

# Comparison of House and Senate Shallow Loss Programs

## 5/28/2013



	Commodity Title Programs		Crop Insurance Title Programs			
	Senate	House	Senate	House	Senate	House
	Agriculture Risk Coverage (ARC)	Revenue Loss Coverage (RLC)	Supplemental Coverage Option (SCO)	Supplemental Coverage Option (SCO)	Stacked Income Protection Plan (STAX)	Stacked Income Protection Plan (STAX)
<b>Participation requirements</b>	None*	Can participate in either RLC or SCO but not both*	None*	Can participate in either RLC or SCO but not both*	STAX only available for upland cotton growers.*	STAX only available for upland cotton growers.*
<b>Guarantees what percentage of anticipated revenue?</b>	Between 78% and 88%	Between 75% and 85%	Between the level of crop insurance coverage selected by the producer and 78% if participating in ARC or else 90%	Between the level of crop insurance coverage selected by the producer and 90%	Between 70% and 90%	Between 70% and 90%
<b>Fully taxpayer subsidized?</b>	Yes	Yes	Nearly, taxpayers pay 65% of premiums	Nearly, taxpayers pay 65% of premiums	Nearly, taxpayers pay 80% of premiums	Nearly, taxpayers pay 80% of premiums
<b>Subject to payment limitations or income tests?</b>	Yes, \$50,000 annually but peanut producers can receive a separate payment; individuals are ineligible if annual adjusted gross income exceeds \$750,000.	Yes, \$125,000 for RLC & PLC payments; individuals are ineligible if adjusted gross income exceeds \$950,000.	No payment limitation; for an individual producer with adjusted gross income over \$750,000, subsidy rates for coverage reduced by 15%. For example, SCO subsidy would be 50% instead of 65%.	No	No payment limitation; for an individual producer with adjusted gross income over \$750,000, subsidy rates for coverage reduced by 15%. For example, STAX subsidy would be 65% instead of 80%.	No
<b>Subject to public disclosure requirements?</b>	Yes	No	No	No	No	No
<b>Projected 10-year cost (CBO)</b>	\$23.8 billion**	\$23.4 billion***	\$2.25 billion	\$3.85 billion	\$3.7 billion	\$3.7 billion

**Notes:**

\* ARC and RLC subsidies are available to growers of wheat, corn, sorghum, barley, oats, rice, pulse crops (chickpeas, dry peas, lentils), soybeans, other oilseeds (sunflowers, safflower, rapeseed, others), and peanuts. Popcorn may be added after a feasibility study. SCO participants will be determined by USDA's Risk Management Agency but most subsidies will flow to the most produced crops of corn, soybeans, and wheat. STAX is only available for upland cotton.

\*\* The CBO eight-year cost estimate of ARC is \$23.8 billion. Adding in the expected eight-year cost of Adverse Market Payments (AMP), or government-set target prices brings the cost of these two subsidy programs to \$26.8 billion. However, this estimate fails to include the FY2014-15 costs of these programs to presumably reduce the overall farm bill cost. If the full ten-year costs are factored in, these programs would cost taxpayers \$33.5 billion.

\*\*\* The CBO eight-year cost estimate of RLC (\$23.4 billion) also includes cost of Price Loss Coverage (PLC) subsidies, or government-set target prices; however, similar to the Senate CBO score, the total cost estimate does not include the FY2014-15 costs of these programs to presumably reduce the overall farm bill cost. The annual cost of RLC/PLC is approximately \$3 billion so including this estimate for FY2014-15 brings the 10-year cost estimate to \$29.5 billion. Producers can participate in either PLC or RLC, but not both. Producers selecting PLC can also enroll in SCO.

**References:**

1. [http://cbo.gov/sites/default/files/cbofiles/attachments/hr1947\\_LucasLtr.pdf](http://cbo.gov/sites/default/files/cbofiles/attachments/hr1947_LucasLtr.pdf)
2. [http://cbo.gov/sites/default/files/cbofiles/attachments/s954\\_StabenowLtr\\_0.pdf](http://cbo.gov/sites/default/files/cbofiles/attachments/s954_StabenowLtr_0.pdf)
3. S. 954
4. H.R. 1947