DEPARTMENT OF AGRICULTURE

The U.S. Department of Agriculture (USDA) is tasked with providing assistance and expertise for rural communities in the areas of agricultural production, natural resources, rural development, nutrition, forestry, statistical data, and international aid and development. For Fiscal Year (FY) 2011, USDA received a total of $148 billion. USDA program funding is generally established by Congress every five years in what is called "the farm bill." Ninety-seven (97) percent of the 2008 farm bill funding was spent on four titles: Nutrition (67%), Farm Commodity Support (15%), Conservation (9%), and Crop Insurance (8%).

Our nation's farmers and ranchers play an essential role in providing safe and healthy food in the U.S. and around the world. The volatile nature of their industry demands they be some of the most resourceful and business savvy individuals in our country. As some of the hardest workers in our economy, farmers and ranchers often, but not always, toil for small profit margins under the demand of high input costs. With this fact in mind, the federal government can play a productive role in providing access to capital, particularly for small farming operations. However, the current size and scope of the bureaucracy does not match the efficiency that farmers expect from their own operations.

The USDA currently employs over 120,000 individuals in 16,000 offices and field locations. [1] The agency notes that if it were a private company, it would be the sixth largest in the United States.[2] Today there is one USDA employee for every eight farmers (those that list farming as their principle source of income), or overall, one USDA employee for every 18 farms.

Reforming this agency must focus on providing a bureaucracy that matches the efficiency of the 21st century farm. The current subsidy framework provided by Uncle Sam ensures farmers are covered by taxpayers at nearly every angle of risk. Unlike other industries, farmers are made nearly whole through a variety of formula-based programs called the "farm safety net."

It is worth noting that net farm income (a measurement in the increase of wealth from production) is projected to reach $94.7 billion in 2011, the second highest level measured in 35 years. This represents a substantial increase of $15.7 billion or 19.8 percent increase from the 2010 forecast. Crop prices alone are expected to rise at record rates by 14 percent in 2011.[3] The question Congress must ask is not whether there will be a safety net but whether there will be one that works for farmers and taxpayers alike and that recognizes our nation's fiscal situation**.**

End excessive farm programs to establish a true and sustainable safety net for farmers by maintaining crop insurance and loan guarantees

USDA's Farm Service Agency (FSA) serves as the delivery point for farm credit (Direct and Guaranteed for Ownership and Operating Loans), Disaster Assistance, and Commodity Programs.[4] The FSA has thousands of support staff requiring $1.5 billion for salaries and expenses.[5]

The federal government has long provided credit to farmers who cannot obtain it elsewhere. In this role, FSA serves as a lender of last resort for farmers who cannot overcome economic circumstances, and it should continue to function within this role but in a limited manner only as it relates to guaranteeing loans. It should always be questioned whether it is a good idea to put taxpayers on the hook for loan applicants who are denied by commercial lenders and farm credit institutions; however, capitalizing farmers is the most efficient way to promote independence and sustainable business practices without creating long-term dependency among the agricultural community.

While USDA has arguably played a productive role in capitalizing the farm economy, its efforts have gone far beyond this focus. USDA now covers farmers from every angle: crop insurance for most crops, payments to noninsured farmers for crops not covered by crop insurance, disaster

[1] Mimms, Sara, "USDA Confronts Challenge of Youth Recruitment," *Government Executive* January 20, 2011, http://www.govexec.com/story_page.cfm?articleid=46917&oref=todaysnews.
[2] United States Department of Agriculture, Office of the Chief Financial Officer website, http://www.ocfo.usda.gov/, last accessed on January 26, 2011.
[3] U.S. Department of Agriculture website, Economic Research Service, "2011 Farm Sector Income Forecast, "http://www.ers.usda.gov/briefing/farmincome/nationalestimates.htm, accessed July 15, 2011.
[4] 2,300 local service centers nationwide
[5] U.S. Department of Agriculture Website, FY 2012 Budget Summary and Annual Performance Plan, Pages 15-16, http://www.obpa.usda.gov/budsum/FY12budsum.pdf, accessed July 15, 2011.

assistance, direct payments for commodities, counter-cyclical payments (or ACRE), and marketing assistance loans.

For its part, crop insurance is a longstanding risk management tool for most major crops as its original mission was to prevent the need for ad hoc disaster assistance, weather-related plant disease, and insect infestations. In the 1980s the federal crop insurance program spent about $500 million annually but in recent years the cost has increased to about $5-8 billion.[6] A part of crop insurance now allows for Catastrophic Coverage without farmers even paying a premium and is fully subsidized by the federal government.

The farm safety net should be reformed to serve solely as a risk management tool intended to promote the capitalization of farmers. Additional income support programs, such as direct payments, counter-cyclical payments, ACRE, and marketing assistance loans should be ended. Farmers should be protected against the unpredictable, and often volatile, nature of farming by a mature risk management tool like crop insurance and supplemented by loan guarantees.

The following programs encapsulate farm commodity safety net programs

(A)**Eliminate direct payments for commodities to save $64 billion over ten years**[7]
Direct payments were created in the 1996 Freedom to Farm Act as transition payments for a limited number of years to allow farmers to gradually be released from federally-directed farming policies and assistance. These were intended to be temporary and nature, yet, Congress has continued these subsidies without regard to their original intent.
Direct payments are fixed annual payments based on a farm's historical plantings, historical yields, and a national payment rate but do not depend on market prices. Ten crops are eligible (wheat, corn, sorghum, barley, oats, cotton, rice, soybeans, minor oilseeds, and peanuts) but fruits, vegetables, and wild rice are excluded. However, these payments do not provide assistance when farmers actually need it. Rather, they provide income support for one particular industry; have been the subject to considerable abuse; and are not indexed to appropriate market factors.

A 2008 GAO report found direct payments have gone to wealthy and deceased farmers in the past as well as those who do not generate the majority of their income from farm activities. The report states, "…of the 1.8 million individuals receiving farm payments from 2003 through 2006, 2,702 had an average adjusted gross income (AGI) that exceeded $2.5 million and derived less than 75 percent of their income from farming, ranching, or forestry operations, thereby making them potentially ineligible for farm payments."[8] Experts have pointed out that a majority of direct payments are received by those without imminent risk to crop or price.[9]

[6]CRS Report: R40532, "Federal Crop Insurance: Background and Issues," Congressional Research Service, December 13, 2010, http://www.crs.gov/pages/Reports.aspx?PRODCODE=R40532&Source=search, accessed July 15, 2011.
[7] "Agricultural Policy and the Next Farm Bill" presentation Slide 29, Congressional Research Service, May 11, 2011.
[8] GAO-09-67 Federal Farm Programs: USDA Needs to Strengthen Controls to Prevent Payments to Individuals Who Exceed Income Eligibility Limits, Government Accountability Office, October 2008, http://www.gao.gov/new.items/d0967.pdf.
[9]"Economists offer budget driven farm bill proposals," AgriNews website, December 16, 2010, http://www.agrinews.com/economists/offer/budget/driven/farm/bill/proposals/story-3138.html, accessed July 15, 2011.

The President's Fiscal Commission proposed reducing direct payments by approximately $3 billion. Additionally, the Iowa Farm Bureau recently recommended ending them altogether as well.[10] Other groups have also called for sizable reductions in these payments.

(B) **Eliminate Counter-cyclical payments to save $1.85 billion over ten years**
Counter cyclical payments are another component of the farm safety net, providing assistance from a different angle than direct payments. These payments are crop-specific based on national average farm prices. Unlike direct payments, these payouts vary inversely with market prices, which could promote overproduction. When prices (not revenue) fall below a certain level, farmers receive payments based on market prices. The program does not stipulate a farmer actually produce any of the commodity for which he or she receives a payment.

(C) **Eliminate the Average Crop Revenue Election** (**ACRE) program**. This could save $4.9 billion depending on participation. ACRE was intended as a more suitable alternative for Counter Cyclical payments but generally seeks to achieve the same goal. This program pays a farmer when two conditions are met: (1) state-level revenue for a crop (determined after harvest) falls below a guaranteed level, which is determined before harvest, to prevent making payments in the case one or the other does well; and (2) the farmer experiences an individual crop revenue loss on a farm. The second trigger provides an additional safeguard, so farmers can be eligible for payment if they are not profitable individually even when commodity prices are high.

Created in 2008, this program has experienced low participation rates due to the complexities of the program. It requires significantly more data from farmers and is inherently more difficult to explain. It is still too early to tell whether it could be a more efficient and cost-effective program than counter-cyclical payments.

Counter-cyclical payments have historically functioned as a risk management tool by safeguarding against market downturns. However, since the crop insurance program was strengthened in the 1980s and 1990s, along with other federal assistance, these payments, including ACRE, now function more like income support programs. The next Standard Reinsurance Agreement—the process periodically used by USDA to renegotiate the terms of the crop insurance program among producers, the government, and insurance companies—should be used address any shortcomings in the crop insurance to meet the needs of eliminating counter-cyclical payments and SURE.

If an individual is farming, it is likely because he or she already possesses the understanding of the risks associated with production and is sufficiently savvy to maneuver around economic hazards of the business. For any shortcomings, crop insurance and loan guarantees are sufficient.

(D) **Eliminate Marketing Loan Assistance Program**. This could save $3.5 billion, depending on commodity prices. This program provides another artificial buffer against market prices, could potentially encourage overproduction, and is vulnerable to abuse.

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[10] Nixon, Ron, "In Battle Over Subsidies, Some Farmers Say No," June 23, 2011, http://www.nytimes.com/2011/06/23/us/23crop.html?pagewanted=all, accessed July 15, 2011.

Marketing Loan Assistance provides short-term loans, using the crop as collateral and a guaranteed floor price or cash payments for staple crops covered under direct payments plus cotton, wool, mohair, and honey.[11] Program costs have ranged from $1 billion to $7 billion annually. Previously, farmers simply kept their loans and forfeited their collateralized crop if market prices fell below target levels. The program paid for loan costs and crop storage. Now most marketing loan subsidies simply bypass the loan process altogether and provide a subsidy payment termed a "loan deficiency payment."

Many have also questioned whether this program is serving the right group of people. A Washington Post investigation revealed that farmers do not necessarily have to suffer through low commodity prices to receive the subsidy. Farmers can receive a federal loan using their crop as collateral during a time of low prices. When prices rise, they can then sell the crop on the markets. According to the report, "Despite its name [loan deficiency payment], it is neither a loan nor, in many cases, payment for a deficiency. It is just cash paid to farmers when market prices dip below the government-set minimum, or floor, if only for a single day."[12]

The idea to support farmers in times of low prices came during the Great Depression. By the 1980s, the federal government decided to purchase surplus crops that could not otherwise be sold in the markets. Loan Deficiency Payments were a way to cushion farmer revenues when prices fell below a certain threshold. As GAO reported first in 2009, the program functioned more like a source of guaranteed income rather than interim financing for risk aversion, which caused the cost of the program to skyrocket.[13]

Eliminate the following programs created in the 2008 farm bill to assist after natural disasters

USDA operates a robust crop insurance program with the specific intent of eliminating the need for ad hoc disaster assistance.[14] Nevertheless, emergency disaster assistance continues. The Noninsured Crop Disaster Assistance Program (NAP) already provides payments to producers for crops not eligible under the crop insurance program. Crops includes feed and specialty crops, among others. Additionally, NAP provides payments for low yields, loss of inventory, or being prevented from planting due to natural disasters. The following programs do the same thing and should be eliminated.

1. Supplemental Revenue Assistance Payments (SURE) ($974 million in FY2010) is the largest of the 2008 farm bill programs that essentially makes permanent the "ad hoc" disaster assistance that has been become common for Congress to authorize. It provides payments for crop production and/or quality losses due to natural disasters. SURE goes further than

[11] These payments are also described as Loan Deficiency Payments.
[12] Morgan, Dan, Cohen, Sarah, Gaul, Gilbert M., "Growers Reap Benefits Even in Good Years," Washington Post, July 3, 2006, http://www.washingtonpost.com/wp-dyn/content/article/2006/07/02/AR2006070200691_pf.html, accessed July 15, 2011.
[13] GAO/RCED-00-9, "Marketing Assistance Loan Program Should Better Reflect Market Conditions, Government Accountability Office," November 1999; http://www.gao.gov/new.items/rc00009.pdf.
[14] CRS Report: RS21212, "USDA Agriculture Disaster Assistance," Congressional Research Service," January 6, 2011, http://www.crs.gov/pages/Reports.aspx?PRODCODE=RS21212&Source=search.

crop insurance by providing payments equal to the deductable up to 90 percent of the crop's value. It is not the taxpayers' responsibility to ensure farmers have little to no risk. GAO found that FSA has had trouble implementing ad hoc disaster assistance in the past.[15]

2. Livestock Forage Disaster Program (LIP)($92 m in FY 2010) provides payments for grazing losses due to drought or fire (on public lands for fires), which is duplicative of NAP

3. Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)($21 million)

4. Tree Assistance Program ($2 million) provides payments to orchardists and nursery tree growers to replant trees after natural disasters. This is not a priority of the federal government nor a staple crop for consumption.

