



Expiring Farm Bill Programs Without a Budget Baseline

Jim Monke

Specialist in Agricultural Policy

March 30, 2012

Congressional Research Service

7-5700

www.crs.gov

R41433

CRS Report for Congress

Prepared for Members and Committees of Congress

Summary

The Food, Conservation, and Energy Act of 2008 (P.L. 110-246, the 2008 farm bill) authorizes most federal farm and food policies. Its authorizations generally expire at the end of FY2012, or with the 2012 crop year for the farm commodity programs. People are discussing the future of agricultural policy, and the House and Senate Agriculture Committees are preparing legislation for a possible 2012 farm bill.

The farm bill provides the mandatory funding for many farm bill programs, including the farm commodity programs and some nutrition, conservation, research, bioenergy, and rural development programs. Funding to write the next farm bill will be based on the baseline projection of the cost of these farm bill programs by the Congressional Budget Office (CBO), and on varying budgetary assumptions about whether programs will continue.

Some farm bill programs have baseline beyond the end of the 2008 farm bill, while others do not. Those with continuing baseline essentially have built-in future funding if policymakers decide the programs should continue in their current form. However, 37 programs that received mandatory funds during the 2008 farm bill are not assumed to continue from a budgetary perspective because they do not have a budgetary baseline beyond FY2012. If policymakers want to continue these programs in the next farm bill, they will need to pay for the programs with offsets.

Depending on the approach used to estimate a cost to extend the 37 programs for five years, an estimated \$9 billion to \$14 billion of offsets from other sources may be needed. This is nearly 3% of the \$507 billion five-year CBO baseline for farm bill programs (FY2013-FY2017), or 13% of the \$108 billion five-year baseline if the nutrition title is excluded. Finding this level of offsets may be a difficult task in a tight budget environment, especially when many observers believe that some of the farm bill baseline may be lost to deficit reduction.

The 37 provisions without baseline beyond FY2012 are spread among 12 of the 2008 farm bill's 15 titles. The title with the most such provisions is the energy title (8), followed by conservation (5), nutrition (5), and horticulture and organic agriculture (5). Just two of the provisions—the agricultural disaster assistance program and the Wetlands Reserve Program, each with uncertainty about future costs—account for about 80% of the value of programs without future baseline.

Contents

Introduction.....	1
Programs Without Baseline After FY2012	2
Programs Grouped by Title of the 2008 Farm Bill	3
Programs Grouped by Degree of Cost Uncertainty	4
Programs Grouped by Duration of Use of Mandatory Funding.....	9

Tables

Table 1. Titles in the 2008 Farm Bill Containing Programs Without Baseline After FY2012	3
Table 2. Programs in the 2008 Farm Bill Without Budget Baseline After FY2012.....	5

Contacts

Author Contact Information.....	10
Acknowledgments	10

Introduction

The Food, Conservation, and Energy Act of 2008 (P.L. 110-246)—the 2008 farm bill—authorizes and determines most federal farm and food policies.¹ The farm bill also provides funding for mandatory programs because they were paid for at the time the farm bill was enacted.²

The farm bill's mandatory programs include the farm commodity programs, some nutrition and conservation programs, and various smaller research, bioenergy, and rural development programs. These amounts are shown in the Congressional Budget Office (CBO) budget scores and baseline projections for mandatory spending (direct spending). CBO develops the baseline under the supervision of the House and Senate Budget Committees.³

The CBO baseline projection is an estimate at a particular point in time of what federal spending on mandatory programs likely would be under current law. The baseline serves as a benchmark or starting point for the budget. When new provisions are introduced that affect mandatory spending, their impact (or “score”) is measured as a difference from the baseline. Increases in cost above the baseline may be subject to budget constraints such as PAYGO.⁴

Some farm bill programs have baseline beyond the end of the 2008 farm bill, while others do not. This funding issue—and the difficult budget dynamics that it might cause for the next farm bill—was identified by the chief economist of the House Agriculture Committee in early 2009.⁵ It subsequently has been mentioned by members in hearings.⁶

From a budget perspective, programs with a continuing baseline are assumed to go on under current law, and have their own funding if policymakers want them to continue.⁷ That future funding also may be used as a budgetary offset to fund other programs or for deficit reduction.

