance	-1	-11	-12	-13	-14	-14	-15	-15	-15	-15	-52	-125
Subtotal, Title X	-6	-14	-16	-17	-17	-18	-18	-18	-18	-18	-70	-161
Title XI, Miscellaneous												
Sec. 11101, National Animal Disease Preparedness and Response	150	125	50	50	50	25	0	0	0	0	425	450
Sec. 11201, Outreach and Assistance to Socially Disadvantaged Producers	5	8	10	10	10	5	2	0	0	0	43	50
Sec. 11304, Textile Trust Fund	1	26	25	25	25	0	0	0	0	0	103	103
Sec. 11502, Noninsured Crop Disaster Assistance Program	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-19	-37
Subtotal, Title XI	152	156	82	82	82	26	-2	-4	-4	-4	553	566
TOTAL INCREASES OR DECREASES (-) IN DIRECT SPENDING												
Total Changes	719	630	1,020	582	244	-240	-302	-640	-748	-807	3,195	458
TOTAL INCREASES IN REVENUES												
Estimated Revenues	0	0	0	55	60	60	65	70	75	80	115	465
NET INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES												
Effect on the Deficit	719	630	1,020	527	184	-300	-367	-710	-823	-887	3,080	-7

Components may not sum to totals because of rounding. The table excludes data on 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.

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

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

b. This provision would affect both direct spending and revenues.

Title II, Conservation. This title would reauthorize and modify land conservation programs administered by USDA. CBO estimates that enacting those provisions would result in a net reduction in spending of \$0.8 billion over the 2019-2028 period.

Significant changes in conservation programs include:

- Increasing annual funding for the Environmental Quality Incentives Program (section 2302) from \$1.8 billion per year under current law to \$3.0 billion per year by 2023, for a total increase in spending of \$7.7 billion over the 10-year period;
- Increasing annual funding for the Agricultural Conservation Easement Program and Regional Conservation Partnership Program (sections 2601 and 2704); for a total increase in spending of \$3.5 billion over the 2019-2028 period;
- Increasing funding for small watershed rehabilitation by \$0.1 billion per year for the 2019-2023 period and by \$0.1 billion for the Feral Swine Eradication and Control Pilot Program along with other provisions (sections 2402 through 2405), for a total cost of \$0.6 billion over the 2019-2028 period; and
- Repealing the Conservation Stewardship Program beginning 2019, which would reduce spending by \$12.6 billion over the 2019-2028 period.

Title III, Trade. Title III would reauthorize USDA's Food for Progress program and 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 combined into the proposed International Market Development Program. CBO estimates that spending under the combined program would increase by \$450 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 \$1.8 billion over the 2019-2023 period and by \$0.5 billion over the 2019-2028 period. It also would increase revenues by \$0.5 billion over the 2019-2028 period.

Section 4015, Workforce Solutions. Under section 4015, starting in 2021 certain SNAP recipients must either be employed or in a state-government-sponsored training program unless they qualify for certain waivers. CBO estimates that this provision would reduce spending on benefits by \$9.2 billion over the 2019-2028 period because it would cause some people to lose eligibility. The federal government's administrative costs for this provision would increase by \$7.7 billion over the same period, CBO estimates, mostly to

fund training. Under this provision, SNAP spending would decline, on net, by \$1.5 billion over the 2019-2028 period.

Beginning in 2021, SNAP recipients between the ages of 18 and 59 who are neither disabled nor caring for a child under the age of 6 would need to either work or participate in a training program for 20 hours each week; that requirement would increase to 25 hours each week in 2026. Pregnant women, people who care for an incapacitated person, and anyone a state determines is unable for “good cause” to meet the requirement would be exempted. Criteria defined in the bill would permit a state to waive the work requirement for people living in areas with high unemployment. In addition, using a calculation defined in the bill, states could offer a certain number of individual monthly exemptions.

