Peering Over the Cliff: Perspectives on Addressing the Federal Budget from the Gardner Food and Agricultural Policy Survey

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As of this writing, President Biden and House Speaker McCarthy have yet to reach a deal to avoid a first-ever default on the national debt (Hayes and Chowdhury, May 24, 2023; Rogers, May 24, 2023; Romm, Siegel, and Caldwell, May 22, 2023). Among USDA or farm bill spending programs, the Supplemental Nutrition Assistance Program (SNAP), has been at the center of the debate.

In the fifth wave of the Gardner Food and Agricultural Policy Survey, conducted in May 2023, we asked survey participants a series of questions about federal budget matters. The survey was conducted online, and 1,030 participants were recruited to match the US population in terms of gender, age, income, and region. The survey is conducted quarterly and evaluates public perception on a variety of ongoing food, agriculture, and policy issues.

This article presents some of the findings. We begin by providing background on the budget deficit, then we discuss participants' preferred methods for reducing the deficit, participants' priorities for spending reductions and tax increases, and finally we examine their priorities for USDA spending.

Federal Budget Background

The Congressional Budget Office (CBO) updated its 10-year budget baseline on May 12, 2023 (CBO, May 12, 2023). In general, there was very little change from the February baseline projections. Figure 1 compares the February 2023 baseline and May 2023 baseline projections for fiscal years (FY) 2023 through 2033 (note: the ten-year baseline would be FY2024 through FY2033, but CBO included FY 2023 and it is included in Figure 1). In total, CBO projections for the deficit in those years increased from $21.7 trillion to $21.9 trillion. Total projections for revenues were nearly the same ($64.5 trillion in February

compared to $64.6 trillion in May), as were projected outlays ($86.2 trillion in February and $86.4 trillion in May). From $25.3 trillion in FY2023, CBO projects the federal debt (held by the public) to grow to $46.7 trillion in 2033.

Figure 1. Reviewing Updated Projections: February 2023 Baseline to May 2023 Baseline (CBO)
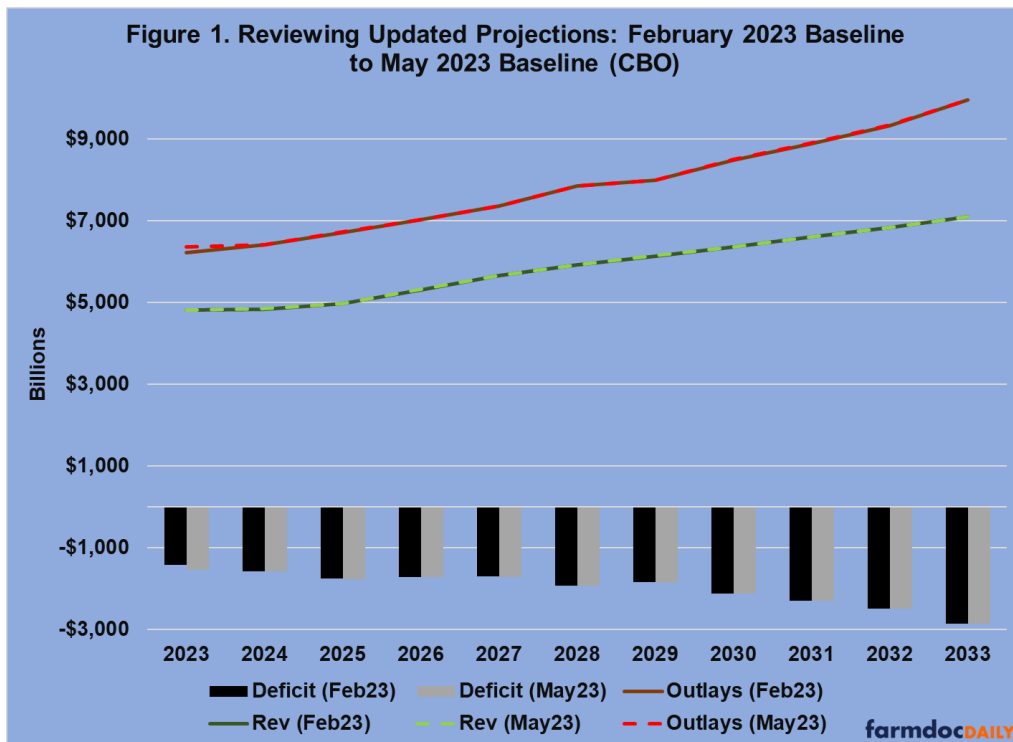
CBO also reports budget figures (revenues and outlays) as percentages of the Gross Domestic Product (GDP), which helps put numbers of this size into some context. For example, CBO reported in February that U.S. GDP was $25.4 trillion in calendar year 2022 and projected to grow to nearly $40 trillion by 2033. As a percent of Gross Domestic Product, CBO reports the federal debt at 98% in FY2023 and projects it to grow to 119% in 2033. Figure 2 illustrates the CBO projections (including actual data for FY2022) of revenues (green line and light green area under the line) and outlays (red line) as a percent of GDP, as well as the major categories of outlays (bars: mandatory, discretionary, and net interest on the debt). Figure 2 includes the actual data for FY2022, as well as projections for the expanded budget window (FY2023-2033).

