



# Actual Farm Bill Spending and Cost Estimates

**Jim Monke**

Specialist in Agricultural Policy

**Renée Johnson**

Specialist in Agricultural Policy

October 7, 2010

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

R41195

## Summary

The Food, Conservation, and Energy Act of 2008 (P.L. 110-246), enacted into law in June 2008, is the most recent omnibus farm bill and guides most federal farm and food policies. The 112<sup>th</sup> Congress likely will consider reauthorization of the 2008 farm bill, because much of the current law expires in 2012. The omnibus nature of the farm bill—including diverse constituencies supporting farm subsidies, food stamps, conservation, bioenergy, and international food aid—helps generate interest across Congress to support passage. However, increasingly tight budgetary resources prompted Chairman Peterson of the House Agriculture Committee to initiate hearings in early 2010. The Administration already has submitted budget proposals to reduce farm supports, an approach at odds with that of many farm sector advocates, who support the status quo.

When the 2008 farm bill was enacted, the Congressional Budget Office (CBO) estimated its total cost (i.e., baseline plus new funding outlays, using the March 2007 baseline) at \$284 billion over five years (FY2008-FY2012) and \$604 billion over ten years (FY2008-FY2017). These costs reflected mandatory outlays that do not require appropriations action. Available information reflecting more recent CBO estimates for FY2010-FY2012 and actual expenditures for FY2008-FY2009 indicate that five-year spending on most major farm bill programs will likely be below that estimated by CBO in 2008, while spending for domestic food assistance programs under the 2008 farm bill will almost certainly be much greater than previously estimated.

More specifically, when the 2008 farm bill was enacted, CBO estimated that the five-year cost (FY2008-FY2012) for the major farm support programs—commodities, conservation, crop insurance, renewable energy, and exports—would be \$83.3 billion, or an average of \$16.7 billion per year. More current CBO projections, which include actual spending in FY2008 and FY2009 for these programs, show that spending for these programs is expected to total \$86.7 billion (an average of \$17.3 billion per year), or \$3.4 billion above the five-year 2008 CBO estimate. Most of the difference between the 2008 estimate and more recent estimates, however, is attributable to higher than expected crop insurance spending (\$6.7 billion above estimates in 2008), which is offset by lower than expected spending for farm commodity and farm conservation programs. Estimated spending for the Supplemental Nutrition Assistance Program or SNAP (food stamps) over the five-year period is significantly higher than originally projected in 2008 (\$188.9 billion estimated in 2008, compared to the more current estimate of \$314.3 billion), reflecting additional spending because of provisions in the American Recovery and Reinvestment Act (ARRA), higher food costs, and increasing program participation rates due to the recession.

Similar to the conditions during debate on the 2008 farm bill, the upcoming farm bill debate is likely to be driven in part by relatively large budget deficits and growing demands for fiscal constraint. As Congress moves toward considering reauthorization of the omnibus farm bill, questions about the cost of the farm bill and cost considerations among different farm bill programs will become more prominent. Among the types of questions frequently asked about farm bill spending are: What is the estimated cost of the current 2008 farm bill? How much more or less has actually been spent on the 2008 farm bill than was estimated at the time of enactment? What is the estimated cost of some of the major programs in the 2008 farm bill? This report begins to answer some of these questions and provides updated information on actual expenditures for some programs and baseline projections by CBO for spending under current law.

## **Contents**

Background .....	1
2008 Farm Bill.....	1
Budgetary Considerations During the 2008 Debate.....	1
CBO-Estimated Costs Upon Enactment in 2007/2008 .....	3
Actual Costs and Updated Cost Projections .....	5
Farm Bill Reauthorization .....	7

## **Tables**

Table 1. CBO-Estimated 5-Year and 10-Year Costs, 2008 Conference Agreement on the Farm Bill (P.L. 110-246) .....	4
Table 2. Reported Actual Expenditures (FY2002-FY2009) and Updated CBO Baseline Projections (FY2010-FY2012) for Selected 2008 Farm Bill Categories of Spending.....	6
Table 3. Cost of the 2008 Farm Bill, Actual (FY2008-FY2009) and Current Baseline Projections (FY2010-FY2012) versus CBO Estimate at Enactment.....	7

## **Contacts**

Author Contact Information .....	8
----------------------------------	---

## **Background**

The 112<sup>th</sup> Congress likely will consider reauthorization of the 2008 farm bill because much of the current law expires in 2012. The 2008 farm bill (P.L. 110-246, the Food, Conservation, and Energy Act of 2008), enacted into law on June 18, 2008, is the most recent omnibus farm bill. This bill succeeded the 2002 farm bill<sup>1</sup> and is to guide most federal farm and food policies through FY2012. The farm bill covers a wide range of programs and provisions, and undergoes review and reauthorization roughly every five years.

