

CHIMPS for FY 2012 Would Substantially Reduce the Ag Committee Baseline for the Next Farm Bill¹

What are CHIMPS?

CHIMPS are “CHanges In Mandatory Program Spending” enacted in Appropriations Acts. Under long-standing budget rules, the Appropriations Committees through CHIMPS are allowed to unilaterally impose annual spending limits on the Agriculture Committee’s mandatory spending programs. The Agriculture Committee has no say regarding how much of its program spending gets cut or where the cuts occur.

With CHIMPS “savings” as offsets, the Appropriations Committee can spend more on its discretionary spending programs without violating its discretionary spending cap. But this increased discretionary spending comes at the expense of the Agriculture Committee and its ability to fund its mandatory spending programs.

CHIMPS not only undermine the jurisdictional authority and funding prerogatives of the Agriculture Committee (and other authorizing Committees) but also undermine the effectiveness of discretionary spending caps.

CHIMPS Reductions for Agriculture Have Been Substantial.

Substantial reductions in funding for the Ag Committee’s programs through CHIMPS have been a fixture of Ag Appropriations bills for many years. According to a 2010 Congressional Research Service report, budget-year CHIMPS reductions to Ag Committee funding for the eight fiscal years 2003 through 2010 totaled \$7.5 billion.² And in response to the recent reduction in the FY 2011 budget allocation to the House Appropriations Committees (i.e., the discretionary spending cap), the Appropriations Committee increased FY 2011 Ag CHIMPS in H.R. 1 to \$1.146 billion—a 50 percent increase over enacted FY 2010 Ag CHIMPS of \$762 million.

FY 2012 CHIMPS Will Reduce the Ag Committee Baseline for ELEVEN years.

Generally, most CHIMPS in annual appropriations acts reduce funding for Ag Committee programs for just the budget year. But CHIMPS for FY 2012 will affect ELEVEN years of Ag Committee funding—the FY 2012 budget year and the ten FY 2013 through FY 2022 baseline out-years. This occurs because FY 2012 is the year for which authorizations for many 2008 farm bill program expire. The funding level in the year for which a program’s authorization expires is the level that CBO, OMB, and the Budget Committees use to set out-year baseline levels for the next ten years.

As Table 1 (below) shows, enacting the \$342 million CHIMP reduction for the Environmental Quality Incentives Program (EQIP) as proposed in the FY 2012 President’s Budget will not only reduce EQIP funding by \$342 million for FY 2012 but through its cumulative effects over the ten years of the out-year baseline will reduce EQIP funding by an additional \$3.420 billion. This leads to an eleven-year CHIMPS reduction of \$3.762 billion.

Other Ag Committee Programs Besides EQIP Are Also Affected by FY 2012 CHIMPS.

Similar impacts of FY 2012 CHIMPS reductions on other Ag Committee programs would cause even larger reductions to the Farm Bill baseline.

¹ Prepared by Craig Jagger, Minority Economist for the House Committee on Agriculture. 202 225-1130. craig.jagger@mail.house.gov.

² Monke, Jim and Megan Stubbs. “Reductions in Mandatory Agriculture Program Spending.” [CRS R41245](#). Washington, DC: Congressional Research Service. May 19, 2010. Table 1. pp. 6-7.

Table 1.

Eleven-Year Baseline Impacts of Enacting a \$342 Million CHIMP Reduction for the Environmental Quality Incentives Program (EQIP) for FY 2012--the Last Year for Which EQIP Is Authorized. [Note: This is the FY 2012 President's Budget Proposal for EQIP.] Budget Authority: \$ Million.

	A	B	C	D	E	F	G	H	I	J	K	L
Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	11-Yr Sum 2012-22
1	Eleven-Year EQIP Baseline: 2008 Farm Bill: no FY 2012 CHIMP											
2	FY 12 Funding	1,750	---	---	---	---	---	---	---	---	---	1,750
3	FY13-22 Out-Year Baseline	---	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	17,500
4	Total Baseline	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	19,250
5	Eleven-Year EQIP Baseline if FY 2012 CHIMP of -\$342 mil. (FY 2012 President's Budget Proposal)											
6	FY 12 Funding	1,408	---	---	---	---	---	---	---	---	---	1,408
7	FY13-22 Out-Year Baseline	---	1,408	1,408	1,408	1,408	1,408	1,408	1,408	1,408	1,408	14,080
8	Total Baseline	1,408	1,408	1,408	1,408	1,408	1,408	1,408	1,408	1,408	1,408	15,488
9	Eleven-Year Change in EQIP Baseline From FY 2012 CHIMP of -\$342 mil. (FY 2012 President's Budget Proposal)											
10	FY 12 Funding	-342	---	---	---	---	---	---	---	---	---	-342
11	FY13-22 Out-Year Baseline	---	-342	-342	-342	-342	-342	-342	-342	-342	-342	-3,420
12	Total Change	-342	-342	-342	-342	-342	-342	-342	-342	-342	-342	-3,762

WHAT'S HAPPENING:

1. FY 2012 is the last year for which EQIP is authorized. For EQIP to continue in FY 2013, it must be reauthorized in a new law.
2. Even though EQIP is not an authorized program after FY 2012, it still has a ten-year, out-year baseline under the assumption that its authorization and funding levels after FY 2012 are the same as for FY 2012.
3. The Statutory Funding level for EQIP in FY 2012, as set by the 2008 farm bill is \$1.750 billion [Col. A, Row 2]. If there is no CHIMP for EQIP for FY 2012, then the out-year baseline funding level for EQIP for each year after FY 2012 will be at the same level: \$1.750 billion [Cols. B to K, Row 3].
4. But if the FY 2012 EQIP CHIMP of \$342 million as proposed in the FY 2012 President's Budget is enacted, then the CHIMP-reduced funding level for EQIP for FY 2012 will be \$1.750 billion LESS \$342 million EQUALS \$1.408 billion [Col. A, Row 6]
5. Since the new, CHIMP-reduced funding level for EQIP for FY 2012 is now \$1.408 billion, then the out-year baseline funding level for EQIP for each year after FY 2012 will be at the same level: \$1.408 billion [Cols. B to K, Row 7]
6. After the FY 2012 CHIMP, Ag Committee funding for EQIP will not only be \$342 million lower for FY 2012 [Col. A, Row 10], but out-year baseline funding for EQIP will be lower by \$3.420 billion over ten years [Cols. B to K, Row 11 for individual years. Col. L, Row 11 for Total]. Together, the eleven-year baseline reduction for FY 2012 to 2022 will be \$3.762 billion [Col. L, Row 12].