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

Douglas W. Elmendorf, Director

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

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-2017	2013-2022
					CHANGES IN DIRECT SPENDING (Outlays)							
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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-2017	2013-2022
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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-2017	2013-2022
					CHANGES IN DIRECT SPENDING (Outlays)							
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	0	2,412	2,640	3,101	3,389	3,215	3,459	3,505	3,777	3,742	11,542	29,240
Nonrecourse Marketing Assistance Loans	0	4	3	3	3	3	4	5	5	5	13	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	65	35	0	0	0	0	0	0	0	0	100	100
Subtotal, Title I	**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												
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	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	-18	-37	-47	-57	-66	-76	-85	-85	-85	-85	-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	15	20	20	20	25	0	0	0	0	0	100	100
Other Nutrition Spending	5	10	10	5	5	5	5	5	5	5	35	60
Subtotal, Title IV	**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												
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	10	20	20	30	20	0	0	0	0	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	8	14	15	15	15	15	15	15	15	15	67	141
Other Horticulture Programs	1	2	2	2	2	0	0	0	0	0	10	10
Subtotal, Title X	**32**	**42**	**45**	**46**	**48**	**28**	**29**	**30**	**30**	**30**	**212**	**359**
Title XI - Crop Insurance												
Supplemental Coverage Option	0	2	72	86	79	87	84	92	90	90	239	682
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	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	0	3	26	30	30	30	30	30	30	30	89	239
Implementation	2	21	16	15	15	14	2	0	0	0	69	85
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	-19	-181	-227	-262	-265	-279	-293	-301	-320	-320	-974	-2,487
Subtotal, Title XI	**-10**	**-143**	**213**	**292**	**267**	**390**	**435**	**451**	**422**	**431**	**619**	**2,748**
Title XII - Miscellaneous												
Noninsured Crop Disaster Assistance Program	-5	-45	-52	-52	-52	-52	-52	-52	-52	-52	-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.