CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE

Revised June 23, 2000

H.R. 2559
Agricultural Risk Protection Act of 2000

As cleared by the Congress on May 25, 2000, and signed by the President on June 20, 2000

SUMMARY

H.R. 2559 (enacted as Public Law 106-224):

- Reforms the federal crop insurance program,
- Provides additional funding for farm income assistance—primarily in fiscal year 2000,
- Extends or expands other agricultural programs, and
- Makes several changes to federal nutrition programs.

As shown in Table 1, CBO estimates that H.R. 2559 increases direct spending for purposes of enforcing the pay-as-you-go procedures described in the Balanced Budget and Emergency Deficit Control Act by $7.2 billion over the 2001-2005 period. Because section 264 of H.R. 2559 instructs the Director of the Office of Management and Budget (OMB) to ignore title II for purposes of enforcing pay-as-you-go procedures, the Congressional Budget Office does not consider this title to have any pay-as-you-go effects.

Table 1. Estimated Pay-as-you-go Effects of the Agricultural Risk Protection Act of 2000 (H.R. 2559)

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
Changes in outlays	0	672	1,489	1,606	1,682	1,770
Changes in receipts	Not applicable					

Title I amends the Federal Crop Insurance Act to reduce the cost to producers of purchasing crop insurance. It also adjusts how expected crop yields are calculated for producers who have suffered multiyear crop losses. Title I makes a number of other changes designed to encourage participation in the crop insurance program and address perceived inequities in the program's treatment of different crops and regions. CBO estimates that provisions of title I will increase direct spending by $7.2 billion over the 2001-2005 period.

Title II provides payments to agricultural producers and others to compensate for the loss of markets and for conservation efforts. It also expands agricultural research, marketing, and other agricultural programs. This title also makes several changes to child nutrition programs and the Special Supplemental Food Program for Women, Infants, and Children (WIC). CBO estimates that the provisions of title II will increase direct spending by $5.5 billion in 2000 and by $7.1 billion over the 2000-2005 period.

Titles III, IV, and V extend the authority for biomass research and plant and animal inspection and enforcement activities but will not affect direct spending.

ESTIMATED IMPACT ON DIRECT SPENDING

The estimated direct spending effects for titles I and II are summarized in Table 2. The costs of this legislation fall within budget functions 350 (agriculture), 550 (health), and 600 (income security).

Table 2. Estimated Impact of H.R. 2559 on Direct Spending, by Title

	By Fiscal Year, in Millions of Dollars										
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CHANGES IN DIRECT SPENDING											
Title I—Crop Insurance Coverage											
Estimated Budget Authority	0	1,421	1,577	1,641	1,733	1,808	2,208	2,308	2,378	2,439	2,511
Estimated Outlays	0	672	1,489	1,606	1,682	1,770	2,001	2,251	2,341	2,410	2,476
Title II—Agricultural Assistance											
Estimated Budget Authority	5,500	1,639	-12	-10	-8	-7	-8	-8	-9	-10	-10
Estimated Outlays	5,500	1,493	65	31	20	4	1	1	1	-1	-1
Total Changes											
Estimated Budget Authority	5,500	3,060	1,565	1,631	1,725	1,801	2,200	2,300	2,369	2,429	2,501
Estimated Outlays	5,500	2,165	1,554	1,637	1,702	1,774	2,002	2,252	2,342	2,409	2,475

BASIS OF ESTIMATE

CBO's estimate of the costs of H.R. 2559 is based on the amounts specified in the legislation and estimates developed with information provided primarily by the U.S. Department of Agriculture (USDA). Although both title I and title II will increase direct spending, only the costs for title I are subject to pay-as-you-go procedures. Section 264 exempts title II from those procedures.

Title I—Crop Insurance Coverage

The Federal Crop Insurance Corporation (FCIC), a wholly owned corporation of the Department of Agriculture, subsidizes the costs to producers of purchasing federal crop insurance. Crop insurance, which is sold and serviced by private companies, makes indemnity payments to insured producers who suffer crop yield or revenue losses.

