



Chair Debbie Stabenow & Ranking Member John Boozman
Senate Committee on Agriculture, Nutrition, and Forestry
328A Russell Senate Office Building
Washington, DC 20510

Friday, March 17, 2023

Chair Stabenow and Ranking Member Boozman,

We thank you for the opportunity to participate in this year's Farm Bill drafting process. The Institute for Agriculture and Trade Policy (IATP) is a nonprofit organization based in Minnesota which seeks to ensure fair and sustainable food and agriculture systems. We were created in the 1980's during the Farm Crisis with the goal of finding solutions to the causes of that crisis that support family farmers and rural communities while protecting the environment and human health..

As the Senate begins writing the 2023 Farm Bill, we urge the Committee to consider the current context. Agriculture markets routinely pay farmers below their cost of production and nearly 80% of farm households require off-farm jobs to keep farming. Most sectors of the agriculture economy are highly concentrated, where farmers have few buyers. This concentrated system is highly vulnerable to disruption, whether from the pandemic or an avian flu outbreak. Farmland ownership is becoming more concentrated, closing out opportunities for new and beginning farmers. The effects of climate change are already being felt, impacting the nation's cattle herd, fruit and vegetable production, and farm regions all over the country. The challenges facing the U.S. food system are significant and a status quo Farm Bill will not be enough.

While the United States has much work to do in achieving the food and farm system IATP advocates for, we believe the 2023 Farm Bill can take meaningful steps to build resilience for farmers and communities in the face of more frequent and intense economic and climatic shocks. Our recommendations go title by title, with the understanding that many of the solutions and bills listed are not limited to one single title.

With the purpose of building the aforementioned just, sustainable, and fair system, we support the inclusion of the following reforms and marker bills in this year's Farm Bill:

Title 1: Commodities

Ensure that payment limits are being enforced and only actual farmers are being paid. In the 2023 Farm Bill, the “actively engaged in farming” provision should require that all program participants manage or labor on the farm on a half-time basis or more. Additionally, the 2020 Trump USDA rule that exempted roughly 95 percent of farms from the current \$125,000 (\$250,000 for married couples) payment limit should be reversed. Farm Bill policy should seek to benefit truly small and mid-scale farms and enforce the rules agreed upon in the 2018 Farm Bill.

Incentivize the planting of non-commodity crops. Diverse farms are resilient farms. Under current rules, farmers can plant 15 percent of their base acres to non-commodity fruit and vegetables without payment reductions. While this is an improvement on previous policy, there is still widespread “planting to the program” – farmers planting crops they know are covered under Agricultural Risk Coverage and Price Loss Coverage, rather than planting to their land’s needs or experimenting with new crops. If farmers have more flexibility on what to plant on their own farm, many will opt for growing crops with soil health, water quality, and local markets in mind, with diversified operations. We should encourage this as much as possible.

Re-integrating reserves. The Committee should consider the value of an updated grain reserves system to reduce price volatility for farmers and consumers, and serve as an adaptation strategy in the case of expected climate disruption. A modernized grain reserve system could integrate conservation programs, provide tools to transition toward more diverse cropping systems including the integration of pasture-based livestock, and help provide stability and diversity to agriculture markets.

Study voluntary carbon offset markets. During a recent Senate Agriculture Committee hearing, Commodities Futures Trading Commission (CFTC) Chair Rostin Behnam stated “The CFTC will do nothing on climate change without explicit congressional authority.” To undertake rulemaking on fraud in cash market trading of offset credits, it will be necessary to have a proper study of the voluntary carbon markets. To that end, Congress should authorize a study of voluntary carbon markets and give the CFTC regulatory deference to decide the terms of reference for the study and the deadline for its completion and presentation to Congress.

Study price risks from automated trading systems. The CFTC should study the impact of automated trading systems on the ability of producers, processors and others involved in the physical commodity supply chain to manage price risks. Because of the extreme price volatility in agricultural and energy futures contracts, during the previous administration, the CFTC was forced to begin such studies regarding an oil futures contract and the Chicago Board of Trade live cattle and wheat futures contracts. These studies were never properly carried out because of terms of reference in place at that time which were designed to prevent any conclusive findings in the studies that could be used as a basis for rulemaking.