However, 37 programs that received mandatory funding in the 2008 farm bill do not have any baseline beyond the end of the farm bill (**Table 1** and **Table 2**) and are not assumed to continue under budget rules. To continue them for five years in the next farm bill, an estimated \$9 billion to \$14 billion may be needed and offsets from other programs could be necessary.

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

² Actual outlays in the future may be higher or lower depending on market conditions or participation, with no corresponding costs being charged or savings being credited to the agriculture committees. The farm bill also makes “authorizations of appropriations” for discretionary programs, but these funds are paid for in the appropriations process rather than in the farm bill (see CRS Report R41964, *Agriculture and Related Agencies: FY2012 Appropriations*).

³ For more information, see CRS Report 98-560, *Baselines and Scorekeeping in the Federal Budget Process*.

⁴ See CRS Report R41157, *The Statutory Pay-As-You-Go Act of 2010: Summary and Legislative History*.

⁵ Craig Jagger, Chief Economist of House Agriculture Committee (now minority), slides 53-54 in “Understanding the Congressional Budget Process and How It Affects Farm Policy,” presentation to the University of Arkansas, April 21, 2009, at http://agribus.uark.edu/Craig_Jagger_lecture.ppt. “[S]topping funding early means that the program does not earn a baseline. Without a baseline, there are no funds for continuing the program in future legislation.... New funding will need to be found for the 2012 farm bill to continue programs that were stopped after five years.”

⁶ For example: Frank Lucas, Chair of House Agriculture Committee (then ranking member), at “Hearing to Preview U.S. Agriculture Policy in Advance of the 2012 Farm Bill,” April 21, 2010. “This next farm bill is shaping up to be one of the most difficult.... There are many challenges. Not least of all is the uncertainty of the budget parameters.... Many of the popular conservation programs do not have funding past 2012. In essence, we already start with a deficit.”

⁷ For example, the March 2012 CBO baseline for the farm commodity programs, conservation programs, crop insurance, and trade programs is available at <http://cbo.gov/publication/43053>.

Programs Without Baseline After FY2012

Thirty-seven provisions in the 2008 farm bill received mandatory budget authority but are not assumed to receive such funding in the budget baseline beyond the end of the farm bill. If policymakers want to continue these programs in the next farm bill, they will need to pay for the programs with offsets from other sources.

The amount of mandatory funds that might be needed to extend these 37 programs is estimated here to be about \$9 billion to \$14 billion over a five-year period (**Table 1**), depending on the approach to estimate costs.⁸ The cost was separately estimated in 2010 by a House Agriculture Committee economist at \$9 billion.⁹ These amounts are nearly 3% of the \$507 billion five-year CBO baseline for farm bill programs (FY2013-FY2017, based on the March 2012 baseline), or 13% of the \$108 billion five-year baseline if the nutrition title is excluded.¹⁰ It would cost even more to try to extend the programs for a longer time so that they could have baseline beyond the next farm bill.

Normally, a program that receives mandatory funding in the last year of its authorization will be assumed to continue at that level of funding in the budget baseline 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 because

- 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 and agriculture committees did not give the program a baseline in the years beyond the farm bill in order to reduce the program's 10-year cost at the time the farm bill was written.¹¹

The 37 programs without baseline beyond FY2012 can be grouped in several ways: by title of the farm bill, by the degree of uncertainty in the cost, and by the duration of the use of mandatory funding in the 2008 farm bill.

⁸ Estimates are derived under two different approaches discussed in the next section: (1) the CBO cost at the time of enactment in 2008, and (2) the most recent CBO baseline of program costs.

⁹ In 2010, Craig Jagger, Chief Economist of the House Agriculture Committee (now minority), estimated about \$9 billion as the cost to continue programs without baseline, using the March 2010 CBO data. See "Federal Budget Issues & the Next Farm Bill," Farm Foundation Forum, "Budget Implications for the Next Farm Bill," September 14, 2010, slide 45, at http://www.farmfoundation.org/news/articlefiles/363-Jagger_Budget_Color_Farm%20Found_09-14-10.pdf.