The 2008 farm bill contains 15 titles governing commodity price and income supports, farm credit, trade, agricultural conservation, research, rural development, energy, and foreign and domestic food programs such as food stamps and certain other nutrition programs, among other programs. The omnibus nature of the farm bill—including diverse constituencies supporting farm subsidies, food stamps, conservation, bioenergy, and international food aid—helps generate interest across Congress to support passage. The box below shows the titles of the 2008 farm bill and briefly describes some provisions in each title. More information on individual titles and programs in the 2008 farm bill is in CRS Report RL34696, *The 2008 Farm Bill: Major Provisions and Legislative Action*.

Similar to the conditions during debate on the 2008 farm bill, the upcoming farm bill debate is likely to be driven in part by relatively large budget deficits and growing demands for fiscal constraint. In fact, given the strong belief by most observers that budget reconciliation might be necessary before the 2008 farm bill expires in 2012, Chairman Peterson of the House Agriculture Committee began farm bill hearings in 2010 in order to be prepared for possibly marking up a new farm bill as early as 2011. This could allow the Agriculture Committees to coordinate a new farm bill's provisions with any budget reconciliation requirements. The Obama Administration already has submitted budget proposals to reduce farm supports, an approach at odds with that of many farm sector advocates, who support the status quo.

## **2008 Farm Bill**

### **Budgetary Considerations During the 2008 Debate**

Each year, CBO issues a baseline budget for all federal spending under current law over a multi-year period. Projected spending in the baseline represents CBO's estimate at a particular point in time of what federal spending and revenues likely would be under current law if no policy changes were made over the projected period. The baseline serves as a benchmark or starting point for future budget analyses. Whenever new legislation (such as a farm bill) is introduced that affects federal mandatory spending, its impact is measured as a difference from the baseline.

For the 2008 farm bill, the Congressional Budget Office's (CBO) March 2007 baseline budget served as the official benchmark for the FY2008 budget resolution and for scoring the budgetary impacts of the bill. The CBO baseline assumed continuation of 2002 farm bill policies under expected economic conditions at that time. The budget resolution in 2007 set the actual spending constraints for the agriculture committees as they drafted the new farm bill, which was planned for 2007 but was not enacted until June 2008.

---

<sup>1</sup> Farm Security and Rural Investment Act of 2002 (P.L. 107-171).

### **The 2008 Farm Bill: Titles and Selected Programs and Policies**

- **Title I, Commodities:** Income support to growers of selected commodities, including wheat, feed grains, cotton, rice, oilseeds, peanuts, sugar, and dairy. Support is largely through direct payments, counter-cyclical payments, and marketing loans. Other support mechanisms include government purchases for dairy, and marketing quotas and import barriers for sugar.
- **Title II, Conservation:** Environmental stewardship of farmlands and improved management practices through land retirement and working lands programs, among other programs geared to farmland conservation, preservation, and resource protection.
- **Title III, Agricultural Trade and Food Aid:** U.S. agricultural export and international food assistance programs, and program changes related to various World Trade Organization (WTO) obligations.
- **Title IV, Nutrition:** Domestic food and nutrition and commodity distribution programs, such as food stamps and other supplemental nutrition assistance.
- **Title V, Farm Credit:** Federal direct and guaranteed farm loan programs, and loan eligibility rules and policies.
- **Title VI, Rural Development:** Business and community programs for planning, feasibility assessments, and coordination activities with other local, state, and federal programs, including rural broadband access.
- **Title VII, Research:** Agricultural research and extension programs, including biosecurity and response, biotechnology, and organic production.
- **Title VIII, Forestry:** USDA Forest Service programs, including forestry management, enhancement, and agroforestry programs.
- **Title IX, Energy:** Bioenergy programs and grants for procurement of biobased products to support development of biorefineries and assist eligible farmers, ranchers, and rural small businesses in purchasing renewable energy systems, as well as user education programs.
- **Title X, Horticulture and Organic Agriculture:** A new farm bill title covering fruits, vegetables, and other specialty crops and organic agriculture.
- **Title XI, Livestock:** A new farm bill title covering livestock and poultry production, including provisions that amend existing laws governing livestock and poultry marketing and competition, country-of-origin labeling requirements for retailers, and meat and poultry state inspections, among other provisions.
- **Title XII, Crop Insurance and Disaster Assistance:** A new farm bill title covering the federal crop insurance and disaster assistance previously included in the miscellaneous title (not including the supplemental disaster assistance provisions in the Trade and Tax title).
- **Title XIII, Commodity Futures:** A new farm bill title covering reauthorization of the Commodity Futures Trading Commission (CFTC) and other changes to current law.
- **Title XIV, Miscellaneous:** Other types of programs and assistance not covered in other bill titles, including provisions to assist limited-resource and socially disadvantaged farmers, and agricultural security, among others.
- **Title XV, Trade and Tax Provisions:** A new title covering tax-related provisions intended to offset spending initiatives for some programs, including those in the nutrition, conservation, and energy titles. The title also contains other provisions, including the new supplemental disaster assistance and disaster relief trust fund, and other tax-related provisions such as customs user fees.

