UNITED STATES SENATE COMMITTEE ON
AGRICULTURE, NUTRITION, & FORESTRY
U.S. SENATOR DEBBIE STABENOW, CHAIRWOMAN

PRESS RELEASE

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The Farm Bill Must Support All of Agriculture

American agriculture is strong and diverse. Our farmers, ranchers and agribusinesses across the country are a critical part of our economy and essential to maintaining strong and vibrant rural communities.

A strong, effective 5-year Farm Bill is an important part of supporting American agriculture's success.

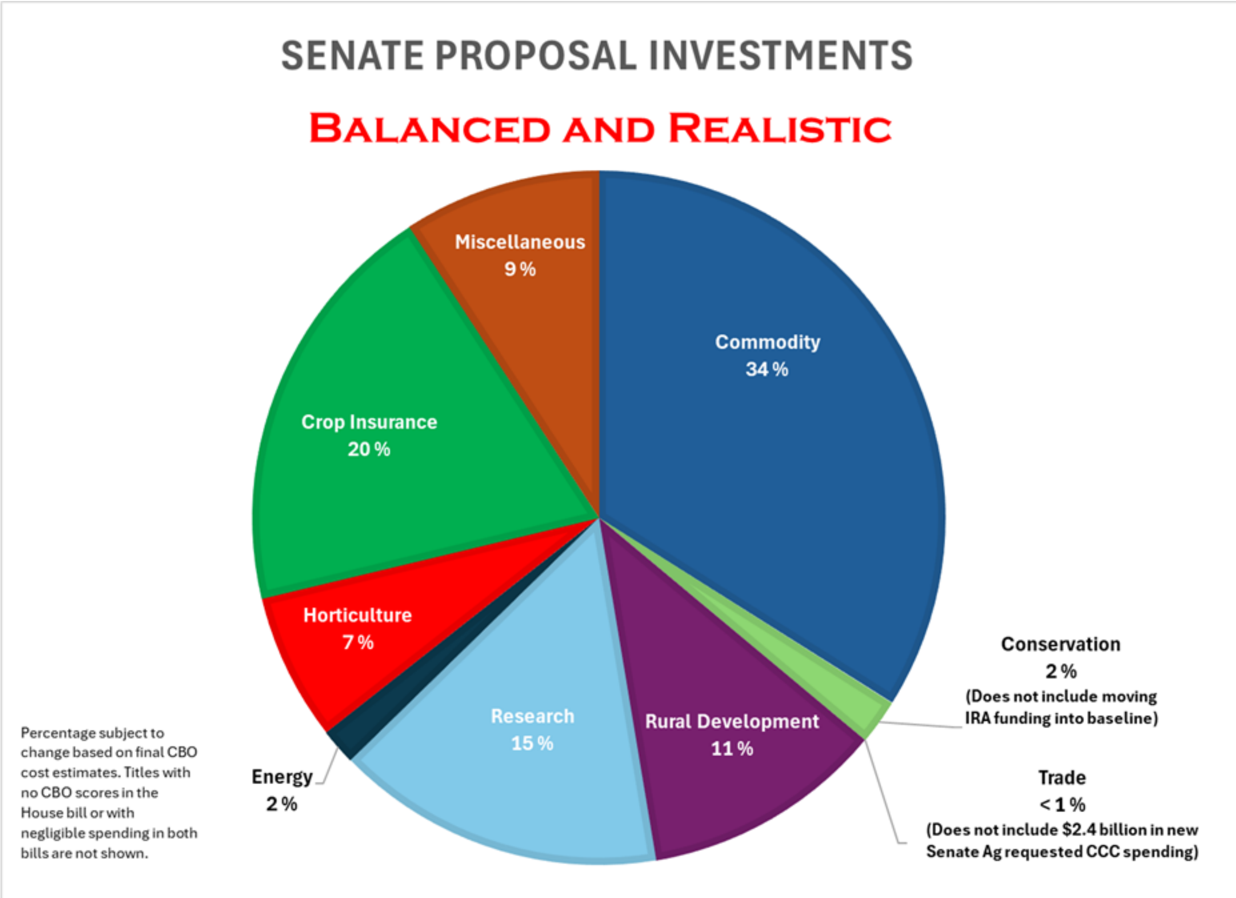
The path to passing a bipartisan Farm Bill has always been holding together the broad farm and food coalition that has formed the foundation of every successful bill for decades. However, this is not as simple as just linking the farm and family safety nets. Within each coalition, there are diverse and competing priorities and needs that must be addressed.

