



April 24, 2012

The Honorable Debbie Stabenow, Chairwoman
Committee on Agriculture, Nutrition and Forestry
United States Senate
Washington, DC 20510

The Honorable Pat Roberts, Ranking Member
Committee on Agriculture, Nutrition and Forestry
United States Senate
Washington, DC 20510

Dear Chairwoman Stabenow and Ranking Member Roberts:

On behalf of National Farmers Union (NFU), thank you for your work in advancing the 2012 Farm Bill into the next stage of the committee process. Your efforts to provide an effective set of policies for farmers, the agriculture industry, and all of rural America are greatly appreciated. The momentum generated by this draft legislation will increase the chances that a strong, bipartisan farm bill can pass the Senate in the near future.

Crop insurance programs have been strengthened in the draft legislation for the next farm bill, which is in line with the policies adopted by NFU members. The draft legislation will ensure that the next Standard Reinsurance Agreement will be budget-neutral and will prevent the reduction of resources available to crop insurance programs. Effective and affordable crop insurance products should be maintained so as to offer coverage to more farmers and methods of production, including livestock, forage crops, specialty crops, organic agriculture and other emerging products.

Through the Agricultural Risk Coverage (ARC) program, the draft legislation offers an important level of protection for family farmers and ranchers in times of need. ARC is a simplified program that replaces more complex efforts to provide a safety net, and will be able to serve farmers across the country. While ARC represents a combination of different proposals, NFU encourages the committee to ensure that only farmers who need assistance receive benefits from the farm program.

The combination of ARC and crop insurance in the draft legislation provide critical risk protection for farmers who suffer yield or revenue losses. However, protections for farmers against long-term market collapse are not present in the draft legislation. NFU urges the committee to consider the Market-Driven Inventory System (MDIS), which would fill this void at a low cost to taxpayers.

Various payment limitations have been included in the draft legislation. NFU continues in its support of efforts to set standards for determining if a producer is actively engaged in farming. NFU further supports extending payment limitations and cross-compliance measures to recipients of subsidized crop insurance – specifically, ensuring that the federal premium subsidy is included in the payment limit calculation.

During a recent NFU fly-in, NFU members advocated for the inclusion of disaster programs for livestock producers and important animal health initiatives in the next farm bill. NFU is pleased to see that many of these provisions are in the draft legislation. Additional steps to address competition and market power issues, including a prohibition on packer ownership or feeding of livestock, would also be welcomed.

NFU appreciates the inclusion of the Dairy Market Stabilization program and encourages the Committee to strengthen the supply management tools this program provides. Additionally, NFU is pleased that the Dairy Production Margin Protection program is structured so that greater benefit is directed toward smaller and medium-sized dairy operations. Given the available evidence, NFU does not ultimately believe that a margin insurance program will serve farmers better than the Milk Income Loss Contract (MILC) program, which this proposal eliminates. NFU encourages the Committee to adhere to the principles of strengthening supply management tools, ensuring transparency in pricing and reforming the dairy marketplace so that family farmers have ample opportunity to thrive. I also ask that the Federal Milk Marketing Order system be modified to include all states.

NFU urges the committee to support an amendment by Sens. Conrad and Lugar which provides \$800 million in mandatory funding to core energy title programs. Programs such as the Rural Energy for America Program, Biomass Crop Assistance Program, Biorefinery Assistance Program, and Biobased Markets Program are creating thousands of jobs across America and spurring the commercialization of cellulosic ethanol. It is crucial that this amendment receive a clean vote during markup.

Additionally, NFU appreciates that the draft legislation includes a flexible conservation toolbox, featuring streamlined program delivery for working lands, land retirement and easement programs, coupled with significant federal funding and flexible local planning authorities.

Overall, NFU is encouraged by the progress made by this draft legislation. You deserve praise for coming together to write this bipartisan bill and I look forward to working with the Committee to complete a farm bill in 2012.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger Johnson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Roger Johnson, President
National Farmers Union