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Farm Bill Primer: Background and Status

The farm bill is an omnibus, multiyear law that governs an array of agricultural and food programs. It provides an opportunity for policymakers to comprehensively and periodically address agricultural and food issues. The farm bill has typically been renewed about every five years since the 1930s (CRS Report R45210, *Farm Bills: Major Legislative Actions, 1965-2024*).

What Is in a Farm Bill?

The breadth of the farm bill is optional and determined mostly by the joint jurisdiction of the House and Senate agriculture committees. Initially, farm bills focused on support for a handful of staple commodities—corn, soybeans, wheat, cotton, rice, peanuts, dairy, and sugar. Since 1973, farm bills have become increasingly expansive, when a nutrition title was first included. Other prominent additions include formerly stand-alone laws, such as conservation, credit, and research. New topics were added, such as bioenergy and horticulture. In 2024, the farm bill considered by the House committee (H.R. 8467) and introduced in the Senate (S. 5335) contained the same 12 titles as the Agriculture Improvement Act of 2018 (2018 farm bill; P.L. 115-334; see **text box**).

The omnibus nature of the farm bill can create broad coalitions for policies that individually might not have a majority of support in the legislative process. In recent years, more stakeholders have become involved in the farm bill debate representing conservation, rural development, nutrition, local food systems, and organic production.

When Does the Farm Bill Expire?

The 2018 farm bill was written to cover five years through FY2023 and the 2023 crop year. Congress enacted a one-year extension in November 2023 for 2024 (P.L. 118-22, Division B, §102) and a second one-year extension in December 2024 to cover FY2025 and the 2025 crop year (P.L. 118-158, Division D).

Without reauthorization, some farm bill programs expire and may not continue operations. Most nutrition assistance programs can be continued by providing appropriations. Farm commodity programs need to be reauthorized for future crop years. The farm bill also suspends long-abandoned permanent laws from the 1940s for the farm commodity programs that used supply controls and price regimes that would be costly to implement if their suspension expires. Other programs like crop insurance have permanent authority and do not need reauthorization (CRS Report R47659, *Expiration of the 2018 Farm Bill and Extension for 2025*).

What Does the Farm Bill Cost?

Farm bills authorize programs in two spending categories: mandatory and discretionary. They authorize mandatory funding for programs based on multiyear budget estimates (*baseline*) and estimates of what provisions in newly enacted bills cost (*scores*). Programs authorized for discretionary funding are not funded by the farm bill and depend on future appropriations action. Mandatory programs usually dominate the farm bill debate (CRS In Focus IF12233, *Farm Bill Primer: Budget Dynamics*).

Farm bills have both 5-year and 10-year budget projections for the programs that operate as entitlements based on formulas and eligibility criteria. The 10-year projection for the 2018 farm bill was \$867 billion over FY2019-FY2028 (**Table 1**). Four titles accounted for 99% of the 2018 farm bill's mandatory spending: nutrition (primarily the Supplemental Nutrition Assistance Program, SNAP), farm commodities, crop insurance, and conservation. Programs in all other farm bill titles accounted for about 1% of mandatory outlays and receive mostly discretionary funds.

Titles in Recent Farm Bills

- Title I, Commodities:** Provides support for major commodity crops, including wheat, corn, soybeans, peanuts, rice, dairy, and sugar. Authorizes disaster assistance.
- Title II, Conservation:** Encourages environmental stewardship of farmlands and improved management through land retirement programs, working lands programs, or both.
- Title III, Trade:** Supports U.S. agricultural export programs and international food assistance programs.
- Title IV, Nutrition:** Provides nutrition assistance for low-income households through programs, including SNAP.
- Title V, Credit:** Offers direct government loans and guarantees to producers to buy land and operate farms and ranches.
- Title VI, Rural Development:** Supports rural housing, community facilities, business, and utility programs through grants, loans, and guarantees.
- Title VII, Research, Extension, and Related Matters:** Supports agricultural research and extension programs to expand academic knowledge and help producers be more productive.
- Title VIII, Forestry:** Supports forestry management programs run by U.S. Department of Agriculture (USDA) Forest Service.
- Title IX, Energy:** Encourages the development of farm and community renewable energy systems through various programs, including grants and loan guarantees.
- Title X, Horticulture:** Supports the production of specialty crops, USDA-certified organic foods, and locally produced foods and authorizes a regulatory framework for industrial hemp.
- Title XI, Crop Insurance:** Enhances risk management through the permanently authorized Federal Crop Insurance Program.
- Title XII, Miscellaneous:** Includes programs and assistance for livestock and poultry production, support for beginning farmers and ranchers, and other miscellaneous and general provisions.

Table I. Projected Budget for the 2018 Farm Bill, the June 2024 Baseline, and the CBO Score of H.R. 8467 (million dollars, 10-year mandatory outlays)

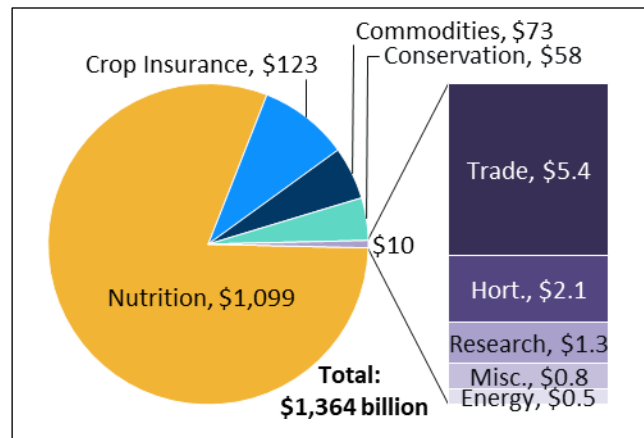
Title	2018 Farm Bill at Enactment	CBO Baseline (June 2024)	Changes in H.R. 8467 (CBO score) ^a
	FY2019-FY2028	FY2025-FY2034	FY2025-FY2034
Commodities	\$61,414	\$72,511	+\$37,027
Conservation	59,748	58,419	+4,521
Trade	4,094	5,430	+2,420
Nutrition	663,828	1,099,396	-27,099
Credit	-4,558	— ^b	0
Rural Dev.	-2,362	— ^b	0
Research	1,219	1,300	+3,493
Forestry	10	— ^b	+0
Energy	737	500	+50
Horticulture	2,047	2,100	+360

Title	2018 Farm Bill at Enactment	CBO Baseline (June 2024)	Changes in H.R. 8467 (CBO score) ^a
	FY2019-FY2028	FY2025-FY2034	FY2025-FY2034
Crop Ins.	77,933	123,468	+4,819
Miscellaneous	3,091	800	+2,495
Total	\$867,200	\$1,363,924	+\$28,086

Source: CRS Report R45425, *Budget Issues That Shaped the 2018 Farm Bill*; CRS analysis of the Congressional Budget Office (CBO) June 2024 baseline for SNAP and the USDA Mandatory Farm Programs for the five largest titles and amounts in law for other titles; and CBO, “Estimate of H.R. 8467 Relative to CBO’s June 2024 Baseline Projections,” November 8, 2024.

- a. The score is the change relative to the June 2024 baseline. CBO has not released a score for S. 5335.
- b. Baseline for the credit title is likely negative, indicating payments into the Farm Credit System Insurance fund. The rural development title has no current programs with baseline. Baseline for the forestry title is \$10 million or less.

Figure 1. Baseline for Farm Bill Programs, by Title (billion dollars, 10-year mandatory outlays, FY2025-FY2034)



Source: CRS using the CBO June 2024 baseline for the five largest titles and amounts in law for programs in other titles. The June 2024 Congressional Budget Office (CBO) baseline is the latest projection for the major farm bill programs. **Table 1** and **Figure 1** include these updates and the funding indicated in law for other farm bill programs not included in the CBO projection. The June 2024 baseline has \$662 billion over 5 years (FY2025-FY2029) and \$1,364 billion over 10 years (FY2025-FY2034).

What Are the Current Issues?

On May 23, 2024, the House Committee on Agriculture ordered reported a farm bill, H.R. 8467, the Farm, Food, and National Security Act of 2024. On November 18, 2024, the Senate Committee on Agriculture, Nutrition, and Forestry chair introduced a farm bill, S. 5335. The Senate committee took no further action on this bill.

Throughout 2024, budget issues pursuant to achieving various policy goals were leading obstacles in advancing the farm bill. The major policy issues included increasing

“reference prices” for the farm commodity programs that would provide greater payments to farmers when market prices fall below a target support level. Both bills would have provided some level of increases. Another policy goal in both bills was to incorporate one-time conservation funding from P.L. 117-169 (referred to as the Inflation Reduction Act) into the permanent farm bill conservation baseline. Both bills increased mandatory funding for export promotion, agricultural research, and animal health programs. Both bills would also have restricted USDA’s ability to use the Commodity Credit Corporation (CCC) to initiate farm assistance outside the farm bill. In nutrition policy, the House bill would have prevented USDA from reevaluating the market basket for the Thrifty Food Plan (TFP) in SNAP in a way that exceeds the cost of inflation.

The baseline CBO initially used to evaluate H.R. 8467 was the May 2023 baseline, which indicated that the bill would increase mandatory spending by \$33.0 billion over nine years (FY2025-FY2033). CBO subsequently scored the bill against the June 2024 baseline, which indicated a smaller increase in spending. Nonetheless, the score remained budget increasing for budget enforcement rules such as pay-

as-you-go (PAYGO), which assume bills should not increase the federal budget deficit. This latest score indicated that H.R. 8467 would increase mandatory spending by \$28 billion over 10 years (**Table 1**). CBO has not released a score of S. 5335.

