Agriculture, Rural Development, Food and Drug Administration, and Related Agencies



PRESIDENT HOUSE	SENATE	RSC
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Repeal the USDA's Catfish Inspection Program

While the Food and Drug Administration regulates domestic and imported seafood, 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 have to comply with both FDA and USDA regulations. The evidence does not support the health justifications for the more intrusive inspection program, to which there has been wide bipartisan opposition. The U.S. Government Accountability Office criticized the program in a 2012 report with the not-so-subtle title Seafood Safety: Responsibility for Inspecting Catfish Should Not Be Assigned to USDA.²

The USDA catfish inspection program would also have serious trade implications. Foreign countries that want to export catfish to the U.S. would need to establish a new regulatory system equivalent to the USDA program. This approval process could take years. Catfish-exporting countries would likely retaliate with and win trade disputes, since the program would be an unjustified trade barrier. The retaliation would likely be against industries other than the catfish industry, such as milk producers or meat packers. American consumers would also suffer, as this program would reduce competition.

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation Backgrounder No. 2916, May 30, 2014.
- U.S. Government Accountability Office, Seafood Safety: Responsibility for Inspecting Catfish Should Not Be Assigned to USDA, GAO-12-411, May 2012.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	INCLUDED	Eliminates program and moves inspection back to FDA.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Repeals program.



PRESIDENT	HOUSE	SENATE	RSC
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Eliminate the USDA's Conservation Technical Assistance Program

The USDA's Natural Resources Conservation Service runs this costly program that offers landowners technical assistance 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. Private landowners are the best stewards of a given property and, if

necessary, can seek private solutions to conservation challenges.

Federal taxpayers should not be forced to subsidize advice for which landowners should be paying on their own. In addition, this government intervention could be crowding out the private solutions that should be available to private landowners.

ADDITIONAL READING

■ Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation *Backgrounder* No. 2916, May 30, 2014.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	PARTIALLY INCLUDED	Significantly reduces program.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates program.



PRESIDENT	HOUSE	SENATE	RSC

Eliminate the USDA's Rural Business Cooperative Service

The RBCS maintains a wide range of financial assistance programs for rural businesses. It also has a significant focus on renewable energy and global warming, 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, just as any

other business must. Private capital will find its way to worthy investments.

The government should 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.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	INCLUDED	Eliminates agency.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates agency.

PRESIDENT	HOUSE	SENATE	RSC

Repeal the USDA's Agricultural Risk Coverage and Price Loss Coverage Programs

The ARC and PLC programs are two major new commodity programs that Congress added in the 2014 farm bill. On a crop-by-crop basis, farmers can participate either in the ARC program or in the PLC program. The ARC program protects farmers from shallow losses, providing payments when their actual revenues fall below 86 percent of the expected revenues for their crops. The PLC program provides payments to farmers when commodity prices fall below a fixed reference price established by statute. The PLC program has such high reference prices that even at the time the 2014 farm bill was enacted,

payments for some commodities were likely from the outset.

These programs go far beyond providing a safety net for farmers. Instead, the pretext of a safety net is used to prevent many agricultural producers from competing in the market as other businesses do. Policymakers need to allow farmers to compete freely in the marketplace and reap the financial reward of being more efficient and better managed than their competitors are.

- Daren Bakst, ed., "Farms and Free Enterprise: A Blueprint for Agricultural Policy," The Heritage Foundation *Mandate for Leadership Series*, September 21, 2016.
- Daren Bakst, Josh Sewell, and Brian Wright, "Addressing Risk in Agriculture," Heritage Foundation *Special Report* No. 189, September 8, 2016.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates ARC and PLC.



PRESIDENT	HOUSE	SENATE	RSC
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Include Work Requirement for Able-Bodied Adult Food Stamp Recipients

The food stamp program is the second-largest of the government's 89 means-tested welfare programs. The number of food stamp recipients has risen dramatically from about 17.2 million in 2000 to 44.2 million in 2016. Costs have risen from \$19.8 billion in FY 2000 to \$75.8 billion in FY 2016.

Food stamp assistance should be directed to those who are most in need. Able-bodied adults who receive food stamps should be required to work, prepare for work, or look for work in exchange for receiving assistance. Work requirements not only help to ensure that food stamps are directed to those who need them most, but also promote the principle of self-sufficiency by directing individuals toward work.

