

Hospitals & Asylums

USDA Budget Crunch HA-30-6-17

By Anthony J. Sanders

A. The U.S. Department of Agriculture (USDA) provides leadership on issues related to food, agriculture, food safety, rural development, and natural resources. It was founded by President Abraham Lincoln signature of the Act to Establish a Department of Agriculture on May 15, 1962. FY 17 USDA employs 97,804 workers down from 103,000 with total program level of \$225 billion FY 2017 down - 2.6% from \$231 billion FY 16, provides 3.2 million farmers with crop insurance and 44 million people Supplemental Nutrition Assistance Program (SNAP) benefits. Forest Service programs are duplicates of the Interior Department, agricultural land is inferior to either thinned or uncut forest, wherefore forest service budget cuts shall result in the right of reemployment being decided by state parks on the basis of arson 18USC§81 of buildings or property within special maritime and territorial jurisdiction under 18USC§1363 and ability to stay on Trump Trail coast to coast without hacking the National Trail System Act under 16USC§1246(h)(1). The FY 18 budget makes changes to FY 16 and FY 17 spending to explain much lower outlay totals, \$138 billion FY 16, \$133 billion FY 17 and \$140 billion FY 18, than previously given \$153 billion FY 16 to \$152 billion FY 17. The public is highly dissatisfied with SNAP welfare benefit growth that should be 3% annually = % increase in benefit amount + % increase in beneficiaries. Because everyone is very disappointed with the SNAP cuts of Halloween 2013 and Thanksgiving 2016, the USDA couldn't even calculate, the downward revision FY 16-18 should be adopted and growth estimates based on \$139 billion outlays FY 15 agreed upon by OMB and the USDA. However the plan for further SNAP cuts FY 18 constitutes deprivation of relief benefits under 18USC§246. The wild inflation in Commodity Credit Corporation (CCC) and off-budget lending and Rural Business Cooperative, financed with electricity fees, must be deleted from the outlay table to begin to count the historical undistributed offsetting receipts since FY 15. The public must be informed that SNAP benefits are projected to growth 3% FY 18 = % benefit amount + % new beneficiaries.

| USDA Outlays | FY 15 | FY 16 | FY 17 | FY 18 | FY 18 2.75% |
|-----------------------------------|---------|---------|---------|---------|-------------|
| Total Outlays | 132,381 | 124,125 | 126,000 | 124,031 | 128,187 |
| Estimated Outlays | 139,115 | 138,248 | 133,062 | 140,035 | 140,035 |
| Undistributed Offsetting Receipts | 6,699 | 14,1234 | 7,062 | 16,004 | 11,848 |
| OMB | 139,115 | 153,773 | 151,485 | 153,011 | 153,011 |
| Staffing | | 94,893 | 95,890 | 90,627 | 96,753 |

Source: USDA Budget-in-brief FY18

1. USDA outlay growth requires special calculation because SNAP is an in-kind welfare program due 3% annual growth because SNAP is the liberal, free-market way for consumers to subsidize agriculture. The FY 18 USDA budget section on the Food and Nutrition Service (FNS) regarding \$78.5

billion SNAP outlays are higher regarding SNAP estimates of \$70.5 billion FY17. The FNS failed to do the SNAP math right twice in fall of 2016 and the FY 18 USDA budget must redo the SNAP estimates to explain the \$8 billion difference in FNS spending totals actually claimed by the FY 18 budget total. FY 17 \$70.5 billion SNAP spending is 53% of the \$133 USDA budget, wherefore USDA outlay growth should be $2.75\% = 3\% \text{ SNAP growth} + 2.5\% \text{ administrative spending growth}$. As a rule of thumb SNAP outlays are 50% of USDA outlays. To actually calculate Food and Nutrition Service (FNS) outlays of \$101.9 billion FY 17 - \$70.5 billion SNAP = \$31.4 billion administration. To make FY 18 estimates 3% growth in SNAP benefits is 72.6 billion + 2.5% growth in other FNS programs to \$32.2 billion = \$104.8 billion FY 18. As a rule of law the public must be informed that the administration is re-committed to 3% SNAP outlay growth = % increase in benefit + % new beneficiaries FY 18.