Producers receive premium subsidies from the federal government that reduce the cost of purchasing such insurance. Private insurance companies receive compensation for the cost of selling and servicing crop insurance. The amount of compensation received by the companies is based on the premium charged for the policies they sell.

Private insurance companies also share with FCIC the risk of gains and losses on the policies they underwrite. Because these risks are not shared proportionally, private companies, in aggregate, realize underwriting gains and the government incurs underwriting losses in most years.

H.R. 2559 increases the federal cost of crop insurance and related programs primarily by:

- Increasing premium subsidy rates,
- Changing how expected crop yields are calculated for producers with multiyear losses,
- Fully subsidizing insurance policies developed by private companies, and
- Expanding eligibility for benefits under the Non-insured Assistance Program.

Together, these four provisions account for most of the estimated cost of title I (see Table 3).

Table 3. Components of the Estimated Costs of Title I, Crop Insurance Coverage

	By Fiscal Year, in Millions of Dollars						
	2001	2002	2003	2004	2005	2001-2005	2001-2010
CHANGES IN DIRECT SPENDING							
Estimated Budget Authority							
Increase premium subsidy rates	1,040	1,109	1,150	1,201	1,238	5,738	14,278
Change yield calculations with multiyear losses	138	147	158	168	177	788	1,772
Fully subsidize policies developed by private companies	107	184	204	222	245	962	2,489
Expand eligibility for Non-insured Assistance Program	89	93	95	99	106	482	1,079
Other Provisions:							
Increase catastrophic (CAT) coverage fees	-12	-12	-12	-12	-12	-60	-120
Allow CAT delivery by cooperatives/associations	10	11	12	13	14	60	136
Reduce CAT loss adjustment costs	-6	-6	-6	-6	-6	-30	-69
Expand pilot program authority	0	5	6	6	6	23	62
Livestock pilot program	10	10	15	20	20	75	175
Wild salmon pilot program	0	1	1	1	1	4	9
Rate reduction pilot program	0	1	1	1	2	5	15
Dairy options pilot program	0	6	0	0	0	6	6
Change double cropping rules	-17	-18	-20	-21	-24	-100	-233
Research and development contracting/reimbursement	30	30	35	40	40	175	375
Education and management assistance	20	20	20	20	20	100	200
Compliance/implementation funding	9	14	0	0	0	23	23
Equalize fee for buy-up coverage	-9	-9	-9	-9	-9	-45	-90
Settle litigation on durum wheat insurance	20	0	0	0	0	20	20
Other (interaction effects)	-8	-9	-9	-10	-10	-46	-103
Subtotal, other provisions	47	44	34	43	42	210	406
Total Changes in Budget Authority	1,421	1,577	1,641	1,733	1,808	8,180	20,024
Estimated Outlays	672	1,489	1,606	1,682	1,770	7,219	18,698

Increase Premium Subsidy Rates. Over half of the estimated cost of title I is attributable to increases in premium subsidies. FCIC estimates a total premium cost for each crop insurance policy based on expected losses in a given year for that policy. The total premium cost for a policy depends on a number of factors, including the level of crop insurance coverage chosen by the producer. Generally, the level of crop insurance coverage is the percent of expected crop production or value insured. For example, if a producer buys a yield loss insurance policy at the 65-percent coverage level, then 65 percent of expected production (as determined by FCIC) is insured. If actual production is less than 65 percent of expected production, the producer receives an indemnity payment. Generally, the total premium cost is higher at higher coverage levels because losses occur more often at those levels.

With FCIC's premium subsidies, a producer pays only part of the total premium cost and the government pays the rest. Under prior law, the premium subsidy rate (the percent of the total premium that is paid by the government) generally declined as the coverage level increased. As shown in Table 4, under H.R. 2559, the premium subsidy rate also declines as the coverage level increases, although subsidy rates at each coverage level are higher than under prior law. For example, under prior law, the subsidy rate declined from 41 percent to 18 percent of total premium as the coverage level increased from 50 percent to 75 percent of expected yield. Under H.R. 2559, the subsidy rate declines from 67 percent to 55 percent of premium as the coverage level increases from 50 percent to 75 percent of expected yield.

