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Notes:
1. CAGW stands for Citizens Against Government Waste.
2. CCAGW stands for Council for Citizens Against Government Waste. CCAGW is the lobbying arm of CAGW.

'F' is for Farm Subsidy
June 21, 2007
by: John Frydenlund

Wastewatcher, 7-Jun

In anticipation in the next few weeks of markup of Title I farm subsidy programs in the House Agriculture Committee, CAGW released *Making the Grade: CAGW's Report Card on Farm Bill "Reform" Proposals.*

Grades were given for the following proposals: current law, the Bush Administration proposal, the Citigroup "buyout" plan, the Cato Institute "buyout" proposal, the American Farm Bureau Federation (AFBF) and National Corn Growers Association (NCGA) "revenue insurance" plans, and "risk management accounts," such as those proposed in S. 1422 and H.R. 2720, The Food and Agriculture Risk Management for the 21st Century Act (FARM-21).

Each was evaluated for the following categories: fairness in targeting benefits to the small farmers that actually need help rather than simply lavishing exorbitant subsidies on the wealthiest farmers, providing relief to taxpayers and consumers, promoting rural development, promoting international trade, and providing benefits to farmers in developing nations.

Most payments go to the biggest farmers, which contributes to farm consolidation and higher land prices, resulting in fewer jobs in all agriculture-related businesses in rural areas and loss of population. Farm subsidies are also an obstacle to expanding international trade, since the failure of the U.S. government to make further concessions on farm subsidies has been one of the principal roadblocks to progress on a five-year-long effort to forge a global trade agreement. Also, subsidies to U.S. farmers encourage them to grow surplus crops that undercut farmers in developing nations.

Current law and the AFBF and NCGA proposals received a failing grade, while the administration proposal and the Citigroup "buyout" plan received a "D" for their final grades. Only two proposals, the Cato Institute "buyout" plan and FARM-21, received respectable grades of "B," truly qualifying as "reform" proposals.

The Cato Institute proposal would be the best in the long run at completely getting the government out of the business of running agriculture policy, while FARM-21 recognizes the political difficulty of completely ending some sort of "safety net" for farmers, even though it is no longer really necessary. FARM-21 would save taxpayers $4.4 billion over five years and more than $20 billion over 10 years.

Agriculture Update

By John Frydenlund
Director of CAGW's Center for International Food and Agriculture Policy

The House Agriculture Committee: Killing Field for Reform Ideas

The House Agriculture Committee, led by Chairman Collin Peterson (D-Minn.), is doing everything it can to stymie any and all efforts to reform archaic farm subsidy programs.

Earlier this year, when viable reform proposals began surfacing, Peterson suggested that representatives who do not sit on the Agriculture Committee had no right to interfere with the writing of the 2007 Farm Bill. That task, he felt, should be left to the "experts" on the committee.

In June, the House Agriculture Subcommittee on General Farm Commodities and Risk Management, at the behest of Chairman Peterson, went through the charade of "considering" several farm bill reform proposals. The subcommittee unanimously discarded each of these proposals and pushed forward with a plan to do nothing more than extend current law for another five years.

Rep. Peterson and most members of the committee, both Democrats and Republicans, are absolutely petrified of anything resembling change. In particular, committee members prefer the status quo, where the vast majority of farm subsidy payments go to a small number of farmers. Not coincidentally, a great percentage of those large farms are in the congressional districts of members of the Agriculture Committee.

The farms that receive huge subsidy payments also have the most political clout with the farm lobby. These include major farm groups, such as the American Farm Bureau Federation, the National Farmers Union, and the National Farm Organization, in addition to major commodity groups representing wheat, corn, cotton, rice and soybeans, the five major crops receiving the bulk of the subsidies. These interests are overwhelmingly opposed to any reform, particularly any limitation on payments that might redirect money to the small farmers that actually need help rather than simply lavishing exorbitant subsidies on the wealthiest farmers.

Despite committee opposition to reform, there is a building consensus in the country and in the rest of Congress that present farm policy has failed and that the worst possible scenario is a continuation of the present course. The pressure for real reform is growing.

In this vein, Citizens Against Government Waste (CAGW) recently released *Making the Grade: CAGW's Report Card on Farm Bill "Reform" Proposals.* This report rated a number of proposals, basing their grades on fairness in targeting benefits, relief to taxpayers and consumers, rural development, international trade, and benefits to the farmers in developing nations.

Current law, which the House Agriculture Committee is so enamored with protecting, received failing grades in every category. Ideas that made the grade, such as a proposal that would transition away from the current system of farm subsidies and instead create farmer-held risk management or income stabilization accounts, were discarded by the committee. The full report is available at www.cagw.org.

For Immediate Release
July 20, 2007

Contact: Leslie K. Paige 202-467-5334
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CCAGW Denounces Pretense of Reform in Farm Bill

Washington, D.C. - Tom Schatz, President of the Council for Citizens Against Government Waste (CCAGW), denounced the House Agriculture Committee reported version of the 2007 Farm Bill, H.R. 2419, as "a sham for pretending to reform farm programs." Prior to the markup, House Agriculture Committee Chairman Collin Peterson (D-Minn.) revealed that Speaker Nancy Pelosi (D-Calif.) had insisted that the committee provide payment limitations to mollify reform advocates on the House floor.

H.R. 2419 would reduce the threshold from $2.5 million to $1 million in annual adjusted gross income (AGI) at which farmers would be barred from receiving subsidy payments and those earning between $500,000 and $1 million would lose eligibility if less than 67 percent of their income came from farming. It also purportedly eliminates the three-entity rule, which allows farmers to collect subsidies on up to three properties. At the same time, however, the committee increased the cap on direct annual payments from $40,000 to $60,000 and eliminated the limits on marketing loan payments and loan deficiency payments. Without such limits, there is no need to create three entities.

"The $1 million AGI limit will only impact one-tenth of one percent of subsidy recipients, while the Bush Administration's proposal to change the AGI limit to $200,000 would at least have hit the top 2 percent. Other than trying to fool people into thinking that payment limitations have been tightened, the Agriculture Committee simply rubber stamped the same subsidy systems enacted in the 2002 Farm Bill," Schatz added. "Those policies help the richest farmers get richer, but don't help small farmers stay on their land. They also undermine the economy of rural America, interfere with international commerce, and hurt poor farmers in developing countries, while being costly to U.S taxpayers and raising prices to consumers."

"Speaker Pelosi is rushing this massive bill to the floor in a hurry, before the American public finds out how bad it is. Taxpayers should take note that they will be stuck with a large bill for this Farm Bill," Schatz concluded.

CCAGW is the lobbying arm of Citizens Against Government Waste, a nonpartisan, nonprofit organization dedicated to eliminating waste, fraud, abuse, and mismanagement in government.

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For Immediate Release
July 25, 2007

Contact: Leslie K. Paige 202-467-5334
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CCAGW Denounces Rejection of Farm Fairness Amendment

Washington, D.C. - The Council for Citizens Against Government Waste (CCAGW) released the following statement of CCAGW President Thomas A. Schatz commenting on the "Fairness in Farm and Food Policy Amendment."

On behalf of the more than 1.2 million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I applaud Representatives Ron Kind (D-Wis.), Jeff Flake (R-Ariz.), Earl Blumenauer (D-Ore.), and Paul Ryan (R-Wis.) for the "Fairness in Farm and Food Policy Amendment" that they will offer during consideration of H.R. 2419, the 2007 Farm Bill.

This amendment will be the only opportunity for any reform of the unfair and counterproductive crop subsidy system being perpetuated in H.R. 2419. The "fairness amendment" would gradually reduce the direct payments that were created in the 1996 farm bill. These payments were intended to be phased out, not turned into an entitlement program for wealthy farmers, which was done in the 2002 Farm Bill. The amendment also replaces depression-era price guarantees with a modern revenue-based safety net.

The "fairness amendment" also denies subsidies to farmers with an annual adjusted gross income (AGI) greater than $500,000 and establishes an enforceable annual subsidy limit of $250,000 per person. While the Bush Administration's proposal to change the AGI limit to $200,000 would be the preferred level, the amendment is far better than the supposed AGI and subsidy reforms in H.R. 2419.

In fact, the $1 million AGI limit in H.R. 2419 will impact no more than one-tenth of one percent of subsidy recipients. Even more outrageous, while pretending to accomplish reform by eliminating the three-entity rule, which allows farmers to collect subsidies on up to three properties, H.R. 2419 increases the cap on direct payments and eliminates limits on marketing loan payments and loan deficiency payments, making it totally unnecessary to create multiple entities to evade those limits.

Make no mistake about it: the 2007 Farm Bill as reported by the Agriculture Committee provides absolutely no reform of archaic farm subsidies. It continues the same old policies that help the richest farmers get richer and doesn't help small farmers stay on their land. The "fairness amendment" should be adopted by the House. Otherwise, farm programs will continue to undermine the economy of rural America, interfere with international commerce, and hurt poor farmers in developing countries, while also being costly to U.S. taxpayers and raising prices to consumers.

The Council for Citizens Against Government Waste is the lobbying arm of Citizens Against Government Waste, a nonpartisan, nonprofit organization dedicated to eliminating waste, fraud, abuse, and mismanagement in government.

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For Immediate Release
July 27, 2007

Contact: Leslie K. Paige 202-467-5334
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CCAGW Denounces Rejection of Farm Fairness Amendment

Washington, D.C. - The Council for Citizens Against Government Waste (CCAGW) today released a statement from CCAGW President Thomas A. Schatz reacting to the defeat of the "Fairness in Farm and Food Policy Amendment:"

"The Council for Citizens Against Government Waste is profoundly disappointed with last night's vote in the U.S. House of Representatives, in which both Democrats and Republicans demonstrated their overwhelmingly bipartisan opposition to authentic reform of U.S. farm policy.

By a vote of 309-117, the House defeated the "Fairness in Farm and Food Policy Amendment," which was the only opportunity for comprehensive reform of the unfair and counterproductive crop subsidy system being perpetuated in H.R. 2419, the 2007 Farm Bill.

By an almost 4-1 margin, Republican members of the House made it clear that, when it comes to agriculture, they are not interested in either the free market or giving much-needed relief to taxpayers. The only thing that most rural Republican members appear to care about is preserving their ability to continue to dump excessive amounts of money on their wealthiest farmers. While acting out of self-interested greed is often the norm on Capitol Hill, it was disappointing to see so many non-rural Republicans go along with this phony largesse.

No less disappointing is the fact that Democratic members of the House voted by more than a 2-1 margin against reform. Although the numbers of rural Democratic members of Congress is quite small compared to the number of rural Republicans, they proved to be just as committed to filling the bank accounts of their wealthiest constituents. So much for their claims to be for the 'little guy'. Liberal, urban Democrats also demonstrated that their public support for agriculture reform has been nothing more than empty rhetoric. Despite all their talk about wanting to end subsidies to rich farmers, when push came to shove, the Democratic leadership was able to buy them off rather easily with nickels and dimes for their special causes.

CCAGW hopes that when it comes to reform, the Senate will do a better job. And, if not, we hope that President Bush has the courage to stick by his threat to veto legislation without reform."

The Council for Citizens Against Government Waste is the lobbying arm of Citizens Against Government Waste, a nonpartisan, nonprofit organization dedicated to eliminating waste, fraud, abuse, and mismanagement in government.

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Lost Opportunity for Farm Subsidy Reform
January 3, 2008
by: John Frydenlund

Government WasteWatch, Winter, 2007

When it comes to reforming antiquated farm programs, 2007 may go down in history as the year that could have been. Although the counterproductive farm policies that have plagued this country since the Great Depression cried out for significant change in the 2007 Farm Bill, the U.S. Congress completely failed to deliver any reform. Incredibly, it is even worse than the farm bill passed in 2002.

Advocates of change, including Citizens Against Government Waste (CAGW), thought that taxpayers deserved a break from the excessively high cost of farm subsidies, particularly over the last decade. No time was better for reform than now, when agricultural income is at record highs and farm commodity prices are soaring and taxpayers have been paying an average of $20 billion annually since the mid-1990s for the most expensive farm subsidy payments in history.

These costs are particularly indefensible since the myths used to justify the continuation of farm subsidies - that they are needed to preserve small family farmers - are laughably far from the truth. The arguments that have been used to perpetuate these policies never held much water, but they are less valid now than they ever were.

The truth is that farm subsidies don't help small farmers, but instead help the wealthiest farmers get richer, enabling them to expand their operations and gobble up more farmland, and turning the small towns of rural America into ghost towns. Subsidies hurt poor people in America and poor farmers in developing nations, all at an exceedingly high cost to U.S. taxpayers.

