

## **Proposals for Agriculture—CBO’s Estimate of the President’s Fiscal Year 2020 Budget**

### **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).

### **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.

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Millions of Dollars, by Fiscal Year

May 9, 2019

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-2024	2020-2029
<b>Farm Bill Programs</b>	<b>Increases or Decreases (-) in Direct Spending Outlays</b>											
<b><u>Crop Insurance Proposals</u></b>												
Reduce premium subsidies for HPO 15 percent <sup>a</sup>	-143	-1,383	-1,592	-1,606	-1,624	-1,636	-1,646	-1,649	-1,667	-1,679	-6,348	-14,623
Limit underwriting gains to insurance companies to 12 percent	-20	-198	-228	-230	-232	-233	-235	-235	-237	-239	-907	-2,086
Eliminate funding for crop insurance 508(h) programs	-2	-11	-12	-12	-12	-12	-12	-12	-12	-12	-48	-108
Limit crop insurance eligibility to \$500,000 AGI	-13	-129	-149	-150	-151	-153	-154	-154	-155	-157	-591	-1,363
<b>Total</b>	<b>-178</b>	<b>-1,721</b>	<b>-1,980</b>	<b>-1,997</b>	<b>-2,019</b>	<b>-2,033</b>	<b>-2,046</b>	<b>-2,050</b>	<b>-2,071</b>	<b>-2,086</b>	<b>-7,895</b>	<b>-18,182</b>
<b><u>Commodity Program Proposals</u></b>												
Limit eligibility for agricultural commodity payments to \$500,000 AGI	-2	-2	-59	-64	-63	-64	-64	-65	-70	-66	-191	-520
Eliminate commodity certificates and make MAL gains subject to \$125,000 payment limit	-3	-2	-2	-3	-3	-3	-3	-3	-3	-2	-13	-27
Eliminate separate payment limit for peanuts	0	-6	-7	-7	-7	-8	-8	-8	-8	-7	-27	-65
Make MAL forfeitures subject to \$125,000 payment limit	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
Limit all farms to one manager that qualifies as actively engaged	-2	-2	-51	-55	-55	-55	-55	-56	-60	-57	-165	-448
<b>Total</b>	<b>-8</b>	<b>-13</b>	<b>-121</b>	<b>-129</b>	<b>-129</b>	<b>-130</b>	<b>-131</b>	<b>-132</b>	<b>-143</b>	<b>-134</b>	<b>-401</b>	<b>-1,069</b>
<b><u>Streamline Conservation Programs</u><sup>b</sup></b>												
Target conservation program payments to farmers with AGI ≤ \$500,000	0	0	0	0	0	0	0	0	0	0	0	0
Target and limit enrollment in CRP	-2	-11	-21	-25	-23	-19	-19	-19	-17	-17	-82	-172
Limit CRP to 80 percent of NASS county rental rates	0	-1	-5	-16	-24	-35	-44	-53	-60	-70	-46	-308
Eliminate CSP	-180	-337	-478	-645	-807	-888	-949	-987	-1,000	-1,000	-2,447	-7,271
Reduce ACEP by \$40 million per year	-14	-29	-35	-37	-40	-40	-40	-40	-40	-40	-155	-354
<b>Total</b>	<b>-195</b>	<b>-377</b>	<b>-534</b>	<b>-707</b>	<b>-869</b>	<b>-947</b>	<b>-1,007</b>	<b>-1,046</b>	<b>-1,057</b>	<b>-1,057</b>	<b>-2,683</b>	<b>-7,797</b>
<b><u>Eliminate Low Priority Farm Bill Programs</u><sup>c</sup></b>												
Eliminate Adjustment Assistance for Textile Mills	-46	-46	-47	-47	-47	-48	-48	-48	-48	-48	-233	-472
<b>Total</b>	<b>-46</b>	<b>-46</b>	<b>-47</b>	<b>-47</b>	<b>-47</b>	<b>-48</b>	<b>-48</b>	<b>-48</b>	<b>-48</b>	<b>-48</b>	<b>-233</b>	<b>-472</b>
<b><u>Eliminate LFP</u><sup>d</sup></b>												
	101	99	97	98	97	97	95	95	95	95	492	969
<b>Total Farm Bill Programs</b>	<b>-327</b>	<b>-2,059</b>	<b>-2,584</b>	<b>-2,783</b>	<b>-2,967</b>	<b>-3,061</b>	<b>-3,137</b>	<b>-3,180</b>	<b>-3,223</b>	<b>-3,230</b>	<b>-10,720</b>	<b>-26,551</b>
<b>User Fees and Other</b>												
Establish FSIS user fees <sup>e</sup>	0	-687	-686	-685	-684	-682	-667	-662	-662	-662	-2,742	-6,077
Establish various APHIS user fees <sup>e</sup>	-17	-17	-18	-18	-19	-19	-18	-19	-19	-20	-89	-183
Establish Agricultural Quarantine Inspection user fees <sup>e</sup>	-24	-25	-26	-26	-27	-27	-27	-28	-29	-29	-128	-268
Establish Packers and Stockyards user fees <sup>e</sup>	-20	-18	-18	-18	-18	-18	-17	-17	-17	-17	-92	-176
Establish AMS user fees <sup>e</sup>	-16	-16	-16	-16	-16	-16	-15	-15	-15	-15	-78	-154
Eliminate the Rural Energy for America loan and grant programs	-10	-30	-45	-50	-50	-50	-50	-50	-50	-50	-185	-435
Eliminate Food For Progress	-171	-171	-171	-171	-171	-171	-171	-171	-171	-171	-855	-1,710
<b>Total User Fees and Other</b>	<b>-258</b>	<b>-964</b>	<b>-980</b>	<b>-983</b>	<b>-984</b>	<b>-982</b>	<b>-965</b>	<b>-962</b>	<b>-963</b>	<b>-964</b>	<b>-4,169</b>	<b>-9,005</b>
<b>Total Agriculture (Excluding SNAP)</b>	<b>-585</b>	<b>-3,023</b>	<b>-3,564</b>	<b>-3,767</b>	<b>-3,951</b>	<b>-4,043</b>	<b>-4,102</b>	<b>-4,142</b>	<b>-4,186</b>	<b>-4,194</b>	<b>-14,889</b>	<b>-35,556</b>

Components may not sum to totals because of rounding.

ACEP = Agricultural Conservation Easement Program; AGI = adjusted gross income; AMS = Agricultural Marketing Service; APHIS = Animal and Plant Health Inspection Service; CRP = Conservation Reserve Program; CSP = Conservation Stewardship Program; ELAP = Emergency Livestock Assistance Program; FSIS = Food Safety Inspection Service; HPO = Harvest Price Option; LFP = Livestock Forage Program; MAL = Marketing Assistance Loans; NASS = National Agricultural Statistics Service; SNAP = Supplemental Nutrition Assistance Program.

continued

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- 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) Eliminating CSP; (3) reducing ACEP funding by \$40 million per year; (4) limiting CRP enrollment for whole farms and eliminating signup and practice incentive payments; and (5) reducing CRP rental rates to 80 percent of the NASS county average.
- c. Eliminate Low Priority Programs includes** Economic Adjustment Assistance for Textile Mills.
- d.** 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.
- 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 or a decrease in the deficit. These user fee estimates are classified under budget function 350 (agriculture). A separate user fee proposal for FSIS is listed under budget function 550 (health).
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