By policy areas, the major budgetary changes in H.R. 8467 include a net increase of about \$37.0 billion over 10 years for commodity support programs, including limiting the CCC; a net increase of \$4.5 billion for conservation programs; a net decrease of \$27.1 billion for the domestic nutrition programs, including by limiting the TFP; and 10-year increases of \$2.4 billion for trade, \$3.5 billion for research, \$4.8 billion for crop insurance, and \$2.5 billion for the miscellaneous title (CRS Report R48167, *The 2024 Farm Bill: H.R. 8467 Compared with Current Law*).

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IF12047

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Farm Bill Primer: Budget Dynamics

Congress is considering a new farm bill because the 2018 farm bill (P.L. 115-334) and the latest of its two one-year extensions (P.L. 118-158, Division D) begin expiring at the end of FY2025 (CRS Report R47659, *Expiration of the 2018 Farm Bill and Extension for 2025*). In 2024, the House Committee on Agriculture ordered reported H.R. 8467, and the Senate Agriculture Committee chair introduced S. 5335.

Farm Bills from a Budget Perspective

Federal spending for agriculture is divided into two main categories—mandatory and discretionary spending:

- **Mandatory** spending is authorized primarily for the farm commodity programs, conservation, crop insurance, and the nutrition assistance programs. A farm bill authorizes outlays for mandatory programs when the law is enacted.
- **Discretionary** appropriations are authorized for most other programs, including rural development, research, and credit programs. Farm bills set program parameters. Funding may be provided in appropriations acts.

Some farm bill programs have received both types of funding. Discretionary appropriations are the primary source for many programs, but mandatory spending usually dominates the farm bill budget debate and is the focus here.

Importance of Baseline to the Farm Bill

The Congressional Budget Office (CBO) **baseline** is a projection at a particular point in time of what future federal mandatory spending would be under the assumption that current law continues. The baseline is the *benchmark* against which proposed changes in law are measured.

When a bill is proposed that would affect mandatory spending, the **score** (cost impact) is measured in relation to the baseline. Changes that increase spending relative to the baseline have a *positive* score; those that decrease spending relative to the baseline have a *negative* score.

Increases in a bill’s total cost beyond the baseline may be subject to budget constraints, such as pay-as-you-go (PAYGO) rules. Reductions from the baseline may be used to offset costs for other provisions that have a positive score or used to reduce the federal deficit. The annual budget resolution determines whether a farm bill is held budget neutral or can increase or must decrease spending.

Recent Farm Bills’ Budget Positions

In the past 25 years, farm bills have had both positive and negative scores relative to their baselines, according to CBO. The 2002 farm bill had a positive score and increased

spending by \$73 billion over 10 years under a budget resolution during a budget surplus. The 2008 farm bill was budget neutral, although it added \$9 billion to outlays over 10 years by using offsets from a tax-related title. The 2014 farm bill had a negative score, reducing spending by \$16 billion over 10 years. The 2018 farm bill was budget neutral with increases in some titles offset by reductions in others. In 2024, the House committee’s bill, H.R. 8467, would have increased the 10-year cost by \$28 billion.

CBO’s June 2024 Baseline

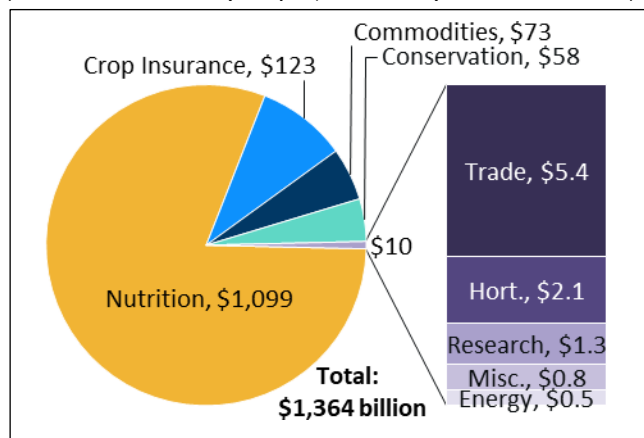
The current baseline used to score the farm bill is the June 2024 CBO baseline. A new CBO baseline with updated projections of spending is expected in the spring of 2025.

Farm bills have 5-year and 10-year budget projections according to federal budgeting practices. Converting the baseline update for programs into farm bill titles and adding funding indicated in law for other farm bill programs, CRS estimates that the 2024 baseline for all farm bill titles is \$662 billion over 5 years (FY2025-FY2029) and \$1,364 billion over 10 years (FY2025-FY2034) (**Figure 1**).

For individual agriculture-related programs with a mandatory spending baseline, excluding nutrition, current projections are for \$265 billion of outlays over the next 10 years (**Figure 2**).

Figure 1. Farm Bill Titles with Mandatory Baseline

(billions of dollars, 10-year projected outlays, FY2025-FY2034)



Source: Created by CRS using the Congressional Budget Office (CBO) June 2024 baseline for the five largest titles and amounts indicated in law for programs in other titles.

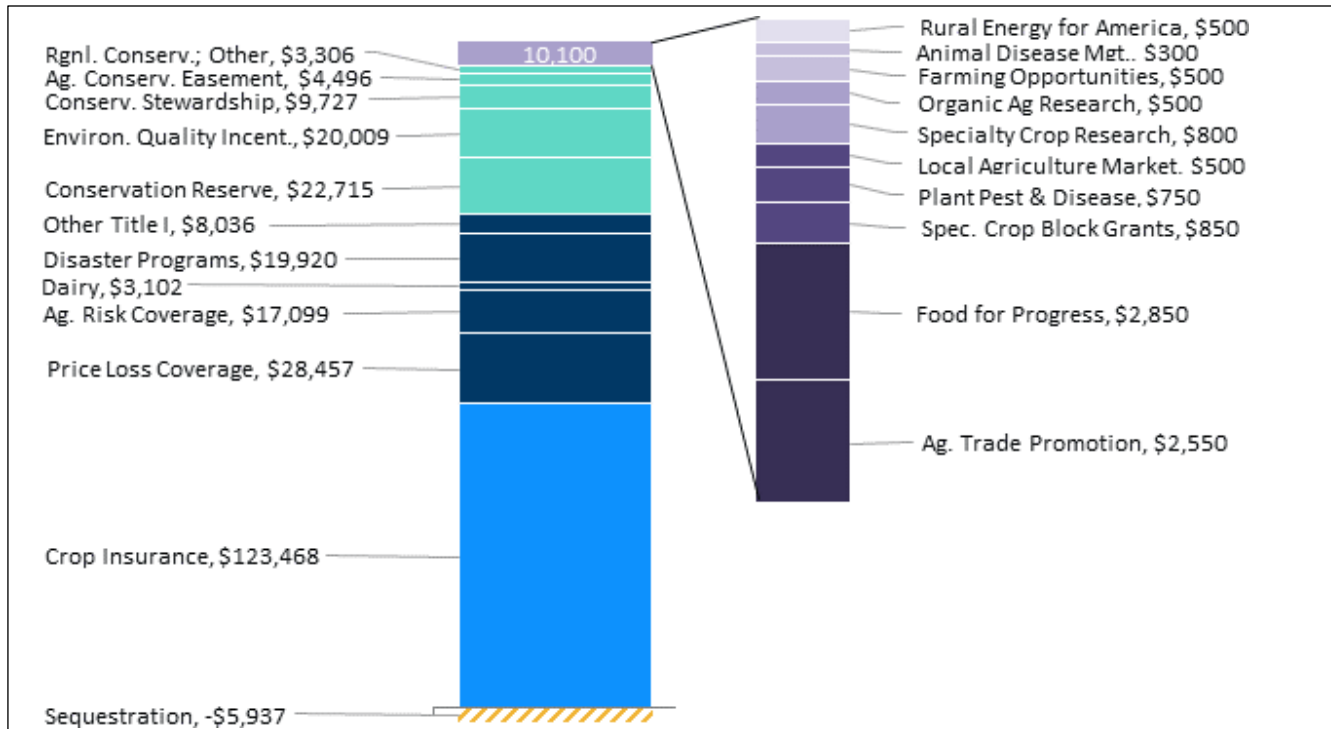
Extension of the Farm Bill in 2025

The latest one-year extension of the farm bill covers FY2025 and the 2025 crop year. It authorizes the continuation of mandatory and discretionary programs; for

programs with a mandatory spending baseline, Congress did not need to offset any cost for the extension.

Figure 2. Agriculture Programs with Baseline in the Farm Bill

(millions of dollars, 10-year projected outlays [excluding the nutrition title], FY2025-FY2034)



Source: Created by CRS using the CBO June 2024 baseline and amounts indicated in law for programs in other titles.

Programs Without Baseline

Twenty-one programs received mandatory funding in the 2018 farm bill but do not have a baseline to cover the cost of their reauthorization. The 2023 farm bill extension for FY2024 provided \$177 million of one-year mandatory funding to 19 of those programs. The December 2024 extension for FY2025 did not provide any additional mandatory funding for any of these programs (CRS In Focus IF12115, *Farm Bill Primer: Programs Without a Budget Baseline*).

Supplemental Funding Not in the Baseline

Supplemental spending is not part of the baseline but may be important because of its size in recent years and may have created expectations for the farm bill. In FY2019 and FY2020, the Trump Administration provided over \$25 billion for producers affected by retaliatory tariffs. From FY2020 to FY2022, Congress and the Trump and Biden Administrations provided pandemic assistance over \$30 billion to farms and over \$60 billion for nutrition. Congress has authorized more than \$42 billion of ad hoc agricultural disaster assistance since 2018. The Biden Administration announced \$3.5 billion for climate-smart commodities and \$2.3 billion for trade promotion and global food aid, among other initiatives. The American Relief Act (P.L. 118-158) provided \$10 billion of economic assistance for farmers in 2025. P.L. 117-169 (referred to as the Inflation Reduction Act) added over \$17 billion for conservation and energy title programs. Unobligated balances may be cancelled or repurposed.

