

October 19, 2011

The Honorable Debbie Stabenow  
Chairwoman  
Committee on Agriculture, Nutrition and Forestry  
328A Senate Russell Office Building  
Washington, DC 20510

The Honorable Frank Lucas  
Chairman  
House Committee on Agriculture  
1300 Longworth House Office Building  
Washington, DC 20515

The Honorable Pat Roberts  
Ranking Member  
Committee on Agriculture, Nutrition and Forestry  
328A Senate Russell Office Building  
Washington, DC 20510

The Honorable Collin Peterson  
Ranking Member  
House Committee on Agriculture  
1305 Longworth House Office Building  
Washington, DC 20515

Dear Chairs and Ranking Members:

The undersigned farm organizations write to support a revenue-based risk management program that would replace several parts of the existing farm safety-net. Such a program should be designed to partially offset losses caused by reduced yield or multi-year price declines not currently covered under federal crop insurance, and would not require any changes to that program. It should also reflect differences in production practices for commodities grown in various regions, while avoiding distortions in planting decisions between crops.

We had anticipated working with your Committees to develop new farm legislation prior to the expiration of the 2008 Farm Bill next year. However, the realities of the current federal budget and debt crises, underscored by the decision by your Committee leadership to recommend a \$23 billion reduction in farm bill spending as agriculture's contribution to deficit reduction under the Budget Control Act, make it imperative to find a viable risk management approach that can replace several existing programs, including Direct Payments, Countercyclical Payments, SURE, and the ACRE program. We support the Committee leadership recommendations to the Joint Committee, including that this reduction exceeds any cut that would be required under sequestration.

We would note that, under a revenue-based program, compensation for losses that exceed a certain threshold would only be made as they are incurred, on all production, and only on a portion of the loss. This stands in contrast with the current Direct Payment program under which farmers receive payments regardless of whether they produce a crop or incur a loss. Also, many producers participate in the crop insurance program at levels that require losses of 30 percent or more before they are compensated. With the elimination of other elements of the farm safety net, a program is needed to offset part of these losses should they occur.

We acknowledge that, to adequately protect farm income, a revenue-based program will require significant resources. We ask the Committees that, in meeting your commitment on deficit reduction, you take a fair approach in achieving spending cuts among the farm bill titles. However, if needed to achieve budget savings, we will support modifications that reduce spending while maintaining as much revenue support as possible to protect against yield and multi-year price declines.

Finally, we would again reiterate our strong support for maintaining the existing crop insurance program. The new revenue-based program should be designed to complement rather than overlap or replace this key part of the farm program safety net.

We look forward to working with the Committees in your effort to provide details on your deficit reduction recommendation to the Joint Committee. Please let us know if we can provide additional information on our views, or if we can help in any other way.

Respectfully,

American Soybean Association  
National Corn Growers Association  
National Farmers Union

cc: Members, Senate Committee on Agriculture, Nutrition, and Forestry  
cc: Members, House Committee on Agriculture