More specifically, when Congress approved the FY2008 budget resolution in May 2007, it adopted the baseline budget as the fiscal parameter for the 2008 farm bill, and included a \$20 billion reserve fund (above baseline) for the 2008 farm bill spending over the five-year period (FY2008-FY2012).<sup>2</sup> However, new spending in the 2008 bill was required to be deficit-neutral,

<sup>2</sup> Concurrent Resolution on the Budget for Fiscal Year 2008, *Deficit-Neutral Reserve Fund for the Farm Bill* (H.Rept. 110-153, conference report, Section 307).

meaning that it had to be offset with equivalent reductions in other federal spending for existing mandatory programs, or by raising revenues. Large increases in the market prices of corn and other commodities during the period preceding the farm bill debate contributed to a lower March 2007 baseline for farm program spending. For example, the March 2007 baseline projected spending for commodity support payments under the 2002 farm bill to be about \$40 billion for the FY2008-FY2012 period, about \$30 billion lower than actual spending in the previous six years—not because of policy changes, but because of market conditions. Baseline estimates for mandatory conservation and nutrition programs were projected to be higher in the FY2008-FY2012 period, compared to the 2002 farm bill.

## **CBO-Estimated Costs Upon Enactment in 2007/2008**

When the 2008 farm bill was enacted, the Congressional Budget Office (CBO) estimated the total cost of the farm bill (i.e., baseline plus new funding, using the March 2007 baseline) at \$284 billion over five years (FY2008-FY2012) and \$604 billion over ten years (FY2008-FY2017). These costs reflected mandatory outlays that do not require appropriations actions. **Table 1** provides a title-by-title breakdown of the 2008 CBO spending estimates for the enacted 2008 farm bill, covering both FY2008-FY2012 and FY2008-FY2017. The farm bill also authorized discretionary programs that require appropriators to provide funds and thus are not reflected in the table.

The overwhelming share (97%) of estimated total net outlays for programs in the 2008 farm bill were anticipated to be spent on four titles: nutrition (67%), farm commodity support (15%), conservation (9%), and crop insurance (8%). Of the \$284 billion in projected total five-year net outlays for programs under the farm bill—including revenue and cost-offset provisions in the bill—about \$189 billion was expected to support the cost of food stamps and certain other nutrition assistance programs, \$42 billion in projected spending was to support commodity crops, \$24 billion to support mandatory conservation programs, and \$22 billion to support crop insurance. For FY2008-FY2012, the 2008 farm bill also included nearly \$4 billion in new spending for supplemental farm disaster assistance (included under Title XV). Another \$10 billion was expected to be spent on trade, horticulture and livestock production, rural development, research, forestry, and energy, among other programs.

