



Budget Issues Shaping a Farm Bill in 2013

Jim Monke

Specialist in Agricultural Policy

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Summary

The budget situation for the farm bill is more difficult this year than for recent farm bills because of attention to the federal debt. The desire by many to redesign farm policy and reallocate the remaining farm bill baseline—in a sequestration and deficit reduction environment—is driving much of the farm bill debate. Uncertainty persists about broader deficit reduction plans, some of which have targeted agricultural and nutrition programs with mandatory funding. Much of that uncertainty affects the farm bill but is beyond the control of the agriculture committees. Moreover, some popular 2008 farm bill programs do not have a baseline that would provide continued funding and thus will require budgetary offsets to continue.

The political dynamics of sequestration and deficit reduction pose difficult questions about how much and when the farm bill baseline may be reduced. In an era of deficit reduction, Congress faces difficult choices about how much total support to provide for agriculture and nutrition, and how to allocate it among competing constituencies.

Funding to write the next farm bill is based on Congressional Budget Office (CBO) baseline projections of the cost of farm bill programs, and on varying budgetary assumptions about whether programs will continue. The CBO baseline is an estimate (projection) at a particular point in time of what federal spending on mandatory programs likely would be under current law.

In May 2013, CBO projected that the current farm bill programs, if they were to continue beyond the 2008 farm bill, would cost \$973 billion over the next 10 years (FY2014-FY2023). About \$764 billion of this amount is for nutrition programs and the other \$208 billion is divided among various agriculture-related programs. This baseline estimate already has been reduced by \$6.4 billion over the same period because of the budget sequestration ordered on March 1, 2013.

When new bills are proposed that affect mandatory spending, their impact (or score) is measured as a difference from the baseline.

- The Senate-passed farm bill (S. 954) would reduce farm bill baseline spending by \$17.9 billion (-1.8%) over 10 years.
- The House-passed farm bill (H.R. 2642, as combined from the texts of H.R. 2642 and H.R. 3102) would reduce spending by \$51.9 billion (-5.3%) over 10 years.

For nutrition programs, the

- Senate bill's reduction in nutrition is \$3.9 billion (-0.5%) over 10 years;
- House bill's reduction in nutrition is \$39.0 billion (-5.1%) over 10 years.

For the agriculture-related (non-nutrition) portion of the bill, the

- Senate bill's reduction in agricultural programs is \$13.9 billion (-6.7%) over 10 years,
- House bill's reduction in agricultural programs is \$12.9 billion (-6.2%) over 10 years.

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The budget is one of the main issues affecting the development of a new farm bill, particularly in a Congress that is focused on deficit reduction. How much funding is available? How much might go towards deficit reduction? How much will continue?

The “farm bill” is an omnibus bill that Congress has returned to about every five years to establish agricultural and food policy.¹ The 2008 farm bill (P.L. 110-246) expired in 2012 and was extended for one year² while Congress continues to seek agreement on a reauthorization bill.

In 2013, the Senate passed a farm bill (S. 954) on June 10. The House passed a farm bill without a nutrition title (H.R. 2642) on July 11, 2013, and a nutrition title (H.R. 3102) on September 19.³ The House subsequently combined (via H.Res. 361) the texts of H.R. 2642 and H.R. 3102 on September 28. The net budgetary reductions in the bills range from nearly \$18 billion to \$52 billion over 10 years, and stark budgetary differences exist among titles between the bills.

Budget Background

Farm Bill Spending Is a Subset of Agricultural Appropriations

Federal spending on agriculture can be divided several ways. Understanding budget terminology and the methods of determining federal spending are important when analyzing the farm bill.

The federal budget for agriculture-related programs was about \$139 billion in FY2013; farm bill programs are a subset of that amount. The total can be divided several ways using terms such as mandatory and discretionary spending, with overlapping parts based on committee jurisdiction.

Of the \$139 billion total agriculture appropriation (**Figure 1**),

- about \$119 billion was for mandatory programs (entitlements that are authorized both inside and outside the farm bill),
 - of which about \$99 billion was for mandatory programs authorized in the farm bill (the farm bill “baseline,” discussed by component later), and
 - \$20 billion was for child nutrition programs that are authorized outside the farm bill and not in the jurisdiction of the House Agriculture Committee,
- and \$20 billion was for discretionary programs (partially authorized in the farm bill).

Discretionary spending (the green pie slice and breakout column in **Figure 1**) is controlled by annual appropriations acts and is under the jurisdiction of the House and Senate Appropriations Committees. The farm bill may authorize appropriations for discretionary programs, but the programs are not funded until an appropriation is made. Most agency operations (salaries and expenses) are financed with discretionary funds. From a program perspective, the primary discretionary programs in agriculture appropriations include the Special Supplemental Nutrition

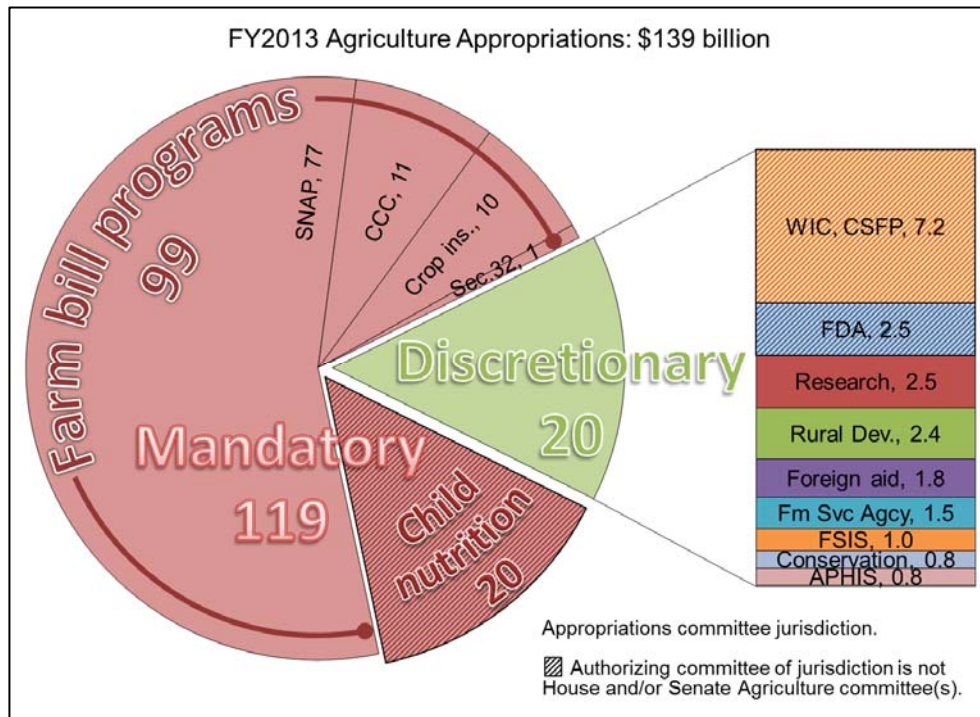
¹ For more on the scope of a farm bill, see CRS Report RS22131, *What Is the Farm Bill?*

² For more on the extension of the 2008 farm bill, new expiration dates, and consequences of legislative delays, see CRS Report R42442, *Expiration and Extension of the 2008 Farm Bill*.

³ For more on the specific policies proposed, see CRS Report R43076, *The 2013 Farm Bill: A Comparison of the Senate-Passed (S. 954) and House-Passed (H.R. 2642, H.R. 3102) Bills with Current Law*

Program for Women, Infants, and Children (WIC) and the Commodity Supplemental Food Program (CSFP); the Food and Drug Administration (FDA); agricultural research; most rural development programs; the Food for Peace and other international food aid programs; agricultural credit and administration of farm supports; meat and poultry inspection; certain conservation programs; and food marketing, plant and animal health, and regulatory programs.

Figure 1. Agriculture Appropriations Relationship to Farm Bill Baseline
(appropriated annual budget authority in billions of dollars)



Source: CRS, based on FY2013 Agriculture Appropriations Act, P.L. 113-6.

Notes: This graph is based on appropriations bill amounts and jurisdiction. Amounts reflect rescissions, but not sequestration. The amount for “other” is departmental administration, net of limitations and rescission offsets. The graph excludes the Commodity Futures Trading Commission. Authorizing committee jurisdiction generally is with House and Senate Agriculture committees, except for child nutrition and WIC (House Education and Workforce; Senate Agriculture), FDA (House Commerce; Senate Health, Education, Labor & Pensions).

SNAP = Supplemental Nutrition Assistance Program; CCC = Commodity Credit Corp.; WIC = Special Supplemental Nutrition Program for Women, Infants, and Children; CSFP = Commodity Supplemental Food Program; FDA = Food and Drug Admin.; FSA = Farm Service Agency; FSIS = Food Safety Inspection Service; APHIS = Animal and Plant Health Inspection Service.

For mandatory spending (the salmon-colored pie slices in **Figure 1**), the Agriculture appropriations bill carries—but does not pay for, nor generally determine—the amounts. Mandatory spending is controlled by authorizing legislation and—for farm bill programs—is under the jurisdiction of the House and Senate Agriculture Committees.⁴ The primary mandatory

⁴ Over time, authorizing committees began providing mandatory funds to programs that generally may have been considered discretionary. Appropriators have argued that this reduces their oversight, and sometimes have limited outlays for the relatively newer mandatory programs using changes in mandatory program spending (CHIMPS). For more on CHIMPS, see CRS Report R42596, *Agriculture and Related Agencies: FY2013 Appropriations*.

spending categories carried in the Agriculture appropriations bill are the Supplemental Nutrition Assistance Program (SNAP, formerly called food stamps), Commodity Credit Corporation (CCC), crop insurance, some Section 32 programming, and child nutrition.

- SNAP is designed primarily to increase the food purchasing power of eligible low-income households to help them buy a nutritionally adequate low-cost diet.
- CCC is the funding mechanism for most mandatory farm bill programs, including, historically, the farm commodity programs and, in recent decades, the mandatory spending for the conservation, trade, research, horticulture, bioenergy, and rural development titles of the farm bill.
- Crop insurance is a risk management tool that offers subsidized premiums to farmers and administrative payments and reinsurance to private insurance companies.
- Section 32 is a separate account—funded by customs receipts—created to assist non-price-supported commodities; not all farm bills have included Section 32 provisions.
- Child nutrition programs fund meals, snacks, and milk for children (and, in one program, some adults) in congregate, institutional settings. The account includes funding for the National School Lunch Program, among other programs.

Differences over what is included in the Agriculture appropriations bill compared to the farm bill primarily can be attributed to certain nutrition programs and the Food and Drug Administration.

- The child nutrition programs and WIC, which are in Agriculture appropriations, are not part of the farm bill because they are not in the jurisdiction of the House Agriculture Committee (the Senate Agriculture Committee does have jurisdiction).
- The Food and Drug Administration (FDA), part of Agriculture appropriations, is not in the jurisdiction of the House or Senate Agriculture Committees (House Commerce Committee; and Senate Health, Education, Labor & Pensions Committee).
- The Commodity Futures Trading Commission is in the jurisdiction of both the House and Senate Agriculture Committees, and the House Agriculture Appropriations Subcommittee (but *not* the Senate Agriculture Appropriations Subcommittee).

Allocating mandatory spending is one of the primary purposes of the farm bill. The farm bill “pays for” mandatory spending by creating the necessary budget authority, using resources available under budget enforcement rules. The rest of this report focuses on mandatory spending.