The bill would provide \$1 billion each year, divided among the states, to help meet the bill’s employment and training requirements. States also could provide services using their own funds, which would be matched with federal dollars (as is the case for state funding of some of the program’s other administrative costs). Allowable training under the proposal includes supervised job search and job search training, educational programs to improve basic skills, subsidized employment, volunteer work (unpaid and limited to 6 out of 12 months), and other programs designed either to improve recipients’ employability or their ability to retain employment. States would be required to provide case management services to training participants.

Implementation Timeline. CBO expects that states would not be able to offer training to all eligible recipients when the requirement takes effect in 2021, or even by the end of 2028. Although each state currently operates employment and training programs for SNAP recipients, the scope of those programs varies widely, and CBO expects that offering training services to all eligible recipients would require many states to expand their programs substantially. CBO estimates that by the end of 2028, about 80 percent of the beneficiaries who are subject to the work requirement would be offered such services through a state program. CBO assumes that SNAP recipients would not lose benefits if the states failed to offer those people slots in employment and training programs.

Able-Bodied Adults Without Dependents. Under current law, time limits are placed on program eligibility for able-bodied adults between the ages of 18 and 49 who have no dependents and are not disabled. (Those limits may be waived if a beneficiary is working or has received some other waiver.) CBO estimates that when the policy goes into effect, such recipients will constitute 6.5 percent of all beneficiaries. Under the proposal, that group ultimately would decline by 7 percent, CBO projects, primarily because of tighter criteria for states to waive time limits for people who live in areas with high unemployment.

Other Recipients. To estimate the number of affected beneficiaries, CBO used USDA’s quality control data for SNAP to identify additional recipients who might be subject to the work requirement. Using those data, CBO estimates that—excluding able-bodied adults without dependents—under current law, 17 percent of SNAP recipients are between the ages of 18 and 59, are not receiving disability benefits, and are not caring for a child under the age of 6.

Using those same data, CBO estimates that in an average month, 31 percent of those “other” SNAP recipients work enough hours to meet the bill’s work requirement. CBO further estimates that 2 percent of that group would meet the requirement through participation in a training program under the proposal, 8 percent would receive waivers for living in a high-unemployment area, and 14 percent in an average month would receive an individual exemption (as would be newly calculated under that section of the bill). CBO estimates that another 21 percent of the “other” group, or about half of those remaining, would qualify for an exemption from the new policy for another reason, including disability or unfitness to work (without receiving disability benefits), pregnancy, caring for an incapacitated person, or for good cause, as defined by the state. Ultimately, of the 17 percent of people that CBO identified in the quality control data as potentially subject to the requirement, we expect that 76 percent would remain on SNAP and the remaining 24 percent would no longer receive benefits under the proposal.

Total Changes in Benefit Spending. In total, CBO estimates that in 2028 the SNAP caseload under the bill’s proposed work requirement would be lower by about 1.2 million people in an average month than it is under current law, or about 3.7 percent of the total caseload. CBO estimates that about 11 percent of the 1.2 million people who would no longer receive benefits would be able-bodied adults between the ages of 18 and 49 without dependents. About 27 percent of that group would be between the ages of 50 and 59 and without dependents. The other 62 percent would be adults between the ages of 18 and 59 who live in households with children (but not including those caring for children under 6). CBO estimates that, on average in 2028, those people would lose an annual benefit amount of \$1,816.

Changes in Administrative Spending. Under current law, all states share an annual grant of \$110 million for employment and training programs for SNAP recipients. Each state also can receive federal funds that match dollar-for-dollar their additional spending on workforce training for SNAP recipients or for reimbursing participants for certain expenses incurred during training, such as child care or transportation.

