

INACCURACIES IN THE CONGRESSIONAL BUDGET OFFICE FORECAST OF SPENDING UNDER AUTHORITY GRANTED BY SECTION 5 OF THE COMMODITY CORPORATION CHARTER ACT

Since 2018, two different Secretaries of Agriculture have delivered roughly \$64.2 billion in *ad hoc* funds to farmers, ranchers, the supply chain, and consumers via discretionary authorities of the Commodity Credit Corporation (CCC). Since authority was restored to the Secretary in 2018, a simple average of spending over the six-year period yields an average of \$10.7 billion in outlays on an annual basis.

By comparison, in its last two baseline updates, the Congressional Budget Office (CBO) estimates the most that will ever be spent under Section 5 authority in one year is \$3 billion. In fact, despite the historic levels of spending since this authority was returned to the Secretary, CBO's 2025 – 2034 average expected outlays in its February 2024 Baseline are only \$1.5 billion. Simply put, CBO's forecast severely underestimates the potential for spending under authorities granted by Section 5. In doing so, CBO's estimates hamstring the House and Senate Agriculture Committees from reallocating resources with their jurisdiction to meet current funding needs and delivering resources to producers in need of a modernized safety net.

The current Administration has publicly signaled their willingness to continue using the authority, with the Secretary mentioning use of his discretionary authority in the future no less than 25 times in the last year. There is no sign of decreased spending using authorities granted under Section 5, and yet CBO has chosen to ignore the realities of recent history in their forecast. Held to their existing methods, CBO estimates that restricting Section 5 authority under the May 2023 Baseline will deliver, at most, \$8 billion over ten years. This sum pales in comparison to what recent history tells us will be spent. A more accurate forecast would yield additional resources for the farm safety net while still forcing the Secretary to act at the direction of Congress, and not unilaterally through authorities granted by Section 5.

The House Committee on Agriculture continues to work with the House Budget Committee to rectify the errors in CBO's estimate. The first and most obvious solution is for CBO to pursue a realistic forecast of outlays under Section 5 in pursuit of its mission to help Congress make effective budget and economic policy. The facts are simple. USDA has found numerous routes to spend off-budget dollars utilizing Section 5 authority. CBO has mis-forecast outlays under Section 5 by more than \$60 billion since 2018. CBO's choice to continue missing the mark with all evidence to the contrary regarding Section 5 calls into question the Office's accuracy, transparency, and dedication to their mission as an unbiased arbiter dealing in fact. The House Committee on Agriculture remains confident that its ongoing efforts with the House Budget Committee will lead to rectification of this obvious error.

SUPPORTING FIGURES:

