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Sec. Vilsack explains budget cuts & priorities in House hearing

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Agriculture Secretary Tom Vilsack told the House Appropriations Committee's Agriculture Subcommittee on Wednesday that he's open to looking at different ways to cap farm program payments – and determined to limit the huge profits he says private insurance companies earn from selling Federal Crop Insurance.

In his opening statement, Vilsack promised that USDA will continue to provide “a robust safety net for producers that provides protection from market disruptions, weather disasters, and pests and diseases that threaten the viability of American agriculture. I want to reassure you that the President’s budget maintains the three-legged stool of farm payments, crop insurance, and disaster assistance.” After that promise, he continued: “However, in keeping with the President’s pledge to target farm payments to those who need them the most, the budget proposes a hard cap on all program payments of \$250,000 and to reduce crop insurance subsidies to producers and companies in the delivery of crop insurance.”

Subcommittee Ranking Member Jack Kingston (R-GA) welcomed budget cutting in general but asked the Secretary to detail cuts and explain “how many of them are real and how many of them are just the annual proposals.” Kingston asked specifically whether the administration proposal to end payments to producers with over \$500,000 in annual sales will survive. Vilsack replied that “We’re willing to work with Congress on this. I think, again, when we looked at, in an effort to try to be cognizant of deficits and concerns that you all legitimately have about deficits, we looked at the fact that three percent of America’s farmers were at the threshold that we proposed. There has been a lot of conversation about whether or not it ought to be adjusted in terms of adjusted gross income as opposed to gross sales. We’re certainly happy to look at that. We’re also certainly happy to look at the hard cap the President did campaign on, that \$250,000.”

Vilsack said that “we see a strong safety net and we simply ask the question whether or not there are ways in which that safety net can still do its job and at the same time be fiscally responsible.”

Questioned by Rep. Tom Latham (R-IA) about reducing government subsidies for the Federal Crop Insurance program and perhaps forcing companies out of business, Vilsack

said that while in the past it was hard to get farmers to sign up, today farmers often have to sign up as a condition of qualifying for bank loans or disaster relief “so there’s now more of a mandate.” Vilsack said the result is that private companies “have seen a huge increase in their market. . . so they are making a tremendous amount of money, billions of dollars. . . There is a tremendous amount of profit. . . We just think that this needs to be a fairer deal for taxpayers.”

Vilsack reassured committee members worried by cuts in proposed spending on conservation programs that lower spending reflects the fact that “we’re trying to match the budget with reality in the field, trying to match the budget with the number of acres that we’ll actually see enrolled.” He pointed out that in the past, fewer acres were signed up than anticipated and that even with the proposed spending cuts, overall conservation program acres are expected to grow in fiscal 2010 to 280 million acres, up about 36 million acres from this year.

Rep. Jo Ann Emerson (R-MO) said producers can’t be expected to participate in the National Animal Identification System (NAIS) when so much about the program remains undecided. Vilsack responded by saying that creating a workable NAIS program is a very complex challenge and that’s why he’s holding a series of listening sessions around the country. He noted that the first two sessions included 57 separate presentations. He said “How that system’s going to look, I’ll know more after I finish the listening sessions.” He said he believes that it’s important to overcome resistance and create a workable program to protect both animal health and markets. Subcommittee Chair Rosa DeLauro (D-CT) warned that Congress will resist sinking any more millions into the NAIS program unless there’s proof that the program will work.

In other exchanges, Vilsack and most subcommittee members agreed on the need to extend broadband coverage to rural areas. Vilsack also explained that the budget proposes ending funding for USDA’s MAP export promotion program because that program provides “funding for what would have occurred anyway.”