Title 2: Conservation

As was made evident in IATP’s recent reports, [*Closed Out*](#), [*Still Closed Out*](#), and [*Payments for Pollution*](#), there is simultaneously much unmet demand for USDA conservation programs and a slate of

needed reforms to ensure these programs truly benefit farmers, the land and water, and local communities. Programs such as the Environmental Quality Incentives Program (EQIP) and Conservation Stewardship Program (CSP) can help farmers adapt to a changing climate while providing economic resilience and must be more widely accessible to eligible farmers. We support the following marker bills that invest and reform in conservation programs:

Agriculture Resilience Act. This bill, led by Representative Chellie Pingree and Senator Martin Heinrich, invests in climate resilience through agriculture in a number of ways. It invests much-needed resources in EQIP, CSP, and other USDA conservation programs. It also provides resources for USDA climate hubs, methane emission reduction through alternative manure management, including composting as a conservation practice, and increases federal investment in research.

EQIP Improvement Act. This bill, led by Senators Cory Booker and Mike Lee, highlights how not all current practices supported by EQIP are truly environmentally beneficial or cost-effective. The bill's language focuses EQIP funding where it is most effective – true conservation practices targeted toward the small and midsize farms that need it most. Some current EQIP practices, such as waste lagoons, are disproportionately used by concentrated animal feeding operations (CAFOs), which pose great risk to surrounding communities and their water and air.

Farm System Reform Act. This bill, led by Senators Cory Booker, Elizabeth Warren, and Bernie Sanders, places a moratorium on CAFOs and phases out the largest operations by 2040. Outside of conservation, the bill also implements mandatory country-of-origin labeling (COOL) and protects contract poultry and livestock growers from predatory and unfair contracts and tournament systems prevalent in the industry today. This bill addresses immediate pollution concerns while simultaneously tackling the types of agricultural business models that disadvantage farmers in the USA.

Title 3: Trade

As an organization advocating approaches to end hunger, poverty, and for countries to achieve food security, IATP recognizes the inclusion of provisions on food aid under Title III which supports US international food assistance programs to help address food emergencies. We argue for the importance of parallel programs to help improve sustained food security in countries facing food challenges. Food aid is an imperfect tool in the face of rising hunger in developing and least developed countries. The Government Accountability Office notes that Federal agencies could improve how they manage the programs that deliver U.S. food assistance to food-insecure countries around the world. IATP joins the call for international food aid practices to be reformed under the 2023 Farm Bill, to ensure that future generations are not permanently dependent on charity to meet their most basic human needs but also receive assistance to transition toward achieving long-term food security. The U.S. Agency for International Development (USAID) in its presentation to the Senate Agriculture Committee in February 2023, asked Congress to give the Agency more flexibility to spend money in ways that best fit local realities. The Agency decried how the current Farm Bill requirements have restricted its ability to respond to food crises efficiently. The Agency's goal, with which we concur, is to help people "graduate" from being reliant on food aid.

End monetization of food aid. We will always need strategies to provide food in emergencies like the current famine and conflict situations. However, monetization, program food aid and tied food aid should be targeted for phase-out, with a clear objective of shifting support toward more sustainable investments in food security. The 2018 Farm Bill eliminated the 15 percent monetization requirement in Food for Peace and established a pilot agreement allowing supplemental appropriated Food for Progress funds to be used for direct development activities.

Increase resources to fight rising hunger around the world. After decades of progress, the threat of global hunger is increasing in at least 49 countries. There is risk of famine in places like the Horn of Africa, Haiti, northern Nigeria and Yemen. Food systems are experiencing shocks emanating from conflict, climate change and the COVID-19 pandemic which disrupted food supply chains. According to World Food Programme (WFP), an estimated [828 million people](#) are already hungry, with about 345 million facing acute food insecurity up from 135 million in 2019. Price volatility remains a concern over the coming year, with some countries imposing export restrictions which serve to amplify market challenges. Macroeconomic challenges have also resulted in the financial collapse of countries like Sri Lanka and Ghana affecting their resources to maintain food security. Against this background, we urge you to fully fund Farm Bill food assistance programs and increase funding for food aid operations to help provide solutions to the growing hunger crisis.