¹⁰ For more background on farm bill baselines and actual spending, see CRS Report R41195, *Actual Farm Bill Spending and Cost Estimates*.

¹¹ 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 2012 to 2022*, pp. 11 and 64, at http://www.cbo.gov/sites/default/files/cbofiles/attachments/01-31-2012_Outlook.pdf).

Table 1. Titles in the 2008 Farm Bill Containing Programs Without Baseline After FY2012

(titles in the Food, Conservation, and Energy Act of 2008 with provisions that receive mandatory budget authority, but are not assumed to continue in the budget baseline beyond FY2012)

Ranked by Number of Provisions		Ranked by Cost of Provisions		
Farm Bill Title	Number of provisions	Farm Bill Title	Estimated cost to extend under two approaches (\$ million, 5 yrs.) ^a	
			CBO score at 2008 passage ^b	CBO baseline in March 2012 ^b
Energy	8	Agricultural Disaster Assistance	4,846	9,000
Conservation	5	Conservation	2,105	2,725
Nutrition	5	Energy	1,112	1,162
Horticulture and Organic Agriculture	5	Research	383	383
Rural Development	3	Miscellaneous	175	175
Research	3	Rural Development	150	150
Trade	2	Trade	144	144
Miscellaneous	2	Horticulture and Organic Agriculture	95	95
Farm Commodity Programs	1	Farm Commodity Programs	50	50
Forestry	1	Forestry	39	39
Livestock	1	Nutrition	31	31
Agricultural Disaster Assistance	1	Livestock	1	1
Total	37	Total	9,131	13,955

Source: Compiled by CRS using P.L. 110-246; the CBO score of the 2008 farm bill; the March 2012 CBO baseline; and Reuters, "High price tag to revive U.S. farm disaster programs," May 11, 2011.

Notes: The provisions selected had mandatory budget authority at some time during the 2008 farm bill, but do not have baseline beyond FY2012. Amounts are estimates and are the five-year funding specified in statute or, if unspecified, either the CBO score at enactment in 2008 or updated for newer CBO data. Amounts for two estimated conservation programs are CBO's actual amounts from FY2008 to FY2011 and the projection for FY2012; the amount for biomass crop assistance (part of energy) is the FY2012 projection multiplied by 5; and the amount for disaster assistance was cited in the press as a CBO score in May 2011 (see **Table 2** for details).

a. Unofficial estimates in the absence of projections by CBO that would be based on proposed legislation.

b. If a fixed amount was specified in the 2008 farm bill, then that amount is used in both cost columns.

Programs Grouped by Title of the 2008 Farm Bill

Programs without baseline beyond FY2012 are spread among 12 of the 2008 farm bill's 15 titles (**Table 1**). The title with the most such provisions is the energy title (8), followed by conservation (5), nutrition (5), and horticulture and organic agriculture (5).

The ranking among the titles is much different based on the dollar amounts that might be needed to continue the provisions in the next farm bill (the right half of **Table 1**). The title with the largest cost to extend programs without baseline is agricultural disaster assistance (\$4.8 billion to \$9 billion, depending on the estimation approach), followed by conservation (\$2.1 billion to \$2.7 billion), energy (\$1.1 billion to \$1.2 billion), and research (\$383 million).

Programs Grouped by Degree of Cost Uncertainty

Farm bill funding typically is specified as either (1) a fixed dollar amount or (2) “such sums as necessary” to operate a program under specified provisions (the “type” column in **Table 2**).

For the fixed dollar amount programs (type = “fixed”), the five-year cost to continue a provision is assumed to equal the five-year sum of the funding specified in the 2008 farm bill. Given the likelihood of a “baseline farm bill”—that is, a farm bill without additional funding to increase spending—or a farm bill facing deficit reduction, many people believe that it is unlikely that any or many of these programs could see an increase above what they received in the 2008 farm bill.