2. The details pertaining to the Commodity Credit Corporation Programs used in the balance sheet are not supported by an individualized explanation like other agencies, although their growth is distorting the budget alarmingly. CCC was incorporated October 17, 1933, under a Delaware charter with a capitalization of \$3 million. It was initially managed and operated in close affiliation with the Reconstruction Finance Corporation, which funded its operations. On July 1, 1939, CCC was transferred to the United States Department of Agriculture (USDA). It was reincorporated on July 1, 1948, as a Federal corporation within USDA by the Commodity Credit Corporation Charter Act (62 Stat.1070; 15 U.S.C. 714). As amended through the Presidential Appointment Efficiency and Streamlining Act of 2011, P.L. 112-166, Enacted August 10, 2012. The CCC Charter Act, as amended, aids producers through loans, purchases, payments, and other operations, and makes available materials and facilities required in the production and marketing of agricultural commodities. The CCC Charter Act also authorizes the sale of agricultural commodities to other government agencies and to foreign governments and the donation of food to domestic, foreign, or international relief agencies. CCC also assists in the development of new domestic and foreign markets and marketing facilities for agricultural commodities. CCC has no operating personnel. Its price support, storage, and reserve programs, and its domestic acquisition and disposal activities are carried out primarily through the personnel and facilities of the Farm Service Agency (FSA). FSA provides administrative support for the Commodity Credit Corporation (CCC), which funds most of the commodity and export programs, and some of the USDA conservation programs. The finding is that before cutting real agencies to achieve accounting goals the Commodity Credit Corporation needs to be deleted from the Outlays Table(s). New management at least attempts to moderate inflation and the FY 16-17 numbers are adopted, but the outlays table is not solved and program cuts are unwise. Furthermore, the Rural Business Cooperative Service needs to be deleted whereas funding for these programs is provided from earnings from electric cooperative investments and fees and the different USDA budgets FY 17 – FY 18 threatens hyperinflation from \$255 million FY 16 to \$4.6 billion FY 16 for nothing. The internal agency offsetting receipts are stabilized at \$2.7 billion FY 17.

USDA Outlays FY 15- FY 18
(millions)

| | FY 15 | FY 16 | FY 17 | FY 18 | FY 18 2.75% |
|-------------------------------|-------|-------|-------|-------|-------------|
| Farm and Foreign Agricultural | | | | | |

| | | | | | |
|--|---------|---------|---------|--------|---------|
| Services | | | | | |
| Farm Service Agency | 1,950 | 2,102 | 2,090 | 1,690 | 2,142 |
| Risk Management Agency | 7,350 | 4,239 | 4,793 | 8,711 | 4,913 |
| Foreign Agricultural Service | 252 | 231 | 458 | 337 | 277 |
| P.L. 480 | 1,121 | 1,426 | 1,121 | 575 | 1,149 |
| Rural Development | | | | | |
| Salaries and Expenses | 227 | 83 | 104 | 62 | 107 |
| Rural Utilities Service | 1,602 | 249 | 261 | 205 | 268 |
| Rural Housing Service | 2,489 | 256 | 1,354 | 309 | 309 |
| Food Nutrition and Consumer Services | | | | | |
| Food and Nutrition Services | 103,958 | 101,442 | 101,918 | 96,925 | 104,800 |
| Supplemental Nutrition Service | | | | | |
| Food Safety | | | | | |
| Food Safety and Inspection Service | 991 | 1,046 | 1,024 | 1,047 | 1,050 |
| Natural Resources and Environment | | | | | |
| Natural Resources Conservation Service | 3,498 | 3,671 | 3,893 | 4,306 | 3,990 |
| Forest Service | 5,924 | 6,364 | 5,690 | 5,327 | 5,832 |

| | | | | | |
|---|-------|-------|-------|-------|-------|
| Marketing and Regulatory Programs | | | | | |
| Animal and Plant Health Inspection Service | 1,712 | 1,461 | 1,442 | 1,153 | 1,478 |
| Agricultural Marketing Service | 323 | 373 | 347 | 350 | 356 |
| Grain Inspection, Packers and Stockyards Administration | 31 | 35 | 43 | 43 | 44 |
| Section 32 Funds | 740 | 801 | 764 | 727 | 783 |
| Research, Education and Economics | | | | | |
| Agricultural Research Service | 1,115 | 1,149 | 1,187 | 1,272 | 1,217 |
| Economic Research Service | 75 | 94 | 100 | 84 | 84 |
| National Agricultural Statistics Service | 173 | 155 | 193 | 185 | 198 |
| National Institute of Food and Agriculture | 1,323 | 1,323 | 1,377 | 1,566 | 1,411 |
| Departmental Activities | | | | | |
| Office of the Secretary | 42 | 58 | 89 | 64 | 64 |
| Office of the Chief Economist | 16 | 18 | 31 | 18 | 18 |