What Is the CBO Baseline?

Funding to write new legislation (e.g., the next farm bill) is based on Congressional Budget Office (CBO) baseline projections of the cost of current laws (e.g., existing farm bill programs) and budgetary assumptions about whether programs will continue. These amounts are shown in the CBO baseline projections for mandatory spending (what is available) and in the budget scores of proposed bills (changes to the baseline). CBO develops the baseline and scores of bills under the supervision of the House and Senate Budget Committees. This process sets the mandatory budget for the farm bill.⁵

⁵ For more information, see CRS Report 98-560, *Baselines and Scorekeeping in the Federal Budget Process*.

The CBO baseline is an estimate (projection) at a particular point in time of what future federal spending on mandatory programs would be under current law.⁶ CBO periodically re-estimates the baseline to incorporate changes in economic conditions. When CBO updates the baseline (no changes to current law), the revision does not trigger budget enforcement mechanisms that require an increase to be paid for or allow savings to be claimed. Instead, the update shows how changing economic conditions affect projected outlays under current law. That is, increases in projected costs from last year's baseline to this year's re-estimate (e.g., because more people qualify for entitlements) do not require offsets to pay for higher costs. Likewise, reductions in projected costs from last year's baseline to this year's re-estimate (e.g., because less government intervention is needed) do not create savings that can be used to pay for other programs.

A primary purpose of the baseline is to evaluate the effect of new legislation. The baseline serves as a benchmark or starting point for changes that a bill would make. When new bills affect mandatory spending, their impact (or "score") is measured as a difference from the baseline. Projected increases in budgetary cost above the baseline (that is, a positive score, a score greater than zero) may be subject to budget rules such as statutory or other types of PAYGO.⁷ Reductions in cost below the baseline (that is, a negative score, a score less than zero) provide savings for deficit reduction or offsets that can be used to help pay for other provisions with positive scores.

From a budget perspective, programs with a continuing baseline are assumed to go on under current law, and have their own funding available for reauthorization if policymakers want them to continue. Normally, a program that receives mandatory funding in the last year of its authorization will be assumed to continue at that level of funding into the future as if there were no change in policy. This allows major farm bill provisions such as the farm commodity programs or nutrition assistance to be reauthorized periodically without assuming that funding will cease or following zero-based budgeting. However, some programs may not be assumed to continue in the budget baseline beyond the end of a farm bill because⁸

- the program did not receive new mandatory budget authority during the last year of a farm bill, or
- the baseline during the last year of a farm bill is below a minimum \$50 million scoring threshold that is needed to continue a baseline, or
- the budget committees and agriculture committees did not agree to give the program a baseline in the years beyond the end of the farm bill—either to reduce the program's 10-year cost at the time the farm bill was written, or to prevent it from having a continuing baseline.⁹

⁶ The most recent, detailed CBO baseline projection for agriculture is from May 2013. The baseline for the CCC (for farm commodity programs, conservation programs, and trade programs) and the Federal Crop Insurance Corporation is available at <http://cbo.gov/publication/44202>. The baseline for SNAP is available at <http://cbo.gov/publication/44211>.

⁷ PAYGO generally requires that direct spending and revenue legislation enacted into law not increase the deficit. It does not address deficit increases that are projected to occur under existing law, nor does it apply to discretionary spending. See CRS Report R41157, *The Statutory Pay-As-You-Go Act of 2010: Summary and Legislative History*.

⁸ For more, see a later section and CRS Report R41433, *Expiring Farm Bill Programs Without a Budget Baseline*.

⁹ Section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177, 2 U.S.C. 907), as amended, specifies that expiring mandatory spending programs are assumed to continue in the budget baseline if they have outlays of more than \$50 million in the current year and were established before the Balanced Budget Act of 1997. Programs established later are not automatically assumed to continue, and are assessed program by program in consultation with the House and Senate Budget Committees. (CBO, *The Budget and Economic Outlook: Fiscal Years 2013 to 2023*, p. 22, at <http://cbo.gov/sites/default/files/cbofiles/attachments/43907-BudgetOutlook.pdf>).

CBO Baseline for Farm Bill Programs

The May 2013 CBO baseline for mandatory farm bill programs is \$973 billion for the 10-year period FY2014-FY2023 (**Figure 2**).¹⁰ This baseline reflects a reduction of \$6.4 billion over the 10-year baseline because of the effects of sequestration (discussed later in this section).

Most of the \$973 billion post-sequestration baseline is for domestic nutrition assistance programs (\$764 billion, or 79%), primarily the Supplemental Nutrition Assistance Program (SNAP).¹¹ The rest, about \$208 billion, is divided among various agriculture-related programs, primarily crop insurance (\$84 billion, or 8.6%), farm commodity price and income supports (\$59 billion, or 6.0%), and conservation (\$62 billion, or 6.3%). Less than 1% of the baseline is for mandatory spending on international trade (\$3.4 billion), horticulture programs (\$1.1 billion), and the miscellaneous title (\$1.4 billion for the Noninsured Assistance Program, NAP).

The baseline shows that the 2008 farm bill's programs, if they were to continue, are expected to spend about \$100 billion per year through FY2016, and then decline through the rest of the baseline period to about \$95 billion per year in 2023. The nutrition portion is expected to decline, while conservation and crop insurance outlays are expected to increase slightly (**Figure 3**).

Table 1 lists the baseline totals shown in **Figure 2** and **Figure 3**, and the amounts for individual programs that have baseline within each title. The table provides data for each year FY2014-FY2018, the 5-year total (FY2014-FY2018), and the 10-year total (FY2014-FY2023).

Table 1 also shows an alternative total that is slightly smaller. Some programs have baseline for expected outlays that remain from the 2008 farm bill, but are not considered to have funding available for reauthorization beyond the end of the 2008 farm bill. These include the Wetlands Reserve Program, Grasslands Reserve Program, Biomass Crop Assistance Program and other bioenergy programs, Rural Microenterprise Assistance Program, and organic and specialty crops research. Without these programs, the 10-year baseline for "continuing" farm bill programs is \$949 million smaller. The alternative 10-year total is thus \$972 billion, and the alternative total for the non-nutrition agricultural programs still rounds to \$208 billion.

Figure 4 shows the baselines for the individual programs comprising the \$208 billion 10-year subtotal of the non-nutrition programs (all of the programs except SNAP). The colors assigned to the programs are consistent with the colors of the titles in earlier figures, and show which programs in each title have the most baseline.

In the farm commodity programs, "direct payments" are the primary program with a mandatory funding baseline. Direct payments have become vulnerable politically in this high farm-income environment because they are made regardless of market price and farm income conditions.¹² The other farm commodity programs that make "counter-cyclical payments" do not have much baseline presently because high market prices for farm commodities have reduced payments.

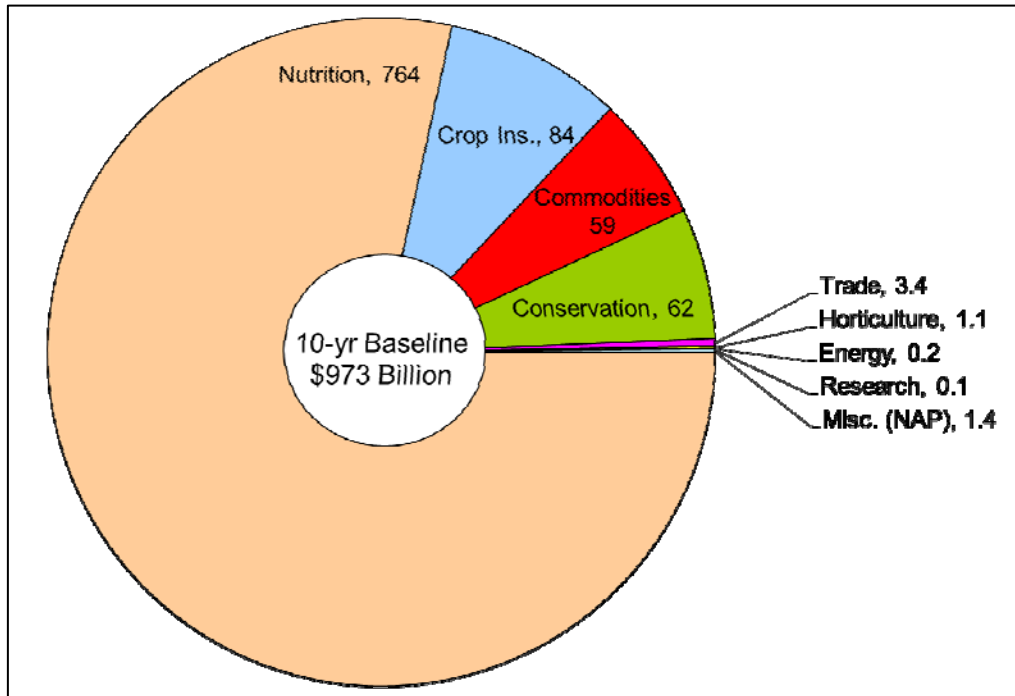
¹⁰ CBO, "May 2013 Baseline for the 2008 Farm Bill Programs and Provisions, by Title," unpublished, May 2013. See also "Updated Budget Projections: Fiscal Years 2013 to 2023," May 14, 2013, at <http://cbo.gov/publication/44172>.

¹¹ The farm bill baseline includes SNAP but not child nutrition programs (e.g., school lunch) due to jurisdictional differences (see earlier discussion of **Figure 1**).

¹² For background, see CRS Report R42759, *Farm Safety Net Provisions in a 2013 Farm Bill: S. 954 and H.R. 2642*.

Figure 2. Ten-Year Mandatory Baseline for Farm Bill Titles

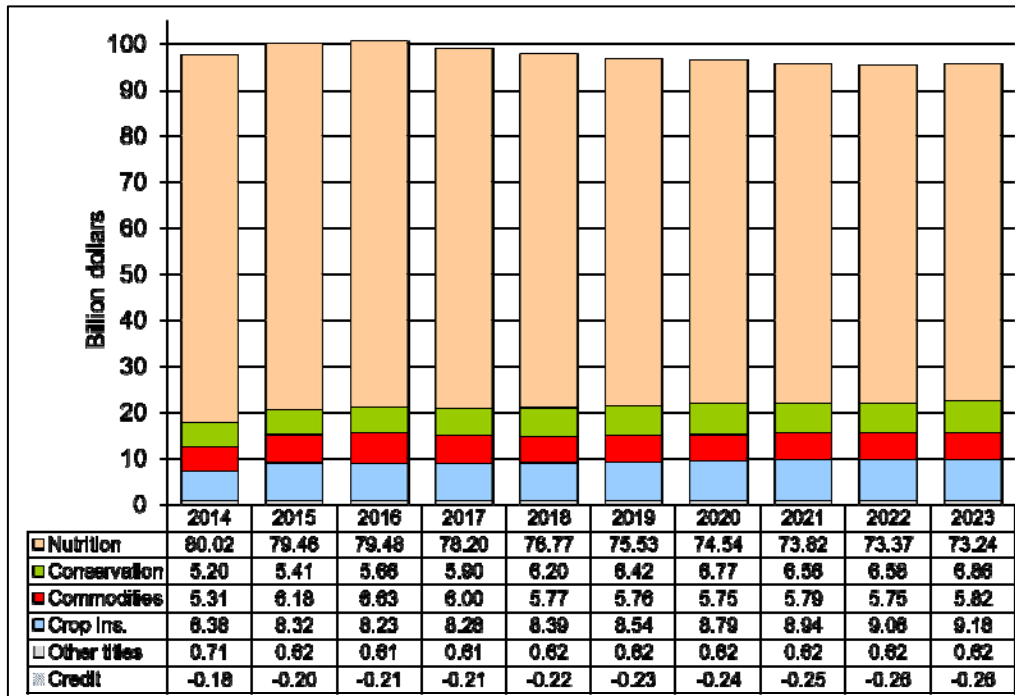
(10-year expected outlays FY2014-FY2023 in billions of dollars by farm bill title)



Source: CRS, using the May 2013 CBO baseline.