2024 Farm Bill Markup

When the House Agriculture committee marked up H.R. 8467 in May 2024, CBO had not released an official score of the bill. In August 2024, CBO published a score using the year-old May 2023 baseline that indicated the bill would increase mandatory spending by \$33.0 billion over nine years (FY2025-FY2033). In November 2024, CBO updated the score of the bill using the June 2024 baseline, concluding that the bill would increase mandatory spending by \$28 billion over 10 years. This new score indicated a smaller increase in spending, though it was still not budget neutral for meeting budget enforcement rules.

The latest score indicated that the major changes in H.R. 8467 included a net increase of about \$37.0 billion over 10 years for commodity support programs, after accounting for the new restrictions on the Secretary of Agriculture's authority to use the Commodity Credit Corporation; a net increase of \$4.5 billion for conservation programs including incorporating funding from P.L. 117-169 (referred to as the Inflation Reduction Act); a net decrease of \$27.1 billion for the domestic nutrition programs, including by limiting future increases to the Thrifty Food Plan (TFP) that is used to determine Supplemental Nutrition Assistance Program (SNAP) benefit levels; and an increase of \$13.6 billion for other titles (CRS Report R48167, *The 2024 Farm Bill: H.R. 8467 Compared with Current Law*).

The Senate Committee on Agriculture, Nutrition, and Forestry did not mark up S. 5335, and CBO has not released a score for it.

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Farm Bill Primer: Programs Without a Budget Baseline

From a budgetary perspective, many farm bill programs that receive mandatory funding are assumed to continue beyond the end of their authorization. That is, they have a continuing *baseline* beyond the end of a farm bill that gives them built-in future funding if Congress decides that the programs are to continue. Baseline can be reallocated or used as an offset for deficit reduction. Mandatory spending programs do not need annual discretionary appropriations.

Authorizing or reauthorizing mandatory funding for *farm bill programs without baseline* results in a positive score (cost) and would need to be offset by reductions elsewhere for the bill to remain budget neutral.

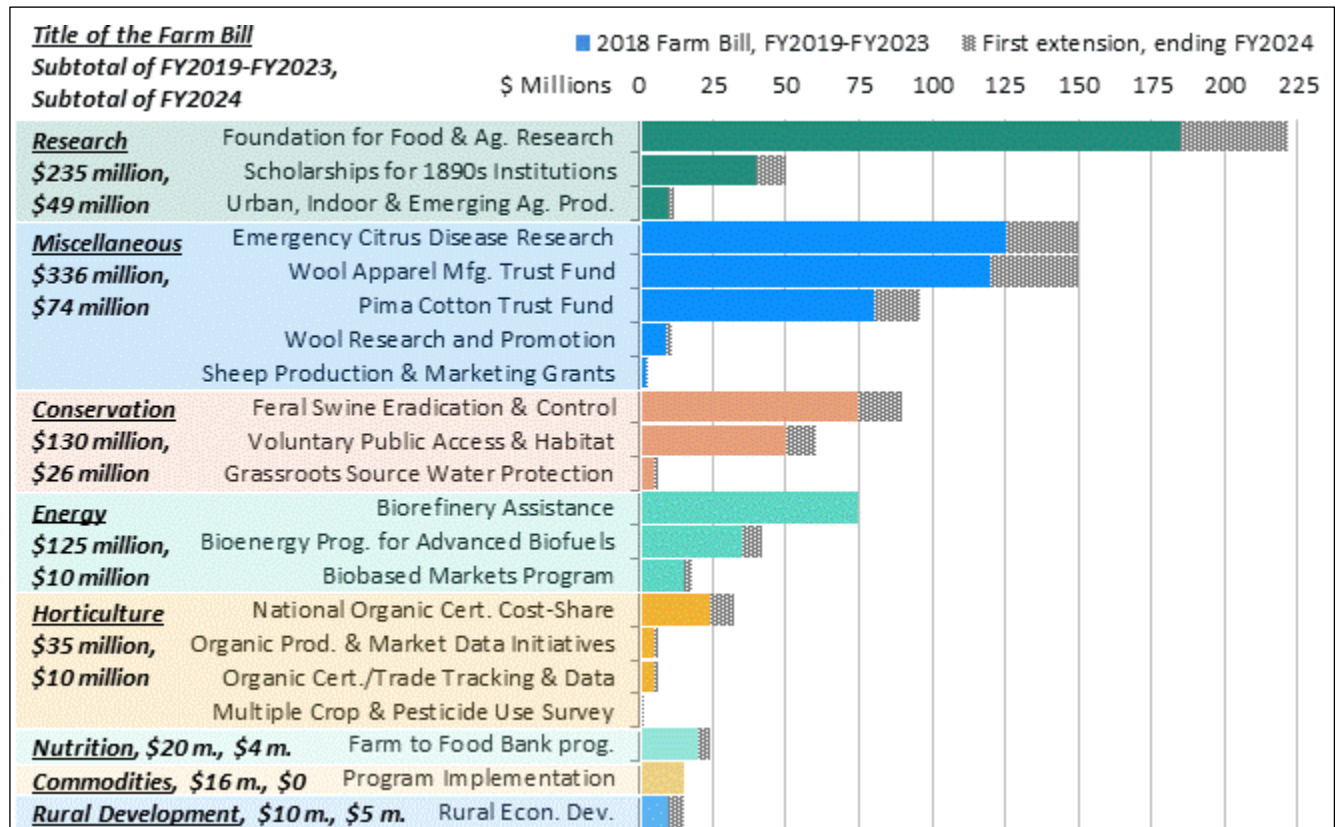
The first one-year farm bill extension of the farm bill during FY2024 (P.L. 118-22, Division B, §102) provided \$177 million of mandatory funding to 19 of the 21 programs in the 2018 farm bill without a budget baseline (Agriculture Improvement Act of 2018, P.L. 115-334; **Figure 1**). The second one-year extension for FY2025 (P.L. 118-158) did not provide additional funding for these programs.

Why Some Programs Have Baseline, Others Not

Under budget rules, a program with mandatory spending authority in the last year of its authorization generally may be assumed to continue as if it did not expire and have baseline (2 U.S.C. §907(b)(2)), as explained by the Congressional Budget Office (CBO) in the annual *Budget and Economic Outlook*. This is the case for long-standing farm bill programs. Some of the newer, smaller farm bill programs do not continue in the baseline because the authorizing and budget committees did not provide them a baseline to continue.

CBO projects future government spending in its official budget baselines but has not published a list of expiring farm bill programs without a continuing baseline. To compile this list, CRS analyzed the CBO score of the 2018 farm bill, current CBO baseline projections, the statutory text of the farm bill, and the text of the extension acts, looking for programs that received mandatory funding but do not have baseline for reauthorization (**Figure 1**).

Figure 1. 2018 Farm Bill Programs Without a Budget Baseline, by Title



Source: CRS analysis of P.L. 115-334, P.L. 118-22, P.L. 118-158, and CRS Report R45425, *Budget Issues That Shaped the 2018 Farm Bill*, Table 3.
Notes: Includes 2018 farm bill programs that received mandatory funding but had no baseline beyond FY2023. The first farm bill extension, P.L.

118-22, Division B, §102, provided one year of funding for most programs. The second extension, P.L. 118-158, Division D, §4101(e), did not.

Types of Programs Affected

In the 2018 farm bill, 21 programs across 8 of the 12 titles do not have a baseline, per CRS analysis. They received \$906 million of mandatory spending authority at enactment of the 2018 farm bill (colored bars in **Figure 1**). This was less than 0.3% of \$428 billion total mandatory spending projected for all farm bill programs over FY2019-FY2023.

While the subset is small over the entire farm bill, the impact varies by title of the bill. For example, the single program in the rural development title receiving mandatory funding is affected. No programs in the trade, credit, forestry, or crop insurance titles are affected. For the research title, 34% of mandatory funding for the title is affected. By comparison, less than 0.1% of funding in the farm commodities and nutrition titles are affected.

Some provisions exist within programs with a baseline but nonetheless result in a cost to reauthorize. The Transition Incentive Program within the Conservation Reserve Program, which was excluded from the farm bill extension, is an example. These are not included in this analysis.

First Extension Provided Funding with an Offset

The farm bill extension for FY2024 (P.L. 118-22, Division B, §102) provided one year of mandatory funding to 19 of the 21 programs without baseline (\$177 million; the gray hatched bars in **Figure 1**). Included programs generally received one-fifth of their five-year allocation that was in the 2018 farm bill. These programs remain without baseline beyond the extension and expired with FY2024.

Two of the programs that did not receive additional funding in the extension are Program Implementation funding in the commodity title (a one-time supplement in 2019) and the Biorefinery Assistance program in the energy title. The extension fully offset the mandatory funding provided to the 19 programs by rescinding unobligated balances in the Biorefinery Assistance account (\$177 million) remaining from the 2014 and 2018 farm bills. Even after rescission, the Biorefinery Assistance program—a loan guarantee program that has operated at low cost during the low interest rate environment of the last decade—may retain sufficient funding to operate during FY2024.

Second Extension Provides No Such Funding

The second one-year farm bill extension for FY2025 (P.L. 118-158, Division D) did not provide additional funding for any of the programs without baseline (§4101(e)).

Comparison with Past Farm Bills

Farm bill programs without a budget baseline have been an issue since the 2008 farm bill. As Congress considers the next farm bill, fewer programs without a budget baseline exist than during previous farm bill debates (**Table 1**).