Figure 2. Federal Budget as Percent of Gross Domestic Product (CBO May 2023)
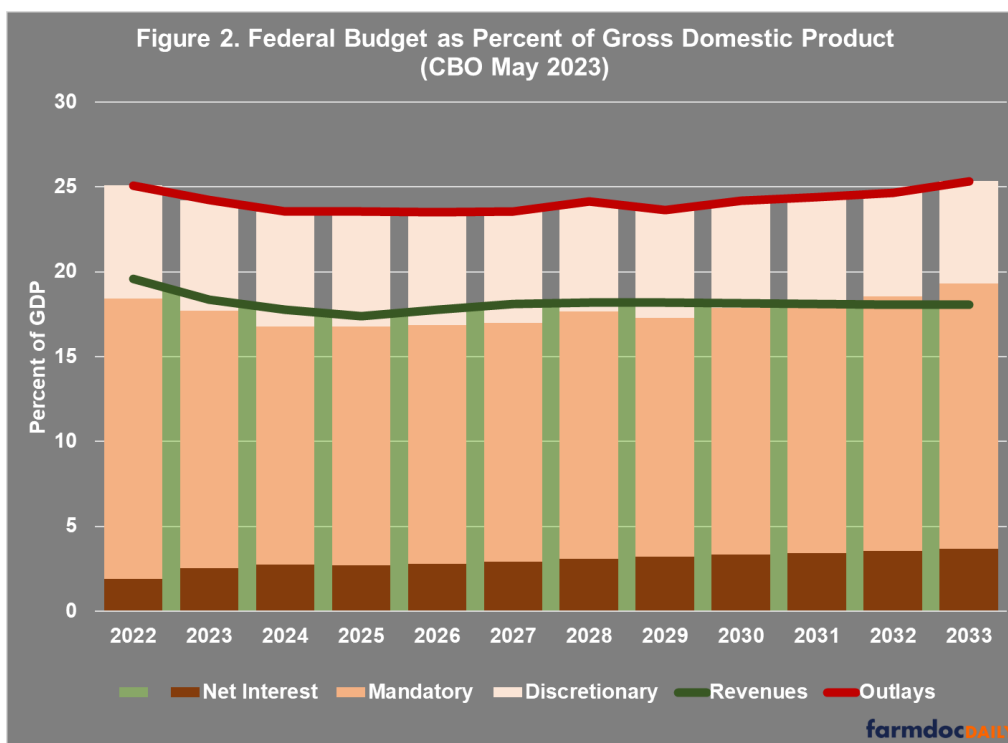
The bars are stacked in Figure 2 to highlight the budget difficulties. From this perspective, total revenues each year cover mandatory spending and net interest on the debt. All discretionary spending in this perspective exceeds revenues but this category includes funding for all federal agencies as well as the military and defense budgets. Negotiations over annual spending caps apply to the discretionary spending, but it is not feasible to eliminate it. Republican negotiators, moreover, do not want cuts to military and defense budgets (Tankersley, May 24, 2023). This demonstrates the way in which budget negotiations are zero-sum under the baseline because avoiding cuts to some programs or budget items requires larger cuts to other programs or budget items. Of note, budget scholars predicted that such negotiations would become minus-sum politically, in which all outcomes are negative and the goals of political factions are to harm each other; in such situations, the system turns on itself (White and Wildavsky 1989).

