

THE COMMITTEE ON THE BUDGET

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THE FARM BILL CONFERENCE REPORT
SUBSIDIZING WEALTHY FARMERS,
WHILE FOOD PRICES SOAR

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The Farm Bill conference report (H.R. 2419) being considered on the House floor today will cost American taxpayers \$658 billion over the next 10 years. It includes \$23 billion in new costs, more than double the \$10 billion admitted to by the conferees. Further, the bill makes little meaningful reform to bloated farm programs, and continues allowing wealthy farmers to receive the bulk of farm payments, to the detriment of small farmers and consumers who are struggling with skyrocketing food prices. Here are the details:

- Violates and Waives PAYGO. Unable to write a Farm Bill that meets the pay-as-you-go [PAYGO] test, the Majority has decided to waive its highly touted rule. If PAYGO were not waived, the bill would be subject to a point of order for baseline shopping – whereby conferees chose to apply last year’s baseline to score the bill so they could hide \$3.1 billion in costs. If the Majority used the updated baseline, the bill would still be subject to a point of order, this time for increasing the deficit by \$2.9 billion. Instead of finding a way to actually reduce the bill’s cost, the Majority took the easy way out and simply waived their own rule.
Continues to Subsidize Millionaire Farmers. The Farm Bill will continue to allow married couples with household incomes of up to \$2.5 million to receive subsidies, much higher than the \$750,000 limit being claimed by the conferees. The difference comes about because the non-farm income limit of \$500,000 and farm income limit of \$750,000 can be combined, and applied to each spouse separately. As a result, millionaire “farmers” throughout the country will continue to be eligible for payments.
Continues to Subsidize Corporate Farming Enterprises. Farm subsidy payments are concentrated in the hands of the few, with the top 10 percent of recipients receiving nearly two-thirds of all farm payments. The Farm Bill threatens to make this situation worse by removing the payment limit on the marketing loan program.
Makes a Bad Sugar Program Worse. The measure ignores the plight of consumers facing skyrocketing food prices by making a bad sugar program worse. Due to the current policy, sugar prices in the U.S. are twice the worldwide average and cost consumers nearly \$1.8 billion last year, according to the Government Accountability Office [GAO]. The Farm Bill will worsen this situation by increasing the sugar loan rate, and by creating a new sugar-to-ethanol mandate that will purchase sugar at inflated prices and sell it to

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ethanol producers at a substantial discount. This sweet deal for sugar producers will leave a sour taste in the mouths of American taxpayers.

- **Could Make Food Inflation Worse.** From March to April of this year, food prices increased by 0.9 percent, the largest monthly increase in 18 years. In addition to the sugar policy mentioned above, the Farm Bill will also continue an ethanol program that has played a key role in pushing food prices to record levels.
- **Creates A Duplicative Disaster Relief Program.** The Farm Bill creates a new, \$3.8-billion Permanent Disaster Relief Program that disproportionately assists those with political clout, not real needs. This duplicates at least three existing crop insurance programs, along with other subsidy programs. This new program also creates incentives for the use of marginal lands that would otherwise not be farmed. To make matters worse, the cost of the program is likely to be double this amount due to a funding cliff that makes a “permanent” program disappear after only 5 years.
- **Contains Numerous Earmarks.** The Farm Bill contains numerous wasteful earmarks. These include a \$250-million earmark for land in Montana, an earmark that requires the USDA Forest Service to sell land to a ski resort, and a \$170-million earmark for the salmon industry in San Francisco.
- **Costs More Than Advertised.** The true cost of the Farm Bill is much higher than the advertised by the conferees. 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