Fixed-dollar funding was specified for 33 of the 37 provisions in the 2008 farm that do not have baselines beyond 2012. The total five-year amount for these 33 programs was about \$2.4 billion, which is about one-fourth of the total of the provisions without baseline (**Table 2**).¹²

For the “such sums as necessary” programs (type = “estimated”), CBO estimates how much the provision is expected to cost. The estimated five-year cost to extend a provision was computed under two different approaches:

- the CBO cost estimates at the time of enactment of the 2008 farm bill, and
- the most recent CBO baseline projection based on more recent estimates.

As with the fixed-dollar amounts, these are unofficial estimates in the absence of projections by CBO that would be based on actual proposed legislation. Presenting estimates from both approaches helps provide a range of costs and indicates where uncertainty is more apparent.¹³

Only 4 of the 37 provisions without baseline have “such sums as necessary” funding. They account for the difference in the costs between the two approaches (the two cost columns). Although fewer in number than the fixed-amount group, they account for \$6.7 billion to \$11.5 billion (depending on the approach), which is about 80% of the total for provisions without baseline (**Table 2**).

In the 2008 farm bill, Congress indicated its relative priorities for programs by the tradeoff or allocation of budgetary resources among programs. If a proposal was deemed too expensive during legislative development, its parameters may have been tightened to reduce costs. After enactment, some “such sums as necessary” programs may become more expensive than first estimated. If selected for continuation, would the program continue at its current higher cost, or be redesigned in the next farm bill to cost less? Thus, which of the two approaches is better depends on whether one believes Congress would change program parameters, for example, to reduce a program that has become more expensive than initially expected, or whether Congress would continue current program provisions and pay a higher cost than in 2008.

¹² Other approaches are possible, such as, for example, assuming that programs continue at the level of their last year of authorization (an approach sometimes used for programs with continuing baseline). Some fixed-cost programs receive increasing amounts over time, with the largest amount in FY2012 (examples are apparent in the “comments” column of **Table 2**). If the last year of the authorization (FY2012) were used as the cost to continue the programs, the cost to extend the 33 fixed-cost provisions would be about \$500 million higher than the \$2.4 billion estimate.

¹³ Other approaches also are possible (see footnote 12). Assumptions within these approaches also may lead to different results, such as the length of time that agricultural disaster assistance might be extended, or implementation and regulatory decisions for the biomass crop assistance program (BCAP), as discussed in notes to **Table 2**.

Table 2. Programs in the 2008 Farm Bill Without Budget Baseline After FY2012
(provisions in the Food, Conservation, and Energy Act of 2008 that receive mandatory budget authority,
but are not assumed to continue in the budget baseline beyond FY2012)

					Estimated cost to extend (\$ million, 5 yrs.) ^{Error!}	
					Reference source not found.	
Section	Name of Provision	Comments	Term^b	Type^c	CBO score at 2008 passage^d	CBO baseline in March 2012^d
Farm Commodity Programs						
Sec. 1622	Implementation (of farm commodity programs in Title I)	\$50 million in FY2009 to the Farm Service Agency to help implement the farm bill. Such expenses usually are discretionary.	Short	Fixed	50	50
Subtotal, Farm Commodity Programs					50	50
Conservation						
Sec. 2202	Wetlands Reserve Program	3.04 million acres to be enrolled through FY2012. The 2008 farm bill added \$128-338 million of costs to baseline annually.	Full	Est.	1,460	2,100 ^e
Sec. 2403	Grassland Reserve Program	1.22 million additional acres to be enrolled during FY2009-2012. The farm bill added \$63-80 million of costs to baseline annually.	Full	Est.	320	300 ^e
Sec. 2606	Voluntary Public Access and Habitat Incentive Program	\$50 million for the period FY2009-2012, made available in FY2009.	Short	Fixed	50	50
Sec. 2803	Small Watershed Rehabilitation Program	\$100 million in FY2009, to remain available until expended. Discretionary appropriations also are authorized.	Short	Fixed	100	100
Sec. 2807	Desert Terminal Lakes	\$175 million in FY2008, to remain available until expended (transfer from USDA to Dept. of Interior's Bureau of Reclamation).	Short	Fixed	175	175
Subtotal, Conservation					2,105	2,725
Trade						
Sec. 3106	McGovern-Dole International Food for Education and Child Nutrition Program	\$84 million in FY2009, to remain available until expended. It also receives annual discretionary appropriations (e.g., \$184 million in FY2012).	Short	Fixed	84	84
Sec. 3206	Local and Regional Food Aid Procurement Projects	\$5 million in FY2009, \$25 million in FY2010 and FY2011, and \$5 million in FY2012. Results of pilot program to be evaluated.	Full	Fixed	60	60
Subtotal, Trade					144	144
Nutrition						
Sec. 4141	Pilot projects to evaluate health and nutrition promotion in the supplemental nutrition assistance program	\$20 million of mandatory funds in FY2009, to remain available until expended. Discretionary appropriations also are authorized.	Short	Fixed	20	20

