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July 13, 2017

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

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

The Honorable Mike Conaway, Chairman
House Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

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

Dear Chairmen Roberts and Conaway and Ranking Members Stabenow and Peterson,

The American Farm Bureau Federation (AFBF) Board of Directors recently met to discuss our recommendations for the upcoming farm bill debate. Based on the outcome of this discussion I am providing the following recommendations, grounded in our grassroots policy, for your review and consideration as you work to develop the new farm bill. These recommendations are not set in stone; rather, they are designed to provide the necessary flexibility to ensure that Farm Bureau is prepared to work with you in achieving the best possible farm bill that meets our key farm policy objectives while assisting you in meeting the challenges this important legislation will endure.

The following overarching goals serve as the basis for our recommendations:

- Protect current farm bill spending.
- Maintain a unified farm bill that includes nutrition programs and farm programs together.
- Ensure any changes to current farm legislation be an amendment to the Agricultural Adjustment Act of 1938 or the Agricultural Act of 1949.
- Prioritize our top funding priorities -- risk management tools, which include both federal crop insurance and Title I commodity programs.
- Ensure programs are compliant with the World Trade Organization agreements.

The Board recommends the following five provisions for funding that we expect to be above the baseline with which you will have to work:

1) Allow farmers to select the "higher of" the five-year Olympic Average yield for the

Agriculture Risk Coverage County Program (ARC-CO) or a simple 10-year average yield.

2) Increase the reference price used as the floor for the ARC-CO program by 5% for corn, soybeans, wheat, sorghum and other minor crops. Increasing the ARC-CO plug prices for corn, soybeans and wheat by 5% would mean ARC-CO floor prices of $3.90, $8.80 and $5.80 per bushel, respectively.

3) Support a cotton lint program and/or designating cotton seed as an "other oilseed" to make cotton eligible for Title 1 commodity support programs.

4) Improve the Dairy Margin Protection Program by supporting a package that contains the following: a) a two-tiered approach to providing a safety net for dairy by continuing to treat production of 4 million pounds of milk covered annually differently than more than 4 million pounds of production; b) increase the administrative fee from $100 to $300 for catastrophic level of protection; c) reduce premium rates 25% from the current rate for the first 4 million pounds of production history covered and increase premium rates 25% from the current rate for coverage above 4 million pounds; d) lower the maximum coverage level from $8.00 to $7.00; e) raise the catastrophic level from $4.00 to $4.50; and f) increase the feed ration formula for all producers by 10 percent.

5) Increase the $20 million annual cap on livestock insurance products to $75 million annually.

The AFBF Board also approved the following recommendations. Our analysis suggests these provisions, while addressing issues important to our farmers and ranchers, have little or no additional cost above the baseline.

Commodity Programs

We support:

- Continuation of the Price Loss Coverage program and the ARC program. Farmers want a choice of which risk management programs work best for their operation.

- Changes to the ARC-CO program to make it more effective and fair to all farmers.

- The opportunity for all farmers to re-elect and/or re-enroll in Title 1 programs.

- Basing Title 1 payments on historic, rather than planted, acres.

- Altering the cascade used to determine county yields for the ARC program to make Risk Management Agency (RMA) data the primary option followed by contiguous county RMA data, National Agricultural Statistics Service data and discretion of the state Farm Service Agency director.

- Making ARC-CO payments using the ARC-CO payment rate for the county in which the land is physically located rather than the rate for the administrative county used by the farmer.

Conservation Programs

We support:

- Requiring USDA to update rental rate data for the Conservation Reserve Program (CRP) every year rather than every other year.
- Capping the pollinator rental rate at the lower of $300 per acre or 90% of the average county cash rent for the type of land that is entered into the pollinator program.
- Allowing adequate flexibility in establishment practices and mid-contract maintenance for acres enrolled in the CRP to completely control any noxious weeds or problem species that may have been introduced in the pollinator plot.

We do not support:

- Increasing the cap on the CRP above the current 24 million acre cap.
- CRP "knock offs" that offer contracts similar to the current CRP program but only require short-term (3-5 year) contracts rather than 10-15 contracts.
- Allowing the same parcel of land to be re-enrolled in the general CRP after the conclusion of two contracts.

Dairy

We support maintaining the current three-month sign-up gap and ending enrollment in September prior to the Margin Protection Program coverage year and retention of the Secretary of Agriculture's ability to delay the sign-up period on an ad hoc basis.

Whole Farm Revenue Protection Program (WFRP)

We support keeping the WFRP as a pilot program rather than making it a permanent federal crop insurance program.

In addition, there are other policy recommendations attached. Thank you for considering this information. We stand ready to work with you during the upcoming farm bill debate.

Sincerely,

Zippy Duvall
President

Attachment

Farm Bureau Policy Recommendations

Commodity Programs:

We support:

- continuation of a counter-cyclical program like the Price Loss Coverage (PLC) program and a revenue program like the Agriculture Risk Coverage (ARC) program;
- the opportunity for farmers to re-elect and/or re-enroll in ARC and/or PLC;
- a cotton marketing loan at 52 cents per pound;
- all Title 1 payments be based on historic, rather than planted, acres;
- modifying "actively engaged" rules to more broadly define family by including non-lineal familial relationships such as first or second cousins;
- the family farm exemption from the "actively engaged" management restriction and recordkeeping requirements not be altered; and
- maintaining the current 2014 sugar provisions in the next farm bill.