During past reauthorizations, some affected programs received mandatory funding during the farm bill but not permanent baseline. In other cases, programs received permanent baseline during reauthorization by consolidating them into a larger umbrella program to exceed a \$50 million scoring threshold, which required extra funding in the 10-year score.

- Of the 37 programs with no baseline after the 2008 farm bill expired, the 2014 farm bill provided 29 of the programs with \$6.2 billion over FY2014-FY2018.
- Of the 39 programs with no baseline after the 2014 farm bill expired, the 2018 farm bill provided 23 of the programs with \$1.6 billion over FY2019-FY2023; nine of which received permanent baseline, costing an additional \$1.5 billion over FY2024-FY2028.

Table 1. Time Series of Farm Bill Programs Without Baseline That Received Mandatory Funding

Farm Bill	Programs	Expiration	\$ million ^a
2008 farm bill	37	FY2012	\$9,131 ^b
2013 extension	0	—	\$0
2014 farm bill	39	FY2018	\$2,824
2018 farm bill	21	FY2023	\$906
2024 extension	19	FY2024	\$177
2025 extension	0	—	\$0

Sources: CRS In Focus IF10780, *Farm Bill Primer: Programs Without Baseline Beyond FY2018*, and CRS Report R41433, *Programs Without a Budget Baseline at the End of the 2008 Farm Bill*.

- Amounts are for five years for a farm bill or one year for an extension.
- At enactment in 2008, the five-year estimated cost of affected programs was \$9.131 billion. In 2012, the estimated cost to reauthorize the programs was as high as \$14 billion.

The situation facing these programs in FY2025 is similar to a previous one-year extension of the farm bill in 2013 (P.L. 112-240, Title VII). None of the programs without baseline received additional mandatory funding. Although the extension in January 2013 added new “authorizations of appropriations” for many programs without baseline, those authorizations went unfunded in the eventual FY2013 appropriations act in March 2013.

For the next farm bill reauthorization, a smaller number of programs have no baseline and comprise a smaller dollar amount than in previous reauthorizations. This may make it easier for Congress to balance some of the budget considerations in the next farm bill than when it wrote the 2014 and 2018 farm bills.

CRS Products

CRS In Focus IF12047, *Farm Bill Primer: Background and Status*
 CRS In Focus IF12233, *Farm Bill Primer: Budget Dynamics*
 CRS Report R47659, *Expiration of the 2018 Farm Bill and Extension for 2025*

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The Commodity Credit Corporation (CCC)

The Commodity Credit Corporation (CCC) has served as a mandatory funding mechanism for agricultural programs since 1933. The CCC Charter Act enables the CCC to broadly support the U.S. agriculture industry for authorized purposes and programs including commodity and income support, natural resources conservation, export promotion, international food aid, disaster assistance, agricultural research, and bioenergy development.

While CCC is authorized to carry out a number of activities, it has no staff of its own. Rather, U.S. Department of Agriculture (USDA) employees and facilities carry out all of its activities. CCC is overseen by the Secretary of Agriculture and a board of directors, which are also USDA officials. CCC has capital stock; buys, owns, sells, and donates agricultural commodities; and provides loans and payments to farmers and ranchers. It has a permanent indefinite borrowing authority of \$30 billion from the U.S. Treasury. By law, it receives an annual appropriation equal to the amount of the previous year's net realized loss (see inset figure). This replenishes its borrowing authority from the Treasury and allows it to cover authorized expenditures that will not be recovered. Variations in its annual appropriation each year do not indicate any action by Congress to change program support but rather reflect changes in farm program payments and other discretionary uses of CCC's authority that fluctuate based on economic circumstances and weather conditions.

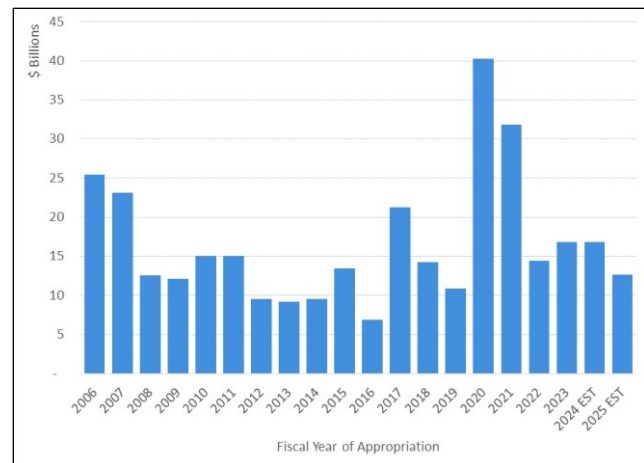
The majority of CCC activities are authorized through omnibus farm bills—most recently the Agriculture Improvement Act of 2018 (2018 farm bill, P.L. 115-334) and related extensions (P.L. 118-158, Division D; and P.L. 118-22, Division B, §102). Farm bill authorization directs programs to use CCC's borrowing authority, thereby dispensing with the need for an annual appropriation for individual programs. The use of this mandatory spending authority has expanded over time.

The CCC Charter Act also grants the Secretary of Agriculture broad powers and discretion to use the CCC, sometimes referred to as Section 5 authority, to fund activities that support agriculture. The mandatory funding nature of CCC activities may make CCC an attractive funding mechanism but one that is subject to budget enforcement rules if used by Congress. USDA's use of CCC is not subject to the same congressional budget procedures; therefore, certain USDA actions may increase federal spending without needing to be offset under congressional budget enforcement rules.

This discretionary use has been restricted by Congress in the past, which can reduce the Secretary's options to use CCC. Since FY2018, no restriction has been placed on USDA's use of CCC, and both the Trump and Biden Administrations have used CCC for various purposes to support U.S. agriculture. Congress may consider future restrictions as a cost saving measure for budget reconciliation, to offset other spending (e.g., through farm bill reauthorization), or for deficit reduction. Restrictions on CCC's discretionary use authority could impact

USDA's ability to respond to adverse economic conditions facing U.S. agriculture, such as trade disruptions or commodity purchases. Congressional support for discretionary use of CCC typically varies depending on amount and purpose. CCC funding and activities authorized by USDA are at the discretion of the Secretary of Agriculture and may change or be suspended by the Secretary of Agriculture at any time (e.g., the current Administration may change or suspend actions taken by a previous Administration).

CCC Net Realized Loss, FY2006-FY2025 (est.)



Sources: Compiled by CRS from USDA, Farm Service Agency (FSA), *Commodity Estimates Book*, FY2008-FY2017 President's Budgets (Output 3); USDA, FSA, *Data Master*, FY2008 through FY2017 President's Budgets; and USDA, FY2016 through FY2025 *Explanatory Notes-Commodity Credit Corporation*, "Account 1: Net Realized Losses." FY2024 and FY2025 estimates are from the FY2025 Explanatory Notes.

Notes: Total funding for CCC is constrained by the \$30 billion borrowing limit that does not adjust for inflation. The totals presented are nominal budget authority in billions of dollars not adjusted for inflation. The net realized loss estimated for FY2020 and FY2021 is above the \$30 billion borrowing limit due, in part, to a midyear appropriation in FY2020 that reimbursed a portion of the loss before the end of the fiscal year. Actual losses occur in the fiscal year prior to the year of appropriation.

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The Commodity Credit Corporation (CCC) has served as the financial institution for carrying out federal farm commodity price support and production programs since 1933. It is a wholly government-owned entity that exists solely to finance authorized programs that support U.S. agriculture. It is subject to the supervision and direction of the Secretary of Agriculture at the U.S. Department of Agriculture (USDA). The CCC mission was conceived mainly as one of commodity support, but over time it has expanded to include an increasingly broad array of programs, including export and commodity programs, resource conservation, disaster assistance, agricultural research, and bioenergy development.

While CCC operates according to a large number of statutory authorities, its broad powers allow it to carry out many operations to meet the objectives of supporting U.S. agriculture. This broad mandate, and its significant borrowing authority, has traditionally drawn little attention. For most of its history, CCC's responsibilities have been expanded through legislative directives such as the farm bill. From FY2012 through FY2017, Congress took actions to limit the use of CCC funds by USDA through restrictions in appropriations language. Beginning in FY2018, Congress lifted these restrictions, allowing for USDA to use CCC's broad powers and discretionary authority for various payments and purchases related to supporting U.S. agriculture.¹ The expanded use of CCC since FY2018 has generated questions about what the CCC is, how it operates, what its current uses are, and what it may be used for in the future. This report provides a brief review of CCC's unique history, funding structure, general operation, and recent issues associated with its use and possible future restrictions.²

Origin of the Commodity Credit Corporation

For over a decade prior to the creation of CCC in 1933, the farm economy struggled with low levels of income from depressed commodity prices and increasing costs for supplies and services. The first major federal effort to boost commodity prices was through the Federal Farm Board, established by the Agricultural Marketing Act of 1929.³ An inadequate and ultimately failed effort to eliminate commodity surpluses was attempted by making loans to cooperative associations for the purpose of carrying out surplus purchase operations. Without the ability to control production, it was impossible to eliminate surplus stocks. This led to proposals to regulate the harvested acreage of farm commodities and the quantities sold. The concept of acreage and marketing controls was incorporated in to the Agricultural Adjustment Act of 1933 (AAA).⁴

The AAA sought to reduce production by paying producers to participate in acreage control programs. Funding came from a tax on companies that processed farm products. Additional provisions of the law dealt with fair marketing practices and voluntary agreements between producers and handlers of commodities to regulate marketing. CCC was created as the financial institution to carry out and fund the activities of the AAA. Executive Order 6340 of October 17, 1933, directed the incorporation of CCC in the state of Delaware.⁵

¹ These payments are discussed in the "Discretionary Use" section.