Table 4. Premium Subsidy Rates by Coverage Level for Crop Insurance (Percentage)

Coverage level	Subsidy under prior law	Subsidy under H.R. 2559
50	41	67
55	35	64
60	28	64
65	31	59
70	24	59
75	18	55
80	13	48
85	10	38

The full cost of the higher premium subsidies provided by the legislation partly depends on what producers do with the extra subsidy dollars that they receive from the government. Producers could simply maintain the same level of crop insurance protection (which will generally be cheaper to purchase under H.R. 2559) and use the extra subsidy dollars for other business or personal purposes. In that case, the only extra cost for federal crop insurance would be the higher premium subsidies on existing coverage.

Alternatively, producers could choose to buy more federal crop insurance because not only will their current level of coverage be cheaper under H.R. 2559, but additional crop insurance protection will be cheaper as well. They could buy more crop insurance protection on the same acres or buy insurance for crops or acres that they currently do not insure. Because the federal cost of the program depends on the amount of crop insurance sold, if producers buy more crop insurance, federal costs would increase more than the cost of the higher premium subsidies alone.

After 2005, estimated premium subsidy costs include costs associated with implementation of continuous coverage. Under continuous coverage, producers may select coverage levels in 1 percent increments. Coverage levels currently are available in 5 percent increments (50, 55, 60, 65, 70, 75, 80, and 85 percent of expected yields).

Under the subsidy structure in H.R. 2559, continuous coverage will increase costs because in some cases a slight reduction in the coverage level can result in a substantial increase in the subsidy rate. For example, reducing the coverage level from 85 to 84 percent of expected yield will allow producers to increase the subsidy rate from 38 to 48 percent of total premium. Under prior law the subsidy was based on fixed dollar amounts, so there was little if any benefit from implementing continuous coverage. Although authorized under prior law, continuous coverage provisions were not implemented, and H.R. 2559 prohibits implementation until after 2005. CBO assumes that these provisions will be implemented after 2005, and estimates that the cost of the continuous coverage provisions, in combination with the higher subsidy rates authorized in H.R. 2559, will be about $1.6 billion over the 2006-2010 period.

Including the costs associated with implementing continuous coverage after 2005, CBO estimates that the changes in premium subsidy rates specified in H.R. 2559 will cost about $1 billion in 2001, nearly $6 billion over the 2001-2005 period, and more than $14 billion over the 2001-2010 period.

Change Yield Calculations for Multiyear Losses. The dollar amount of crop insurance that a producer is eligible to buy depends in part on the expected yield of the producer's farm. Generally, FCIC considers the expected yield for a producer's farm to be the average of actual yields in previous years. An actual yield that is very low can significantly lower the average yield, thus reducing the amount of insurance that a producer can buy. In addition, if a producer's average yield is sufficiently below the county average, the premium necessary to provide a given level of insurance is higher.

H.R. 2559 directs FCIC to change procedures used to calculate a producer's expected yield. Producers will be allowed to substitute a minimum yield established by FCIC for lower actual yields when calculating the insurable yield. Producers substituting the minimum yield will be charged higher premium rates required to cover higher expected indemnities, but because of the premium subsidies, the government will fund much of the cost. Because other crop insurance costs, such as reimbursements to private companies, are based on the amount of premiums charged, these costs will also increase.

CBO estimates that the expected yield adjustment provisions of H.R. 2559 will cost $138 million in 2001, $788 million over the 2001-2005 period, and $1,772 million over the 2001-2010 period.

Fully Subsidize Policies Developed by Private Companies. Some of FCIC's crop insurance policies are developed by FCIC while others are developed by private insurance companies. Currently, certain revenue insurance products developed by private insurance companies receive federal premium subsidies that are lower than FCIC's standard yield insurance policies. H.R. 2559 will allow these revenue products to receive the same premium subsidy as the standard yield insurance policies. Previously, other privately developed insurance products were not eligible for premium subsidies from FCIC and have been sold by private companies without any subsidies. H.R. 2559 will allow these policies to receive subsidies from FCIC.

