



November 15, 2010

President Barack Obama
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear President Obama:

The National Sustainable Agriculture Coalition (NSAC) would like to take this opportunity to provide comments on the agriculture-related portions of the Co-Chair's Proposal published last week by the National Commission on Fiscal Responsibility and Reform. NSAC is an alliance of grassroots organizations that advocates for federal policy reform to advance the sustainability of agriculture, food systems, natural resources, and rural communities.

NSAC applauds the commission's goals of making America better off tomorrow than it is today and of giving our children and grandchildren a better life. We appreciate the desire to cut ineffective spending while keeping America safe and economically vibrant.

We believe that cuts in agricultural spending should be thoughtfully directed in a manner that rewards good practices and avoids subsidies for those practices that are detrimental or wasteful.

Your Administration inherited an agricultural sector that is struggling with the effects of decades of consolidation that have allowed large agricultural businesses and industrial farming operations to crush competition and push small and mid-sized and independent farms and ranches out of business. It is confronting the harm that has resulted from lack of environmental sustainability, including the inefficient use of natural resources, the pollution of air, soil, and water, the emission of excess greenhouse gases, the degradation of American landscapes and wildlife habitat, and threats to the public health. It is facing weakened rural communities and regional food systems that are in disrepair. It is grappling with an aging population of farmers and ranchers and with the need to redress decades of discrimination against socially disadvantaged farmers and farm workers. The federal government can play a leading role in addressing these pressing problems, as your Administration has already begun to do.

The Co-Chairs have suggested a cut in agricultural production subsidies, including direct payments. Not addressed in their brief write-up is how such a spending reduction would be achieved. One of the perverse realities of these subsidies is that while across the board cuts affect rank and file farmers who receive far less than the maximum statutory payment limits, they do not take payments away from mega farms that utilize legal loopholes to greatly exceed the statutory payment limits. Hence mega farms and wealthy landowners are not affected by across the board cuts, which place the entire burden on small and mid-sized farms.

In light of that, NSAC recommends that agricultural spending cuts for deficit and debt reduction start with closing commodity payment rule loopholes. This is the absolutely necessary first step unless the goal of any proposed spending reduction is to keep the best-off whole while exacting the toll on those least able to absorb it.

Once the loopholes are closed, the second step in progressive reform is to legislatively lower per-farm annual payment caps. The approach from your FY 2011 budget proposal is one way to do this, and the recent bill introduced by Senators Grassley and Feingold suggests another. A combination of methods may be needed.

One of the most dramatic changes in the world of farm programs in the past two years has been the rapid increase in crop insurance subsidies to farmers and insurance companies. Over the next ten years, crop insurance subsidies are expected to exceed traditional commodity subsidies by over \$12 billion. Shockingly, though, there are no limits on the amount of insurance subsidies that any one farmer or landowner can receive. Another way to address the need for federal cost controls is to place reasonable limitations on insurance subsidies similar to those in statute for commodity payments.

Secretary Vilsack has put a spotlight on the aging of American agriculture and the tremendous barriers faced by young and beginning farmers to get into farming and especially to secure access to land in an increasingly concentrated market. We applaud the Secretary's goal of adding 100,000 new farmers in the next couple of years. In light of that goal, we strongly recommend that any farm program spending reduction proposal provide an exception for small, beginning farmers.

We also recommend linking all commodity and insurance subsidies to basic soil and water conservation requirements, ending payments to any who will not comply. Our federal government should also stop paying subsidies to those who break out new land, to the detriment of native grasslands, livestock production, wildlife habitat, and carbon retention. Both of these deficit reduction strategies have the added benefit of helping ensure improved stewardship of natural resources and the environment.

Coupling government payments to agricultural producers with sound environmental practices is good policy. The Co-Chair's Proposal confuses production subsidies with conservation incentives. Conservation Stewardship Program (CSP)* payments are for advanced conservation and environment services on working farm and ranch land. CSP, in fact, has the highest environmental standards of all the working lands farm conservation programs in the federal

* NSAC suspects the Co-Chair's Proposal meant to indicate the Conservation *Stewardship* Program, not the earlier Conservation *Security* Program. To obtain savings from the Security program (enrollments from 2004-2007) or from recent Stewardship program enrollments (2009-2010), the government would have to break its existing long-term contracts with farmers.

portfolio. CSP also has tight, loophole-free payment limitations. Rather than being scaled back, programs that support environmental and conservation practices on working farm and ranch land, like the Conservation Stewardship Program, should be the template for a leaner, public benefit-oriented farm program in the future.

Our coalition thanks you for your thoughtful consideration of these points. As always, we are ready to help in any way we can to move our nation's approach to agricultural spending in a more sustainable direction.

Sincerely,

A handwritten signature in black ink, appearing to read "Susan Prolman", with a long horizontal flourish extending to the right.

Susan Prolman
Executive Director

cc: Commissioners, National Commission on Fiscal Responsibility and Reform
The Honorable Jeffrey Zients, Acting Director, Office of Management and Budget
The Honorable Tom Vilsack, Secretary of Agriculture