



Office of the Secretary
Washington, DC 20250

March 17, 2023

THE HONORABLE ROSA L. DELAURO
Ranking Member
House Committee on Appropriations
U.S. House of Representatives
1036 Longworth House Office Building
Washington, DC 20515

Dear Ranking Member DeLauro:

Thank you for your letter of January 19, 2023, requesting an analysis of the impact of potential non-Defense spending cuts on the American people that the U.S. Department of Agriculture (USDA) serves. I am very concerned about the unprecedented cuts in FY 2024 funding that Congressional Republicans have proposed. While Congressional Republicans haven't released a specific plan, cuts on the scale suggested would have very real and damaging impacts on our families, our communities, our economy, and our competitiveness—undermining a broad range of critical services the American people rely on in their everyday lives such as food and nutrition security, protection of life and property from catastrophic wildland fires, a safe food supply, and more. President Biden released a Budget on March 9th that demonstrates his commitment to invest in America, continuing to provide the critical services the American people depend on, and reducing the deficit.

USDA analyzed two possible House Republican Leadership plan scenarios. One assumes a funding level equal to that of fiscal year 2022 and while the other assumes a 22 percent reduction in funding for Government programs, which would mean a reduction of about \$6.15 billion for USDA in FY 2024. A decrease of that magnitude would threaten the safety and well-being of tens of millions of Americans, raise the risk of homelessness for tens of thousands of Americans, and lead to thousands of farm families not having access to the credit and help they need to continue to farm.

The attachment provides a few examples of impacts but does not capture the entirety of the detrimental effects should the House Republicans' plan come to fruition. I would be happy to meet with you to discuss further or, if requested, provide more information in writing.

I deeply profoundly hope that Congressional leaders will reach an agreement that will does not result in these draconian reductions to USDA. I look forward to working with Congress to preserve the many priorities of rural America.

Again, thank you for writing.

Sincerely,

THOMAS J. VILSACK
Secretary

Enclosure

Additional Analysis of Potential Spending Cuts

Bureau: Food and Nutrition Service

Program: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

Reduction Amount: Up to \$1.4 billion

WIC is a federally funded nutrition assistance program with an average monthly participation currently projected to be 6.5 million in fiscal year (FY) 2024. Under both reduction scenarios (FY22 level and a 22 percent reduction), State WIC programs would have to reduce participation and establish waiting lists using the priority system provided in regulation. In the first scenario, nearly 250,000 monthly participants would not receive benefits. A 22 percent decrease would only allow the program to support about 5.07 million participants—a reduction of approximately 1,180,000 participants from the FY22 monthly average and 1,500,000 participants from current FY24 participation projections.

Since the late 1990's, the appropriations committees' bipartisan practice has been to provide enough funds for WIC to serve all eligible applicants. When funds are not sufficient to support caseload, WIC agencies implement a priority waiting list of individuals. The first to lose benefits would be non-breastfeeding postpartum women and individuals certified solely due to homelessness or migrancy, followed by children. This means some of the participants needing benefits the most would be cut off.

In addition, Nutrition Services and Administration funding provided to States would be reduced, which would hinder State agencies' ability to provide services in a timely manner and result in losses of WIC-related State and local jobs.

Bureau: Food Safety and Inspection Service (FSIS)

Program: Salaries and Expenses

Reduction Amount: Up to \$250 million

Drastic changes to the FSIS' funding level would result in an across-the-board furlough of as many as 400 and 1,800 Food Safety inspectors at the FY22 and 22 percent reduction scenarios, respectively. Since, Federal law mandates inspection of meat, poultry, and egg products, approximately 6,800 establishments nationwide would experience production impacts. At the higher threshold of the cut, USDA estimates a lost production volume of more than 11.5 billion pounds of meat, an additional 11.1 billion pounds of poultry and over 590 million pounds of egg products. Together, the industry would experience a production loss of over \$89 billion with a total extended loss including distribution and retail of \$416 billion. Consumers would experience a shortage of meat, poultry, and egg products available for public consumption, and the shortage may result in price increases for these products. Restaurants, grocers, local merchants, and others who rely on FSIS-inspected products would suffer multiplier effects from the shortfall in production. The impact could force smaller businesses and merchants out of business. Industry workers would also be furloughed, resulting in over \$2.2 billion in lost wages. The livestock industry would also incur additional costs for disruption of the pipeline from farms to production establishments as farmers and livestock producers would have to feed and store animals longer than anticipated.

The FSIS would also eliminate export inspections, resulting in losses for U.S. producers and causing additional storage costs and or loss of product. Export inspections could adversely affect other nations since the volume of products would decline. Furthermore, public food safety could be compromised by the illegal selling and distribution of uninspected meat, poultry, and egg products. Because the FSIS is also responsible for verifying the safety of imported products, cutting import inspections would result in a reduction of 1.1 billion pounds of imported meat, poultry, and egg products entering the country, in

addition to the lost production capacity within the United States. Cutting import inspections might be construed as an international trade issue. Moreover, there is limited storage space along the border so unless foreign countries stopped shipments, chill/frozen storage capacity and refrigerated truck/train/ship capacity would be compromised.