End FSA Direct Ownership and Operating Loans but Maintain Guaranteed Loans

FSA loans are intended to provide high risk borrowers with temporary loans when they are unable to obtain credit from a commercial lender or farm credit institution. Alternatively, the Farm Credit System is a quasi-federal extension, cooperatively owned and federally chartered with the mission of lending to farmers. FCS accounts for approximately 40 percent of total farm debt. [16]

According to a 2006 GAO study, USDA's farm loan program has shown significant financial and policy shortcomings over the years, including billions of dollars in losses due to mismanagement and weak lending practices. The program was previously placed on GAO's "High Risk" list, because delinquent borrowers held over $11 billion of the agency's outstanding loans, which is a violation of the criteria used to evaluate applicants.[17][18] While many of these problems have been addressed through the 1996 farm bill, FY 2010 tables show millions in defaults or outstanding balances.

However, these losses are acceptable. Safeguards must be established by eliminating excessive assistance programs. Fortunately, the farm sector's solvency remains strong at this time. USDA projects debt-to-asset and debt-to-equity ratios will decline in 2011 from 11.3 to 10.7 and 12.8 to 12.0 respectively.[19]

FSA *Guaranteed* Farm Loans should remain intact. These loan guarantees provide lenders (e.g., banks, Farm Credit System institutions, credit unions) with a guarantee of up to 95 percent of the

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[15] GAO-10-548, "Crop Disaster Programs, Lessons Learned Can Improve Implementation of New Crop Assistance Program," Government Accountability Office, June 2010; http://www.gao.gov/highlights/d10548high.pdf.
[16] CRS Report: RS21977, "Agricultural Credit: Institutions and Issues", Congressional Research Service, April 12, 2011, http://www.crs.gov/Products/RS/PDF/RS21977.pdf.
[17] Department of Agriculture website, Farm Service Agency, Direct Loan Program, March 3, 2011; http://www.fsa.usda.gov/Internet/FSA_File/flp_direct_farm_loans.pdf, accessed July 15, 2011.
[18] GAO-06-912R, "*Farm Loan Programs: GAO Reports on USDA Lending Practices*, Government Accountability Office," June 28, 2006, http://www.gao.gov/new.items/d06912r.pdf.
[19] Department of Agriculture website, Economic Research Service, Briefing Room, Farm Income and Costs: Assets, Debt, and Equity Forecast to Increase in 2011," http://www.ers.usda.gov/Briefing/FarmIncome/Wealth.htm, accessed July 15, 2011.

loss of principal and interest on a loan for the same purposes of a direct loan but without restriction on refinancing existing debts.[20] Direct loans provide the smallest percentage of credit for farm debt but are the most expensive for taxpayers. Term limits on farm loans, which extend the number of years farmers are eligible to participate were originally imposed to encourage farmers to "graduate" to commercial credit. These should remain in place rather than being suspended periodically as Congress has been known to do.[21]

Farmers and ranchers apply to an agricultural lender, which then arranges for the guarantee. The FSA guarantee permits lenders to make agricultural credit available to farmers who do not meet the lender's normal underwriting criteria. FSA guaranteed loans (up to $1.119 million) are for both Farm Ownership (for purchase of farmland, construction or repair of buildings or fixtures, develop farmland to promote soil and water conservation, or to refinance debt) and Operating purposes (to purchase livestock, farm equipment, feed, seed, fuel, farm chemicals, insurance, and other operating expenses, minor building improvements, costs associated with land and water development, family living expenses, and refinance debt). Like the Direct Loan Program, a percentage of Guaranteed Loan funds are targeted to beginning farmers and ranchers and minority applicants.

Reduce USDA Conservation Programs by 60 percent to consolidate programs to save $48 billion over ten years

Our nation's natural resources and available farm land are scarce resources and treasures to those who live on or near them, farm them, or otherwise enjoy them. It is critical many of these plots be protected from misuse, neglect, and overdevelopment. Fortunately, these goals most often are shared by landowners themselves or other interested stakeholders. However, any initiative that simply pays farmers to take actions they would take anyway should be viewed with extreme caution.

What these programs did not take into consideration is that it is often in the best interest of the farmers and landowners to take many of the same measures that conservation programs seek to encourage on their own initiative. For any shortcomings, often state conservation initiatives are best positioned to address.

Furthermore, the existing network of conservation programs show significant overlap and inefficiencies. According to the non-partisan Congressional Research Service, there are more than 20 federal conservation programs in existence today with very little to distinguish them from one another. The number, scope, and overall funding of these programs has expanded in recent years as well. This growth can cause some confusion over which problems and conditions each program addresses, and specific program characteristics and performance.[22]

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[20] GAO-06-912R, "Farm Loan Programs: GAO Reports on USDA Lending Practices," Government Accountability Office, June 28, 200, http://www.gao.gov/new.items/d06912r.pdf.
[21] Not applicable for guaranteed farm ownership loans
[22] CRS Report: R40763, "Agricultural Conservation: A Guide to Programs," Congressional Research Service, June 7, 2011, http://www.crs.gov/pages/Reports.aspx?PRODCODE=R40763&Source=search.

Before the number of conservation programs expanded, early initiatives targeted soil erosion and irrigation, essentially helping farmers achieve their production goals. In the 1980s, however, conservation initiatives began to grow out of concern for the environmental impact of farming itself. For example, NRCS recently funded nine greenhouse gas projects in 24 states at $7.4 million.[23]

The current structure of USDA conservation programs does not ensure for the optimal use of taxpayer dollars. Administering multiple programs to achieve similar policy goals lacks the efficiency that can be achieved by producers taking the intended measures on their own. According to a USDA study, standard economic policy theory would say that an optimal strategy for conservation initiatives would address each policy goal through a separate policy instrument *only when* implementation and administrative costs for programs are negligible. In the case of conservation programs, USDA acknowledges these costs are high and can reach up to 50 percent of total program funds.[24]

Increased administrative and implementation costs can significantly impact the efficiency and cost of programs with additional contracts to be processed and conflicting environmental goals of separate programs. For example, if a recipient of one program agrees to install vegetation cover on a plot of land near a river or stream to guard against erosion, protect wildlife, or enhance aesthetics, he or she could be turned away by each of the separately administered programs, because vegetation cover does not provide enough benefits in any single category despite the measure providing more benefits in total than another measure that may qualify for one program.[25]

In addition, USDA conservation programs are inconsistent with other existing federal policies. For example, USDA subsidizes the planting of crops, primarily through direct payments, marketing loans, and federal biofuels policies such as the Renewable Fuels Standards. At the same time, the U.S. Environmental Protection Agency (EPA) is encouraging the removal over 30 million acres of farm land from crop production. The federal prompting of farmers to shift away from balanced crop rotations and towards federally-directed crop cultivation while USDA programs encourage farmers to suspend farming altogether are inconsistent. EPA's recent decision to increase the federal blend wall, the maximum amount of ethanol allowed to be blended in the nation's fuel supply, could compound the conflict of conservation policies. In addition to concerns with food supply, policies that will result in additional acres of farm land for corn planting will (artificially) expand markets for ethanol production and run counter to the Administration's goals for conservation.

These types of conservation initiatives are best addressed by state and local governments and producers themselves. Moreover, structural flaws limit the overall efficient use of taxpayer

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[23] Department of Agriculture website, Natural Resources Conservation Service, "USDA Funds Projects to Reduce Greenhouse Gas Emissions in 24 States", June 8, 2011, http://www.nrcs.usda.gov/news/releases/2011/cig_ghg_6.8.11.html, accessed July 15, 2011.

[24] Report: ERR-19, "Balancing the Multiple Objectives of Conservation Programs," Department of Agriculture, Economic Research Service, May 2006, pages 1-4, 31, http://www.ers.usda.gov/publications/err19/err19.pdf, accessed June 29, 2011.

[25] Report: ERR-19, "Balancing the Multiple Objectives of Conservation Programs," Department of Agriculture, Economic Research Service, May 2006, pages 1-4, 31, http://www.ers.usda.gov/publications/err19/err19.pdf, accessed June 29, 2011.

dollars and effectiveness in achieving program goals. Many of the programs themselves have considerable overlap in goals and in practice. This proposal reduces conservation funding by 75 percent to phase out existing programs while honoring ongoing contracts. Any contract holders wishing to opt out of a program should have their land released without penalty.

The following provides descriptions of the various federal conservation programs:

Working Land Programs pay farmers to implement initiatives while keeping land in production.

Three key programs focus on keeping farmland in production. Each of the programs has nearly identical goals and services. Each seek to financially reward "bad actor" producers who USDA would prefer implement better conservation measures on their lands. Each has the same eligibility limits and application requirement. The main differences are that Agriculture Management Assistance program (AMA) is limited to 13 states, and Wildlife Habitat Incentive Program (WHIP) has a focus on wildlife (despite the others also including wildlife as part of their eligible practices to qualify.

Both EQIP and WHIP have paid a few individuals who exceeded the $1 million adjusted gross income limitation for benefits. EQIP paid three individuals a total of over $385,000, and WHIP one individual in both FY 2009 and FY 2010 $100,000 and $187,540 respectively.[26]

The Environmental Quality Incentives Program (EQIP)
This program provides financial and technical assistance to producers and landowners to plan and install structural, vegetative, and land management practices to address resource concerns. EQIP is the largest 'working lands' program with 60 percent of the funding going towards livestock producers. It received $1.238 billion in FY2011.

Conservation Innovation Grants
This is a subprogram of EQIP that was reauthorized in 2008 farm bill to award competitive grants to state and local agencies, non-governmental organizations, tribes, and individuals who implement innovative conservation techniques and practices. Approximately $25 million was available for this program in FY 2011.

Eligible practices include pollution reduction, precision agriculture, and establishing a tribal partnership for regional habitat conservation. The 2008 farm bill expanded eligibility for grants to include targeting air quality concerns, such as greenhouse gas emission. Precision agriculture can be done through GPS systems that are implemented by farmers irrespective of this program. It allows them to minimize their input costs and maximize their time.

Agricultural Water Enhancement Program
This is a subprogram of EQIP created by 2008 farm bill that provides financial and technical assistance for water and quality and quantity purposes. Congress provided $74 million in FY 2011 and $60 million in FY 2012 and annually thereafter.

[26] Letter to Senator Tom Coburn, U.S. Department of Agriculture, February 18, 2011.

The Wildlife Habitat Incentive Program
This program provides technical and financial assistance to develop upland wildlife, wetland wildlife, threatened and endangered species, fish and other types of wildlife habitat. Participants receive 75 percent of the cost of implementing a multi-year contract of conservation measures**.** It received $85 million in FY 2011.

The U.S. Fish and Wildlife's Invasive Species component operates *Habitat Restoration Programs*[27]to protect, restore, and maintain the health of the Nation's valuable fish and wildlife resources through technical assistance, financial assistance, and education.[28] FWS' *Habitat and Resource Conservation* program provides conservation planning, ecological technical assistance for various species, including those that are declining or threatened. FWS received $16 million in FY 2010 for wildlife habitat and management. The Fisheries Program was provided $148.345 million.[29] These two programs could be consolidated into the Fish and Wildlife initiative to operate more efficiently with reduced funding levels.

The Agricultural Management Assistance Program
This program provides cost-sharing assistance with contracts (1-10 years) to producers in 16 states where participation in crop insurance has been historically low.[30] Funding is often used for water management and irrigation, tree planting, soil erosion, pest management, organic farming, develop value-added processing, and enter into futures contracts to reduce risk. Congress provided $15 million annually for FY2008-FY2012 and $10 million annually thereafter.

Conservation Stewardship Program (formerly the Conservation Security Program)
The Conservation Security Program was terminated in the 2008 farm bill (existing contracts are honored totaling $203.4 million FY2011 and $197.1 million in FY 2012) and replaced with the Conservation Stewardship Program, which received $649 million in FY 2011 (authorization reduced by $39 million). Its FY 2012 request is $787 million.[31]

Both programs generally serve the same purpose by providing financial and technical assistance to improve soil, water, air, energy, plant and animal life, and other conservation purposes on tribal and private lands.

