Congressional Research Service
Informing the legislative debate since 1914

Farm Bill Programs Without a Budget Baseline Beyond FY2018

Updated May 2, 2018

Congressional Research Service
https://crsreports.congress.gov
R44758

CRS REPORT
Prepared for Members and
Committees of Congress

Summary

The 2014 farm bill (the Agricultural Act of 2014, P.L. 113-79) provided mandatory funding for many programs. Some of these programs have a budget baseline beyond the end of the farm bill in FY2018, while others do not. The Congressional Budget Office (CBO) baseline is a projection at a particular point in time of what future federal spending on mandatory programs would be under current law. This baseline is the benchmark against which proposed changes in law are measured. This report identifies mandatory programs in the 2014 farm bill that lack a budget baseline and explains the significance of this for enacting a successor to the current farm bill.

Generally, a program with estimated mandatory spending in the last year of its authorization will be assumed to continue in the baseline as if there were no change in policy and it did not expire. However, some programs may not be assumed to continue in the budget baseline, because the program had estimated mandatory spending less than a minimum $50 million scoring threshold in the last year of the farm bill, or the Budget Committees and/or Agriculture Committees determined that mandatory spending shall not extend beyond expiration.

Having a baseline essentially gives programs built-in future funding if policymakers decide that the programs should continue. Programs without a continuing baseline beyond the end of farm bill do not have assured future funding. As such, any extended authorization of these latter programs would be scored as new mandatory spending.

The 2014 farm bill contains 39 programs that received mandatory funding that do not have baseline beyond FY2018. These programs had estimated mandatory spending totaling $2.824 billion over the five-year farm bill. While this total may be a relatively small fraction of total farm bill spending (0.6% of the $489 billion five-year total projection), the effect may be particularly important to specific farm bill titles and to the programs' beneficiaries.

Notable programs among this group include certain conservation programs; most of the bioenergy, rural development, and research title programs; various nutrition title pilot programs and studies; organic agriculture and farmers' market programs; trade promotion programs; and outreach to socially disadvantaged and military veteran farmers. If policymakers want to continue these programs in the next farm bill, they may need to find budgetary offsets to pay for the costs.

Contents

The Importance of Baseline to the Farm Bill 1
Why Some Programs Do Not Have a Baseline 2
Farm Bill Programs Without a Baseline After FY2018 2

Figures

Figure 1. 2014 Farm Bill Programs Without a Budget Baseline After FY2018 4

Tables

Table 1. Share of the Farm Bill Budget by Programs Without Baseline After FY2018 3
Table 2. 2014 Farm Bill Programs Without a Budget Baseline After FY2018 5

Contacts

Author Information 7

The 2014 farm bill (the Agricultural Act of 2014, P.L. 113-79) authorized $489 billion of mandatory spending over FY2014-FY2018. It generally expires at the end of FY2018.[1] From a budgetary perspective, many of these programs are assumed to continue beyond their authorization; in fact, such continuing programs were estimated in 2014 to cost $468 billion for the extended FY2019-FY2023 period. That is, they have a "baseline" beyond the end of the farm bill that may be used to pay to continue those programs. However, a subset of programs that received mandatory funding does not have a baseline beyond the end of the farm bill. These are referred to as "farm bill programs without a baseline."

The 2014 farm bill contains 39 programs that received mandatory funding that do not have a baseline beyond FY2018. These programs received $2.8 billion during FY2014-FY2018. For these programs to continue, they would need to be allocated new budgetary authority.

The Importance of Baseline to the Farm Bill

Funding for farm bill programs is provided in two ways:

1. By the authorization in the farm bill (**mandatory spending**). A bill pays for this spending with multiyear budget estimates when the law is enacted.
2. By subsequent appropriations (**discretionary spending**). These programs are authorized for their scope but are not funded in the farm bill.

Mandatory programs often dominate farm bill policy and the debate over the farm bill budget.

The Congressional Budget Office (CBO) **baseline** is a projection at a particular point in time of what future federal spending on mandatory programs would be under current law. This baseline is the *benchmark* against which proposed changes in law are measured.[2] When a new bill is proposed that would affect mandatory spending, the impact (**score**) is measured in relation to the baseline. Changes that increase spending relative to the baseline have a *positive* score; those that decrease spending relative to the baseline have a *negative* score.

Having a baseline essentially gives programs built-in future funding if policymakers decide that the programs should continue; straightforward reauthorization would not have a scoring effect. However, programs without a continuing baseline beyond the end of a farm bill do not have assured future funding; reauthorization would have a positive score that increases the bill's cost.