Figure 3. Mandatory Baseline for Farm Bill Titles, FY2014-FY2023

(annual expected outlays in billions of dollars by farm bill title)



Source: CRS, using the May 2013 CBO baseline.

Table I. Baseline for Mandatory Farm Bill Programs, FY2014-FY2023

(expected outlays in millions of dollars)

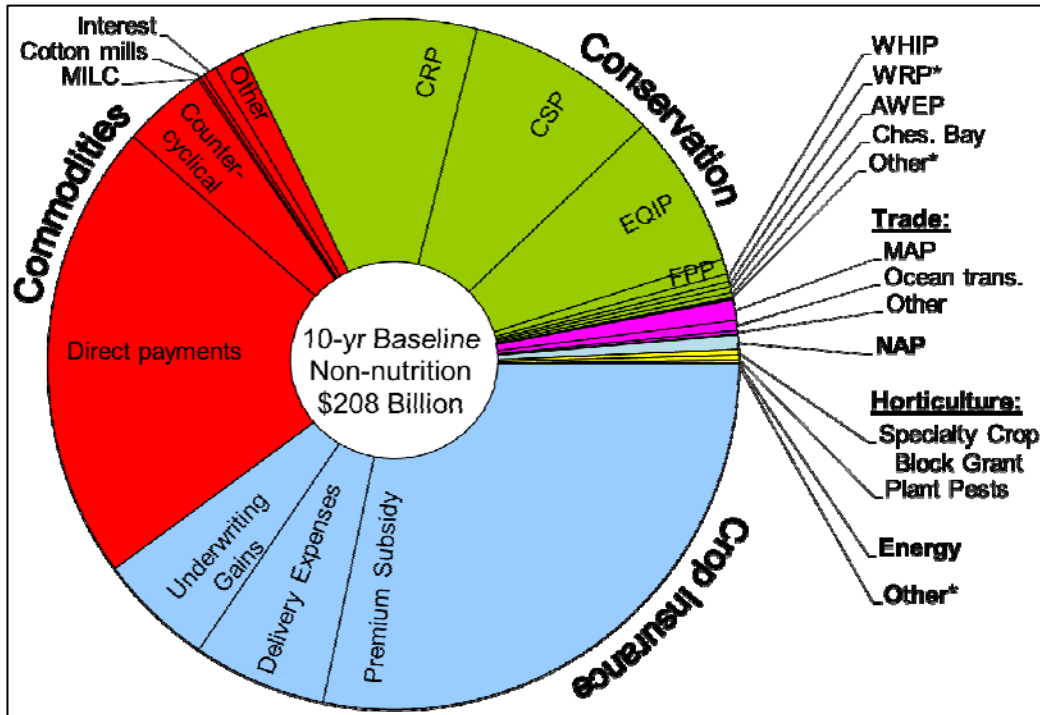
Farm Bill Titles and Programs ^a	FY2014	FY2015	FY2016	FY2017	FY2018	5- and 10-year totals	
						FY2014- FY2018	FY2014- FY2023
I Commodity Programs (CCC)	5,309	6,184	6,628	6,001	5,766	29,888	58,765
Direct payments	4,538	4,538	4,538	4,538	4,538	22,692	45,384
Counter-cyclical, ACRE, Marketing loans	170	1,142	1,548	979	755	4,594	8,414
MILC and other dairy assistance	34	34	36	32	26	161	284
Economic assistance to cotton mills	46	48	48	48	47	237	473
WTO Settlement with Brazil ^a	147	0	0	0	0	147	147
Interest and operating expenses	45	90	130	144	143	552	1,259
Other	329	331	328	259	257	1,504	2,805
II Conservation	5,203	5,412	5,660	5,895	6,203	28,373	61,567
Conservation Reserve Program	2,174	2,207	2,291	2,258	2,314	11,244	23,350
Conservation Security/Stewardship Prog.	1,057	1,333	1,523	1,760	1,978	7,651	18,906
Environmental Quality Incentives Prog.	1,233	1,365	1,474	1,524	1,565	7,161	15,240
Farmland Protection Program	147	148	147	148	150	740	1,490
Wildlife Habitat Incentives Program	67	73	71	75	74	360	754
Wetlands Reserve Program ^a	370	145	21	1	0	537	537
Agricultural Water Enhancement Prog.	60	59	57	56	56	288	568
Chesapeake Bay Watershed Program	48	49	48	48	47	240	475
Agricultural Management Assistance	11	13	11	11	10	56	106
Grassland Reserve Program ^a	29	14	12	9	8	72	112
Emergency Forestry Conserv. Reserve	5	5	5	5	1	21	26
III Trade (CCC)	344	344	344	344	344	1,718	3,435
Market Access Program (MAP)	200	200	200	200	200	1,000	2,000
Export donations ocean transportation	100	100	100	100	100	500	1,000
Foreign market development cooperator	35	35	35	35	35	173	345
Specialty crop technical assistance	9	9	9	9	9	45	90
IV Nutrition (SNAP)^b	80,020	79,457	79,481	78,204	76,767	393,930	764,432
V Credit^c	-178	-197	-205	-211	-220	-1,011	-2,240
VI Rural Development	10	3	0	0	0	13	13
Rural Microenterprise Assistance Prog. ^a	10	3	0	0	0	13	13
VII Research and Related Matters	93	18	0	0	0	111	111
Organic; Specialty Crop; Beg. Farmers ^a	93	18	0	0	0	111	111
VIII Forestry	2	1	0	0	0	3	3
Healthy Forest Reserve Program ^a	2	1	0	0	0	3	3

						5- and 10-year totals		
Farm Bill Titles and Programs ^a		FY2014	FY2015	FY2016	FY2017	FY2018	FY2014- FY2018	FY2014- FY2023
IX	Energy	8	5	21	23	27	84	243
	Feedstock Flexibility Program	0	0	19	23	27	69	228
	Other (expiring programs, incl. BCAP) ^a	8	5	2	0	0	15	15
X	Horticulture and Organic Agriculture	116	105	105	105	105	536	1,061
	Specialty Crop Block Grants	55	55	55	55	55	275	550
	Plant Pest & Disease Management	50	50	50	50	50	250	500
	Farmers Markets; Clean Plant Network ^a	11	0	0	0	0	11	11
XI	Crop Insurance	6,380	8,325	8,227	8,276	8,386	39,592	84,105
	Premium Subsidy	4,477	5,830	5,770	5,819	5,919	27,815	59,545
	Delivery Expenses	1,047	1,380	1,354	1,343	1,335	6,459	13,175
	Underwriting Gains	856	1,115	1,103	1,113	1,132	5,318	11,384
XII	Miscellaneous	141	141	141	141	141	705	1,410
	Noninsured Crop Assistance Program	141	141	141	141	141	705	1,410
Total—Farm Bill Baseline		97,447	99,797	100,402	98,776	97,519	493,941	972,905
	Nutrition	80,020	79,457	79,481	78,204	76,767	393,930	764,432
	Non-nutrition	17,427	20,340	20,920	20,573	20,752	100,011	208,473
<i>Alternate total</i>								
	<i>Minus baseline of programs not continuing^a</i>	<i>-670</i>	<i>-186</i>	<i>-35</i>	<i>-10</i>	<i>-8</i>	<i>-909</i>	<i>-949</i>
	<i>Remainder for all continuing programs</i>	<i>96,777</i>	<i>99,611</i>	<i>100,367</i>	<i>98,766</i>	<i>97,511</i>	<i>493,032</i>	<i>971,956</i>
	<i>Remainder for non-nutrition programs</i>	<i>16,757</i>	<i>20,154</i>	<i>20,885</i>	<i>20,563</i>	<i>20,744</i>	<i>99,102</i>	<i>207,524</i>

Source: CRS, using the May 2013 CBO baseline.

- Some programs have outlays listed during the baseline period but are not considered to have funding (budget authority) to continue beyond the end of the 2008 farm bill. Other programs and titles in the 2008 farm bill are not listed because they do not have future budget baseline, even though they received mandatory funding in FY2008-FY2012. These are discussed in CRS Report R41433, *Expiring Farm Bill Programs Without a Budget Baseline*.
- The nutrition title of the farm bill includes only the Supplemental Nutrition Assistance Program (SNAP) and related programs, given joint jurisdiction between the House and Senate Agriculture committees. Child nutrition programs, while in the jurisdiction of the Senate Agriculture Committee, are not in the jurisdiction of the House Agriculture Committee. Child nutrition programs, if included, would add \$246 billion of baseline over 10 years (<http://cbo.gov/publication/44186>).
- The Credit title has negative outlays that reflect receipts into the Farm Credit System Insurance Fund.

Figure 4. Ten-Year Mandatory Baseline for Non-Nutrition Agricultural Programs
(expected outlays over FY2013-FY2022 in billions of dollars for programs in a subset of farm bill titles)



Source: CRS, using the May 2013 CBO baseline.

Notes: MILC = Milk Income Loss Contract Program; CRP=Conservation Reserve Program; CSP = Conservation Security/Stewardship Program; EQIP = Environmental Quality Incentives Program; FPP = Farmland Protection Program; WHIP = Wildlife Habitat Incentive Program; WRP = Wetlands Reserve Program; AWEP = Agricultural Water Enhancement Program; MAP=Market Access Program; NAP = Noninsured Crop Assistance Program. Includes baseline for expiring programs (*) that do not have baseline to continue, as noted in **Table I**.

The crop insurance baseline is larger than for the farm commodity programs, and is considered by most farmers and policymakers to be the most important remaining component of the farm “safety net.” Premium subsidies to farmers are the largest component, but reimbursements to insurance companies for delivery expenses and underwriting gains are not insignificant.

Total estimated costs of the conservation programs are now about as large as estimated farm commodity spending. The largest three conservation programs have 93% of total conservation baseline (the Conservation Reserve Program, the Conservation Security Program, and the Environmental Quality Incentives Program).

Two other farm bill titles have more than \$1 billion in 10-year baseline. The Trade title has \$3.4 billion, mostly in the Market Access Program (MAP). The Horticulture and Organic Agriculture title has \$1.1 billion of 10-year baseline, with half in specialty crop block grants, and half for pest and disease prevention. The Miscellaneous title has \$1.4 billion of continuing 10-year baseline for the Noninsured Assistance Program (NAP). The Energy title has \$0.2 billion of 10-year baseline for continuing programs, specifically the Feedstock Flexibility program to convert sugar to ethanol. The Forestry, Research, and Rural Development titles are combined under “Other” in the figure and do not have programs with continuing baseline. The Credit title is not shown because it has a negative baseline, reflecting receipts into a Farm Credit System insurance fund.

Budget Sequestration

Sequestration is a process of automatic, largely across-the-board spending reductions under which budgetary resources are permanently canceled to enforce statutory budget goals. The current sequestration requirement was included in the Budget Control Act of 2011 (BCA; P.L. 112-25).¹³ Many of these rules were in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended (Title II of P.L. 99-177, also known as the Gramm-Rudman-Hollings Act).