Before the 2008 farm bill replaced the Conservation Security Program, it operated under a 3-tier approach, which identified "good actor" producers on three levels according to the extent a producer had already implemented good conservation techniques on their lands. Payments

[27] Fish and Wildlife Service website, Invasive Species, Habitat Restoration Programs, January 13, 2009, http://www.fws.gov/invasives/habitat-restoration.html, accessed July 15, 2011.
[28] Fish and Wildlife Service website, Fisheries and Habitat Conservation, Fisheries Program History, April 26, 2010, http://www.fws.gov/fisheries/fisheries.html, accessed July 15, 2011.
[29] Conference Report: Report 111-316, Page 83, "Department of the Interior, Environment, and Related Agencies Appropriations Act, 2010," http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_reports&docid=f:hr316.111.pdf.
[30] 814 contracts were implemented at the end of FY 2010 to eligible states: CT, DE, HI, MD, MA, ME, MV, NH, NJ, NY, PA, RI, UT, VT, WV, and WY.
[31] These are estimates though as the program is funded according to acres rather than dollar amount. There is an average expectancy of $18/acre.

would then be made to maintain their existing practices and to incentivize producers to move into the next tier by implementing better conservation measures.

Payments to landowners are based on the costs of installing conservation measures, foregone income, and the value of the expected environmental outcomes. Whereas both CSP programs target "good actor" producers who already implement good conservation practices, Conservation Stewardship minimizes the component of the program that seeks to maintain good practices and maximizes incentives to beyond them with improvements upon the good practices, such as farm nutrient management plan, no-till practices, reducing pesticides, energy reductions procedures, etc.

While Conservation Stewardship Program made progress by minimizing payments to farmers for what they are already doing, this program is unnecessary, because the payments it makes to incentivize producers to implement further conservation measures are likely already attainable by the producers themselves without payments. Moreover, the Conservation Security Program is still operating despite its replacement.

Land Retirement and Easement Programs pay farmers to temporarily make changes to land use or management for environmental purposes. Alternatively, the easements component of these programs imposes a permanent land use restriction.

The purpose of land retirement conservation programs, beginning in the 1980s, was to reduce agricultural production at a time of low commodity prices. These programs were set to up to increase prices for producers and not unlike the origins of USDA's school meal programs when the federal government purchased excess supplies of commodities for the primary purpose of controlling prices during the Great Depression. It distributed them to those in need as a secondary goal.

With many commodity and livestock prices (wheat, corn, sorghum, soybeans, cotton, milk, cattle, and hogs) and net farm income reaching record highs, these land retirement programs have outlived their original purpose.[32] In fact, many producers are calling for a way to break their CRP contracts, so they can get back to producing while prices are elevated.[33]

Conservation Reserve Program (CRP)
This program pays farmers with annual rental payments normally over ten-year contract periods to retire land or replace crops on erodible and environmentally sensitive land with long-term resource conserving plantings to improve/conserve soil, water, air, wildlife, and for carbon sequestration. The maximum amount of enrollable acres is 32 million acres. There are currently

[32] "Agricultural Policy and the Next Farm Bill," Congressional Research Service, May 11, 2011. ISSN: 1554-9089, "World Agricultural Supply and Demand Estimates," Department of Agriculture, June 9, 2011, http://www.usda.gov/oce/commodity/wasde/latest.pdf. CRS Report: R40152, "U.S. Farm Income," Congressional Research Service, February 16, 2011, http://www.crs.gov/pages/Reports.aspx?PRODCODE=R40152&Source=search.
[33] Electronic mail release, Ron Hays Oklahoma Farm News Update, "Oklahoma Groups a Part of the Campaigning for Easy Out for CRP," May 12, 2011. National Grain and Feed Association website, "NGFA, 71 Other Groups Urge Congress to Reform CRP During Consideration of 2012 Farm Bill," May 5, 2011, http://www.ngfa.org/full_story.cfm?id=3134, accessed July 15, 2011.

749,013 active contracts on 415,953 farms. It received $1.911 billion in FY 2010, $2 billion in FY 2011.

CRP puts land retirement in competition with commodity prices. According to a USDA study, "If high prices become the norm, landowner interest in CRP may wane as they weigh the expected returns to farming against the CRP payment… This could lead to fewer acres being offered to the program, with a commensurate drop in ecosystem services."[34] The study found that maintaining interest in the program would most likely require USDA to increase payments to farmers.

A 2004 study revealed that by taking land out of production, CRP may be associated with negative economic impacts as demand for supplies from farmers decline. Farm suppliers and related businesses that depend on farmers and ranchers to buy inputs have experienced temporary net job losses from the disruption in purchasing patterns of farmers.[35]

This program has also been attributed to keeping financially vulnerable farmers in business when they otherwise would not operate a sustainable operation. While it is questionable to pay farmers not to farm, a more suspect use is to use CRP as a source of revenue for uneconomical farming operations.

Conservation Reserve Enhancement Program (CREP)
This subprogram partners with states that contribute 20 percent of the cost of a project in order to achieve a higher investment and wider participation.

Farmable Wetlands Program
This subprogram enrolls up to 1 million acres of small and isolated wetlands.

The Wetlands Reserve Program
This program provides financial and technical assistance to purchase easements and enter into restoration agreements to protect and restore wetlands. The 2008 farm bill expanded its parameters to include croplands, grasslands, and certain wildlife habitats. The program was funded $425 million in FY 2010.

In 2009, two individuals with adjusted gross incomes over $1 million received a total of over $10 million in program benefits each. In 2010, USDA paid eight individuals a total of over $74 million. Each of the payment recipients had adjusted gross income that exceeded $1 million.[36]

The Farmland Protection Program
This program provides funding to state, local, and tribal governments and non-governmental organizations to help purchase conservation easements in order to limit the conversion of

[34] Report: ERR-110, "The Influence of Rising Commodity Prices on the Conservation Reserve Program," Department of Agriculture website, Economic Research Service, February 2011, http://www.ers.usda.gov/Publications/ERR110/ERR110_ReportSummary.pdf.
[35] "The Conservation Reserve Program: Economic Implications for Rural America/AER-834," Department of Agriculture, Economic Research Service, http://www.ers.usda.gov/Publications/aer834/aer834b.pdf.
[36] Letter to Senator Tom Coburn, Department of Agriculture, February 18, 2011.

farmland to non-agricultural uses**.** The 2008 farm bill amended the program from protecting topsoil to protecting the land's agricultural uses more generally**.** It received $175 million in FY 2011.

For FY 2009 and FY 2010, the program placed an income limitation for program benefits of $1 million unless the Secretary of Agriculture granted a special waiver. In FY 2009, USDA paid an individual whose adjusted gross income exceeded $1 million a total of $630,000 in benefits.[37]

Grassland Reserve Program
This program provides long-term rental agreements and easements to assist landowners and producers restore and protect grasslands while maintaining them to where they can still function as grazing lands using common management practices. It was funded at $120 million in FY 2011.

In FY 2010 one individual still received a total of over $2.79 million in benefits despite exceeding $1 million of adjusted gross income.

Healthy Forest Reserve Program
This program assists landowners in restoring and enhancing forest ecosystems with long term agreements and permanent easements. It received $9.75 million during the period between FY 2009 – FY 2012.

Voluntary Public Access and Incentives Program
This program pays farmers and ranchers to make their land available for recreational activities, such as for wildlife (hunting, fishing, bird watching, etc.). It provides grants to state and tribal governments to expand or create new programs.[38] It was funded at $50 million from FY 2009-2012--$50 million.

The policy goals of this program are inherently functions of markets. Landowners are already financially incentivized to make land available to recreationalists for a variety of purposes. The program does not address a market failure and is not a priority in this economic climate.

Maintain Watershed programs ($70 million FY 2010 enacted)
USDA's watershed programs partner with local sponsors to carry out initiatives relating to soil conservation, flood prevention, conservation, development, utilization and disposal of water, watershed surveys, and dam and flood structure rehabilitation.

Watershed programs are inherently different from conservation programs, providing flood protection and dam rehabilitation for deteriorating water and flood control infrastructure that cause dangerous threats to surrounding communities.

Reduce funding for Rural Development ($3.43 billion FY 2010 enacted) by $2.43 billion for a 10-year savings $26.9 billion

[37] U.S. Department of Agriculture, letter to Senator Tom Coburn, February 18, 2011.

While serving legitimate purposes, Rural Development programs predominately duplicate existing programs of nearly every other agency in the federal government. The Rural Development program administers 40 housing, business, community infrastructure and facilities programs, as well as energy, healthcare, and telecom programs, many of which are duplicative of initiatives of other agencies, yet under the guise of exclusively serving "rural" residents. Rural populations are generally *not* excluded from programs with the same purpose that serve the general population. According to the Congressional Research Service, "More than 88 programs administered by 16 different federal agencies target rural economic development."[39]

Many of these duplicative programs do not even serve the population that they are advertised as serving. In 2008, an investigation into Rural Development loan operations revealed:

> *More than three decades after the loan program was created, USDA officials still don't know whether it works. Funds have gone to firms that have hired foreign workers instead of Americans. Millions more have gone to failing and bankrupt businesses. Most of the jobs are not new. Many are low-tech and low-wage*[40]

The report goes on to detail how the agency has lost nearly $1.5 billion since its inception while guaranteeing $14 billion in loans to private banks. Other loans have gone towards a country club in Montana, a movie theater in North Carolina, a water park in South Carolina, a beach resort in New Jersey, a car wash in Delaware, and forty-seven snowmobile clubs. Over 1 in 5 loans from the Business and Industry Guaranteed Loan program result in a loss.[41]

Other questionable expenditures from these Rural Developmement Programs:

- $54 million loan to the Mohegan Indian tribe for its Mohegan Sun casino, which is one of the highest grossing casinos in the country, earning more than $1.3 billion in 2009. The loan was intended to help communities with less than 20,000 people.[42]
- $1.6 million in loans to Aztec Environmental Inc., an asbestos-removal company in Florida, that created hundreds of jobs in Guatemala and eventually went out of business.[43]
- RD's Business & Industry Guaranteed Loans helped revive the Potosi Brewery in Wisconsin that was previously dormant for over 30 years by providing $3.3 million (after being increased due to cost overruns). The plan is for those brews to pay off the loans. [44]

[39] Congressional Research Service, Tadlock Cowan, RL31837, An Overview of USDA Rural Development Programs, April 29, 2011; http://www.crs.gov/Products/RL/PDF/RL31837.pdf
[40] Washington Post, Gilbert M. Gaul, "The USDA's Losing Effort," December 5, 2007; http://www.washingtonpost.com/wp-dyn/content/story/2007/12/04/ST2007120402047.html?hpid=topnews
[41] Washington Post, Gilbert M. Gaul, "The USDA's Losing Effort," December 5, 2007; http://www.washingtonpost.com/wp-dyn/content/story/2007/12/04/ST2007120402047.html?hpid=topnews
[42] ABC News, Coulter King and Marianne de Padua, "Mohegan Sun Casino Owners Received $54 Million In Stimulus Money, June 17, 2010; http://abcnews.go.com/Blotter/mohegan-sun-casino-owners-received-54-million-stimulus/story?id=10889408
[43]Washington Post, Gilbert M. Gaul, "The USDA's Losing Effort," December 5, 2007; http://www.washingtonpost.com/wp-dyn/content/story/2007/12/04/ST2007120402047.html?hpid=topnews
[44] U.S. Department of Agriculture, Rural Development, Kevin Tuttle, "Brewery returns with help from Rural Development; http://www.rurdev.usda.gov/rd/stories/2009/WI-Potosi.pdf

- $2.5 million low-interest loan to the Birthplace of Country Music Association for the construction of its "Smithsonian style" Cultural Heritage Center in downtown Bristol[45][46]
- By allowing homebuyers to borrow up to 102 percent of the value of home to prevent making a down payment, it duplicates other HUD home loan initiatives.[47]
- Duplicates other arms of USDA by providing loans for ethanol plants[48] and funded the failed Green County Biodiesel Inc., biorefinery in Chelsea, Oklahoma.[49] Dallas Tonsager, Undersecretary for Rural Development, stated his agency is having trouble finding lenders willing to make loans even with government guarantees from his programs. [50]
- A Tennessee county spent $10,000 in federal rural development grant to update its tourism web site[51]
- $12,500 went to Milk and Honey Soap LLC for marketing of its soaps and lotions made from goat milk and beeswax online[52]
- $15,617 for Red Caboose Winery in Texas that produces 10,000 cases of wine annually[53]
- The Community Facility Grant Program was created in 1996 to be used in conjunction with the loan program to develop community centers, hospitals, and fire stations. For example, it funded the Keweenaw National Historic Park-Village of Calumet Theater Building (Michigan) and the Greening of the Upper Peninsula Children's Museum (Michigan)[54]
- The Monterey County Vintners and Growers Association received $276,084 grant from Rural Development to promote a cooperative of local wines across the country. The money was intended to go towards in-store displays and advertising material on paper around the neck of the wine bottles.[55]