Currently, 60 percent of farms either receive less than $2,000 annually or no subsidies at all. In 2003, the top 10 percent of farm subsidy recipients collected 72 percent of total subsidies and the top 5 percent collected 55 percent of payments.

To make matters worse, the 2007 Farm Bill passed by Congress even increased subsidies for most crops, in addition to creating a costly permanent disaster assistance program. Efforts to reform the farm bill were thwarted in both the House and the Senate.

In the House, the major reform effort was led by Representatives Ron Kind (D-Wis.) and Jeff Flake (R-Ariz.). They offered an amendment that would have replaced depression-era price guarantees with a modern revenue-based safety net. This was the only reform amendment allowed to be offered under the closed rule orchestrated by the Democratic leadership of the House, particularly Speaker Nancy Pelosi (D-Calif.).

In collusion with the chairman of the House Agriculture Committee, Representative Collin Peterson (D-Minn.), Speaker Pelosi rammed a farm bill through the House last summer that killed any prospects for reform. Misleadingly, at the same time she was pulling out all the stops to kill reform, she claimed that the House-passed farm bill represented the greatest reform in history.

Before the farm bill began moving through the committee and onto the floor, the Speaker had indicated that the farm bill should provide payment limitations in order to mollify reform advocates on the House floor. The House-passed farm bill reduced the threshold from $2.5 million to $1 million in annual adjusted gross income (AGI) at which farmers would be barred from receiving subsidy payments and those earning between $500,000 and $1 million would lose eligibility if less than 67 percent of their income came from farming. It also purportedly eliminated the three-entity rule, which allows farmers to collect subsidies on up to three properties.

At the same time, however, the bill increased the cap on direct payments from $40,000 to $60,000 and eliminated the limits on marketing loan payments and loan deficiency payments. Without such limits, there is no need to create three entities. The $1 million AGI limit will impact only one-tenth of 1 percent of subsidy recipients. Instead of being the greatest reform bill in history, it was the greatest sham in history.

Although consideration of the farm bill in the Senate was delayed for many months, when the bill hit the floor in December, reform efforts met with a similar fate. The most comprehensive reform amendment was offered by Senators Frank Lautenberg (D-N.J.) and Richard Lugar (R-Ind.). It would have replaced Depression-era farm subsidy programs with an insurance program that would enable farmers to mitigate weather and market risks. It would have provided a safety net for farmers when they need it instead of simply doling out excessive payments to the wealthiest farmers while saving taxpayers $4 billion over 10 years. The amendment was defeated by vote of 37-58.

Other less-sweeping attempts to reform farm subsidy programs were aimed at imposing some sort of "means-testing" and real limitation of excessive payments. The Bush administration had proposed that payments should be eliminated for those individuals with an AGI of greater than $200,000. That proposal was not even considered by the Senate. An amendment was offered that would have set the AGI threshold at $750,000. Also, an amendment was offered to establish an enforceable payment limit of $250,000. Even if the Senate had accepted these payment limitation and means-testing reforms, a farm family making $749,999 a year could still receive a $250,000 handout from the taxpayers.

These amendments were expected to have significant support in the Senate, but Senator Blanche Lincoln (D-Ark.) threatened to filibuster the bill if any reform amendments were adopted. There are 26 farms in her state that received more than $250,000 in payments in 2005. Because the Democratic leadership of the Senate did not want to be blamed for further delay of the farm bill, they orchestrated a change in the rules requiring 60 votes for those amendments, rather than a simple majority to pass. This rules change required the unanimous consent of the Senate. The Senate Republican leadership went along with this because they didn't want to take the blame for postponing passage of the farm bill either.

Had just one of the supposed reform advocates been willing to display the courage to object to this sham, at least some minimal reform would have been included in the farm bill. But, since no one stood up, while both amendments received the support of a majority of the Senators voting, they were defeated as they fell short of the manufactured 60-vote requirement.

There is only one hope left for taxpayers: the president has the backbone to veto the farm bill. If he did so, there is a chance that there would be enough votes in either the House or the Senate to sustain a veto, which would force Congress back to the drawing board. It is hard to believe that they could do worse the second time around. Unfortunately, there is virtually no reason to believe this lame duck president will have the courage to veto a farm bill, leaving taxpayers to face another six years of excessive costs and obsolete, ineffective programs.

GOVERNMENT
Waste Watch
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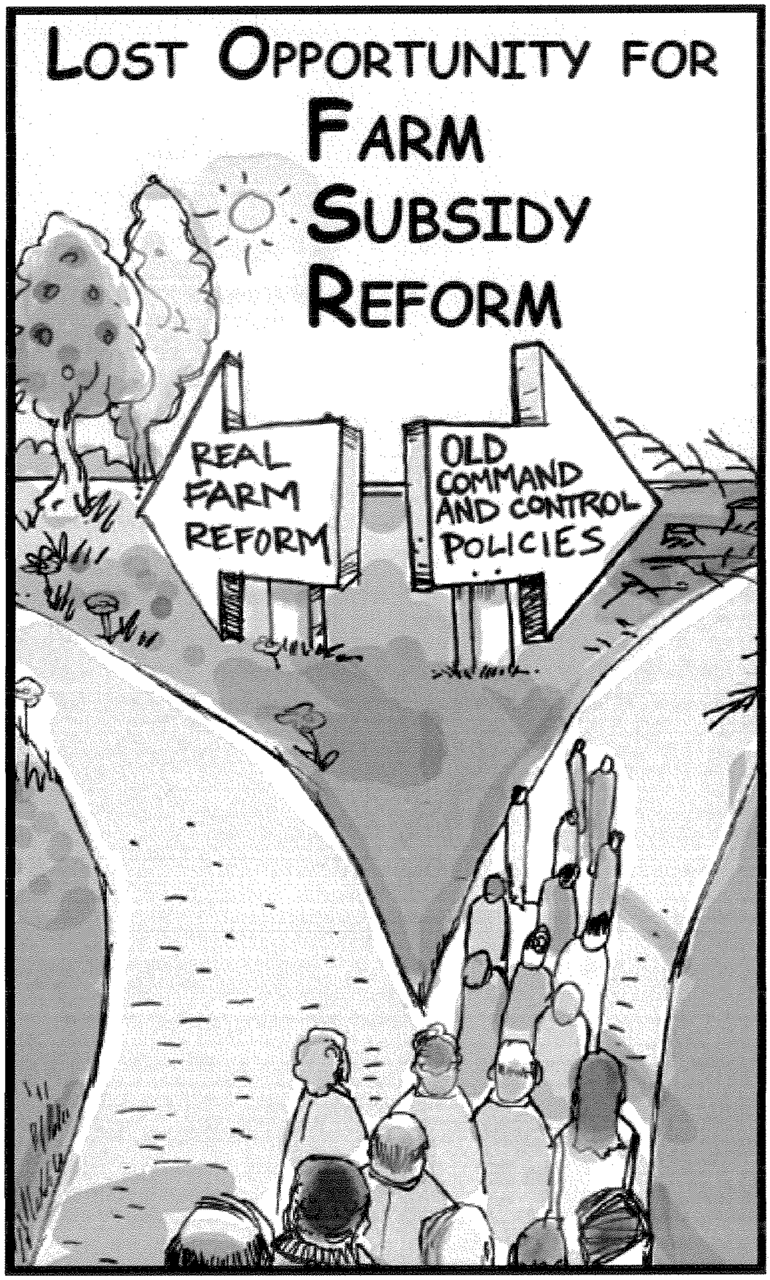

John Frydenlund
Director of Food and Agriculture Policy

When it comes to reforming antiquated farm programs, 2007 may go down in history as the year that could have been. Although the counterproductive farm policies that have plagued this country since the Great Depression cried out for significant change

Farm Subsidy Reform *(continued on page 12)*

Download the PDF version here.

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This New Year, Let's Resolve to Kick an Old Habit
by: Claire McCaskill U. S. Senator (D-Missouri)

Energy Woes
by: Elizabeth Wright

Agriculture Update
April 26, 2008
by: John Frydenlund

Government WasteWatch, Spring/Summer 2008

The Disastrous Consequences of Ethanol Subsidies and Mandates

Ethanol subsidies have been in existence since 1978. Citizens Against Government Waste and many other concerned taxpayer groups have always thought that the subsidies were an unwarranted and wasteful use of taxpayer financing.

A subsidy of $0.51 per gallon for all ethanol blended with gasoline goes to petroleum blenders in the form of a tax rebate. In addition, the Energy Independence and Security Act of 2007 mandates 9 billion gallons of renewable food-based biofuel use in 2008, 15 billion gallons by 2015, and 36 billion gallons in 2022. Last year's renewable fuels mandate was only 5.4 billion gallons. On top of these requirements, there is an additional $0.10 per gallon subsidy to producers who sell less than 60 million gallons per year and a $0.54 per gallon import duty on ethanol.

Ethanol subsidies and mandates are an egregious example of corporate welfare, with the biggest beneficiary being Archer Daniels Midland (ADM), the country's largest producer of ethanol.

Ethanol has never made economic sense. Federal policy has been aimed at increasing ethanol (and other biofuels) production to levels that would not otherwise occur in the marketplace. But, more than a gallon of fuel, such as oil and natural gas, along with 1,700 gallons of water, are used to produce just one gallon of ethanol. The result is that despite record high oil prices, the total cost of ethanol is nearly double that of gasoline. A 100 percent replacement of ethanol for the U.S. gasoline supply would require using the entire U.S. corn crop, in addition to the entire world's grain supply.

Ethanol subsidies and mandates have led to more than 25 percent of the U.S. corn crop being diverted to ethanol production, which is driving up corn prices and making it harder for Americans to feed their families. With government mandates forcing up corn prices, farmers are diverting acreage away from the production of soybeans, wheat and other grains, and putting it into corn production. This has led to a 5 percent increase in food prices, double that of inflation. In the last three years, the price of eggs has increased by 69 percent, bread by 35 percent, milk by 22 percent, chicken by 12 percent and ground beef by 10 percent. Studies show that the ethanol mandates will increase overall food prices by 7 percent in 2008 and 8 percent in 2009.

Obviously, something needs to be done. First, the renewable fuels mandate contained in last year's energy bill should be immediately repealed or at least waived. Second, ethanol subsidies should be rolled back dramatically. Third, the ethanol import duty should be lifted. Fourth, Conservation Reserve Program (CRP) acres should be released for the production of food. Otherwise, ethanol subsidies and mandates will create an even more disastrous consequences throughout the U.S. and around the globe.

For Immediate Release
May 2, 2008

Contact: Leslie K. Paige 202-467-5334
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CCAGW Statement on Farm Bill

Washington, D.C. - The Council for Citizens Against Government Waste (CCAGW) today released the following statement from President Tom Schatz regarding the Farm Bill:

"On behalf of the more than 1.2 million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I urge the House and Senate to reject the conference report on H.R. 2419, the Farm Bill, and encourage the President to stick by his veto threat.

"There is no significant reform in H.R. 2419. For example, rather than accept a modest proposal from the Bush Administration to eliminate subsidy payments to those farmers with an adjusted gross income in excess of $200,000 and provide a payment limit of $250,000 per year, the administration indicated it was willing to accept $500,000 as the income cutoff. However, H.R. 2419 will only begin to eliminate subsidies when income reaches $950,000. At that level, there is a 10 percent reduction in subsidies for every $100,000 in additional income, so farmers can make $1.95 million before the subsidies would be totally eliminated.

"Under current law, $5.2 billion annually in direct payments go to individuals (many of whom are no longer farming) without any regard to prices or income. These payments are a continuation of transition payments originally created in the 1996 farm bill, which were intended to be phased out by 2002. Sixty percent of these payments go to the wealthiest 10 percent of recipients. Conferees claim that they are providing reform by reducing these payments by a total of $400 million ??? less than 1 percent of the $26 billion in direct payments that are scheduled to go out over the next five years. To add insult to injury, H.R. 2419 creates a new $3.8 billion disaster program that will be primarily directed to the same producers that are now receiving the bulk of the direct payments.

"CCAGW urges Senators and Representatives to reject H.R. 2419 and encourages the President to veto the farm bill. He would be completely justified. In fact, to do anything else would indicate that he was never serious about reform at all."

The Council for Citizens Against Government Waste is the lobbying arm of Citizens Against Government Waste, a nonpartisan, nonprofit organization dedicated to eliminating waste, fraud, abuse, and mismanagement in government.

