

May 6, 2002

Honorable Tom Harkin  
Chairman  
Committee on Agriculture,  
Nutrition, and Forestry  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

CBO estimates that enactment of the conference agreement on H.R. 2646, the Farm Security and Rural Investment Act of 2002, would increase direct spending relative to the March 2002 baseline by \$82.8 billion in budget authority and \$80.1 billion in outlays over the 2002-2011 period. The direct spending effects of the act are summarized below. Additional detail is provided in the enclosed tables.

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Estimated Impact of H.R. 2646 on Direct Spending Relative to the March 2002 Baseline

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	By Fiscal Year, in Billions of Dollars										Total
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Estimated Budget											
Authority	2.5	8.5	10.4	10.7	10.1	9.5	8.1	8.1	7.6	7.3	82.8
Estimated Outlays	1.6	8.4	9.9	10.2	9.9	9.3	8.1	8.0	7.5	7.3	80.1

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As I mentioned in my letter of May 1, 2002, CBO estimates that relative to the April 2001 Budget Resolution baseline enactment of H.R. 2646 would cost \$73.5 billion in budget authority and \$71 billion in outlays. Nearly all of the roughly \$9 billion difference in the estimates relative to this year's and last year's baselines is from higher estimates for commodity programs relative to this year's baseline. That increase stems primarily from our current assumption that prices for many commodities will be lower in 2003 and beyond than we assumed last year.

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In addition, enactment of H.R. 2646 would affect spending subject to appropriation action. However, CBO has not completed an estimate of the potential discretionary costs of the act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Jim Langley.

Sincerely,

Dan L. Crippen  
Director

Enclosure

cc: Honorable Richard G. Lugar  
Ranking Republican Member

Identical letters sent to the Honorable Kent Conrad, the Honorable Larry Combest, and the Honorable Jim Nussle