POLITICO

Trump's budget takes aim at SNAP, crop insurance

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May 23, 2017

President Donald Trump is all but declaring war on the farm bill.

Trump's first budget proposal, set to be released Tuesday, asks Congress to slash food stamp spending in fiscal year 2018 by more than a quarter and severely restrict how much the federal government subsidizes crop insurance premiums for large farms — painful propositions as tens of millions of Americans struggle to make ends meet and the farm economy tanks under the weight of low commodity prices.

The president's plan, previewed by his budget chief on Monday, would deliver hits to mandatory spending on both sides of the farm bill, which lawmakers are scheduled to reauthorize in 2018, en route to delivering $228 billion in savings from farm bill programs over 10 years.

And that's on top of a reduction in USDA discretionary spending that is expected to be in the neighborhood of 20 percent, per the "skinny" budget the White House put out in March. Clashes with the agriculture committees in both chambers of Congress are a certainty, since Trump's blueprint sends a strong signal that the White House backs conservative-championed reforms that could threaten the delicate urban-rural coalition that's kept the sweeping farm and nutrition legislation alive for decades.

"I imagine that all of these farm bill things will be rejected out of hand by the committees," said Ferd Hoefner, a senior adviser at the National Sustainable Agriculture Coalition, who has worked on numerous farm bills. "But what happens in the budget resolution is another story."

The proposed cuts also increase the challenge that Agriculture Secretary Sonny Perdue faces in selling the administration's programs to the agricultural sector. Anti-hunger advocates and ag industry leaders alike remain worried that their programs could ultimately suffer deep cuts not necessarily as a result of the farm bill, but as part of the broader budget resolution process, as the GOP leadership tries to find creative ways to pay for tax cuts and other priorities, such as Trump's desired military buildup. Trump's budget — which seeks to reform the welfare system while saving $274 billion over a decade — only gives advocates and industry insiders more reason to fear what may lie in store.

On top of tossing grenades into the farm bill landscape, Trump's proposal also renews criticism that his administration's policies are likely to hurt many of the working class and rural voters that helped elect him. The Supplemental Nutrition Assistance Program, formerly known as food stamps, which serves more than 40 million Americans and is a main driver of farm bill spending, would see its funding drop by more than 25 percent — a decrease of greater than $190 billion over a decade, according to budget documents released by the Office of Management and Budget on Monday.

A small part of those savings would come from tightening work requirements for able-bodied individuals, but the vast majority of the proposed sum would come from making states match 20 percent of the federal SNAP outlay, White House officials told POLITICO over the weekend. The documents released by OMB didn't provide details on where all the cuts would be generated. But a lengthy table included among the newly released budget docs proposes raising $2.3 billion in SNAP retailer fees over the next decade to help defray costs of the program.

Media reports on Monday pointed out that seven of the 10 states with the highest rates of SNAP participation relative to population — including Mississippi, West Virginia and Louisiana — went for Trump in November. Anti-poverty advocates lamented that the proposed SNAP cuts would not be made in isolation, but would instead come along with significant cuts to Medicaid, disability payments, and other programs that serve low-income people.

"Taken together, this budget really violates that basic value we have as a nation to care for our most vulnerable residents," said Duke Storen, senior director of research and advocacy at Share Our Strength. "We know you can't have a strong nation without strong children," he added.

The possibility that states would have to bear a significant chunk of SNAP costs raised alarm bells with anti-hunger advocates on Monday. They see the move as essentially block-granting by another name, since most states would be hard pressed to come up with money to serve all of their SNAP recipients.

The Center for Budget and Policy Priorities is working to calculate what the proposed change would mean for individual states. In Florida, for example, cost sharing at the level described by the White House would mean that the state would need to come up with another $1 billion to keep the program going.

White House officials, for their part, said the changes it wants to make to SNAP and other safety net programs are about boosting the economy, not pulling the rug out from under poor people.

"One of the things we've seen with SNAP … is that, as you might of expected, [participation] spiked during the recession, but did not come down like we expected," OMB Director Mick Mulvaney told reporters Monday. "They've stayed at elevated levels. That raises a very valid question: Are there folks on SNAP who shouldn't be?"

Mulvaney pointed to how 47 million Americans received SNAP benefits during the Great Recession's height, in 2013, and that the total had decreased to 44 million last year — figures supported by USDA data. He also rebutted what he described as the narrative that Republicans don't support social safety net programs.