Some farm bill programs are exempt from sequestration.¹⁴ The nutrition programs and the Conservation Reserve Program are exempt from sequestration.¹⁵ Other programs, including prior legal obligations in crop insurance and some of the farm commodity programs,¹⁶ may be exempt, as determined by the Office of Management and Budget (OMB).

Sequestration in FY2013

Given the failure of the Joint Select Committee on Deficit Reduction to propose budget reductions by January 2012 and in the absence of a “grand bargain” for deficit reduction,¹⁷ OMB ordered budget sequestration on March 1, 2013.¹⁸ The sequestration rate for FY2013 is 5.0% from non-defense discretionary spending and 5.1% from non-defense mandatory programs.¹⁹ (These rates are lower than initially forecast²⁰ due to savings in the American Taxpayer Relief Act.)

The March 1, 2013, OMB report on sequestration indicates that about \$1.9 billion will be sequestered in FY2013 from accounts in Agriculture and related agencies appropriations—\$1.2 billion from discretionary accounts and \$700 million from mandatory accounts. Nearly all of the \$23 billion of discretionary agriculture budget authority was subject to sequestration. About \$14 billion of the mandatory budget was sequesterable. This latter amount is a fraction of \$100 billion total mandatory amount since most of SNAP and child nutrition are exempt from sequestration, and OMB exempted most of crop insurance. User-fee funded accounts and trust funds (including disaster payments) are subject to sequestration.

Sequestration in the FY2014-FY2023 Baseline

The May 2013 CBO baseline for farm bill programs, which was released after OMB ordered sequestration for FY2013, incorporates a sequestration effect beyond FY2013. The May baseline

¹³ See CRS Report R41965, *The Budget Control Act of 2011*.

¹⁴ See CRS Report R42050, *Budget “Sequestration” and Selected Program Exemptions and Special Rules*.

¹⁵ 2 U.S.C. 905 (g)(1)(A).

¹⁶ 2 U.S.C. 906 (j).

¹⁷ See CRS Report R42972, *Sequestration as a Budget Enforcement Process: Frequently Asked Questions*, and CRS Report R42884, *The “Fiscal Cliff” and the American Taxpayer Relief Act of 2012*.

¹⁸ White House, “Sequestration Order for Fiscal Year 2013,” March 1, 2013, at <http://www.whitehouse.gov/sites/default/files/2013sequestration-order-rel.pdf>. The trigger and timing for sequestration was based on Section 302 of the BCA (P.L. 112-25) and a two-month extension in the American Taxpayer Relief Act of 2012 (P.L. 112-240).

¹⁹ OMB, *Report to the Congress on the Joint Committee Sequestration for Fiscal Year 2013*, March 1, 2013, at http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/fy13ombjsequestrationreport.pdf.

²⁰ OMB, *Report Pursuant to the Sequestration Transparency Act*, September 2012, at http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/stareport.pdf.

is \$6.4 billion less over FY2014-FY2023 than it would have been without sequestration.²¹ **Table 2** shows how the sequestration is allocated across years, titles, and programs in the farm bill baseline. These are the amounts that by which a hypothetically greater baseline (as if there were no sequestration) were reduced to reach the post-sequestration baseline amounts in **Table 1**.

Table 2. Impact of Sequestration on the May 2013 CBO Baseline for FY2014-FY2023
(millions of dollars)

	Fiscal year					5- and 10-year totals	
	2014	2015	2016	2017	2018	2014-18	2014-23
Title I - Commodity Programs							
Direct Payments	-408	-408	-408	-408	-408	-2,040	-4,080
Title II - Conservation							
Conservation Stewardship Program	-84	-73	-73	-73	-73	-420	-750
Environmental Quality Incentives Program	-46	-65	-81	-95	-108	-412	-1,046
Wetlands Reserve Program	-19	-9	-2	0	0	-42	-42
Farm and Ranchland Protection Program	-5	-10	-12	-13	-15	-55	-130
Grassland Reserve Program	-1	-1	-1	0	0	-4	-4
Agricultural Water Enhancement Program	-3	-3	-4	-4	-4	-19	-39
Chesapeake Bay Watershed Program	-2	-2	-3	-2	-3	-13	-28
Agricultural Management Assistance	-1	0	0	0	0	-1	-1
Wildlife Habitat Incentives Program	-2	-3	-3	-4	-6	-18	-48
Subtotal, Title II	-163	-166	-179	-191	-209	-984	-2,088
Title III - Trade							
Market Access Program	-10	-10	-10	-10	-10	-60	-110
Foreign Market Development Program	-2	-2	-2	-2	-2	-12	-22
Food for Progress Act	-2	-2	-2	-2	-2	-12	-22
Emerging Markets Program	-1	-1	-1	-1	-1	-6	-11
Technical Assistance for Specialty Crops	*	*	*	*	*	-2	-4
Subtotal, Title III	-15	-15	-15	-15	-15	-92	-169
Title X - Horticulture							
Specialty Crop Block Grants	-3	-3	-3	-3	-3	-16	-31
Total Changes in Direct Spending	-589	-592	-605	-617	-635	-3,130	-6,364

Source: CBO estimates of the 2013 farm bill drafts prior to markup for the Senate farm bill (<http://cbo.gov/publication/44175>, May 13, 2013) and the House bill (<http://cbo.gov/publication/44177>, May 13, 2013).

²¹ The effect of sequestration on the baseline is explained in the initial CBO estimates of the farm bill drafts prior to markup for the Senate farm bill (p. 2 and Table 4, at <http://cbo.gov/publication/44175>, May 13, 2013) and the House bill (p. 2 and Table 4, at <http://cbo.gov/publication/44177>, May 13, 2013).

Scores of the 2013 House and Senate Farm Bills

In 2013, in the 113th Congress, the Senate and House Agriculture Committees reported farm bills out of committee, and floor action has occurred. A final agreement and enactment is pending.²²

- The Senate Agriculture Committee reported its bill (S. 954) on May 14, 2013, by a vote of 15-5, and the Senate passed it on June 10 by a vote of 66-27.
- The House Agriculture Committee reported its bill (H.R. 1947) on May 15, 2013, by a vote of 36-1. The House rejected it on June 20, 2013, by a vote of 195-234.
- The House considered a revised farm bill (H.R. 2642) without a nutrition title using the text of H.R. 1947 and incorporating adopted amendments from H.R. 1947. The House passed it on July 11, 2013, by a vote of 216-208.
- The House passed a stand-alone nutrition bill (H.R. 3102) on September 19, 2013, by a vote of 217-210. The House subsequently combined (via H.Res. 361) the text of H.R. 3102 into H.R. 2642 for purposes of resolving differences with the Senate.

Baseline Projection

CBO projects that the mandatory programs of the 2008 farm bill, if they were to continue, would cost \$973 billion over the next 10 years (FY2014-FY2023). This consists of \$764 billion for nutrition programs, primarily the Supplemental Nutrition Assistance Program (SNAP), and \$208 billion for non-nutrition agriculture-related programs. This “baseline” already has been reduced by \$6.4 billion to reflect the effects of sequestration over the 10-year baseline, all of which has come from the agriculture-related portion since SNAP is generally exempt from sequestration.

Scores of the Bills

Compared to this post-sequestration baseline, the Senate farm bill (S. 954) would reduce spending by \$17.9 billion (-1.8%) over 10 years.²³ The House farm bill (H.R. 2642, as combined from H.R. 2642 and H.R. 3102) would reduce spending by \$51.9 billion (-5.3%) over 10 years.²⁴

For nutrition programs, the Senate bill’s reduction is \$3.9 billion (-0.5%) over 10 years; the House bill’s reduction in nutrition is \$39.0 billion (-5.1%) over 10 years.²⁵

For the agriculture-related (non-nutrition) portion of the bill, the Senate bill’s reduction is \$13.9 billion (-6.7%) over 10 years. The House bill’s reduction is \$12.9 billion (-6.2%) over 10 years.²⁶

²² In 2012, the Senate and House Agriculture Committees marked up drafts for a 2012 farm bill. The Senate passed S. 3240 on June 21, 2012, by a vote of 64-35. The House Agriculture Committee reported H.R. 6083 on July 11, 2012, by a vote of 35-11; however, House floor action never occurred. A one-year extension was enacted (P.L. 112-240).

²³ CBO cost estimate of S. 954 as reported (<http://cbo.gov/publication/44248>, May 17, 2013).

²⁴ The earlier House Agriculture committee-reported bill, H.R. 1947, which failed on the House floor, would have reduced spending by \$33.4 billion over 10 years, with \$20.5 billion from nutrition. CBO cost estimate of H.R. 1947 as reported (<http://cbo.gov/publication/44271>, May 23, 2013).

²⁵ CBO cost estimate of H.R. 3102 as introduced (<http://cbo.gov/publication/44583>, September 16, 2013).

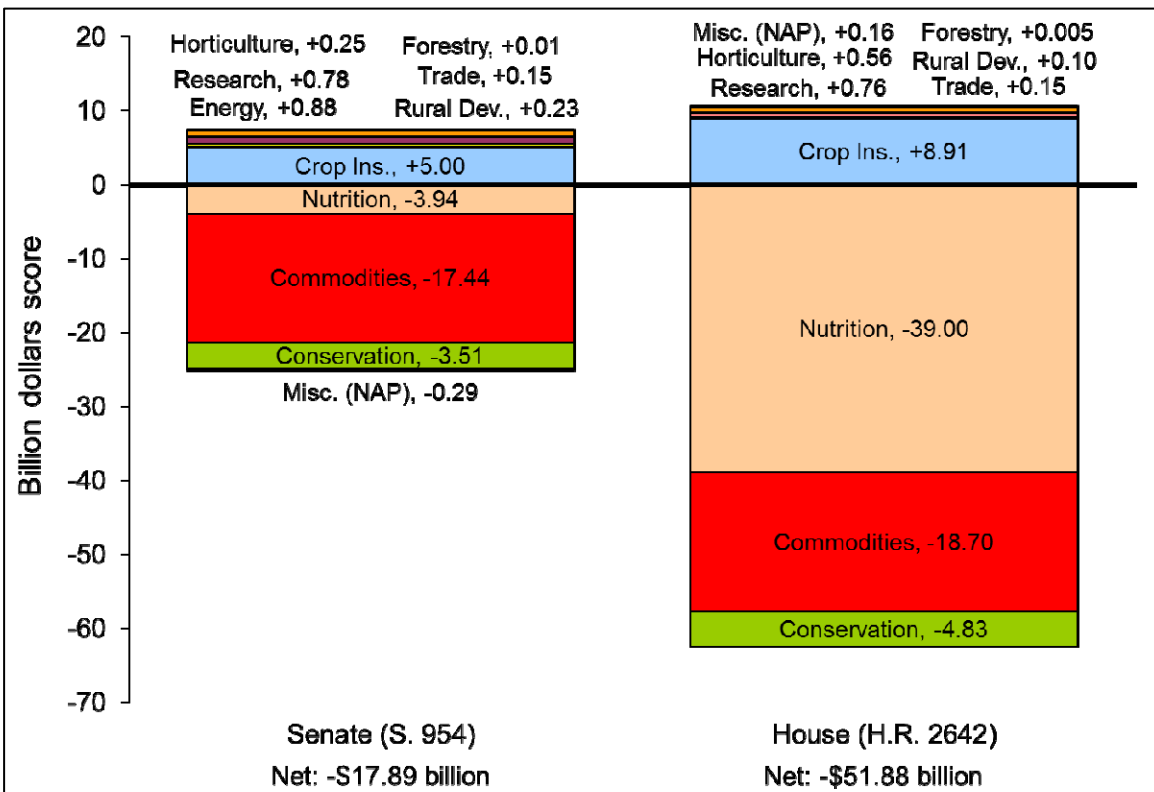
²⁶ CBO cost estimate of H.R. 2642 as introduced (<http://cbo.gov/publication/44414>, July 11, 2013), and a supplemental CBO score of Title I of H.R. 2642, as passed (unpublished).