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For Immediate Release
May 14, 2008

Contact: Leslie K. Paige 202-467-5334
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CCAGW Urges Veto of Farm Bill

Washington, D.C. - The Council for Citizens Against Government Waste (CCAGW) today again denounced the conference report of H.R. 2419, the 2008 Farm Bill.

"H.R. 2419 fails to provide any significant reform," said CCAGW President Tom Schatz. "With 2008 net farm income forecast to be $92 billion (51 percent above its 10-year average) this should have been the perfect opportunity to provide real reform of farm policy. Instead, the Farm Bill simply continues the present system that doles out huge payments to wealthy farmers whether they are needed or not."

- It provides little improvement to means testing or payment limits. Married couples with an adjusted gross income of $1.5 million will still receive subsidies. The payment limit level of $360,000 was not reduced.
- It continues to dole out $5.2 billion annually in direct payments to individuals (many of whom are no longer farming) without any regard to prices or income. These direct payments, 60 percent of which go to the wealthiest 10 percent of recipients, were created in 1996 and were supposed to phase out by 2002.
- It creates a new "permanent disaster fund" worth $3.8 billion - a disaster for taxpayers, most farmers, and the environment. This will encourage planting on disaster-prone land, plus most payments will go to the same producers already receiving the bulk of the direct payments.
- It increases the support price for sugar, reserves 85 percent of the U.S. market for domestic producers and creates a new sugar ethanol program. The Congressional Budget Office estimates that this new program will cost taxpayers $1.3 billion over ten years, although the real cost is likely to exceed $4 billion. The consumer costs of the sugar program will exceed $2 billion annually.
- It adds earmarks such as $5 million for grants to broadcasting systems inserted by Sen. Kent Conrad (D-N.D.), $3 million for Delta Health Alliance Grants inserted by Sen. Thad Cochran (R-Miss.), and $1 million for the National Sheep and Goat Industry Improvement Center inserted by Sen. Max Baucus (D-Mont.).

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For Immediate Release
May 22, 2008

Contact: Leslie K. Paige 202-467-5334
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CCAGW Assails Farm Bill Debacle

Washington, D.C. - The Council for Citizens Against Government Waste (CCAGW) today reacted to the farce known as the Farm Bill. After President Bush vetoed the Farm Bill on Wednesday, the House moved to immediately override the veto, but it was discovered that the President did not receive the correct copy of the bill. Because of constitutional issues, the House and Senate will have to pass the full bill again an`d send it back to the President, possibly prolonging the process.

This delay affects the adoption of the fiscal year 2009 budget resolution because while the Farm Bill is within the fiscal year 2008 budget, it would generate a $2.9 billion deficit over 11 years under 2009 numbers, according to the Congressional Budget Office. This would violate the Senate's pay-go, forcing them to cut spending or increase taxes to make up the shortfall. Congress doesn't want to be forced to account for their bloated Farm Bill, so the budget will only be passed afterwards.

"This serves to further highlight the fraud that Congress is perpetrating on American taxpayers by passing the most farcical farm bill in history," said CCAGW President Tom Schatz. "While Democratic leadership and Agriculture committee leaders try to claim that this Farm Bill includes reform, the vast majority of subsidies will continue to go to a small handful of the wealthiest farmers."

The Farm Bill will dole out $5.2 billion annually in direct payments to individuals, many of whom are no longer farming, without regard to prices or income. It also creates a new "permanent disaster fund" costing $3.8 billion, money that will mostly go to the same wealthy farmers.

Another new subsidy created by the farm bill, the Average Crop Revenue Election, could end up authorizing $16 billion more in crop subsidies than previously projected. The new Farm Bill ties subsidy payments to current price levels which have reached record highs instead of a more moderate baseline. The Washington Post reported on May 21 that, "The Agriculture Department estimates that subsidy payments to corn farmers alone could reach $10 billion a year if prices -- which have been $5 to $6 a bushel -- were to drop to $3.25 a bushel, a level seen as recently as last year."

"This has to rank as one of the worst farm bills in history and the irony is that it comes at a time that should have been ripe for reform," concluded Schatz.

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Agriculture Update
October 17, 2008
by: John Frydenlund

Government WasteWatch, Fall/Winter 2008

Sobering lessons for the country from the 2008 Farm Bill

As fuel and food price increases eat into the profits of American businesses and the pocketbooks of U.S. consumers, calls for action from federal policy makers are growing. The recent performance of both Congress and the Bush Administration on the 2008 Farm Bill enacted this summer, however, offers an important but sobering lesson about prospects for reasonable action on the part of our nation's political leaders. It strongly suggests that a titanic shift in business-as-usual politics will have to occur before this Congress or the White House will make a real difference in the lives of Americans on these critical issues.

Only a year ago, there was widespread optimism that all of the pieces were in place for a farm bill that would finally transform the wasteful farm subsidy programs that mostly benefit large, wealthy farms producing a handful of crops. Prices for subsidized crops were skyrocketing. Net farm income was at record levels. Federal ethanol subsidies were already underwriting farmers' incomes. The budget was hemorrhaging red ink. And the broadest reform coalition in the history of the farm bill was advocating intensely for change.

While the stage was set in 2007, the recently enacted 2008 Farm Bill represents regression, not reform. Not only did it increase subsidies for most commodities and add new commodities to the subsidy list, it provides nearly $40 billion in subsidy payments whether recipients need the help or not. Under the new law, married couples receiving subsidy payments can have up to $2.5 million in income after expenses have been deducted. According to the Center for Rural Affairs, few farmers will be affected. In addition, it created a new "disaster aid" slush fund, estimated to cost another $3.8 billion, for farmers already receiving crop subsidies and federally subsidized crop insurance.

How could such a law have been enacted overwhelmingly by a Congress in which both the Republicans and Democrats, since the 2006 elections, have waged public relations wars over who can claim to be the real party of fiscal responsibility?

First, the role of the Bush Administration as a reform agent was grossly overestimated. Although the Administration talked the talk about freer markets and subsidy reform, it failed to walk the walk. Initially, it did help improve the climate for reform by pushing for somewhat tougher subsidy eligibility requirements. However, its proposals were modest at best and would not have led to significant cuts in subsidies. To make matters worse, the Administration defended the trade-distorting U.S. cotton subsidy program when it was ruled illegal by the World Trade Organization, sending a message that it wasn't very serious about subsidy reform. Even though the President ultimately vetoed the bill sent by Congress, the White House turned that into a largely symbolic gesture when it gave House Republicans a pass to "vote their districts" and ensured that its veto would be overridden.

Second, instead of standing behind their promises of greater fiscal responsibility, both Democrats and Republicans on the agriculture committees, with the help of congressional leaders, used marginal increases in funding for other farm bill programs, such as Food Stamps and conservation programs, to buy support for the status quo from urban and suburban members of Congress. To sweeten the pie, this farm bill, unlike any in history, was loaded with earmarks, including one to benefit race horse owners, which was added to gain the support of Senate Minority Leader Mitch McConnell of Kentucky.

In the end, members of Congress were never really free to engage in a long-overdue straight-up congressional referendum on the farm subsidy programs. To get their pet programs funded, they chose the easy road of holding their noses and going along with the status quo on farm subsidies. To be sure, that was a very clever and potent legislative strategy. But whether it was in the best interests of the nation as a whole is another matter altogether.

Third, electoral politics won out over good policy making. The one-time farm subsidy reformer, House Speaker Nancy Pelosi (D-Calif.), in order to consolidate Democratic gains in rural districts in the last election, pressured House Democrats not to support subsidy reforms. On the other side of the aisle, the Republican Leadership, fearing further losses in rural districts in 2008, failed to mobilize House Republicans to vote for subsidy reform amendments on the House floor or to sustain the President's veto.

Despite the outcome, Congress arguably paid a price for bending to the will of the farm subsidy lobby. Since January 2007, more than 400 editorials were published by newspapers all over the country, calling for real farm subsidy reform and lambasting business as usual in Congress. It is a remarkable outcome for a second-tier national news story and will do little to help Congress' already abysmal approval ratings.

In the final analysis, the energy of last year's perfect storm for farm subsidy reform was depleted by a lack of political will, clever but cynical vote trading, and the dominance of election-centered politics in Congress. That is a potent recipe for federal policy that caters to the special interests rather than the national interest. It does not bode well for real long-term solutions to the costly farm subsidies that most concern the majority of Americans.

For Immediate Release
November 5, 2008

Contact: Leslie K. Paige 202-467-5334
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CAGW Congratulates President-Elect Obama

(Washington, D.C.) - As the 44th President-elect of the United States, Barack Obama has achieved an historic victory. Upon his inauguration in January, he will inherit a troubled economy, a global war on terror, boots-on-the-ground wars in both Iraq and Afghanistan, and a bloated bureaucracy rife with inefficient, wasteful, and outdated programs. He will also be working with larger Democratic majorities in Congress. Citizens Against Government Waste (CAGW) encourages President-elect Obama to capitalize on his victory and his new leverage in Congress to begin refashioning the federal bureaucracy into a smaller, more efficient entity for the 21st century.

"President-elect Obama said repeatedly on the campaign trail that he would go through the federal budget, line item by line item, and eliminate wasteful programs. Since he has called for bipartisanship, his first order of business should be to appoint an independent commission to conduct such a review. The commission would recommend ways to clean up the mess in Washington and save taxpayers hundreds of billions of dollars annually," said CAGW President Tom Schatz.

"We also encourage President-elect Obama to reject Congress' rampant pork-barrel sending and to enforce the executive order on earmarks signed by President Bush on January 29, 2008. As a candidate, President-elect Obama proposed to knock wasteful congressional earmarks back to the 1994 level of $7.8 billion. While CAGW would prefer no earmarks, reducing the cost from $17.2 billion in fiscal 2008 to $7.8 billion would be a positive step forward in the battle against this form of wasteful spending. In addition, as a candidate, the President-elect proposed a number of commonsense management reforms, and CAGW would support those proposals that would make the government more efficient and effective."

The budget deficit in fiscal 2008 was a record $454 billion, and could more than double to $1 trillion in fiscal 2009. This will affect the president-elect's plans to increase spending and raise taxes. "When campaign rhetoric meets cold fiscal reality, President-elect Obama will have to consider all possible methods to restrain spending, including an across-the-board spending freeze, which he rejected in the last presidential debate. While he won the election, he did not win a mandate to raise taxes to pay for new spending programs. Taxpayers are looking for change, which includes less wasteful spending, not higher taxes," added Schatz.

Citizens Against Government Waste is a nonpartisan, nonprofit organization dedicated to eliminating waste, fraud, mismanagement and abuse in government.

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USDA Makes $49 Million in Payments to Ineligible Individuals
December 18, 2008
by: John Frydenlund

Wastewatcher, 8-Dec

In October, the Government Accountability Office (GAO) issued a report titled "Federal Farm Programs: USDA Needs to Strengthen Controls to Prevent Payments to Individuals Who Exceed Income Eligibility Limits." The report was requested by Senator Charles E. Grassley (R-Iowa), the ranking member of the Senate Finance Committee.

The GAO report found that payments went to thousands of individuals who may not have met the income eligibility requirements under the 2002 Farm Bill. GAO also concluded that it is likely that "under the 2008 Farm Bill, even more individuals will exceed income eligibility requirements and still receive payments."

GAO found that "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." This should have disqualified them from receiving farm subsidy payments. Altogether, USDA paid at least $49 million to these wealthy individuals.

The 2008 Farm Bill lowered the AGI ineligibility threshold to $750,000 farm income from direct payments and $500,000 non-farm income for crop subsidy and disaster payments, so the number of individuals likely to exceed the income eligibility requirements will increase for crop years 2009 through 2012. According to GAO, if these new thresholds had been in place in 2006, "as many as 23,506 individuals who received farm program payments would likely have been ineligible for crop subsidy and disaster assistance payments." These improper payments would have totaled as much as $90 million.

GAO discovered that of the 2,702 individuals that received improper payments from 2003 through 2006, 427 of these received improper payments in each of the four years. Plus, USDA had even noted in its own database that 87 of these individuals exceeded the income caps and were ineligible to receive payments. Yet, USDA had no explanation for why these individuals continued to receive payments, even though the department had identified them as ineligible.

GAO discovered a number of outrageous examples of improper payments, including a former insurance company executive who received more than $300,000 in farm program payments, an individual with ownership interest in a professional sports franchise who received more than $200,000, and a major financial services firm executive who received more than $60,000.

Although USDA is responsible for ensuring that only eligible individuals receive farm program payments, GAO found that "USDA has relied principally on individuals' one-time self-certification that they do not exceed income eligibility caps, and their commitment that they will notify USDA of any changes that cause them to exceed these caps." This naïve approach is letting the fox guard the henhouse.

