Function 350: **Agriculture**

Eliminate the Market Access Program (MAP)

#50

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$186	$186	$187	$175	$175	$176	$176	$176	$176	$176	$909	$1,789

Heritage Recommendation:

Eliminate the U.S. Department of Agriculture's (USDA's) Market Access Program (MAP). This proposal saves $186 million in 2016, and $1.8 billion over 10 years.

Rationale:

The USDA's Foreign Agricultural Service runs several market development programs, including MAP, that are designed to help industry promote exports overseas.

MAP subsidizes trade associations, businesses, and other private entities to help them market and promote their products overseas. Under MAP, taxpayers have recently helped to fund international wine-tastings, organic hair products for cats and dogs, and a reality television show in India. It is not government's role to advance the marketing interests of certain industries or businesses. Taxpayers should not be forced to subsidize the marketing that private businesses should do on their own.

Additional Reading:

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Backgrounder* No. 2916, May 30, 2014, http://www.Heritage.org/research/reports/2014/05/addressing-waste-abuse-and-extremism-in-usda-programs.

- Daren Bakst, "Animated Squirrels, Prunes, and Doggie Hair Gel: Your Tax Dollars at Work," The Daily Signal, July 25, 2013, http://dailysignal.com/2013/07/25/animated-squirrels-prunes-and-doggie-hair-gel-your-tax-dollars-at-work/.

- Senator Tom Coburn, "Treasure Map: The Market Access Program's Bounty of Waste, Loot and Spoils Plundered from Taxpayers," June 2012, http://www.coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=5c2568d4-ae96-40bc-b3d8-19e7a259f749.

Calculations:

Savings based on CBO projections of program cost, as found on page 4 of "CBO's April 2014 Baseline for Farm Programs,' April 14, 2014, http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202-2014-04-USDA.pdf. The CBO's estimates include the period 2013–2024. For 2025, Heritage analysts assumed the same level of savings of $176 million as estimated by the CBO for 2021–2024.

#51

Repeal the USDA Catfish Inspection Program

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$14	$14	$14	$14	$14	$14	$14	$14	$14	$14	$70	$140

Heritage Recommendation:

Repeal the U.S. Department of Agriculture's (USDA's) catfish inspection program. This proposal saves $14 million annually, and $140 million over 10 years.

Rationale:

The Food and Drug Administration (FDA) regulates domestic and imported seafood. However, the 2008 farm bill created a special exception requiring the USDA to regulate catfish that is sold for human consumption. This program, which has not yet been implemented, would impose costly duplication because facilities that process seafood, including catfish, would be required to comply with both FDA and USDA regulations.

The evidence does not support the health justifications for the more intrusive inspection program. There has been wide bipartisan opposition to the program. The GAO has criticized the program, publishing a 2012 report with the not-so-subtle title "Seafood Safety: Responsibility for Inspecting Catfish Should Not Be Assigned to USDA."[45] Another GAO report succinctly summarized most of the problems, noting that the program "would result in duplication of federal programs and cost taxpayers millions of dollars annually without enhancing the safety of catfish intended for human consumption."[46]

The USDA catfish inspection program would also have serious trade implications. Foreign exporters selling catfish under FDA requirements would need to establish a new regulatory system equivalent to the USDA program. This approval process could take years.

Catfish-exporting countries, such as Vietnam, would likely retaliate and win any trade disputes because the program would be an unjustified trade barrier. The retaliation would likely come against industries other than the catfish industry, such as milk producers or meat packers. American consumers also would suffer because this program would reduce competition.

Additional Reading:

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Backgrounder* No. 2916, May 30, 2014, http://www.Heritage.org/research/reports/2014/05/addressing-waste-abuse-and-extremism-in-usda-programs.

- Daren Bakst, "Farm Bill: Taxpayers and Consumers Are Getting Catfished," The Daily Signal, November 19, 2013, http://dailysignal.com/2013/11/19/farm-bill-taxpayers-consumers-getting-catfished/.

- U.S. Government Accountability Office, "High Risk Series: An Update," GAO–13–283, February 2013, pp. 198–199, http://www.gao.gov/assets/660/652133.pdf.

- U.S. Government Accountability Office, "Seafood Safety: Responsibility for Inspecting Catfish Should Not Be Assigned to USDA," GAO–12–411, May 2012, http://www.gao.gov/assets/600/590777.pdf.

