



A Northeast Farm Bill Agenda

Background: The Northeast has an unprecedented opportunity to shape the 2007 Farm Bill to be more responsive to our region. Groups from across the Northeast have been working together to agree on and advance ten “must have” policy priorities. This is part 1 of a 10-part series in which we look at each priority in more detail. The full Agenda is available at www.northeastagworks.org.

Priority 1: Provide Appropriate Safety Net and Risk Management Tools for Northeast Farmers

What is a farm “safety net”?

Providing a “safety net” for farmers is an often-cited objective of U.S. farm policy. Safety nets refer to policies intended to ensure a minimum level of economic well-being for a group of people or to provide protection against risks. Current U.S. farm programs are intended to form a safety net of coverage and support to U.S. farmers through direct and counter-cyclical payments (commodity programs), crop insurance, emergency and other loans, and disaster assistance.

How do federal safety net programs address the needs of N.E. producers?

Many farms and farm households are not directly covered by the current safety net. Commodity programs that provide direct income support reach only one in four U.S. farms. Besides support for dairy, Northeast farmers receive only 3% of federal commodity subsidies. USDA Secretary Johanns stated that one of the Administration’s three main objectives for the next Farm Bill is to increase equity through greater support to those producers who receive no commodity payments. If, for example, allocations of farm subsidies were based on the value of agricultural production rather than current commodity program authorities, the Northeast would see a 200% increase in support levels.

What is “risk management”?

All industries have risks associated with them and ways to mitigate them. In agriculture, risk management refers to a suite of strategies that farm operators can employ to address five types of risk: production, marketing, human resources, financial and legal. Such strategies include enterprise diversification, contracting, hedging, personnel management, and crop insurance. Although the federal crop insurance program covers most of the acreage of major field crops, relatively few U.S. farms purchase such insurance. According to data from 2005, the Northeast accounted for a mere 1% of all the insured croplands in the US. Eligibility is limited; there is no broad program of income support or insurance for livestock, for example. As a result, the safety net offered by crop insurance may reduce risk for some, but certainly not all, farmers.

What types of safety net and risk management tools are needed for the Northeast?

Tools that work for Nebraska wheat farmers or Georgia peanut growers won’t necessarily work for a Vermont dairy farmer or a Maine vegetable grower. The Northeast is a unique and diverse region; we need tools that work for our producers, regardless of what they produce. Proposals include income-stabilization (farmer savings) accounts, additional support for specialty crop producers, and whole-farm revenue insurance programs. A whole-farm program is based on revenues from all farming activities added together and is not linked to the production of particular commodities – a more responsive model for the diverse farm operations in our region. The Adjusted Gross Revenue crop insurance program has been available in the Northeast. Yet, it accounted for only .6% of crop insurance policies sold in the region in 2006. See the full Agenda for proposed policy reforms and innovations. Visit www.northeastagworks.org.