Federal farm policy ensures that Americans will have access to the most affordable and highest quality food supply in the world. The average American consumer spends less than 10 cents of their disposable income on food. Farm safety net programs make up about two-tenths of one percent of all federal spending.

The farm bill is often targeted for cuts in an effort to balance the federal budget deficit, although only 14 percent of the total farm bill spending is used for farm income stabilization. Spending cuts to the farm safety net have been commonplace in the last decade and a $4 billion reduction to the farm bill baseline occurred during the summer of 2010 as part of the new Standard Reinsurance Agreement from USDA.

SAFETY NET PROGRAMS
Nearly one-third of all farm safety net spending is for direct payments, which are usually too small to make a difference when times are bad and are hard to justify when commodity prices are high. Direct payments are the second-most expensive of the federal farm safety net programs (behind crop insurance), with $49.1 billion budgeted over the next ten years.

Federal funding should be directed to programs that provide assistance only when help is needed. Countercyclical payments kick in only when commodity prices drop below a target price set by the farm bill.

Crop insurance stabilizes farm incomes and should be strengthened and expanded to attract farmers in all parts of the country, including previously underserved producers of cotton, peanuts, certified organic and other high-value crops.

The permanent disaster program, known as the Supplemental Revenue Assistance Payments (SURE) program, must remain tied to crop insurance enrollment and be well-funded in order to be more effective. Payments should be partially authorized up front and paid in order for producers to cash flow for the next crop year. Fully implemented SURE will preclude the need for costly ad hoc disaster payments such as those currently pending in Congress.
Several new, experimental programs such as the **Average Crop Revenue Election** (ACRE), were included in the 2008 Farm Bill. After a year of experience with the program, the enrollment process must be simplified in order for ACRE to appeal to farmers and payment triggers should be based on county or farm production levels, not on a statewide level.

As pressure mounts to find a low-cost but highly-effective plan for the agricultural economy, NFU urges Congress to look to **supply management** as a solution. Many commodity producers are calling for more tools to better manage the level of commodity production to stabilize agricultural prices. The sugar supply management program has been very successful and dairy is becoming more adamant for similar arrangements.

Grain reserves would be an efficient means of smoothing price variations and fighting hunger worldwide. The federal government places such a high level of importance on oil that a 75-day stockpile is maintained – grain reserves are even more vital to our national defense.

**OTHER PROGRAMS**
The **Conservation Reserve Program** (CRP) should include additional benefits for carbon sequestration and biomass production, especially considering the tenuous situation of climate and energy legislation.

The **Biomass Crop Assistance Program**, as included in the 2008 Farm Bill, was a step in the right direction but needs to be improved by ensuring that farmers and landowners can benefit from a growing market for biomass.

Farmers need vibrant communities in which to live and raise their families and **rural development** funding enables rural towns, villages and cities to stay competitive. Investments in rural infrastructure, such as expanded broadband access, must be encouraged and thoughtfully regulated.

**Research funding** must be a higher priority for USDA as it is in other federal agencies. Challenges await American agriculture and innovations to meet those demands must benefit family farmers.

Mandatory funding should be appropriated for **upgrades to USDA information technology**. Antiquated hardware and software have made implementation of new farm programs difficult and expensive. Immediate improvements are needed.

NFU urges members of Congress to consider the importance of family farmers and ranchers and to pass a farm bill that strengthens their ability to provide safe, abundant and affordable food for all Americans.
Responsible Federal Farm Policy in 2012 and Beyond

Correct farm policy should benefit both consumers and producers. American consumers get more than anyone in the world out of their food dollars, even when essential safety net spending is included in the calculations. According to USDA’s Economic Research Service, in 2008, 9.6 cents of every dollar earned by the average American was used to pay for food. Through federal spending, each American pays about an additional tenth of one cent on farm safety net programs. No country in the world has more affordable, more abundant or safer food. This enviable position results from an effective farm and food policy.

America also needs a federal farm policy because farmers have the least market power of any type of producer and the economy forces them to be price takers instead of price makers. Others decide how much farmers must spend for inputs and how much farmers will receive from the sales of their product. Despite these inequities, farmers are responsible for growing and raising our most important product: food. A healthy system of agricultural production is important to our national interest and decision-makers in Washington must find the right mix of policies that will address persistently inadequate farm income, price volatility and excess capacity.

Federal Farm Safety Net Spending, 2010 – 2020

The 2008 Farm Bill and related agricultural programs comprise less than one-quarter of one percent of total federal expenditures. According to projections from the Congressional Budget Office for the years 2010 to 2020, farm bill programs will account for about $1.1 trillion of federal spending. However, only 14 percent of that money – $150.2 billion – will be spent on farm income stabilization efforts. Of this, about $49 billion will be spent on direct payments, $5.5 billion on countercyclical payments, $3.2 billion on the new Average Crop Revenue Election (ACRE) program, and $1.7 billion on marketing loan benefits. Crop insurance programs were slated to receive $82.8 billion, although after the recent issuance of the 2011 Standard Reinsurance Agreement, this number will be smaller.

If the farm safety net was removed or weakened, many farmers would fall victim to the volatility that plagues the agricultural marketplace. Congress should focus its limited resources on improving programs that help farmers through tough times – periods of low prices, high input costs, or disastrous production losses.