November 9, 2017

The Honorable Pat Roberts
Chairman
Senate Committee on Agriculture,
Nutrition, and Forestry
U.S. Senate
Washington DC 20510

The Honorable Debbie Stabenow
Ranking Member
Senate Committee on Agriculture,
Nutrition, and Forestry
U.S. Senate
Washington DC 20510

The Honorable Michael Conaway
Chairman
Committee on Agriculture
U.S. House of Representatives
Washington DC 20515

The Honorable Collin Peterson
Ranking Member
Committee on Agriculture
U.S. House of Representatives
Washington DC 20515

ATTN: Agriculture Leg. Staff

Dear Chairmen and Ranking Members:

On behalf of the undersigned family farm, environmental, animal welfare and other organizations, we urge you to reform Farm Bill programs that are fueling the rise of industrialized factory farms at the expense of independent U.S. family farms, rural communities, taxpayers and our natural resources and food supply.

Farm Bill programs that spend taxpayer dollars should serve the public good. In this difficult farm economy, it is critical that public money is spent wisely, reaching the most family farmers. But too often, Farm Bill programs support corporate interests—including corporate-controlled industrial livestock operations. Two Farm Bill programs, in particular, are using public money to tilt the playing field in favor of industrial livestock production. As Congress begins to write the next Farm Bill, we urge you to reform these programs.

Environmental Quality Incentives Program (EQIP)

The EQIP program was created by Congress in 1996 with the backing of many family farm and conservation organizations. Designed to provide cost-share and incentive payments to agricultural producers to address natural resource concerns on their farms, it has been used by hundreds of thousands of farmers nationwide to make environmental improvements that benefit the land, family farm operations and their communities.

The 2002 Farm Bill opened EQIP to corporate industrial livestock operations (factory farms), which house tens of thousands of animals and generate massive quantities of manure. These corporate factory farms are often absentee-controlled (by out of state or foreign interests) and negatively affect the air and water of nearby communities. The burden of addressing this pollution often falls on public services and community members living near the operations. By allowing factory farms to use taxpayer dollars to subsidize their manure management, EQIP funds have helped corporate agribusiness consolidate and vertically integrate the livestock industry.

The 2002 Farm Bill also severely restricted public access to information about the size of EQIP contracts and the practices that are funded. As a result, it is very difficult for the public or policymakers to know how industrial operations are using public money or to assess to what extent EQIP is subsidizing their expansion.

From the limited information available, it is clear that EQIP grants for factory farm manure management practices account for a large proportion of EQIP spending. For example, in Iowa EQIP spending on manure management practices used by factory farms accounted for nearly 30 percent of total EQIP funding in the state from 2002 through 2015.[1] The size of EQIP contracts for factory farm manure management practices were many times larger than other EQIP contracts. In other words, if the EQIP funding were not going to factory farm operations for their manure management, the program could have supported other practices on more farms. Given that two out of three EQIP applications submitted in 2015 went unfunded, a more equitable distribution of EQIP funding is overdue.

The next Farm Bill should restore EQIP funding to the original intention of the program: supporting small and mid-sized independent family farm livestock operations as they make improvements to their conservation practices.

Recommended Changes:

· The amount of EQIP funding available to an individual operation should be capped at $150,000 in order to ensure that EQIP funds reach a greater number of applicants.

· EQIP should not subsidize the construction or expansion of industrial livestock operations. Congress should prohibit funding for all new and expanding concentrated animal feeding operations.

· Congress should ensure transparency on how EQIP funds are used. USDA should be required to release detailed information on the use and amount of EQIP contracts, including the size and types of operations receiving funding through EQIP. This information should be available to the public.

Direct and Guaranteed Loans for Corporate Hog and Poultry Facilities

The majority of livestock and poultry production contract loans are federally guaranteed, either by USDA's Farm Service Agency or the Small Business Administration. By fueling the construction of new

[1] Food & Water Watch analysis of EQIP data obtained from the Environmental Working Group for six Midwest states.

and expanded factory farms, these taxpayer-guaranteed loans have led to over-supply and low prices for independent family farm livestock producers, contributing to further consolidation of the marketplace, and putting more independent family farmers out of business.

Guaranteeing loans to factory farms is risky business, and puts the U.S taxpayers in the position of assuming that risk. In the poultry industry, whenever an integrator needs to cut back production to reduce supply, they cut off growers or suspend delivery of poultry. Growers are responsible for repaying their large loans on their stranded investments, which reverts to the federal taxpayers if the grower goes bankrupt. Contracts between corporations and chicken growers are often on a “flock-to-flock” basis, meaning that the growers have no guarantee that the contract will continue through the life of the loan.

Similar concerns exist about the use of guaranteed loans in the hog sector. Since the 1990's the hog industry has rapidly consolidated and vertically integrated. More and more hogs are produced in single use facilities that are specially designed to produce large volumes of hogs under production contracts or to be sold through marketing agreements with meatpackers. An unprecedented expansion in recent years has left the industry vulnerable to a pork glut.

The use of federally guaranteed loans for specialized hog production facilities have put hundreds of thousands of independent U.S. producers out of business, and make it very difficult for producers to respond to market signals such as cutting back production during periods of prolonged low prices. An expansion in factory farm dairy production has led to a glut in the marketplace, with excess milk dumped in the Midwest and Northeast the last two years. During times of low prices, USDA uses taxpayer dollars for bonus pork, poultry and dairy product buys, to stabilize prices resulting from the very overproduction that USDA is facilitating through direct and guaranteed loans.

This cycle of promoting the expansion of corporate livestock production with taxpayer money, then bailing out the industry because of overproduction with taxpayer money must come to an end. We are facing a time when credit needs are high in farm country and resources should be aimed at helping existing farmers weather these tough times. The last thing we need is federal farm loans that create more factory farms, more corporate livestock overproduction and longer periods of low prices.

Recommended Changes:

- Congress should prohibit issuance of any direct or guaranteed farm ownership or operating loans for the construction or expansion of a specialized hog or poultry production facility, as well as the issuance of direct or guaranteed loans to foreign-owned operations.

- Congress should ensure transparency on what types of operations are using USDA loans. USDA should be required to release detailed information on the size and types of operations receiving direct and guaranteed loans. This information should be available to the public.

- Congress should not dramatically raise the limits on federally guaranteed loans. Proposals to nearly double the current limit, raising it to $2.5 million, will exacerbate the problem of loans being used to fuel the construction and expansion of risky factory farm operations.

Farm Bill programs should not use public money to tilt the playing field in favor of factory farms. As you write the next Farm Bill, we urge you to reform these programs to support family farms, rural communities and a healthy food supply. For more information about these issues, please contact Patty Lovera at Food & Water Watch at plovera@fwwatch.org, (202) 683-2465.

Sincerely,

The Campaign for Family Farms and the Environment:

Dakota Rural Action
Food & Water Watch
Institute for Agriculture and Trade Policy
Iowa Citizens for Community Improvement
Land Stewardship Project
Missouri Rural Crisis Center

Additional Signatories:

AFGE Local 3354 (MO)
Center for Food Safety
Dakota Resource Council
Farm Aid
Farm and Ranch Freedom Alliance
Family Farm Defenders
Food for Maine's Future
Friends of the Earth
Lake Region Concerned Citizens (ND)
National Family Farm Coalition
Northern Plains Resource Council
Ohio Ecological Food and Farming Association
Rural Advancement Foundation International
Rural Coalition
Socially Responsible Agriculture Project
Sierra Club
The Johns Hopkins Center for a Livable Future
The Humane Society of the United States
Western Organization of Resource Councils