

THE COMMITTEE ON THE BUDGET

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THE FARM BILL CONFERENCE REPORT
PAYGO WAIVED
HIDING BILLIONS IN NEW COSTS

14 May 2008

After running out of gimmicks to hide the true cost of the Farm Bill Conference Report (H.R. 2419), the Democratic Majority has decided to waive the House pay-as-you-go [PAYGO] rule. As a result, the Farm Bill coming to the floor today includes \$23 billion in new costs over the baseline, more than double the \$10 billion being claimed by the conferees. The \$13 billion difference is achieved through numerous gimmicks and even two explicit PAYGO violations. Here are the details of how the Farm Bill makes a mockery of the PAYGO rules:

- **Baseline Shopping, Part 1: (Using Outdated Budget Estimates).** In the past year, food prices and farm incomes have skyrocketed. But the Farm Bill conferees have decided to ignore today's reality and instead score the Farm Bill using last year's numbers and projections under the 2007 baseline.
 - Using last year's baseline is not only inaccurate, but *is an explicit violation of PAYGO*, which requires use of the updated 2008 baseline.
 - This PAYGO violation conveniently *hides* \$3.1 billion in new spending over 10 years. If the Farm Bill followed the rules and instead used the updated baseline, it would violate PAYGO by \$2.9 billion over 10 years and a whopping \$7.4 billion over 5 years.
 - If only Americans could buy groceries and gas at last year's prices the way Congress scores Farm Bills.

- **Baseline Shopping, Part 2 (A Year Has Passed Everywhere But Washington, DC).** The Farm Bill conference report not only uses the wrong baseline, it also squeezes through the wrong window for PAYGO compliance.
 - Instead of being scored from 2008-18, as is required by House rules and applied to all other bills considered this year, the Farm Bill is scored from 2008-17 – another explicit violation of PAYGO.
 - If the bill were scored in the correct window, even under the wrong baseline, it would still violate PAYGO by billions of dollars.

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- **PAYGO Gimmicks (Timing Shifts and Funding Cliffs).** The bill includes \$8.5 billion in PAYGO gimmicks. These include a \$1.7-billion timing shift in the commodities title, a \$2.8-billion timing shift in the crop insurance title, and a \$4.0-billion funding cliff for the new disaster assistance program.
 - The timing shifts would require commodity and crop insurance payments due in fiscal year 2017 instead to be paid in fiscal year 2018. Without these timing shifts, the bill would violate PAYGO by an additional \$4.5 billion.
 - The bill also creates a “permanent” disaster relief program that mysteriously disappears after 5 years. This vanishing act conveniently “saves” \$4.0 billion.
 - Last but not least, the bill also includes a \$4.5-billion shift in corporate tax payments from 2013 to 2012, to change the appearance of the score.

 - **CBO Scoring Confirms PAYGO Violation.** Congressional Budget Office [CBO] estimates confirm the Farm Bill violates PAYGO.
 - CBO’s cost estimate shows that the use of 2008 baseline, as is required by House rules, increases the bill’s cost by \$3.1 billion over the budget window.
 - According to CBO, this would “produce net costs (increases in deficits or reductions in surpluses) of about \$2.9 billion . . . relative to CBO’s baseline projections.”
 - CBO’s cost estimate is available at the following link:
<http://www.cbo.gov/ftpdocs/92xx/doc9230/hr2419conf.pdf>

 - **True Cost.** The true cost of the bill is even higher than the CBO score. PAYGO gimmickry and special interest tax breaks and earmarks not contemplated within the advertized \$10 billion framework push the overall cost to \$23 billion over the baseline.

True Costs of the Farm Bill

Admitted Cost of the Farm Bill	\$10.0 billion
Baseline Shopping	\$3.1 billion
PAYGO Gimmicks (Timing Shifts, Funding Cliffs)	\$8.5 billion
Special Interest Tax Breaks and Earmarks	\$1.4 billion
True Cost of the Farm Bill	\$23.0 billion