² Other CRS reports cover in detail programs and activities authorized through the Commodity Credit Corporation (CCC). For additional information regarding programs and activities authorized through CCC, see CRS farm bill and farm support reports at <http://www.crs.gov/iap/agriculture-and-food>.

³ P.L. 71-10; 46 Stat. 11.

⁴ P.L. 73-10; 48 Stat. 31.

⁵ Executive Order 6340, "Creating the Commodity Credit Corporation," *Public Papers of the Presidents of the United States: Franklin D. Roosevelt* (Washington: GPO, October 16, 1933).

The Delaware charter authorized CCC, among other things, to buy and sell farm commodities; lend; undertake activities for the purpose of increasing production, stabilizing prices, and ensuring adequate supplies; and facilitate the efficient distribution of agricultural commodities. It was originally capitalized in 1933 with \$3 million appropriated by Congress. In 1936, sufficient stock was acquired to raise the capitalization to \$100 million. Its capital stock remains at this level.⁶ In 1939, Executive Order 8219 ordered that all rights of the United States arising out of the ownership of CCC be transferred to the Secretary of Agriculture.⁷

At that time, low prices became so critical for cotton and corn producers that waiting for another season for supply controls to impact the market was judged to be untenable. With the establishment of CCC, it became possible to make *price-support loans*, now commonly referred to as nonrecourse loans, allowing farmers to obtain cash using crops as collateral. These loans provided farmers funds to hold their products off the market until prices improved. The first loans were made to cotton farmers for more than the market price. Since loans were higher than the market price and the loans were nonrecourse, they could be satisfied by forfeiting the cotton pledged as collateral against the loan, thereby serving as a form of price support and effectively establishing a floor price for the domestic market.⁸ Funding for these first loan operations came from a tax on commodity processing and from CCC's \$3 million capital account, which was appropriated under authority of the National Industrial Recovery Act and the Fourth Deficiency Act.⁹

Constitutional difficulties with some provisions of the AAA, and practical shortcomings with other elements of the law, led to additional legislation in the 1930s that continues to provide permanent authority for many USDA activities. Subsequent omnibus "farm bills" set most of the policy goals and program constraints for farm price and income support operations that are funded through CCC.

CCC Charter Act

The Government Corporation Control Act of 1945¹⁰ (GCCA) required all wholly owned government corporations to be reincorporated as agencies or instrumentalities of the United States. Accordingly, Congress passed the Commodity Credit Corporation Charter Act of 1948 (Charter Act).¹¹ All CCC rights, duties, assets, and liabilities were assumed by the federal corporation, and the Delaware corporation was dissolved.

⁶ The Reconstruction Finance Corporation originally acquired the \$100 million capitalization stock. The Reconstruction Finance Corporation was a New Deal-era government corporation that provided financial support and loans, including the recapitalization of banks.

⁷ Executive Order 8219, 4 *Federal Register* 3565, August 10, 1939. Executive Order 7848, 3 *Federal Register* 632, March 22, 1938, had previously designated the Secretary of the Treasury as the holder of CCC's capital stock.

⁸ David Godfrey, "The Commodity Credit Corporation," Texas Tech University, 1974, <http://hdl.handle.net/10601/1696>.

⁹ 48 Stat. 195, and 48 Stat. 274, respectively.

¹⁰ The Government Corporation Control Act of 1945 (GCCA, 31 U.S.C. §§9101-9110) standardized budget, auditing, debt management, and depository practices for government corporations. The GCCA is not a general incorporation act such as those in effect in the states. The charter for each federal government corporation is the separate enabling legislation passed by Congress. The GCCA also does not offer a general definition of what constitutes a government corporation. It simply enumerates the organizations covered by the act. For additional information, see General Accounting Office, *Government Corporations: Profiles of Existing Government Corporations*, GAO/GGD-96-14, December 1995, <https://www.gao.gov/products/GGD-96-14>.

¹¹ P.L. 80-806; 62 Stat. 1070; 15 U.S.C. §714.

Government Corporations in General

Government corporations have existed for over a century. The exact number of government corporations depends on how they are defined (ranging from around a dozen to over 40). While no single definition exists, they are generally defined as agencies of the federal government established by Congress to perform a public purpose. Commonly, they provide a market-oriented product or service and are intended to produce revenue that meets or approximates its expenditures. Generally, government corporations must submit annual management reports to Congress and are assigned to committees of subject matter jurisdiction. Many have a board of directors and are overseen by political appointees or executive branch officials. Commonly, government corporations are perceived as discrete entities with individual administrative requirements defined in law.¹²

According to the Charter Act, the purpose of CCC is to stabilize, support, and protect farm income and prices; assist in maintaining balanced and adequate supplies of agricultural commodities; and facilitate the orderly distribution of commodities. A list of some of CCC's authorities (paraphrased from Section 5 of the Charter Act, 15 U.S.C. §714c) conveys a sense of its broadly stated powers:

- Support agricultural commodity prices through loans, purchases, payments, and other operations.¹³
- Make available materials and facilities in connection with the production and marketing of agricultural products.
- Procure commodities for sale to other government agencies; foreign governments; and domestic, foreign, or international relief or rehabilitation agencies and for domestic requirements.
- Remove and dispose of surplus agricultural commodities.
- Increase the domestic consumption of commodities by expanding markets or developing new and additional markets, marketing facilities, and uses for commodities.
- Export, or cause to be exported, or aid in the development of foreign markets for commodities.
- Carry out authorized conservation or environmental programs.
- Carry out other operations specifically authorized by Congress.

Congressionally Authorized Activities

The majority of CCC operations are governed by statutory authorities that direct USDA on how to administer CCC activities and in what amounts to fund them. Over time, Congress has added new activities to CCC's original mission, including conservation, specialty crop support, and bioenergy development (see text box below). Most of these activities are authorized in periodic omnibus farm bills.¹⁴ In carrying out these operations, CCC is directed, to the maximum extent practicable, to use the usual and customary channels, facilities, and arrangements of trade and commerce.¹⁵

¹² Government Accountability Office (GAO), *Federally Created Entities: An Overview of Key Attributes*, GAO-10-97, October 2009, pp. 13-16, <https://www.gao.gov/products/GAO-10-97>.

¹³ Amendments to the Commodity Credit Corporation Charter Act in 2004 preclude tobacco from being considered within the definition of "agricultural commodities" (P.L. 108-357).

¹⁴ CRS In Focus IF12047, *Farm Bill Primer: Background and Status*.

¹⁵ 15 U.S.C. §714c.

Examples of CCC Activities and Programs

CCC is authorized to fund a broad array of programs supporting U.S. agriculture. These programs are typically authorized through omnibus farm bills, most recently the 2018 farm bill (CRS Report R45525, *The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison*). A general description of the assistance that has been congressionally authorized and examples of associated programs are listed below. This is not an exhaustive list.

Commodity and Income Support provides farm payments and loans when crop prices or revenues decline for major commodity crops—including wheat, corn, soybeans, peanuts, and rice—as well as other support mechanisms for dairy, cotton, and sugar (e.g., Agriculture Risk Coverage, Price Loss Coverage, and Dairy Margin Coverage).

Conservation provides financial and technical assistance for voluntary participation in resource conservation programs to protect soil, water, wildlife, and other natural resources on private lands (e.g., Environmental Quality Incentives Program, Conservation Reserve Program, and Agricultural Conservation Easement Program).

Disaster provides payments for livestock and crop production losses resulting from weather events and disease outbreaks (e.g., Livestock Forage Disaster Program, Noninsured Crop Disaster Assistance Program, and Tree Assistance Program).

Export and Foreign Food Assistance promotes U.S. agricultural products abroad, develops export markets, and supports international food assistance programs (e.g., Agricultural Trade Promotion Program and Food for Progress Program).

Bioenergy provides assistance for the research, development, and adoption of renewable energy—primarily biofuels (e.g., Biorefinery Assistance Program and Rural Energy for America Program).

Specialty Crops supports research, market promotion (including organic certification), and pest and disease prevention for fruits, vegetables, tree nuts, floriculture, and other ornamental products (e.g., Specialty Crop Block Grant Program and Specialty Crop Research Initiative).

Discretionary Use (Section 5 Authority)

The CCC authorities provided to the Secretary of Agriculture under Section 5 of the CCC Charter Act allows the Secretary a level of discretion to carry out many broad operations in support of U.S. agriculture. This discretion (sometimes referred to as Section 5 authority) has been used during CCC’s history for various purposes, including purchases of food for distribution, responses to adverse economic conditions, and to fund USDA priorities (see **Table 1**). The scope and scale of this use traditionally has been targeted to specific events, crops, or domestic needs.

Table 1. Examples of USDA’s Discretionary Use of CCC
FY2015-FY2024

Fiscal Year	Program Name	Total Authorized Funding Level
2015	Biofuels Infrastructure Partnership Program	\$100 million
2016, 2018	Cotton Ginning Cost Share	\$542 million
2018-2019	Food Purchase and Distribution Program	\$2,600 million
2018-2019	Market Facilitation Program	\$28,000 million
2020	Higher Blends Infrastructure Incentive Program	\$100 million
2020	Seafood Assistance Program	\$530 million
2020	Coronavirus Food Assistance Program (CFAP)	\$6,500 million
2021	Drought Recovery & Water Smart Practices	\$500 million
2021-2024	School Food/Child Nutrition Support	\$4,000 million
2022	Partnerships of Climate-Smart Commodities	\$3,500 million
2023	Food Aid to Address Global Hunger	\$1,060 million

Fiscal Year	Program Name	Total Authorized Funding Level
2023-2024	Regional Agricultural Trade Promotion Program	\$1,680 million

Source: Compiled by CRS from USDA press releases, *Federal Register* notices, and budget documents.

