



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Douglas W. Elmendorf, Director

July 5, 2012

Honorable Frank Lucas
Chairman
Committee on Agriculture
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

As you requested, CBO has prepared an estimate of the effects on direct spending of draft legislation entitled the Federal Agriculture Reform and Risk Management Act of 2012 that was posted on the Web site of the House Committee on Agriculture on July 5, 2012.

CBO estimates that enacting this proposal would reduce direct spending by \$35.1 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. Enacting the proposed legislation would not affect federal revenues. CBO has not estimated the additional discretionary spending that would result from implementing the proposal; such spending would be subject to appropriation actions. 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, Dan Hoople, David Hull, and Jim Langley.

Sincerely,

A handwritten signature in black ink that reads "Douglas W. Elmendorf".

Douglas W. Elmendorf

Enclosures

cc: Honorable Collin C. Peterson
Ranking Member

Table 1. Summary of the Effects on Direct Spending from Draft Legislation Entitled the Federal Agriculture Reform and Risk Management Act of 2012, as Posted on the Web site of the House Committee on Agriculture on July 5, 2012

July 5, 2012

(Millions of dollars, by fiscal year)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013- 2017	2013- 2022
CHANGES IN DIRECT SPENDING (Outlays)												
Title I - Commodities	231	-4,765	-2,520	-2,470	-2,128	-2,153	-2,439	-2,409	-2,507	-2,424	-11,652	-23,584
Title II - Conservation	-141	7	-328	-453	-560	-765	-847	-930	-994	-1,051	-1,475	-6,062
Title IV - Nutrition	-634	-1,388	-1,785	-1,795	-1,776	-1,757	-1,753	-1,738	-1,727	-1,722	-7,378	-16,075
Title VI - Rural Development	0	19	20	22	9	7	7	7	7	7	70	105
Title VII - Research, Extension, and Related Matters	23	40	53	74	76	68	58	52	50	50	267	546
Title VIII - Forestry	0	1	1	1	1	0	0	0	0	0	4	4
Title IX - Energy	-5	-5	8	2	0	0	0	0	0	0	0	0
Title X - Horticulture	36	51	52	53	58	37	37	37	37	37	245	428
Title XI - Crop Insurance	84	120	924	1,089	1,015	1,181	1,235	1,283	1,300	1,292	3,232	9,524
Title XII - Miscellaneous	5	8	10	10	10	5	2	0	0	0	43	50
Total Changes in Direct Spending	-402	-5,915	-3,565	-3,467	-3,294	-3,378	-3,700	-3,699	-3,834	-3,811	-16,643	-35,065

Source: Congressional Budget Office.

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

Table 2. Changes in Commodity Payments from Draft Legislation Entitled the Federal Agriculture Reform and Risk Management Act of 2012, as Posted on the Web site of the House Committee on Agriculture on July 5, 2012

July 5, 2012

(Millions of dollars, by fiscal year)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013- 2017	2013- 2022
Corn	0	-1,959	-1,239	-1,175	-991	-978	-1,155	-1,140	-1,234	-1,161	-5,363	-11,031
Sorghum	0	-189	-107	-105	-94	-90	-108	-103	-113	-111	-496	-1,021
Barley	0	-82	-11	-10	-1	-3	-6	-7	-9	-10	-103	-138
Oats	0	-3	13	11	11	11	11	10	10	10	32	84
Total Feed Grains	0	-2,233	-1,344	-1,278	-1,074	-1,060	-1,258	-1,240	-1,347	-1,271	-5,930	-12,105
Soybeans	0	-550	-271	-196	-86	-86	-111	-100	-74	-35	-1,103	-1,509
Wheat	0	-1,082	-377	-454	-485	-547	-577	-601	-660	-665	-2,398	-5,448
Upland Cotton^a	0	-590	-667	-690	-681	-683	-688	-693	-693	-692	-2,628	-6,077
Rice	0	-418	-73	-92	-89	-84	-87	-89	-79	-64	-672	-1,075
Peanuts	0	-65	24	30	37	32	33	37	34	25	26	187
Other Oilseeds	0	-17	26	30	34	35	32	33	35	35	72	243
Dairy	-60	-56	-46	-29	3	28	7	32	61	22	-188	-38
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	0	13	14	13	13	12	12	12	12	40	101
Lentils	0	0	3	3	2	3	1	1	1	1	8	15
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	-60	-5,011	-2,712	-2,662	-2,327	-2,349	-2,636	-2,608	-2,710	-2,632	-12,772	-25,707

Source: Congressional Budget Office.

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

a. Upland cotton does not include any potential benefits under the Stacked Income Protection Program in the Crop Insurance title, which CBO estimates would be \$3.9 billion over the 2013-2022 period.