Under section 4015, federal funding for employment and training services would increase to \$270 million in 2020 and to \$1 billion in every year thereafter. As under current law, those funds would be shared by the states. CBO estimates that it will take some time for states to expand their programs enough to spend all of the additional funding. From 2021 to 2025, CBO estimates, the additional grant money would pay for services that under

current law are covered by matching funds; as a result, federal spending for matching funds would be less than under current law. From 2026 onward, however, federal matching funds would increase relative to CBO's baseline as states expand their training programs to serve more recipients. In total, direct federal funding for grants would increase by \$7.3 billion and federal matching funds would decrease by \$0.6 billion over the 10-year period, for a net increase of \$6.7 billion in spending for employment and training under SNAP.

CBO also estimates that spending on other administrative expenses would increase because of an increase in the cost to states of tracking who is meeting the work requirements (or is exempt from them) under the proposal. Those additional costs would be partially offset by a reduction in administrative costs because of the overall reduction in the number of people receiving benefits. On net, CBO estimates there would be an increase in administrative expenses of \$0.9 billion over the 2019-2028 period.

Section 4006, Update to Categorical Eligibility. Under current law, most households that receive SNAP benefits have categorical eligibility—they automatically qualify for benefits because they participate in certain other federal or state programs. Many states have implemented a system, known as broad-based categorical eligibility, under which a household automatically qualifies because it receives or is authorized to receive noncash benefits under the Temporary Assistance for Needy Families (TANF) program. At the state's option, households can qualify for SNAP benefits if their gross monthly income is up to 200 percent of the federal poverty guidelines (commonly called the federal poverty level, or FPL).

Section 4006 of title IV would limit categorical eligibility to households whose gross monthly income is no more than 130 percent of the FPL and who receive cash assistance or “ongoing and substantial services.” Households with an elderly or disabled member would still be eligible under the higher threshold of 200 percent of the FPL.

CBO estimates that in an average year, about 400,000 households would lose SNAP eligibility as a result of the change to the gross income threshold. There would be an additional effect on children who are categorically eligible for free meals at school because of their eligibility for SNAP. If their households lost SNAP eligibility because of the revised threshold and their families were not otherwise eligible for free meals, those children would be eligible only for reduced-price or paid meals. Those meals have smaller reimbursement rates to the meal providers and thus the federal costs of the child nutrition program would decline. CBO estimates that in an average year, about 265,000 children would lose access to free school meals under this provision. Based on conversations with policy experts, CBO expects that the requirement for households to receive ongoing and substantial services would not affect how states apply broad-based categorical eligibility to eligible households. CBO estimates that, including the SNAP

and child nutrition effects, enacting section 4006 would save \$5 billion over the 2019-2028 period.

Section 4008, Earned Income Deduction. Under current law, SNAP benefits are based on income reported by each household to enroll in and remain eligible for the program. Under section 4008, the amount of earnings that SNAP households can deduct from their income to arrive at the reportable total would rise from 20 percent, under current law, to 22 percent.

CBO used quality control data from SNAP to recalculate benefits for households currently claiming the deduction. CBO estimates that employed recipients would increase their earnings slightly in response to the new rate and that the overall costs of the provision would be lower by about 11 percent compared to what costs would be if there were no change in earnings among employed recipients. CBO also anticipates that the proposal would allow a small number of new households whose income is now too high to qualify to enroll in SNAP—a change that raised CBO’s estimate of the overall costs of section 4008 by about 3 percent. In total, CBO estimates, the provision would increase spending on SNAP benefits by \$4.6 billion over the 2019-2028 period (or 0.8 percent of total spending for benefits over that period).

Section 4022, National Gateway. This section would require all SNAP transactions to be routed through a national gateway that would collect fees from the state contractors that provide Electronic Benefits Transfer (EBT) services and from the businesses that manage electronic payments for retailers. CBO considers such fees to be revenues. These revenues would be used to pay for the costs of operating the gateway. CBO estimates that the gateway provision also would increase SNAP administrative costs because the states’ EBT contractors would pass along the additional costs to the states. This section would provide about \$10 million annually to cover start-up and contract-monitoring costs. CBO estimates that from 2019 to 2028, this provision would increase revenues by \$465 million and direct spending by \$601 million, for a net increase in the deficit of \$136 million.

Section 4010, Standard Utility Allowances. Under current law, households qualify for a heating or cooling standard utility allowance (SUA) if they provide proof that they either pay heating or cooling expenses or receive more than \$20 in assistance through the federal Low-Income Home Energy Assistance Program (LIHEAP). Some states currently send \$21 in LIHEAP benefits to SNAP participants so that they automatically qualify for the allowance. The value of the SUA is used, along with other factors, to determine the amount of housing expenses that households can deduct from their income in calculating SNAP benefit amounts.

Section 4010 of title IV would prohibit SNAP households receiving energy assistance from automatically qualifying for those allowances. CBO estimates that under this provision, about 560,000 households would have their SNAP benefits reduced by an

average of \$84 per month, as their income would be higher because they would no longer qualify for the SUA. About two-thirds of the affected households would be those that qualify under current law for the SUA as a result of the minimum LIHEAP benefit. This provision would reduce direct spending by \$5.2 billion over the 2019-2028 period.

Section 4011, Child Support. This section would make several changes to SNAP rules related to child support. In total, CBO estimates, the provisions would increase direct spending by \$3.5 billion over the 2019-2028 period.

Under current law, states may require SNAP participants who are parents of children under age 18 to cooperate with child support enforcement agencies in order to receive benefits. Five states and Guam require that, and section 4011 would direct all states to implement that requirement. CBO estimates that enacting the provision would have two major budgetary effects in states that currently do not require such cooperation: First, benefits would be lower for households that began to receive child support, and second, the costs of operating the child support program would increase.

CBO expects that under current law, about 4 million households with an absent parent will participate in SNAP in 2028 and that three-quarters of those households will receive no child support that year. Using data from the Office of Child Support Enforcement concerning payments made to participants in TANF—which has a cooperation requirement—CBO estimates that about 570,000 additional SNAP households would receive child support in 2028, the first year in which the policy is fully phased in. On the basis of the child support payments reported for SNAP recipients in recent years, CBO estimates that, on average, those households would receive about \$1,400 less in benefits in 2028. In total, CBO estimates, the provision would reduce direct spending on SNAP benefits by \$800 million in 2028 and by \$4 billion over the 2019-2028 period.

The federal government reimburses states for 66 percent of the costs they incur to process and maintain child support orders. Using census data and USDA's quality control data, CBO estimates that child support agencies would process information for about 1.2 million additional households in 2028 and that the average cost to process and maintain each order would be about \$1,000 in that year. CBO estimates that the total cost to establish and maintain orders for SNAP households would be \$1.2 billion in 2028 and \$7.2 billion over the 2019-2028 period. Other smaller effects would increase net costs by \$0.2 billion over the same period.

Other child support provisions of the bill would have smaller budgetary effects. CBO estimates that those provisions would increase direct spending by \$16 million in 2028 and by about \$125 million over the 2019-2028 period.

Other Provisions. Title IV would make additional changes to SNAP and related nutrition programs, including the following:

- Sections 4002, 4003, and 4033 would amend or create several SNAP-related grant programs and pilot projects. For example, under section 4002, retailers could provide bonuses to SNAP households based on their purchases of fruits, vegetables, and milk. CBO estimates that together enacting those provisions would cost \$2.3 billion over the 2019-2028 period.
- Sections 4007, 4009, 4012, 4013, 4014, and 4024 would change the way SNAP eligibility and certain benefits are calculated. For example, section 4007 would exclude up to \$500 of a military housing allowance from household income in determining SNAP eligibility and benefits. CBO estimates that in total, enacting those provisions would cost \$1.3 billion over the 2019-2028 period.
- Sections 4001, 4017, 4020, 4027, and 4036 would change the way states or the federal government administer SNAP benefits and operate the program. For example, section 4017 would allow SNAP participants to redeem benefits using smart phones. CBO estimates that enacting those provisions would, on net, save \$324 million over the 2019-2028 period.
- Sections 4018, 4026, 4028, 4029, and 4032 would make other changes to SNAP and to the Emergency Food Assistance Program. For example, section 4026 would require the Secretary of Agriculture to collect data on the types of food that people buy with their SNAP benefits. CBO estimates that enacting those provisions would, on net, cost \$251 million over the 2019-2028 period.

