United States Senate

WASHINGTON, DC 20510

October 14, 2011

The Honorable Patty Murray
Co-Chair
Joint Select Committee on Deficit Reduction
The Capitol
Washington, D.C.

The Honorable Jeb Hensarling
Co-Chair
Joint Select Committee on Deficit Reduction
The Capitol
Washington, D.C.

Dear Senator Murray and Representative Hensarling:

We are truly in uncharted territory with the debt reduction process now before us. We are hard pressed to recall any process quite as unique as this one during our careers here in Congress. You and the rest of the Joint Select Committee have a big task in front of you, and surely there will be some difficult decisions made in the coming weeks.

With all the hard decisions before you, we are providing a proposal that should be a common sense change to agriculture policy. It is time for us to finally set hard payment limits on all commodity farm programs, as well as close the loopholes in current payment limitation law.

The specific changes we are proposing to the Joint Select Committee are contained in the bill we introduced, the Rural America Preservation Act of 2011 (S.1161). That bill would do the following:

- It would establish caps of $20,000 on direct (fixed) payments, $30,000 on counter cyclical payments, and $75,000 on loan deficiency payments and marketing loan gains.

- The combined limit for married couples would be $250,000. These limits would be reduced by varying amounts depending on the farmer's participation in ACRE, essentially setting the payment limitations at the effective caps, less the reductions in direct payments and marketing loan gains.

- The amendment improves the "measurable standard" by which USDA determines who should and should not receive farm payments. It requires that management be personally provided on a regular, substantial, and continuous basis through direct supervision and direction of farming activities and labor and on-site services.

- It would provide savings of approximately $1.5 billion.

While we support commodity programs that provide a needed safety-net for farmers, the programs should not help big farmers get even bigger. There's no problem with a farmer growing his operation, but the taxpayer should not have to subsidize it. Under current law, nearly 70 percent of commodity farm payments go to the largest 10 percent of farmers. There comes a point where some farms reach levels that allow them to weather the tough times on their own. Smaller farms do not have the same luxury. In addition, setting a measurable standard for management of a farming operation will help prevent abuse of farm programs that is present under current law.

These proposed changes to payment limitations will help us target farm payments to those who really need them, the small- and medium-sized farmers who need a safety-net to help them get through rough patches as they produce this nation's food.

We understand there may be proposals submitted to the Joint Select Committee that would fundamentally change the commodity farm programs. If one of these proposals is adopted by the Joint Select Committee, the language of our bill also would need to be revised to set a meaningful payment limitation for commodity programs. Whatever the result, our main point is that setting a meaningful payment limitation and closing current loopholes in the law will provide savings and add integrity to the farm programs. No matter what decision the Joint Select Committee makes regarding commodity programs, we urge you to ensure payment limitations and closing of loopholes plays a meaningful part.

We request the Joint Select Committee consider the policy reforms set out above, and if you have any questions, please contact us.

Sincerely,

Chuck Grassley

Charles E. Grassley
United States Senator

Tim Johnson

Tim Johnson
United States Senator