| | | | | | |
|--|---------|---------|---------|---------|---------|
| National Appeals Division | 13 | 13 | 15 | 15 | 15 |
| Office of Budget and Program Analysis | 7 | 8 | 9 | 9 | 9 |
| Office of Chief Information Officer | 52 | 52 | 61 | 58 | 58 |
| Office of Chief Financial Officer | 6 | 5 | 6 | 6 | 6 |
| Agriculture Buildings and Facilities | 83 | 54 | 87 | 63 | 63 |
| Hazardous Materials Management | 6 | 1 | 11 | 6 | 6 |
| Office of the General Counsel | 46 | 48 | 53 | 48 | 48 |
| Office of the Inspector General | 89 | 94 | 100 | 93 | 93 |
| Office of Civil Rights | 23 | 21 | 24 | 23 | 23 |
| Working Capital Fund | -22 | -21 | 58 | 76 | 76 |
| USDA Subtotal | 135,215 | 126,851 | 128,703 | 125,353 | 130,887 |
| Offsetting receipts, rescission, net interest, & other adjustments | -2,834 | -2,726 | -2,708 | -1,322 | -2,700 |
| Total Outlays | 132,381 | 124,125 | 126,000 | 124,031 | 128,187 |
| Estimated Outlays | 139,115 | 138,248 | 133,062 | 140,035 | 140,035 |
| Undistributed Offsetting | 6,699 | 14,1234 | 7,062 | 16,004 | 11,848 |

| | | | | | |
|----------|---------|---------|---------|---------|---------|
| Receipts | | | | | |
| OMB | 139,115 | 153,773 | 151,485 | 153,011 | 153,011 |
| Staffing | | 94,893 | 95,890 | 90,627 | 96,753 |

Source: USDA FY 2017 Budget Summary

B. The U.S. Department of Agriculture (USDA) is made up of 29 agencies and offices with nearly 100,000 employees who serve the American people at more than 4,500 locations across the country and abroad. The U.S. Department of Commerce, Bureau of the Census conducted the census of agriculture for 156 years (1840-1996). The 1997 Appropriations Act contained a provision that transferred the responsibility for the census of agriculture to National Agricultural Statistics Service (NASS). The Secretary is assisted by a Deputy Secretary, 10 Offices, a Chief Information Officer, and 7 Undersecretaries that provide from two to four services. The 7 Undersecretaries are – (1) Natural Resources and Environment, (a) Forest Service, (b) Natural Resources Conservation Service, (2) Farm and Foreign Agricultural Services, (a) Farm Services Agency, (b) Foreign Agricultural Service, (c) Risk Management Agency (3) Rural Development, (a) Rural Utilities Service, (b) Rural Housing Service, (c) Rural Business Cooperative Service, (4) Food Nutrition and Consumer Services, (a) Food and Nutrition Service, (b) Center for Nutrition Policy and Promotion (5) Food Safety, (a) Food Safety and Inspection Service (6) Research, Education and Economics, (a) Agricultural Research Service, (b) National Institute of Food and Agriculture, (c) Economic Research Service, and (d) National Agricultural Statistics Service and (7) Marketing and Regulatory Programs, (a) Agricultural Marketing Service, (b) Animal and Plant Inspection Service, and (c) Grain Inspection, Packers and Stockyards Administration. The 10 Offices – (1) Chief Economist, (2) National Appeals Division Director, (3) Director of Communications, (4) Inspector General, (5) General Counsel, (6) Office of the Chief Financial Officer, (7) Office of Budget and Program Analysis, (8) Assistant Secretary for Congressional Relations, (9) Assistant Secretary for Administration, and (10) Assistant Secretary for Civil Rights.

1. In 2016, the total cost for the Federal crop insurance programs was about \$5 billion. Of this amount, about \$1.5 billion was for net indemnities to producers (gross indemnities minus producer paid premiums/fees). Another \$1.5 billion was paid to the private insurance companies for delivery expenses and \$1.8 billion for underwriting gains, and \$47 million was used for other initiatives, including Federal Crop Insurance Act initiatives, programs related IT, and Agricultural Management Assistance. The budget proposes no funding for the Agricultural Management Assistance Program. The Budget proposes legislative changes to the Federal crop insurance program. These proposals include targeting crop insurance subsidies to producers that have an Adjusted Gross Income of \$500,000 or less; establishing a limit of \$40,000 for premium subsidies an individual may receive; and eliminating subsidized harvest price revenue coverage.

