

## Focus on Function 350 – Agriculture

Function 350 (Agriculture) includes farm income stabilization, agricultural research, and other services administered by the U.S. Department of Agriculture (USDA).

**Table 1: Function 350 Spending, 2019**  
(In billions of dollars)

Discretionary BA .....	6.7
Discretionary Outlays .....	8.2
Mandatory Outlays .....	<u>13.6</u>
Total Outlays .....	21.8

Note: Estimates assume 2018 emergency funding is one-time only.

Discretionary programs in this function include research and education, economics and statistics services, administration of the farm support programs, farm loan programs, livestock and meat marketing and protection initiatives, and a portion of the Public Law (P.L.) 480 international food aid program.

The major mandatory programs in this function are commodity and income support programs and crop insurance. These programs are funded through the Commodity Credit Corporation (CCC) and the Federal Crop Insurance Corporation and are periodically reauthorized in multi-year comprehensive legislation known as the Farm Bill.

According to the Congressional Budget Office (CBO) spring 2018 baseline excluding emergencies, budget authority (BA) for Function 350 discretionary programs for 2019 will account for less than 1 percent of total 2019 discretionary funding. Outlays for mandatory programs in this function will account for less than 1 percent of total non-interest mandatory spending in 2019 excluding undistributed offsetting receipts.

### DISCRETIONARY

**Table 2: Discretionary BA in Function 350, by Major Program, 2019**  
(In billions of dollars, excluding emergencies)

Salaries and expenses, departmental offices, and executive operations.....	4.1
Research, education, extension, and integrated activities.....	1.5
Agricultural credit insurance fund.....	0.4
Buildings and facilities.....	0.2
National Agriculture Statistics Service.....	0.2
Other.....	<u>0.2</u>
Total.....	6.7

**Salaries and expenses:** Most of Function 350 discretionary funding (62 percent) is for salaries and expenses at USDA to administer related programs. That figure includes executive operations and special offices, such as the Offices of the Inspector General, Secretary, General Counsel, Chief Information Officer, and Civil Rights, among others.

**Research, education, extension, and integrated activities:** The National Institute of Food and Agriculture (NIFA) focuses on agriculture-related sciences. NIFA supports research, education, and extension activities through grants to individuals, organizations, or educational institutions such as land-grant universities. (NIFA replaced the Cooperative State Research, Education, and Extension Service in 2009.) Research activities in this function are also conducted at the Economic Research Service.

**Agricultural credit insurance fund:** The Farm Service Agency offers a variety of loans and loan guarantees for farmers and ranchers. These activities are for farm ownership, operation, expansion, or emergency needs and are financed through the agricultural credit insurance fund.

**Buildings and facilities:** This includes agriculture buildings, facilities, and rental payments, as well as funding to support the ongoing investment plan of the Agricultural Research Service and the Animal and Plant Health Inspection Service's improvements at fruit fly rearing facilities.

**National Agriculture Statistics Service:** This agency conducts surveys and prepares reports on agriculture in the United States. It conducts the Census of Agriculture and reports on a variety of topics including production and supplies of food and fiber, prices paid and received by farmers, farm labor and wages, and farm finances.

## MANDATORY

**Table 3: Mandatory Outlays in Function 350, by Major Program**  
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Commodity Credit Corporation (CCC) programs:		
Price Loss Coverage .....	2.7	43.9
Agricultural Risk Coverage - County .....	2.6	8.3
Marketing Loans .....	0.1	0.5
Disaster payments (crops and livestock) .....	0.4	3.9
Other .....	<u>0.6</u>	<u>7.7</u>
Subtotal, CCC .....	6.4	64.3
Crop Insurance .....	7.2	78.0
Other .....	<u>0.0</u>	<u>0.3</u>
Total .....	13.6	142.7

**Commodity programs:** The CCC operates price support, marketing assistance loans, and other stabilization programs for agriculture commodities. The Price Loss Coverage and Agricultural Risk Coverage programs provide payments when commodity prices or average farm revenue fall below a certain level. Farmers are also supported through marketing assistance loans and disaster assistance programs.

**Crop Insurance:** Crop insurance policies are sold and serviced by private insurance companies. Insurance company losses are reinsured through the USDA, and insurance companies are reimbursed by the federal government for their administrative and operating costs. The federal government also subsidizes a portion of the producer’s premium, depending on what level of coverage the producer selects. On average, about 60 percent of premiums are paid by the government. For the 2016 crop year, nearly \$10 billion in premiums were collected on more than 1 million policies.

**TAX EXPENDITURES**

There are seven tax expenditures related to this function. The three largest are:

**Income averaging for farmers and fishermen:** Farmers and fishermen can elect to figure their income tax by averaging all or part of their income over the previous three years.

**Expensing by farmers for fertilizer and soil conditioner costs:** Farmers may deduct the cost of fertilizer, lime, and other materials used on their farmland. They may also deduct the cost of applying these materials.

**Expensing of soil and water conservation costs:** Farmers can choose to deduct certain expenses for soil or water conservation, prevention of erosion of farmland, or endangered species recovery.

**RELEVANT AGENCIES AND CONGRESSIONAL COMMITTEES**

All discretionary Function 350 funding is provided through the Agriculture subcommittee of the House Appropriations Committee and administered by USDA.

**Table 4: Mandatory Outlays in Function 350, by Agency**  
(In billions of dollars)

	<u>2019</u>	<u>2019-2028</u>
Department of Agriculture.....	14.0	146.8
Other.....	<u>-0.4</u>	<u>-4.2</u>
Total.....	13.6	142.7

All mandatory programs in this function are under the jurisdiction of the House Agriculture Committee.