					Estimated cost to extend (\$ million, 5 yrs.) ^{Error!}	
					Reference source not found.	
Section	Name of Provision	Comments	Term ^b	Type ^c	CBO score at 2008 passage ^d	CBO baseline in March 2012 ^d
Sec. 4142	Study on Comparable Access to Supplemental Nutrition Assistance for Puerto Rico	\$1 million of mandatory funds in FY2009, to remain available until expended.	Short	Fixed	1	1
Sec. 4305	Whole Grain Products (for school lunches and breakfasts)	\$4 million of Section 32 funds to be made available in FY2009 (CBO estimate).	Short	Fixed	4	4
Sec. 4307	Survey of Foods Purchased by School Food Authorities	\$3 million in FY2009.	Short	Fixed	3	3
Sec. 4402	Assistance For Community Food Projects: Healthy Urban Food Enterprise Development Center	\$1 million in each of FY2009-2011. Discretionary appropriations are authorized at \$2 million for FY2012.	Short	Fixed	3	3
Subtotal, Nutrition					31	31
Rural Development						
Sec. 6022	Rural Microentrepreneur Assistance Program	\$4 million in each of FY2009-2011 and \$3 million in FY2012.	Full	Fixed	15	15
Sec. 6029	Funding of Pending Rural Development Loan and Grant Applications	\$120 million in FY2008, to remain available until expended, to reduce a backlog of approved applications. Discretionary appropriations usually fund these programs.	Short	Fixed	120	120
Sec. 6202	Value-Added Agricultural Market Development Program Grants	\$15 million in FY2009, to remain available until expended. It also receives annual discretionary appropriations.	Short	Fixed	15	15
Subtotal, Rural Development					150	150
Research						
Sec. 7206	Organic Agriculture Research and Extension Initiative	\$18 million in FY2009, and \$20 million in each of FY2010-2012.	Full	Fixed	78	78
Sec. 7311	Specialty Crop Research Initiative	\$30 million in FY2008, and \$50 million in each of FY2009-2012.	Full	Fixed	230	230
Sec. 7410	Beginning Farmer and Rancher Development	\$18 million in FY2009, and \$19 million in each of FY2010-2012.	Full	Fixed	75	75
Subtotal, Research					383	383
Forestry						
Sec. 8205	Healthy Forests Reserve Program	\$9.75 million each year for FY2009-2012, to remain available until expended.	Full	Fixed	39	39
Subtotal, Forestry					39	39
Energy						
Sec. 9002	Biobased Markets Program	\$1 million in FY2008, and \$2 million each year for FY2009-2012.	Full	Fixed	9	9