Farm commodity programs (Title I) primarily support the incomes of farmers producing grains, oilseeds, cotton, peanuts, sugar, and milk. Commodity-related spending depends substantially on farm market prices and so can vary widely from year to year. Another major category of farm support in the 2008 farm bill is conservation (Title II). Several mandatory conservation programs compensate farmers for retiring environmentally fragile land (primarily the Conservation Reserve Program and the Wetlands Reserve Program) and for instituting resource stewardship practices (e.g., the Environmental Quality Incentives Program and the Conservation Stewardship Program), among other things. More recent farm bills have also created programs and increased spending for certain farm-based renewable energy programs, such as the Biomass Crop Assistance Program (BCAP), the Rural Energy for America Program (REAP), and the Biomass R&D Program, among other energy, research, and rural development programs related to renewable energy (Titles VI, VII, and IX). The farm bill also contains funding authority for several mandatory agricultural export programs (Title III), including the Market Access Program, Export Donations, and the Foreign Market Development Cooperator Program.

**Table 1. CBO-Estimated 5-Year and 10-Year Costs,  
2008 Conference Agreement on the Farm Bill (P.L. 110-246)**  
(outlays in millions of dollars)

	FY2008-FY2012			FY2008-FY2017		
	Baseline	CBO Score (change)	Total	Baseline	CBO Score (change)	Total
Commodities (Title I)	43,354	(1,726)	41,628	87,179	(1,658)	85,521
Conservation (Title II)	21,392	2,720	24,112	50,699	4,000	54,699
Trade/Food Aid (Title III)	1,823	30	1,853	3,715	(78)	3,637
Nutrition (Title IV) <sup>a</sup>	186,005	2,897	188,902	397,131	9,218	406,349
Credit (Title V)	(1,046)	(378)	(1,424)	(2,321)	(306)	(2,627)
Rural Development (Title VI)	72	122	194	72	149	221
Research (Title VII)	290	31	321	1,290	(907)	383
Forestry (Title VIII)	0	38	38	0	45	45
Energy (Title IX)	41	602	643	43	836	879
Horticulture/Organic (Title X)	0	402	402	0	938	938
Livestock (Title XI)	0	1	1	0	1	1
Crop Insurance (Title XII)	25,718	(3,860)	21,858	52,743	(5,591)	47,152
Commodity Futures (Title XIII)	0	0	0	0	0	0
Miscellaneous (Title XIV) <sup>b</sup>	6,338	44	6,382	13,668	(138)	13,530
Disaster Assistance (Title XV)	0	3,807	3,807	0	3,807	3,807
Tax/Other (Title XV)	0	(4,798)	(4,798)	0	(10,429)	(10,429)
<b>Total</b>	<b>283,987</b>	<b>(66)</b>	<b>283,921</b>	<b>604,218</b>	<b>(107)</b>	<b>604,111</b>

**Source:** Compiled by CRS using the Congressional Budget Office (CBO) March 2007 baseline and CBO score of the conference agreement for H.R. 2419, the Food, Conservation, and Energy Act of 2008; also Senate Finance Committee, *Estimated Revenue Effects of the Conference Agreement for Title XV of H.R. 2419, Fiscal Years 2008-2018*, 08-2 068 R10, May 13, 2008. May not add due to rounding. Numbers in parentheses are savings.

**Notes:** “Baseline” is the projection of government costs if programs were to continue unchanged. The baseline in this table is the 2007 CBO baseline assuming 2002 farm bill programs were to continue, as the 2008 bill was being drafted. “CBO score” is the cost (or savings) attributable to the 2008 farm bill, using the 2007 baseline as a benchmark. Thus, the “total” in this table is the projected cost of the 2008 farm bill, equal to baseline plus the changes made by the 2008 farm bill.

- a. New outlays for the expanded Fresh Fruit and Vegetable Program required in the nutrition title, \$274 million (FY2008-FY2012) and \$1.020 billion (FY2008-FY2017), are not reflected in this table because they are effectively offset with money from permanent appropriations under Section 32, mandated in Title XIV.
- b. Excludes estimates for crop insurance previously included as part of the 2002 farm bill’s miscellaneous provisions. Other provisions in the 2008 farm bill include provisions for socially disadvantaged and limited resource producers, and agricultural security, among others.

The 2008 farm bill was unusual in that tax provisions outside the jurisdiction of the Agriculture Committees were used to create offsets for new provisions, presumably for nutrition programs. Tax-related provisions—particularly from customs user fees and corporate estimated tax payments in the bill—along with cost savings from some farm bill programs, were expected to generate additional funding to offset new spending. CBO estimated that titles with offsets in the bill totaled more than \$10 billion over five years (FY2008-FY2012; see **Table 1**), half of which came from tax-related provisions and the rest from the credit, crop insurance, and commodity

program titles. Disaster assistance and programs under the nutrition and conservation titles accounted for the majority of the projected new spending in the bill.