Within the farm coalition, for example, Michigan grows more than 300 different crops and significant amounts of meat, poultry, dairy and eggs. From corn and soybeans to apples and asparagus, it is one of the most agriculturally diverse states in the country.

That kind of diversity is just one example of the need for a balanced approach in a Farm Bill that makes progress for all farmers and rural communities across the country.

To hold the farm coalition together, a Farm Bill must respect the needs of farmers in every region and every state.

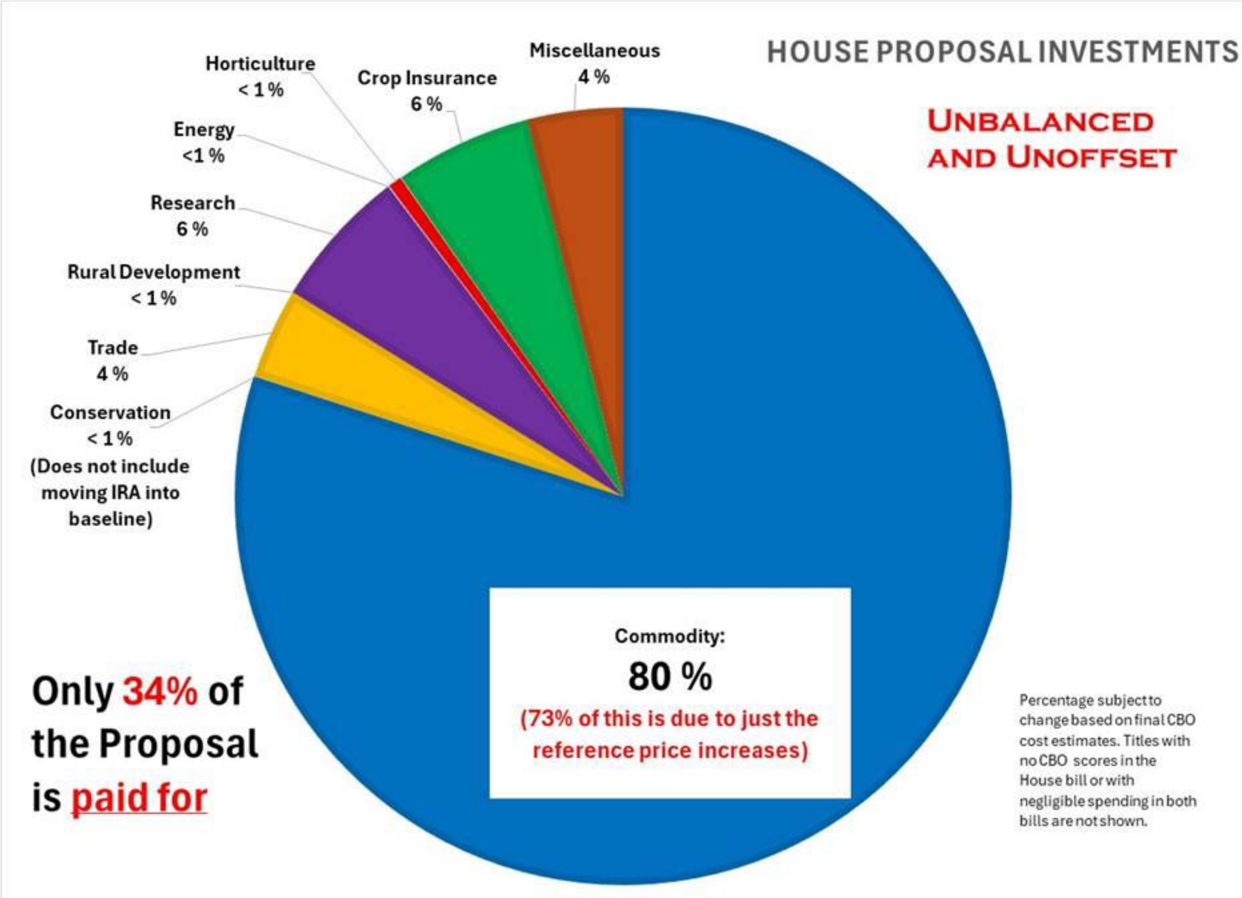
The Rural Prosperity and Food Security Act takes a balanced approach by investing its resources in a fair and realistic way across the farm coalition. And it's paid for.



