

October 15, 2013

Individually addressed to all Farm Bill conferees:

Dear :

The American Farm Bureau Federation commends you for moving forward on negotiations to resolve the differences and complete the 2013 Farm Bill.

Overall, both bills provide an adequate safety net for farmers and ranchers and do so in a logical way consistent with AFBF policy. We specifically support:

- The increased emphasis on a strong and affordable crop insurance program to improve producers' abilities to better tailor their individual risk management plans;
- Providing producers a choice of safety net program options;
- Allowing producers increased flexibility to plant in response to market demand;
- Continuing the marketing loan program with loan rates established to better reflect market values;
- Additional assistance for specialty crop producers;
- Reauthorization and mandatory funding of livestock and tree disaster programs;
- A gross margin insurance program for dairy;
- Maintenance of the current sugar program;
- Streamlining of conservation programs;
- Continued funding for export market promotion programs; and
- Innovative new rural development programs.

Farm Bureau's two overarching concerns for conference are ensuring that a complete, unified farm bill continues and that permanent law is not repealed. For some time, the threat of reinstatement of the long-outdated policies of the 1938 and 1949 acts have served as strong motivation for Congress to enact new farm bills. Repealing those acts and making the 2013 farm bill commodity title permanent law could make it difficult in the future to generate sufficient political pressure to adjust the commodity safety net provisions should conditions in production agriculture change. In addition, other important farm and rural programs covered in other titles would risk not being reauthorized if the bill expires after five years. If this should occur and we revert to "permanent" law, then programs covering conservation, forestry, research, energy, rural development, horticulture, trade, etc., could be left to the will of the appropriations process, likely with limited funding and little opportunity to update or adjust to meet changing needs in agriculture and rural communities.

We also fear that a farm bill without a meaningful nutrition title will make it difficult, if not impossible, for the House and Senate to reach agreement on a final version that can be signed by the president. We urge you to move forward on a unified farm bill that continues the “marriage” between the nutrition and farm communities and our constituents.

Farm Bureau has a long history of opposing means testing of farm program benefits, regardless of the program in question. These kinds of arbitrary tests are just that, arbitrary limits placed on productive farmers and ranchers that are often among the most innovative and progressive producers in agriculture. Adjusting these structures as Congress continually revises the limits just adds meaningless cost factors and undermines sound farm management.

In addition, penalizing farmers’ and ranchers’ productivity often works at cross purposes to the underlying policy goal and can drive producers into financial structures that only make sense in the context of one means test or another. Two policy areas where the imposition of means testing works at cross policy purposes in particular are in conservation and crop insurance.

For conservation payments, precluding larger operations from receiving support forces producers to consider opting out of, or never entering these programs. Because their livelihood depends on managing an economic resource, they must consider putting or keeping land into production because payment limits remove access to any economic offset for placing or leaving the land in a conservation use -- completely the opposite of the goal of the conservation programs.

The limitation or penalty on crop insurance included in the Senate language is particularly troublesome. Applying a substantial penalty (the equivalent of nearly a 40 percent increase in producer premium costs) to producers who are over the \$750,000 Adjusted Gross Income limit may well induce these producers to drop out of the program. Taking this premium income out of the total pool may well boost the overall average risk associated with the remaining participants. This will lead to higher premiums and an increase in the cost per unit for both the remaining program participants and the federal government.

As you conference the two bills, we urge you to consider the following positions:

We support the following provisions in H.R. 2642 and ask the House to remain firm in keeping those provisions intact in the conference report:

- Prohibits unscientific state barriers to interstate commerce when those barriers are based solely on production practices. This would not impact a state’s right to set its own production standards. It simply prohibits a state from forcing its standards on imports from other states.
- Modifies the exemption level of EPA’s Spill Prevention and Containment (SPCC) rules for small farmers and ranchers. These rules require producers to construct a containment facility around above-ground oil tanks.

