



Farm & Risk Management Policy

Overview

Since the first farm bill in 1938, Congress has provided critical assistance to protect farm income from adverse weather conditions, crop diseases and volatile commodity markets. Today, the Department of Agriculture's budget is roughly one half of one percent of the total federal budget – yet it helps to sustain the food and agriculture industry, a critical sector responsible for one sixth of our nation's economy.

Responding to calls for more market-oriented, predictable farm support, NCGA has advocated for a new revenue-based risk management tool that adjusts with market prices and crop yields. Adoption of the Average Crop Revenue Election Program (ACRE) by Congress in the 2008 Farm Bill represents a fundamental reform in U.S. farm policy that offers an optional market based safety net that will better target assistance to producers when they face real losses in revenue at the farm level.

The corn industry and the U.S. agriculture economy have performed well in recent years, but corn growers and other producers face a number of challenges with rising input costs and greater volatility in the commodity markets. In view of the substantial changes in U.S. agriculture commodity markets and the adverse impact of a severe recession on the rural economy, a timely and effective implementation of ACRE and other key provisions in the new farm bill is critically important. While federal crop insurance today provides substantial protection against significant crop and revenue losses, the ACRE program is designed to address shallow crop losses not adequately covered by crop insurance or the new standing disaster assistance program.

Key to a successful launching of the ACRE is an effective education program for producers and Farm Service Agency (FSA) personnel along with enrollment procedures that minimize administrative burdens. NCGA recognizes the necessity of accurate planting and production records for program integrity. NCGA believes that further improvement in the sharing of data between the FSA and Risk Management Agency can facilitate program compliance and greater participation in ACRE. NCGA believes yield and planting documentation generated by GPS systems in farm equipment should be carefully considered as acceptable records for proving production history.

Participation in the optional ACRE program comes with some cost to the producer who chooses to enroll. In exchange for the additional revenue protection, the producer agrees to a 20 percent reduction in fixed direct payments and a 30 percent reduction in the marketing loan rate.

Action Needed

- NCGA urges Congress to ensure that the new Average Crop Revenue Election program receives the necessary resources and proper oversight to ensure producers have sufficient resources available through the Farm Service Agency to make a well informed decision on participating in this new risk management program.