While USDA does review a sample of individuals receiving farm payments, this review does not assess compliance with income eligibility requirements, nor has an individual's income been a criterion in selecting this sample. It's as if USDA is doing everything it can to not discover anyone that might be ineligible.

USDA lamely claims that it cannot do more to assure that farm payments are legal because there is no access to IRS tax records without a waiver from the individual tax filer. In fact, USDA has never explored the possibility of requiring farm program payment recipients to provide such waivers, nor has USDA ever requested any other authority from Congress that would allow it to better verify the income eligibility for all recipients of farm program payments.

Agriculture Update: Killing the Goose that Lays the Golden Egg
April 30, 2009
by: John Frydenlund

Government WasteWatch, Spring 2009

Hardly a day goes by without news of another major corporation either going completely out of business or announcing major layoffs, with both scenarios resulting in thousands of lost American jobs when the economy is already reeling.

Yet, one of the first orders of business of President Obama and the overwhelmingly Democratic Congress was to push through an unwarranted expansion of the State Children's Health Insurance Program (SCHIP) mainly to families that already had coverage that they could afford. The expansion of SCHIP was funded primarily through a massive 160 percent increase in the federal excise tax for cigarettes. Obama and the Democrats also pushed through at least a trillion dollars in new spending, most of it through a so-called "stimulus" package that is supposed to turn the economy around and end all these layoffs. The stimulus plan included "Buy American" provisions because that is supposed to help stimulate the economy, right?

The truth is that there is something incongruous about everything they are doing. It doesn't make a whole lot of sense to lament the loss of American jobs and then at the same time take actions that make it less likely that some of the few profitable corporations that still exist will remain so. Imposing exorbitant excise taxes on cigarettes just because cigarette companies aren't politically popular is counterproductive and actually downright stupid. Does it really make sense in this economy for the government to single out a profitable industry and try to drive down their profits, making it more likely that tobacco companies will join the endless list of companies laying off employees? I can only assume that somehow that will make Obama and the democrats happier.

"Buy American" provisions are equally counterproductive. Such mandates will raise production costs, particularly in the steel-using manufacturing industries (which includes the auto industry that taxpayers are also bailing out). Inevitably, this will result in more industries going out of business or laying off thousands of more employees. It does make you wonder whether these people are stupid or whether they just want to drive this country into the ground. Maybe they don't know what they are doing, but President Obama and the Democrats in Congress are attempting to kill the goose that lays the golden egg.

In the case of cigarette excise taxes, the President and congress are not alone. At least 30 states and even a few municipalities are considering increasing excise taxes on cigarettes this year.

While cigarette excise tax increases have proven politically popular across the country, time and again history has shown that raising excise taxes, in addition to disproportionately hurting the lowest-income Americans the most, does not produce projected revenue. In fact, of the 57 excise tax increases that states implemented between 2003 and 2007, only 16 met or exceeded revenue targets. As just one example, when New Jersey increased its cigarette taxes in 2006, instead of gaining a projected $30 million in revenue, the state lost more than $22 million.

If policymakers have half a brain, this shouldn't come as a surprise. Increased cigarette excise taxes promote purchases through untaxed or lower tax venues and create incentives for contraband cigarette trafficking. These venues may include Native American territories and the Internet, where state excise taxes may be avoided or evaded illegally. Purchasers of cigarettes may also travel to adjoining states tih lower state and local excise tax rates to purchase cigarettes. Ultimately, this can lead to short and long-term fiscal problems for state governments, especially when cigarettes are already a declining source of revenue. It will also negatively impact legitimate cigarette retailers and wholesalers, causing further job losses. Makes sense, doesn't it?

The federal government and state and local governments should take into account what the ultimate effect of tax increases will be before they join the stampede to penalize politically unpopular businesses and force more job losses.

For Immediate Release
July 9, 2009

Contact: Leslie K. Paige 202-467-5334
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Pork Alert: House Department of Agriculture

(Washington, D.C.) - Citizens Against Government Waste (CAGW) today released its preliminary analysis of the House version of the Fiscal 2010 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act. There are 322 projects in the bill, costing taxpayers $219.7 million. House Agriculture Appropriations Subcommittee Chairwoman Rosa DeLauro (D-Conn.) added $9.3 million for 10 projects and House Agriculture Appropriations Subcommittee Ranking Member Jack Kingston (R-Ga.) added $5.3 million for six projects.

Here are some outrageous examples of wasteful spending that members of the House added into to the bill:

- $4,545,000 for wood utilization in 10 states by House appropriator David Price (D-N.C.) and Reps. G.K. Butterfield (D-N.C.), Peter DeFazio (D-Ore.), Gregg Harper (R-Miss.), Michael H. Michaud (D-Maine), Brad Miller (D-N.C.), Jim Oberstar (D-Minn.), Kurt Schrader (D-Ore.), David Wu (D-Ore.) and Mike Rogers (R-Mich.). This research has cost taxpayers $99.9 million since 1985. One would think that after 25 years of research the wood industry should be picking up the tab for this research.
- $3,654,000 for the Center for Grape Genetics in Geneva by House Agriculture Appropriations Subcommittee member Maurice Hinchey (D-N.Y.) and Rep. Michael Arcuri (D-N.Y.). According to Empire State News, if this funding is approved, Congress will have appropriated a total of $16.8 million for the center. New York's wine and grape industries generate $6 billion annually in sales.
- $2,908,000 for shrimp aquaculture by Reps. Neil Abercrombie (D-Hawaii), Raul Grijalva (D-Ariz.), Mazie Hirono (D-Hawaii), Solomon Ortiz (D-Texas), and Ed Pastor (D-Ariz.) in Hawaii, Louisiana, Massachusetts, Mississippi, South Carolina, Texas, and Arizona. One can only imagine how many shrimp there are frying in the deserts of Arizona, a landlocked state.
- $1,438,000 for tropical aquaculture feeds in Hilo by Reps. Neil Abercrombie (D-Hawaii) and Mazie Hirono (D-Hawaii). According to Rep. Hirono's website, funds will be used to "continue work to define requirements for these species, evaluate the use of tropical byproducts in aquatic feeds, including those from biodiesel production, and modify feed processing methods to improve nutrient utilization and optimize feed stability and cost."

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For Immediate Release
July 27, 2009

Contact: Leslie K. Paige 202-467-5334
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Pork Alert: Senate Agriculture Appropriations

(Washington, D.C.) - Citizens Against Government Waste (CAGW) today released its preliminary analysis of the Senate version of the fiscal year 2010 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act. In total, there are 296 projects worth $220.7 million. Subcommittee leaders claimed more than their fair share of the $220.7 million in earmarks, with Senate Agriculture Appropriations Subcommittee Chairman Herb Kohl (D-Wis.) taking $12.3 million for 11 projects and Subcommittee Ranking Member Sam Brownback (R-Kan.) receiving $11.5 million for 12 projects. Their combined total accounts for 10.8 percent of the total amount in the bill.

The following are examples of some of the pork that was added to the bill:

- $4,841,000 for wood utilization research in 10 states by 13 senators. This research has cost taxpayers $95.3 million since 1985. One would think that at this point, all the uses of one of the world's most basic construction materials would have been discovered.
- $1,037,000 by Senate Agriculture Appropriations Subcommittee member Susan Collins (R-Maine), Senate appropriator Patty Murray (D-Wash.), and Sens. Maria Cantwell (D-Wash.), Mike Crapo (R-Idaho), Jeff Merkley (D-Ore.), James Risch (R-Idaho), Olympia Snowe (R-Maine), and Ron Wyden (D-Ore.) for potato research at Oregon State University, the University of Idaho, Washington State University, and the University of Maine. According to foodreference.com, the average American consumes more than 16 pounds of french fries each year.
- $1,000,000 by Senate Majority Leader Harry Reid (D-Nev.) for Mormon crickets in Nevada. On February 27, 2009 Sen. John McCain (R-Ariz.) mocked this earmark on his Twitter page, writing, "$1 million for Mormon cricket control - is that the species of cricket or a game played by the brits?"
- $300,000 by Senate Appropriations Committee Ranking Member Thad Cochran (R-Miss.) and Sen. Roger Wicker (R-Miss.) for shrimp aquaculture at the University of Southern Mississippi.
- $120,000 by Senate Agriculture Appropriations Subcommittee Chairman Herb Kohl (D-Wis.) for conservation internships through the Wisconsin Land and Water Conservation Association. The Wisconsin Ag Connection, a website that is dedicated to helping the agriculture industries in Wisconsin, stated that these funds "support an internship program to give college students embarking on natural resource careers real world experience." Unpaid interns everywhere are outraged over this funding.

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Agriculture Update
December 15, 2009
by: John Frydenlund

Government WasteWatch, Winter 2009

Sugar Lobby Pushing to Undo NAFTA

In a document titled "Mexican and U.S. Sugar Industry Recommendations to the U.S. and Mexican Governments to Make NAFTA Work Better," the sugar lobby has advocated a regime of managed trade in sweeteners that would undermine the North American Free Trade Agreement (NAFTA), lead to inadequate supplies in the U.S. sugar market and encourage copycat initiatives that would harm job creation in the U.S. export sector.

If accepted by the U.S. and Mexican governments, these proposals would restrict Mexico's ability to import sugar to this country, leaving U.S. suppliers in worse condition than they are at present. Mexican sugar would be diverted back into its domestic market, reducing the demand for U.S. high fructose corn syrup, for which sugar is a substitute. By almost completely eliminating the re-export trade in refined sugar, this would reduce employment in both the U.S. and Mexico. The proposal would also incite additional demands from commodity groups in Mexico which would view the sugar precedent as justifying calls for new restraints on competitive U.S. exports/ This would represent a virtual undoing of NAFTA.

The proposal would create a biased advisory commission whose private-sector members would represent only the interests of the companies that sell sugar, not those of consumers, sugar-using industries, non-sugar businesses, workers or taxpayers. The sugar lobby already benefits from a highly restrictive import quota which, according to the Government Accountability Office, costs U.S. consumers as much as $1.9 billion annually. There is also a new program, created by the 2008 Farm Bill, that requires the federal government to buy up surplus sugar and sell it at a loss to ethanol plants. According to the Congressional Budget Office, this program will cost taxpayers $992 million over the next 10 years.

This recent sugar lobby proposal is similar to one pushed for during the closing stages of the 2008 Farm Bill. Congress rejected the proposal at that time. The Obama Administration needs to reject it now.

More Attempts to Restrict Trade

Legislation is being pushed by the dairy lobby that would restrict the importation of Milk Protein Concentrates (MPCs), increasing the cost of a myriad of food products, such as baby food. S 1542, sponsored by Sen. Charles Schumer (D-N.Y.) has 14 cosponsors and the companion legislation, H.R. 3674, sponsored by Rep. Peter Welch (D-Vt.) has 18 cosponsors.

The Congressional Research Service, in a September 30, 2009, report entitled "Proposed Import Restrictions on Milk Protein Concentrates (MPCs)," concluded that enactment of this legislation "likely would entail the United States entering into compensation negotiations with World Trade Organization (WTO) member countries that are major suppliers of MPCs to the U.S. market." The report estimates that the aggregate amount of this compensation could be $500 million. The report also suggests that imposing new import restrictions would have a relatively small impact on U.S. farm milk prices, which means that the import restrictions wouldn't benefit those they are supposed to help.

The MPCs legislation should remain where it is – stuck in committee with no action being taken.

PIG BOOK

Choose year: 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998
1997 | 1996 | 1995 | 1994 | 1993 | 1992 | 1991

The *Congressional Pig Book* is CAGW's annual compilation of the pork-barrel projects in the federal budget. The *2009 Pig Book* identified **10,160 projects** at a cost of **$19.6 billion** in the 12 Appropriations Acts for fiscal 2009. A "pork" project is a line-item in an appropriations bill that designates tax dollars for a specific purpose in circumvention of established budgetary procedures. To qualify as pork, a project must meet one of seven criteria that were developed in 1991 by CAGW and the Congressional Porkbusters Coalition.

Complete Pork Database: Search all 10,160 projects by keyword, member, state, party or appropriations bill.

Tell Congress: Sign the Earmark Reform Pledge!

