

PolicyPennings by Daryll E. Ray & Harwood D. Schaffer

Determining the agriculture budget for 2012—

Round one

For some months now we have been hearing that the 2012 Farm Bill will have less money to work with. Given the dominant sentiment in Congress, that has never been in doubt. The only questions have been 1) how much? and 2) in what programs? The same can be said concerning the “other 2012 budget event,” agriculture’s single-year appropriation for fiscal 2012.

On May 23, 2011, the US House Appropriations Committee released the subcommittee draft of the fiscal year 2012 Agriculture Appropriations bill. The committee press release said, “The legislation continues the trend of major spending reductions sought by the Republican majority, totaling \$17.2 billion in discretionary funding—a cut of over \$2.6 billion from last year’s level or over \$5 billion below the President’s request for these programs.”

That being said, it must be kept in mind that this is the markup of the House Appropriations Committee. In addition, the Senate has not weighed in on the issue and the majority Democrats in that chamber will likely have different priorities and budget goals.

We are just at the beginning of what will likely be a long and arduous process—one that will be complicated by additional cuts that are included in the process leading up to the raising of the debt ceiling, something that will need to be completed this summer.

The question remains, “Is the 2012 House Appropriations Committee budget a harbinger of their intentions for the 2012 Farm Bill?” It has also been suggested that if the Democrats see a reasonable chance of retaking control of the House of Representatives, they may try and delay the adoption of the Farm Bill until after the 2012 elections.

Let us take a look at the major changes proposed by the committee. Most of what we are talking about in the column can be found in more detail using the following links: The current language of the Agricultural Appropriations Bill can be found at: http://republicans.appropriations.house.gov/_files/MASTERBILLLANGUAGEAGRICULTUREFY2012_xml.pdf.

The press release that explains some of the committee’s reasons for the cuts can be accessed at: http://appropriations.house.gov/index.cfm?FuseAction=PressReleases.Detail&PressRelease_id=305.

The Summary Budget Table makes it easier to follow the committee’s cuts: http://appropriations.house.gov/_files/52311AgricultureSubMarkUpSummaryTable.pdf

Over the last couple of years, we have spent some time writing about the importance of food safety issues. The Food Safety and Inspection Service budget is cut by \$34.6 million to \$972.2 million. Similarly, the committee’s budget for 2012 cuts APHIS (Animal and Plant Health Inspection Service) funding by \$73.6 million, 8.5 percent. The Food and Drug Administration which is also responsible for food safety will see its discretionary funding budget cut by \$284.8 million, 11.5 percent.

The Grain Inspection, Packers, and Stockyards Administration budget is cut by \$3.1 million to \$37 million. In addition, section 721 of the House agriculture appropriations bill states “None of the funds made available by this or any other Act may be used to write, prepare, develop, or publish a final rule or an interim final” livestock marketing rule.”

Conservation programs will be cut by \$102 million and rural development will see \$338 million less in fiscal year 2012 than in 2011.

Nutrition, including the highly rated WIC (Women, Infants, and Children) program, will be cut by \$909.5 million, a 12.8 percent decline. At the same time the committee added 1.5 billion to child nutrition programs and \$6.0 billion to SNAP, formerly the Food Stamp program. The committee says this “includes \$3 billion in reserve funds in case of unanticipated increases in participation of food price increases. The number of people using the SNAP program increased following the financial meltdown in 2008. SNAP and child nutrition are mandatory programs and the budgets cannot be changed without a change in the law.

Farm programs are slated to take a \$127 million cut and Federal Crop Insurance is looking at a cut of \$4.5 billion, a 58.7 percent cut. However all is not what it seems and despite the numbers in the bill, crop insurance will be fully funded with only \$3.1 billion of the \$7.6 billion being charged against the 2012 fiscal year budget—we are not making this up. It seems that the numbers are a result of the way the 2008 Farm Bill was written to come up with the right numbers..

Under the proposed budget, research at USDA (United States Department of Agriculture) will be cut by 13.7 percent, \$353.6 million.

Overall, discretionary funding is cut by \$2.7 billion while mandatory funding is increased by \$3.0

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billion, leaving a net gain of \$300 million, a change of two-tenths of one percent.

In the coming weeks all of the affected groups will likely begin to make their reactions to this budget known to both the public and committee members.

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