May 1, 2023

The Honorable Glenn Thompson
1301 Longworth House Office Building
Washington, D.C. 20515

The Honorable David Scott
468 Cannon House Office Building
Washington, D.C. 20515

Dear Chairman Thompson and Ranking Member Scott,

We urge you to reject proposals to increase reference prices for covered commodities.

At a time when net farm income is well above historic norms, Congress should not be increasing farm subsidies. Many farm groups have sought to increase the price guarantees for commodity subsidies – even though farmers producing these crops have been earning historically high prices in the market. Most farmers are not eligible for these price guarantees because they raise livestock or crops that are not covered commodities, including fruits and vegetables, so increasing these subsidies would not help most farmers.

Increasing price guarantees for covered commodities would only boost federal payments to the largest and most successful farmers, who already received almost 66 percent of all commodity subsidies in 2021, and almost 60 percent of all crop insurance subsidies between 2012 and 2020. Though first authorized as a safety net to protect farmers against declines in prices, more than 20,000 of these farmers have received commodity subsidies for 37 straight years.

Overall, net farm income set records in 2021 and is expected to remain high, according to USDA. While some farm groups cite rising input and land costs in support of these proposals, gross farm income has outpaced and will likely continue to outpace the cost of farm production. Farm bankruptcies have recently fallen to their lowest level in recent memory.

Proposals to increase commodity subsidies come despite record ad-hoc farm spending through two programs, the Market Facilitation Program (MFP) and the Coronavirus Food Assistance Program (CFAP). The MFP paid $23.2 billion for crop years 2018 and 2019 to compensate farmers for losses driven by tariffs China placed on agricultural imports from the U.S. in
retaliation for the Trump Administration’s trade war. The CFAP paid $30.8 billion for two rounds of funding in 2020 and 2021.

In combination, the MFP and CFAP outlays caused total federal farm spending to soar, from $16.2 billion in 2017 to $44.1 billion in 2020, a record level. In 2020, taxpayer dollars made up nearly half of total farm net income, according to the USDA.

In the wake of record levels of net farm income and record farm spending by the federal government, Congress should not increase farm subsidies.

Sincerely,

Council for Citizens Against Government Waste
Environmental Working Group
FreedomWorks
Independent Women’s Forum
Land Stewardship Project
National Sustainable Agriculture Coalition
R Street Institute
Rural Coalition
Taxpayers for Common Sense
Taxpayers Protection Alliance
U.S. PIRG

cc:

The Honorable Debbie Stabenow, Chair, Senate Committee on Agriculture, Nutrition, and Forestry
The Honorable John Boozman, Ranking Member, Senate Committee on Agriculture, Nutrition, and Forestry