CBO estimates that these provisions will cost $107 million in 2001, $962 million over the 2001-2005 period, and $2,489 million over the 2001-2010 period.

Expand Eligibility for the Non-insured Assistance Program. The Non-insured Assistance Program (NAP) is a permanent disaster payment program administered by the Department of Agriculture's Farm Service Agency. The program provides assistance to producers with crop losses for which crop insurance is unavailable. Under prior law, the region where the non-insurable crop was grown had to experience at least a 35 percent loss for the producer to be eligible for benefits under NAP. H.R. 2559 removes the regional loss requirement, and establishes a fee of $100 per crop for participation in the program.

CBO estimates that these changes will cost $89 million in 2001, $482 million over the 2001-2005 period, and $1,079 million over the 2001-2010 period.

Other Changes. H.R. 2559 makes a number of other changes in crop insurance, including provisions that:

- Increase administrative fees for catastrophic crop insurance (CAT) to $100 per crop and allow some cooperatives and associations to purchase CAT coverage,

- Expand authority for pilot programs (including the dairy options pilot program, rate reduction pilot program, and pilot programs for livestock and wild salmon),

- Change rules concerning how producers can insure a second crop when a first crop either could not be planted or was planted and failed,

- Fund research and development of new crop policies and risk management products,

- Provide mandatory funding to the Risk Management Agency (RMA) to assist in compliance implementation activities, and

- Settle a dispute concerning crop insurance policies for the 1999 durum wheat crop that are currently under litigation in favor of producers who purchased these policies.

CBO estimates that these additional provisions taken together will cost $47 million in 2001, $210 million over the 2001-2005 period, and $406 million over the 2001-2010 period.

Title II—Agricultural Assistance

Title II provides payments to agricultural producers and others to compensate for loss of markets, encourage conservation, expand research programs, further agricultural marketing programs, and fund other programs. This title also makes several changes in nutrition programs to purchase additional commodities, to enroll more children in Medicaid and the State Children's Health Insurance Program (SCHIP), and improve the management of the Child and Adult Care Food Program. CBO estimates that title II will cost $5.5 billion in fiscal year 2000 and $7.1 billion over the 2000-2010 period. Table 5 summarizes the budgetary impact of this title. (As noted above, section 264 exempts title II from pay-as-you-go procedures.)

Market Loss Assistance. Subtitle A provides payments to producers of major field crops, oilseeds, specialty crops, and other commodities to compensate them for the loss of markets. The legislation specifies the amount of funding for many provisions concerning market loss payments. In addition, CBO estimated the cost of the following provisions:

- Section 201 provides market loss assistance to producers who are eligible to receive a production flexibility payment for fiscal year 2000, in the same manner as the market loss assistance payments for 1999. Based on actual market loss payments to date for 1999, CBO estimates this provision will increase Commodity Credit Corporation (CCC) spending by slightly less than $5.5 billion in fiscal year 2000.

- Section 204 provides payments to peanut producers to partially compensate for continued low prices and higher production costs for the 2000 crop year, at specified payment rates for quota and nonquota peanuts. Based on information from USDA, CBO estimates this provision will cost $47 million.

