



May 17, 2013

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

Dear Madam Chairwoman:

CBO has prepared a cost estimate for S. 954, the Agriculture Reform and Risk Management Act of 2013, as reported by the Senate Committee on Agriculture, Nutrition, and Forestry on May 14, 2013.

Estimated Budgetary Effects

CBO estimates that direct spending stemming from the program authorization in S. 954 would total \$955 billion over the 2014-2023 period. That 10-year total reflects the bill's authorization of expiring programs through 2018 *and* an extension of those authorizations through 2023, consistent with the rules governing baseline projections that are specified in the Balanced Budget and Emergency Deficit Control Act of 1985.

Relative to spending projected under CBO's May 2013 baseline, CBO estimates that enacting the bill would reduce direct spending by \$17.8 billion over the 2014-2023 period. The estimated budgetary effects of S. 954 are summarized in Table 1. CBO estimates that section 10012 of the bill would increase revenues by \$54 million over the 2014-2023 period. Further details of the changes in direct spending and revenues are displayed in Table 2.

Assuming appropriation of the specified and necessary amounts, CBO also estimates that implementing the bill would cost \$30.1 billion over the 2014-2018 period and \$39.9 billion over the 2014-2023 period. Further details of that estimate are displayed in Table 3.

Intergovernmental and Private-Sector Mandates

S. 954 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). In general, state, local, and tribal governments would benefit from the continuation of existing agricultural assistance and the creation of new grant programs.

S. 954 would impose private-sector mandates, as defined in UMRA, by expanding reporting requirements on manufacturers of dairy products and establishing regulations for dairy handlers that purchase milk from dairy producers participating in the Dairy Market Stabilization Program. Additionally, the bill would prohibit individuals from attending animal fighting ventures in states and U.S. territories that permit such ventures. Because the compliance cost for dairy handlers would depend on future regulations, CBO has no basis to determine whether the aggregate cost of the mandates in the bill would exceed the annual threshold established in UMRA for private-sector mandates (\$150 million in 2013, adjusted annually for inflation).

Previous CBO Cost Estimate

On May 13, 2013, CBO transmitted a cost estimate of draft legislation entitled the Agriculture Reform, Food, and Jobs Act of 2013, as posted on the website of the Senate Committee on Agriculture, Nutrition, and Forestry on May 9, 2013. CBO's estimate of the direct spending provisions of S. 954 are similar to those in the earlier draft legislation. Enacting S. 954 would lead to a relatively small increase in revenues; the earlier legislation would have had no impact on revenues.

Pay-As-You-Go Considerations

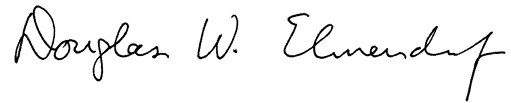
The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Enacting S. 954 would affect direct spending and revenues; therefore, pay-as-you-go procedures apply. The net change in outlays and revenues that are subject to those pay-as-you-go procedures are shown in Table 4.

Honorable Debbie Stabenow

Page 3

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

Sincerely,

A handwritten signature in cursive script that reads "Douglas W. Elmendorf".

Douglas W. Elmendorf
Director

Enclosures

cc: Honorable Thad Cochran
Ranking Member

TABLE 1. SUMMARY OF ESTIMATED BUDGETARY EFFECTS OF S. 954, THE AGRICULTURE REFORM, FOOD, AND JOBS ACT OF 2013

	By Fiscal Year, in Millions of Dollars											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	2,186	-3,788	-1,434	-565	-1,079	-2,305	-2,527	-2,407	-2,670	-2,600	-4,680	-17,189
Estimated Outlays	806	-3,512	-1,288	-665	-949	-2,122	-2,405	-2,415	-2,667	-2,623	-5,607	-17,840
CHANGES IN REVENUES												
Estimated Revenues	0	2	4	4	5	5	7	7	10	10	15	54
INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES												
Net Impact on the Deficit	806	-3,514	-1,292	-669	-954	-2,127	-2,412	-2,422	-2,677	-2,633	-5,622	-17,894
CHANGES IN SPENDING SUBJECT TO APPROPRIATION												
Estimated Authorization Level	7,597	7,434	7,496	7,519	7,571	1,293	675	688	702	716	37,617	41,692
Estimated Outlays	3,097	5,585	6,788	7,218	7,441	4,619	2,405	1,170	849	731	30,128	39,904