- Robert Rector, Rachel Sheffield, and Kevin Dayaratna, "Maine Food Stamp Work Requirement Cuts Non-Parent Caseload by 80 Percent," Heritage Foundation *Backgrounder* No. 3091, February 8, 2016.
- Robert Rector and Rachel Sheffield, "Setting Priorities for Welfare Reform," Heritage Foundation Issue Brief No. 4520, February 24, 2016.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	PARTIALLY INCLUDED	Limits use of waivers that exempt able-bodied adults without dependents from work requirements.
House Budget Resolution	PARTIALLY INCLUDED	Eliminates waivers that exempt able-bodied adults without dependents from work requirements.
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Advocates Welfare Reform and Upward Mobility Act work requirements that extend to able-bodied parents.

\$1.3
SAVINGS IN BILLIONS⁷

PRESIDENT HOUSE SENATE RSC

End Broad-Based Categorical Eligibility for Food Stamps

Categorical eligibility traditionally allows individuals who receive cash welfare assistance from programs such as Temporary Assistance for Needy Families to enroll in food stamps automatically. Under "broad-based categorical eligibility," states can now loosen income limits and bypass asset tests for potential recipients of food stamps. Individuals or families can simply receive some type of TANF "service" and automatically become categorically eligible for food stamps. Because TANF services are available to households with incomes higher than those that are eligible for TANF cash

assistance, states can extend food stamp benefits to those with higher incomes than otherwise would be permissible.

Moreover, broad-based categorical eligibility allows states to waive asset tests entirely. An individual with a temporarily low income can receive a TANF service and then become categorically eligible for food stamps even if he has a large amount of savings. Policymakers should end broad-based categorical eligibility to ensure that food stamps are focused on helping those who are truly in need.

- Katherine Bradley and Robert Rector, "Reforming the Food Stamp Program," Heritage Foundation Backgrounder No. 2708, July 25, 2012.
- Rachel Sheffield, "How to Reform Food Stamps," Heritage Foundation Issue Brief No. 4045, September 12, 2013.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	INCLUDED	Closes eligibility loopholes, limits categorical eligibility to recipients of SSI or TANF cash benefits, and modifies income calculations to target benefits to neediest households.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Ends categorical eligibility across all programs. Food stamp recipients would have to meet SNAP income and asset tests.



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Eliminate the "Heat and Eat" Loophole in Food Stamps

Using a loophole known as "heat and eat," states can artificially boost a household's food stamp benefit. The amount of food stamps a household receives is based on its "countable" income (income minus certain deductions). Households that receive benefits from the Low-Income Heat and Energy Assistance Program are eligible for a larger utility deduction. In order to make households eligible for the higher deduction and thus for greater food stamp benefits, states have distributed LIHEAP checks for amounts as small as \$1 to food stamp recipients.

Although the 2014 farm bill tightened this loophole by requiring that a household must receive more than \$20 annually in LIHEAP payments to be eligible for the larger utility deduction and subsequently higher food stamp benefits, some states have continued to use it by paying over \$20 per year. Policymakers should close this loophole entirely.

- Rachel Sheffield, "How to Reform Food Stamps," Heritage Foundation Issue Brief No. 4045, September 12, 2013.
- Daren Bakst and Rachel Sheffield, "Eight Things to Watch for in the Farm Bill," Heritage Foundation Issue Brief No. 4101, December 4, 2013.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	INCLUDED	Eliminates LIHEAP.
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates LIHEAP.



PRESIDENT	HOUSE	SENATE	RSC

Eliminate the USDA Sugar Program

The USDA sugar program uses price supports and marketing allotments that limit how much sugar processors can sell each year, as well as import restrictions. As a result of government intervention to limit supply, the price of American sugar is consistently higher than (and at times twice as high as) world prices.¹⁰

This program may benefit a small number of sugar growers and harvesters, but it does so at the expense of sugar-using industries and consumers. An International Trade Administration report found that "[f]or each sugar growing and harvesting job saved through high U.S. sugar prices, nearly three confectionery manufacturing jobs are lost." The program is also a hidden tax on consumers: Recent studies have found that it costs consumers as much as \$3.7 billion a year. 12

- Daren Bakst, ed., "Farms and Free Enterprise: A Blueprint for Agricultural Policy," The Heritage Foundation *Mandate for Leadership Series*, September 21, 2016.
- Daren Bakst, Josh Sewell, and Brian Wright, "Addressing Risk in Agriculture," Heritage Foundation *Special Report* No. 189, September 8, 2016.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	REJECTED	
House Budget Resolution	REJECTED	
Senate Budget Resolution	REJECTED	
Republican Study Committee	INCLUDED	Eliminates program.