Discussion

Before exploring participants' perception of budget deficit reduction methods, we began by evaluating participants' awareness of the budget deficit. In particular, we asked, "Do you think the United States operates at a budget deficit? In other words, do you think the United States spends more money than it takes in?" We find that the vast majority (82.3%) of participants understood the government operates a budget deficit (9.0% said no and 8.6% said they did not know). To ensure all participants could fully answer the questions about the budget deficit, we followed the knowledge check with the clarification that the U.S. indeed runs a budget deficit. We then asked participants about their preferences for reducing the deficit and priorities for both spending reductions and tax increases. Below, we explore how responses differ across participants' stated (i.e., self-selected) political party identification (Democratic, Republican, or Independent/Other).

(1) Preferred Methods to Reduce Deficit

First, we asked participants what they thought the U.S. government should do to reduce the deficit: reduce spending for some governmental programs, increase some taxes, or a combination of tax increases and spending reductions. These responses differed considerably across participants' political party affiliation. Table1 presents the responses.

Table 1. Percent of Participants from Each Political Party Who Thought the Budget Deficit Should Be Reduced By: Reducing Some Governmental Spending, Increasing Some Taxes, or a Combination of Tax Increases and Spending Reductions
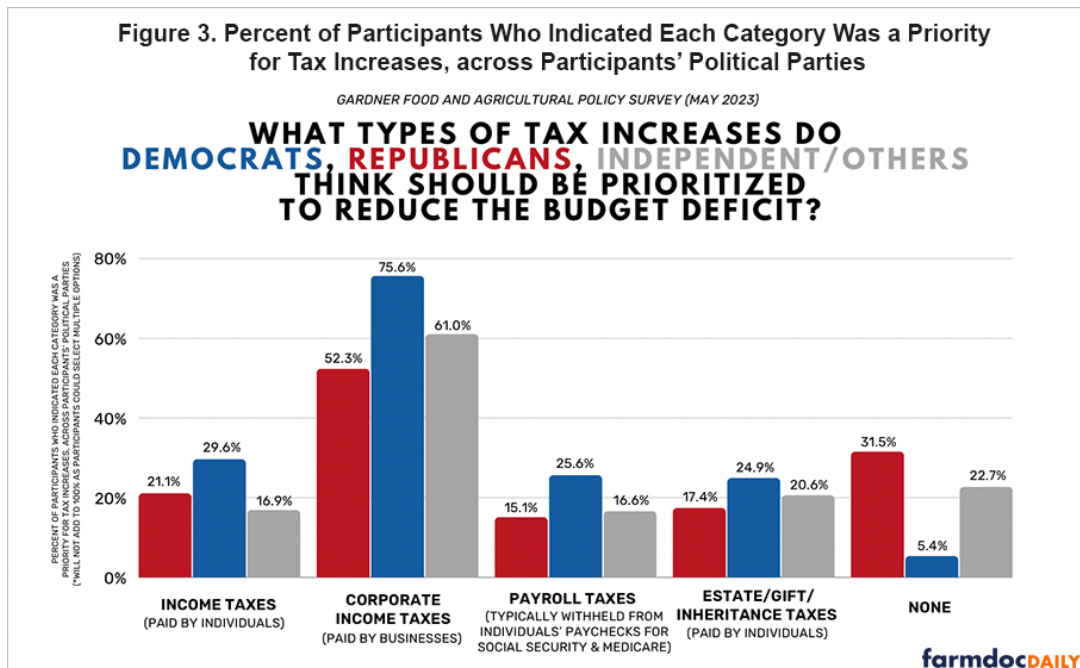
Preferred mode to reduce U.S. budget deficit	% of Republican Participants	% of Democratic Participants	% of Independent/ Other Participants
Reduce spending for some governmental programs	64.8%	33.1%	52.3%
Increase some taxes	14.1%	24.4%	17.5%
A combination of tax increases and spending reductions	21.1%	42.5%	30.2%