## **Actual Costs and Updated Cost Projections**

Compared to the 2002 farm bill, the 2008 farm bill is projected to spend less on traditional commodity programs and provide greater spending for other major farm programs, such as farm conservation, farm-based renewable energy programs, and agricultural export programs (**Table 2**). In part this reflects changes in the underlying market conditions that influence spending levels (especially for commodities) and also programmatic changes enacted in the farm bill, which in turn reflect shifting priorities within Congress regarding U.S. farm policy.

The lower portion of **Table 2** summarizes CBO's most recent (August 2010) baseline budget estimate for the major mandatory USDA programs (FY2010-FY2017). This baseline is CBO's estimate of future spending under current law (the 2008 farm bill) for these programs, given generally expected economic and market conditions.

CBO's latest baseline estimates (combined with actual spending for FY2008 and FY2009) indicate that total spending on all farm bill programs will average roughly \$80 billion per year throughout the FY2008-FY2012 period. Starting in FY2010, the majority of all spending (more than 80%) will be on domestic food assistance programs. About 10% of spending will be for farm commodity programs, with conservation and renewable energy programs accounting for a growing share of farm-related expenditures.

Compared to CBO's projected costs for the 2008 farm bill at the time of enactment, more recent available information based on actual costs (FY2008 and FY2009) and updated CBO baseline projections in August 2010 for the next eight years (FY2010-FY2017) shows continued shifts in spending among selected farm bill programs, particularly for domestic food assistance programs such as the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps (**Table 2**). Sharply higher spending for domestic food assistance programs in the past few years is attributable in part to increased nutrition expenditures in the American Recovery and Reinvestment Act (ARRA, P.L. 111-5).<sup>3</sup> In some cases, spending differences in the conservation and bioenergy titles are attributable to programmatic changes enacted in the 2008 farm bill.

These more recent estimates and actual expenditures for FY2008-FY2009 indicate that spending on most major farm programs has been greater than estimated by CBO in 2008. For example, when the 2008 farm bill was enacted in June 2008, CBO estimated that the five-year cost (FY2008-FY2012) of the major farm support programs—commodities, conservation, crop insurance, renewable energy, and exports—would be \$83.3 billion, or an average of \$16.7 billion per year (**Table 3**).

More current CBO projections, which include actual spending in FY2008-FY2009 for these programs, shows that spending for these programs is expected to total \$86.7 billion (an average of \$17.3 billion per year), or \$3.4 billion above the 2008 CBO estimate (**Table 3**). Most of this difference between the 2008 estimate and more recent estimates is attributable to higher than expected crop insurance spending (\$6.7 billion above estimates in 2008), tempered by somewhat lower than expected spending for farm commodity and farm conservation programs.

---

<sup>3</sup> For additional information, see CRS Report R40160, *Agriculture, Nutrition, and Rural Provisions in the American Recovery and Reinvestment Act (ARRA) of 2009*.



**Table 2. Reported Actual Expenditures (FY2002-FY2009) and Updated CBO Baseline Projections (FY2010-FY2012) for Selected 2008 Farm Bill Categories of Spending**

(outlays in millions of dollars)