Bureau: Rural Development, Rural Housing Service

Program: Rental Assistance

Reduction Amount: Up to \$325 million

The Rental Assistance Program helps eligible low-income tenants, in the USDA-financed multi-family housing, pay no more than 30 percent of their incomes for rent. Approximately 288,000 tenants receive the benefit of rental assistance in almost all the apartment complexes financed by Rural Development. The House Republican leadership's planned reduction would cause between 40,000 and 63,000 current recipients to lose rental assistance. The average annual income of families and individuals receiving rental assistance (generally female-headed households, elderly, and the disabled) is approximately \$12,501. These Americans are the least able to absorb any increase in the rent due to the loss of rental assistance. Loss of this rent supplement may cause property owners to increase rents, making the units unaffordable to the very low-income residents who have few options for decent, affordable housing.

With the loss of rental assistance, or higher vacancies resulting from very low-income Americans being unable to afford higher rents, many properties would be unable to pay all their operating costs. Owners may be unable to maintain the property and allow it to fall into despair, or the properties may become delinquent in their loan payments. Currently, the USDA has 160 multifamily properties in the foreclosure process, which may increase with reduction in rental assistance. Ongoing delinquencies will lead to defaults and foreclosure and may result in long-term loss of affordable housing in rural communities in future years.

Bureau: Natural Resources Conservation Service (NRCS)

Program: Conservation Operations

Reduction Amount: Up to \$225 million

Most of the NRCS' funding is appropriated for the Conservation Technical Assistance (CTA) which is the agency's primary program to work with private landowners across the country through the USDA's unique delivery system of local field offices. Working one-on-one, NRCS helps producers use new technologies and implement conservation practices such as organic production systems, on farm energy management, air, soil, and water quality improvement, and enhancement of pollinator populations.

A reduction of up to \$225 million would reduce Technical Assistance Support, resulting in up to 84,000 fewer producers (54%) receiving conservation planning assistance (impacting up to 54,000,000 acres). These reductions will have a deleterious impact on landscape-scale conservation, water quality improvements, wildlife habitat protection, open space protection, as well as natural infrastructure restoration, carbon sequestration, weather prediction capacity, plant material development and other programs and services that support extreme weather and climate change adaptation and mitigation.

Funding cuts of this nature will hurt farm programs and rural America. The Administration is committed to working with Congress to improve options and better target farm programs, saving money for the Federal Government while maintaining a robust farm safety net. Program improvements can level the playing field by ensuring payments and technical assistance support the farmers and ranchers who

need them most – not wealthy people, passive investors, or large and profitable agribusinesses. We can strengthen program integrity by excluding non-farmers and investors, addressing duplicative payments and improving the efficiency and effectiveness of the USDA’s risk management and mitigation tools.

Bureau: Farm Service Agency (FSA)

Program: Farm Loan, Salaries and Expenses, and Grant Programs

Reduction Amount: Up to \$370 million

Funding cuts would drastically impact service levels currently provided by the FSA. At the upper level of the proposed cut, there would be 5,100 fewer direct farm operating loans and 1,500 other farm loans (Emergency Loans, Guaranteed Operating Loans, Highly Fractionated Indian Land, Heirs’ Property Relending Program) that could be made. The reduction of farm loan funding could result in a loss of up to 26,250 private sector jobs (plus the hundreds of farmers that would be forced out of farming and into the off-farm job market), reduce the Gross Domestic Product (GDP) by more than \$1.6 billion, and reduce household income by more than \$1.3 billion.

Bureau: Forest Service

Program: Wildland Fire Management

Sequestration Amount: Up to \$515 million for Wildland Fire Management Salaries and Expenses, and Preparedness, and Hazardous Fuels

Funding cuts under either scenario would place the United States Forest Service (USFS) wildland fire fighting mission in a decreased state of readiness and reduce agency capacity to protect life and property. At the FY22 funding level, efforts to modernize the workforce through pay reform and additional hiring will virtually stop, and the strategy for aerial wildland firefighting resource procurement and usage will need to be significantly revised. The number of firefighters, helicopters and airtankers will all need to decrease which could lead to more fires that escape initial attack and yield more large fires take weeks to contain, endanger nearby communities, damage watersheds and diminish other forest ecosystem services, and increase suppression costs. At a 22 percent reduction, 2,200-2,700 wildland firefighters would be furloughed. For both funding scenarios, fewer firefighters would also reduce performance of hazardous fuel treatments and maintenance of acres already treated, including new priority acres that are at high and very high fire risk (as high as 350,000 acres annually).