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[45] "$2.5 Million in Federal Funds Advances Birthplace of Country Music Cultural Heritage Center," Believe in Bristol website, Downtown Bristol Blog, January 15, 2010, http://believeinbristol.org/blog.php?id=15, accessed July 15, 2011.
[46] Mclean, Mac, "BCMA receives $2.5 million loan for cultural heritage center," TriCities.com, January 16, 2010, http://www2.tricities.com/news/2010/jan/16/bcma_receives_25_million_loan_for_cultural_herita-ar-238384/, accessed July 14, 2011.
[47] American Chronicle, "Fact Sheet: News on the Recovery Act," January 17, 2010, http://www.americanchronicle.com/articles/view/137142, accessed July 14, 2011.
[48] "Agriculture Secretary Vilsack Announces Recovery Act Support to Help Rural Businesses Create Jobs," Department of Agriculture, Funding Announcement, May 7, 2010.
[49] "Green Country Biodiesel finishes expansion," Biodiesel Magazine website, May 1, 2006, http://www.biodieselmagazine.com/articles/875/green-country-biodiesel-finishes-expansion., accessed July 15, 2011. "USDA funding renewable energy programs," Delta Farm Press, March 14, 2011, http://deltafarmpress.com/government/usda-funding-renewable-energy-programs, accessed July 14, 2011.
[50] Hagstron, Jerry, "Going to Waste?" Congress Dailey A.M. Edition, June 30, 2010.
[51] Nelson, Gary, "County accepts grant money for tourism Web site," Crossville Chronicle, February 25, 2010, http://www.crossville-chronicle.com/local/local_story_054154247.html, accessed July 14, 2011.
[52] "Milk and Honey Soap lands federal grant," New Mexico Business Weekly website, July 27, 2010, http://albuquerque.bizjournals.com/albuquerque/stories/2010/07/26/daily21.html, accessed July 14, 2011.
[53] "A Texas Winery Saves Energy and Money Thanks to USDA Grant," Department of Agriculture website, USDA Blog, January 11, 2011, http://blogs.usda.gov/2011/01/11/a-texas-winery-saves-energy-and-money-thanks-to-usda-grant/, accessed July 14, 2011.
[54] "Stabenow, Levin: Senate Approves More Than $45 Million in Critical Funding for Michigan," Official website of U.S. Senator Carl Levin, Newsroom, August 4, 2009, http://levin.senate.gov/newsroom/press/release/stabenow-levin-senate-approves-more-than-45-million-in-critical-funding-for-michigan/?section=alltypes
[55] http://www.montereyherald.com/business/ci_15233641?nclick_check=1, accessed July 14, 2011.

- Additionally, grants in the amounts of $98,500 and $199,000 went towards promoting wine tours and developing a signature series of wines respectively.[56]

President Obama's Administration recommended the termination of several Rural Development programs, including: Health Care Services Grant Program, High Energy Cost Grants, Multifamily Housing Revitalization Demonstration Program, Public Broadcasting Grants, and Community Facilities Grants

This proposal prioritizes Rural Development initiatives by ensuring funds are only allocated to communities with the greatest need and fewest local resources.

Rural Development—Energy
Rural Development energy initiatives are expected to cost $1.5 billion over ten years.

These activities focus on Bioenergy programs and grants for procurement to support biorefineries, assisting farmers and rural small businesses in purchasing renewable energy systems, and user education programs. The Department of Energy **Biomass Program** primarily conducts research and development of biofuels, including generation and conversion technologies. These types of projects also receive a significant amount of tax dollars for grant programs that invest in biorefineries and bioenergy projects.[57] Moreover, the Stimulus provided a total of $800 million for bioenergy projects, including $480 million for the Solicitation for Integrated Pilot and Demonstration-Scale Biorefineries, and $176 million for Commercial-Scale Biorefinery Projects

USDA administers at least seven other bioenergy promotion programs:

- The **Biomass Crop Assistance Program**[58] – operated by the Commodity Credit Corporation – provides grants and loan guarantees to commercial scale biorefineries that produce advanced biofuels, such as cellulosic ethanol from wood chips. Its costs are estimated at $429 million through FY 2016.[59]

- The **Biorefinery Program for Advanced Fuels Program**[60] - operated by the Farm Service Agency (funded by its Commodity Credit Corporation) – provides payments to producers to increase production of ethanol and biodiesel. It received mandatory funding (in millions) of $55,

[56] "Business Briefs: Monterey County vintners get USDA grant," Monterey County Herald, June 5, 2010, http://www.montereyherald.com/business/ci_15233641?nclick_check=1, accessed June 2, 2011.
[57] Department of Energy website, Energy Efficiency & Renewable Energy, Biomass Program, Funding Opportunities, March 15, 2011, http://www1.eere.energy.gov/biomass/financial_opportunities.html, accessed July 15, 2011.
[58] Hagy III, William F., "Biofuels Commercialization: The Role in Fostering Investment" presentation, Department of Agriculture, Rural Development, http://www1.eere.energy.gov/biomass/pdfs/Biomass_2009_Commercialization_I_Hagy.pdf, accessed July 15, 2011.
[59] FY 2010 Explanatory Notes, Department of Agriculture, Commodity Credit Corporation, http://www.obpa.usda.gov/20ccc2010notes.pdf, accessed July 15, 2011.
[60] Hagy III, William F., "Biofuels Commercialization: The Role in Fostering Investment" presentation, Department of Agriculture, Rural Development, http://www1.eere.energy.gov/biomass/pdfs/Biomass_2009_Commercialization_I_Hagy.pdf, accessed July 15, 2011.

$55, $85, and $105 from FY 2009 to FY 2012. It received discretionary funding of $25 million for each FY 2009 through FY 2012.

- The **Biobased Products and Bioenergy Program**[61] - operated by Rural Development – finances technology necessary to convert biomass into biobased products and bioenergy.

- The **Biorefinery Repowering Assistance Program**[62] provides payments to biorefineries to replace fossil fuels used to produce heat or power in biorefineries with renewable biomass. It received $35 million in FY 2009 and authorized an additional $15 per year through 2012.

- The **New Era Rural Technology Competitive Grants Program** for technology development, applied research, and/or training to develop an agriculture-based renewable energy (bioenergy and pulp and paper manufacturing) workforce to serve rural communities with total funding of $850,000.[63]

- The **Feedstock Flexibility Program** – operated by the Farm Service agency (funded through the Commodity Credit Corporation) – for Bioenergy Producers that encourages the domestic production of biofuels from surplus sugar in the market. *However, USDA announced it will not operate this program in Fiscal Year 2010, because there is not expected to be a surplus of sugar.

- The **Rural Energy for America Program**[64] - operated by Rural Development – provides grants and loan guarantees to agriculture producers and rural small businesses for the purchase of renewable energy systems, energy audits, and making energy efficiency improvements. It received mandatory funding (in millions) of $55, $60, $70, and $70 from FY 2009 through FY 2012. It received discretionary spending of $25 million for each FY 2009 through FY 2012. This financial assistance for improvements also includes wind, solar, biomass and geothermal projects.

Foreign Agricultural Service

Eliminate four export marketing programs under the Foreign Agricultural Service's prevent duplication and promotion of corporate welfare.

[61] Department of Agriculture website, Rural Development, Business and Cooperative Programs, Biobased Products and Bioenergy Program, http://www.rurdev.usda.gov/rbs/biomass/biomass.htm, accessed July 15, 2011.
[62] Hagy III, William F., "Biofuels Commercialization: The Role in Fostering Investment" presentation, Department of Agriculture, Rural Development, http://www1.eere.energy.gov/biomass/pdfs/Biomass_2009_Commercialization_I_Hagy.pdf, accessed July 15, 2011.
[63] Rural Assistance Center website, Funding, New Era Rural Technology Competitive Grants Program, March 15, 2011, http://www.raconline.org/funding/funding_details.php?funding_id=2269, accessed July 15, 2011.
[64] Hagy III, William F., "Biofuels Commercialization: The Role in Fostering Investment" presentation, Department of Agriculture, Rural Development, http://www1.eere.energy.gov/biomass/pdfs/Biomass_2009_Commercialization_I_Hagy.pdf, accessed July 15, 2011.

These programs cost taxpayers over $250 million annually. Ending these programs could save $2.2 billion over ten years and allow scarce foreign aid dollars to serve those suffering from hunger and malnutrition.

There are several federal programs that assist exporters in providing opportunities in international markets (listed below). The most prominent is the Market Access Program (MAP). MAP was established by Section 203 of the Agricultural Trade Act of 1978,[65] and it allocates $200 million annually to subsidize advertising, market research, and travel around the globe for various trade groups, cooperatives, corporations, and their members or employees.

Many, if not all of these subsidies goes towards activities and obligations that rightly belong to private companies and their trade associations. MAP's penetration into private market functions in particular has gone so deep, one beneficiary noted: "It's like an extension of the business now."[66]

The beneficiaries of MAP are some of the most profitable in the country. For example, the California wine industry received over $7 million from MAP while having US sales of nearly $18 billion in 2009.

Another example is the Cotton Council International (on behalf of the American cotton industry) that received over $20 million from MAP and $4.7 million from the Foreign Market Development Program (FMDP) in 2010 when USDA estimated cotton revenues of $5.3 billion and prices were on their way to their highest since the civil war.[67]

Other examples include subsidizing wine tasting trips to Europe and Asia for California winemakers, a demonstration and tasting tour in the UK for candy mints, liquor mixology demonstrations in Russia, and promotions for well known corporate brands like Sunkist, Welch's (Grape Juice), and Blue Diamond (Almonds).

While it is promoted as an annual merit based award, in reality MAP has become a permanent subsidy to some of the nation's most profitable agricultural sectors. In fact, 57 of the 76 associations or cooperatives awarded assistance between 2000 and 2010 received it in all of the previous ten years. In fact, many of the associations have been subsidized since the inception of the program.[68]

Despite all of this, it is not clear that the program is having any substantial impact on American agriculture's total share of global exports. In fact, American agricultural exporters are actually losing market share to their foreign competitors.[69]

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[65] Department of Agriculture website, Foreign Agricultural Service, "Fact Sheet: Market Access Program," December 2009, http://www.fas.usda.gov/info/factsheets/mapfact.asp, accessed January 26, 2011.

[66] "Report to the Community Summer 2010," Southern United States Trade Association, http://www.susta.org/downloads/2009annualrpt.pdf, accessed July 15, 2011.

[67] "Bloom Times," The Economist, January 20 2011, http://www.economist.com/node/17965505, accessed June 29, 2011.

[68] Congressional Research Service, compiled data tables, staff estimates, January 14, 2011

[69] Data and Chart provided by Mike Donnelly, Congressional Research Service, February 8, 2011.

FAS export programs include:

Foreign Market Development Program (FMDP)
The goals and objectives of the Market Access Program are considerably duplicated with the FMDP.

The Administration recently noted the significant overlap among the FMDP and MAP. It observes that "the program overlaps with other Department of Agriculture trade promotion programs, including the Foreign Market Cooperator Program (as the FMDP was previously known), which also provides funding for overseas marketing."[70]

In fact, all but two of the 22 associations that received FMDP's $34.5 million in 2010, also received MAP assistance. All told, these 20 groups received more than $115 million in 2010 from the two overlapping USDA programs.

Emerging Markets Program
The Emerging Markets Program is described as a "market access program that provides funding for technical assistance activities intended to promote exports of U.S. agricultural commodities and products to emerging markets in all geographic regions, consistent with U.S. foreign policy. The program is authorized by the Food, Agriculture, Conservation, and Trade Act of 1990, as amended. The EMP regulations appear at 7 CFR part 1486. Funding is set at $10 million each fiscal year from the Commodity Credit Corporation from now through the end of the current Farm Bill."[71]

Like the FMDP, the Emerging Markets Program counts many of the same beneficiaries as MAP. In fact more than 27 of the 2010 EM programs awards went to MAP recipients. For instance:

- In addition to the nearly $400,000 it received from MAP in 2010, the Brewers Association received a $65,000 boost from the EM program "for craft beer seminars in Brazil and China."[72]
- The California Export Council, which obtained $859,622 from MAP in 2010, also received $120,000 from the EM program for its China Moon Cake Project.[73]
- The Organic Trade Association, which received $376,953 from MAP, earned more than $165,000 from the EM program for Chinese and Indian "familiarization tours" of the American organics industry.[74]

[70] Terminations, Reductions, and Savings: Budget of the U.S. Government Fiscal Year 2011," President Barack Obama, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/trs.pdf.
[71] Department of Agriculture, Foreign Agricultural Service, "Fact Sheet: 2008 Emerging Markets Program," http://www.fas.usda.gov/info/factsheets/emofact.asp, accessed July 15, 2011.
[72] Newsletter: August 2010," Brewers Association, http://www.brewersassociation.org/pages/business-tools/export-development-program/Newsletter, accessed July 14, 2011.
[73] "FY 2010 Emerging Markets Program Allocation," Foreign Agricultural Service website, http://www.fas.usda.gov/info/fiscal2010/EMP.asp, accessed July 15, 2011.
[74] "FY 2010 Emerging Markets Program Allocation," Foreign Agricultural Service website, http://www.fas.usda.gov/info/fiscal2010/EMP.asp, accessed July 15, 2011.