	Commodities	Conservation	Crop Insurance	Energy <sup>a</sup>	Exports	Subtotal	Food Stamps <sup>b</sup>	Total
<b>2002 Farm Bill programs (Actual)</b>								
FY2002	13,164	2,286	3,466	—	416	19,332	20,637	39,969
FY2003	12,125	2,758	3,589	—	503	18,975	23,816	42,791
FY2004	8,021	2,729	3,125	—	13	13,888	27,099	40,987
FY2005	14,120	3,443	2,698	—	223	20,484	31,072	51,556
FY2006	16,903	3,420	3,372	—	231	23,926	32,912	56,838
FY2007	8,027	3,460	3,842	—	219	15,548	33,193	48,741
<b>Total (2003-2007)</b>	<b>59,196</b>	<b>15,810</b>	<b>16,626</b>	<b>—</b>	<b>1,189</b>	<b>92,821</b>	<b>148,092</b>	<b>240,913</b>
<b>Average annual</b>	<b>11,839</b>	<b>3,162</b>	<b>3,325</b>	<b>—</b>	<b>238</b>	<b>18,564</b>	<b>29,618</b>	<b>48,183</b>
<b>2008 Farm Bill programs (FY2008-FY2012)</b>								
FY2008 (Actual)	5,663	3,711	4,075	0	209	13,658	37,657	51,315
FY2009 (Actual)	7,147	3,510	7,889	16	297	18,859	55,569	74,428
FY2010	7,517	4,140	5,334	471	290	17,752	69,983	87,735
FY2011	6,644	5,281	7,436	723	368	20,452	75,339	95,791
FY2012	5,262	5,815	3,784	726	360	15,947	75,716	91,663
<b>Total (2008-2012)</b>	<b>32,233</b>	<b>22,457</b>	<b>28,518</b>	<b>1,936</b>	<b>1,524</b>	<b>86,668</b>	<b>314,264</b>	<b>400,932</b>
<b>Average annual</b>	<b>6,447</b>	<b>4,491</b>	<b>5,704</b>	<b>387</b>	<b>305</b>	<b>17,334</b>	<b>62,853</b>	<b>80,186</b>
<b>2008 Farm Bill programs (FY2013-FY2017)</b>								
FY2013	6,344	6,015	7,475	0	347	20,181	74,258	94,439
FY2014	6,400	6,064	7,680	193	344	20,681	68,846	89,527
FY2015	6,453	6,088	7,890	127	344	20,902	65,573	86,475
FY2016	6,402	6,459	8,025	97	344	21,327	65,585	86,912
FY2017	6,439	6,676	8,129	89	344	21,677	65,513	87,190
<b>Total (2013-2017)</b>	<b>32,038</b>	<b>31,302</b>	<b>39,199</b>	<b>506</b>	<b>1,723</b>	<b>104,768</b>	<b>339,775</b>	<b>444,543</b>
<b>Average annual</b>	<b>6,408</b>	<b>6,260</b>	<b>7,840</b>	<b>101</b>	<b>345</b>	<b>20,954</b>	<b>67,955</b>	<b>88,909</b>

**Source:** Compiled by CRS using actual spending data from USDA and CBO, and CBO's August 2010 baseline. Estimates for SNAP (2009-2017) are from CBO, *The Budget and Economic Outlook: An Update*, Budget Projections, August 2010, <http://www.cbo.gov/doc.cfm?index=11705>. May not add due to rounding.

- a. Spending for farm-based "energy" programs is not readily available for 2002-2008 but is likely relatively small.
- b. Food stamps were renamed the Supplemental Nutrition Assistance Program or SNAP in the 2008 farm bill. Includes food stamps, as well as increased expenditures beginning in 2009 due to nutrition provisions in ARRA (P.L. 111-5), among other costs, including costs for commodities under The Emergency Food Assistance Program (TEFAP) and the Puerto Rico block grant.

**Table 3. Cost of the 2008 Farm Bill, Actual (FY2008-FY2009) and Current Baseline Projections (FY2010-FY2012) versus CBO Estimate at Enactment**  
(outlays in \$ billions)

	Annual Average (FY2008-FY2012)		Total (FY2008-FY2012)		Difference over (+) or under (-) 2008 CBO estimate
	CBO Estimate (2008)	Actual (2008-2009), CBO August 2010 Baseline (2010-2012)	CBO Estimate (2008)	Actual (2008-2009), CBO August 2010 Baseline (2010-2012)	
Commodities	7.0	6.4	34.8	32.2	-2.6
Conservation	4.9	4.5	24.3	22.5	-1.8
Crop Insurance	4.4	5.7	21.9	28.5	+6.7
Energy	0.1	0.4	0.6	1.9	+1.3
Exports	0.3	0.3	1.7	1.5	-0.1
<b>Subtotal</b>	<b>16.7</b>	<b>17.3</b>	<b>83.3</b>	<b>86.7</b>	<b>+3.4</b>
Food Stamps	37.8	62.9	188.9	314.3	+125.4
<b>Total</b>	<b>54.4</b>	<b>80.2</b>	<b>272.2</b>	<b>400.9</b>	<b>+128.8</b>

**Source:** Compiled by CRS using actual spending data from USDA and CBO, including CBO's farm bill estimates and CBO's March 2007 baseline (referred to as "CBO Estimate (2008)") and August 2010. Estimates for SNAP (2009-2017) are from CBO, *The Budget and Economic Outlook: An Update*, Budget Projections, August 2010, <http://www.cbo.gov/doc.cfm?index=11705>. May not add due to rounding.