Features: Oinker Awards | State Rankings | Historical Trends | Video | Supplement: All About Pork

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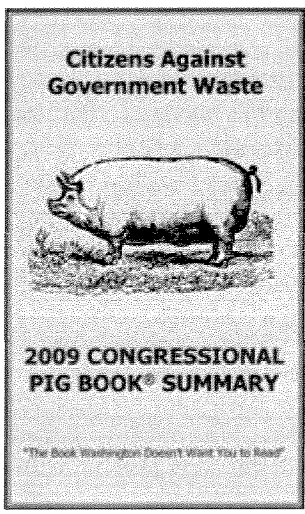

2009 Pig Book Summary

The *2009 Congressional Pig Book Summary* gives a snapshot of each appropriations bill and details the juiciest projects culled from the complete *Pig Book.* (.pdf)

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INTRODUCTION

The outrage of millions of taxpayers following the $700 billion bank bailout and the $787 billion stimulus bill did not stop Congress from passing and President Obama from signing a bloated $410 billion Omnibus Appropriations Act in March. With the subsequent approval of the President's budget, the national debt will triple over the next 10 years. That leaves plenty of opportunities for pork to remain pervasive in the nation's capital.

The fiscal year 2009 appropriations process was unique as three of the appropriations bills (Defense, Homeland Security and Military Construction) were passed and signed on September 30, 2008 under a different Congress and President. But the change in control in the White House did not change the culture of corruption that surrounds pork-barrel spending.

Among the many story lines that played out during the crafting and eventual passing of the Omnibus Act was that former Senator Ted Stevens (R-Alaska) had his name eliminated from the nine appropriations bills in the Omnibus, yet a deceased member, former members, and Cabinet members remained. If the new Congress had time to scrub Sen. Stevens' name from the Omnibus, they surely had plenty of time to scrub the bill of all earmarks.

The latest installment of Citizens Against Government Waste's (CAGW) 19-year exposé of pork-barrel spending includes $3,800,000 for the Old Tiger Stadium Conservancy; $1,900,000 for the Pleasure Beach water taxi service project; and $1,791,000 for swine odor and manure management research.

In fiscal year 2009, Congress stuffed 10,160 projects into the 12 appropriations bills worth $19.6 billion. The projects represent a 12.5 percent decrease from the 11,610 projects in fiscal year 2008. The $19.6 billion is a 14 percent increase over the fiscal year 2008 total of $17.2 billion, belying claims of reduced spending. Total pork identified by CAGW since 1991 adds up to $290 billion.

Alaska once again led the nation with $322 per capita ($221 million). The runners up were Hawaii with $235 per capita ($302 million) and North Dakota with $222 per capita ($142 million).

Although this is the second year of so-called transparency, which requires every earmark to be identified with the requesting member of Congress, the Defense Appropriations Act demonstrated that there is still ample opportunity for spending shenanigans. There were 142 anonymous projects worth $6.4 billion in the defense bill, which was 6.6 percent of the projects and 57 percent of the cost.

In total, out of the 10,160 projects in the 2009 Congressional Pig Book there were 9,939 requested projects worth $11.8 billion and 221 anonymous projects worth $7.8 billion.

The 341 projects, totaling $4.2 billion, in this year's Congressional Pig Book Summary symbolize the most egregious and blatant examples of pork. As in previous years, all of the items in the Congressional Pig Book Summary meet at least one of CAGW's seven criteria, but most satisfy at least two:

- Requested by only one chamber of Congress;
- Not specifically authorized;
- Not competitively awarded;
- Not requested by the President;
- Greatly exceeds the President's budget request or the previous year's funding;
- Not the subject of congressional hearings; or
- Serves only a local or special interest.

I. AGRICULTURE

Unable to completely resist those delicious earmarks, appropriators loaded up on less agriculture pork this year. The number of projects decreased by 23.9 percent, from 614 in fiscal year 2008 to 467 in fiscal year 2009, while the cost decreased by 9.6 percent, from $388 million in fiscal year 2008 to $351.1 million in fiscal year 2009.

$4,545,000 for wood utilization research in 10 states by 19 senators and 10 representatives. This research has cost taxpayers $95.3 million since 1985. One would think that after 24 years of research all the purposes for one of the world's most basic construction materials would have been discovered.

$2,192,000 by Sen. Charles Schumer (D-N.Y.), House Agriculture Appropriations Subcommittee member Maurice Hinchey (D-N.Y.), then-House appropriator JamesWalsh (R-N.Y.), and Rep. Michael Arcuri (D-N.Y.) for the Center for Grape Genetics in Geneva. New York's wine and grape industries generate $6 billion annually in sales. Taxpayers should not have been soaked for this money. $1,791,000 by Senate Agriculture Appropriations Subcommittee member TomHarkin (D-Iowa) for swine odor and manure management research in Ames. According to the Agriculture Research Service's website, the purpose of the research is to "generate and integrate knowledge for evaluation and development of new management practices that minimize nutrient excretion, malodorous emissions, and the release of pathogens into the environment as well as have a positive impact on animal health." In an effort to defend his earmark on the Senate floor, Sen. Harkin summed up its ridiculous nature succinctly: "I'm sure that David Letterman will probably be talking about it and Jay Leno will be talking about it, we've got $1.8 million to study why pigs smell."

$1,762,000 by Senate Agriculture Appropriations Subcommittee member Tim Johnson (D-S.D.), House appropriator Chet Edwards (D-Texas), and Rep. Ruben Hinojosa (D-Texas) for a honey bee lab in Weslaco. $866,000 by Senate Agriculture Appropriations Subcommittee member Ben Nelson (D-Neb.) for stable fly control in Lincoln. $469,000 by Senate Appropriations Committee Chairman Daniel Inouye (D-Hawaii), Sen. Daniel Akaka (D-Hawaii), and Rep. Mazie Hirono (D-Hawaii) for a fruit fly facility in Hawaii. $413,000 by Senate appropriator Richard Shelby (R-Ala.), Sen. Jeff Sessions (R-Ala.), then-Rep. Terry Everett (R-Ala.), and Rep. Mike Rogers (R-Ala.) for tri-state joint peanut research. Since 1997, CAGW has uncovered nine earmarks worth $4,460,975 for peanut research.

$303,000 by then-Sen. Norm Coleman (R-Minn.), Sen. Amy Klobuchar (D-Minn.), and Rep. Collin Peterson (D -Minn.) for wild rice in St. Paul. Five projects worth $815,725 have been earmarked for Minnesota's state grain since 1999.

$254,000 by Senate appropriator Jon Tester (D-Mont.) and Sen. Max Baucus (D-Mont.) for the Montana Sheep Institute. According to the organization's website, "The Montana Sheep Institute (MSI) is a cooperative project betweenMontanaWool GrowersAssociation
and Montana State University. The MSI is dedicated to developing and implementing nontraditional adjustment strategies that will increase the competitiveness of Montana's lamb and wool in the world market. Our goal is to explore opportunities to increase the utilization of sheep in weed management programs and improve the profitability and competitiveness of theMontana Sheep Industry." Since 2002, CAGWhas uncovered seven earmarks worth $3,033,950 for theMontana Sheep Institute. This is money b-a-a-a-a-a-dly spent.

$245,000 by Senate appropriator Patty Murray (D-Wash.), Sen. Maria Cantwell (D-Wash.), House appropriator NormDicks (D-Wash.), and Reps. Brian Baird (D-Wash.), Doc Hastings (R-Wash.), Jay Inslee (D-Wash.), and Adam Smith (D-Wash.) for Aegilops cylindrica, or jointed goat grass, in Idaho and Washington. According to the farming reference website Oneplan.org, jointed goat grass is native to southern Europe and western Asia and is similar to wheat.

$243,000 by Senate Appropriations Committee Chairman Daniel Inouye (D-Hawaii), Sen. Daniel Akaka (D-Hawaii), and Reps. Neil Abercrombie (D-Hawaii) andMazie Hirono (D-Hawaii) for floriculture. According to an July 9, 2008 Pacific Business News article, "Hawaii's floriculture and nursery products industry continued to grow in 2007, bringing in $105.9 million, nearly $5 million more than the record set in 2005." With recent record-setting sales, surely the industry could do without federal earmarks. Since 1995, CAGWhas exposed 22 earmarks worth $12,324,841 for floriculture.

$206,000 for wool research in three states (Montana, Texas, and Wyoming) by Reps. Mike Conaway (R-Texas) and Ciro Rodriguez (D-Texas). Since 1995, CAGW has uncovered 13 earmarks worth $3,417,453 for wool research, always in the same three states. While 47 states have figured out that wool can be best used to make a warm sweater, Montana, Texas, and Wyoming apparently are still trying to work out its practical utilizations. $173,000 by Sens. Susan Collins (R-Maine) and Olympia Snowe (R-Maine), then-Rep. Thomas Allen (D-Maine), and Rep. Michael Michaud (D-Maine) for lowbush blueberry research. According to an August 10, 2008 article on Newsday.com, Maine produces 99 percent of the nation's lowbush blueberries; the research should be funded solely by the state. Since 1995, 14 projects worth $3,174,705 have been earmarked for such research.

$139,000 by Senate Appropriations Committee Ranking Member Thad Cochran (R-Miss.) and Senate appropriator Richard Shelby (R-Ala.) for the Interstate Shellfish Sanitation Conference (ISSC). According to its website, the ISSC was formed in 1982 to "foster and promote shellfish sanitation through the cooperation of state and federal control agencies, the shellfish industry, and the academic community."

II. Commerce, Justice, Science

In fiscal year 2008 the number of projects in the Commerce, Justice, Science (CJS) Appropriations Act decreased by 13 percent while the cost dropped 47 percent. This year, the number and total cost of projects

For Immediate Release
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CAGW Applauds President's Support for Medicare Fraud "Bounty Hunters"

(Washington, D.C.) – The nation's premier taxpayer watchdog group, Citizens Against Government Waste (CAGW), today applauded President Obama for announcing that he will use private sector auditors to root out fraud in the country's two massive government-run healthcare plans, Medicare and Medicaid. The practice of using private sector auditors to identify and recover improper overpayments to healthcare contractors and providers, technically called recovery audit contractors (RACs), has been a staple in the private sector for many years.

The Office of Management and Budget (OMB) reported on November 18, 2009 that federal improper payments across the board totaled \$98 billion in fiscal year (FY) 2009, an increase of 38 percent over the \$72 billion in FY 2008. Medicare and Medicaid accounted for \$54 billion in improper payments. Even though a limited three-state Medicare RAC demonstration project implemented by the Centers for Medicare and Medicaid Services (CMS) between 2005 and 2008 initially encountered stiff resistance from hospital associations, some providers, and some members of Congress, the program was nonetheless rolled out nationwide by January, 2010.

Federal agencies such as the Defense Department have used RACs to recover as many overpayments as possible, with the individual company (in accordance with standard industry practice) retaining a percentage of funds recovered as payment. CAGW has vigorously supported the use of RACs.

"Recovery auditing has been a critical tool in the government's anti-waste arsenal for several years," said CAGW President Tom Schatz. "We are pleased to see the President publicly recognize its importance and advocate its use to claw back tens of billions of taxpayers dollars lost to waste and abuse. The recovered money for Medicare should replenish the program's trust fund, which is already fiscally compromised and scheduled to go bankrupt in 2017."

"Ironically, the President's recognition of the need to root out the massive waste plaguing the government-run healthcare programs comes during his final campaign to enact an even bigger, more intrusive government-controlled healthcare regime. It seems incongruous, at best, to be talking about squeezing hundreds of billions of waste out of current government-run health programs, while pushing for the implementation of an even more monstrous government-run system," added Schatz.

According to a June, 2008 follow up report by CMS on the RAC demonstration project, as of March 27, 2008, RACs had identified and corrected \$992.7 million in improper overpayments. Of that amount, the RACs had "returned \$693.6 million to the Medicare Trust Funds."

Citizens Against Government Waste is a nonpartisan, nonprofit organization dedicated to eliminating waste, fraud, mismanagement and abuse in government.

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For Immediate Release
April 1, 2010

Contact: Leslie K. Paige 202-467-5334
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ObamaCare is Not an April Fool's Joke

(Washington, D.C.) – The nation's premier taxpayer watchdog group, Citizens Against Government Waste (CAGW), today cited a litany of comments and revelations in regard to President Obama's healthcare bill that would normally be funny if they were not all true. Taking House Speaker Nancy Pelosi (D-Calif.) at her word, "We have to pass the bill so you can find out what is in it," the details reveal a bevy of broken campaign promises and nonexistent revenue sources.

For example, the bill includes a 10 percent tax on tanning services. According to a March 31, 2010 article in *The Hill*, "The Joint Committee on Taxation (JCT) estimated that a 10 percent tax on tanning-bed services would raise $2.7 billion over the next decade, but the industry says there simply aren't enough salons or customer traffic to generate that much revenue." The article further stated that the JCT would not divulge the economic models it used to predict the revenue.