The majority of Republican and Independents/Other participants preferred the deficit to be addressed by program cuts alone (64.8% and 52.3%, respectively). 33.1% of Democratic participants also preferred this option. A combination approach was most popular with Democratic participants (42.5%). A combination approach was also preferred by 21.1% of Republican participants and 30.2% of Independent/Other participants. Raising taxes alone was the least popular across all three political parties – ranging from 14.1% of Republican participants to 24.4% of Democratic participants preferring this option.

(2) Priorities for Spending Reductions & Tax Increases

According to news accounts, the current negotiations are focused almost exclusively on spending or outlay reductions. We asked participants' preferences for both reductions in spending and tax increases, however, to achieve a more complete set of perspectives on the budget.

To explore participants' preferences for tax increases, we asked participants their views on which types of taxes could be prioritized by Congress and included an option for "none of the above." Figure 3 shows how participants responded across their stated political parties.

Figure 3. Percent of Participants Who Indicated Each Category Was a Priority for Tax Increases, across Participants' Political Parties

We find that most participants supported prioritizing corporate income taxes, with 75.6% of Democratic participants, 61.0% of Other/Independent participants, and 52.3% of Republican participants indicating

this should be a priority. Prioritization of all other tax increases listed (income taxes, payroll taxes, estate/gift/inheritance taxes) was relatively limited. Overall, Democrats were more supportive of tax increases than either Republican participants or Other/Independent participants. 31.5% of Republican, 22.7% of Independent/Other, and 5.4% of Democratic participants indicated none of these should be a priority for tax increases.

We also asked participants to prioritize major categories for spending reductions (defense, social security, major healthcare programs, income security programs). Each category was defined for participants. Figure 4 shows the percent of participants within each political party that indicated categories that should be a *high priority* for spending reductions.

Notably, we find that the majority of participants did not think spending reductions should be a high priority in almost any of the major spending categories. The only exception was that majority of Democrats thought defense should be a high priority for spending reductions; 51.0% of Democratic participants and 48.2% of Independent/Other participants thought defense spending should be a high priority for reductions, compared to 35.9% of Republican participants. In general, Republican participants supported spending reductions for all categories other than defense at higher rates than both Democrats and Independent/Others. The responses can be compared to much of the reported negotiations in Washington, which have focused on reductions in spending to income security programs (e.g., SNAP). We find that 45.6% of Republican participants said income security programs should be a high priority for spending reductions, compared to 38.7% of Democratic participants and 34.7% of Independent/Other participants. Across all political parties, reductions to social security received the lowest priority for spending reductions.

