

April 26, 2012

Honorable Debbie Stabenow Chairman Committee on Agriculture, Nutrition, and Forestry United States Senate Washington, DC 20510

Dear Madam Chairman:

As you requested, CBO has prepared an estimate of the effects on direct spending of draft legislation entitled the Agriculture Reform, Food, and Jobs Act of 2012, as posted on the Web site of the Senate Committee on Agriculture, Nutrition, and Forestry on April 26, 2012.

CBO estimates that enacting this proposal would reduce direct spending by \$24.7 billion over the 2013-2022 period, relative to spending projected under CBO's current baseline. Further details of that estimate are displayed in the three enclosed tables. Because the proposal would affect direct spending, pay-as-you-go procedures apply. CBO has not estimated the additional discretionary spending that would result from implementing the proposal; such spending would be subject to appropriation. (Enacting the proposed legislation would not affect federal revenues.) CBO also has not reviewed the proposal for intergovernmental or private-sector mandates.

If you need further details on this estimate we would be pleased to provide them. The CBO staff contacts are: Kathleen FitzGerald, Gregory Hitz, Emily Holcombe, David Hull, and Jim Langley.

Sincerely,

Douglas W. Elmendorf

Douglas W. Elmendy

Enclosures

Identical letter sent to the Honorable Pat Roberts.

Table 1. Summary of the Effects on Direct Spending from Draft Legislation Entitled the Agriculture Reform, Food, and Jobs Act of 2012, as Posted on the Web site of the Senate Committee on Agriculture, Nutrition, and Forestry on April 26, 2012

April 26, 2012

(Millions of dollars, by fiscal year)

											2013-	2013-
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2017	2022
		CHANG	ES IN DIRE	CT SPEND	OING (Outla	ays)						
Title I - Commodities	1,657	-2,336	-3,143	-2,475	-1,966	-2,147	-1,904	-1,933	-1,713	-1,681	-8,262	-17,639
Title II - Conservation	-38	-201	-441	-423	-653	-820	-909	-914	-981	-994	-1,756	-6,374
Title III - Trade	0	0	0	0	0	0	0	0	0	0	0	0
Title IV - Nutrition	65	-61	-465	-482	-485	-510	-520	-520	-520	-530	-1,427	-4,024
Title V - Credit	0	0	0	0	0	0	0	0	0	0	0	0
Title VI - Rural Development	0	0	0	0	0	0	0	0	0	0	0	0
Title VII - Research, Extension, and Related Matters	43	68	80	104	86	61	53	50	50	50	381	645
Title VIII - Forestry	0	1	1	1	1	1	1	1	1	1	4	9
Title IX - Energy	-5	-5	8	2	0	0	0	0	0	0	0	0
Title X - Horticulture	32	42	45	46	48	28	29	30	30	30	212	359
Title XI - Crop Insurance	-10	-143	213	292	267	390	435	451	422	431	619	2,748
Title XII - Miscellaneous	-5	-45	-52	-52	-52	-52	-52	-52	-52	-52	-206	-466
Total Changes in Direct Spending	1,739	-2,680	-3,754	-2,987	-2,754	-3,049	-2,867	-2,887	-2,763	-2,745	-10,436	-24,747

Source: Congressional Budget Office.

Note: Components may not sum to totals because of rounding. Excludes discretionary spending that would be subject to annual appropriation.

Table 2. Change in Commodity Payments Under Title I of Draft Legislation Entitled the Agriculture Reform, Food, and Jobs Act of 2012, as Posted on the Web site of the Senate Committee on Agriculture, Nutrition, and Forestry, on April 26, 2012

April 26, 2012

(Millions of dollars, by fiscal year)

											2013-	2013-
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2017	2022
Corn	0	-944	-1,127	-794	-453	-630	-455	-566	-415	-371	-3,317	-5,752
Sorghum	0	-95	-96	-70	-41	-55	-39	-46	-31	-30	-302	-505
Barley	0	-64	-72	-68	-69	-69	-69	-69	-68	-67	-273	-615
Oats	0	0	-2	-1	-1	-1	-1	-1	-1	-1	-5	-11
Total Feed Grains	0	-1,103	-1,297	-933	-564	-755	-564	-682	-515	-470	-3,896	-6,882
Soybeans	0	112	-166	47	147	165	236	299	312	308	140	1,459
Wheat	0	-633	-784	-689	-714	-725	-724	-724	-718	-698	-2,820	-6,409
Upland Cotton	0	-590	-667	-690	-681	-683	-688	-693	-693	-692	-2,628	-6,077
Rice	0	-321	-337	-330	-321	-317	-308	-305	-302	-301	-1,309	-2,842
Peanuts	0	-21	-27	-31	-33	-36	-41	-43	-41	-41	-112	-314
Other Oilseeds	0	5	-7	2	5	6	8	10	11	10	5	50
Dairy	-31	-45	-42	-32	9	15	-6	19	45	9	-141	-59
Wool	0	0	0	0	0	0	0	0	0	0	0	0
Mohair	0	0	0	0	0	0	0	0	0	0	0	0
Honey	0	0	0	0	0	0	0	0	0	0	0	0
Dry Peas	0	2	1	2	2	2	2	2	2	2	7	17
Lentils	0	6	4	3	2	2	2	2	2	2	15	25
Small Chickpeas	0	0	0	0	0	0	0	0	0	0	0	0
Large Chickpeas	0	0	0	0	0	0	0	0	0	0	0	0
Total Change in Commodity Payments	-31	-2,588	-3,321	-2,651	-2,148	-2,327	-2,084	-2,114	-1,898	-1,871	-10,740	-21,032