We oppose:

- income means testing;
- payment limitations; and
- targeting of benefits being applied to farm program payment eligibility.

Crop Insurance:

We support:

- the availability of crop yield and/or revenue insurance for all producers of all crops;
- continuation of the federal government financial support, at a percent not less than current levels;
- continuation of everyone being eligible for the program, regardless of size of the operation or payments; and
- the currently legislatively approved farmer premium discount schedule.

We oppose premium discount caps, payment limits or means testing being applied to crop insurance.

Conservation:

We support:

- maintaining funding for federal conservation programs that maintain environmental benefits;
- working and retirement land conservation programs, but prioritize working lands conservation programs in a tight budget environment;
- improvements in the way the State Technical Committees operate in order to make them more ag friendly by encouraging producers' participation and input;
- the timely issuance of wetland determinations by qualified Natural Resources Conservation Services staff.

Conservation Reserve Program (CRP):

We support:

- marginal and highly erodible land returning as the main focus of the Conservation Reserve Program (CRP);
- limiting land enrolled in CRP to only those site-specific locations in critical need of

conservation measures, such as highly erodible land. In regions where working land conservation programs are better for the rural economy, general whole farm enrollments should be eliminated unless all acres on the farm meet the local criteria for conservation measures;

- targeted acreage signups for the CRP that provide enhanced environmental protection, conservation and renewed economic opportunities in those areas; and
- the current rule limiting CRP acres to 25 percent of the total county crop acres including Conservation Reserve Enhancement Program (CREP) and all experimental pilot projects except for small acreage enrolled in continuous CRP.

Environmental Quality Incentives Program (EQIP):

We support:

- maintaining the provision in current law that requires 60% of the Environmental Quality Incentives Program (EQIP) funding being targeted to livestock producers; and
- adequate funding for the Environmental Quality Incentives Program (EQIP) for fencing, fresh water and other livestock programs.

Conservation Stewardship Program (CSP):

We support:

- funding for CSP with greater accessibility to farmers; and
- annual open enrollment for the CSP with shortened contracts if funding for the program cannot fully accommodate all applicants.

Specialty Crops*:*

We support:

- maintaining an $80 million annual outlay for the Specialty Crop Block Grant Program with emphasis on fundamental research, marketing and promotions, and pest management programs;
- collaborating with USDA on how the Specialty Crop Block Grant Program (SCBGP) funds can be better spread among numerous entities and an appeals process for grants that have been awarded; and
- incorporating all types of fruits and vegetables (fresh, frozen, canned and dried) into the Fresh Fruit and Vegetable Program providing an affordable option for increasing the variety available year-round for low income school children and more market opportunities for producers. Priority must be given to fresh and locally grown product when available notwithstanding price.

Livestock:

We support:

- exploration of new risk management tools for livestock producers; and
- programs for livestock and tree producers, which include the Livestock Forage Program, the Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program, the Livestock Indemnity Program, the Tree Assistance Program, and the Emergency Haying and Grazing of CRP authorities.

Energy:
We support maintaining the current funding level for the Rural Energy for America Program (REAP).

Rural Development*:*
We support:

- legislation that encourages rural economic development and emphasizes value-added opportunities in agriculture;
- streamlining programs and a more transparent and efficient grant and loan approval process for rural development programs that includes the timely approval of applications and a more effective priority-setting process so that federal funds are expended on projects with the greatest economic potential; and
- modifying the broadband programs to increase utilization of loans and grants in rural/underserved communities. We support adequate funding for improvements in USDA's Community Connect, Distance Learning and Telemedicine, and Rural Gigabit Network pilot programs.

Trade: We support the current funding level of $200 million annually for the MAP program and $34.5 million annually for the FMD program.

Credit: We support increasing the amount of funding authorized for the Farm Service Agency loan guarantee programs while maintaining the current caps on individual amounts a farmer may be granted.

Research*:*
We support:

- maintaining current funding levels for agricultural research and education; and
- federal investment in research that provides a mix of formula, competitive and special grants and reauthorization of the competitive research facilities program for land grant universities.

Acreage Crop Reporting Streamlining Initiative (ACRSI):
We support:

- simplifying procedures, reducing paperwork requirements and streamlining interactions between the Farm Service Agency, the Natural Resources Conservation Service and the Risk Management Agency;
- requiring that all information obtained by government agencies on specific individuals or farms be kept confidential and not made available for public information;
- efforts to harmonize methods of property descriptions between FSA and RMA to streamline information sharing between the two agencies and to develop a common method to establish crop yields for the various programs;
- upgrading computer technology and appropriate software to allow the NRCS, FSA, RMA, and National Agricultural Statistics Service (NASS) to utilize and share the same farm program enrollment information and production, provided appropriate privacy disclosures and safeguards are utilized;
- "one-stop shopping"—all farm program agencies, where feasible, should be located

in the same building;
- the exemption of growers from the registration and reporting requirements associated with the System for Award Management; and
- allowing the System for Award Management (SAM) number to be valid for the length of the USDA project for the individual producer.

We oppose the Data Universal Number System being a requirement for participation in farm, conservation and other USDA programs.