This funding issue—and the difficult budget dynamics that it can cause for writing a new farm bill—was identified at least as early as 2009 by the former chief economist of the House Agriculture Committee.[3] It was raised in Agriculture Committee hearings as early as 2010,[4] was an issue when writing the 2014 farm bill,[5] and continues to be mentioned.[6]

---

[1] For background on the farm bill's scope, see CRS Report RS22131, *What Is the Farm Bill?*

[2] See CRS Report 98-560, *Baselines and Scorekeeping in the Federal Budget Process*.

[3] Craig Jagger, former House Agriculture Committee economist, "Understanding the Congressional Budget Process and How It Affects Farm Policy," slides 53-54, April 21, 2009. "Without a baseline, there are no funds for continuing the program [if programs with baseline are extended without change].… New funding will need to be found."

[4] For example, see Frank Lucas (then ranking member of the House Agriculture Committee), hearing to Preview U.S. Agriculture Policy, April 21, 2010. "This next farm bill is shaping up to be one of the most difficult.... [Many] programs do not have funding past 2012. In essence, we already start with a deficit."

[5] CRS Report R41433, *Programs Without a Budget Baseline at the End of the 2008 Farm Bill*.

[6] For example, see Pat Roberts (chairman of the Senate Agriculture Committee), hearing on perspectives for trade and specialty crops for the 2018 farm bill, July 13, 2017. "There are 39 programs that do not have a baseline."

Why Some Programs Do Not Have a Baseline

CBO develops the budget baseline under various laws and following the supervision of the House and Senate Budget Committees. Generally, a program with estimated mandatory spending in the last year of its authorization will be assumed to continue in the baseline as if there were no change in policy and it did not expire. This is the situation for most of the major, long-standing farm bill provisions such as the farm commodity programs or supplemental nutrition assistance.[7]

However, some programs may not be assumed to continue in the budget baseline beyond the end of a farm bill because they are either[8]

- programs with estimated mandatory spending less than a minimum $50 million scoring threshold in the last year of the farm bill, or
- new programs established after 1997 for which the Budget Committees determined that the mandatory spending shall not extend beyond expiration. This decision may be made in consultation with the Agriculture Committees, perhaps either to reduce the program's 10-year cost when the farm bill was written or to prevent it from having a continuing baseline.

Farm Bill Programs Without a Baseline After FY2018

CBO projects future government spending via its budget baselines and evaluates proposed bills via scoring estimates. But it has not specifically published a list of expiring farm bill programs without a continuing baseline. To compile this list, CRS analyzed the CBO score of the 2014 farm bill[9] in conjunction with the statutory text of the law[10] and current CBO baseline projections that were made under the rules listed above.[11] Our criteria are that programs have estimated mandatory funding in the 2014 farm bill (as indicated by the 2014 CBO score and in the text of the law) but do not have a baseline beyond FY2018 (indicated either in the 2014 CBO score or in the current CBO baseline).

Based on this analysis, 39 programs across 10 of the 12 titles of the farm bill do not have a continuing baseline after FY2018. These programs had estimated mandatory spending totaling $2.824 billion over the five-year window of the farm bill (**Table 1**). Any extended authorization of these programs would be scored as new mandatory spending, which may require either offsets from existing baseline for other programs or an increase in net spending.

As a share of the $489 billion five-year mandatory cost of the farm bill in 2014, programs without a baseline beyond FY2018 are relatively small: 0.6% of the total projected farm bill spending, or 2.5% of the total excluding the nutrition programs (**Table 1**). However, the impact of programs without a baseline varies by title of the farm bill. For the rural development title, 100% of the mandatory spending in the 2014 farm bill was by programs that do not have baseline beyond FY2018. For the bioenergy and research titles, the share was at least one-half. At the other

[7] For example, the CBO baselines for the primary farm commodity and nutrition programs remain positive through FY2027, even though the 2014 farm bill expires after FY2018.

[8] Section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 907). CBO, *The Budget and Economic Outlook: Fiscal Years 2017 to 2027*, January 2017, p. 25, https://www.cbo.gov/publication/52370.

[9] CBO, *Effects on Direct Spending of the Agricultural Act of 2014*, Table 4, "Detailed Effects on Direct Spending," January 28, 2014, https://www.cbo.gov/publication/45049.

[10] Agricultural Act of 2014; P.L. 113-79.

[11] CBO, "Baseline Projections," https://www.cbo.gov/about/products/baseline-projections-selected-programs.

extreme, nutrition programs and the farm safety net—including crop insurance and the commodity programs—have less than 1% in programs without a continuing baseline.