PRESIDENT	HOUSE	SENATE	RSC

Eliminate USDA Revenue-Based Crop Insurance Policies

Any reasonable concept of a taxpayer-funded safety net for farmers would require a significant crop loss, but this program does not require yield losses for farmers to receive indemnities. There are generally two types of federal crop-insurance: yield-based, which protects farmers from yields that are lower than expected due to events beyond the control of farmers, such as weather and crop disease, and revenue-based, which protects farmers from dips in expected revenue due to low prices, low yields, or both. Revenue-based policies, which are more popular than yield-based policies because they do not require yield losses, accounted for 77 percent of all policies earning premiums in 2014. ¹⁴ Farmers

can even have greater yields than expected and still receive indemnity payments if commodity prices are lower than expected.

The federal government should not be in the business of insuring price or revenue; agricultural producers, like other businesses, should not be insulated from market forces or guaranteed financial success at the expense of taxpayers. Revenue-based crop insurance is unnecessarily generous and should be eliminated. Taxpayer-subsidized crop insurance should be limited to yield insurance as it was in the past.

- Daren Bakst, ed., "Farms and Free Enterprise: A Blueprint for Agricultural Policy," The Heritage Foundation *Mandate for Leadership Series*, September 21, 2016.
- Daren Bakst, Josh Sewell, and Brian Wright, "Addressing Risk in Agriculture," Heritage Foundation Special Report No. 189, September 8, 2016.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	NOT ADDRESSED	



PRESIDENT	HOUSE	SENATE	RSC

Eliminate the USDA's Market Access Program

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.

- Daren Bakst, "Addressing Waste, Abuse, and Extremism in USDA Programs," Heritage Foundation Backgrounder No. 2916, May 30, 2014.
- Senator Tom Coburn, "Treasure Map: The Market Access Program's Bounty of Waste, Loot and Spoils Plundered from Taxpayers," June 2012.

PROPOSAL	STATUS	EXPLANATION
President's Budget (FY2019)	NOT ADDRESSED	
House Budget Resolution	NOT ADDRESSED	
Senate Budget Resolution	NOT ADDRESSED	
Republican Study Committee	INCLUDED	Eliminates program.

Policy Riders

Withhold funding for federal fruit-supply and vegetable-supply restrictions in marketing orders.

In June 2015, the Supreme Court of the United States decided *Horne v. Department of Agriculture*, ¹⁶ a case regarding the federal government's authority to fine raisin growers who did not hand over part of their crop to the government. The Court held that forcing growers to turn over their raisins was a taking of private property requiring just compensation. Although the "raisin case" received much attention because of the outrageous nature of the government's actions, it is far from unique. In particular, the USDA uses its power to enforce a number of cartels through industry agreements known as marketing orders. Fruit and vegetable marketing orders¹⁷ allow the federal government to authorize supply restrictions (volume controls), limiting the amounts that agricultural producers may sell. Marketing orders are bad enough, but at a minimum, Congress should stop funding these volume controls that limit how much of their own fruits and vegetables farmers may sell and should get the government out of the market and cartel management business. ¹⁸

Prohibit funding for national school meal standards. The USDA's school-meal standards for the Healthy, Hunger-Free Kids Act of 2010 have been a failure. They are a burden on schools and have led to many negative outcomes. A September 2015 GAO report shows that since the implementation of these standards, participation in the school lunch program has declined, food waste remains a significant problem, and some schools have dropped out of the school lunch program at least partly because of the standards. Some schools have even had to draw from their education funds to cover the costs imposed by these standards. No funding should be directed toward implementation or enforcement of these standards. Any new standards should give states and local educational authorities much greater flexibility and respect the role of parents in helping their children make dietary decisions.