Table 3. Detailed Effects on Mandatory Spending from Draft Legislation Entitled the Federal Agriculture Reform and Risk Management Act of 2012, as Posted on the Web site of the House Committee on Agriculture on July 5, 2012

(Millions of dollars, by fiscal year)

July 5, 2012

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-2017	2013-2022
CHANGES IN DIRECT SPENDING (Outlays)												
Title I - Commodities												
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
Agricultural Risk Coverage	0	0	3,253	3,086	3,217	3,180	2,893	2,998	2,949	2,968	9,556	24,544
Dairy Program	-60	-56	-46	-29	3	28	7	32	61	22	-188	-38
Supplemental Agriculture Disaster Assistance	226	211	192	192	199	197	196	198	203	208	1,020	2,022
Other Commodity Programs	65	38	3	3	2	2	5	5	4	4	111	131
Subtotal, Title I	231	-4,765	-2,520	-2,470	-2,128	-2,153	-2,439	-2,409	-2,507	-2,424	-11,651	-23,584
Title II - Conservation												
Conservation Reserve Program	0	41	-399	-532	-479	-476	-446	-438	-427	-424	-1,369	-3,580
Conservation Security Program	-10	-77	-145	-202	-269	-345	-411	-479	-545	-612	-703	-3,095
Agricultural Conservation Easement Program	-146	-60	173	283	216	123	86	72	63	70	466	880
Regional Conservation Partnership Program	-3	-7	-8	-8	-10	-10	-10	-10	-10	-10	-36	-86
Other Conservation Programs	18	128	88	53	39	9	10	10	10	10	326	375
Repeal of Wildlife Habitat Incentives Program	0	-18	-37	-47	-57	-66	-76	-85	-85	-85	-159	-556
Subtotal, Title II	-141	7	-328	-453	-560	-765	-847	-930	-994	-1,051	-1,475	-6,062
Title IV - Nutrition												
Retailers	-7	-8	-8	-8	-8	-8	-8	-8	-8	-8	-39	-79
Updating Program Eligibility	-615	-1,240	-1,255	-1,255	-1,235	-1,210	-1,195	-1,180	-1,170	-1,155	-5,600	-11,510
Standard Utility Allowances	0	-130	-530	-540	-540	-540	-550	-550	-550	-560	-1,740	-4,490
Repeal of Bonus Program	-48	-48	-48	-48	-48	-48	-48	-48	-48	-48	-240	-480
Assistance for Community Food Projects	10	10	10	10	10	10	10	10	10	10	50	100
Emergency Food Assistance	20	20	21	21	22	22	23	23	24	24	104	220
Retailer Trafficking	5	5	5	5	5	5	5	5	5	5	25	50
Northern Marianas Pilot Program	1	1	10	10	9	2	0	0	0	0	31	33
Interactions	0	2	10	10	10	10	10	10	10	10	32	82
Subtotal, Title IV	-634	-1,388	-1,785	-1,795	-1,776	-1,757	-1,753	-1,738	-1,727	-1,722	-7,378	-16,075
Title VI - Rural Development												
Value Added Marketing Grants	0	18	15	15	2	0	0	0	0	0	50	50
Rural Economic Development Loans and Grants	0	1	5	7	7	7	7	7	7	7	20	55
Subtotal, Title VI	0	19	20	22	9	7	7	7	7	7	70	105
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	3	5	8	10	10	8	5	1	0	0	36	50
Subtotal, Title VII	23	40	53	74	76	68	58	52	50	50	267	546
Title VIII - Forestry												
	0	1	1	1	1	0	0	0	0	0	4	4
Title IX - Energy												
	-5	-5	8	2	0	0	0	0	0	0	0	0
Title X - Horticulture												
Farmers Market and Local Food Promotion Program	20	20	20	20	20	0	0	0	0	0	100	100
Organic Agriculture and Technology Upgrade	3	4	1	1	1	0	0	0	0	0	10	10
Specialty Crop Block Grants	8	14	15	15	15	15	15	15	15	15	67	142
Plant Pest & Disease Management	5	13	16	17	22	22	22	22	22	22	73	181
Subtotal, Title X	36	51	52	53	58	37	37	37	37	37	245	428
Title XI - Crop Insurance												
Supplemental Coverage Option	0	42	405	465	461	514	512	524	543	531	1,373	3,998
Catastrophic Crop Insurance Rerating	0	-5	-45	-53	-54	-54	-55	-56	-57	-58	-157	-437
Enterprise Units for Irrigated and Nonirrigated Crops	0	5	50	59	60	62	65	67	68	70	174	506
Adjustment in Average Producer History Yields	0	12	116	136	138	140	143	146	147	149	402	1,127
Equitable Relief for Specialty Crop Producers	82	41	41	41	0	0	0	0	0	0	205	205
Crop Production on Native Sod (Prairie Potholes)	0	0	-4	-8	-11	-15	-16	-16	-16	-16	-23	-102
Coverage Level by Practice	0	2	17	20	20	21	21	21	22	22	59	166
Beginning Farmer Provisions	0	2	16	20	21	25	27	27	27	28	59	192
Stacked Income Protection for Cotton	0	0	314	400	380	492	540	577	574	574	1,094	3,851
Peanut Revenue Crop Insurance	0	3	26	30	30	30	30	30	30	30	89	239
Limitation on Expenditures for Livestock Pilot Program	0	3	26	30	30	30	30	30	30	30	89	239
Noninsured Assistance Program	0	1	10	12	12	12	12	12	12	12	36	96
Participation Effects of Commodity Programs	0	-7	-65	-77	-87	-90	-75	-79	-80	-79	-236	-639
Implementation	2	21	17	15	15	14	2	0	0	0	70	86
Subtotal, Title XI	84	120	924	1,089	1,015	1,181	1,235	1,283	1,300	1,292	3,232	9,524
Title XII - Miscellaneous												
	5	8	10	10	10	5	2	0	0	0	43	50
Total Changes in Direct Spending	-402	-5,915	-3,565	-3,467	-3,294	-3,378	-3,700	-3,699	-3,834	-3,811	-16,643	-35,065

Source: Congressional Budget Office.

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