From crop insurance and specialty crop support to commodity programs like Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) and market development, the Rural Prosperity and Food Security Act takes an all of agriculture approach to the farm safety net. And the investments include a creative approach taken outside of the Farm Bill to address requests from the agriculture community, like effectively doubling international market development investments with help from Secretary Vilsack using the Commodity Credit Corporation.

The bill also invests in the communities that farmers call home by improving health care, child care, and education all while creating good paying jobs in the community. This is a balanced approach that Chairwoman Stabenow has seen work in the six Farm Bills she has been a part of since being elected to Congress. It holds the farm coalition together by addressing the needs of everyone rather than dividing regions by focusing investments on a small number of crops and farmers.

The House proposal claims to put “more farm in the Farm Bill,” but the reality is that **it’s only more farm for the few**. Its investment is unbalanced and skewed heavily toward just a few of the tools that make up the broad farm safety net.



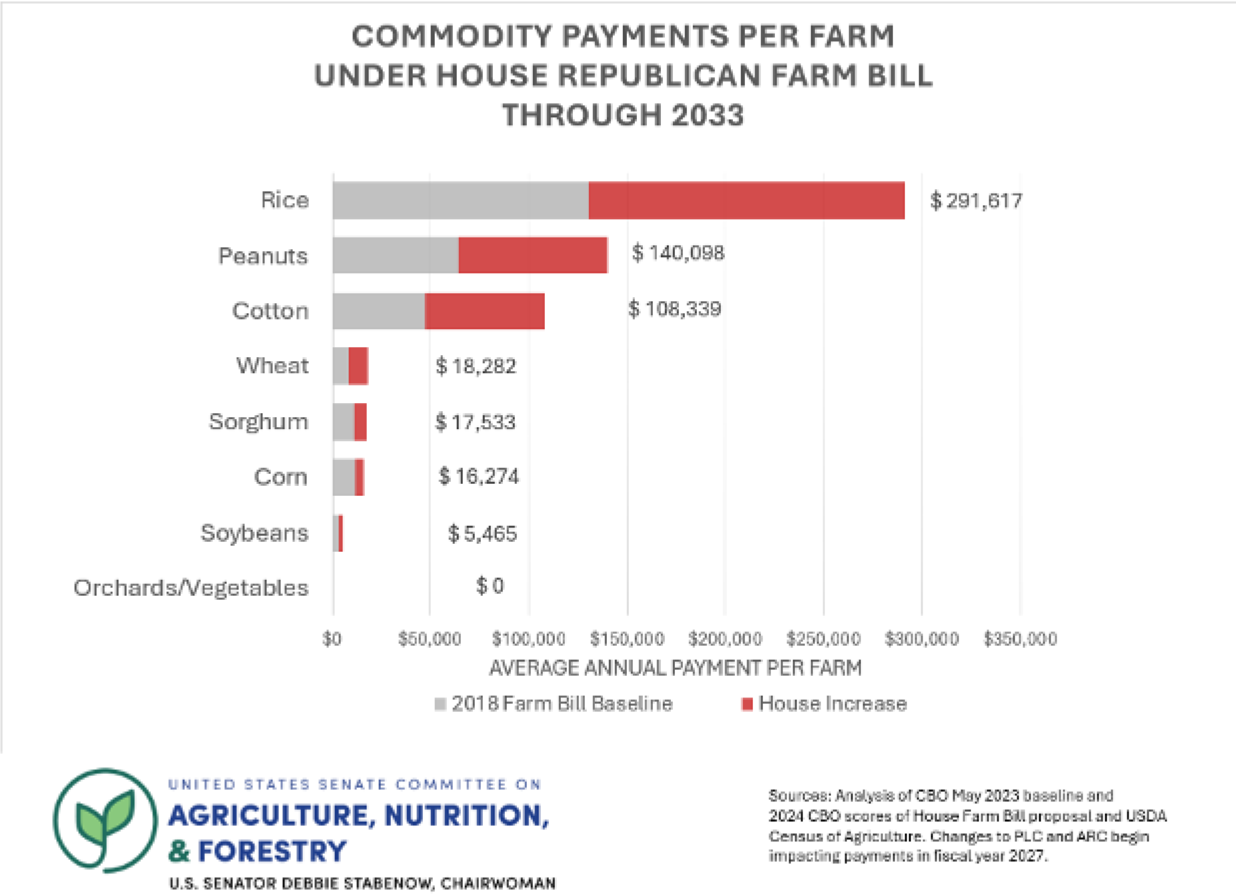
While commodity programs are an important part of the farm safety net, they are just one set of tools and not enough to actually provide the support that farmers need or to hold together the farm coalition on their own. It also is a surprising focus since so many farmers, from row crops to specialty crops and even livestock, put crop insurance at the top of the priority list.