"We believe in the social safety net," Mulvaney said. "It helps us get to 3 percent [economic] growth, because having a social safety net gives people the confidence to take a gamble and fail and know they won't be completely wiped out. What we've done is not to try and remove the social safety net from folks who need it, but to try to figure out if there are people who don't need it and get them back into the workforce."

The White House budget assumes the nation's GDP will rise to 3 percent by 2021. By contrast, the Congressional Budget Office is forecasting 1.9 percent economic growth.

The budget proposal also highlights efforts to reorganize and trim the Department of Agriculture by upping user fees on agency services, including food safety inspections, and eliminating the

Rural Economic Development Program, which helps with job creation efforts. But farm bill programs such as crop insurance and crop support payments are the bigger target.

The proposal would deliver $38 billion in savings over 10 years from programs that specifically help farmers, and almost half of that would come from putting in place a $40,000 cap on crop insurance premium subsidies — a move that would cut $16.2 billion from USDA's budget. Eliminating the Harvest Price Option from the crop insurance program — which allows farmers to guarantee revenue based on harvest prices if they are higher than those projected before planting — would save an additional $11.9 billion by 2027. The proposal also calls for limiting eligibility for crop insurance and commodity support programs to farmers making less than $500,000 in adjusted gross income, for a savings of $1.7 billion, along with more vaguely worded changes, including an effort to "streamline conservation programs" and "eliminate small programs." Those two cuts would save $8.8 billion total.

The 2014 farm bill sets an adjusted gross income threshold at $900,000 for commodity support programs, but does not set one for crop insurance.

The proposed cuts to crop insurance are not particularly new ideas. The Government Accountability office in 2012 found that $1 billion could be saved annually if premium subsidies were capped at $40,000 — that number was picked because it was also the limit for direct farm payments at the time, according to the report.

Conservative think tanks, taxpayer watchdogs and environmental groups have long called for such limits to be put on premium subsidies and other budget-based curbs to crop insurance and commodity support programs. Chief among those entities is the conservative Heritage Foundation, which published a farm bill blueprint last year that went even further than the White House budget to call for elimination of crop insurance policies that protect against drops in revenue, as well as the commodity support programs that the Trump administration wants to rein in through means-testing. Groups like Taxpayers for Common Sense and the Cato Institute, a libertarian think tank backed by billionaire industrialist Charles Koch, contributed to that report.

While it may not have gone as far as The Heritage Foundation had called for, the Trump administration's budget is still a step in the right direction, said Daren Bakst, the group's research fellow in agricultural policy.

"The Trump administration's budget proposes common-sense changes to an out-of-control farm handout system, especially to the federal crop insurance program," Bakst told POLITICO in an email. "This budget shows the administration isn't going to just maintain the harmful status quo that assumes agricultural producers are incapable of managing even ordinary risk like other businesses do on a daily basis."

Bakst added that the proposed reforms would have "minimal impact" on agricultural producers. As an example, he highlighted the 2012 GAO report, which found only 3.9 percent of the farmers enrolled in crop insurance would be impacted by a $40,000 cap on premium subsidies.

"It's about time that agricultural policy serves the needs of all Americans, and not primarily the interests of large agribusinesses," he said.

The Environmental Working Group also backed the changes, arguing that only the largest farms and the richest of farmers would hit the proposed caps.

“Most farmers would relish the thought of having $500,000 in adjusted gross income, or have crops that were so valuable that they received $40,000 a year in premium subsidies,” said Scott Faber, EWG’s vice president of government affairs. “The vast majority of farmers aren’t experiencing that kind of financial success.”

But those cuts won’t sit well with farming groups and crop insurance advocates, who say that government help for the biggest farms is needed to keep all farms covered.

In a September 2016 white paper, the American Farm Bureau Federation noted how USDA’s response to the GAO report called a $40,000 premium cap “ill-advised and undertaken without a comprehensive evaluation of the likely negative impacts and costs that could result.” Such caps are arbitrary, the department said, and would hurt the flexibility of the crop insurance program.

What’s more, insurance groups say that government assistance for farmers is needed to help keep rural communities afloat — at a time when Secretary Perdue is pulling together an administration task force to find ways to kick-start the rural economy.

“Weakening crop insurance and making it more difficult for farmers to bounce back during tough times will jeopardize rural jobs and will find little support in rural America or on Capitol Hill,” the American Association of Crop Insurers and the Crop Insurance and Reinsurance Bureau said in a joint statement signed by several other groups. “The rural economy is already suffering through a period of low prices and a multitude of spring weather disasters. Yet the administration’s budget proposal targets the primary tool farmers use to handle these risks.”