The net reduction in each bill is composed of some titles receiving more funding than in the past, while other titles would receive less funding. The latter provide budgetary offsets to pay for titles with increased spending, and the rest contributes to deficit reduction. **Figure 5** illustrates the budgetary impacts of changes to each title in each bill. **Table 3** contains the data in tabular form and includes an estimate of the proposed outlays under the draft legislation.

- Under the Senate bill, seven titles would receive a combined \$7.3 billion increase relative to their baselines, and four titles would offer a combined budgetary reduction of \$25.2 billion. The net reduction is \$17.9 billion over the 10-year period.
- Under the combined House bills, seven titles would receive a combined \$10.6 billion increase relative to their baselines, and three titles would offer a combined budgetary reduction of \$62.5 billion. The net reduction is \$51.9 billion over the 10-year period.

Figure 5. Ten-Year Scores of the Senate and House 2013 Farm Bills

(change in outlays over FY2014-FY2023 in billions of dollars by farm bill title, relative to baseline)



Source: CRS, using CBO cost estimates of S. 954 (<http://cbo.gov/publication/44248>, May 17, 2013), H.R. 2642 (<http://cbo.gov/publication/44414>, July 11, 2013), H.R. 3102 (<http://cbo.gov/publication/44583>, September 16, 2013), and a supplemental CBO score of Title I of H.R. 2642, as passed (unpublished).

Notes: Incorporates into the Horticulture title in each bill the scores of promotion orders classified as revenue.

Table 3. 2013 Farm Bill Budget: Baseline, Scores, and Proposed Outlays, by Title
(outlays in millions of dollars, 10-year total FY2014-FY2023)

2013 Farm Bill Titles	CBO baseline	CBO Score of Bill (change to baseline)		Outlays Proposed (Baseline + Score)	
		Senate S. 954	House H.R. 2642	Senate S. 954	House H.R. 2642
I Commodities	58,765	-17,442	-18,701	41,323	40,064
II Conservation	61,567	-3,511	-4,827	58,056	56,740
III Trade	3,435	150	150	3,585	3,585
IV Nutrition	764,432	-3,944	-38,999	760,488	725,433
V Credit	-2,240	0	0	-2,240	-2,240
VI Rural Development	13	228	96	241	109
VII Research	111	781	760	892	871
VIII Forestry	3	10	5	13	8
IX Energy	243	880	0	1,123	243
X Horticulture	1,061	250 ^a	555 ^a	1,311	1,616
XI Crop Insurance	84,105	4,999	8,914	89,104	93,019
XII Miscellaneous (NAP)	1,410	-294	161	1,116	1,571
Total	972,905	-17,893	-51,886	955,012	921,019
<i>Nutrition (Title IV)</i>	<i>764,432</i>	<i>-3,944</i>	<i>-38,999</i>	<i>760,488</i>	<i>725,433</i>
<i>Non-nutrition</i>	<i>208,473</i>	<i>-13,949</i>	<i>-12,887</i>	<i>194,524</i>	<i>195,586</i>

Source: CRS, using the CBO baseline (May 2013, at <http://cbo.gov/publication/44177>) and CBO cost estimates of S. 954 (<http://cbo.gov/publication/44248>, May 17, 2013), H.R. 2642 (<http://cbo.gov/publication/44414>, July 11, 2013), H.R. 3102 (<http://cbo.gov/publication/44583>, September 16, 2013), and a supplemental CBO score of Title I of H.R. 2642, as passed (unpublished).

a. Incorporates into the Horticulture title the scores of promotion orders that are classified as revenue.

One of the most noticeable budget differences between House and Senate bills is the reduction proposed for the nutrition title, with the Senate bill reducing it by \$3.9 billion over 10 years and the House bill reducing it by \$39.0 billion. This \$35.1 billion difference between the Senate and House bills has emerged as one of the most important political issues for the farm bill in 2013.²⁷

For crop insurance and the farm commodity programs—together considered by many the farm “safety net”²⁸—the *combined* reduction is larger in the Senate bill than in the House bill: a combined reduction of \$12.4 billion in the Senate bill and \$9.8 billion in the House bill. Although the House bill makes a bigger net reduction to the farm commodity programs than the Senate bill, it increases crop insurance by more than the difference. For the commodity programs, both bills recognize nearly \$47 billion of savings by repealing direct payments, counter-cyclical payments, and the average crop revenue election (**Table 4** and **Table 5**). But both create new counter cyclical-type payment programs in their place and reauthorize certain disaster assistance

²⁷ See CRS Report R42505, *Supplemental Nutrition Assistance Program (SNAP): A Primer on Eligibility and Benefits*.

²⁸ See CRS Report R42759, *Farm Safety Net Provisions in a 2013 Farm Bill: S. 954 and H.R. 2642*.

programs that together cost relatively more in the Senate bill (\$29.6 billion) than in the House bill (\$27.6 billion). For crop insurance, the House bill increases benefits more than the Senate bill, providing \$3.9 billion more in new funding than the Senate bill. The net result for the combined safety net is that the House bill would spend \$2.7 billion more than the Senate bill. That is, proposed 10-year safety net outlays in the combined farm commodities and crop insurance titles would be about \$133.1 billion under the House bill, and \$130.4 billion under the Senate bill.

Conservation changes are similar in many regards between the bills, though the House bill saves \$1.3 billion more than the Senate bill in Title II. Most of the other titles receive more funding in the Senate bill than in the House bill, particularly the energy title. The horticulture title budget fares relatively better in the House bill than in the Senate bill.

Figure 6 (for the Senate bill) and **Figure 7** (for the House bill) illustrate the same budgetary changes by farm bill title, but for each year. **Table 4** (Senate) and **Table 5** (House) present the detailed cost estimates of each bill, relative to the baseline, as estimated by CBO.²⁹ These year-by-year tables and figures reveal additional differences between the House and Senate bills.

For example, net budgetary savings from the commodity title would not begin until FY2015, the second year of the scoring window. Agricultural disaster payments begin in FY2014, and the repeal of direct payments is not felt until FY2015 because direct payments for the 2013 crop year (authorized under the extension of the 2008 farm bill and according to statute) are to be paid in FY2014, which is the first year of the new farm bill budget window. Payments for the new farm commodity program do not occur until FY2016. Later, a cumulative limit on new farm program payments in the House bill is scored so that it reduces outlays in FY2020 (revealing more of the repeal of direct payments) and defers those payments until FY2021 (balancing the program over those two years). Also, changes to both crop insurance and conservation grow gradually over time, with more of the effect in the second five years. In fact, conservation has additional spending in the first three years, relative to the baseline, before savings occur in years 4-10.

Net Projected Outlays

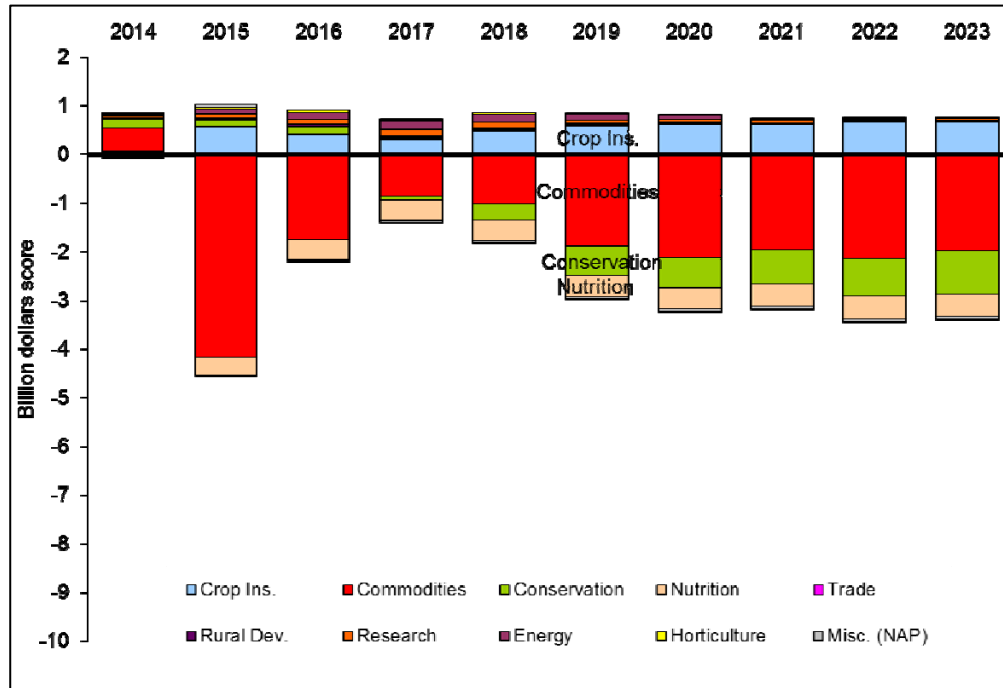
In terms of total net projected outlays (that is, the baseline plus the score), the Senate bill would spend an estimated \$955 billion over 10 years, of which \$195 billion is for the agriculture-related portion. The House bill would spend \$921 billion over 10 years, of which \$196 billion for the agriculture-related portion.³⁰

Figure 8 illustrates these amounts relative to the current law baseline. The first stacked bar is the same \$973 billion baseline distribution from **Figure 2**. The Senate bill's \$17.9 billion reduction over 10 years would reduce expected outlays to \$955 billion over the FY2014-FY2023 period (the second bar). The House bills' combined \$51.9 billion reduction would reduce expected outlays to \$921 billion (the third bar).

²⁹ Since CBO has not released a section-by-section score of H.R. 2642, the details that are provided in **able 5** generally are the CBO score of H.R. 1947. Because of the similarities between H.R. 1947 and H.R. 2642, the scores are the same at the title level except for the farm commodity and horticulture titles; differences are noted within **able 5**.