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

Table 2. Detailed Effects on Direct Spending from S. 954, the Agriculture Reform, Food, and Jobs Act of 2013, as Reported by the Senate Committee on Agriculture, Nutrition, and Forestry, on May 14, 2013

(Millions of dollars, by fiscal year)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
CHANGES IN DIRECT SPENDING OUTLAYS												
Title I - Commodity Programs												
Repeal Direct Payments	0	-4,538	-4,538	-4,538	-4,538	-4,538	-4,538	-4,538	-4,538	-4,538	-18,152	-40,842
Repeal Countercyclical Payments	0	0	-117	-182	-190	-215	-217	-207	-197	-194	-489	-1,519
Repeal Average Crop Revenue Election Payments	0	0	-1,336	-696	-462	-424	-413	-454	-429	-505	-2,494	-4,719
Popcorn as a Covered Commodity	0	9	11	12	10	10	10	10	11	11	42	94
Adverse Market Payments	0	0	399	433	419	369	360	362	357	361	1,251	3,060
Agricultural Risk Coverage	0	0	3,632	3,875	3,483	2,704	2,385	2,617	2,408	2,646	10,990	23,749
Nonrecourse Marketing Assistance Loans	0	6	7	5	5	4	4	6	6	5	23	48
Sugar Program	0	0	0	0	0	0	0	0	0	0	0	0
Dairy Program	-34	-20	-9	34	57	14	94	58	59	49	28	302
Supplemental Agriculture Disaster Assistance	424	364	201	197	197	197	199	200	201	202	1,383	2,382
Administration	82	6	-11	-11	-10	-10	-10	-11	-11	-11	56	3
Subtotal, Title I	472	-4,173	-1,761	-871	-1,029	-1,889	-2,126	-1,957	-2,133	-1,974	-7,362	-17,442
Title II - Conservation												
Conservation Reserve Program	25	37	-31	-217	-324	-446	-364	-434	-458	-519	-510	-2,731
Conservation Stewardship Program	-7	-50	-87	-130	-173	-221	-265	-308	-351	-394	-447	-1,986
Environmental Quality Incentives Program	-39	-31	-8	-4	1	4	7	27	28	28	-81	13
Agricultural Conservation Easement Program	57	191	289	319	214	112	76	66	57	57	1,070	1,438
Regional Conservation Partnership Program	3	5	6	5	7	7	7	7	7	7	26	61
Other Conservation Programs	158	8	8	8	8	0	0	0	0	0	190	190
Funding	10	10	10	10	10	10	10	10	10	10	50	100
Repeal of Wildlife Habitat Incentives Program	-17	-35	-44	-53	-61	-70	-79	-79	-79	-79	-210	-596
Subtotal, Title II	190	135	143	-62	-318	-604	-608	-711	-786	-890	88	-3,511
Title III - Trade	15	15	15	15	15	15	15	15	15	15	75	150
Title IV - Nutrition												
Food Distribution Programs on Indian Reservations	6	6	6	5	6	6	6	6	6	7	29	60
Standard Utility Allowances	-90	-400	-440	-450	-450	-450	-450	-450	-460	-470	-1,830	-4,110
Retail Food Stores	-7	-8	-8	-8	-8	-8	-8	-8	-8	-8	-39	-79
Funding of Employment and Training Programs	5	5	5	5	1	1	1	1	1	1	21	26
Emergency Food Assistance	22	18	10	4	0	0	0	0	0	0	54	54
Retailer Trafficking	3	2	0	0	0	0	0	0	0	0	5	5
Hunger-Free Communities	6	14	19	20	22	14	5	0	0	0	81	100
Subtotal, Title IV	-55	-363	-408	-424	-429	-437	-446	-451	-461	-470	-1,679	-3,944
Title V - Credit	0	0	0	0	0	0	0	0	0	0	0	0

continued

Table 2. continued.