Even within commodity programs, which make up 80% of the investment in the House bill, the House spends 73% of that investment on just reference price increases. These programs support just 22 crops and require land that has base acres, which were established in the 1980s and may diverge significantly from the actual crops being grown on farms and costs actually being incurred by farmers today. This also often leaves new and beginning farmers out of this valuable risk management tool.

Making such a large investment in just one tool risks increasing the cost of land, driving inflation, and padding the pockets of investors and landlords who rent the land to the farmers actually getting their hands dirty.

Under the current House proposal, 50% of this investment would flow to just 2% of the more than 2 million farms in our country. That's a $22 billion increase in taxpayer funded subsidies to those farms over the next 10 years.

Even among the 22 crops covered by ARC and PLC, the House proposal is skewed even further to mostly southern crops like cotton, rice, and peanuts – as we recently highlighted in the graph below in this recent report.

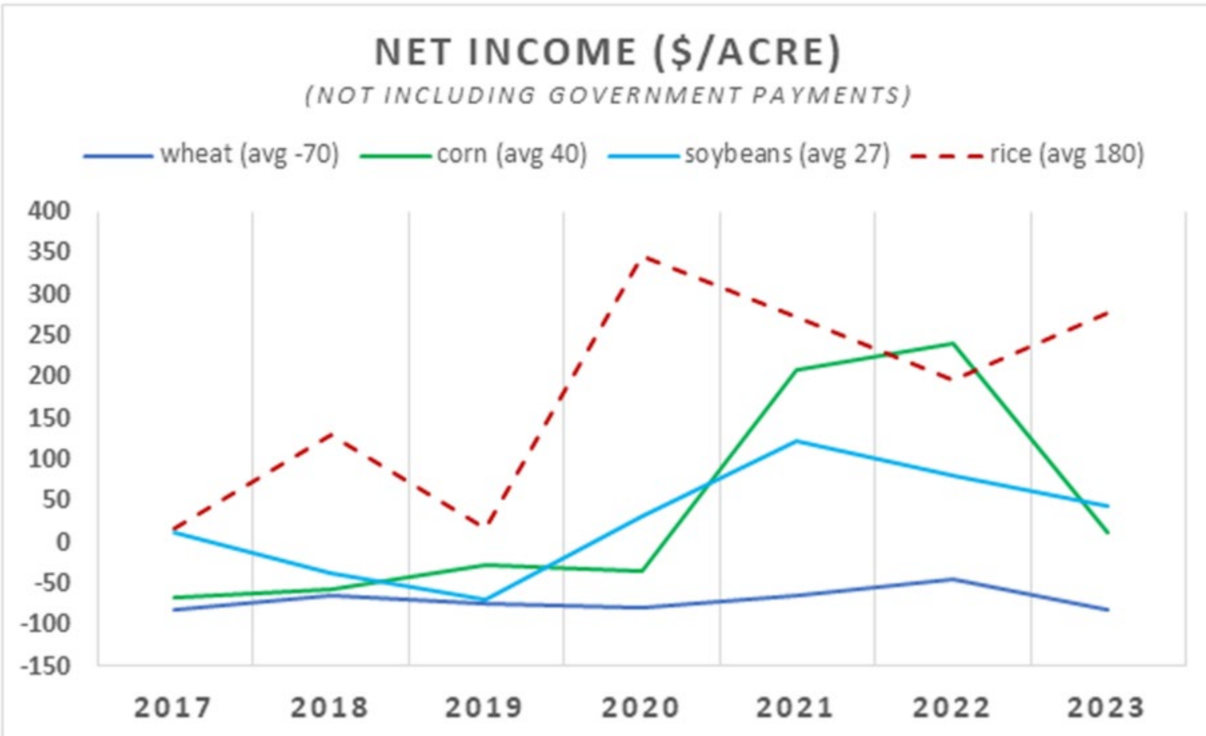


The proposal doubles down on the regional disparities of the existing programs by pouring taxpayer resources into southern commodities while leaving northern crops with relative pennies. It boosts the average annual taxpayer payment per farm to nearly $300,000 for rice, $140,000 for peanuts, and $108,000 for cotton, while other crops like wheat, soybeans, and corn are left with a fraction of that increase.

Our House colleagues would counter that the disparities in this investment are based on need. But, if you look at the data USDA collects, it shows that the increased costs and continued "sticky" prices due to limited competition among suppliers have hit both northern and southern farmers.