Figure 4. Percent of Participants Who Indicated Each Category Was a High Priority for Spending Reductions, across Participants' Political Parties
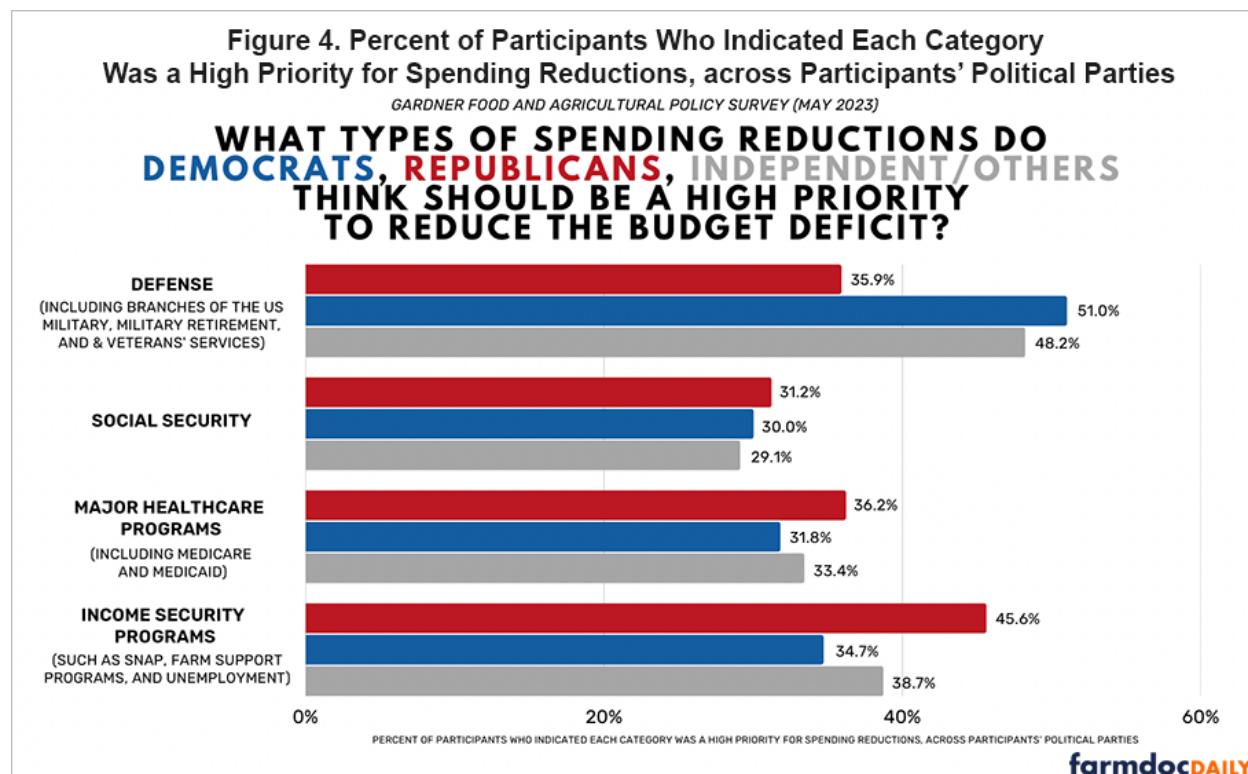
(3) Priorities for Reductions in Farm Bill Spending

Although the negotiations about the budget deficit extend far beyond agriculture, one program within the U.S. Department of Agriculture (USDA) and authorized in a farm bill has been in the center of the debate. According to reports and the bill passed in the House, Speaker McCarthy has included reductions in spending for food assistance to low-income households through the Supplemental Nutrition Assistance Program (SNAP) as a priority.

To understand public perceptions, we asked participants about priorities for spending reductions across general categories of USDA and farm bill spending. Figure 5 presents the percent of participants in each political party that indicated the USDA category should be a *high priority* for spending reductions. Overall, we find that the majority of participants across political parties did not think cutting any of the USDA categories should be a high priority. We find Republicans were most supportive of reductions to Natural Resources and Environment (40.3%) and Food Assistance (37.9%). Independent/Other and Democratic participants were most supportive of reductions in spending for Rural Development (41.4% and 37.7%, respectively).