Interaction Effects. Title IV includes several provisions that would interact with one another. For example, the provision in section 4006 that limits categorical eligibility would interact with the provision in section 4015 that imposes work requirements on certain SNAP recipients. CBO expects that the categorical eligibility provision would decrease the number of households eligible for SNAP benefits, and that decrease would in turn reduce the savings from imposing work requirements on SNAP recipients. In total, CBO estimates, such interactions would increase costs by \$30 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 individual development accounts for beginning farmers and ranchers through 2023, and amend farm ownership eligibility requirements for loans to beginning farmers and ranchers.

Title V also would make technical corrections to the Consolidated Farm and Rural Development Act and to the Farm Credit Act of 1971 to bring the statutes into compartment with current USDA practices. CBO estimates that enacting title V would have no effect on direct spending; all of the effects on spending would be subject to appropriation.

Title VI, Rural Infrastructure and Economic Development. Title VI would eliminate the mandatory funding for USDA's Biorefinery Assistance and Rural Energy for America Programs. CBO estimates that eliminating those programs would reduce direct spending by \$517 million over the 2019-2028 period.

Title VII, Research, Extension, and Related Matters. Section 7209 would reauthorize the Organic Agriculture Research and Extension Initiative through 2023. CBO estimates that provision would increase direct spending by \$150 million over the 10-year period. Section 7507 would reauthorize the Beginning Farmer and Rancher Development program. CBO estimates that provision would cost \$100 million over the 2019-2028 period.

Title VIII, Forestry. Title VIII would reauthorize several programs aimed at restoring and conserving forest lands and would expedite certain management activities on lands administered by the Forest Service. CBO estimates that enacting title VIII would not affect direct spending over the 2019-2028 period. All of the spending effects for this title would be subject to appropriation.

Title IX, Horticulture. Title IX would reauthorize specialty crop block grants through 2023. Section 9006 would reauthorize programs to support organic agriculture. CBO estimates those provisions would cost \$10 million over the 2019-2028 period.

Title X, Crop Insurance. CBO estimates that the amendments to the federal crop insurance program would reduce spending by \$0.2 billion over the 2019-2028 period. Those amendments would expand insurance coverage of forage and grazing lands (section 10001), impose higher administrative fees for catastrophic coverage (section 10002), and a reduce funding for research, development, and education assistance (sections 10008 and 10010).

Title XI, Miscellaneous. Section 11101 would authorize USDA to operate a new National Animal Disease and Preparedness Response Program, to include a vaccine bank for rapid response to animal disease outbreaks. CBO estimates that enacting that provision would cost \$450 million over the 10-year period. Section 11304 would combine the Pima Cotton Trust Fund, the Wool Apparel Trust Fund, and the Wool Research and Promotion Fund into a single Textile Trust Fund that is authorized through 2023. CBO estimates the outlays from the combined fund would total \$103 million over

the 2019-2023 period. In total, enacting the provisions of Title XI would cost \$566 million.

Spending Subject to Appropriation

Table 4 compiles the amounts specifically authorized to be appropriated in H.R. 2. CBO estimates that implementing the provisions of H.R. 2 that specify authorizations of appropriations would cost \$24.3 billion over the 2019-2023 period and \$7.1 billion after 2023, assuming appropriation of those specified amounts. Details of specified authorizations in the other titles are summarized below. Implementing Titles I (Commodities) and X (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.

Title II, Conservation. Title II would reauthorize appropriations that total \$0.8 billion over the 2019-2023 period for several conservation and environmental programs. CBO estimates that implementing those provisions would cost \$0.7 billion over the 2019-2023 period and \$0.1 billion after 2023.