Source: Congressional Budget Office.

Notes: Components may not sum to totals because of rounding.

Change in Commodity Payments represents the net change from: (1) elimination of direct payments, countercyclical payments, and average crop revenue election payments; (2) payments under the agricultural risk coverage program; (3) marketing loan benefits; and, (4) dairy basic and supplemental margin protection.

Table 3. Detailed Effects on Direct Spending from Draft Legislation Entitled the Agriculture Reform, Food, and Jobs Act of 2012, as Posted on the Web site of the Senate Committee on Agriculture, Nutrition, and Forestry on April 26, 2012

(Millions of dollars, by fiscal year)

April 26, 2012

(Millions of dollars, by fiscal year)												l 26, 2012
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013- 2017	2013- 2022
		CHANG	ES IN DIRE	CT SPEND	ING (Outla	ıys)						
Title I - Commodity Programs												
Repeal Direct Payments	0	-4,958	-4,958	-4,958	-4,958	-4,958	-4,958	-4,958	-4,958	-4,958	-19,832	-44,622
Repeal Countercyclical Payments	0	0	-101	-127	-121	-123	-130	-137	-134	-135	-349	-1,008
Repeal Average Crop Revenue Election Payments	0	0	-863	-637	-470	-479	-452	-547	-632	-533	-1,970	-4,615
Popcorn as a Covered Commodity	0	8	9	11	12	10	10	10	10	11	40	91
Agricultural Risk Coverage Nonrecourse Marketing Assistance Loans	0	2,412 4	2,640 3	3,101 3	3,389 3	3,215 3	3,459 4	3,505 5	3,777 5	3,742 5	11,542 13	29,240 35
Sugar Program	0	0	0	0	0	0	0	0	0	0	0	0
Dairy Program	-31	-45	-42	-32	9	15	-6	19	45	9	-141	-59
Supplemental Agriculture Disaster Assistance	1,623	220	179	176	181	180	180	182	186	190	2,379	3,297
Adjusted Gross Income Limitation of \$750,000	0	-11	-10	-11	-11	-10	-10	-10	-11	-11	-43	-95
Implementation Subtotal, Title I	<u>65</u> 1,657	3 <u>5</u> -2,336	<u>0</u> -3,143	<u>0</u> -2,475	<u>0</u> -1,966	<u>0</u> -2,147	<u>0</u> -1, 904	<u>0</u> -1,933	<u>0</u> -1,713	<u>0</u> -1,681	100 -8,262	100 -17,639
Title II - Conservation												
Conservation Reserve Program	27	25	-399	-438	-531	-523	-512	-478	-497	-469	-1,316	-3,795
Conservation Security Program	-7	-50	-93	-129	-173	-221	-264	-307	-350	-393	-452	-1,987
Environmental Quality Incentives Program	-59	-90	-85	-92	-101	-111	-121	-105	-100	-100	-427	-964
Agricultural Conservation Easement Program	-146	-60	173	283	210	111	73	61	51	53	460	809
Regional Conservation Partnership Program	-3	-7	-8	-8	-10	-10	-10	-10	-10	-10	-36	-86
Other Conservation Programs	158	8 10	8	8	8	0	0	0	0	0	190	190 100
Funding Repeal of Wildlife Habitat Incentives Program	10 <u>-18</u>	-37	10 -47	10 <u>-57</u>	10 -66	10 -76	10 -85	10 <u>-85</u>	10 -85	10 <u>-85</u>	50 -225	-641
Subtotal, Title II	-38	-201	-441	-423	-653	-820	-909	-914	-981	-994	-1,756	-6,374
Title III - Trade	0	0	0	0	0	0	0	0	0	0	0	0
Title IV - Nutrition												
Standard Utility Allowances Based on the Receipt												
of Energy Assistance Payments	0	-130	-530	-540	-540	-540	-550	-550	-550	-560	-1,740	-4,490
Retailers	-7	-8	-8	-8	-8	-8	-8	-8	-8	-8	-39	-79
Assistance for Community Food Projects	5	5	5	5	5	5	5	5	5	5	25	50