(Millions of dollars, by fiscal year)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
CHANGES IN DIRECT SPENDING OUTLAYS												
Title VI - Rural Development												
Value-Added Marketing Grants	0	5	8	12	13	13	8	4	0	0	38	63
Rural Microenterprise Program	1	2	3	3	3	2	1	0	0	0	12	15
Rural Water and Waste Disposal	8	30	42	30	21	13	6	0	0	0	131	150
Subtotal, Title VI	9	37	53	45	37	28	15	4	0	0	181	228
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	4	9	14	17	17	13	8	3	0	0	61	85
Foundation for Food and Agriculture Research	20	40	40	60	40	0	0	0	0	0	200	200
Subtotal, Title VII	45	84	99	141	123	74	61	53	50	50	492	781
Title VIII - Forestry												
	1	1	1	1	1	1	1	1	1	1	5	10
Title IX - Energy												
Biorefinery Assistance	0	30	47	55	44	25	12	3	0	0	176	216
Rural Energy for America Program	14	42	60	68	68	56	26	6	0	0	252	340
Biomass Research and Development	1	5	16	25	26	25	21	10	1	0	73	130
Biomass Crop Assistance Program	4	12	20	27	31	29	23	16	8	4	94	174
Other Energy Programs	4	4	4	4	4	0	0	0	0	0	20	20
Subtotal, Title IX	23	93	147	179	173	135	82	35	9	4	615	880
Title X - Horticulture												
Farmers Market and Local Food Promotion	20	20	20	20	20	0	0	0	0	0	100	100
Coordinated Plant Management Program	3	6	8	9	11	13	14	15	15	15	36	108
Specialty Crop Block Grants	8	14	15	15	15	15	15	15	15	15	66	141
Other Horticulture Programs	2	0	-2	-2	-3	-5	-7	-7	-10	-10	-5	-44
Subtotal, Title X	32	39	41	42	43	23	21	22	20	20	197	304
Title XI - Crop Insurance												
Supplemental Coverage Option	14	141	187	208	256	266	287	286	300	303	806	2,247
Catasrophic Crop Insurance Rerating	-4	-38	-50	-52	-52	-53	-54	-55	-55	-56	-196	-469
Enterprise Units for Irrigated and Nonirrigated Crops	5	47	62	63	64	66	68	69	71	72	241	586
Adjustment in Average Producer History Yields	1	9	21	33	45	56	59	60	61	62	108	406
Stacked Income Protection for Cotton	36	350	378	308	386	409	439	451	468	466	1,459	3,693
Peanut Revenue Crop Insurance	3	26	30	30	30	30	30	30	30	30	119	269
Implementation	2	21	16	15	15	14	2	0	0	0	69	85
Beginning Farmer Provisions	2	20	26	28	31	34	35	36	36	36	106	283
Crop Production on Native Sod	0	-5	-12	-18	-23	-24	-24	-24	-24	-24	-58	-178
Conservation Compliance for Crop Insurance	0	0	0	-2	-3	-5	-8	-8	-8	-8	-5	-42
Participation Effects of Commodity Programs	0	-28	-277	-331	-301	-241	-213	-224	-212	-210	-938	-2,038
Other	2	21	28	29	30	28	8	5	3	2	110	156
Subtotal, Title XI	61	563	409	311	477	579	629	626	669	673	1,821	4,999

continued

Table 2. continued.