Title III, Trade. Title III would amend and reauthorize trade promotion and international food assistance programs through 2023 that would total \$13.0 billion over the 2019-2023 period and \$0.6 billion in 2024. CBO estimates that implementing those provisions would cost \$10.5 billion over the 2019-2023 period and \$3.1 billion after 2023.

Title IV, Nutrition. Title IV would amend and reauthorize programs related to SNAP and the Food Distribution Program on Indian Reservations. The title also would establish pilot projects that would create public-private partnerships addressing food insecurity and poverty. The authorized amounts total \$0.4 billion over the 2019-2023 period. CBO estimates that implementing those provisions would cost \$0.4 billion over the 2019-2023 period.

Title V, Credit. Title V would reauthorize USDA's conservation loan and loan guarantee programs, including an authorization of \$1.3 billion for the appropriations for loan subsidies over the 2019-2023 period. CBO estimates that implementing those provisions would cost \$1.3 billion over the 2019-2023 period.

Title VI, Rural Infrastructure and Economic Development. Title VI would amend and reauthorize programs related to providing rural access to broadband, rural utilities, and bioenergy. The title also would authorize funding to improve health outcomes in rural communities. The authorized amounts total \$6.7 billion over the 2019-2023 period. CBO estimates that implementing those provisions would cost \$3.9 billion over the 2019-2023 period and \$2.9 billion after 2023.

Table 4. Estimated Spending Subject to Appropriation Under H.R. 2

	By Fiscal Year, in Millions of Dollars						2019- 2023
	2018	2019	2020	2021	2022	2023	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION							
Title II, Conservation							
Authorization Level	0	165	165	165	165	165	825
Estimated Outlays	0	106	144	157	165	165	737
Title III, Trade							
Authorization Level	0	2,613	2,607	2,607	2,607	2,607	13,041
Estimated Outlays	0	874	2,130	2,417	2,533	2,578	10,532
Title IV, Nutrition							
Authorization Level	0	85	80	80	80	80	405
Estimated Outlays	0	74	79	80	80	80	393
Title V, Credit							
Authorization Level	0	257	257	257	257	257	1,283
Estimated Outlays	0	248	257	257	257	257	1,274
Title VI, Rural Infrastructure and Economic Development							
Authorization Level	0	1,351	1,351	1,351	1,351	1,286	6,690
Estimated Outlays	0	179	490	826	1,159	1,292	3,945
Title VII, Research, Extension, and Related Matters							
Authorization Level	0	1,479	1,479	1,479	1,479	1,479	7,393
Estimated Outlays	0	756	1,183	1,479	1,479	1,479	6,374
Title VIII, Forestry							
Authorization Level	0	105	105	105	105	105	525
Estimated Outlays	0	56	81	94	102	105	437
Title IX, Horticulture							
Authorization Level	0	62	63	65	67	69	326
Estimated Outlays	0	51	62	65	67	69	313
Title XI, Miscellaneous							
Authorization Level	0	60	60	60	60	60	300
Estimated Outlays	0	34	54	60	60	60	268
Total Changes ^a							
Authorization Level	0	6,176	6,166	6,168	6,170	6,107	30,787
Estimated Outlays	0	2,378	4,479	5,433	5,900	6,084	24,273

Components may not sum to totals because of rounding. Title I and Title X do not contain any provisions that would authorize the appropriation of specific amounts.

a. CBO estimates that implementing the bill would cost \$7.1 billion after 2023.

Title VII, Research, Extension, and Related Matters. Title VII would reauthorize appropriations totaling \$7.4 billion over the 2019-2023 period for various research and educational programs. CBO estimates that implementing those provisions would cost \$6.4 billion over the 2019-2023 period and \$1.0 billion after 2023.

Title VIII, Forestry. Title VIII would reauthorize appropriations totaling \$0.5 billion over the 2019-2023 period for several forestry programs. CBO estimates that implementing those provisions would cost \$0.4 billion over the 2019-2023 period and \$0.1 billion after 2023.