					Estimated cost to extend (\$ million, 5 yrs.) ^{Error!}	
					Reference source not found.	
Section	Name of Provision	Comments	Term ^b	Type ^c	CBO score at 2008 passage ^d	CBO baseline in March 2012 ^d
Sec. 9003	Biorefinery Assistance	\$75 million in FY2009, and \$245 million in FY2010. Discretionary appropriations also are authorized.	Short	Fixed	320	320
Sec. 9004	Repowering Assistance	\$35 million in FY2009, to remain available until expended. Discretionary appropriations also are authorized.	Short	Fixed	35	35
Sec. 9005	Bioenergy Program for Advanced Biofuels	\$55 million in each of FY2009-FY2010, \$85 million in FY2011, and \$105 million in FY2012, to remain available until expended.	Full	Fixed	300	300
Sec. 9006	Biodiesel Fuel Education Program	\$1 million in each of FY2008-2012.	Full	Fixed	5	5
Sec. 9007	Rural Energy For America Program (REAP)	\$55 million in FY2009, \$60 million in FY2010, and \$70 million in each of FY2011-2012, to remain available until expended.	Full	Fixed	255	255
Sec. 9008	Biomass Research and Development	\$20 million in FY2009, \$28 million FY2010, \$30 million in FY2011, and \$40 million in FY2012, to remain avail. until expended.	Full	Fixed	118	118
Sec. 9011	Biomass Crop Assistance Program	Indefinite appropriation of mandatory funds (such sums as necessary) for FY2008-2012.	Full	Est.	70	120 ^f
Subtotal, Energy					1,112	1,162
Horticulture and Organic Agriculture						
Sec. 10106	Farmers' Market Promotion Program	\$3 million in FY2008, \$5 million in each of FY2009-FY2010, and \$10 million in each of FY2011-FY2012.	Full	Fixed	33	33
Sec. 10202	National Clean Plant Network	\$5 million in each of FY2009-2012, to remain available until expended.	Full	Fixed	20	20
Sec. 10301	National Organic Certification Cost-Share	\$22 million in FY2008, to remain available until expended.	Short	Fixed	22	22
Sec. 10302	Organic Production and Market Data Initiatives	\$5 million in FY2008, to remain avail. until expended. Discretionary also is authorized.	Short	Fixed	5	5
Sec. 10404	Market Loss Assistance for Asparagus Producers	\$15 million in FY2008 for market loss payments for the 2004-2007 crop years.	Short	Fixed	15	15
Subtotal, Horticulture and Organic Agriculture					95	95
Livestock						
Sec. 11009	National Sheep Industry Improvement Center	\$1 million in FY2008, to remain available until expended.	Short	Fixed	1	1
Subtotal, Livestock					1	1

Estimated cost to extend (\$ million, 5 yrs.)^{Error!}
Reference source not found.

Section	Name of Provision	Comments	Term ^b	Type ^c	CBO score at 2008 passage ^d	CBO baseline in March 2012 ^d
Agricultural Disaster Assistance						
Sec. 12033 and Sec. 15101	Supplemental agricultural disaster assistance, including establishing the Agricultural Disaster Relief Trust Fund	Authorized for FY2008-FY2011. CBO estimated in 2008 that the cost would be \$4.846 billion over 4 years ending in FY2011. The March 2012 baseline projects \$5.9 billion of outlays for the 4-year life of the provision. Reuters reported in 2011 a CBO score of \$9 billion for a 5-year extension. ^g	Short	Est.	4,846	9,000 ^g
Subtotal, Agricultural Disaster Assistance					4,846	9,000
Miscellaneous						
Sec. 14004	Outreach and Technical Assistance for Socially Disadvantaged Farmers or Ranchers	\$15 million in FY2009, and \$20 million each year for FY2010-2012.	Full	Fixed	75	75
Sec. 14012	Determination on Merits of Pigford Claims	\$100 million in FY2008, to remain available until expended.	Short	Fixed	100	100
Subtotal, Miscellaneous					175	175
Total: 37 provisions in 2008 farm bill without baseline beyond FY2012^a					9,131	13,955
Subtotals by term (or duration) of mandatory funding						
20 provisions with short-term use of mandatory funds in the 2008 farm bill			Short		5,969	10,123
17 provisions with full-term use of mandatory funds in the 2008 farm bill			Full		3,162	3,832
Subtotals by type of certainty about costs						
33 provisions where cost is fixed or known in the farm bill				Fixed	2,435	2,435
4 provisions where cost is estimated based on implementation				Est.	6,696	11,520

Source: Compiled by CRS using P.L. 110-246; the CBO score of the 2008 farm bill (at enactment against the March 2008 baseline, May 12, 2008, unpublished); the March 2012 CBO baseline (<http://cbo.gov/publication/43053>); and Reuters, "High price tag to revive U.S. farm disaster programs," May 11, 2011, at <http://www.reuters.com/article/2011/05/12/us-agriculture-disasters-aid-idUSTRE74B01N20110512>.