Table 5. Components of the Estimated Costs of Title II, Agricultural Assistance

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority						
Subtitle A—Market Loss Assistance						
Market Loss Assistance	5,466	0	0	0	0	0
Oilseeds Market Loss Assistance	0	500	0	0	0	0
Replenish Perishable Fund	0	30	0	0	0	0
Replenish Marketing Act Trust Fund	0	29	0	0	0	0
Inspection Services Improvements	0	12	0	0	0	0
Surplus Crop Purchases	0	200	0	0	0	0
Grower Compensation	0	25	0	0	0	0
Apple Loans	0	5	0	0	0	0
Peanuts	0	47	0	0	0	0
Tobacco	0	340	0	0	0	0
Honey	0	7	-7	0	0	0
Wool and Mohair Payments	0	10	0	0	0	0
Cottonseed	0	100	0	0	0	0
Loan Deficiency Payments for Grazing	0	43	0	0	0	0
Expansion of LDP Eligibility	0	35	0	0	0	0
Subtotal—Subtitle A	5,466	1,383	-7	0	0	0
Subtitle B—Conservation	0	50	0	0	0	0
Subtitle C—Research						
Carbon Cycle Research	0	15	0	0	0	0
Tobacco Research for Medical Purposes	0	3	0	0	0	0
Research on Soil Sciences and Forests	0	10	0	0	0	0
Research on Waste Streams from Livestock	0	4	0	0	0	0
Storage of Livestock & Poultry Waste	0	5	0	0	0	0
Ethanol Research Pilot Plant	0	14	0	0	0	0
Subtotal—Subtitle C	0	51	0	0	0	0
Subtitle D—Agricultural Marketing	0	15	0	0	0	0
Subtitle E—Nutrition Programs						
Commodities for School Lunch	34	76	0	0	0	0
Share School Lunch Data [b]	0	1	3	4	6	8
WIC Demonstration Project [b]	0	1	a	a	1	1
Management Improvement in the Child and Adult Care Food Program	0	-1	-9	-16	-17	-18
Meals in After-school Programs	0	a	1	2	2	2
Subtotal—Subtitle E	34	77	-5	-10	-8	-7

Continued

Table 5. Continued.

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
Subtitle F—Other Programs						
Loans for Boll Weevil Eradication	0	5	0	0	0	0
Animal Disease Control						
Pseudorabies	0	7	0	0	0	0
Bovine Tuberculosis Research	0	6	0	0	0	0
Emergency Loans for Seed Producers	0	15	0	0	0	0
Pasture Flood Compensation	0	24	0	0	0	0
Restore Eligibility for Crop Loss Assistance	0	6	0	0	0	0
Subtotal—Subtitle F	0	63	0	0	0	0
Total Changes in Budget Authority	5,500	1,639	-12	-10	-8	-7
Estimated Outlays	5,500	1,493	65	31	20	4

a. Less than $500,000.

b. Spending for SCHIP also will increase under these provisions. However, because budget authority for this program is already provided in permanent law, H.R. 2559 will not increase budget authority for SCHIP. Outlays for SCHIP will increase by $17 million over the 2001-2005 period.

- Section 204 also provides recourse loans to honey producers at specified rates for the 2000 crop of honey. This provision provides honey producers an additional year of recourse loans from USDA. Based on information from USDA regarding loans made and repaid for the 1999 crop of honey, CBO estimates this provision will increase net CCC spending by $7 million in 2001 and save $7 million in 2002 as the remaining loans are repaid.

- Section 204 provides payments to producers of wool and mohair for the 1999 marketing year, based on specified payment rates. CBO estimates this provision will increase CCC outlays by $10 million ($9 million for wool and $1 million for mohair).

- Section 205 provides payments to producers who allow animals to graze their 2001 crop of wheat, barley, or oats, instead of harvesting the crop for grain. CBO estimates this provision will increase CCC outlays by $43 million. This estimate assumes that half of the acres of small grains planted but not harvested in the southern and southwestern states (the area where grazing of small grains is prevalent) will qualify for loan deficiency payments from USDA under this provision; CBO used acreage, yield, and loan deficiency payment rates for the 2001 crop of small grains from the CBO March 2000 baseline.

- Section 206 expands the number of producers eligible for loan deficiency payments for the 2000 crop. CBO estimates this provision will increase CCC outlays by $35 million. About 98 percent of producers of eligible commodities signed production flexibility contracts with USDA under the 1996 farm act (Public Law 104-127). This provision will permit the remaining 2 percent of producers to qualify for loan deficiency payments under that act.