President Obama promised that his plan would not be costly and would be fully funded. A March 29, 2010 FOX News op-ed by John Lott stated, "The $940 billion healthcare bill just passed by the House is between 45 and 88 percent more expensive than Obama promised during the campaign."

The President promised many times that individuals would be able to keep the healthcare plan they currently have. But in the past week, several large U.S. companies announced massive write-offs to account for the loss of tax deductions used to keep retirees on the company prescription drug plan, and stated that they will reevaluate whether or not to drop the coverage and put retirees on Medicare Part D.

"Unfortunately, the joke today is on the taxpayers, and they are not laughing as they continue to discover the sordid details of the healthcare bill," said CAGW President Tom Schatz. "They fully appreciate the ruse that has been perpetrated. The President and Congress continue to act like mindless cheerleaders for a monstrous bill that does not control costs or improve healthcare outcomes. Proponents of the bill persist in living in a parallel universe where the solution to every problem is to borrow more and spend more. Their plan generates more wasteful spending and more big government control, and the joke may be on them in November," concluded Schatz.

Citizens Against Government Waste is a nonpartisan, nonprofit organization dedicated to eliminating waste, fraud, abuse, and mismanagement in government.

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For Immediate Release
April 29, 2010

Contact: Leslie K. Paige 202-467-5334
Luke Gelber 202-467-5318

Sugar Subsidies Remain Costly to Taxpayers, Consumers

(Washington, D.C.) - The Council for Citizens Against Government Waste (CCAGW) called on Congress to end the sugar program. Despite efforts to mask their true costs, sugar subsidies continue to add to the nation's current and future budget deficits. The negative impact of the sugar program on consumers is greater than ever.

The Congressional Budget Office projects a cost of $760 million over 10 years for the Feedstock Flexibility Program, which is set up to force the federal government to purchase surplus sugar from large sugar processors and then re-sell it to ethanol plants, at a loss. Taxpayers are on the hook for the difference. The program, created in the 2008 farm bill, is tied directly to the main sugar price support program, and is designed to mask the true costs of the program.

"The Feedstock Flexibility Program is the exact opposite of transparency in government," Schatz said. "It constitutes government by subterfuge and gimmickry. The sugar lobby pushed this program through Congress to hide the true costs of these outlandish price supports."

"By shifting the surplus sugar and the costs to the new sugar-to-ethanol program, the sugar lobby can pretend that sugar price supports operate at 'no net cost.' That is a myth," said Schatz.

In the current market, with retail sugar prices at record highs, the government can alleviate the problem temporarily by allowing in more imports of sugar from the world market. The Department of Agriculture announced a modest import increase last week, but not enough to fully supply the market, in the view of most experts.

"Federal sugar subsidies are not only costly, they are also protectionist. Some members of Congress run for cover behind the 'no net cost' myth. The truth is: big net cost. By keeping foreign sugar out of our markets, the government is knowingly shifting the cost burdens onto consumers and taxpayers. The Secretary of Agriculture has the authority to permit more imports, and while last week's action was a good start, additional import quota expansion is needed now," concluded Schatz.

CCAGW is the lobbying arm of Citizens Against Government Waste, the nation's largest nonpartisan, nonprofit organization dedicated to eliminating waste, fraud, abuse, and mismanagement in government.

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For Immediate Release
July 8, 2010

Contact: Leslie K. Paige 202-467-5334
Luke Gelber 202-467-5318

Pork Alert: House Department of Agriculture

Washington, D.C. – Citizens Against Government Waste (CAGW) today released its preliminary analysis of the House version of the fiscal year 2011 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act. There are 192 projects in the bill, costing taxpayers $143,890,000, which is a 40.4 percent decrease from the 322 projects in fiscal year 2010 and a 34.5 percent decrease from the fiscal year 2010 cost of $219,700,000. House Agriculture Appropriations Subcommittee Chairwoman Rosa DeLauro (D-Conn.) added $9,155,000 for nine projects, a number surpassed only by House Agriculture Appropriations Subcommittee member Marcy Kaptur (D-Ohio), who added nine projects at a cost of $9,439,000.

Here are some outrageous examples of wasteful spending that members of the House added to the bill:

- $4,545,000 for wood utilization research in 11 states by 10 representatives, including Rep. Don Young (R-Alaska), in violation of the Republican earmark ban. According to the website of the American Forest and Paper Association, "The US forest products industry accounts for approximately 6 percent of the total U.S. manufacturing GDP, placing it on par with the automotive and plastics industry. The industry generates more than $200 billion a year in sales and employs more than one million people earning $54 billion in annual payroll." Taxpayers should not be sapped into subsidizing another multi-billion dollar industry. This research has cost taxpayers more than $100 million since 1985.

- $2,494,000 for climate forecasting in Florida by House Agriculture Appropriations Subcommittee member Allen Boyd (D-Fla.) and Rep. Brad Miller (D-N.C.). Spear-headed by Florida State University (2008 endowment: $570 million), the Southern Climate Consortium program "aims to use long-term climate forecasting to develop useful information for Southeastern farmers." Perhaps this program can also help members of Congress forecast the furious political climate created by subsidizing research at large state universities that hardly need the money.

- $1,026,000 for potato pest and disease research by House Appropriations Committee Chairman David R. Obey (D-Wisc.), House Majority Leader Steny Hoyer (D-Md.), and Reps. Michael Michaud (D-Maine) and Chellie Pingree (D-Maine) in Maine, Maryland, and Wisconsin. In 2009, the United States Department of Agriculture valued American potato production at $3.45 billion. The industry should stop pestering taxpayers and pay for its own research.

- $793,000 for the Center for Innovative Food Technology in Toledo, Ohio by House Agriculture Appropriations Subcommittee member Marcy Kaptur (D-Ohio). One of the center's publications is "The Sweet Life in Northwest Ohio," a guide to chocolate, candy, and coffee retailers in the region. Federal handouts make anyone's life a lot sweeter.

- $349,000 for swine and other animal waste management research at North Carolina State University by House appropriator David Price (D-N.C.) and Reps. G.K. Butterfield (D-N.C.), Bob Etheridge (D-N.C.), and Brad Miller (D-N.C.). Congressman Price's website notes that "better research in livestock waste management would improve public health, benefit the environment, and assist farmers." Managing the massive waste on Capitol Hill would have an even greater effect on public well-being.

Citizens Against Government Waste is a nonpartisan, nonprofit organization dedicated to eliminating waste, fraud, mismanagement and abuse in government.

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For Immediate Release
November 23, 2010

Contact: Leslie K. Paige 202-467-5334
Luke Gelber 202-467-5318

CAGW ISSUES SPENDING CUT ALERT ON SUGAR SUBSIDIES

Watchdog Group Releases New Report about Sugar Program

(Washington, D.C.) – Today, Citizens Against Government Waste (CAGW) issued its weekly spending cut alert, aimed at the federal sugar program. The program is ostensibly aimed at ensuring that there is an adequate supply of sugar for the U.S. market. Unfortunately, it has harmful effects, giving generous handouts to wealthy farmers and driving jobs overseas. CAGW also released a new report, *The Bitter Taste of Sugar*, which details the numerous flaws in the program.

The sugar program has done the opposite of what it was intended to do, while costing taxpayers hundreds of millions of dollars. Instead of helping out small U.S. sugar farmers, this program has instead "concentrated a vast amount of wealth in the hands of a few large individuals and conglomerates," according to CAGW's report. The wealthiest one percent of sugar farmers receives 60 percent of the subsidies. The sugar program inflates the price of sugar to at least twice the world price of the commodity, which has the effect of decreasing domestic sugar refining jobs as well as secondary jobs in industries that use sugar, such as candy, cereal, and baked goods manufacturers.

"The sugar program is the epitome of government waste. Taxpayers spend hundreds of millions of dollars each year on a program that kills jobs, guarantees an inadequate supply, and puts subsidies in the hands of wealthy corporations," said CAGW President Tom Schatz. "In these tough financial times, President Obama and Congress could begin to exercise fiscal restraint by eliminating corporate welfare programs like this one."

The sugar program has been among CAGW's targets for spending cuts for decades and is included in CAGW's *Prime Cuts database*, a compendium of 763 waste-cutting recommendations that would save taxpayers $350 billion in the first year and $2.2 trillion over five years. The elimination of this program would save taxpayers $160 million in one year and $800 million over a five-year period.

"While CAGW's *Prime Cuts* is not the only answer, it will help reduce the $1.3 trillion deficit, the $13.7 trillion national debt, and keep more money in the hands of individuals and small businesses that can more directly address the stubborn 9.6 percent jobless rate," said CAGW President Tom Schatz. "Taxpayers now recognize that the big spenders in Washington will say anything to sound fiscally rational, but their actions tell a different story. They should read and adopt every recommendation in the *2010 Prime Cuts*," Schatz concluded.

Citizens Against Government Waste is a nonpartisan, nonprofit organization dedicated to eliminating waste, fraud, mismanagement and abuse in government.

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For Immediate Release
July 12, 2011

Contact: Leslie K. Paige 202-467-5334
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Agriculture Bill Still Fertilized with Earmarks

Washington, D.C. – Citizens Against Government Waste (CAGW) today released its preliminary analysis of the House version of the fiscal year (FY) 2012 Agriculture Appropriations Act. There are seven earmarks in the bill worth $56,750,000. This represents a 96 percent decrease from the 192 projects in FY 2011 and a 61 percent decrease in cost from the FY 2011 amount of $143,890,000. The bill allocates $125.5 billion for the Department of Agriculture, Food and Drug Administration, and other agencies, which is $7 billion below the President's budget request. This total reflects a $2.7 billion reduction in discretionary spending and a $3 billion increase in mandatory funding from FY 2011.

Agriculture Appropriations Subcommittee Chairman Jack Kingston (R-Ga.) stated: "Our members have worked to root out waste and duplication and, where they have strayed from their core mission, we rein in agencies so they may better focus on the responsibilities for which they are intended." The committee refrained from funding many infamous earmarks from years past, including wood utilization research, which had received $100 million since 1985; and shrimp aquaculture research, which had received $74.5 million since 1985.

"The overall bill moves in the right direction, but there are still some scraps of bacon that need to be eliminated. We cannot afford to allow any taxpayer funds to be squandered," stated CAGW President Tom Schatz.

The following are some examples of pork added to the Agriculture bill:

- $40,000,000 for Boll Weevil eradication;
- $4,000,000 for the National Institute of Food and Agriculture Research and Education Activities for animal health and disease research; and
- $2,250,000 for the Delta Regional Authority.

Citizens Against Government Waste is a nonpartisan, nonprofit organization dedicated to eliminating waste, fraud, mismanagement and abuse in government.

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For Immediate Release
August 23, 2011

Contact: Leslie K. Paige 202-467-5334
Luke Gelber 202-467-5318

CAGW Names Sec. Vilsack Porker of the Month

(Washington, D.C.) - Today, Citizens Against Government Waste (CAGW) named Agriculture Secretary Tom Vilsack its August 2011 Porker of the Month for asserting that the Department of Agriculture's Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, qualifies as economic stimulus that drives economic growth. In an interview on MSNBC's "Morning Joe" on August 16, 2011, Sec. Vilsack called SNAP "an economic stimulus," explaining that "every dollar of SNAP benefits generates $1.84 in the economy in terms of economic activity." Sec. Vilsack did not specify where he got such a precise estimate for the multiplier effects of SNAP, but it is likely that he was referring to Kenneth Hanson's "The Food Assistance National Input-Output Multiplier (FANIOM) Model and Stimulus Effects of SNAP," a study published in 2010 by the Department of Agriculture.

Sec. Vilsack's claims ignited outrage from many members of the political news media and blogosphere, several of whom compared the remarks to Senate Minority Leader Nancy Pelosi's (D-Calif.) July 2010 claim that unemployment insurance "creates jobs faster than almost any other initiative," and to White House Press Secretary Jay Carney's August 10, 2011 statement that extending unemployment benefits will create "up to a million" jobs.

"We are entering a brave new world for economics," said CAGW President Tom Schatz. "If one takes the ludicrous analyses of prominent Democrats seriously, it is a shame that millions more Americans do not qualify for SNAP benefits. Indeed, the best course of action going forward would be to extend SNAP to all Americans, even affluent ones with huge salaries. That seems to be the administration's pro-growth strategy.