(Millions of dollars, by fiscal year)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
CHANGES IN DIRECT SPENDING OUTLAYS												
Title XII - Miscellaneous												
Outreach for Socially Disadvantaged Farmers	5	8	10	10	10	5	2	0	0	0	43	50
Sheep Production and Marketing Grant Program	1	1	0	0	0	0	0	0	0	0	2	2
Noninsured Crop Disaster Assistance Program	<u>6</u>	<u>48</u>	<u>-36</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-52</u>	<u>-86</u>	<u>-346</u>
Subtotal, Title XII	12	57	-26	-42	-42	-47	-50	-52	-52	-52	-41	-294
Total Changes in Direct Spending	806	-3,512	-1,288	-665	-949	-2,122	-2,405	-2,415	-2,667	-2,623	-5,607	-17,840
CHANGES IN REVENUES												
Title X -- Organic Product Promotion Orders	0	2	4	4	5	5	7	7	10	10	15	54
INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES												
Net Impact on the Deficit	806	-3,514	-1,292	-669	-954	-2,127	-2,412	-2,422	-2,677	-2,633	-5,622	-17,894

Source: Congressional Budget Office.

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

Table 3. Estimated Spending Subject to Appropriation in S. 954, the Agriculture Reform, Food, and Jobs Act of 2013, as Reported by the Senate Committee on Agriculture, Nutrition, and Forestry on May 14, 2014

(Millions of dollars, by fiscal year)

	2014	2015	2016	2017	2018	2014-2018
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Title I - Commodity Programs						
Estimated Authorization Level	5	5	5	5	5	25
Estimated Outlays	4	5	5	5	5	24
Title II - Conservation						
Estimated Authorization Level	155	130	130	130	130	675
Estimated Outlays	72	92	114	127	130	535
Title III - Trade						
Estimated Authorization Level	2,749	2,753	2,758	2,762	2,766	13,787
Estimated Outlays	1,000	2,277	2,567	2,686	2,735	11,264
Title IV - Nutrition						
Estimated Authorization Level	361	200	204	208	212	1,185
Estimated Outlays	200	238	233	232	236	1,139
Title V - Credit						
Estimated Authorization Level	409	415	430	437	445	2,136
Estimated Outlays	376	415	429	436	444	2,100
Title VI - Rural Development						
Estimated Authorization Level	1,153	1,164	1,177	1,189	1,202	5,885
Estimated Outlays	140	473	783	987	1,097	3,480
Title VII - Research, Extension, and Related Matters						
Estimated Authorization Level	2,094	2,118	2,144	2,170	2,196	10,721
Estimated Outlays	1,069	1,688	2,126	2,152	2,178	9,213
Title VIII - Forestry						
Estimated Authorization Level	235	235	235	235	235	1,174
Estimated Outlays	107	167	201	224	235	934
Title IX - Energy						
Estimated Authorization Level	228	228	228	228	228	1,140
Estimated Outlays	17	89	154	197	220	677
Title X - Horticulture						
Estimated Authorization Level	50	50	50	50	50	250
Estimated Outlays	35	47	50	50	50	231
Title XII - Miscellaneous						
Estimated Authorization Level	159	136	136	106	102	639
Estimated Outlays	77	95	126	122	111	531
Total Changes						
Estimated Authorization Level	7,597	7,434	7,496	7,519	7,571	37,617
Estimated Outlays	3,097	5,585	6,788	7,218	7,441	30,128

Source: Congressional Budget Office.

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

Table 4. CBO Estimate of the Statutory Pay-As-You-Go Effects for S. 954, the Agriculture Reform, Food, and Jobs Act of 2013, as Reported by the Senate Committee on Agriculture, Nutrition, and Forestry on May 14, 2013

	By Fiscal Year, in Millions of Dollars												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-2018	2014-2023
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	806	-3,514	-1,292	-669	-954	-2,127	-2,412	-2,422	-2,677	-2,633	-5,622	-17,894
Memorandum:													
Changes in Outlays	0	806	-3,512	-1,288	-665	-949	-2,122	-2,405	-2,415	-2,667	-2,623	-5,607	-17,840
Changes in Revenues	0	0	2	4	4	5	5	7	7	10	10	15	54