- Unofficial estimates in the absence of projections by CBO that would be based on proposed legislation.
- Provisions were identified as having either short-term or full-term mandatory funding. Provisions selected as *short-term* have mandatory budget authority at some time in the early years of the 2008 farm bill, but no new mandatory budget authority in the last year (FY2012). Provisions selected as *full-term* have mandatory budget authority at least during the last year of the farm bill, but no baseline beyond FY2012. Provisions with full-term funding may not have an extended baseline either because (1) the funding during the last year of a farm bill is below a minimum \$50 million scoring threshold that is needed to continue a baseline, or (2) the budget and agriculture committees did not give the program a baseline in the years beyond the farm bill in order to reduce the program's 10-year cost at the time the farm bill was written.
- The cost of provisions is identified as either fixed or estimated. For fixed-cost programs, the cost is specified by statute and equals the five-year funding provided in 2008 farm bill. For programs with estimated costs, the cost to extend the provision depends on assumptions relevant for the heading of each column.
- If a fixed amount was specified in the 2008 farm bill, then that amount is used in both cost columns.

- e. Costs for WRP and GRP are CBO's actual amounts from FY2008 to FY2011 and the projection for FY2012.
- f. Because USDA's implementation rules for the biomass crop assistance program changed in 2010, this estimate is CBO's projected cost in FY2012 (\$24 million) multiplied by five years. This estimate may be low, however, because BCAP might have operated at a higher level if appropriations acts had not placed limits on BCAP in recent years.
- g. This cost estimate was cited in the press as a CBO score in May 2011 (Reuters, "High price tag to revive U.S. farm disaster programs," at <http://www.reuters.com/article/2011/05/12/us-agriculture-disasters-aid-idUSTRE74B01N20110512>). At an average of \$1.8 billion per year, the five-year \$9 billion estimate is higher than the historical \$5.9 billion four-year cost of the supplemental agricultural disaster program (an average of \$1.5 billion per year). This estimate is sensitive to assumptions about interactions with crop insurance and other agricultural support programs.

Programs Grouped by Duration of Use of Mandatory Funding

In terms of the length of time that mandatory funding is used, 20 provisions in the 2008 farm bill provided mandatory funding only in the early years of the 2008 farm bill (FY2008-FY2011). These are estimated to cost \$6 billion to \$10 billion if they are extended in the next farm bill (depending on the approach to estimate costs). Seventeen other provisions provided mandatory funding for the entire duration of the farm bill. These are estimated to cost \$3.2 billion to \$3.8 billion if they are extended for five years (the "term" column in **Table 2**).

This distinction may be important for some observers because programs without full-term funding may not be prioritized as highly as programs receiving full-term funding. Some of the provisions were given short-term funding to help begin implementation or to fund a backlog of unfunded obligations. Other programs received a short-term infusion of mandatory funding and may be authorized to receive discretionary appropriations. These programs may have authority to operate for the full term of the 2008 farm bill, regardless of the duration of mandatory funding.

The provisions listed with full-term funding do not have baseline either because their cost is relatively small (less than the \$50 million scoring threshold in FY2012) or because the budget scoring at the time the 2008 farm bill was enacted did not assign a cost or give the program a baseline for the second five years of the scoring window (to make the bill less expensive, as discussed above in footnote 11).

Some of these programs are pilot programs or are new programs without a large or established constituency (e.g., local and regional foreign food aid procurement, or the national clean plant network). Six of them are bioenergy programs, and five affect specialty crops or beginning and minority farmers. Others are relatively established programs, such as the wetlands reserve and grasslands reserve programs in conservation.

In summary, 37 programs received mandatory funding in the 2008 farm bill, but do not have any baseline for a new farm bill because their funding stopped before FY2012, their amounts are below scoring thresholds, or they were intentionally unfunded for future years. An estimated \$9 billion to \$14 billion would be needed to continue these programs for five more years. Congress would need to find offsets from other sources to continue them, a difficult task in a tight budget environment.

Author Contact Information

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

Acknowledgments

Craig Jagger provided valuable expertise on the subject and helpful peer review.