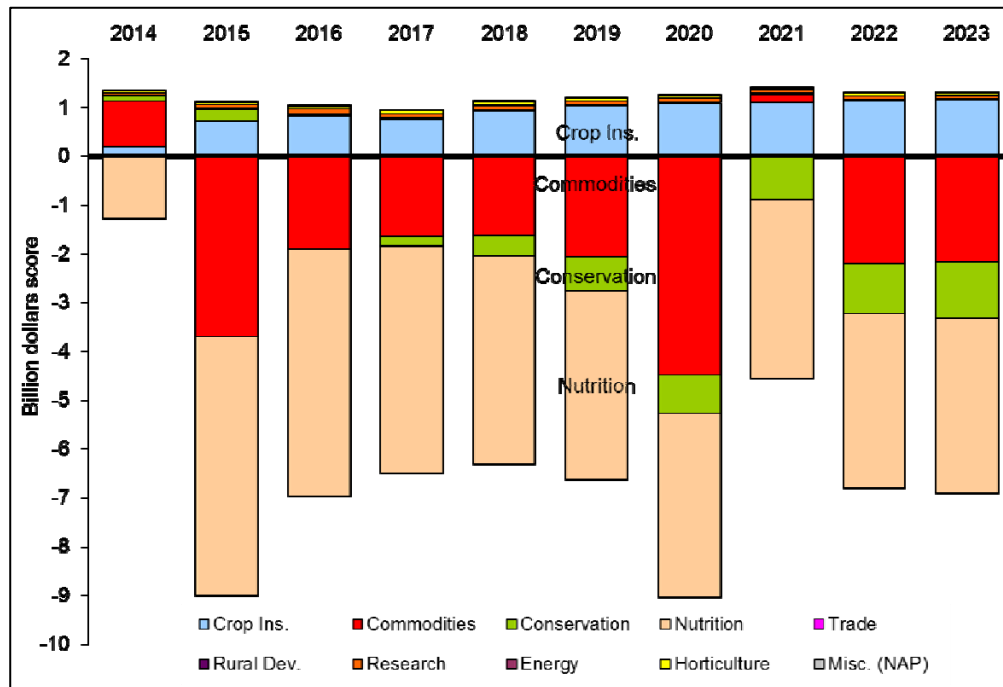
³⁰ The net spending by the farm bill proposals over the next 10 years, if the bills were enacted, would be the same whether one quotes pre- or post-sequestration estimates. Both the baseline and the score would increase by the same amount if sequestration were repealed, leaving the net spending the same.

Figure 6. Score of the 2013 Senate Farm Bill S. 954, by Title and Fiscal Year
(change in outlays in billions of dollars by farm bill title, relative to baseline)



Source: CRS, using CBO cost estimates of S. 954, May 17, 2013.

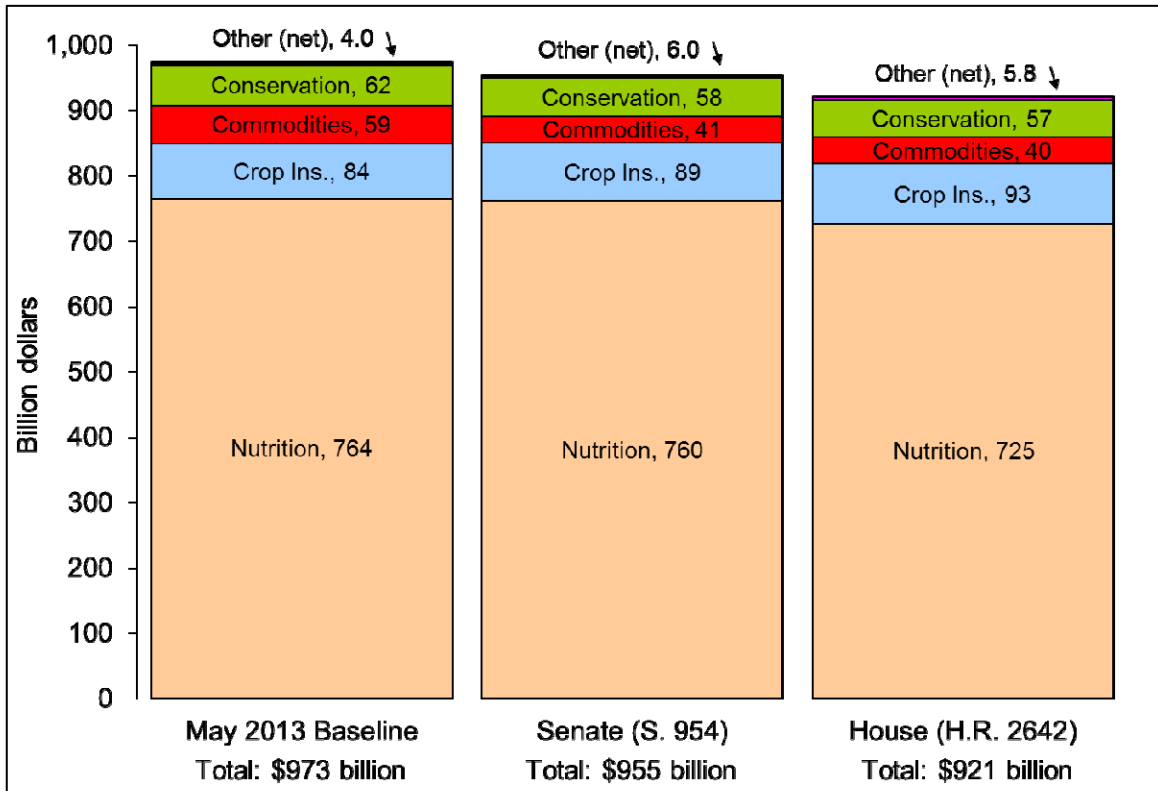
Figure 7. Score of the 2013 House Farm Bill H.R. 2642, by Title and Fiscal Year
(change in outlays in billions of dollars by farm bill title, relative to baseline)



Source: CRS, using CBO cost estimates of H.R. 2642 (July 11, 2013), H.R. 3102 (September 16, 2013), and a supplemental CBO score of Title I of H.R. 2642, as passed (unpublished).

Figure 8. Ten-Year Farm Bill Baseline, and Proposed Outlays under the 2013 Senate and House Farm Bills (S. 954 and H.R. 2642)

(outlays over FY2014-FY2023 in billions of dollars by farm bill title)



Source: CRS, using the CBO May 2013 baseline, and CBO cost estimates of S. 954 (May 17, 2013), H.R. 2642 (July 11, 2013), and H.R. 3102 (September 16, 2013).

Additional Observations

Nutrition and the Farm Safety Net as Shares of the Farm Bill Baseline

The proportion and size of the farm bill budget contained in the nutrition title has increased over time. When the 2008 farm bill was enacted, the nutrition title was 67% of the 10-year total (\$406 billion out of a \$604 billion 10-year projected total).³¹ Five years later, it is 79% of the total (\$764 billion out of a \$973 billion 10-year projected total).

This trend does not mean, however, that the nutrition programs have grown at the expense of the agricultural programs. Likewise, over this period, Congress has not changed the farm bill to increase nutrition spending relative to agricultural programs.

In the CBO baseline, each program is evaluated separately to determine its own expected costs using the formulas in current law. Baseline projections rise and fall based on changes in economic conditions, even without any action by Congress. The following bullets and text box highlight

³¹ See CRS Report R41195, *Actual Farm Bill Spending and Cost Estimates*.

changes in budgetary expectations for SNAP and farm safety net supports from enactment of the 2008 farm bill to the 2013 CBO baseline.

- In recent years, during the recession, the nutrition program baseline rose because food assistance needs increased as the automatic safety net triggered greater payments to more beneficiaries according to formulas in the existing law. The average annualized increase in the SNAP baseline over five years was +13.5%.
- At the same time, the crop insurance baseline increased as expected agricultural market prices rose and caused the insured value of crops (and thus premium subsidies) to grow. The average annualized increase in the crop insurance baseline over five years was +12.3%.
- Conversely, farm commodity program baseline fell as those market prices rose and less counter-cyclical price support was expected. The average annualized change in the farm commodity program baseline over five years was -7.2%. The average annualized change in the combined farm safety net over five years was +1.5%.

Thus, the CBO baseline reflects current economic expectations under current law. The allocation of baseline among titles and the size of each amount is not a zero-sum game when CBO updates the baseline projection over time.

Changes in the SNAP and Agriculture Program Baseline: FY2008-FY2013					
Farm bill titles	2008 Baseline After Enactment of 2008 Farm Bill		2013 Baseline		Average annualized change from 2008-2013
	\$ billion 10 years	Percent	\$ billion 10 years	Percent	
Total: all farm bill programs	604	100%	973	100%	+10.0%
Nutrition	406	67%	764	79%	+13.5%
Non-nutrition	198	33%	208	21%	+1.1%
Crop insurance	47	8%	84	9%	+12.3%
Farm commodities	86	14%	59	6%	-7.2%
Subtotal, farm safety net	133	22%	143	15%	+1.5%
Conservation	55	9%	62	6%	+2.4%
Inflation (GDP price index)	109		118		+1.6%

Source: CRS, using CBO May 2013 baseline and CRS Report R41195, *Actual Farm Bill Spending and Cost Estimates*.

Farm Bill Programs Without Baseline

While some programs (like most farm commodity programs and nutrition assistance) have assumed future funding, other programs (mostly newer ones) do not. Thirty-seven programs that received mandatory funding throughout nearly all titles of the 2008 farm bill do not continue to

have assured funding for the next farm bill. Continuing all of these programs could require an estimated \$9 billion to \$14 billion of offsets from other programs.³²

The one-year extension of the 2008 farm bill in P.L. 112-240 did not provide any additional mandatory funding for any of the 37 programs without baseline. In lieu of mandatory funding, the extension of the farm bill made numerous “authorizations of appropriations” to allow discretionary funding for FY2013, but this did not provide funding. Discretionary funding, subject to availability in a tight budget environment, conceptually could have been provided (but was not) by the appropriations committees in the FY2013 Agriculture appropriation (P.L. 113-6).

Many of the programs without baseline would receive mandatory funding in the five-year farm bills being developed in the 113th Congress. The Senate-passed farm bill would provide more than \$4.5 billion of mandatory funding (over five years) for 25 of the programs. The combination of House-passed farm bills would provide about \$4.9 billion of mandatory funding (over five years) to 14 of the programs.³³

Also, **Table 4** and **Table 5** indicate which programs in a new farm bill might become future concerns because of this issue. The scores for the second five-year period of the budget horizon (FY2019-FY2023) reveal which programs would receive baseline funding beyond the expected five-year life of a new farm bill and which would receive baseline only for the initial five-year window of the bill. For example, the specialty crops research program would receive a 10-year baseline in the Senate bill, but three other research programs would receive baseline only through FY2018. This also is an issue for all of the programs in the Senate bill’s energy and rural development titles, the farmers market promotion program, and outreach for socially disadvantaged farmers, among other programs. The House bill has similar issues, such as for organic research and extension, the beginning farmers development program, the farmers market promotion program, and value-added marketing grants, among other programs.

For more background, see CRS Report R41433, *Expiring Farm Bill Programs Without a Budget Baseline*.

Possible Expiration and Reversion to Permanent Law

The farm commodity programs could become more expensive if left to expire and outdated “permanent law” provisions are resurrected. A set of non-expiring provisions from the 1938 and 1949 farm bills, as amended, remain in statute, but have been suspended by the more recent farm bills. The current suspension of permanent law, as extended in P.L. 112-240, expires after the 2013 crop year (December 31, 2013, for dairy).

No official estimates exist for the budgetary effect of reverting to permanent law. But the support levels under permanent law are likely to be above even the currently high market prices for many commodities. This could result in greater subsidy outlays than under the current baseline. For more information, see CRS Report R42442, *Expiration and Extension of the 2008 Farm Bill*.

³² CRS Report R41433, *Expiring Farm Bill Programs Without a Budget Baseline*.

³³ *Ibid.*, in Table 1.

Budget Sequestration

CBO has said that if sequestration were repealed, the savings scored by the bills would be greater by the amount of sequestration.³⁴ That is, if the baseline were increased by the \$6.4 billion adjustment that has already occurred (restoring the baseline to what would have been \$979 billion), then the farm bill proposals would reduce spending by \$24 billion (Senate bill) and \$58 billion (House bills combined) over the next 10 years.

