

## About Farm Bill Commodity Income Entitlements

Promises that the 2014 Farm Bill would produce savings for taxpayers failed to bear fruit. This is because of exploding costs in the income entitlement programs created in the Commodities Title of the bill.

**FACT:** The Congressional Budget Office (CBO) calculated the **2014 Farm Bill** would reduce federal deficits by \$16.6 billion over 10 years. Spending reductions on commodity programs (Title 1) were calculated to contribute \$14.3 billion of this savings.

**FACT:** Income entitlement programs created by the 2014 Farm Bill and expanded in the 2018 Farm Bill are **much more expensive than promised**. CBO projects that the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs will cost **\$48.1 billion over the scoring window** of the 2014 Farm Bill. That's \$21 billion more than projected when the 2014 Farm Bill was adopted.

**FACT:** ARC/PLC cost more than the discredited direct payments they replaced. Direct payments, a program that sent subsidy checks every year regardless of market conditions, were projected to cost **\$4.5 billion** annually prior to passage of the 2014 Farm Bill. CBO reports ARC/PLC payments averaged **\$5.4 billion** annually the first five years of the programs. CBO expects payments to rise to an annual average of **\$6.5 billion** the next 10 years.

**FACT:** Other **Title 1 commodity programs are also over budget**. Supplemental Disaster programs, projected to cost \$3.7 billion total FY14-23, are now projected to total **\$9.6 billion**. **Cotton producers** received **\$300 million** in unbudgeted payments to Brazil to settle a WTO complaint and **\$545 million** in ginning "cost-share" assistance. The cost of the Dairy program for FY14-23 has risen more than **\$800 million (70 percent)** compared to 2014 Farm Bill projections.

**OUR TAKE:** The 2014 Farm Bill promised to reduce federal spending on income entitlement programs for agricultural businesses and failed to do so. Taxpayers can afford a safety net to help farmers and ranchers manage catastrophic risks too complex to manage on their own. We cannot afford ever-expanding agricultural income subsidy programs that cost more than promised and promote instability and unpredictability for agriculture as well as taxpayers footing the bill.