Title IX, Horticulture. Title IX would reauthorize appropriations totaling \$0.3 billion over the 2019-2023 period for the National Organic Program, the Farmers Market and Local Food Promotion program, and other programs intended to support food safety and specialty crops. CBO estimates that implementing those provisions would cost \$0.3 billion over the 2019-2023 period.

Title XI, Miscellaneous. Title XI would authorize appropriations for the new Animal Disease Preparedness and Response program and would reauthorize specified amounts for outreach to socially disadvantaged farmers and veterans and for other programs. Those authorizations would total \$0.3 billion over the 2019-2023 period. CBO estimates that implementing those provisions would cost \$0.3 billion over the 2019-2023 period.

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 regarding work requirements, child support, and categorical eligibility. Changes in the state of the economy, especially inflation and unemployment, could also affect the estimated effects.

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 and revenues 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 H.R. 2, the Agriculture and Nutrition Act of 2018, as Ordered Reported by the House Committee on Agriculture on April 18, 2018

	By Fiscal Year, in Millions of Dollars												2018- 2023	2018- 2028
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028			
NET INCREASE OR DECREASE (-) IN THE DEFICIT														
Statutory Pay-As-You-Go Impact	0	719	630	1,020	527	184	-300	-367	-710	-823	-887	3,080	-7	
Memorandum:														
Changes in Outlays	0	719	630	1,020	582	244	-240	-302	-640	-748	-807	3,195	458	
Changes in Revenues	0	0	0	0	55	60	60	65	70	75	80	115	465	

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 2 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

MANDATES

H.R. 2 would impose public- and private-sector mandates as defined in UMRA. In the aggregate, CBO estimates, the costs of mandates on public entities would exceed the annual threshold established in that act (\$80 million in 2018, adjusted annually for inflation) for intergovernmental mandates in at least four of the first five years that the mandates were in effect. The costs of mandates on private entities would be below the annual threshold for private-sector mandates (\$106 million in 2018, adjusted annually for inflation).

Mandates That Apply to State Governments Only

The bill would impose intergovernmental mandates by amending SNAP eligibility requirements, placing new responsibilities on states as administrators of Child Support Enforcement, and requiring new state activities in the SNAP program. For large entitlement grant programs like SNAP and Child Support Enforcement, UMRA defines an increase in the stringency of conditions on states or localities as an intergovernmental mandate if the affected governments lack authority to offset those costs while continuing to provide required services. The bill’s requirements would increase the workload of state agencies in areas where they have limited flexibility to amend their responsibilities and offset additional costs and thus would be intergovernmental mandates.

The bill also would preempt state and local laws in some areas.

Various provisions of Title IV would impose mandates on state governments, as follows:

- Section 4011 would require SNAP beneficiaries to cooperate with state child support agencies to receive benefits, increasing the population that would be reviewed for compliance with orders for child support. Consequently, the increased workload associated with the new requirements would be an intergovernmental mandate. Under current law, the federal government reimburses states for two-thirds of the administrative costs for child support activities. CBO estimates that the incremental cost to states of the child support changes would total \$1.156 billion from 2019 to 2023.
- Section 4015 would require states to offer employment and training services to SNAP recipients to satisfy new work requirements. Under this provision, states must provide sufficient hours in those activities for SNAP recipients to meet the federal requirement of 20 hours per week of work or participation in a training program (the requirement would increase to 25 hours in 2026). H.R. 2 would allow two years for implementation and would provide \$1 billion annually to states, beginning in 2021, for such programs. Under current law, funding to states for employment and training programs comes from two sources: grant funding from the federal government and a 50 percent match on additional costs states incur. CBO estimates that states would expand their programs gradually, and that initially, states would replace federally matched state funds with federal grant funds. Therefore, CBO anticipates that the states would incur savings in the early years of implementation. As states implemented the work requirements fully, CBO expects, annual costs would exceed the amount of federally allocated funds; therefore, state spending (matched by federal funds) would rise and eventually impose costs on states.
- Section 4022 would increase administrative costs for states to operate EBT systems because private contractors would pass fees that are associated with operating the national gateway along to the states. Increasing the cost of complying with the existing mandate to operate an electronic benefit transfer system would impose a mandate as defined by UMRA. CBO estimates that the incremental cost of that mandate would average \$2 million per year through 2023. Within a couple of years, that cost would rise to \$15 million each year.
- Section 4024 would require states to offer five months of transitional SNAP benefits to households that cease to receive cash assistance under certain programs. Under current law, states may provide those benefits for up to five