- The American Soybean Association, having received $5.75 million from MAP in 2010, also obtained nearly $500,000 for various promotion activities from the EM program.[75]
- The Alaska Seafood Marketing Institute, with more than $4.6 million from MAP in 2010, also received a $15,000 grant from the EM program to perform a market feasibility study for the Brazilian market.[76]

Technical Assistance for Specialty Crops
This program provides $8 million annually for specialty crop association to overcome technical barriers in other nations. MAP recipients represent the single largest group of TASC grant recipients.[77]

Dairy Export Incentive Program
This program allows the "U.S. Department of Agriculture to pay cash to exporters as bonuses, allowing them to sell certain U.S. dairy products at prices lower than the exporter's costs of acquiring them."[78] The US Dairy Export Council already receives $4.5 million annually via MAP.[79]

<u>The Following Export Programs are maintained:</u>

The Export Credit Guarantee Program
Supplier Credit Guarantee Program
The Facility Guarantee Program
Quality Samples Program

End Foreign Agricultural Service International Aid, Title I International Assistance ($210 million), and Reduce Title II Food for Peace Grants ($1.84 billion) by half to save $12.5 billion over ten years.[80]

The missions of the Foreign Agricultural Service (FAS) are to provide food aid and technical assistance to foreign countries and improve foreign market access for U.S. products and create new markets for them. FAS has the primary responsibility for USDA's international activities—market development, trade agreements and negotiations. FAS is also responsible for collection and analysis of statistics and market information.

The discretionary international food assistance programs at FAS are administered through USAID, the UN, and nongovernmental organizations, which creates an inherent conflict of

[75] "FY 2010 Emerging Markets Program Allocation," Foreign Agricultural Service website, http://www.fas.usda.gov/info/fiscal2010/EMP.asp, accessed July 15, 2011.
[76] "FY 2010 Emerging Markets Program Allocation," Foreign Agricultural Service website, http://www.fas.usda.gov/info/fiscal2010/EMP.asp, accessed July 15, 2011.
[77] Foreign Agricultural Service website, "FY 2010 Technical Assistance for Specialty Crops Program Allocation," http://www.fas.usda.gov/info/fiscal2010/TASC.asp, accessed July 15, 2011.
[78] Foreign Agricultural Service website, "Dairy Export Incentive Program," http://www.fas.usda.gov/excredits/deip/deip-new.asp, accessed July 15, 2011.
[79] Congressional Research Service, data compiled January 14, 2011
[80] Congressional Research Service, Melissa D. Ho and Charles E. Hanrahan, R41072, International Food Aid Programs: Background and Issues, February 3, 2010, http://www.fas.org/sgp/crs/misc/R41072.pdf.

interest in having FAS—with its primary mission of assisting U.S. farmers and exporters—to conduct foreign agriculture development (not to address hunger).

International Food Aid

In 2010, the U.S. was the global leader in international food aid, providing nearly $2.3 billion to address world hunger.[81] The role of USDA is primarily to serve as a conduit for private international aid organizations.

USDA's role has caused multiple inefficiencies that render taxpayer dollars less effective and potentially undercutting the large sums of private donations that could be administered and delivered more efficiently by non-profit organizations. The Global Harvest Initiative, a leading global hunger and food insecurity organization, recently said that private investment will be most important to address world hunger problems.[82]

U.S. non-governmental organizations (NGOs) are already leaders in international food aid. While some organizations leverage substantial amounts of funding from the U.S. and the United Nations, many have sufficient name recognition and global goodwill to raise the necessary funding without federal assistance. Some organizations receive more than half of their funding from private donations—nearly $800 million (74.9 percent) for World Vision, $300 million (57.6 percent) for Save the Children operates on over, and over $285 million (50.4 percent) for CARE.[83]

CARE is a leading humanitarian organization dedicated to alleviating global poverty and one of the largest food suppliers internationally. In 2007, CARE rejected funding--$45 million annually from the Food for Peace Title II Grants—from the federal government, because, "…the way U.S. aid is structured causes rather than reduces hunger in the countries where it is received." Rather than addressing hunger in a timely manner, this program structure undermines local farmers and weakens food production in targeted areas.[84]

The U.S. can no longer afford to provide services that fail to achieve the level of efficiency taxpayers deserve. A primary concern is USDA's longstanding practice of "monetizing" food aid. This 50-step process includes procuring domestic commodities to ship and sell internationally through contracts structured as grants with private aid organizations that then apply the earnings from sales to food assistance and development projects elsewhere overseas.

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[81]GAO-11-636, "International Food Assistance, Funding Development Projects through the Purchase, Shipment, and Sale of U.S. Commodities Is Inefficient and Can Cause Adverse Market Impacts," Government Accountability Office, June 2011, http://www.gao.gov/new.items/d11636.pdf.

[82]Global Harvest Initiative website, Enhancing Private Sector Involvement in Agricultural and Rural Infrastructure Development, http://globalharvestinitiative.org/policy/Private_Sector_Rural_Development.htm. Miller, Josh, "Private Sector Emerges as Key Partner in Food Aid," Devex Business News, November 4, 2010, http://www.devex.com/en/articles/private-sector-emerges-as-key-partner-in-food-aid, accessed July 15, 2011.

[83] Congressional Research Service, Memorandum to Senator Tom Coburn, "Public and Private Revenues of Selected U.S. Non-governmental Organizations," June 30, 2011.

[84]Ellen Massy, "Mutiny Shakes U.S. Food Aid Industry," International Press News, August 23, 2007, http://ipsnews.net/news.asp?idnews=39000, July 15, 2011.

In 2007, the U.S. Government Accountability Office (GAO) found this to be an inefficient use of resources. In its 2011 report, GAO confirmed its earlier findings and determined that USDA is not required to achieve reasonable levels of cost recovery on monetization transactions, meaning the federal government spends more procuring domestic commodities to sell overseas than it earns from their sales to fund international development projects. The process of converting cash to commodities and then back to cash again resulted in $219 million in costs that could otherwise have been used for development.

Over one-third of the transactions failed to achieve import price parity that would have provided a reasonable market price for U.S. commodities. Further, GAO found that the agency conducts insufficient monitoring of sales prices, reporting techniques, and information management systems. Finally, GAO found monetization could displace commercial trade and discourage local food production, yet USDA does not conduct its own market analysis to determine whether its efforts are disrupting markets, results of which have caused U.S. organizations to reject federal funding as noted above.[85]

Finally, the Congressional Research Service recently revealed[86] the federal government gave $1.4 billion in foreign aid to 16 countries to whom the U.S. owes $10 billion each. According to the U.S. Treasury Department, the largest holder of U.S. debt is China, owning $1.1 trillion Treasury bonds and having received $27.2 million in foreign aid in FY2010. Brazil held $193.5 billion in Treasury securities and received $25 million in foreign aid, Russia had $127.8 billion and received $71.5 million, and India held $39.8 billion and received $126.6 million from the U.S. [87]

Borrowing money from countries who receive our aid is dangerous for both the donor and recipient. If countries can afford to buy U.S. debt, they can afford to fund their own assistance programs.

Private entities, nonprofits, and non-governmental organizations need to raise sufficient funds and distribute them more efficiently on their own. If we are to truly assist the world's poor countries with food security and development, we must first stabilize our nation's fiscal downturn to ensure delivery.

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[85] GAO-07-560, "Foreign Assistance: Various Challenges Impede the Efficiency and Effectiveness of Foreign Aid," Government Accountability Office, April 2007, http://www.gao.gov/products/GAO-07-560. Veillette,Connie Center for Global Development, "New GAO Report on U.S. Food Aid and Monetization: Reforms Needed," June 24, 2011, http://blogs.cgdev.org/mca-monitor/2011/06/new-gao-report-on-u-s-food-aid-and-monetization-reforms-needed.php, accessed July 15, 2011. Bjerga, Alan, "U.S. International Food-Aid Spending Called Inefficient," Bloomberg, June 23, 2011, http://www.bloomberg.com/news/2011-06-23/u-s-international-food-aid-spending-called-inefficient-1-.html, accessed July 15, 2011.

[86] Congressional Research Service, Marian Leonardo Lawson, Memorandum to the Honorable Tom Coburn, *FY 2010 U.S. Foreign Assistance to Major Holders of U.S. Treasury Securities*, May 13, 2011, http://coburn.senate.gov/public/index.cfm/2011/6/report-finds-u-s-foreign-aid. FOX News, *U.S. Offers Foreign Aid to Countries Holding Billions in Treasury Securities*, June 3, 2011, http://www.foxnews.com/politics/2011/06/02/us-offers-foreign-aid-to-countries-holding-billions-in-treasury-securities/

[87] Congressional Research Service, Marian Leonardo Lawson, Memorandum to the Honorable Tom Coburn, *FY 2010 U.S. Foreign Assistance to Major Holders of U.S. Treasury Securities*, May 13, 2011, http://coburn.senate.gov/public/index.cfm/2011/6/report-finds-u-s-foreign-aid. FOX News, *U.S. Offers Foreign Aid to Countries Holding Billions in Treasury Securities*, June 3, 2011, http://www.foxnews.com/politics/2011/06/02/us-offers-foreign-aid-to-countries-holding-billions-in-treasury-securities/

1. Eliminate FAS international training and education programs within the McGovern-Dole International Food for Education ($210 million in FY 2010)

This fund was created in the 2002 farm bill. Today it supports projects in 36 countries with commodity, transportation, and implementation costs for organizations to implement 10-15 projects using donations of around 90,000 metric tons of U.S. farm commodities.[88]

In addition to providing actual food assistance through in-school meals and take-home rations, this program supports teacher training, nutrition education, and fostering parental involvement all in other countries.

GAO found USDA does not conduct sufficient performance monitoring over this fund itself nor hold its partnering organizations to its measurement standards, ultimately compromising some of the core missions of the programs. The GAO audit also found USDA has failed to closeout grants in timely manner, resulting in at least $850,000 in unused or misused funds. Thirty-six percent of grants are eligible to be closed but remained open.[89]

2. Reduce the Food for Peace Title II Grants by half from $1.84 billion in FY 2010 enacted to $920 million.

In 2009, GAO reviewed USAID's plans and actions to improve its evaluation, monitoring, and implementation of nonemergency food assistance programs. It found USDA provides weak performance monitoring of the fund's implementation and failed to evaluate performance on completed projects.

Many of the foreign activities that FAS describes in its mission statement are activities that USAID hires them to do. USAID's Food for Peace office co-manages food aid programs with FAS. This includes monitoring and analysis of international climate change policies, legislation, and activities[90]

There is also a concern that federal funds are being wasted on administering international hunger initiatives. There is a need, not only to reduce duplication, but also to establish sound reporting requirements that will allow Congress to properly monitor and assess the effectiveness of funds appropriated for global hunger initiatives. To do this, there must be new transparency measures that guarantee transparency, measurement, and performance provisions for each international hunger initiative.

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[88] Department of Agriculture website, Foreign Agricultural Service, "Fact Sheet: McGovern-Dole International Food for Education and Child Nutrition Program," March 2011, http://www.fas.usda.gov/excredits/FoodAid/FFE/mcdfactsheet.asp, accessed July 14, 2011.
[89] GAO-11-544, International School Feeding, USDA's "Oversight of the McGovern-Dole Food for Education Program Needs Improvement," Government Accountability Office, May 2011, http://www.gao.gov/new.items/d11544.pdf.
[90] Department of Agriculture website, USDA Blog, Category: Climate Change, http://blogs.usda.gov/category/climate-change/, accessed July 14, 2011.

Suggested provisions include the following: 1) the name of the entity receiving federal funding; 2) the amount of federal funds an entity receives annually under each of the programs; 3) a description of the purpose of each funding action; 4) whether or not the goals and purposes of the programs and initiatives are being expressly met; 5) how the goals and purposes of the programs and initiatives are being expressly met; 6) what measurement is being applied to the programs and initiatives to determine if the goals are being met; 7) the number of paid individuals employed through the program; 8) the number of individuals or families receiving benefits through the programs; and 9) the total percentage of federal funds spent on food.

Agricultural Research

Reduce funding for USDA's National Institute of Food and Agriculture ($1.486 billion FY 2010 enacted) by 20 percent to save $3.2 billion over ten years.[91]
Agricultural research is both critical and costly and will facilitate developments in food science and biofuels for future generations. USDA has played a worthwhile role in facilitating research among federal, state, and university research initiatives.