Local and regional procurement. Most aid policy analysts agree that local and regional procurement remain the most cost-effective ways to source food aid and are generally preferable to direct transfers of food from the donor country. Title III of the 2018 Farm Bill allowed for 10 percent of McGovern-Dole program funds to be used for local and regional procurement. IATP argues for expansion of this reform approach in the 2023 Farm Bill. This would align the U.S. with approaches by other major food donors like the United Nations and the European Union which promote regional and local country procurement that provides faster aid with fewer transaction costs. Ultimately, we argue for inclusion of more flexibility for relief organizations in sourcing food assistance. Agencies should be allowed to choose between food aid shipped from the US, locally or regionally purchased supplies, vouchers and cash transfers – depending on the situation, specific objectives and costs. This approach echoes past proposals for food assistance reforms by Senators Chris Coons (D-Del.) and Bob Corker (R-Tenn.), who noted that our current system for acquiring and distributing food aid is inefficient and can hurt the very communities it is trying to help. The reform proposals enjoyed broad and bipartisan support from policy experts and humanitarian organizations, including USAID. Reforms and increased flexibility would allow the U.S. to feed more people, more quickly and at a lower cost. The reforms would have minimal impact on the U.S. agricultural sector considering U.S. food aid contributed just a small percentage of net farm income.

End cargo preference laws. Cargo preference laws require that a percentage of U.S. government cargo, including international food aid, be transported on U.S.-flagged vessels. However, these requirements can increase the cost of shipping food aid and result in delays in getting food to beneficiaries.

Title 4: Nutrition

We endorse the Farm Bill Title 4 priorities outlined by the [Food Research & Action Center](#) and the [National Sustainable Agriculture Coalition](#).

Title 5: Credit

Justice for Black Farmers Act. This bill, introduced by Senators Cory Booker, Kirsten Gillibrand, Tina Smith, Raphael Warnock, Elizabeth Warren, Bernie Sanders, and Richard Blumenthal, will help address historic discrimination within the U.S. Department of Agriculture and help existing and new family farmers of color access land. Today, only about 45,000 out of 2 million farmers in the United States are farmers of color, and account for just 2% of the agricultural land, a stark decline of 98% from peak.

There should be adequate financial and technical support to help new Black farmers become operational and avoid falling into a debt trap. Where land is being purchased on the open market it is important to have safeguards against price gouging or above-market valuations from unscrupulous sellers.

Farm Bill funding should not create a debt trap for farmers of color. The establishment of a successful commercial farm requires acquisition of equipment, development of infrastructure, water storage and other climate adaptation measures and operating capital. The provision of land grants must be accompanied by adequate financing, primarily in the form of grants to help qualified farmers establish a minimum of required infrastructure and to avoid new farmers falling into a debt trap. The current Bill envisages provision of loans under the Consolidated Farm and Rural Development Act and the Housing Act. For income stability, many farmers have to rely on a combination of federal support programs, recent debt relief and off-farm income.

A study in 2022 by the University of Missouri commissioned by CoBank, found that 82% of U.S. farm household income now comes from off-farm sources and one-half of farm households have negative farm income in a typical year. Therefore, we advocate for greater use of grants and highly concessional financing for farm infrastructure and operational capital. The legislation should avoid loading new and existing farmers of color with excessive debt forcing them into financial distress. We continue to have concerns about systemic discrimination that farmers of color face across the agriculture value chain from financing to markets. We recommend that the proposed USDA Equity Commission monitor and report on the ability of beneficiary farmers of color to access markets and supply chains on an equitable basis, and provide mechanisms to assist farmers to access markets and participate in supply chains.

Title 7: Research

Relief for Farmers Hit with PFAS Act. This act, led by Senators Susan Collins and Angus King and Representatives Chellie Pingree and Jared Golden, invests in research and economic alternatives for farmers whose land is found to be contaminated with per- and polyfluoroalkyl substances (PFAS). As reflected in IATP's longstanding [work](#) on PFAS, while what we do know about the chemical compounds is shocking and concerning – from cancer risks to birth defects and beyond – there is much we still do not know. This bill is a good first step in ensuring the infrastructure exists to assist affected farmers as more land is discovered to be contaminated.

Prioritize agroecology research. In addition to providing strong and stable funding for programs such as Sustainable Agriculture Research and Education (SARE), Agriculture and Food Research Initiative (AFRI), National Institute of Food and Agriculture (NIFA), we believe these programs

should prioritize research on how farms can better adapt to and mitigate the worst effects of climate change. As a leading proponent of agroecology, IATP also believes that these research programs should invest robustly in research surrounding food sovereignty and build on agricultural practices honed for generations by Black, Indigenous, and People of Color (BIPOC) farmers.