Emergency Food Assistance	28	24	20	18	10	10	10	10	10	10	100	150
Retailer Trafficking	19	19	19	19	19	19	19	19	19	19	93	185
Hunger-Free Communities Other Nutrition Spending	15 5	20 10	20 10	20 <u>5</u>	25 5	0 5	0 5	0 5	0 5	0 <u>5</u>	100 35	100 60
Subtotal, Title IV	6 <u>5</u>	- <u>61</u>	-4 <mark>65</mark>	-48 <u>2</u>	-48 <u>5</u>	-51 <u>0</u>	-52 <u>0</u>	-52 <u>0</u>	-52 <u>0</u>	-53 <u>0</u>	-1,4 <u>27</u>	-4,0 <u>24</u>
Title V - Credit	0	0	0	0	0	0	0	0	0	0	0	0
Title VI - Rural Development	0	0	0	0	0	0	0	0	0	0	0	0
Title VII - Research, Extension, and Related Matters												
Organic Agriculture Research and Extension	8	13	16	16	16	8	3	0	0	0	69	80
Specialty Crop Research	13	23	29	48	50	53	50	50	50	50	163	416
Beginning Farmer and Rancher Development	13	13	15	10	0	0	0	0	0	0	51	51
Foundation for Food and Agriculture Research	<u>10</u>	20	20	30	20	0	0	<u>0</u>	<u>0</u>	0	100	100
Subtotal, Title VII	43	68	80	104	86	61	53	50	50	50	381	646
Title VIII - Forestry	0	1	1	1	1	1	1	1	1	1	4	9
Title IX - Energy	-5	-5	8	2	0	0	0	0	0	0	0	0
Title X - Horticulture												
Farmers Market and Local Food Promotion	20	20	20	20	20	0	0	0	0	0	100	100
National Clean Plant Network	3	6	8	9	11	13	14	15	15	15	37	108
Specialty Crop Block Grants Other Horticulture Programs	8	14 <u>2</u>	15 <u>2</u>	15	15	15	15 0	15	15	15	67 10	141
Other Horticulture Programs Subtotal, Title X	<u>1</u> 32	<u>∠</u> 42	<u>∠</u> 45	<u>2</u> 46	<u>2</u> 48	<u>0</u> 28	<u>0</u> 29	<u>0</u> 30	<u>0</u> 30	<u>0</u> 30	<u>10</u> 212	<u>10</u> 359
Title XI - Crop Insurance												
Supplemental Coverage Option	0	2	72	86	79	87	84	92	90	90	239	682
Catasptrophic Crop Insurance Rerating	0	-5	-45	-53	-54	-54	-55	-56	-57	-58	-157	-437
Enterprise Units for Irriganted and Nonirrigated Crops	0	5	50	59	60	62	65	67	68	70	174	506
Adjustment in Average Producer History Yields	0	2	26	53	82	111	139	146	147	149	163	855
Stacked Income Protection for Cotton	0	0	263	334	315	417	463	481	473	478	912	3,224
Peanut Revenue Crop Insurance Implementation	0 2	3 21	26 16	30 15	30 15	30 14	30 2	30 0	30 0	30 0	89 69	239 85
Implementation Index-Based Weather Insurance	0	1	9	10	10	10	9	1	0	0	30	50
Beginning Farmer Provisions	0	2	16	20	21	25	27	27	27	28	59	192
Agricultural Management Assistance and Education	7	8	13	13	13	-8	-10	-10	-10	-10	54	6
Crop Production on Native Sod	0	-1	-6	-13	-19	-25	-26	-26	-26	-26	-39	-167
Participation Effects of Commodity Programs Subtotal, Title XI	<u>-19</u> -10	-181 - 143	<u>-227</u> 213	<u>-262</u> 292	-285 267	-279 390	-293 435	-301 451	-320 422	-320 431	<u>-974</u> 619	-2,487 2,748
Title XII - Miscellaneous		-	-	-								,
Noninsured Crop Disaster Assistance Program	<u>-5</u>	<u>-45</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	-206	-466
Subtotal, Title XII	-5	-45	-52	-52	-52	-52	-52	-52	-52	-52	-206	-466
Total Changes in Direct Spending	1,739	-2,680	-3,754	-2,987	-2,754	-3,049	-2,867	-2,887	-2,763	-2,745	-10,436	-24,747

Source: Congressional Budget Office.

Note: Components may not sum to totals because of rounding.