While some USDA agricultural research entities have promoted valuable scientific discovery, NIFA is often dominated by special interests and a vehicle of earmark–driven projects. Created in 2009, National Institute of Food and Agriculture (NIFA) is a newer version of USDA's previous Cooperative State Research, Education, and Extension Service (CSREES), a primary vehicle for earmark-driven grants. While NIFA's competitiveness has increased over that of CSREES, it has strayed significantly from USDA's core expertise and taken on initiatives that other areas or agencies are already involved in. The general purview of NIFA is duplicative in three of the five areas covered by other federal agencies – climate change, energy, and obesity.[1] The remaining two – hunger and food safety – are also shared with other agencies. For example, it operates the Institute of Bioenergy, Climate, and Environment, Institute of Food Safety, and Institute of Youth, Family, and Community.[92]

USDA already operates three in-house research arms – the Agricultural Research Service, the Economic Research Service, and the National Agricultural Statistics Service. Other federal agencies are also conducting and incentivizing research on a range of agricultural issues. The National Science Foundation recently announced a new initiative in collaboration with the Bill and Melinda Gates Foundation and international partners, entitled *Basic Research to Enable Agricultural Development* (BREAD). This initiative will primarily support research in plant genomics.[93] The Center for Disease Control's NIOSH program operates an Agriculture, Forestry, and Fishing program that conducts research and is funded at over $22 million for FY 2011[94] There are currently five non-university, non-profit organizations conducting significant levels of agricultural research and at least 34 private foundations whose activities could primarily

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[91] Hangstrom, Jerry, "New USDSA Research Agency Already Wants More Money," National Journal Daily, February 9, 2011, http://www.nationaljournal.com/congressdaily/cda_20091009_8900.php, accessed July 15, 2011.
[92] Department of Agriculture website, National Institute of Food and Agriculture, offices, http://www.csrees.usda.gov/about/offices/pdfs/offices_new.pdf, accessed July 15, 2011.
[93] National Science Foundation website, Funding, Division of Integrative Organismal Systems, http://www.nsf.gov/funding/pgm_summ.jsp?pims_id=503403, accessed July 14, 2011.
[94] Congressional Research Service, NIOSH Program Portfolio FY 2011 Estimates spreadsheet, June 22, 2011

be agricultural research. The total assets of these organizations reached approximately $1.3 billion in 2010.[95]

While progress continues to be made from these efforts, especially at the local level where the university and extension network infrastructure is in place, benefits from such research is captured most efficiently when driven by private capital—from both industry and philanthropy—according to market demands. Without full market accountability, federally-directed research can be misguided.

Examples of non-priority grants

- $6.9 million to help farmers cope with climate change and climate variability (NIFA, Agriculture and Food Research Initiative)[96]
    - According to one of the grant recipients, the money is going towards giving farmers a favor: "The team's basic approach is to address climate variability—a well-known, constant challenge for producers—and use it as a bridge to discuss climate change, a long-term process…'It's difficult if you start talking to a farmer about what may happen at the end of the century if they're worried about what may happen at the of the year.'"
    - In Fiscal Year 2010, NIFA awarded 13 grants to address climate change for a total of over $53.7 million.[97]
- $3.8 million to Virginia Tech to enhance East Coast grape and wine production[98]
    - Virginia is ranked fifth in the nation in wine grape production with a total economic impact of $362 million annually through the state's 180 wineries.[99]
- $46 million for 28 specialty crop projects, defined as fruits and vegetables, tree nuts, dried fruits and horticulture and nursery crops, including floriculture. [100]

Domestic Food and Nutrition Programs (Food and Nutrition Service, FNS)

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[95] "Agricultural Research Organizations presentation," Ernst & Young LLP, June 21, 2011.
[96] "University of Florida-led teams awarded $6.9 million for climate change projects," University of Florida News, June 30, 2011, http://news.ufl.edu/2011/06/30/climate-change-grants/, accessed July 14, 2011.
[97] Department of Agriculture website, National Institute of Food and Agriculture, FY 2010 Climate Grants, June 23, 2011, http://www.nifa.usda.gov/newsroom/news/2011news/climate_change_awards.html, accessed July 14, 2011.
[98] "New Effort to Enhance East Coast Wine Production," NewsPlex, October 30, 2010, http://www.newsplex.com/home/headlines/Va_Tech_Wins_38M_Grape_And_Wine_Grant_106375408.html, accessed July 15, 2011.
[99] "Virginia Tech Awarded $3.8 Million to Stimulate Eastern U.S. Wine Industry," Virginia Tech News website, October 23, 2010, http://www.vtnews.vt.edu/articles/2010/10/102910-cals-wine.html, accessed July 14, 2011.
[100] Department of Agriculture website, National Institute of Food and Agriculture, USDA Grants Invest in Specialty Crop Research and Education Activities, October 25, 2010, http://www.nifa.usda.gov/newsroom/news/2010news/10252_scri_awards.html, accessed July 14, 2011.

Providing temporary benefits to Americans who have encountered financial hardship is a just and worthy priority. USDA's Food and Nutrition Services administers over 70 programs to address child nutrition specifically and domestic hunger more generally, costing taxpayers over tens of billions of dollars annually. It is also important to ensure the integrity of taxpayer investments by narrowly targeting those who need benefits the most while preventing those who do not. As it stands though, these programs have shown signs of fraud, abuse, and many of them overlap, are inefficient, and are without evidence to demonstrate their effectiveness, according to a review by the Government Accountability Office (GAO).

GAO focused its review on 18 federal programs that "focus primarily on providing food and nutrition assistance to low-income individuals and households." These programs cost $62.5 billion in fiscal year 2008. At the same time, GAO found food insecurity has continued to rise (10-12 percent over the last decade and nearly 15 percent or 17 million households in 2008) despite increased enrollment in domestic food assistance programs. In fiscal year 2010, the federal government spent over $90 billion on nutrition programs. The complex, multi-layer approach to domestic nutrition assistance and the varying data collection for similar programs have increased the cost of administering them, which account for between 10 and 25 percent of the total costs.[101]

"According to USDA and academic researchers, there are several reasons why participation in food assistance programs may not be clearly associated with improvements in food insecurity." While research suggests participation in seven of programs reviewed "is associated with positive health and nutrition outcomes," GAO found "little is known about the effectiveness of the remaining 11 programs because they have not been well studied." GAO goes on to describe the array of federal food programs as a "complex network" that "show signs of program overlap, which can create unnecessary work and lead to inefficient use of resources." For example, some of the programs provide comparable benefits to similar target populations. Further, overlapping requirements create duplicative work for both service providers and applicants."

"Our work has shown that overlap among programs can create an environment in which participants are not served as efficiently and effectively as possible. Additionally, program overlap can create the potential for unnecessary duplication of efforts for administering agencies, local providers, and individuals seeking assistance. Such duplication can waste administrative resources and confuse those seeking services," according to GAO. Such a failed structure ultimately hurts those the programs are intended to help.

Some examples provided by GAO questioning program ineffectiveness include:

- The Supplemental Nutrition Assistance Program, (SNAP, formerly known as the Food Stamp program), is the largest federal nutrition assistance program. While meeting many of its goals, GAO reports it "is inconclusive regarding whether SNAP alleviates hunger and malnutrition in low-income households, another program goal. While studies show the

[101] GAO-11-714T, "Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue, Government Accountability Office, June 1, 2011, http://www.gao.gov/new.items/d11714t.pdf.

program increases household food expenditures and the nutrients available to the household, research finds little or no effect on the dietary or nutrient intake of individuals."

- "There is conflicting and inconclusive evidence on the National School Lunch Program's effects on other outcomes related to the goal of safeguarding the health and wellbeing of children such as childhood obesity." In fact, one study referenced by GAO reveals "school lunch eaters were more likely to be obese or overweight and to have higher body mass index (BMI) scores by 3rd and 5th grade than 'brown-baggers.'"

- There was conflicting research on whether the School Breakfast "program increases the frequency that students eat breakfast."

- A review of the School Breakfast Pilot Program, which is aimed at providing "universal free meals, found no effect on general measures of health or cognitive development."

Clearly, many of these programs are outdated and ripe for streamlining. This makes sense when considering GAO describes the programs' inception as "piecemeal" development over decades. All signs seem to point to the need to clean up the programs we have instead of just increasing the enrollment and program spending. Food insecurity continues to rise while the programs are not achieving their goals. The GAO report describes the origins of the programs as "piecemeal" development over decades.

Reform the Supplemental Nutrition Assistance Program (SNAP, previously known as the food stamp program) and reduce its funding by $10 billion annually to save $100 billion over ten years.

This is the largest domestic food assistance program and accounts for the largest portion of spending in the farm bill (over 60 percent). It provides critical benefits to those who have fallen on hard times. Especially in the wake of the financial crisis, this funding became more important than ever. At the same time, SNAP has been the subject of numerous government accountability reviews, media reports, and first-hand accounts of fraud and abuse among participants.

For example, participation in SNAP increased every month from December 2007 to September 2009 and 22 percent from 2008 to 2009.[102] Yet, according to GAO, "literature is inconclusive regarding whether SNAP alleviates hunger and malnutrition in low-income households, another program goal." In fact, a 2008 GAO report found $2.2 billion in improper payments under the SNAP program.[103]

In a 2010 letter to administrators, USDA wrote that States have run the program in a way that is "problematic and resulted in a more complex and difficult enrollment process." Kevin

[102] GAO-10-346, "Domestic Food Assistance: Complex System Benefits Millions, but Additional Efforts Could Address Potential Inefficiency and Overlap among Smaller Programs," Government Accountability Office, April 2010, http://www.gao.gov/new.items/d10346.pdf

[103] GAO-08-438T, "Improper Payments: Status of Agencies' Efforts to Address Improper Payment and Recovery Auditing Requirements," January 31, 2008, http://www.gao.gov/new.items/d08438t.pdf

Concannon goes on to state that "States consider other options (in administering SNAP), such as tapping nonprofit organizations that can provide assistance to potential applicants and improving the use of technology such as call centers, online applications, and electronic case filing systems. [104]

Approximately 20,000 people sign up for food stamps every day.[105] Eligibility has spread to college campuses,[106] largely due to the relaxed eligibility requirements.[107] Adam Sylvain, a sophomore at a university in Virginia told of a recent conversation with friends in his dorm room. "My roommate told me he applied for food stamps, and they told him he qualified for $200 a month in benefits…He's here on scholarship and he saves over $5,000 each summer in cash," Sylvain continued. "A few of our other friends who were in the room also said if there were able to, they would get food stamps … They think that if they're eligible it's the government's fault, so they might as well."[108]

SNAP benefits are unfortunately going to provide luxury products rather than essential ones to those who are not considered in serious need of assistance. One student commented on the wide range of available purchases with program benefits, "I'm sort of a foodie, and I'm not going to do the 'living off ramen' thing," he said, recounting a meal he had prepared of roasted rabbit with butter, tarragon and sweet potatoes. "I used to think that you could only get processed food and government cheese on food stamps, but it's great that you can get anything."[109] Students and young adults with college degrees and luxurious tastes are allowed to ignore the intent of federal food assistance and realize the benefits for "just about anything edible, including wild-caught fish, organic asparagus and triple-crème cheese."[110] At the same time, students at this particular university can buy a meal plan for $1,275, which provides ten meals per week for the semester or $71 per week.

Congress should consider the significant (and appropriate) role local non profits and individuals could play in addressing the same needs as SNAP and other federal food programs seek to address. Additionally, five policy revisions should be made to SNAP to strengthen its safeguards in order to prevent abuse while still allowing those who need them most to benefit. Taking these steps will reduce total payments, and Congress should reduce funding in a

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[104] Jackson, Henry C., "USDA: States struggle to administer food stamps," RealClearPolitics, November 24, 2009, http://www.realclearpolitics.com/printpage/?url=http://www.realclearpolitics.com/news/ap/politics/2009/Nov/24/usda__states_struggle_to_administer_food_stamps.html, accessed July 15, 2011.

[105] Kulczuga, Aleksandra, "Universities encourage students to enroll in food stamp program," The Daily Caller, April 6, 2010, http://dailycaller.com/2010/03/27/universities-encourage-students-to-enroll-in-food-stamp-program/, accessed July 15, 2011.

[106] DeHaven, Tad, "Food Stamps on Campus," CATO Institute, March 31, 2010, http://www.cato-at-liberty.org/2010/03/31/food-stamps-on-campus/, accessed July 15, 2011.

[107] Bleyer, Jennifer, "Hipsters on food stamps," Salon, March 15, 2010, http://www.salon.com/life/pinched/2010/03/15/hipsters_food_stamps_pinched/index.html, accessed July 15, 2011.

[108] Kulczuga, Aleksandra, "Universities encourage students to enroll in food stamp program," The Daily Caller, April 6, 2010, http://dailycaller.com/2010/03/27/universities-encourage-students-to-enroll-in-food-stamp-program/, accessed July 15, 2011.

