



September 22, 2020

Speaker Pelosi and Senate Majority Leader McConnell:

The undersigned organizations urge you to oppose making any unnecessary increase in farm income subsidies the lynchpin for finding agreement on a Continuing Resolution to avoid a government shutdown.

Taxpayers have already provided an extremely generous level of subsidies for agricultural businesses this year. USDA's August Farm Income update projects that direct government payments will be at least \$37 billion and constitute 36 percent of net farm income in 2020. The Secretary of Agriculture's announcement on Friday of \$14 billion in additional subsidies to offset coronavirus related losses guarantees this number, already the highest level since 2000, will climb further. And these numbers do not include the additional billions of dollars in benefits agricultural businesses enjoy at the expense of taxpayers and consumers from federally subsidized crop insurance, the protectionist sugar program, and other market distorting policies such as agricultural checkoff programs.

Alarmist predictions of USDA coffers running dry without an immediate refill of the Commodity Credit Corporation's \$30 billion in annual borrowing authority are not grounded in budgetary reality. Nearly four months since USDA opened enrollment for the Coronavirus Food Assistance Program (CFAP), almost \$6.4 billion (40 percent) of the funds remain unobligated. The [\\$14 billion USDA committed to subsidy payments in CFAP2](#), which just opened for enrollment this week, will not be fully outlaid before the CCC receives its scheduled reimbursement in November. In addition to this \$20 billion of spending authority, there are other USDA accounts from which the Secretary can temporarily reprogram spending to ensure farming and ranching businesses receive their payments from Farm Bill income entitlement programs.

There is no budgetary reason to make uninterrupted operation of the federal government dependent on an early reimbursement of CCC borrowing authority. We urge you to oppose such a condition.

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R Street Institute  
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