Prohibit funding for the community eligibility provision. The community eligibility provision is a policy that was implemented by the Healthy, Hunger-Free Kids Act of 2010. It expands free school meals to students regardless of family income. Under this provision, if 40 percent of students in a school, group of schools, or school district are identified as eligible for free meals because they receive benefits from another means-tested welfare program like food stamps, then all students can receive free meals. The community eligibility provision is essentially a backdoor approach to universal school meals. Schools should not be providing welfare to middle-class and wealthy students. Ending the community eligibility provision would ensure that free meals are going only to students from low-income families. No further funding should be directed toward implementing this provision.

ENDNOTES

- Savings of \$2.6 million for FY 2019 are based on estimates from the U.S. Department of Agriculture's Food Safety and Inspection Service (as reported by the GAO) pursuant to a transfer of the program's administration. Under a final rule (9 CFR §§ 530–561, issued December 2, 2015, effective March 1, 2016, and with a full compliance date of September 1, 2017), catfish inspection was transferred from the FDA to the FSIS. Subsequently, the FSIS revised its estimated annual cost of the program downwards from \$14 million to \$2.6 million annually. See U.S. Government Accountability Office, "Agriculture: Catfish Inspection," last updated October 18, 2017, https://www.gao.gov/duplication/action_tracker/Catfish_Inspection/action1 (accessed May 9, 2018), and U.S. Department of Agriculture, 2019 President's Budget: Food Safety and Inspection Service, https://www.obpa.usda.gov/22fsis2019notes.pdf (accessed May 9, 2018).
- 2. 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/products/GAO-12-411 (accessed April 17, 2019).
- 3. Savings of \$754 million for FY 2019 are based on the most recent estimated spending level of \$754 million for FY 2018 as found in U.S. Department of Agriculture, FY 2019 Budget Summary, p. 24, https://www.usda.gov/sites/default/files/documents/usda-fy19-budget-summary.pdf (accessed May 9, 2018). Heritage experts assume that the FY 2018 spending level remains constant in FY 2019.
- 4. Savings of \$497 million for FY 2019 are based on the CBO's most recent April 2018 baseline spending projections. Savings include \$103 million in discretionary spending and \$394 million in mandatory spending.
- 5. Savings of \$5.354 billion for FY 2019 are based on projections for the ARC and PLC as reported in Congressional Budget Office, CBO's April 2018 Baseline for Farm Programs, April 9, 2018, https://www.cbo.gov/sites/default/files/recurringdata/51317-2018-04-usda.pdf (accessed May 9, 2018). Estimated savings of \$5.354 billion in FY 2019 include \$2.727 billion for the PLC (p. 6); \$2.604 billion for the ARC-CO (county) (p. 6); and \$23 million for the ARC-IC (individual coverage) (p. 9). All \$5.868 billion in savings represents mandatory spending.
- 6. Savings of \$9.7 billion for FY 2019 are based on analysis contained in Robert Rector, Rachel Sheffield, and Kevin Dayaratna, "Maine Food Stamp Work Requirement Cuts Non-Parent Caseload by 80 Percent," Heritage Foundation *Backgrounder* No. 3091, February 8, 2016, http://www.heritage.org/research/reports/2016/02/maine-food-stamp-work-requirement-cuts-non-parent-caseload-by-80-percent. All \$9.7 billion in savings represents mandatory spending.
- 7. Savings of \$1.305 billion for FY 2019 are based on the CBO's analysis of the impact of previously proposed legislation that would have enacted this reform. Specifically, we use the CBO's FY 2015 estimate for "Section 105. Updating program eligibility" because 2015 represents the first full year of the proposal's implementation. See Congressional Budget Office, "Cost Estimate for H.R. 3102, the Nutrition Reform and Work Opportunity Act of 2013," September 16, 2013, https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/costestimate/hr31020.pdf (accessed March 20, 2018). All \$1.305 billion in savings represents mandatory spending.
- 8. Savings of \$1.470 billion for FY 2019 are based on estimated savings from a proposal that would enact this change. Specifically, we use the estimated FY 2014 savings for "Changes to SNAP Eligibility Requirements: Standard Utility Allowance" because FY 2014 represents the first full year of implementation. See Report No. 112-470, Sequester Replacement Reconciliation Act of 2012, Committee on the Budget, U.S. House of Representatives, 112th Cong., 2nd Sess., May 9, 2012, p. 27, https://www.gpo.gov/fdsys/pkg/CRPT-112hrpt470/pdf/CRPT-112hrpt470. pdf (accessed May 9, 2018). All \$1.470 billion in savings represents mandatory spending.
- 9. Savings of \$0 million in FY 2019 are based on the CBO's estimated FY 2019 cost of the program. Although the CBO estimates zero cost in FY 2019, it projects that the sugar program will have a total cost of \$76 million over the 2019–2028 period. Congressional Budget Office, CBO's April 2018 Baseline for Farm Programs.
- 10. Agralytica, "Economic Effects of the Sugar Program Since the 2008 Farm Bill & Policy Implications for the 2013 Farm Bill," June 3, 2013, http://fairsugarpolicy.org/wordpress/wp-content/uploads/2018/03/AgralyticaEconomicEffectsPaperJune2013.pdf (accessed August 4, 2016).
- 11. U.S. Department of Commerce, International Trade Administration, "Employment Changes in U.S. Food Manufacturing: The Impact of Sugar Prices," undated, p. 2, https://www.trade.gov/mas/ian/build/groups/public/@tg_ian/documents/webcontent/tg_ian_002705.pdf (accessed April 17, 2018).
- 12. Agralytica, "Economic Effects of the Sugar Program Since the 2008 Farm Bill & Policy Implications for the 2013 Farm Bill." See also John C. Beghin and Amani Elobeid, "The Impact of the U.S. Sugar Program Redux," Iowa State University, Center for Agricultural and Rural Development *Working Paper* No. 13-WP 538, May 2013, https://www.card.iastate.edu/products/publications/pdf/13wp538.pdf (accessed April 17, 2018).
- 13. Savings of at least \$1.92 billion for FY 2019 are based on a CBO analysis of federal crop insurance costs that provides estimated savings for a more limited proposal to restrict the way producers' costs are estimated for revenue-based policies by requiring that costs be based on the projected price of crops at the time the policy is issued instead of providing for the greater of the projected price and the actual harvest price. Although this proposal would not entirely eliminate revenue-based crop insurance policies, it would limit their costs. The CBO estimates that this change in revenue-based policies would save \$19.2 billion over the 2018–2027 period, for an average of \$1.92 billion per year. Congressional Budget Office, *Options to Reduce the Budgetary Cost of the Federal Crop Insurance Program*, December 2017, https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53375-federalcropinsuranceprogram.pdf (accessed March 20, 2018). All \$1.92 billion in savings represents mandatory spending.
- 14. Dennis A. Shields, "Federal Crop Insurance: Background," Congressional Research Service *Report for Members and Committees of Congress*, August 13, 2015, https://fas.org/sgp/crs/misc/R40532.pdf (accessed April 17, 2018).
- 15. Savings of \$200 million for FY 2019 are based on estimates for federal farm program costs in Congressional Budget Office, *CBO's April 2018 Baseline for Farm Programs*. All \$200 million in savings represents mandatory spending.