months. Given the small population of such recipients, CBO estimates that the mandate would impose minimal administrative costs on states.

- Sections 4001, 4015, and 4023 would impose mandates on states by increasing the administrative burden of compliance with new verification, notification, and record retention rules under SNAP. CBO estimates that the incremental costs of those mandates, in the aggregate, would be small because they represent only small increases over current requirements.

Other provisions of H.R. 2 would impose intergovernmental mandates on state and local governments by preempting local laws that regulate the sale or use of pesticides that are registered with the Environmental Protection Agency (EPA) and state laws that impose additional standards on agricultural products that are shipped from other states. Although the preemptions would limit the authority of state and local governments, they would impose no duty that would result in additional spending or loss of revenues.

Mandates That Apply to Public and Private Entities

H.R. 2 would impose mandates on intergovernmental and private-sector entities alike by extending for five years, through 2023, EPA's authority to collect maintenance fees for the use of certain pesticides. (Under current law, those fees are to be phased out by 2019.) CBO estimates that those fees would total \$31 million annually and that most of the cost would be borne by private entities. Public entities usually receive waivers from maintenance fees for minor uses or for public health purposes.

Mandates That Apply to Private Entities Only

H.R. 2 would impose several mandates on private entities as follows:

- Section 3002 would amend country-of-origin labeling requirements for producers of agricultural commodities for foreign aid. Any costs to producers to comply with those new requirements would probably be included in the amount awarded to producers to fulfill their contracts. Therefore, CBO estimates, producers would incur minimal costs to comply with that mandate.
- Section 9119 would extend a current-law requirement, through 2025, for producers and distributors to pay pesticide registration fees to EPA. CBO estimates that those fees would total \$18 million annually, on average, during the first five years that the mandate is in effect.
- Section 11612 would prohibit the knowing slaughter, transport, purchase, or possession of a dog or cat for human consumption. According to the American

Society for the Prevention of Cruelty to Animals, the dog and cat meat industry in the United States is very small. CBO estimates that any lost income to entities participating in the industry would be insignificant.

Other Effects on Private Entities

The bill would impose additional requirements on retailers as conditions of participation in the SNAP program. The costs of those new requirements would result from participation in a voluntary federal program and thus would not be mandates on the private-sector as defined by UMRA.

Section 4022 would establish a national gateway for retailers to route EBT information to a single source that would validate and settle purchases. That operation would be covered by fees imposed on the private-sector entities that participate in the EBT system. CBO estimates that the incremental cost to those participants would be small because the fees imposed by the gateway would replace similar fees that participants already pay. Although entities that use EBT services could incur additional costs to adapt compliant systems, CBO cannot estimate the associated additional costs because of uncertainty in the design and operation of the gateway. Section 4022 also would require retail food stores that apply to accept SNAP/EBT benefits to provide the Department of Agriculture with certain information on their services and equipment. CBO estimates the costs of that requirement to be minimal.

PREVIOUS CBO ESTIMATE

On April 13, 2018, CBO transmitted a cost estimate of H.R. 2, the Agriculture and Nutrition Act of 2018, as posted on the website of the House Committee on Agriculture on April 12, 2018. CBO's estimate of the direct spending and revenue effects of H.R. 2, as ordered reported, are the same as the estimates of the posted bill.

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