[109] Bleyer, Jennifer, "Hipsters on food stamps," Salon, March 15, 2010, http://www.salon.com/life/pinched/2010/03/15/hipsters_food_stamps_pinched/index.html, accessed July 15, 2011.

[110] Bleyer, Jennifer, "Hipsters on food stamps," Salon, March 15, 2010, http://www.salon.com/life/pinched/2010/03/15/hipsters_food_stamps_pinched/index.html, accessed July 15, 2011.

corresponding amount by approximately $10 billion annually to save $100 billion over ten years (according to the CBO baseline of $700 billion[111]).

1. Terminate "categorical eligibility," which allows individuals to automatically qualify for food stamps if they are enrolled in the Temporary Assistance for Needy Families (TANF) program or certain other assistance programs. Program rules suggest enrollment in TANF establishes a circumstance of need, qualifying an individual for SNAP but could unnecessarily increase enrollment, because of TANF's relaxed criteria as well as the assumption that assistance from one program is insufficient.

2. Establish Income Requirement to address shortcomings in 35 states that do not set asset limits for eligibility. In 35 states, "there is no limit on the amount of assets certain households may have to be determined eligible" and " as a result, households with substantial assets but low income could be deemed eligible for SNAP," according to GAO.[112] "A minor tempest hit Ohio's Warren County after a woman drove to the food stamp office in a Mercedes-Benz and word spread that she owned a $300,000 home loan-free. Since Ohio ignores the value of houses and cars, she qualified" for SNAP.[113]

3. Establish Work Requirement to prevent an environment of dependency for participants who are not incentivized to actively seek employment—limit program participation to two years of consecutive eligibility.

4. Limit product selections to purchases of bare essentials instead of luxuries. These should include meats (beef, poultry, seafood), eggs, beans, nuts, bread, cereal, rice, fruits and vegetables, milk, yogurt, and cheese.

5. Require states to establish laws that allow state officials to investigate and prosecute food stamp trafficking and other fraud. Some state legislatures have not provided the necessary authority to seek out abuse of SNAP and are unaware what their fraud rate is.[114]

6. Prohibit SNAP purchase made outside of the state in which the benefits card was issued
In January of 2011, SNAP benefit cards issued in Missouri were used to purchase $3,521,974 worth of food and withdraw $362,682 in cash *outside of Missouri*, often in far off states such as Hawaii, Alaska, and California, according to an investigation by St. Louis television station

[111] Congressional Research Service, using CBO baseline (March 2011), Jim Monke, May 11, 2011, Slide 38, CBO Baseline for Mandatory Agriculture and Farm Bill Programs
[112] Kay E. Brown, Director of Education, Workforce, and Income Security Issues for the Government Accountability Office before the Subcommittee on Department Operations, Oversight, Nutrition, and Forestry, Committee on Agriculture, U..S House of Representatives, July 28, 2010, http://www.gao.gov/new.items/d10956t.pdf.
[113] Jason DeParle and Robert Gebeloff, "Food Stamp Use Soars, and Stigma Fades," The New York Times, Page A1, November 28, 2009, http://www.nytimes.com/2009/11/29/us/29foodstamps.html?pagewanted=4.
[114] http://www.eagletribune.com/local/x1221291800/Food-stamp-fraud-goes-largely-unchecked-due-to-lack-of-resources..

KMOV News 4.[115] KMOV also found a single household received benefits for 31 people and another household received benefits for 19 people.[116]

7. Prohibit cash withdrawals from ATMs at casinos, tobacco retailers, liquor stores, and bars
In California, state officials "failed to notice for years that welfare recipients could use the state-issued cards to withdraw taxpayer cash" at tribal casinos and state-licensed poker rooms, according to *The Los Angeles Times*. During that time, millions of dollars intended for food assistance and other welfare support were withdrawn in casinos by Electronic Benefits Transfer (EBT) cardholders.[117]

More than $300,000 in SNAP benefits was redeemed at tobacco retailers in Oklahoma City between July 2009 and March 2011, according to data provided by the Oklahoma Department of Human Services and reported by *The Tulsa World.*[118]

Signs are posted to automated teller machines (ATM) located in some bars in Pennsylvania state, "We Accept Access Cards."[119] An "ACCESS" card is a plastic card beneficiaries may use "to obtain cash or Food Stamp benefits, in addition to medical benefits." [120]

Reduce funding for USDA's domestic nutrition assistance ($17 billion FY 2010 enacted by 10 percent to save $18.7 billion over ten years.

GAO recently studied 18 of the 70 identified federal hunger programs. Of these 18, only 7 were found to have sufficient reported data to assess their overall effectiveness. However, little is known about the effectiveness of the remaining 11 programs, because they have never been well studied. Only two of the 11 programs had been studied at all.

For the remainder of programs, no academic literature could be found that addressed the outcomes in relation to the goals. This leaves an enormous question mark as to whether taxpayer funded federal hunger programs are functioning properly, accomplishing their goals, and operating most efficiently; yet, Congress continues to fund them.

Most food assistance programs have specific and often complex administrative procedures that federal, state, and local organizations follow to help manage each program's resources. Federal agencies dedicate staff time and resources to separately manage the programs even when a

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[115] Nagus, Chris, "Missouri welfare benefits being spent in Hawaii," KMOV News 4 (St. Louis, Missouri), March 2, 2011, http://www.kmov.com/news/local/Missouri-Welfare-Benefits-Being-Spent-in-Hawaii-117256028.html, accessed July 15, 2011.
[116] Nagus, Chris "Missouri's top food stamp recipients," KMOV News 4 (St. Louis, Missouri), February 28, 2011; http://www.kmov.com/news/broke/Missouris-Top-Food-Stamp-Recipients--117105578.html, accessed July 15, 2011.
[117] Dolan, Jack, "California welfare recipients withdrew $1.8 million at casino ATMs over eight months," Los Angeles Times, June 25, 2010, http://articles.latimes.com/2010/jun/25/local/la-me-welfare-casinos-20100625, accessed July 15, 2011.
[118]Ginnie Graham and Gavin Off, "Food stamps equal big money," The Tulsa World, April 24, 2011, http://www.tulsaworld.com/news/article.aspx?subjectid=11&articleid=20110424_11_A1_Retail460109&archive=yes, accessed July 15, 2011.
[119] On-Site staff investigation, Pennsylvania, April 24, 2011
[120] "Medical Assistance: Using the ACCESS Card to Obtain Medical Services," Pennsylvania Department of Public Welfare website, accessed April 25, 2011, http://wwwo.dpw.state.pa.us/foradults/healthcaremedicalassistance/medicalassistanceusingtheaccesscardtoobtainmedicalservices/index.htm..

number of the programs are providing comparable benefits to similar groups and could be consolidated.

Overlapping eligibility requirements create duplicative work for providers and applicants. Local providers are often tasked with collecting similar information, such as an applicant's income and household size – multiple times because this information is difficult to share, largely due to incompatible software across programs. It also makes it difficult for applicants to apply and participation.

GAO suggests that consolidation could reduce administrative expenses by eliminating duplicative efforts, such as eligibility determination and data reporting. In the same manner, this proposal would reduce funding for the remainder of child nutrition programs, allowing USDA to consolidate and streamline its smaller and less-known programs.

Eliminate FEMA's Emergency Food and Shelter National Board Program ($200 million FY 2010 enacted), transfer 15 percent of funds to USDA's Emergency Food Assistance Program and require USDA to adopt any responsibilities currently being met by FEMA and not currently being met by USDA. This is estimated to save $1.6 billion over ten years.

Both programs provide groceries and prepared meals to needy individuals through local government and non-profit entities. Providing comparable benefits to similar population but managing the programs separately is an inefficient use of federal funds.

The sheer volume of federal hunger programs and the fact they are scattered among several agencies prevent them from being utilized and benefiting those they seek to help. GAO cited a director of a nongovernmental organization and who administers the FEMA program who explained that it is often unclear what federal food assistance programs are available to non-governmental organizations or which ones are best suited for his organization's mission and resources.

Eliminate the Summer Seamless option of the National School Lunch Program and maintain the Summer Food Service Program.

The two programs have different reporting requirements and reimbursement rates but are otherwise similar. This difference makes schools choose between the Summer Food Service Program's higher reimbursement rate and the Seamless Summer Option's fewer reporting requirements.

These programs primarily differ in their reporting requirements and reimbursement rates. One school official told GAO his school had to choose between higher reimbursement rate or fewer reporting requirements.

These two programs provide comparable benefits to similar populations and are managed separately, which is an inefficient use of federal funds.

Eliminate the U.S. Department of Defense Fresh Fruit and Vegetable Program

The Department of Defense Fresh Fruit and Vegetable program was an Administration initiative that began in 1995 when eight states began allocating their entitlement commodity funding toward DOD's produce. 43 States plus Indian reservations now participate and Congress set a $50 million annual funding level in the last farm bill. Either States or their schools place orders with DoD directly. USDA does not administer this program, but Congress funds it to purchase the produce.

This program is meant to supplement the National School Lunch Program for kids who come from low-income households. It was a decent program in the 1990s but is an inefficient way to get healthy food to schools. In recent years, DoD's purchasing practices have become more central/regional rather than local, thus, nullifying its original purpose. It will likely be phased out in the next farm bill anyway. Moreover, at least in one Oklahoma school, DOD prices are significantly higher than what is available locally (see attachments).

However, USDA's program remains close to its original mission of providing fresh, local produce. USDA's Fresh Fruit and Vegetable Program - States get mandatory funding allocation of $110 million per year based on school populations. Not every school participates, and schools then pay for the local, fresh produce they want. This program is available to all children regardless of income.

Eliminate "strengthening the agricultural economy" as a stated goal of food and nutrition programs, such as SNAP and other programs with the same goal anywhere they exist (Food Distribution Program on Indian Reservations)

Food Stamps were created during the Great Depression largely to buy up excess supplies of U.S. crops, which coincides with the goal of "strengthening the agricultural economy." However, this consideration could conflict with the stated goals of the programs as currently operated. The school programs are aimed at propping up commodity prices and less about nutrition or safety.

As with Dairy Management, Inc. whose purpose it is to take surplus dairy products off the market and, as a result, promote unhealthy eating habits under the guise of official nutrition standards, this core component could result in unhealthy or excessive allowance of food stamps.

Eliminate the Department of Health and Human Services' Grants to American Indian, Alaska Native, and Native Hawaiian Organizations for Nutrition and Supportive Services ($27.3 million FY 2008 enacted) to save $303 million over ten years.

This program provides grants to the elderly and tribal groups, transfer funds to USDA's Food Distribution Program on Indian Reservations, which also targets American Indians and non-Indian households that reside on Indian –designated land. USDA already operates the Food Distribution Program on Indian Reservations, which serves the elderly and low-income households in Indian country.

<u>Reduce funding for the Forest Service ($6 billion FY2010 enacted) by half to save $33.3 billion over ten years</u>

The Forest Service currently manages 193 million acres in 44 states and territories or approximately 30 percent of all public lands. The agency seeks to improve forest health, conduct research, and provide financial and technical assistance, and other land management activities. It operates five research and development stations, 80 experimental forests and ranges, a forest products laboratory, two technology and development centers, and a geospatial service and technology center.[121]

This program funds maintains, repairs, and improvements on National Forest System roads and trails. The President's budget proposal recommends reducing this account by $100 million to reflect the declining need to construct new roads or other infrastructure in lieu of repairing or decommissioning old ones. Additionally, the agency now uses revenues from land exchanges for some of these activities.

In 2009, the Government Accountability Office (GAO) found the Forest Service was falling short in some key areas. While GAO notes some improvements, it found the agency is still struggling to manage its funds efficiently, particularly relating to wildfire management and a lack internal financial safeguards that would demonstrate how the agency's spending relates to the its goals.[122]

Agency leaders are taking advantage of Congress's willingness to throw money at the fire issue. With an increasingly large share of the Forest Service bureaucracy dependent on the extra funding that comes around each fire season, the agency blindly puts out almost all fires. Even people within the Forest Service fear that the agency's traditional commitment to conservation is being lost in an orgy of spending on fire-related activities. [123]

The Forest Service also continues to experience internal mismanagement, particularly relating to gathering of data sets necessary to implement strategic plans. Despite some recent improvements, GAO notes the Forest Service has yet to establish sufficient internal controls.[124] USDA's Inspector General also found the Forest Service could not meaningfully compare its cost data with its performance measures.[125]

One responsibility of the Forest Service has been to acquire and release land parcels as part of its land exchange process. GAO found the agency could not provide assurance that taxpayers were receiving a fair market value for these exchanges. Although the Forest Service agreed with

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[121] Fiscal Year 2012 Budget Overview, U.S. Forest Service, http://www.fs.fed.us/aboutus/budget/2012/justification/FY2012-USDA-Forest-Service-overview.pdf

[122] GAO-11-423T, "Forest Service: Continued Work Needed to Address Persistent Management Challenges," March 10, 2011, http://www.gao.gov/products/GAO-11-423T.