- 16. Horne v. Department of Agriculture, 135 S. Ct. 2419 (2015), https://www.leagle.com/decision/insco20150622a72 (accessed April 17, 2018).
- 17. These marketing orders cover fruits, vegetables, and specialty crops. See U.S. Department of Agriculture, Agricultural Marketing Service, "Marketing Orders for Fruits, Vegetables, & Specialty Crops," http://www.ams.usda.gov/rules-regulations/moa/fv (accessed April 17, 2018). There also are milk marketing orders, but they are different from fruit and vegetable marketing orders. See U.S. Department of Agriculture, Agricultural Marketing Service, "Federal Milk Marketing Orders," U.S. Department of Agriculture, http://www.ams.usda.gov/rules-regulations/moa/dairy (accessed April 17, 2018).
- 18. Daren Bakst, "The Federal Government Should Stop Limiting the Sale of Certain Fruits and Vegetables," Heritage Foundation *Issue Brief* No. 4466, September 29, 2015, http://www.heritage.org/research/reports/2015/09/the-federal-government-should-stop-limiting-the-sale-of-certain-fruits-and-vegetables.
- 19. U.S. Government Accountability Office, *School Nutrition: USDA Had Efforts Underway to Help Address Ongoing Challenges Implementing Changes in Nutrition Standards*, GAO-15-656, September 2015, http://gao.gov/products/GAO-15-656 (accessed April 17, 2019).
- 20. Erik Wasson, "Michelle's Meals Turn Off the Kids," *The Hill*, May 21, 2014, http://thehill.com/policy/finance/206734-michelles-meals-turn-off-the-kids (accessed April 17, 2018).