Table 1. Share of the Farm Bill Budget by Programs Without Baseline After FY2018

(millions of dollars, FY2014-FY2018)

	All Programs	Programs Without a Budget Baseline Beyond FY2018		
2014 Farm Bill Title	**Projected Outlays**	**Count**	**Projected Outlays[a]**	**Percentage**
Rural Development	218[b]	3	228[c]	100.0%[d]
Energy	625	7	444	71.0%
Research	800	3	400	50.0%
Horticulture	874	4	218	24.9%
Miscellaneous	1,544	5	268	17.3%
Trade	1,782	2	218	12.2%
Conservation	28,165	5	455	1.6%
Commodities	23,555	1	120	0.5%
Crop Insurance	41,420	2	120	0.3%
Nutrition	390,650	7	355	0.1%
Forestry	8	0	—	—
Credit	-1,011	0	—	—
Subtotal (excluding Nutrition)	**97,980**	**32**	**2,470**	**2.5%**
Total, all titles	**488,630**	**39**	**2,824**	**0.6%**

Sources: Compiled by CRS using the text of P.L. 113-79, the CBO score of the Agricultural Act of 2014, Table 4, "Detailed Effects on Direct Spending," January 28, 2014, https://www.cbo.gov/publication/45049, and the CBO Baseline Projection for USDA Mandatory Farm Programs, April 2018.

Notes: Programs were identified from the CBO score as having budgetary outlays (from budget authority in the act) at any time during the period FY2014-FY2018 but no new budget authority beyond FY2018. The text of the act and the April 2018 CBO baseline were also used to identify programs.

a. The farm bill authorizes "budget authority," which is the ability to undertake an activity. However, "outlays," which recognize when funding is spent, are used for budget enforcement purposes. Outlays may lag budget authority because payments may occur later than when an obligation is made. For programs without baseline, the cost of a program is its 10-year outlay, which equals its five-year budget authority.

b. Programs in the rural development title were expected to spend $218 million (outlays) during FY2014-FY2018, including $13 million carried over from the 2008 farm bill to wind down those prior activities, and $205 million in outlays from the new programs that were authorized in the 2014 farm bill. A similar relationship of some outlays lagging budget authority exists for other farm bill titles.

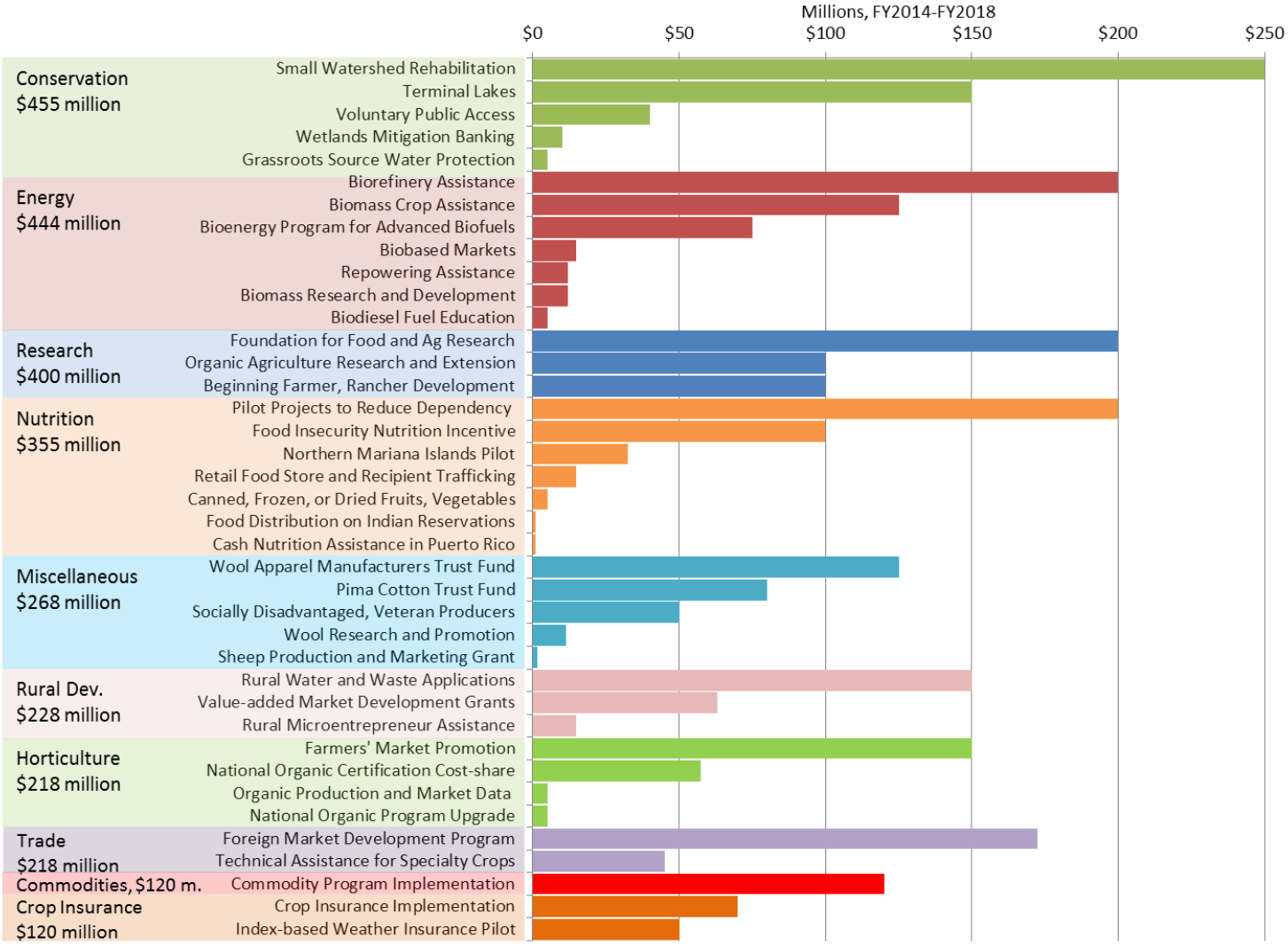
c. In the 2014 farm bill, $228 million of new activity (budget authority) was authorized for three rural development programs over the five-year period FY2014-FY2018. Of the $228 million, $205 million was expected to be spent in FY2014-FY2018, and $23 million was expected to be spent (outlays) in FY2019-FY2020. The total $228 million is the "cost" that needed to be offset for this five-year authorization, recognizing that some of the outlays were expected to occur in FY2019-FY2020. See Tables 1, 2, and 5 in CRS Report R42484, *Budget Issues That Shaped the 2014 Farm Bill*.