Calculations:

As reported on pages 19–20 of U.S. Government Accountability Office, "Seafood Safety: Responsibility for Inspecting Catfish Should Not Be Assigned to USDA," *Report to Congressional Requesters* GAO-12-411, May 2012, http://www.gao.gov/assets/600/590777.pdf, the proposed catfish program would cost the federal government and industry an estimated $14 million annually, with the federal government bearing 98 percent of the cost. This GAO report notes that the reported estimate of $14 million annually may understate the true costs of the program.

#52

Eliminate the Conservation Reserve Program

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$2,005	$1,888	$1,795	$1,742	$1,892	$1,979	$1,911	$2,004	$2,104	$1,924	$9,322	$19,244

Heritage Recommendation:

Eliminate the Conservation Reserve Program. This proposal saves $19.2 billion over 10 years.

Rationale:

The Conservation Reserve Program pays farmers not to farm. In return for not farming allegedly environmentally sensitive land, farmers receive annual payments, courtesy of taxpayers; contracts last for 10 to 15 years. Much of this land could be highly productive land if it were used.

By taking land out of production, there is less land that could be used to meet important agricultural needs and increase the supply of important commodities. The reduced supply of land can drive up real-estate prices making it more difficult for farmers to expand operations and for new farmers to get a start in agriculture in the first place.

Additional Reading:

- Brian M. Riedl, "How Farm Subsidies Harm Taxpayers, Consumers, and Farmers, Too," Heritage Foundation *Backgrounder* No. 2043, June 20, 2007, http://www.heritage.org/research/reports/2007/06/how-farm-subsidies-harm-taxpayers-consumers-and-farmers-too.

- Patrick Sullivan et al., "The Conservation Reserve Program: Economic Implications for Rural America" U.S. Department of Agriculture *Agricultural Economic Report* No. AER-834, October 2004, http://www.ers.usda.gov/publications/aer-agricultural-economic-report/aer834.aspx.

Calculations:

Savings based on CBO projections of program cost as found on page 26 of "CBO's April 2014 Baseline for Farm Programs," April 14, 2014, http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202-2014-04-USDA.pdf. The CBO's estimates provide projected costs for 2013–2024. Because the costs do not follow any particular trend, Heritage analysts used an average of the 2016–2024 period as the 2025 value.

Eliminate the Conservation Technical Assistance Program

#53

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$725	$727	$729	$737	$755	$771	$788	$809	$825	$840	$3,673	$7,706

Heritage Recommendation:

Eliminate the Conservation Technical Assistance Program. This proposal saves $725 million in 2016, and $7.7 billion over 10 years.

Rationale:

The Natural Resources Conservation Service runs a costly program to offer technical assistance to landowners on natural resource management. This assistance includes help in maintaining private lands, complying with laws, enhancing recreational activities, and improving the aesthetic character of private land. The services are provided to both governmental and private entities.

Private landowners, not government, are the best stewards of property. If necessary, they can seek private solutions to conservation challenges. Federal taxpayers should not be forced to subsidize advice that private (and public) landowners should be paying for on their own.

Additional Reading:

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Backgrounder* No. 2916, May 30, 2014, http://www.Heritage.org/research/reports/2014/05/addressing-waste-abuse-and-extremism-in-usda-programs.

Calculations:

Savings are expressed as budget authority and were calculated using the FY 2014 enacted spending levels as found on page 61 of USDA, "FY 2015: Budget Summary and Annual Performance Plan, U.S. Department of Agriculture," http://www.obpa.usda.gov/budsum/FY15budsum.pdf. The FY 2014 spending level was increased at the same rate as discretionary spending for 2016–2025, according to the CBO's most recent August 2014 baseline spending projections.

#54

Eliminate the Rural Business-Cooperative Service (RBCS)

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$258	$259	$260	$263	$269	$275	$281	$288	$294	$299	$1,309	$2,746

Heritage Recommendation:

Eliminate the Rural Business-Cooperative Service (RBCS). This proposal saves $258 million in 2016, and $2.7 billion over 10 years.

Rationale:

The RBCS is an agency in the U.S. Department of Agriculture that has a wide range of financial assistance programs to help rural businesses. It also has a significant focus on renewable energy and climate change, including subsidizing biofuels.