Notes: The nominal authorized level of funding, as announced by USDA, is included. Actual expenditures may vary from authorized levels. Reallocations from unused announced funding are not included. This table is not comprehensive, and no comprehensive list of USDA's discretionary use of CCC is publicly available.

Congress can alter USDA's use of CCC authority through direct amendments to the CCC Charter Act or through limitation, such as in appropriations, on how CCC funds may be used. The latter occurred from FY2012 to FY2017, when Congress limited USDA's discretion to use CCC's authority to remove surplus commodities and support prices. The limitation was included in annual appropriation acts (see text box below).

Restrictions on CCC Use: FY2012-FY2017

Each annual appropriation between FY2012 and FY2017 temporarily prohibited the use of select discretionary authority under CCC. This restriction was specific to any surplus removal activities or price support activities under Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. §714c).¹⁶ This restriction did not affect USDA's ability to administer authorized programs under the 2014 farm bill (P.L. 113-79).¹⁷

This recurring provision was a reaction to administrative activities following 2009 crop losses, in which the Obama Administration announced that it would implement a disaster program under "Section 32" authority.¹⁸ In 2010, USDA spent \$348 million distributed across three categories: (1) select crop producers (upland cotton, rice, soybeans, and sweet potatoes),¹⁹ (2) poultry producers, and (3) aquaculture producers. USDA used CCC authority to make purchases that usually would have otherwise been made with Section 32 funds for domestic feeding programs.²⁰

Critics of the 2009 disaster assistance, in Congress and elsewhere, objected to USDA using its authority to make such payments without a legislative mandate. Concerns at that time about the limits on CCC's mandate were related to assistance—or lack thereof—for cottonseed payments, dairy assistance, and biofuel infrastructure.

The FY2018 Consolidated Appropriations Act (P.L. 115-141) did not include these restrictions, thereby allowing the Secretary of Agriculture full use of the CCC Charter Act's discretionary authority. The Secretary of Agriculture used this authority in 2018 and 2019, when it was announced that USDA would be taking several actions to assist farmers in response to economic trade damage from retaliatory tariffs that targeted various U.S. products.²¹ USDA used its discretion under the CCC Charter Act to authorize up to \$28 billion in total assistance—referred to as the "trade aid" package—for certain agricultural commodities.²² Secretaries of Agriculture

¹⁶ For example, see Section 715 of the Consolidated Appropriations Act of 2016 (P.L. 114-113) or Section 715 of the Consolidated Appropriations Act of 2017 (P.L. 115-31).

¹⁷ Appropriations acts also limited clause 3 of Section 32, which provides that funds may be used to reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption (7 U.S.C. §612c).

¹⁸ U.S. Department of Agriculture's (USDA) Section 32 program is funded by a permanent appropriation of 30% of the previous year's customs receipts, less certain mandatory transfers. Section 32 funds are used for a variety of activities, including child nutrition programs, the purchase of commodities for domestic food programs, and farm disaster relief. For more information, see CRS Report R48141, *Trends in USDA Procurement of U.S. Food and Agricultural Products*.

¹⁹ On October 22, 2010, USDA announced it would begin making payments to producers in eligible counties under the Crop Assistance Program using payment rates established for each crop. A fact sheet is available at http://www.fsa.usda.gov/Internet/FSA_File/cap10pfs.pdf.

²⁰ USDA, *Background on 2009 Disaster Assistance*, http://www.agri-pulse.com/uploaded/Disaster_Background.pdf.

²¹ For more information, see CRS Insight IN10880, *China's Retaliatory Tariffs on Selected U.S. Agricultural Products*.

²² For more information, see CRS Report R45310, *Farm Policy: USDA's 2018 Trade Aid Package*; and CRS Report R45865, *Farm Policy: USDA's 2019 Trade Aid Package*.

have continued to use their administrative discretion to authorize funding and food purchases in response to economic disruptions and administrative priorities (see **Table 1**).

Management of CCC

The Charter Act makes CCC an agency and instrumentality of the United States within USDA, subject to the supervision and direction of the Secretary of Agriculture. A board of directors appointed by the President, consisting of the Secretary and seven other USDA officials, is responsible for the management of CCC.²³ CCC officers and advisors—also USDA officials—are charged with maintaining liaisons with other governmental and private trade operations on the CCC’s behalf.

The CCC has no personnel of its own. Rather, USDA employees and facilities carry out all of its activities. Administrative functions generally fall to the USDA agencies directed to administer the various CCC programs. The majority of its functions are administered by the Farm Service Agency (FSA).²⁴ Other agencies also administer CCC programs, including the Natural Resources Conservation Service, the Agricultural Marketing Service, the Foreign Agricultural Service, and the Food and Nutrition Service. CCC reimburses other agencies for their administrative costs.

CCC cannot acquire property or interest in property unless it is related to providing storage for program implementation or protecting CCC’s financial interests.²⁵ CCC is allowed to rent or lease space necessary to conduct business (e.g., warehousing of commodities).

Financing CCC

CCC is responsible for the direct spending and credit guarantees used to finance the federal government’s agricultural commodity price support and related activities that are undertaken by authority of agricultural legislation (such as farm bills) or the Charter Act itself. It is, in brief, a broadly empowered financial institution. The money that CCC needs comes from its own funds (including its \$100 million capital stock, appropriations from Congress, and its earnings from sales and fees) and from borrowings. In accordance with government accounting statutes and regulations, CCC is required to submit an annual business-type budget statement to Congress. This is typically released annually with the President’s budget request.²⁶

The Office of Management and Budget (OMB) also plays a role in how CCC funds are administered through an apportionment process, which allows OMB to set a limit on the funds available for obligation and subsequent outlay.²⁷ OMB apportions funds for select CCC programs and operating expenditures.²⁸ OMB is precluded, however, from apportioning funds “for price

²³ 15 U.S.C. §714g.

²⁴ The bylaws of CCC name the administrator of the Farm Service Agency (FSA) as executive vice president of CCC, which “shall have general supervision and direction of the day-to-day conduct of the business of the Corporation and its officers.” USDA, CCC, *Bylaws of the Corporation*, May 3, 2022, <https://www.usda.gov/sites/default/files/documents/usda-ccc-bylaws.pdf>.

²⁵ 15 U.S.C. §714b(h).

²⁶ CCC budget estimates can be found annually at USDA, Office of Budget and Program Analysis, <https://www.usda.gov/about-usda/general-information/staff-offices/office-budget-and-program-analysis>.

²⁷ General Accounting Office, *Commodity Credit Corporation: Information on the Availability, Use, and Management of Funds*, GAO/RCED-98-114, April 1998, <http://www.gao.gov/assets/230/225533.pdf>.

²⁸ In accordance with the Antideficiency Act, as amended (31 U.S.C. §1512), among other statutory requirements.

support and surplus removal of agricultural commodities” and therefore may not limit funds for this purpose unless it relates to administrative expenses.²⁹

Borrowing Authority and Related Appropriations

CCC borrows from the U.S. Treasury to finance its programs. CCC has permanent indefinite authority to borrow from the Treasury (and also private lending institutions) within limits set by Congress in statute. As the amount of money used to carry out its activities has grown over time, the borrowing limit has steadily increased (Figure 1). CCC’s borrowing authority has been capped at \$30 billion since 1987.³⁰

Most CCC-funded programs are classified as mandatory spending programs and therefore do not require annual appropriations in order to operate. Mandatory spending, however, is subject to budget enforcement procedures such as cut-as-you-go (CUTGO) and pay-as-you-go (PAYGO) rules.³¹

CCC activity is often described using two similar but different measures. The first is *net expenditures*, which is a combination of outlays and receipts. The second is *net realized losses*, which are expenditures that will never be recovered.

Net Expenditures

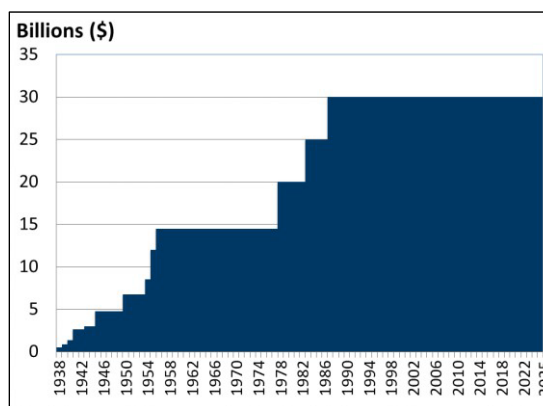
CCC recoups some money from authorized activities (e.g., sale of commodity stocks, loan repayments, and fees), though not nearly as much money as it spends, resulting in net

expenditures. Net expenditures include all cash outlays minus all cash receipts, commonly referred to as “cash flow.” CCC outlays or expenditures represent the total cash outlays of the CCC-funded programs (e.g., loans made, conservation program payments, commodity purchases, and disaster payments). Outlays are offset by receipts (e.g., loan repayment, sale of commodities, and fees). In practice a portion of these net expenditures may be recovered in future years (e.g., through loan repayments).

Net Realized Losses

CCC also has net realized losses, also referred to as nonrecoverable losses. These refer to the outlays that CCC will never recover, such as commodities sold or donated, uncollectible loans,

Figure 1. CCC’s Borrowing Authority
1938-2025



Source: CRS from USDA, *Reports of Financial Conditions and Operations of the CCC*, various years.

Notes: The graph illustrates the year in which legislation authorized an increase in the nominal borrowing authority. Prior to 1938, CCC had no specific borrowing authority. In 1954, Congress passed two increases, one to \$8.5 billion and a second to \$10 billion.