"These statements reek of desperation," added Schatz. "The Obama administration is presiding over an abysmal economy, staggering under persistent 9 percent plus unemployment. They have done nothing to help and plenty to make it worse. If food stamps qualify as stimulus, then literally any government expenditure can be justified as such. Sec. Vilsack's comments are indicative of the mentality that nobody spends money more wisely than government, and that if only pesky taxpayers would get out of the way and let the government spend as it sees fit, America's economy would be back on track. At CAGW, we maintain that private citizens spend their own money most effectively, and that the best stimulus program is a leaner government," Schatz concluded.

For attempting to convince taxpayers that the road to prosperity is paved with food stamps, CAGW names Secretary of Agriculture Tom Vilsack its August Porker of the Month.

Citizens Against Government Waste is a nonpartisan, nonprofit organization dedicated to eliminating waste, fraud, abuse, and mismanagement in government. Porker of the Month is a dubious honor given to lawmakers, government officials, and political candidates who have shown a blatant disregard for the interests of taxpayers

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For Immediate Release
September 15, 2011

Contact: Leslie K. Paige 202-467-5334
Luke Gelber 202-467-5318

Senate Releases Agriculture Appropriations Bill

Washington, D.C. – Citizens Against Government Waste (CAGW) today released its preliminary analysis of the Senate version of the fiscal year (FY) 2012 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill. There are 11 earmarks in the bill worth $115.4 million, or 103.2 percent more than the $56.8 million contained in the House version. The bill allocates $137 billion or $4.7 billion above the President's budget request, and $6.4 billion more than FY 2011 spending levels. The Senate bill appropriates $11.6 billion more than the $125.4 billion in the House bill.

Although the bill contains fewer earmarks than CAGW is accustomed to seeing in Agriculture appropriations bills, the dollar amount remains substantial. "While appropriators deserve credit for finally eliminating earmarks for wasteful projects such as wood utilization research and shrimp aquaculture, any earmark is one too many given the current moratorium and the nation's fiscal crisis," stated CAGW President Tom Schatz.

The following are some examples of pork added to the Agriculture bill:

- $40,000,000 for Boll Weevil eradication. The Boll Weevil is a beetle six millimeters in length that feeds on cotton buds and flowers. Two earmarks in FY 2005 and FY 2006 worth a total of $950,000 were directed to the eradication of another insect, the Diaprepes Root Weevil. Despite the weevils, the U.S. cotton industry is thriving. The cotton industry ranks fifth among U.S. agricultural commodities, and the nation provides 20 percent of worldwide cotton production, third behind China and India. Industry revenue in 2010 was $10.8 billion. Surely cotton farmers can afford to pay for these earmarks themselves.
- $10,000,000 for high energy cost grants.
- $8,871,000 for cotton pests. This is the second earmark contained in the Senate Agriculture bill aimed at eliminating insects that affect cotton.
- $2,900,000 for Delta Regional Authority grants. The Delta Regional Authority has received $11.8 million in earmarks since FY 2003.

Citizens Against Government Waste is a nonpartisan, nonprofit organization dedicated to eliminating waste, fraud, mismanagement and abuse in government.

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Agriculture Coalition Letter to the Joint Select Committee
October 25, 2011

Letters to Officials

U.S. Congress
Joint Select Committee on Deficit Reduction
Washington, D.C. 20515

Dear Member of the Joint Select Committee,

As required by the Budget Control Act of 2011, you have been charged with issuing a formal recommendation on how to reduce the deficit by at least $1.5 trillion over the next 10 years. While you and your colleagues continue to deliberate on deficit-cutting measures, we urge you to keep farm programs on the table and work to eliminate wasteful and unnecessary agricultural subsidies. We also ask that you offer clear guidance to the House and Senate Agriculture Committees and Appropriations Subcommittees on Agriculture in your final recommendations. The Joint Select Committee has a unique opportunity to set this nation on a course that can reverse years of damaging farm policy.

Farm program proponents have long attempted to justify subsidies and other farm programs by insisting that the agricultural community deserves special advantages. What they fail to mention is that most farmers earn significantly more than the average American family. Foreclosure and bankruptcy rates are also very low compared to nonagricultural sectors. It is unreasonable to dole out more than 5 billion taxpayer dollars through direct payments and other programs each year when the farming industry is thriving and incomes are at a record high.

Reduced federal spending on agriculture programs should not come from illusory cuts that simply transition farmers into other costly programs. Further, the Joint Select Committee is not an appropriate venue to enact agriculture program reforms that fail to move in a free-market direction and continue government's intrusive role in the marketplace, whether the programs purport to save money on paper or not. Our concerns include, but are not limited to, modifications to the ACRE program that will balloon its long-term cost and the inclusion of the Dairy Security Act that is a continuation of failed dairy programs.

The powerful agricultural lobby has held the U.S. Congress hostage for too long. With an enormous $14.8 trillion national debt that continues to grow each day, there has never been a more critical time to make real, deep and immediate budget cuts. Farm programs must be included on the chopping block.

We would be pleased to meet with you to discuss the extensive academic research behind our recommendations. Please do not hesitate to contact Vince Smith, Visiting Scholar at the American Enterprise Institute, at (406) 994-5615 or vsmith@montana.edu with any questions.

Sincerely,

Tom Schatz
President, Council for Citizens Against Government Waste

Duane Parde
President, National Taxpayers Union

Grover Norquist
President, Americans for Tax Reform

Tim Phillips
President, Americans for Prosperity

Frances B. Smith
Member of the Board of Directors, Competitive Enterprise Institute

Click here to download a PDF version of this letter.

Dismantle the USDA's Milk Marketing Order System
October 28, 2011
by: Leslie Paige

Wastewatcher

Reports on the progress of Congress's Joint Select Committee on Deficit Reduction in its quest to identify $1.2 trillion in savings by November 23, 2011 are decidedly mixed. An open hearing on October 26 yielded some hand-wringing, but little in the way of new information about the final outcome. An October 27, 2011 article in *The Hill* hints that the committee may be deadlocked.

One area of rampant waste that should be unanimously condemned by both sides of the aisle in the Super Committee is the U.S. Department of Agriculture's (USDA) Federal Milk Marketing Order System (FMMO), the convoluted, Rube Goldberg process by which the USDA determines pricing for the country's supply of fluid milk. The FMMO is just one feature of the country's anti-competitive, antiquated, and command-and-control dairy pricing system.

A new International Dairy Foods Association (IDFA) study sheds light on the cost of the FMMOs and makes a strong case that the elimination of the FMMO would result in $5 billion in 10-year savings to other federal nutrition assistance programs, such as the Supplemental Nutrition Assistance Program (SNAP) program and Special Supplemental Nutrition Program for Women Infants and Children (WIC). According to the study, "In fiscal year 2009, the federal government purchased more than $360 million in dairy products for distribution through the nutrition assistance programs." In addition to SNAP and WIC, the government manages the National School Lunch Program, National School Breakfast Program, Special Milk Program, and Temporary Emergency Food Assistance Program, to name a few. Cost savings would occur in all of them if the FMMO system could be eliminated.

The IDFA study's author, agricultural economist Allen Rosenfeld, determined that if the FMMO's had not been in existence in fiscal year (FY) 2009, savings would have been more than $400 million. Taxpayers would have spent less on overhead administering the nutrition programs and the purchasing power of the programs would also have been "significantly enhanced." Rosenfeld estimates that for FYs 2012 to 2021, the total cost savings for the federal nutrition programs alone if FMMOs were eliminated would reach almost $5 billion. Taxpayers would benefit because federal programs could stretch their dollars and realize additional efficiencies.

Enrolment in the SNAP program, for example, has gone from 26 million in 2007 to 44 million; costs have more than doubled, from $33 billion to $77 billion. SNAP has a storied history of fraud, so it comes as no surprise that with that explosive growth came record levels of waste, fraud and abuse. There is no doubt that the program is overdue for a crackdown on its rampant abuses, as well as the enactment of significant long-term reforms, but the elimination of the FMMOs makes practical sense on multiple levels today as the Joint Select Committee searches for multiple ways to cut trillions.

The FMMO is an anachronistic program which was designed in the 1930s to ensure a healthy supply of fresh milk to everyone in the country. In 1988, the Government Accountability Office (GAO) said "GAO believes that the premises for milk pricing under federal orders are outdated. A need no longer exists to encourage and maintain a locally produced supply of milk. Milk is produced in all regions of the country and technologies are available to transfer it, either as fluid or in a form to be later reconstituted as fluid, should local shortages develop."

When it comes to America's tortured agriculture policies, the nutrition lobby and the farm lobby are increasingly at odds. Nutrition advocates have begun to recognize that the array of programs in place to prop up the incomes of various commodity farmers in the sugar, dairy, and corn industry, among others, have negative ripple effects on the price of food domestically and abroad, and that the programs themselves distort consumption. Taxpayers are victimized as well, through the cost of administering these behemoths, consumers pay higher prices for any food that uses these commodities, and jobs both here and abroad are lost as a result of these anti-competitive policies.

In the current fiscal climate, FMMOs should be an easy target for budget cutters in Congress. Unfortunately, several members of Congress are pushing the Joint Select Committee in the wrong direction on dairy policy. Rep. Collin Petersen (D-Minn.) is actively involved in behind-the-scenes machinations to persuade the committee to institute a series of dairy reforms that would keep milk prices high, cost taxpayers and consumers more money, not less, and will not eliminate the FMMOs or reform them in any way.

The Joint Select Committee should reject this pressure and focus exclusively on cutting wasteful and outdated programs. The federal milk marketing order system is a great place to start.

Food Stamp Expansion and Fraud

by: Jonathan Buono

Wastewatcher

The Supplemental Nutrition Assistance Program (SNAP), commonly referred to as food stamps, has grown dramatically under President Obama's administration. At the start of his term, in January 2009, there were approximately 32 million Americans receiving federal assistance from SNAP, costing more than $3.6 billion per month. According to the most recent data from the U.S. Department of Agriculture (USDA), there are now more than 46 million individuals receiving SNAP benefits, or roughly one in every seven Americans. The cost to taxpayers now sits at $6.2 billion per month. These figures exclude the cost of the program's management, enforcement, and oversight. The fiscal year 2011 SNAP program cost a record total of $75.3 billion. Based on the current trend, that number will continue to rise in 2012, and could reach $80 billion.

The significant increase in SNAP's cost is attributable to several factors. Food stamp benefit increases were included in the 2009 American Recovery and Reinvestment Act. As a result, available monthly benefits for individuals increased by 19 percent since January 2009, far above the rate of inflation. Compounding the increase in average benefits awarded is a rapid influx of new participants. The economic downturn certainly played a role in the increased demand for assistance.

However, in an effort to encourage increased access to SNAP benefits, the USDA under the current administration, has also discouraged the use of asset tests as a benchmark to determine recipient eligibility. An asset test tallies a potential recipient's countable resources, such as bank accounts, in determining his or her need for assistance. With the relaxation or elimination of asset tests for many states, there is more room for manipulation and exploitation of the program. This has caused some to point out that even millionaires are eligible for food stamps if their monthly income is low. In fact, a Michigan man who won two million dollars through a lottery game show admitted to still using food stamps, because his lump sum payment was determined to be an asset rather than income.

Along with the expansion of SNAP benefits and access comes fraudulent behavior at the expense of the taxpayer. Food stamp fraud, defined as "trafficking" by the USDA, represents more than $750 million in waste. There are many different kinds of food stamp trafficking and abuse. Most commonly, traffickers will sell their food stamps, now given in the form of plastic debit cards, at less than face value for cash. These sales are even attempted online through Craigslist and social media outlets. The Wall Street Journal has also reported larger, more organized cases of fraud.

Recognizing the problem of SNAP abuse, the USDA in December 2011 announced new policies to attempt to curb waste, fraud, and abuse. Changes included stiffer penalties for retailers, tighter policy guidance for states seeking to effectively investigate fraud, and clarifying the definition of trafficking. While the USDA's attention to fraud prevention is admirable, so long as benefits remain high and eligibility less stringent, there remains increased incentives to take advantage of food stamp access. The Obama administration maintains that SNAP is under-enrolled, enacting strategies to further grow the number of beneficiaries.

It's Déjà Vu All Over Again: GAO Exposes Government Waste and Duplication at its Worst

by: Erica Gordon

Wastewatcher

On March 1, 2011, the Government Accountability Office (GAO) published "Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue," identifying 34 agencies, offices, and initiatives that provide similar or identical services to the same populations, along with 47 programs that are either wasteful or inefficient. The list includes 18 nutrition and food assistance programs, 47 job retraining programs, and 80 economic development programs, along with $77 billion of waste at the Department of Defense and $125 billion in improper payments by government agencies, among many others.