Estimated spending for food stamps over the five-year period is significantly higher now than originally projected in 2008 (\$188.9 billion in 2008 compared to the more current estimate of \$314.3 billion), reflecting additional spending because of provisions in ARRA, higher food costs, and increasing program participation rates due to the recession. When farm spending is combined with food stamp spending, current estimates of the five-year cost of the major provisions of the 2008 farm bill (\$401 billion) are nearly 50% greater than originally estimated by CBO in 2008 (\$272 billion).

Even though actual or updated projections for the farm commodity programs are below the projections at the time of the 2008 farm bill was enacted, this does not create "savings" that can be used for future offsets. Likewise, the fact that nutrition programs are above the 2008 projections does not create a need for offsets to be found to fund these outlays. These are mandatory programs that are authorized based on need and/or market conditions. Comparisons of baselines over time are mostly to observe how conditions have changed rather than to gauge the accuracy of a baseline or the performance of a policy. Nonetheless, the amount in baseline will have implications when the farm bill is reauthorized.

## Farm Bill Reauthorization

Much of the 2008 farm bill expires in 2012 or with the 2012 crop year. In anticipation of this expiration and the desire by some for a restructuring of commodity supports (for example, to better reflect whole-farm risk management), the House Agriculture Committee began hearings on the next farm bill in April 2010. Given a strong belief by most observers that budget reconciliation might be necessary before the 2008 farm bill expires, the Agriculture Committees could begin marking up a new farm bill in 2011. This could allow any policy changes in a new farm bill—including new costs and savings offsets—to be coordinated with budget reconciliation

requirements. The Administration already has submitted budget proposals for FY2011 to reduce farm supports, an approach at odds with that of many farm sector advocates, who support the status quo.<sup>4</sup>

The budget situation for a new farm bill is going to be more like that for the 2008 farm bill than for the 2002 farm bill. The budget resolution that funded the 2002 farm bill was written during a brief period of budget surplus at the turn of the millennium, and allowed the Agriculture Committees to spend \$73 billion more than baseline over the 10-year budget window. In contrast, the 2008 farm bill was basically budget-neutral. The 2008 farm bill was unusual in that tax provisions outside the jurisdiction of the Agriculture Committees were used to create offsets for new provisions, presumably for nutrition programs. The procedural difficulties of reaching budget and policy compromises with multiple committees of jurisdiction (particularly the House and Senate Agriculture Committees and the House Ways and Means and Senate Finance Committees) prolonged the development of the farm bill. Given these difficulties in 2007 and 2008, House Agriculture Committee Chairman Peterson has expressed a desire to keep the finances of the 2012 farm bill within the jurisdiction of the Committee of Agriculture.<sup>5</sup>

A future budget resolution, possibly the FY2012 budget resolution, could be used to set the parameters against which a new farm bill could be developed and scored. However, certain intervening policy changes in other active legislation could have consequences for a future farm bill baseline. For example, in March 2010, the Senate Agriculture Committee approved a bill to increase funding for child nutrition programs (part of the reauthorization of the Child Nutrition Act, P.L. 108-265) that used the Environmental Quality Incentives Program (EQIP) as an offset. If adopted, this action could reduce baseline levels for the next farm bill by reducing the amount of available funds in the EQIP baseline calculation.

As Congress moves toward considering reauthorization of the omnibus farm bill, questions about the cost of the farm bill and policy considerations about different farm bill programs—each with sometimes different constituencies—will likely become more prominent. This report will be updated as the farm bill debate evolves, and as additional cost estimates become available.

## **Author Contact Information**

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

Renée Johnson  
Specialist in Agricultural Policy  
rjohnson@crs.loc.gov, 7-9588

---

<sup>4</sup> The White House, “Strengthening the Rural Economy—Improving America’s Support of Agriculture,” <http://www.whitehouse.gov/administration/eop/cea/factsheets-reports/strengthening-the-rural-economy/improving-americas-support-of-agriculture>.

<sup>5</sup> Jerry Hagstrom, “Peterson: No Offset From Environmental Program,” *Congress Daily (National Journal)*, April 16, 2010, at [http://www.nationaljournal.com/congressdaily/eep\\_20100416\\_2225.php?mrefid=lingospot](http://www.nationaljournal.com/congressdaily/eep_20100416_2225.php?mrefid=lingospot).