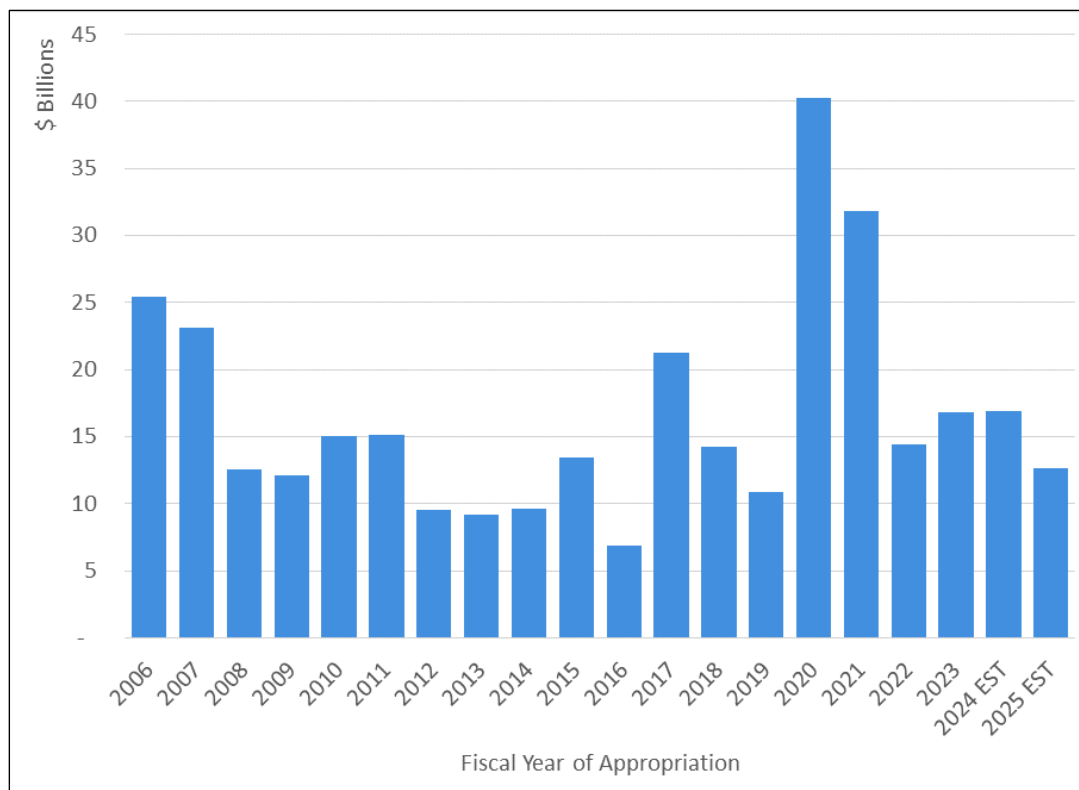
²⁹ 31 U.S.C. §1511(b)(1)(A).

³⁰ 15 U.S.C. §714b(i).

³¹ In general, pay-as-you-go (PAYGO) rules require legislation that is projected to increase mandatory spending or reduce revenues to also include offsetting provisions over a specified period. For more information on the House and Senate PAYGO rules, see CRS Report R41510, *House Rule XXI, Clause 10: The CUTGO Rule* and CRS Report RL31943, *Budget Enforcement Procedures: The Senate Pay-As-You-Go (PAYGO) Rule*, respectively. For information on how budget enforcement affects the farm bill, see CRS In Focus IF12233, *Farm Bill Primer: Budget Dynamics*.

storage and transportation costs, interest paid to the Treasury, program payments, and operating expenses. The net realized loss is the amount that CCC, by law, is authorized to receive through appropriations to replenish its borrowing authority (see **Figure 2**).³²

Figure 2. CCC Realized Losses
FY2006-FY2025



Sources: Compiled by CRS from USDA, Farm Service Agency (FSA), *Commodity Estimates Book*, FY2008-FY2017 President's Budgets (Output 3); USDA, FSA, *Data Master*, FY2008 through FY2017 President's Budgets; and USDA, FY2016 through FY2025 *Explanatory Notes-Commodity Credit Corporation*, "Account 1: Net Realized Losses." FY2024 and FY2025 estimates are from the FY2025 Explanatory Notes.

Notes: Total funding for CCC is constrained by the \$30 billion borrowing limit that does not adjust for inflation. The totals presented are nominal budget authority in billions of dollars not adjusted for inflation. The net realized loss estimated for FY2020 and FY2021 is above the \$30 billion borrowing limit due, in part, to a midyear appropriation in 2020 that reimbursed a portion of the loss before the end of the fiscal year.

Appropriations to Reimburse Net Realized Loss

The annual appropriation for CCC varies each year based on the net realized loss of the previous year.³³ For example, the FY2021 appropriation (P.L. 116-260) covered the net realized loss for the previous year of \$31.8 billion. This reduced by more than half the next year, to cover a net realized loss of \$14.4 billion. The decline does not indicate any action by Congress to change

³² 15 U.S.C. §713a-11.

³³ According to a General Accounting Office report, CCC changed the manner in which it calculates its request for an appropriation to cover its net realized losses in 1998 in response to recommendations from USDA's Office of Inspector General. Prior to 1998, the annual appropriation request included estimates for prior and future losses. This resulted in an over-appropriation of about \$5 billion in FY1996 due to overestimates of CCC's prior and future losses. General Accounting Office, *CCC: Information*, GAO/RCED-98-114.

program support; it reflects changes in farm program payments and other uses of CCC's authority that fluctuated based on economic circumstances and weather conditions. Also, CCC's assets, which include loans and commodity inventories, are not considered to be "losses" until CCC ultimately disposes of the asset (e.g., by sales, exports, or donations). Once CCC has disposed of these assets, its total losses are realized and are added to other program expenses less any other program income.

Reimbursement Timing

Congress has annually appropriated CCC funding to cover its net realized losses incurred in the previous fiscal year. The total amount appropriated is based on the required financial statement and audit of the CCC following the completion of a fiscal year.³⁴ The financial statement and audit typically are not completed until several months following the end of the fiscal year, thereby resulting in a gap between the end of the fiscal year and the receipt of the annual appropriated reimbursement.

Many farm program payments are required to be made annually in October (e.g., Agricultural Risk Coverage, Price Loss Coverage, Conservation Stewardship Program, and the Conservation Reserve Program).³⁵ In most years, CCC has enough room within the borrowing authority limit to make these payments before receiving its annual appropriated reimbursement. In years of high expenditures, CCC could reach its borrowing authority limit before receiving its appropriation.³⁶ If CCC reaches its borrowing limit, all functions and operations of CCC would be suspended until the borrowing authority is restored through the reimbursement that is pursuant to an appropriation.

The timing of this appropriation may be altered if Congress were to authorize reimbursement before the conclusion of the annual financial statement or at a time other than the conclusion of the fiscal year. Both of these timing adjustments have occurred in recent years.

Anomaly

In the absence of an enacted Agriculture appropriation at the beginning of a fiscal year, Congress may pass a continuing resolution (CR) to continue operations and prevent a government shutdown. In general, a CR continues the funding rates and conditions that were in the previous year's appropriation. In some cases, exceptions (or "anomalies") are also included in CRs to provide changes and exceptions to the general funding rate or to address special circumstances. In FY2017 and FY2019-FY2021, CCC expenditures for the previous fiscal year were high enough that Congress included an anomaly in CRs allowing CCC to receive its annual reimbursement before completion of the required financial statement and audit. The anomaly did not change the amount reimbursed or the financial reporting requirement, only the timing of when CCC could receive reimbursement. Under a CR without the anomaly, CCC could still receive its annual reimbursement following the completion of the required financial statement and audit. Congress

³⁴ 15 U.S.C. §713a-11. Audits are in accordance with 31 U.S.C. §9105.

³⁵ For example, the farm bill directs that for certain farm commodity programs, such as the Price Loss Coverage program "the payments shall be made beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity" (7 U.S.C. §9016(e)).

³⁶ The Congressional Budget Office (CBO) baseline projection for CCC estimates these first quarter of the fiscal year outlays in its estimate of the availability of funds for discretionary use. CBO, *Baseline Projection for USDA Farm Programs*, "Appendix B. Assumptions for Estimating CCC Section 5 Use Under the \$30 Billion Borrowing Limit," January 2025, <https://www.cbo.gov/data/baseline-projections-selected-programs#23>.

may also include an anomaly in a regular appropriation that could shift the timing of when CCC could receive reimbursement.

Supplemental Appropriation

CCC operates as a line of credit, borrowing funds from the U.S. Treasury as needed to carry out its activities. The net realized loss is provided through appropriations and reimbursed to the Treasury, effectively lowering the CCC's outstanding debit. Typically, the reimbursement occurs annually through the annual appropriations process; however, Congress can choose to authorize a reimbursement of CCC's net realized losses before the end of the fiscal year, thereby reducing CCC's debit and allowing additional expenditures in a given fiscal year. This occurred in FY2020, when the CARES Act (P.L. 116-136, §11002) allowed for up to \$14 billion of CCC's net realized losses to be reimbursed as of the June 2020 financial report. This supplemental appropriation did not permanently raise the CCC's borrowing authority limit but rather paid off a portion of its debit earlier than usual, allowing it to incur more expenses within FY2020 and FY2021. This is why the net realized loss for FY2020 and FY2021 in **Figure 2** is above the \$30 billion borrowing authority threshold. Supplemental appropriations to reimburse the CCC are uncommon; most of which having occurred in the 1980s.³⁷

Non-Borrowing Authority Appropriations

Some CCC operations are financed through appropriated funds and are unrelated to the permanent indefinite borrowing authority described above. These activities have included specific statutory authorities for separate reimbursements—for example, export credit guarantee programs, foreign donations, concessional sales under the Food for Peace Program (P.L. 83-480, also known as P.L. 480), and disaster aid.