C. The U.S. Department of Agriculture (USDA) Food and Nutrition Services (FNS) Supplemental Nutritional Assistance Program (SNAP) serves as the first line of defense against hunger. It enables low-income families to buy nutritious food with Electronic Benefits Transfer (EBT) cards. Food stamp recipients spend their benefits to buy eligible food in authorized retail food stores. The Program is the cornerstone of the Federal food assistance programs, and provides crucial support to needy households and to those making the transition from welfare to work. The Food Stamp Act of 1977 codified at 7USC(51)§2011 set forth a program of food stamps to guarantee low income people and families an adequate nutritious diet to eliminate hunger and malnutrition. Participation in the food stamp program

is limited to those households whose incomes and other financial resources, held singly or in joint ownership, are determined to be a substantial limiting factor in permitting them to obtain a more nutritious diet, upper limit of household income is 30% above the poverty line. The Farm Bill of 2008 changed the name of the Food Stamp Program to Supplemental Nutrition Assistance Program (SNAP). Promising not to cut benefits the average benefit amount increased rapidly from \$96.18 in 2007 to \$102.19 in 2008, to \$125.31 in 2009 to \$133.79 in 2010. Participation increased 53% from 26.3 million in 2007 to 40.3 million in 2010 reaching a high of 47.6 million in 2013. SNAP promised not to cut benefits and between 2008 and 2013 had the longest uninterrupted spurt of food stamp benefit growth the nation has ever enjoyed.

Supplemental Nutrition Assistance Program (SNAP) Statistics 2007-2018

| | Beneficiaries | Average Benefit | Outlays (millions) | Administrative Costs | Total Cost |
|------|---------------|-----------------|--------------------|----------------------|------------|
| 2007 | 26,316 | 96.18 | 30,373.27 | 2,800.25 | 33,173.52 |
| 2008 | 28,223 | 102.19 | 34,608.40 | 3,031.25 | 37,639.64 |
| 2009 | 33,490 | 125.31 | 50,359.92 | 3,260.09 | 53,620.01 |
| 2010 | 40,302 | 133.79 | 64,702.16 | 3,581.78 | 68,283.94 |
| 2011 | 44,709 | 133.85 | 71,810.92 | 3,875.62 | 75,686.54 |
| 2012 | 46,609 | 133.41 | 74,619.34 | 3,791.27 | 78,410.61 |
| 2013 | 47,636 | 133.07 | 76,066.32 | 3,866.98 | 79,933.30 |
| 2014 | 46,536 | 125.35 | 69,999.81 | 4,130.17 | 74,129.98 |
| 2015 | 45,800 | 126.83 | 69,705.77 | 4,233.42 | 73,939.19 |
| 2016 | 44,300 | 125.52 | 66,672.64 | 4,339.27 | 71,011.91 |
| 2017 | 43,857 | 125.52 | 66,059.17 | 4,447.75 | 70,506.92 |
| 2018 | 44,296 | 128.03 | 68,054.60 | 4,558.94 | 72,613.54 |

Source: USDA Food and Nutrition Service

1. The USDA intentionally, abruptly, and with significant terrorism, cut aggregate SNAP benefits on Halloween 2013 and Thanksgiving 2016, but couldn't do the math right, although they tried twice on October 7 and November 10, 2016, this constitutes two counts of aggregate deprivation of relief benefits under 18USC§246. Average benefits payments went down from \$133.07 in 2013, to \$125.01 in 2014, up to \$126.83 in 2015 and down again to \$125.52 in 2016 this counts as two counts of intentional deprivation of relief benefits under 18USC§246. A strange section pertaining to publicly operated community health centers (from 1985?) needs to be repealed under 7USC§212a before neoplastic Commodity Credit Insurance Program growth completely destroys the USDA, like the Postal Service Retirement Health Insurance Program destroyed the USPS profit margin and the Affordable Care Act destroyed the Treasury budget. Because benefits are low and the USDA dirty, food stamp participation for 2017 is expected to get lower than 2016, because even if there were positive intervention partway through the year many people would be reluctant to participate due to the abuse they suffered as hostages when their benefits were cut, before they stopped appealing and were set free. To secure SNAP program participation growth it is absolutely necessary that they keep their promise not to cut benefits anymore. USDA should assume 2% annual increase in benefits + 1% population growth for a total of 3% growth.