Such larger amounts of spending reductions sometimes have been referenced in the press, especially for the Senate bill, an earlier House bill (H.R. 1947), and the 2012 farm bill proposals. While the bills would save these amounts if there were no sequestration, the sequestration reductions have occurred without any farm bill action and would remain in effect notwithstanding other action. Unless separate sequestration reversal legislation is enacted, the marginal effects of the farm bill proposals are the official CBO scores such as in **Table 3**.

Moreover, since restoring the sequestration reduction to the baseline would increase the savings in the bills by the same amount as sequestration adjustment, the net spending by the two farm bill proposals (baseline plus score) over the next 10 years would be the same whether one quotes pre- or post-sequestration estimates.

Perspective on Scores and Broad Deficit Reduction Proposals

Several government-wide deficit reduction proposals have included agricultural programs (see the **Appendix**). These proposals sometimes are seen to have affected the level of savings in the current farm bill proposals, either in the total amount or in the components.

The \$24 billion in savings in S. 954—if sequestration reductions were restored—is consistent with the score of the 2012 Senate farm bill proposal (\$23.1 billion) and the savings proposed by the House and Senate Agriculture committees for the Joint Select Committee on Deficit Reduction (a.k.a. the Super Committee) in the fall of 2011. The reduction in S. 954 from the nutrition title (which is not affected by sequestration) is nearly the same as in the Super Committee proposal. And the \$13 billion reduction from commodity programs in the Super Committee proposal was roughly the same as the \$12.4 billion of net savings in S. 954 from the farm commodity program and crop insurance.

For the House bill, the evolution of scores begins with the July 2012 score of \$35.1 billion of savings for H.R. 6083 being consistent with the \$33.2 billion of reconciliation instructions in the FY2013 House budget resolution (H.Con.Res. 112) and the \$35.8 billion of savings identified by the Agriculture Committee for budget reconciliation. A primary difference, though, was that all of the reconciliation savings were from nutrition programs, while more than half of the savings in the subsequent farm bill proposals have been from nutrition programs.

In 2013, H.R. 1947 proposed to make \$33.4 billion of reductions, about the same as year's proposals on first blush. But the bill's effective reduction before the adjustment for sequestration implied a greater than last year, sometimes stated as high as \$39 billion. Compared to the 2012

³⁴ The effect of sequestration on the baseline is explained in the initial CBO estimates of the farm bill drafts prior to markup for the Senate farm bill (p. 2 and Table 4, at <http://cbo.gov/publication/44175>, May 13, 2013) and the House bill (p. 2 and Table 4, at <http://cbo.gov/publication/44177>, May 13, 2013).

House proposal, H.R. 1947 raised the proposed nutrition reduction from \$16.1 billion to \$20.5 billion. When H.R. 1947 failed to pass the House, H.R. 3102 increased the proposed nutrition reduction to \$39 billion, and the combined reduction in H.R. 3102 and H.R. 2642 to \$52 billion. Thus, each iteration of the House proposal has taken the House bill further away from the Senate proposal's budget effect.

Effect on Discretionary Spending

Separate from the mandatory spending figures above, the CBO cost estimates include a projection of discretionary appropriations that would be needed to carry out the authorized farm bill programs. For S. 954 and H.R. 1947, CBO estimated that \$30.1 billion and \$27.4 billion of discretionary appropriations, respectively, would be needed over the five-year period FY2014-FY2018. (A corresponding estimate was not made for H.R. 2642, but it would be similar to that for H.R. 1947 given the similarity in provisions between H.R. 1947 and H.R. 2642.)

However, not all of these amounts represent new programs or spending, since much of the totals are for reauthorizing programs that already are appropriated in the annual Agriculture appropriations bill (e.g., agricultural research). Moreover, these amounts would be subject to annual decisions by the budget committees and the appropriations committees, and may not actually be the indicated amounts.

Table 4. Score of Mandatory Programs in the Senate-Passed 2013 Farm Bill (S. 954)

(change in annual outlays in millions of dollars, relative to baseline)

	Fiscal year										5- and 10-year total	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-18	2014-23
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 ^a	82	6	-11	-11	-10	-10	-10	-11	-11	-11	56	3 ^a
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

	Fiscal year										5- and 10-year total	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-18	2014-23
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 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
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

	Fiscal year										5- and 10-year total	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-18	2014-23
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 outlays	32	39	41	42	43	23	21	22	20	20	197	304
Revenue: Organic Product Promotion Orders	0	-2	-4	-4	-5	-5	-7	-7	-10	-10	-15	-54
Subtotal, Title X	32	37	37	38	38	18	14	15	10	10	182	250
Title XI - Crop Insurance												
Supplemental Coverage Option	14	141	187	208	256	266	287	286	300	303	806	2,247
Catastrophic Crop Insurance Rerating	-4	-38	-50	-52	-52	-53	-54	-55	-55	-56	-196	-469
Enterprise Units Irrigated/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

	Fiscal year										5- and 10-year total	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-18	2014-23
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
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	6	48	-36	-52	-52	-52	-52	-52	-52	-52	-86	-346
Subtotal, Title XII	12	57	-26	-42	-42	-47	-50	-52	-52	-52	-41	-294
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: CBO cost estimate of S. 954 as reported by the Senate Agriculture committee (<http://cbo.gov/publication/44248>, May 17, 2013),

- a. The “administration” entry for Title I combines savings from a payment limitations provision (-\$94 million over 10 years) and a provision for the cost of implementation (+\$97 million over the first two years). The net cost is \$3 million over 10 years.

Table 5. Score of Mandatory Programs in the House-Passed 2013 Farm Bill (H.R. 2642, as combined with H.R. 3102)

(change in annual outlays in millions of dollars, relative to baseline)

	Fiscal year										5- and 10-year totals	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-18	2014-23
Title I - Commodity Programs												
Repeal Direct Payments	0	-4,095	-4,158	-4,538	-4,538	-4,538	-4,538	-4,538	-4,538	-4,538	-17,329	-40,019
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
Farm Risk Management Election	0	0	3,368	3,467	3,244	2,733	293	5,010	2,563	2,693	10,079	23,371
Nonrecourse Marketing Assistance Loans	4	6	7	5	5	4	4	6	6	5	27	52
Sugar Program	0	0	0	0	0	0	0	0	0	0	0	0
Dairy Program ^b	-40	-1	20	10	32	80	99	54	83	81	21	418 ^b
Supplemental Agriculture Disaster Assistance ^c	897	364	314	296	295	297	300	302	303	306	2,166	3,674 ^c
Administration ^d	65	35	-8	-9	-8	-7	-7	-7	-6	-7	75	41 ^d
Subtotal, Title I	926	-3,691	-1,910	-1,647	-1,622	-2,070	-4,479	166	-2,215	-2,159	-7,944	-18,701
Title II - Conservation												
Conservation Reserve Program	20	30	-191	-354	-396	-462	-451	-468	-502	-565	-891	-3,339
Conservation Stewardship Program	-11	-85	-147	-219	-290	-372	-446	-518	-591	-663	-752	-3,342
Environmental Quality Incentives Program	30	58	72	87	101	114	128	128	128	128	348	974
Agricultural Conservation Easement Program	28	149	252	285	191	83	40	27	16	16	905	1,087
Regional Conservation Partnership Program	-1	-3	-3	-3	-3	-3	-3	-3	-3	-3	-13	-28
Other Conservation Programs	47	100	85	48	17	4	4	4	4	4	297	317
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	106	224	34	-199	-431	-696	-797	-899	-1,017	-1,152	-266	-4,827

	Fiscal year										5- and 10-year totals	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-18	2014-23
Title III - Trade	15	15	15	15	15	15	15	15	15	15	75	150
Title IV – Nutrition (originally H.R. 3102, “Nutrition Reform and Work Opportunity Act of 2013”)												
Retailers	-7	-8	-8	-8	-8	-8	-8	-8	-8	-8	-39	-79
Updating Program Eligibility	-535	-1,295	-1,295	-1,270	-1,240	-1,220	-1,200	-1,175	-1,165	-1,160	-5,635	-11,555
Standard Utility Allowances	-190	-840	-940	-950	-950	-950	-950	-960	-970	-990	-3,870	-8,690
Repeal of state work program waiver authority	-600	-3,300	-2,900	-2,500	-2,100	-1,700	-1,600	-1,500	-1,400	-1,400	-11,400	-19,000
Repeal Bonus Program	-48	-48	-48	-48	-48	-48	-48	-48	-48	-48	-240	-480
Pilot Projects to Reduce Dependency	3	5	10	10	2	0	0	0	0	0	30	30
Assistance for Community Food Projects	10	10	10	10	10	10	10	10	10	10	50	100
Emergency Food Assistance	70	71	22	23	23	24	24	25	25	26	209	333
Nutrition Education	-29	-28	-29	-30	-30	-31	-32	-32	-33	-34	-146	-308
Retailer Trafficking	5	5	5	5	5	5	5	5	5	5	25	50
Northern Mariana Islands Pilot Program	1	1	10	10	9	2	0	0	0	0	31	33
Testing applicants for controlled substances	*	*	*	-5	-5	-5	-5	-5	-5	-5	-10	-35
Disqualifications for certain convicted felons	*	*	-1	-1	-2	-2	-3	-3	-4	-5	-4	-21
Expungement of unused SNAP benefits	-5	-10	-10	-10	-10	-10	-10	-10	-10	-10	-45	-95
Pilots to promote work, increase accountability	28	23	18	12	4	-2	-9	-16	-23	-31	85	4
Interactions	15	105	100	95	80	70	70	60	60	60	395	715
Subtotal, Title IV	-1,282	-5,309	-5,056	-4,657	-4,261	-3,865	-3,756	-3,,657	-3,566	-3,590	-20,565	-38,999
Title V - Credit	0	0	0	0	0	0	0	0	0	0	0	0

	Fiscal year										5- and 10-year totals	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-18	2014-23
Title VI - Rural Development												
Rural Econ. Development Loans and Grants	0	2	5	5	5	5	6	6	6	6	17	46
Value-Added Marketing Grants	0	18	15	15	2	0	0	0	0	0	50	50
Subtotal, Title VI	0	20	20	20	7	5	6	6	6	6	67	96
Title VII - Research, Extension, and Related Matters												
Organic Agriculture Research and Extension	10	16	20	20	20	10	4	0	0	0	86	100
Specialty Crop Research	26	40	53	54	60	63	65	65	65	65	232	555
Beginning Farmer and Rancher Development	5	10	16	20	20	15	10	4	0	0	71	100
Acceptance of Facility for Agric. Research	0	1	1	1	1	1	0	0	0	0	4	5
Subtotal, Title VII	41	67	90	95	101	89	79	69	65	65	394	760
Title VIII - Forestry	1	1	1	1	1	0	0	0	0	0	5	5
Title IX - Energy	0	0	0	0	0	0	0	0	0	0	0	0
Title X - Horticulture												
Farmers Market and Local Food Promotion	30	30	30	30	30	0	0	0	0	0	150	150
Specialty Crop Block Grants	9	16	18	18	24	29	30	30	30	30	83	232
Plant Pest and Disease Management	3	8	9	10	16	20	22	24	25	25	46	161
<i>Organic Product Marketing Order</i>	<i>0</i>	<i>1</i>	<i>4</i>	<i>6</i>	<i>8</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>13</i>	<i>16</i>	<i>19</i>	<i>76</i>
Subtotal, Title X outlays	42	55	61	64	77	57	61	64	68	71	298	619
Revenue: Organic Prod. Promotion Orders	0	-2	-4	-4	-5	-5	-7	-7	-10	-10	-15	-54
Revenue: Christmas Tree Promotion Orders	0	0	-1	-1	-1	-1	-1	-1	-2	-2	-3	-10
Subtotal, Title X outlays and revenue	42	53	56	59	71	51	53	56	56	59	280	555