Historically, CCC had what was referred to as a “parent/child” account relationship with U.S. Agency for International Development (USAID). CCC allocated funds (as the parent) to USAID (as the child) to fund P.L. 480 Title II and Bill Emerson Humanitarian Trust transportation costs and other administrative costs in connection with foreign commodity donations. CCC then reported USAID's budgetary and proprietary activities in its financial statements.³⁸ On January 20, 2025, President Trump began taking actions affecting U.S. foreign assistance and USAID. As of this writing, USAID's role in providing foreign assistance and the use of CCC for these purposes is evolving.³⁹

Congress may also appropriate funding to programs or activities authorized to receive CCC funds but not drawn from the borrowing authority. For example, the act commonly referred to as the Inflation Reduction Act of 2022 (IRA, P.L. 117-169) authorized additional funding for conservation, rural development, and forestry programs that are authorized to receive CCC funds. Funding provided by the IRA is in addition to funding received through CCC.⁴⁰

³⁷ In the 1980s, CCC received nine supplemental appropriations to cover losses that exceeded the borrowing authority limit at the time. Congress increased the borrowing authority limit three times in the same period (1982, 1983, and 1987; see **Figure 1**).

³⁸ USDA, Office of Inspector General, *Commodity Credit Corporation's Financial Statements for Fiscal Years 2024 and 2023*, Audit Report 06403-0007-11, November 2024, <https://usdaoig.oversight.gov/reports/audit/commodity-credit-corporations-financial-statements-fiscal-years-2024-and-2023>.

³⁹ For additional information, see CRS In Focus IF10261, *U.S. Agency for International Development: An Overview*.

⁴⁰ For example, P.L. 117-169, §21001, directs “using the facilities and authorities of the Commodity Credit Corporation” (but not the funds), as compared to other provisions of farm bills that state to “use the funds, facilities, and authorities of the Commodity Credit Corporation” (e.g., 16 U.S.C. §3841).

Considerations for Congress

The mandatory funding nature of CCC activities may make it an attractive funding mechanism for both Congress and the Secretary of Agriculture. Any expansion of activities or programs authorizing mandatory funding by Congress is subject to budget enforcement rules and may require a spending/revenue offset or a waiver of congressional budgetary rules. USDA's discretionary use of CCC is not subject to the same congressional budget offset requirements; therefore, certain USDA actions can increase federal spending without budget enforcement procedures requiring offsets. Both the Trump and Biden Administrations used CCC for various purposes to support U.S. agriculture.⁴¹ These administrative actions were undertaken using CCC's discretionary authority; therefore, no budget offset was required under congressional budget procedures. CCC's indefinite funding authority means that expenditures for USDA's CCC uses were automatically reimbursed as a net realized loss. Without offsets, this increases total federal spending.

Congress has restricted the use of CCC in the past and may consider future restrictions as a cost saving measure for budget reconciliation, to offset other spending (e.g., through farm bill reauthorization), or for deficit reduction. Such a restriction was proposed in the 118th Congress as part of the House ordered to be reported farm bill.⁴² The bill proposed restricting USDA's discretionary use of CCC between FY2025 through FY2034, which was estimated to save \$5.4 billion over the 10-year scoring period.⁴³ The savings would have partially offset additional spending on other farm support measures.⁴⁴ Restrictions on CCC's discretionary use authority, however, could impact USDA's ability to respond to adverse economic conditions facing U.S. agriculture, such as trade disruptions, or to make commodity purchases.

Congressional support for discretionary use of CCC typically varies depending on the amount used and for what purpose.

During the first Trump Administration, the total amount authorized by USDA through CCC for the trade aid package was more than previous individual discretionary uses of CCC.⁴⁵ This increase in spending brought CCC close to its borrowing authority limit of \$30 billion; congressional action altered the timing of CCC's appropriation and of a supplemental appropriation that restored CCC's borrowing authority.⁴⁶ While these congressional actions by the 116th Congress could be viewed as congressional support for the trade aid package, some in

⁴¹ For example, during the first Trump Administration, USDA used CCC to mitigate commodity price declines from retaliatory tariffs on a variety of U.S. agricultural products. See USDA, “[Archived] Market Facilitation Program,” <https://www.farmers.gov/archived/protection-recovery/mfp>. An example during the Biden Administration was CCC's use to issue payments for agricultural producers to implement “climate-smart” production practices. See USDA, “[Archived] Partnerships for Climate-Smart Commodities Project Summaries,” <https://web.archive.org/web/20250110181709/https://www.usda.gov/climate-solutions/climate-smart-commodities>.

⁴² H.R. 8467; §1608.

⁴³ CBO, “Estimate of H.R. 8467 Relative to CBO's June 2024 Baseline Projections,” November 8, 2024, <https://www.cbo.gov/publication/60972>.

⁴⁴ For more information, see “Budgetary Impact” in CRS Report R48167, *The 2024 Farm Bill: H.R. 8467 Compared with Current Law*.

⁴⁵ For additional information on MFP, see CRS In Focus IF11289, *Farm Policy: Comparison of 2018 and 2019 Market Facilitation Programs*; and CRS In Focus IF11245, *FY2019 Supplemental Appropriations for Agriculture*.

⁴⁶ See “Reimbursement Timing” section; §119 of the FY2020 continuing appropriations act (P.L. 116-59); §118 of the FY2021 continuing appropriations act (P.L. 116-159); and §11002 of the CARES Act (P.L. 116-136).

Congress still questioned the amount and distribution of expenditures, yet wanted to avoid the consequence of reaching the borrowing limit and the effects on other CCC programs.⁴⁷

During the Biden Administration, CCC funds were used to create market opportunities for U.S. agricultural and forest products produced using climate-smart production practices. Although the development of markets is an included use of CCC Section 5 authority, the approach of the initiative to incentivize commodities produced using climate-smart practices caused some in Congress to question its validity.⁴⁸ The Government Accountability Office determined that USDA's use of CCC's Section 5 authority for the initiative was an authorized use.⁴⁹ Legislation has been introduced that would expand CCC's authorized uses, and other legislation proposes to restrict it.⁵⁰

CCC funding and activities authorized by a Secretary of Agriculture, including current and past Secretaries, are at the discretion of the current Secretary of Agriculture. Previously announced uses may change or be suspended by an Administration at the Secretary of Agriculture's discretion.⁵¹ Congress may continue or amend these activities through legislation; funding to do so may be subject to congressional budgetary constraints. Despite the temporary nature of the activities authorized by the Secretary through CCC, funds are available until expended once transferred from CCC to a USDA agency for implementation. If funding authorized for a purpose during a previous Administration is not carried out by the subsequent Administration, USDA is not to return the funds to CCC but rather may use the funds for other programs or purposes authorized under CCC Section 5 authority or return the funds to the Treasury.⁵²

Conclusion

CCC is a government-owned and broadly empowered financial institution supporting U.S. agriculture. Its activities are derived from authorities granted by Congress. It is one of several mandatory funding mechanisms used in omnibus farm bills but is not the largest when measured by funds obligated.⁵³ The nature of its borrowing authority and use of funding can raise questions

⁴⁷ For example, see Letter from Sen. Debbie Stabenow et al. to Sonny Perdue, Secretary of Agriculture, November 12, 2019, <https://www.agriculture.senate.gov/mfp-letter>; and Letter from Sen. John Hoeven et al. to Nancy Pelosi, Speaker of the U.S. House of Representatives, September 17, 2019, https://republicans-agriculture.house.gov/UploadedFiles/CCC_Letter.pdf.

⁴⁸ See Letter from Rep. Dan Newhouse et al. to Tom Vilsack, Secretary of the U.S. Department of Agriculture, October 28, 2022, https://westerncaucus.house.gov/uploadedfiles/10.28.22_ccc_climate_smart_commodities_letter_signed.pdf; and Letter from Sen. Chuck Grassley and Rep. Chip Roy to Chuck Schumer, Majority Leader of the U.S. Senate and Mike Johnson, Speaker of the House of Representatives, December 7, 2023, https://www.grassley.senate.gov/imo/media/doc/grassley_roy_to_congressional_leaders_-_farm_bill.pdf.

⁴⁹ GAO, *Decision: U.S. Department of Agriculture—Use of Commodity Credit Corporation Funds for Various Programs*, B-334146.1, September 20, 2023.

⁵⁰ For example, in the 118th Congress, H.R. 6690 and S. 2876 would have expanded CCC's authorized uses, and H.R. 8467 and S. 2244 would have restricted CCC use.

⁵¹ For example, the Local Food Purchase Assistance Cooperative Agreement Program (LFPA) was authorized during the Biden Administration and cancelled during the Trump Administration. According to media reports, a USDA spokesperson was quoted as saying, "These programs [LFPA], created under the former Administration via Executive authority, no longer effectuate the goals of the agency." Marcia Brown, "USDA Cancels \$1B in local food purchasing for schools, food banks," *Politico*, March 10, 2025.

⁵² GAO, *Decision: USDA—Use of CCC*, B-334146.1.

⁵³ For more on total funding for agricultural activities, see CRS Report R48431, *Agriculture and Related Agencies: FY2025 Appropriations*.

about how CCC's functional operations support some of USDA's core farm program activities and whether they should or could be expanded or reduced.

The authorities that Congress has granted to CCC allow it to carry out many operations that are consistent with the objective of supporting U.S. agriculture. These same broad powers and the CCC's borrowing authority have also made CCC an object of attention, and of controversy at times, among the legislative and executive branches, stakeholders, and some interest groups.

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