d. In rural development, all mandatory-funded activities are by programs without baseline. Therefore, the share of this title's farm bill budget by these programs is a maximum 100% of the title.

The 2014 farm bill has less exposure to programs without baseline than did the 2008 farm bill, which had 37 programs without baseline totaling an estimated $9 billion to $14 billion.[12] The 2014 farm bill provided 29 of those 37 programs with $6.2 billion of mandatory funding over FY2014-FY2018. Some of those programs reappear on the current list of 2014 farm bill programs without baseline, while others either received a continuing baseline or were not reauthorized.

Figure 1 and **Table 2** present the 39 individual programs in the 2014 farm bill that do not have a budget baseline beyond FY2018. **Figure 1** is grouped and sorted by title of the farm bill based on the amount of mandatory spending by programs without a baseline within each title. **Table 2** is organized by the section number in the 2014 farm bill and grouped by title.

Figure 1. 2014 Farm Bill Programs Without a Budget Baseline After FY2018



Sources: Compiled by CRS using the text of P.L. 113-79, the CBO score of the Agricultural Act of 2014, Table 4, "Detailed Effects on Direct Spending," January 28, 2014, https://www.cbo.gov/publication/45049, and the CBO Baseline Projection for USDA Mandatory Farm Programs, April 2018.

[12] See CRS Report R41433, *Programs Without a Budget Baseline at the End of the 2008 Farm Bill*.

Table 2. 2014 Farm Bill Programs Without a Budget Baseline After FY2018

(FY2014-FY2018 mandatory spending, millions of dollars)