On February 28, 2012, the GAO issued its second report highlighting significant cases of duplication, overlap and lack of coordination between agencies and programs. This 426-page study highlights 51 areas where programs may be able to achieve greater efficiencies or become more effective in providing government services. The GAO's recommendations include consolidating the 53 separate programs run by four federal agencies to provide economic development assistance to entrepreneurs; 14 programs across three departments for the administration of grants and loans to reduce diesel emissions; and 50 programs across 20 federal agencies promoting financial literacy. Senate Budget Committee Ranking Member Jeff Sessions (R-Ala.) released an analysis of the GAO reports, showing that $400 billion is spent each year on 1,500 duplicative, fragmented, and inefficient programs.

The new report also recommends numerous cost-saving measures that could save taxpayers billions of dollars, including cutting improper payments by Medicare and Medicaid, which totaled an estimated $65 billion in fiscal year 2011; enhancing coordination of federal agencies' efforts to manage radio frequency spectrum and examining incentive mechanisms to foster more efficient spectrum use; replacing the $1 note with a $1 coin; consolidating federal offices; selling excess uranium at the Department of Energy; and enhancing the Internal Revenue Service's enforcement and service capabilities to help reduce the gap between taxes owed and paid by collecting billions in tax revenue and facilitating voluntary compliance.

In its February 2012 report, GAO acknowledges that Congress has "taken actions to address" some of its 2011 recommendations. GAO's assessment of progress made showed that four of the 81 areas, or 5 percent, were addressed; 60, or 74 percent, were partially addressed; and 17, or 21 percent, were not addressed. The Office of Management and Budget (OMB) has instructed agencies to consider areas of duplication or overlap identified by GAO and others in their fiscal year 2013 budget submissions and management plans.

Citizens Against Government Waste (CAGW) has been fighting to eliminate duplication and waste by publishing its Congressional Pig Book and Prime Cuts database since the 1990s. While it is gratifying to have a nonpartisan government oversight entity endorse so many of the cuts and consolidations that CAGW has long supported, Congress can no longer claim ignorance of these duplicative, bloated programs.

Not only should lawmakers work to cut these wasteful expenditures and consolidate overlapping agencies, they must also focus their efforts on putting mechanisms in place to cease enacting, funding, and implementing unnecessary new projects.

Despite a slew of reports from GAO, CAGW and many others, Congress seems oblivious to its own central role in bloating the federal leviathan. On June 29, 2011, to the taxpayers' dismay, the Senate threw logic to the wind and voted down Senator Tom Coburn's (R-Okla.) amendment, which would have prevented the creation of duplicative and overlapping federal programs. Senators voted 63-34 in favor of the amendment, but Senator Coburn still failed to gain the necessary 67 votes to secure passage. On February 2, 2012, Senator Coburn gave his amendment another go, but it failed again in a 60-39 vote.

Senator Coburn's amendment would have required an independent review by the Congressional Research Service of every bill to determine if it creates new programs that duplicate existing programs before the legislation can be considered by the Senate. It would have also required an explanation as to why the creation of each new program, office or initiative is necessary if a similar program, office or initiative already exists.

This commonsense solution would help protect taxpayers from unnecessary and wasteful expansions of government and provide a new level of transparency for lawmakers and taxpayers. It is baffling to think that any lawmaker could oppose such a sensible and rational solution to a major problem. And yet, 39 of them did. Given the institution's chronic ineptitude and well-documented dysfunction, it is not surprising that Congress is notoriously seen as a "logic-free zone," and that its most recent approval ratings are at an abysmal 11 percent.

With taxpayers now facing a record-breaking $15.4 trillion national debt, it is time for Congress to do some spring cleaning: review and approve each of the GAO's recommendations, pass Senator Coburn's amendment to thwart the creation of future duplicative government programs, cut the wasteful expenditures that CAGW has highlighted for years, and start spending taxpayer dollars more frugally and efficiently.

Next Steps for Healthcare Reform

by: Thomas A. Schatz

Wastewatcher

While no one can be sure of the outcome of the Supreme Court case on Obamacare, if the Court finds the law is unconstitutional, Congress will be forced to consider a new approach to providing more affordable access to healthcare for millions of Americans.

Many supporters of the Patient Protection and Affordable Care Act (ACA) continue to claim that no plans have been proposed by Republicans or conservatives are sufficient to address that problem, or that the plans only cover a small number of uninsured Americans. That canard has been touted by those who believe that the government should be in charge of deciding which procedures and treatments can be provided to individuals; in fact, the level and type of benefits seem to be more important than the financing for that group. In fact, for several decades there have been dozens of reasonable and affordable proposals that have been offered by numerous members of Congress and private sector healthcare experts, all of which give individuals and healthcare providers much greater control over decisions that affect an individual's well-being.

There are two distinct choices that could be considered by Congress should the Supreme Court find the ACA unconstitutional and overturn the entire law. One is adopt a single payer system, which would be constitutional, but that concept was not approved by Congress during the debate over the ACA and has no chance of getting through the House. The other is to completely eliminate the employer-based healthcare system and adopt the consumer-driven healthcare model first proposed by Regina Herzlinger. It is also unlikely that such a change will be made right away; but other steps could be taken that would provide greater control over healthcare choices by individuals rather than the government, such as vouchers to purchase private insurance, or providing access to a plan similar to the one that is provided for members of Congress.

In the Spring 2012 edition of National Affairs, James Capretta, a visiting fellow at the American Enterprise Institute and a fellow at the Ethics and Public Policy Center, and Bob Moffett, a senior fellow at the Center for Policy Innovation at the Heritage Foundation, wrote an article about "How to Replace Obamacare." Both authors have worked for many years on this subject matter.

The article cites several underlying problems with the healthcare system – rapidly rising costs, the Medicare fee-for-service payment system, and employer-provided healthcare insurance. Obamacare, the authors argue, does not fix these problems; in fact, they become more problematic.

Capretta and Moffett suggest several reforms. First, establish a "defined contribution" model, which would force consumers to become cost-conscious. Since employers, Medicare or Medicaid are the sources of insurance coverage, consumers do not have to face any tradeoffs that force them to prioritize how their healthcare dollars are used. They suggest that "Coverage would be provided through competing insurance plans; government's involvement would come through the provision of a fixed financial contribution toward the purchase of insurance by each beneficiary. That subsidy would not vary based on a person's insurance plan, giving Americans every incentive to shop for good value in their health coverage and to get the most for their defined-contribution dollars."

Second, individuals should have greater personal responsibility and health insurance should provide continuous-coverage protection. Rather than taking the approach of Obamacare, which provides mandates to require coverage of pre-existing conditions and the individual mandate to help fund that coverage, Capretta and Moffett suggest that individuals who are "continuously enrolled in health insurance, with at least catastrophic coverage, ... will never again face the prospect of high premiums associated with developing a costly health condition." The details of such changes are discussed in "How to Cover Pre-existing Conditions," by James Capretta and Tom Miller, published in the Summer 2010 issue of *National Affairs*.

Finally, unlike Obamacare, which tramples on states' rights, genuine healthcare reform must create a true partnership with the states. Participation in any federal plan should be voluntary, and those states that agree to what should be minimal national standards should have control over the design of their health insurance markets. Rather than setting up health exchanges, which "could later become instruments of excessive regulatory control," Capretta and Moffett propose two simple tasks for states: inform consumers of their insurance options, and make it easy to enroll in the plan of their choice by "cooperating with the federal government to facilitate the payment of credits and vouchers directly to private insurers."

Healthcare reform also requires tax reform. In its 2011 "Saving the American Dream" plan, the Heritage Foundation proposed replacing the unlimited employer-based tax deduction with a non-refundable tax credit that would be phased out based on income. The government could also limit the credit to a "pre-determined level of insurance coverage." Individuals would use the credit to purchase private insurance coverage.

Capretta and Moffett also provide recommendations for covering the most vulnerable Americans by overhauling Medicaid through a system of credits and vouchers, and also reforming Medicare through a premium support system, a bipartisan concept that was discussed in a March 22, 2012 article in *Health Affairs*.

According to the article, the term was "first used in a November 1995 Health Affairs article by Brookings Institution economists Henry Aaron and Robert Reischauer. Under the approach that they described, beneficiaries would receive a government contribution toward the premium charged by a private plan of their choice. If the premium exceeded the contribution, beneficiaries would pay the difference." The plan was based on the "managed competition" concept that was popularized by Alain Enthoven, a Stanford economist. Health plans would offer various features and prices and compete for enrollees.

Premium support plans have been including in legislative proposals, including the fiscal year 2013 Budget Resolution, which passed the House of Representatives on Thursday, March 29. The House plan was initiated by Budget Committee Chairman Paul Ryan (R-Wis.) and Sen. Ron Wyden (D-Ore.); prior iterations were supported by Clinton White House budget director Alice Rivlin and former Senate Budget Committee Chair Pete Domenici (R-N.M.) through the Bipartisan Policy Center.

The current Medicare system is financed through a fee-for-service payment system, under which providers are reimbursed based on a predetermined rate based on a specific service. Under premium support, Medicare beneficiaries would choose a private health plan and the federal government would pay a predetermined contribution to that plan on behalf of the individual.

Chairman Ryan's 2011 plan was criticized as "ending Medicare as we know it" because it eventually required all beneficiaries to enter into the premium support system. The 2013 plan that he created with Sen. Wyden and which is included in the FY 2013 Budget Resolution would allow a choice of staying in the current Medicare system or moving to the premium support plan. Nonetheless, politicians and organizations that want the government to continue to control healthcare choices remain critical of anything that resembles a premium support plan.

The Medicare Trustees have made it clear for the past several years that the program is going broke a lot more quickly than previously anticipated. The premium support plans are intended to prevent the bankruptcy of one of the nation's most popular entitlements.

The Health Affairs article states that savings from the premium support program depends on "the initial government contribution level in the first year of the restructured system and the allowed rate of growth in that contribution over time. The Congressional Budget Office (CBO), for example, estimated that the 2011 Ryan proposal would probably reduce federal spending by 2030 by 8 to 11 percent. A more recent analysis by Roger Feldman and colleagues at the American Enterprise Institute suggests that a fully implemented competitive bidding system would reduce federal spending on Medicare by about 5.6 percent, or $339 billion, through 2020."

Since its inception in 1984, Citizens Against Government Waste (CAGW) has been a proponent of allowing patients to be in charge of their healthcare. Among other activities, in 1998, CAGW held a healthcare forum on Capitol Hill and in 1999 sponsored a taxpayer conference healthcare reform in Phoenix, Arizona. The principles discussed at these events, many of which were suggested as alternatives to President Clinton's healthcare plan, continue to shape CAGW's positions today.

The featured speaker at the forum on the Hill was Regina Herzlinger, who is the Nancy R. McPherson Professor of Business Administration Chair at the Harvard Business School and has been called "the Godmother of consumer-driven healthcare." Her 1997 book, Market-driven Health Care: Who Wins, Who Loses In The Transformation Of America's Largest Service Industry, contended that the healthcare system would function more effectively by removing the third-party payment system (mostly employer-based) and allowing consumer demand to shape the healthcare market. For example, she noted that vision care is not covered by most medical insurance, and competition forced providers to respond to consumer demand.

Professor Herzlinger's book helped inspire CAGW's 1998 report, "Patient-Centered Healthcare: The Road to Wellville," the first of many reports on healthcare reform. The comments made in this report (unfortunately too old to be available online) are still relevant to the upcoming debate that will follow the Supreme Court's decision in the ACA.

The report stated that, "The problems at the core of America's healthcare woes are the loss of liberty, limited choices, and the abdication of control over financial resources. ... Congress must turn its attention to the tax code, correct its inequities, extend to individuals the tax breaks on healthcare costs enjoyed by businesses, and repeal statutory barriers to competition. ... As soon as consumers are free to opt out of their employer-sponsored plans and purchase healthcare coverage with before-tax income, they will go in search of the insurance product that best suits their individual needs. This infusion of flexibility, choice and cash will spur the development of a wide variety of individual insurance products. Consumers, back in charge of their healthcare decisions, will demand and get the kind of information about quality and outcomes they have come to expect in every other industry in the country."

Similar ideas were expressed at CAGW's taxpayer conference in Phoenix in October 1999, which was titled "A Prescription for Healthcare Reform and Empowering the Patient." The event featured several members of Congress, including Sen. Jon Kyl (R-Ariz.) and Reps. Jon Shadegg (R-Ariz.) and Matt Salmon (R-Ariz.).

Once Americans get a chance to taste the freedom of choice under a market-oriented system, they will never again want to swallow the bitter pill of Obamacare or anything else that resembles a single payer, nationalized healthcare plan.