In addition to the estimated spending detailed above, H.R. 2559 provides $500 million in market loss assistance for oilseed producers, $301 million for assistance to specialty crop producers, and $100 million in assistance to cottonseed producers—all in 2001.

Conservation. Subtitle B provides $50 million in 2001 for farmland protection and soil and water conservation payments to producers.

Research. Subtitle C provides $51 million in 2001 for selected research initiatives. The subtitle provides funds for research on:

- Carbon cycles,
- Using tobacco for medical purposes,
- Controlling waste streams from livestock,
- Storage of livestock and poultry waste, and
- Construction of an ethanol pilot plant.

Agricultural Marketing. Subtitle D provides $15 million in 2001 to establish a fund to support value-added agricultural products.

Nutrition Programs. Subtitle E makes several changes to the child nutrition programs and the Special Supplemental Food Program for Women, Infants, and Children. These changes also have an impact on the costs of Medicaid and the State Children's Health Insurance Program. CBO estimates these changes will increase outlays by $34 million in 2000 and by a total of $99 million over the 2000-2005 period.

Minimum commodity assistance in the school lunch program. USDA provides both cash reimbursement and commodity assistance for each meal served under the National School Lunch Program, and a minimum of 12 percent of the total assistance must be in the form of commodities. Section 241 reverses a requirement that the value of bonus commodities (those purchased by USDA to remove surpluses or support prices, and then donated to the school lunch program) be included in calculating this minimum value for fiscal year 2001. CBO expects that $55 million of bonus commodities would have been provided and counted toward the requirement under prior law. Therefore, the Secretary of Agriculture will have to purchase an additional $55 million to meet the requirement in fiscal year 2001. This section also requires the Secretary to purchase and distribute an additional $34 million of commodities in fiscal year 2000 and $21 million in 2001 to the school lunch program, for an estimated total cost of $110 million over the 2000-2005 period.

Share School Lunch Data. Section 242 allows states to use application data from the National School Lunch Program to identify children who might be eligible for benefits under Medicaid or SCHIP.

Data from a recent study by the Urban Institute suggest that about 19 percent of the 15.6 million children who receive free or reduced price lunches do not have health insurance. CBO's estimate accounts for the fact that this percentage would have declined somewhat under prior law as states developed their SCHIP programs. CBO assumes that states representing 5 percent of the uninsured children will ultimately share their school lunch data, and that 10 percent of these uninsured children will subsequently enroll in Medicaid or SCHIP. By 2005, CBO anticipates that this provision will increase enrollment in Medicaid and SCHIP by about 8,000 and 5,000 children, respectively.

CBO expects these children will be somewhat healthier than those already on the Medicaid and SCHIP rolls, and that they will incur about 75 percent of the per capita costs of current enrollees. Overall, CBO estimates that this provision will increase Medicaid outlays by $22 million and SCHIP outlays by $17 million over the 2001-2005 period.

WIC Demonstration Project. Section 242 of the law also establishes a three-year demonstration project that allows local offices administering the WIC program in one state to enroll eligible children in Medicaid or SCHIP. Each participating site will receive $10,000 in additional annual funding during the course of the project. CBO estimates that this project will enroll another 800 children in Medicaid and another 350 children in SCHIP. CBO estimates that this demonstration project will raise Medicaid outlays by $2 million over the 2001-2005 period. SCHIP outlays will also increase, but by less than $500,000 annually. In addition, $1 million will be available through the child nutrition program to fund the demonstration project and an evaluation of it.

Management improvement in the Child and Adult Care Food Program. Recent audits by USDA's Office of the Inspector General (OIG) have found management deficiencies in the Child and Adult Care Food Program (CACFP). Many of the problems identified by the audits occurred with sponsoring organizations. Under the program, all child care homes must have a sponsor that administers the program. Child care centers can participate in the program either through a sponsor or as an independent center. Sponsors of child care homes are reimbursed for their administrative expenses based on the number of homes the organization sponsors. Under prior law, sponsors of child care centers did not receive a specified rate for administrative costs, but some states allowed sponsors to retain up to 30 percent of meal reimbursements to cover these costs.