Rural businesses are fully capable of running themselves, investing, and seeking assistance through private means. The fact that these businesses are in rural areas does not change the fact that they can and should succeed on their own merits like any other business. Private capital will find its way to worthy investments.

The government should also not be in the business of picking winners and losers when it comes to private investments or energy sources. Instead of handing taxpayer dollars to businesses, the federal government should identify and remove the obstacles that it has created for businesses in rural communities.

Additional Reading:

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Backgrounder* No. 2916, May 30, 2014, http://www.Heritage.org/research/reports/2014/05/addressing-waste-abuse-and-extremism-in-usda-programs.

Calculations:

Savings were calculated by using the FY 2014 estimated spending levels as found in page 106 of USDA, "FY 2015: Budget Summary and Annual Performance Plan, U.S. Department of Agriculture," http://www.obpa.usda.gov/budsum/FY15budsum.pdf. Because the mandatory component of this spending varied significantly, from $0 in 2013 to $243 million in 2014, and an estimated $118 million in 2015, Heritage analysts took the average of these three values ($120 million) as the basis for the FY 2014 spending level, which was then added to the discretionary FY 2014 spending level and increased at the same rate as discretionary spending for 2016–2025 according, to the CBO's most recent August 2014 baseline spending projections.

Eliminate the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs

#55 & #56

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016–2020	2016–2025
$4,748	$4,360	$3,488	$2,736	$2,322	$2,189	$2,182	$2,291	$2,262	$2,262	$17,654	$28,840

Heritage Recommendation:

Eliminate the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. This proposal saves $4.7 billion in 2016, and $28.8 billion over 10 years.

Rationale:

In the 2014 farm bill, Congress eliminated the infamous direct payment program that paid farmers regardless of need. However, Congress also added two major new commodity programs, the ARC and PLC programs.

Eligible farmers can choose between the ARC and PLC programs. ARC is a shallow-loss program, meaning that it covers minor losses. Payments are provided when crop revenue falls below 86 percent of historical revenue. The concept of a safety net for farmers who suffer significant losses is being trumped by a new model of protecting farmers from virtually all risk.

PLC provides payments to farmers when prices for certain commodities, such as corn and wheat, fall below a fixed reference price set in statute. The reference prices were set so high that some commodities may receive payments at the outset, even though the program is only intended to cover deep losses.

Taxpayers are basically writing a blank check to farmers, with costs that could go well beyond CBO projections that assumed prices would stay at or near record highs. These two programs could cost more than the direct payment program, while continuing to promote harmful and unnecessary subsidies that discourage innovation and private risk-management solutions, and distort agricultural decisions.

Additional Reading:

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Backgrounder* No. 2916, May 30, 2014, http://www.Heritage.org/research/reports/2014/05/addressing-waste-abuse-and-extremism-in-usda-programs.

- Daren Bakst and Rachel Sheffield, "The 'Heat and Eat' Food Stamp Loophole and the Outdated Cost Projections for Farm Programs," Heritage Foundation *Issue Brief* No. 4193, April 7, 2014, http://www.Heritage.org/research/reports/2014/04/the-heat-and-eat-food-stamp-loophole-and-the-outdated-cost-projections-for-farm-programs.

Calculations:

Savings based on CBO projections of program costs as found on pages 8 and 9 of "CBO's April 2014 Baseline for Farm Programs," April 14, 2014,
http://www.cbo.gov/sites/default/files/cbofiles/attachments/44202-2014-04-USDA.pdf. Savings include those reported for "Price Loss Coverage," "Agricultural Risk Coverage–County," and "Agricultural Risk Coverage Individual." The CBO's projections are for 2016–2024. It is assumed that 2024 spending levels are held constant in 2025.

Endnotes: Agriculture

45. U.S. Government Accountability Office, "Seafood Safety: Responsibility for Inspecting Catfish Should Not Be Assigned to USDA," GAO–12–411, May 2012, http://www.gao.gov/assets/600/590777.pdf (accessed December 121, 2014).
46. U.S. Government Accountability Office, "High Risk Series: An Update," GAO–13–283, February 2013, pp. 198–199, http://www.gao.gov/assets/660/652133.pdf (accessed December 16, 2014).