	Fiscal year										5- and 10-year totals	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-18	2014-23
Title XI - Crop Insurance												
Supplemental Coverage Option	26	254	335	366	433	454	484	484	502	511	1,414	3,850
Catastrophic Crop Insurance Rerating	-4	-38	-50	-52	-52	-53	-54	-55	-55	-56	-196	-469
Enterprise Units Irrigated and Nonirrigated	5	47	62	63	64	66	68	69	71	72	241	586
Adjustment in Avg. Producer History Yields	2	21	49	75	102	129	137	139	141	143	248	936
Equitable Relief for Specialty Crop Producers	127	36	37	5	0	0	0	0	0	0	205	205
Crop Production Native Sod Prairie Pothole	0	-4	-8	-11	-15	-16	-16	-16	-16	-16	-38	-118
Coverage Level by Practice	0	2	17	20	21	21	21	22	22	22	60	168
Beginning Farmer and Rancher Provisions	2	20	26	28	31	34	35	36	36	36	106	283
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
Participation Effects of Commodity Programs	0	-9	-87	-104	-92	-63	-52	-60	-54	-53	-291	-574
Subtotal, Title XI	199	725	805	744	923	1,024	1,093	1,101	1,145	1,155	3,396	8,914
Title XII - Miscellaneous												
Outreach to Socially Disadvantaged	5	8	10	10	10	5	2	0	0	0	43	50
Noninsured Crop Assistance Program	1	11	13	13	12	12	12	12	12	12	51	111
Subtotal, Title XII	6	19	23	23	22	17	14	12	12	12	94	161
Net Impact on the Deficit	54	-7,876	-5,922	-5,546	-5,174	-5,430	-7,772	-3,131	-5,499	-5,589	-24,464	-51,886
Nutrition programs (Title IV)	-1,282	-5,309	-5,056	-4,657	-4,261	-3,865	-3,756	-3,657	-3,566	-3,590	-20,565	-38,999
Non-nutrition programs (Other titles except IV)	1,336	-2,567	-866	-889	-913	-1,565	-4,016	-526	-1,933	-1,999	-3,899	-12,887

Source: CRS, using the CBO cost estimates of H.R. 2642 (<http://cbo.gov/publication/44414>, July 11, 2013), H.R. 3102 (<http://cbo.gov/publication/44583>, September 16, 2013), H.R. 1947 (<http://cbo.gov/publication/44271>, May 23, 2013), and a supplemental CBO score of Title I of H.R. 2642, as passed (unpublished).

Note: * = savings of less than \$500,000. Since CBO has not released a section-by-section score of H.R. 2642, the section-by-section details in this table were compiled from the CBO score of H.R. 1947, and a supplemental CBO score of Title I and Title X, as passed (unpublished). H.R. 1947 and H.R. 2642 were very similar except for the absence of the nutrition title; the CBO scores of the titles for the two bills were the same except for the farm commodity and horticulture titles.

- a. Since CBO has not released a section-by-section score of H.R. 2642, the section-by-section details for H.R. 2642 in this table were obtained from the CBO score of H.R. 1947. Because H.R. 1947 and H.R. 2642 are very similar except for the nutrition title, the CBO scores of the titles for the two bills are the same except for the farm commodity and horticulture titles. Differences are noted in the subtotals of the two affected titles, and remain unexplained.
- b. The “dairy program” entry for Title I combines repeal of product price support and MILC (-\$212 million over 10 years), repeal of the dairy export incentives program (-\$50 million over 10 years), basic margin protection (+\$463 million over 10 years), and supplemental margin protection (+217 million over 10 years).
- c. The “supplemental agriculture disaster assistance” entry for Title I combines amounts for the Livestock Forage Program (+\$2,920 million over 10 years), Livestock Indemnity Program (+\$421 million over 10 year), Emergency Assistance for Livestock, Bees, and Farm Fish (+\$233 million over 10 years), Tree Assistance Program (+\$103 million over 10 years), and payment limitations on these payments (-\$3 million over 10 years).
- d. The “administration” entry for Title I combines savings from a payment limitations provision (-\$59 million over 10 years) and a provision for the cost of implementation (+\$100 million over the first two years). The net cost is \$41 million over 10 years.

Appendix. Broad Deficit Reduction Proposals

In February 2010, President Obama created the National Commission on Fiscal Responsibility and Reform to identify changes to balance the budget. Since then, several other government-wide proposals have been made and most have included agriculture to some extent (**Table A-1**).

In these government-wide deficit reduction proposals, cuts from the agriculture committees' baseline range from \$10 billion in the President's Fiscal Commission, \$30 billion in the Bipartisan Policy Center plan, and \$179 billion in the House-passed FY2013 budget resolution. These proposals often are compared to the \$23 billion reduction offered by the leadership of the House and Senate Agriculture Committees to the Joint Select Committee of Deficit Reduction.

Each of these proposals specifically recommended some reduction to the farm commodity programs or crop insurance, and sometimes to export promotion and conservation. Only a subset recommended reductions to nutrition programs. Together, they represent a range of common ideas and the visibility of the agriculture and nutrition spending for deficit reduction.

Table A-1. Broad Deficit Reduction Proposals That Affect Farm Bill Programs

Proposal	Total Farm Bill Reduction	Detailed Provisions	Individual Savings (-) or Costs (+)
1. Bipartisan Policy Center (Domenici-Rivlin Task Force, Nov. 2010)	\$30 billion [2012-2020]	Reduce farm program spending by eliminating farm payments to producers with adjusted gross income greater than \$250,000 and setting a lower maximum payment for direct payments.	-\$15 billion
		Reduce subsidies to private crop insurance companies. Reduce premium subsidy for farmers from 60% to 50%.	-\$9 billion
		Consolidate and cap certain agriculture conservation programs.	-\$6 billion
2. President's Fiscal Commission (Simpson-Bowles, Dec. 2010)	\$10 billion [2012-2020]	Reduce mandatory agricultural programs, including reductions in direct payments, limits on conservation programs (CSP and EQIP), and reductions for the Market Access Program.	-\$15 billion
		Extend disaster assistance programs in the 2008 farm bill.	+\$5 billion
3. House Budget Resolution for FY2012 (H.Con.Res. 34, Apr. 2011)	\$178 billion [2012-2021]	Reduce direct payments, crop insurance subsidies, and export assistance programs.	-\$30 billion
		Convert SNAP into an allotment tailored for each state.	-\$127 billion
		Unspecified remainder, much of which is likely conservation.	-\$21 billion
4. Gang of Six (July 2011)	\$11 billion [10 years]	Require agriculture committees to reduce mandatory spending, and encourage them to protect SNAP (food stamps).	-\$11 billion
5. President's Deficit Reduction Plan (Sept. 2011; amounts updated in Feb. 2012 for FY2013 budget request)	\$32 billion [2013-2022]	Eliminate direct payments. (Ten-year baseline is \$49 billion, but CBO assumes interaction effect from increased enrollment in ACRE. Net effect is shown.)	-\$30 billion
		Reduce crop insurance outlays by (1) reducing administrative and overhead reimbursements to crop insurance companies and (2) reducing premium subsidies to farmers.	-\$7.7 billion
		Extend disaster assistance programs in 2008 farm bill for five years, through 2017.	+\$8 billion
		Reduce conservation payments by better targeting cost-effective programs. Reduce CRP by \$1 billion and EQIP by \$1 billion.	-\$2 billion

Proposal	Total Farm Bill Reduction	Detailed Provisions	Individual Savings (-) or Costs (+)
6. House and Senate Agriculture Committees, for Joint Select Committee on Deficit Reduction (Oct. 2011)	\$23 billion [10 years]	Specific proposal not released, but a draft indicates a plan could eliminate direct payments, develop a new farm safety net with crop insurance, and make changes to conservation, nutrition, and other farm bill programs. Reported savings included:	
		Farm commodity programs (net)	-\$13 billion
		Conservation programs	-\$6 billion
		Nutrition programs	-\$4 billion
7. House Budget Resolution for FY2013 (H.Con.Res. 112, Mar. 2012)	\$179 billion [2013-2022]	<u>Budget resolution (recommendations):</u>	
		Reduce direct payments, crop insurance subsidies, and export assistance programs.	-\$29 billion
		Convert SNAP into an allotment tailored for each state.	-\$134 billion
		Unspecified remainder, likely in conservation programs	-\$16 billion
		----- <u>Reconciliation instructions, by April 27, 2012:</u>	
	\$33.2 billion [2013-2022]	By April 27, 2012, the Agriculture committee must recommend to the Budget committee specific cuts for a \$33.2 billion reduction over FY2012-2022; \$8.2 billion over FY2012-2013; and \$19.7 billion over FY2012-2017.	-\$33.2 billion

Sources: CRS, compiled from the following documents:

- (1) Bipartisan Policy Center, "Restoring America's Future," Nov. 2010, pp. 106-110, at <http://www.bipartisanpolicy.org/sites/default/files/BPC%20FINAL%20REPORT%20FOR%20PRINTER%2002%2028%2011.pdf>;
- (2) National Commission on Fiscal Responsibility and Reform, "The Moment of Truth," Dec. 2010, p. 45, at http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf;
- (3) H.Rept. 112-58 (for H.Con.Res. 34, the FY2012 Budget Resolution), Apr. 2011, pp. 76, 108, and 152;
- (4) Gang of Six, "A Bipartisan Plan to Reduce Our Nation's Deficits," July 2011, p. 3, at <http://warner.senate.gov/public/index.cfm?p=gang-of-six> <http://assets.nationaljournal.com/pdf/071911ConradBudgetExecutiveSummary.pdf>;
- (5) The White House, "Living Within Our Means and Investing in the Future: The President's Plan for Economic Growth and Deficit Reduction," Sept. 2011, available at <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/jointcommitteereport.pdf>; and USDA FY2013 Budget Summary, Feb. 2012, pp. 124-126, at <http://www.obpa.usda.gov/budsum/FY13budsum.pdf>;
- (6) House and Senate Agriculture Committees, letter to Joint Select Committee on Deficit Reduction, Oct. 2011, at <http://agriculture.house.gov/pdf/letters/jointletter111017.pdf>; and press coverage of draft at <http://www.iatp.org/files/Ag%20Committees%20Bicameral%20Agreement%20Draft%202011%20Super%20Committee.pdf>; and Hagstrom Report, "Conrad: Farm Bill Content Now Moving Target," Nov. 8, 2011, at http://www.hagstromreport.com/news_files/110811_farmbill.html;
- (7) H.Rept. 112-421 (for H.Con.Res. 112, the FY2013 Budget Resolution), Mar. 2012, pp. 67-68, 100, 135, 159; and House Committee on Agriculture (minority), "FY2013 Budget-Implications for Agriculture," March 28, 2012, at <http://democrats.agriculture.house.gov/inside/Pubs/FY2013%20Republican%20Budget%20Implications%20for%20Agriculture.pdf>.

Author Contact Information

Jim Monke
Specialist in Agricultural Policy
jmonke@crs.loc.gov, 7-9664