

US House panel rejects Obama cuts in farm supports

(Reuters, DC)

By Charles Abbott

The House Agriculture Committee on Wednesday rejected President Barack Obama's proposals to reduce crop subsidies to higher-income farmers and federal support for crop insurance.

There was little discussion as the committee refused farm cuts requested by the president for the second year in a row. With elections in November, the committee approved a letter saying benefits "should be maintained" at current levels.

"We are united and I think we have over-whelming support in the House not to open up the farm bill" enacted in 2008, said Agriculture chairman Collin Peterson, a Democrat.

The 2008 farm law is the first to deny benefits to the wealthiest Americans. It says crop subsidies will go to people with no more than \$500,000 a year in adjusted gross income (AGI) from off-farm sources or \$750,000 on-farm AGI.

The administration wanted to lower the income cut-off over three years to \$250,000 off-farm AGI and \$500,000 on-farm AGI. Some 30,000 people would be affected. The White House also proposed a \$30,000 cap on the annual direct-payment subsidy, down from the current \$40,000, and cuts in federal subsidies to the privately run crop insurance system.

Peterson plans to begin hearings in the spring on a successor to the 2008 farm law. His committee's letter to House budget writers said any change in the farm program should wait until the next farm law, due in 2012.

Peterson said the committee would examine federal spending on crop subsidies, land stewardship, public nutrition, meat safety and other Agriculture Department work.

Farm, industry and antihunger groups will be asked if there are better ways to run the programs, Peterson said, as well as, "What would you do if ... everybody is cut 10 percent" as part of a government-wide effort to control federal deficits.

Agriculture Secretary Tom Vilsack said proposed cuts were aimed at a small number of farmers "who are doing very well.

"Someone could make, in theory, \$600,000-\$700,000 and still get a check from the government," he said during an Appropriations Committee hearing a week ago. 3-03-10

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