Figure 5. Percent of Participants Who Indicated Each Category Was a High Priority for Spending Reductions, across Participants' Political Parties
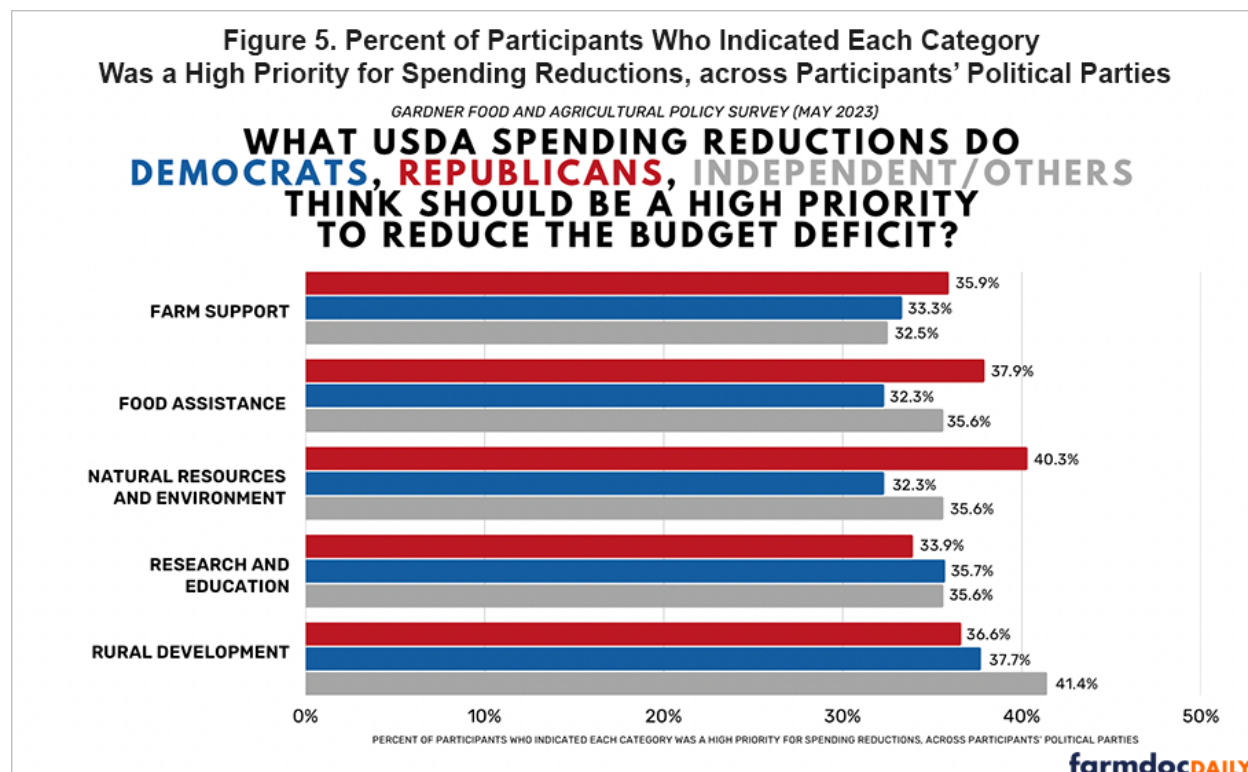
Concluding Thoughts

With negotiations over the debt limit and the federal budget dominating all matters in Washington, DC, including a potential farm bill reauthorization, the fifth wave of the Gardner Food and Agricultural Policy Survey explored public perceptions of budget deficit solutions, including for farm bill spending.

Overall, we find that the majority of Republicans and Independent/Other participants prioritized addressing the budget deficit with spending reductions and Democrats were more supportive of a combination of increasing taxes and spending reductions. However, when pressed further on the types of spending reductions or tax increases, participants were less supportive. Across all parties, there was not strong support for reducing spending in most spending categories. Democratic and Independent/Other participants were more supportive of spending reductions to defense and Republican participants were more supportive of spending reductions to income security programs (e.g., SNAP). There was little support for increasing various types of taxes, however, a majority of participants in every political party indicated raising corporate income taxes should be a priority. When participants were asked about prioritizing USDA spending, the majority of participants across political ideologies did not think reducing spending to any USDA category was a high priority – including food assistance programs, which have been the focus of much of the recent debate. We do find that 37.9% of Republican participants, 32.3% of Democratic participants, and 35.6% of Independent/Other participants thought food assistance should be a high priority for spending reductions.

The results reviewed in this article provide additional context for—but also further reminders about—the difficulties of budget negotiations. General support for cutting spending erodes quickly when those

spending cuts are more closely attributed to specific programs or outlay categories, while tax increases garner little support.

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