Going a step further and looking at the net income before government payments shows that while there is need and concern over the tightening margins across the board, southern commodities are not in a uniquely worse situation.

For example, while rice in aggregate was consistently profitable over the last five years, it would still receive the largest payment under the House proposal. Wheat, which has consistently struggled to be profitable, would receive just about 6% of the average annual payment that rice would receive. And rice will probably be better off given the typically higher government payments per farm than northern farmers of wheat, soybeans, and corn.



Source: USDA Economic Research Service *Costs and Returns*

Chairwoman Stabenow is not opposed to using reference prices as a tool or helping southern commodities.

The Rural Prosperity and Food Security Act recognizes that rice, peanuts, and cotton were not expected to see benefits from the built-in effective reference price escalator from the 2018 Farm Bill, and she proposes increasing the reference prices of only those three southern crops. It also enhanced the effective reference price formula and increased the ARC guarantee for all commodities to provide more certainty to farmers.

But any investment must be balanced, practical and achievable, and it must be either paid for or have support for being offset from outside the Farm Bill or through deficit spending. A proposal that claims to be paid for, but is not, and picks winners and losers between regions risks breaking apart the farm coalition and would not have the votes to pass Congress.

The Farm Bill must be balanced in how it distributes resources between regions and commodities in our country. Chairwoman Stabenow has always believed that striking that balance is the central job of the Committee.

A Farm Bill is not passed through slogans and posturing. It's passed with honest debate about how to best allocate our resources and a good faith negotiation to achieve bipartisan consensus.

It's time to have that debate.

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