Section 243 caps the amount of meal funds a sponsor of centers can retain at 15 percent, but allows a state to waive this limit if the sponsor can justify a need to retain a higher percentage. Based on the OIG's findings and discussions with administration officials, CBO assumes that this limit will cause the growth in center meals to slow by almost 2 percent over three years, resulting in decreased outlays of $40 million over the 2001-2005 period. This slowdown in meal growth is assumed to result from a small number of sponsors (and some of their centers) dropping out of the program or reducing their efforts to enroll additional centers in the program. CBO expects that meal growth will return to the baseline rate by 2004, but savings will occur in each year because this growth rate will apply to a base of fewer meals.

The law contains several other measures to improve management of the program, including changing the eligibility and approval requirements for institutions and limiting transfers of homes between sponsors. CBO estimates these changes will result in total savings of about $18 million over the 2001-2005 period.

Expand for-profit demonstration project. Section 243 expands a current demonstration project involving the participation of for-profit child care providers in the CACFP to one additional state. The law contains certain requirements for participation, including that the state exempt all families from cost-sharing under programs funded by the Child Care and Development Fund. CBO believes no state qualifies to participate under these requirements, and does not include a cost for the project in this estimate. However, we understand that the intent is to expand the project to one additional state.

After-school programs for at-risk school children. Finally, this section allows six states to provide reimbursement for one meal in addition to one snack served in after-school CACFP programs operating in low-income areas. A low-income area is defined as one that is served by a school in which at least 50 percent of enrolled students are eligible for free and reduced price meals. The meals will be served to children up to age 18 and all meals will be served free. Under prior law, one snack per day could be served to children up to age 18 in these programs. A program could serve a meal to children up to age 12, but these meals had to be served at the free, reduced, and paid rates, based on the child's family income.

CBO expects that the number of meals served will equal about 25 percent of the estimated snacks served in this program. By fiscal year 2003, when the program is fully phased in, 1.2 million meals will be served to school children up to 12 years of age, and an additional 60,000 meals to youths aged 13-18. These meals will be reimbursed at the rate for free lunches and suppers, about $2. CBO expects that about half of the meals served to children age 6-12 will be served at the free, reduced, and paid rates. In addition, some sites may decide to serve a supper in lieu of a snack, while other sites may choose to serve two meals. CBO estimates that outlays will increase by $6 million over the 2000-2005 period.

Other Programs. CBO estimates that subtitle F provides $63 million in 2001 for other agriculture programs including:

- A $10 million loan from CCC to the Texas Boll Weevil Eradication Foundation, Inc., to enable the foundation to retire certain debt. The loan is interest-free and must be repaid beginning January 1, 2001, after the boll weevil eradication zone responsible for the debt resumes participation in any federally funded boll weevil eradication program. Based on information from USDA, CBO estimates the cost of this loan will be $5 million in 2001.

- Up to $35 million in emergency loans from CCC to certain producers who have not received payments from a bankruptcy settlement with AgriBiotech Seed Company. The loans are for three years without interest, after which time they may be converted into a farm operating loan from USDA's Farm Service Agency. CBO estimates that the cost of these loans will be $15 million in 2001, based on subsidy rates for farm operating loans provided by the Farm Service Agency.

- About $6 million in 2001, to restore eligibility for crop loss payments to producers who had a change in farm ownership structure during the past five years. Under prior law, eligibility for the multiyear crop loss assistance program required the farm to have the same owner throughout the eligibility period. A small number of producers changed the ownership structure of their farm during the relevant period.

Subtitle F also provides USDA with $13 million in 2001 for animal disease control (pseudorabies and bovine tuberculosis) and $24 million for crop and pasture flood compensation.

PREVIOUS CBO ESTIMATE

On June 20, 2000, CBO transmitted a pay-as-you-go estimate of H.R. 2559. This estimate supersedes the earlier estimate. The revised estimate does not change the estimated cost of H.R. 2559, but it reflects the provision that would exempt the cost of title II from pay-as-you-go procedures.

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