[123] O'Toole, Randal, "The Forest Service," Cato Institute, August 2009, http://www.downsizinggovernment.org/agriculture/forest-service, accessed July 15, 2011.

[124] GAO-11-423T, "Forest Service: Continued Work Needed to Address Persistent Management Challenges," March 10, 2011, http://www.gao.gov/products/GAO-11-423T.

[125] 08401-11-FM, "Audit Report: Forest Service's Financial Statements for Fiscal Years 2010 and 2009," Department of Agriculture Office of Inspector General, November 2010; http://www.usda.gov/oig/webdocs/08401-11-FM.pdf.

GAO's recommendation to develop a system that ensures the public interest is being served, the agency has yet to address the issue.

Additionally, it has yet to reconcile its workforce planning with its overall strategic plan, which is needed to carry out the agency's directives and specifically threatens wildfire management. Further, it calls into question whether or not the Forest Service actually has the appropriately skilled workforce to accomplish the agency's goals.

The Forest Service operates law enforcement measures on its managed lands to respond to various illegal activities, including human and drug smuggling. However, the agency has not put forth a risk-based law enforcement plan that would ensure it is efficiently allocating scarce resources.

Fire Management

The Forest Service has received significant increases for wildfire management. The U.S. Government Accountability Office (GAO) has continued to find the Forest Service's wildfire management strategy incomplete while the agency has made poor management decisions regarding prescribed burnings over many decades.[126] A series of reports beginning in 1999 and congressional statute have both recommended and required the Forest Service to present a cohesive strategy, which it has failed to do. As it stands, there is no assurance for taxpayers that the agency will employ cost-containment methods.

More specifically, GAO has consistently documented the agency's failure to implement strategic steps to managing wildfires, such as long-term options for reducing hazardous fuels and responding to fires. Currently, the agency relies on its own judgment rather than relevant data, leaving its efforts vulnerable to ineffectiveness. GAO found the agency's "Planning, Appeals, and Litigation System," which is intended to monitor such information to make decisions, excluded pertinent information. Moreover, the data it did include was not always accurate.

End the Forest Stewardship Program that provides assistance to landowners to encourage sound environmental management of non-industrial private forest lands ($500,000 FY2010 enacted).
This program is not an original function of the forest service and, since it addresses privately owned lands, it fails to acknowledge the incentive landowners have to maintain the health of their properties, nor does it take into account outside resources available to them. The program explicitly duplicates the USDA Wildlife Habitat Incentive Program (WHIP) that also offers assistance for "non-industrial private forest lands," and various aspects of the large and better funded programs like the Conservation Reserve Program (CRP) and Conservation Stewardship Programs.[127]

[126] GAO-11-423T, "Forest Service: Continued Work Needed to Address Persistent Management Challenges," Footnote 3, March 10, 2011, http://www.gao.gov/products/GAO-11-423T.
[127] Natural Resource Conservation Service website, "Wildlife Habitat Incentive Program," April 20, 2011, http://www.nrcs.usda.gov/programs/whip/, accessed July 15, 2011.

Eliminate Agency 'Environmental Literacy' Programs
In FY 2010, the FS spent more than $5 million on "environmental literacy" programs to promote forest management awareness, particularly focused on urban populations and youth.[128] By the agency's own admission, "environmental literacy programs and activities are funded through over a dozen other agency programs." These efforts, while informative, duplicate existing programs of the Department of the Interior, Agriculture, Environmental Protection Agency, and the National Oceanic and Atmospheric Administration (NOAA). [129] Given the extensive overlap, FS Environmental Literacy programs should be eliminated. This will result in at least **$52.4 million** in savings over ten years.

International Forest Program
While the FS struggles to meet its obligations as one of the largest land management agencies in the federal government, many Americans might be surprised to learn the agency spends millions of dollars each year to assist other nations "[promote] sustainable forest management internationally through the delivery of technical assistance, policy development, and disaster preparedness and response by trained forestry experts." [130] The White House has recommended eliminating this program because it overlaps with significant programs of the U.S. Agency for International Development (USAID) and "is not consistent with the Forest Service's mission to sustain the health, diversity, and productivity of the Nation's forests and grasslands to meet the needs of present and future generations."[131] Termination of the program will save taxpayers **$98.2 million** over ten years.

Reduction of Duplicative Forest Service Research and Development Activities
While the FS has important research needs, like wildfire and pest management and forest inventory, it funds a number of research areas outside its core responsibilities and duplicated by other agency research initiatives. For example, the FS has research devoted to recreation, water, air and soil, and wildlife and fish—all areas where other agencies more well established, better funded efforts. Where the FS has unique needs, it should work with those agencies in designing research priorities.

For instance, recent research activities have included the National Kids Survey, "focused on identifying patterns in how youth 6-19 years old spend time outdoors" as well as research on how to foster ecotourism. [132]

By eliminating non-essential research programs, the FS can save $71.8 million next year and **$718** million over the next ten years.

[128] FY 2012 Budget Justification, Page 3-31, Forest Service, http://www.fs.fed.us/aboutus/budget/2012/justification/FY2012-USDA-Forest-Service-budget-justification.pdf.
[129] Environmental Protection Agency website, "Summary of Activities with Federal Agencies," http://www.epa.gov/enviroed/iag.html, accessed July 14, 2011.
[130] Terminations, Reductions, and Savings: Budget of the U.S. Government Fiscal Year 2011," President Barack Obama, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/trs.pdf.
[131] Terminations, Reductions, and Savings: Budget of the U.S. Government Fiscal Year 2011," President Barack Obama, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/trs.pdf.
[132] FY 2012 Budget Justification, Page 5-4, Forest Service, http://www.fs.fed.us/aboutus/budget/2012/justification/FY2012-USDA-Forest-Service-budget-justification.pdf.

Economic Action Program (EAP) overlaps with other USDA and federal community development initiatives
The program is "designed to provide technical and financial assistance to communities and groups to enhance rural economies through the utilization of forest and related natural resources."[133] According to the White House, which has also proposed eliminating the program, EAP overlaps with USDA rural development programs and is "not targeted." By the administration's own admission, the program has funded activities with little bearing to management of the forest system, including wastewater design systems and water musical festival. More pointedly, the Government Accountability Office (GAO) found more than 80 economic development programs, much like the EAP. This program should be terminated immediately, resulting in **$50 million** in savings over ten years.

End the Urban and Community Forestry Program
This program has accomplished and outlived its purpose. Many states maintain their own urban forestry programs and even high schools are partnering with local companies on the issue.[134] Maintaining vegetation in the midst of expanding urban communities is critical to the health and well-being of our nation's metropolitan areas and the citizens that inhabit them. Fortunately, interested parties at every level are now involved financially and educationally in the planting, improving, and maintaining aspects of community and urban forestry.

Conflicting Incentives

Eliminate USDA funding portion of Dairy Checkoff to prevent conflicting and unfair marketing efforts—Cheese promotion vs. obesity initiatives

On one hand, the federal government seeks to promote healthy food and discourage unhealthy choices and over-consumption; on the other hand, it is promoting the same unhealthy food and has spent hundreds of millions of dollars on cheese consumption.[135]

A USDA nonprofit corporation that functions as an agriculture marketing initiative—Dairy Management (est. 2003)—operates on a budget of $140 million and 162 on staff. It is primarily funded by the Dairy Checkoff program (est. 1983)—a mandatory 15 cent per hundredweight producer tax (approximately 2 cents per gallon) on all domestically and commercially produced and marketed milk. However, it also receives approximately $5 million annually in taxpayer dollars through USDA itself, which appoints some of its board members who approve the marketing campaigns and major contracts.

The purpose of the checkoff program is to promote U.S. dairy products, conduct research and nutrition education, increase human consumption of dairy products and reduce milk surpluses.[136]

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[133] Terminations, Reductions, and Savings: Budget of the U.S. Government Fiscal Year 2011," President Barack Obama, http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/trs.pdf.
[134] McDonald, Kyle, "Setting roots in the green industry: n Ken's Urban Forestry program, with Davey Tree, teaches career skills, recordpub.com, June 7, 2011, http://www.recordpub.com/news/article/5046340, accessed July 15, 2011.
[135] "Cheese industry should do its own marketing," The Daily Review, November 13, 2010, http://thedailyreview.com/opinion/cheese-industry-should-do-its-own-marketing-1.1063145, accessed July 15, 2011.

Health trends in recent years have increasingly moved towards healthier choices and, in doing so, have created a surplus of whole milk and milk fat.

To shore up the surpluses, Dairy Management's focus was aimed at families whose inclination to consume cheese outweighs their concern with health risks.[137] They began promoting increasing amounts of cheese consumption in processed foods, home cooking, and certain products, particularly in the fast food industry.

In the pizza business, Dairy Management spent $12 million on a marketing campaign for cheese consumption. It partnered with Domino's Pizza to increase sales by increasing the amount of cheese one each pizza by 40 percent where one slice contains two-thirds of a day's maximum recommended saturated fat, potentially causing heart disease. The New York Times commissioned a lab analysis of "the Wisconsin" and found that one quarter of the pizza contained 12 grams of saturated fat, approximately 75 percent of USDA's recommended daily maximum saturated fat of 15.6 grams.

Already Americans are consuming nearly triple the amount of cheese (33 pounds annually) as found during the 1970s. Still, Dairy Management claimed diets that are high in dairy products promote weight loss. The NYT's investigation found this claim to be unfounded and cited Dr. Neal Barnard, president of the Physicians Committee for Responsible Medicine—an advocacy group that challenged Dairy

Management's health claims—stated, "If you want to look at why people are fat today, it's pretty hard to identify a contributor more significant than this meteoric rise in cheese consumption. Nevertheless, in its report to Congress, USDA presents its successes in the number of pounds of cheese consumed.[138]

Meanwhile, USDA's Center for Nutritional Policy and Promotion receives $6.5 million and sets official dietary guidelines (formerly the food pyramid) that are formulated into nutritional standards for school meal programs and others. USDA seems to be talking out of both sides of its mouth. "More whole milk is being processed into cheese and the government - which advises against over-consumption of high-fat dairy products as a means to fight obesity and improve public health - has been phenomenally successful in increasing cheese consumption."[139]

Domino's is not the only restaurant chain assisted by USDA. Other partners of Dairy Management during the George W. Bush and Obama Administrations include Taco Bell, Pizza

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[136] Department of Agriculture website, Agricultural Marketing Service, Research and Promotion Programs, March 17, 2011, http://www.ams.usda.gov/AMSv1.0/ams.fetchTemplateData.do?template=TemplateN&navID=IndustryMarketingandPromotion&leftNav=IndustryMarketingandPromotion&page=DairyProducerCheckoffPrograms&description=Dairy+Producer+Checkoff+Programs, accessed July 15, 2011.

[137] Documents on Marketing Cheese, The New York Times, http://documents.nytimes.com/documents-on-marketing-cheese#document/p1, accessed July 15, 2011.

[138] "Report to Congress on the National Dairy Promotion and Research Program and the National Fluid Milk program, Department of Agriculture, The New York Times, July 1, 2007, http://documents.nytimes.com/documents-on-marketing-cheese#document/p16, accessed July 15, 2011.

[139] "Cheese industry should do its own marketing," The Daily Review, November 13, 2010, http://thedailyreview.com/opinion/cheese-industry-should-do-its-own-marketing-1.1063145, accessed July 15, 2011.

Hut (cheese inside crust[140]), Burger King, and Wendy's, amounting to a growth in the sale of cheeses by nearly 30 million pounds.[141]

Finally, such market promotion creates an inherent conflict of interest as certain restaurants are given preferential treatment from the government to the detriment of their industry competitors. According to the NYT investigation, Dairy Management went so far as to assist in developing and testing new pizza concepts.

USDA 10-yr Savings (billions)

Commodities	**$ 83.70**
Disaster Pymt	**$ 21.00**
FSA Loans	**$ 19.148**
Conservation	**$ 25.40**
Rural Dvlpt	**$ 27.00**
FAS Export	**$ 02.8**
FAS Food Aid	**$ 12.50**
Research	**$ 02.9**
SNAP	**$ 100.00**
Nutrition	**$ 18.70**
Forest Service	**$ 33.30**
	$ 346.4

DEPARTMENT OF AGRICULTURE DEVELOPMENT TEN YEAR SAVINGS
Total: $346.4 billion

140 http://documents.nytimes.com/documents-on-marketing-cheese#document/p3
141 http://www.nytimes.com/2010/11/07/us/07fat.html?pagewanted=2