- Requires that if a three-year AGI for either on-farm or off-farm income exceeds \$950,000, program benefits are not allowed. The Senate has the same provision but sets the cut-off level at \$750,000. We oppose means testing completely, but prefer the House to the Senate provisions.
- Makes Price Loss Coverage (PLC) payments on planted rather than historical acreage. The Senate bill makes similar payments (Adverse Market Payments) on historical plantings or base acres. We support payments being made on planted acres, but note it is imperative rates not be set too high as to encourage planting for government programs. We recognize this is a potential issue in tying a program to planted versus base acres.
- Improves federal coordination in addressing the documented decline of managed and native pollinators and promotes the long-term viability of honey bee, wild bees, and other beneficial insects in agriculture.
- Mandates the Secretary of Agriculture consult with the Secretary of Labor to ensure that producers of perishable commodities are afforded a transparent and equitable process related to labor disputes.
- Requires the Environmental Protection Agency to consult with the Natural Resources Conservation Service (NRCS) with regard to water quality and nutrient management relating to ongoing modeling for the Chesapeake Bay watershed, including EPA's ongoing implementation of Total Maximum Daily Load (TMDLs).
- Requires a scientific and economic analysis of the Food Safety and Modernization Act prior to final regulations being enforced. The primary focus of the analysis will be the impact of the legislation on agricultural businesses of all sizes.
- Prohibits EPA from procuring or disclosing the private information of farmers and ranchers.
- Amends the Distance Learning and Telemedicine Program to add designated Health Professional Shortage Areas as a priority in awarding funding. There is a critical shortage of health care facilities and qualified healthcare professionals in rural communities. The Distance Learning and Telemedicine Program offers a solution for rural Americans to receive qualified health care services.
- Authorizes \$2 million per year to help control the Coffee Berry Borer, an invasive pest that currently threatens the Hawaiian coffee industry.
- Requires USDA to promulgate regulations under the Administrative Procedure Act and the Congressional Review Act, but do so in a timely fashion.
- Clarifies that seed and treated seed shall not be considered a pesticide or device under special import restrictions.

- Prohibits USDA or an employee of another federal agency from disclosing information provided by a producer or owner of agricultural land concerning the operation, farming or conservation practices, or the land itself in order to participate in USDA or other federal programs.

We oppose the following provisions in H.R. 2642 and ask the House to recede to the Senate on the following provisions:

- Caps spending on the Farm Risk Management Election program at 110 percent of CBO-projected levels for the first five years in which payments are disbursed.
- Sunsets all discretionary programs in the bill upon the expiration of the five year authorization period.
- The Revenue Loss Coverage and Price Loss Coverage programs are capped at \$125,000 per person for all commodity program payments except for peanuts which has a separate payment limit. We oppose payment limits.
- Eliminates the separate Adjusted Gross Income (AGI) limit for conservation programs and applies the same \$950,000 total AGI limit to the conservation programs as for the commodity programs. The Senate makes no change to current law with regards to this provision. We oppose means testing.
- Reduces farm program payment limits, caps commodity payments at \$250,000 per year for any one farm. Also modifies the law to change the definition of eligible producer. Farm Bureau policy supports maintenance of the current definition of “actively engaged” and opposes payment limitations and income means testing.
- Repeals regulations on livestock and poultry practices that USDA finalized in December 2011 that provide for equitable treatment of producers of those animals. This is especially harmful to the poultry industry.
- Repeals the authority for USDA’s Food Safety and Inspection Service to inspect catfish and moves that responsibility solely to the Food and Drug Administration (FDA).

We support the following provisions in S. 954 and ask the Senate to remain firm in keeping those provisions intact in the conference report:

- Establishes a pilot crop insurance program for specialty crops that allows coverage for food safety and quarantine issues.
- Authorizes up to \$5 million annually from the crop insurance fund to maintain program integrity and improve compliance operations in the crop insurance program.
- Prohibits EPA from disclosing private and confidential information to the public.

- Establishes a new “Foundation for Food and Agriculture Research” to supplement USDA’s research activities. Provides total mandatory funding of up to \$200 million if the foundation secures an equal amount of non-federal matching funds.

We oppose the following provisions in S. 954 and ask the Senate recede to the House on the following provisions:

- Requires a conservation compliance plan to be filed with USDA and followed for all crops planted in wetlands and for all annually tilled crops on highly erodible land in order to qualify for crop insurance premium assistance.
- Reduces crop insurance premium subsidies for any person with an average Adjusted Gross Income in excess of \$750,000 by 15 percentage points. In essence, this provision raises the cost of the premium for farmers by almost 40 percent.
- The Agriculture Risk Coverage (ARC) and Adverse Market Payments (AMP) combined payment limit for all commodities except peanuts is \$50,000 per person and the ARC and AMP combined payments for peanuts is \$50,000 per person. Loan Deficiency Payments (LDPs) are limited to \$75,000 per person and a separate \$75,000 LDP is applied to peanuts. We oppose payment limits.

We sincerely appreciate your work on the new farm bill. Farm Bureau sees many provisions in both bills that address our core principles for rational, acceptable farm policy.

Sincerely,



Bob Stallman
President