Section	Name of Provision	Description of Funding	Amount
	Commodity Programs		
1614	Commodity Program Implementation	$100 million in FY2014, plus $10 million in each of FY2014 and FY2015 subject to performance	120
	Conservation		
2502	Grassroots Source Water Protection	$5 million, available until expended	5
2503	Voluntary Public Access and Habitat Incentive	$40 million for FY2014-FY2018	40
2505	Small Watershed Rehabilitation	$250 million in FY2014, available until expended	250
2507	Terminal Lakes	$150 million in FY2014, available until expended	150
2609	Wetlands Mitigation Banking	$10 million, available until expended	10
	Trade		
3013	Foreign Market Development Program	$34.5 million in each year FY2014-FY2018	172.5
3205	Technical Assistance for Specialty Crops	$9 million in each of FY2014-FY2018	45
	Nutrition		
4004	Food Distribution Program on Indian Reservations, Feasibility Study	$1 million in FY2014, available until expended	1
4022	Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort	$10 million in FY2014; $190 million in FY2015	200
4025	Review of Cash Assistance Program in Puerto Rico	$1 million in FY2014, available until expended	1
4029	Retail Food Store and Recipient Trafficking	$15 million in FY2014, available until expended	15
4031	Commonwealth of the Northern Mariana Islands Pilot	Study: $1 million in each of FY2014, FY2015. Pilot: $13.5 million in FY2016, $8.5 million in each of FY2017, FY2018	32.5
4208	Food Insecurity Nutrition Incentive	$35 million for FY2014-FY2015; $20 million for each of FY2016, FY2017; $25 million for FY2018	100
4214	Pilot Project for Canned, Frozen, or Dried Fruits and Vegetables	$5 million	5
	Rural Development		
6023	Rural Microentrepreneur Assistance	$3 million for each of FY2014-FY2018	15
6203	Value-added Agricultural Product Market Development Grants	$63 million in FY2014, available until expended	63
6210	Pending Water and Waste Disposal Applications	$150 million in FY2014, available until expended	150
	Research and Extension		
7211	Organic Agricultural Research and Extension	$20 million in each of FY2014-FY2018	100
7409	Beginning Farmer and Rancher Development	$20 million in each of FY2014-FY2018, available until expended	100
7601	Foundation for Food and Agriculture Research	$200 million in FY2014, available until expended	200

Section	Name of Provision	Description of Funding	Amount
	Energy		
9002	Biobased Markets	$3 million for each of FY2014-FY2018	15
9003	Biorefinery Assistance	$100 million in FY2014, plus $50 million in each of FY2015 and FY2016, available until expended	200
9004	Repowering Assistance	$12 million in FY2014, available until expended	12
9005	Bioenergy Program for Advanced Biofuels	$15 million for each of FY2014-FY2018, available until expended	75
9006	Biodiesel Fuel Education	$1 million for each of FY2014-FY2018	5
9008	Biomass Research and Development	$3 million for each of FY2014-FY2017, available until expended	12
9010	Biomass Crop Assistance	$25 million for each of FY2014-FY2018	125
	Horticulture		
10003	Farmers' Market and Local Food Promotion	$30 million for each of FY2014-FY2018	150
10004(a)	Organic Production and Market Data Initiative	$5 million in FY2014, available until expended	5
10004(b)	National Organic Program Technology Upgrade	$5 million in FY2014, available until expended	5
10004(c)	National Organic Certification Cost-share	$11.5 million for each of FY2014-FY2018, available until expended	57.5
	Crop Insurance		
11020	Crop Insurance Implementation	$14 million in FY2014, plus $14 million if targets are reached for each year FY2015-FY2018	70
11026	Index-based Weather Insurance Pilot	$12.5 million for each of FY2015-2018, available until expended	50
	Miscellaneous		
12102	Sheep Production and Marketing Grant	$1.5 million in FY2014, available until expended	1.5
12201	Outreach for Socially Disadvantaged and Veteran Producers	$10 million for each of FY2014-FY2018	50
12314	Pima Cotton Trust Fund	$16 million for each of FY2014-FY2018, available until expended	80
12315	Wool Apparel Manufacturers Trust Fund	The lesser of $30 million per year CY2014-CY2019, or the amount determined necessary	125
12316	Wool Research and Promotion	$2.25 million for each of CY2015-FY2019, available until expended	11.25
Total	**39 programs**		**2,824.25**

Sources: Compiled by CRS using the text of P.L. 113-79, the CBO score of the Agricultural Act of 2014, Table 4, "Detailed Effects on Direct Spending," January 28, 2014, https://www.cbo.gov/publication/45049, and the CBO Baseline Projection for USDA Mandatory Farm Programs, April 2018.

Notes: Programs were identified from the CBO score as having budgetary outlays (from budget authority in the act) at any time during the period FY2014-FY2018 but no new budget authority beyond FY2018. The text of the act and the April 2018 CBO baseline were also used to identify programs. In Title I, Section 1119 (Transition Assistance for Upland Cotton) was excluded because it was considered part of the shift from repealing cotton support and creating the STAX program. In Title III, the Foreign Market Development Program and Technical Assistance for Specialty Crops initially had baseline beyond FY2018; however, beginning with the June 2017 CBO baseline, these programs no longer have baseline beyond FY2018. The Emerging Markets Program in Title III does have continuing baseline beyond FY2018 in the April 2018 CBO baseline.

Author Information

Jim Monke
Specialist in Agricultural Policy

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.