We encourage you to read the National Sustainable Agriculture Coalition's (NSAC's) 2023 Farm Bill [Platform](#) for more recommendations for Title 7.

Title 9: Energy

We support the intent of the Rural Energy for America Program (REAP) with needed reforms. REAP should prioritize truly clean and renewable energy sources such as wind, solar, geothermal, and energy savings through efficiency. We believe REAP funding should be increased to at least \$400 million per year and state the reduction of greenhouse gas emissions as a primary purpose of REAP. As with other programs, outreach and technical assistance should be strengthened and fully funded so that all farmers are aware of funding opportunities through REAP, especially farmers of color and small and midsize producers. We do not believe methane digesters for large-scale meat or dairy farmers should be eligible for REAP funding. These projects are only viable for the largest operations, they have highly questionable GHG benefits and may increase water and air pollution for surrounding communities.

Title 10: Horticulture

Strengthen Local Agricultural Market Program (LAMP). LAMP provides much-needed infrastructure for local and regional foods, helping connect farmers with eaters and vice versa. We believe mandatory funding for LAMP should increase to at least \$75 million per year from the current \$50 million. Additionally, matching fund requirements should be reduced so small and low-budget organizations that serve underserved communities have better access to federal funding. Especially in the wake of the COVID-19 Pandemic, local markets help build food system resilience and can insulate local economies and cupboards from global shocks.

Title 11: Crop Insurance

We write these recommendations with the understanding that the crop insurance program as it is currently written does not address true risk in the face of climate change. To that end, *IATP believes that conservation and crop insurance should be connected.* Additionally, organic growers, specialty crop producers, and other farmers who farm with climate in mind should be rewarded for their approach to risk, rather than farming systems that are increasingly proving to be vulnerable to climate shocks.

Stop penalizing conservation agriculture. Under current policy, there are requirements that state farmers and ranchers must prove that any conservation practices they adopt have zero negative yield impact. "Good Farming Practices," as identified by the Natural Resources Conservation Service (NRCS), should be supported through crop insurance and not lead to penalties. When the only measurement of risk is yield impact, we are missing out on other purposes of agriculture, including soil health and climate resilience.

Expand sodsaver nationwide. The taxpayer should not be footing the bill for ripping up native grasslands, and thus crop insurance should be restricted for those who do. Native grasslands are vital to climate resilience, biodiversity, and agroecology in North America. Grasslands are diverse and found across the United States, not just in the current designated states of Iowa, Minnesota, Montana, Nebraska, North Dakota, and South Dakota.

We encourage you to read additional recommendations from NSAC for crop insurance in their 2023 Farm Bill [Platform](#).

Title 12: Miscellaneous

IATP believes the next Farm Bill must address a series of issues in agriculture markets that are reducing competition and have created an unfair marketplace for farmers, workers and consumers. Some reforms to restore fairness in agriculture markets would include:

Protecting America’s Meatpacking Workers Act. This bill, led by Senator Cory Booker, would put in place more and better protection for workers at meatpacking plants across the country. Among these protections are improved safety inspections, better injury reporting, more safeguards against arbitrary line speed increases, protections against retaliation, and other much-needed reforms.

Meat Packing Special Investigator Act. This bill, led by Senators Mike Rounds, Jon Tester, and Chuck Grassley, would create an Office of the Special Investigator for Competition Matters, with the purpose of combating anticompetitive business practices by the largest meat and poultry companies. This office would have subpoena power and help level the playing field for meatpackers of all sizes, returning to the intent of the original Packers and Stockyards Act.

Strengthening Local Processing Act. This bill, led by Senators John Thune and Sherrod Brown and Representatives Chellie Pingree and Jim Baird, will increase federal cost share for state meat inspection agencies while creating grant programs targeted at small and very small processors, as well as training and apprenticeship programs for the next generation of processors.

Opportunities for Fairness in Farming Act. This bill, led by Senators Cory Booker and Mike Lee, reforms agricultural checkoff programs, which are mandatory USDA fees that fund commodity-focused promotion boards. These boards often work against the interest of small and midsize producers while making competition and waste issues worse.

Next Steps.

We thank you for considering IATP’s suggestions for the upcoming Farm Bill. We are available to work with you as you compile ideas from across the food and farm sector. Please feel free to reach out by emailing mhapp@iatp.org.